

PHILIPPOS NAKAS S.A. MUSIC HOUSE  
SUMMARY FINANCIAL STATEMENT AS OF JUNE 2004 (1ST JULY 2003 - 30TH JUNE 2004)

<b>ASSETS</b>	<b>01.07.2003-30.06.2004</b>	<b>01.07.2002-30.06.2003</b>	<b>LIABILITIES</b>	<b>01.07.2003-30.06.2004</b>	<b>01.07.2002-30.06.2003</b>
Long term depreciation expenses	719.777,06	1.106.498,68	Paid-up capital	3.804.000,00	3.804.000,00
Fixed assets	13.340.471,57	13.063.849,44	Share premium reserve	13.443.634,20	13.443.634,20
<b>Less: Depreciations as of 30.06.2004</b>	<b>(5.957.477,95)</b>	<b>(5.340.691,29)</b>	Reserves	1.014.177,54	936.955,54
Tangible assets in course of construction	0,00	51.797,26	Closing period's results	3.116.883,18	2.061.231,82
Participating interests in affiliated undertakings	536.963,33	897.546,16	<b>Less : Other taxes</b>	<b>(10.124,29)</b>	<b>(7.920,85)</b>
Merchandise	11.088.404,00	8.632.181,20	<b>Less : Differences from audit control</b>	<b>0,00</b>	<b>(173.283,00)</b>
Payments on accounts for imports	118.971,22	106.894,78	Previous year's results	137.288,79	459.540,81
Trade debtors	2.580.236,08	2.329.348,78	Provisions	384.201,03	382.438,50
Securities	3.925.179,69	2.596.319,66	Short-term liabilities	8.166.448,27	5.871.910,93
Other assets	2.818.098,13	2.721.841,81	Accruals & deferred expenses	1.511,00	2.327,66
Notes	53.922,00	111.829,20			
Cash at bank and in hand	809.268,94	484.078,20			
Prepayment and accrued income	<u>24.205,65</u>	<u>19.341,73</u>			
<b>TOTAL ASSETS</b>	<b><u>30.058.019,72</u></b>	<b><u>26.780.835,61</u></b>	<b>TOTAL LIABILITIES</b>	<b><u>30.058.019,72</u></b>	<b><u>26.780.835,61</u></b>
OFF BALANCE SHEET ACCOUNTS	<u>367.124,67</u>	<u>338.386,74</u>	OFF BALANCE SHEET ACCOUNTS	<u>367.124,67</u>	<u>338.386,74</u>

**INCOME STATEMENT OF 01.07.2003-30.06.2004**

	<b>01.07.2003-30.06.2004</b>	<b>01.07.2002-30.06.2003</b>
Turnover (sales)	29.822.933,86	27.313.795,10
Less : Cost of goods sold	18.852.158,14	17.215.867,11
Plus : Other operating income	<u>302.793,02</u>	<u>100.898,26</u>
<b>Gross margin</b>	<b>11.273.568,74</b>	<b>10.198.826,25</b>
Less : Administrative expenses	1.188.341,06	1.002.184,51
Selling expenses	7.621.453,32	6.700.186,13
Financial results	<u>189.198,22</u>	<u>152.319,75</u>
<b>Net results (profit)</b>	<b>2.274.576,14</b>	<b>2.344.135,86</b>
Plus : non-operating income - profit	905.456,07	140.772,79
Less : non-operating expenses - loss	63.149,03	323.676,83
Less : provisions for extraordinary loss	<u>0,00</u>	<u>100.000,00</u>
<b>Operating &amp; extraordinary income (profit)</b>	<b>3.116.883,18</b>	<b>2.061.231,82</b>
Less : Total depreciation of fixed assets	1.483.011,61	1.331.098,83
Less : Depreciation included in cost of goods sold	<u>1.483.011,61</u>	<u>0,00</u>
<b>TOTAL NET RESULTS (PROFIT) BEFORE TAXES</b>	<b><u>3.116.883,18</u></b>	<b><u>2.061.231,82</u></b>

Peania, 25 August 2004

The President of B.o.D.

The Vice-President of B.o.D.

THE FINANCIAL MANAGER

**KONSTANTINOS PH. NAKAS**

**GEORGE PH. NAKAS**

**STELIOS D. VASILAKIS**

**AUDITOR'S REPORT  
To the Board of Directors of "PH. NAKAS, MUSIC HOUSE S.A."**

We have audited in accordance with the provisions of article 6 of P.D. 360/1985, as amended by article 90 of L. 2533/1997 and the auditing procedures we considered necessary, in conformity with the auditing standards followed by the Institute of Certified Auditors-Accountants in Greece, in order to obtain reasonable assurance that the above summary financial statements of "PH. NAKAS, MUSIC HOUSE S.A." concerning the period from 1 July 2003 to 30 June 2004 are free of errors and omissions that materially affect the Company's assets, liabilities and financial position, as well as the results of operations disclosed herein. Within the scope of this audit we obtained also a full accounting report of the Company's Branch operations. We have examined the books of account and records kept by the Company and we obtained all the information and explanations we needed for the purpose of our audit. The Company has applied properly the General Accounting Plan. No change in the inventory valuation method has been made, as compared with that of the corresponding previous period. As a result of our audit, it is noted that: 1) The company, based on opinion No. 205/1988 of the Administration Legal Advisors Plenary Session and article 10 of L. 2065/1992 did not set up a provision for staff retirement benefits. Had the company provided such a reserve for all of its personnel, irrespective of when it is eligible to retire, as in our view it should have, this, would have accumulatively amounted at 30.6.2004 to approx. € 506.000,00 out of which approx. € 81.000,00 would be charged to the present year. 2) In the Assets item "Participations and long-term receivables" is included also acquisition cost of: a) Company shares of a LTD company with registered office abroad of € 353.019,42 where the intrinsic book value of the above company shares according to the provisory balance sheet at 30.6.2004 amounted to € 356.089,02 and b) company shares of a domestic LTD company of € 586,94 the net equity of which according to the last published balance sheet at 31.12.2002, was negative. 3) Till the date of our "Auditor's Report" we had not received confirmation letters from trade debtors, suppliers and banks. In our opinion, based on our audits, the above summary financial statements, which result from the Company's books and records and after taking into consideration our foregoing notes as well as the company's notes mentioned afore, present fairly in all material respects the shown assets, liabilities and financial position of "PH. NAKAS, MUSIC HOUSE S.A." as at 30.6.2004, and the results of its operations for the period then ended, in conformity with legal requirements and generally accepted accounting principles applied by the company on a basis consistent with that for the respective period of the preceding year. It is noted that, the present Auditor's Report is issued for the purposes of article 90 of L. 2533/1997 and it does not replace the Auditor's Report on the statutory audit, which is required by the provisions of article 37 of c.L. 2190/1920 "Companies' Act of Greece". Therefore, certain items of the above summary financial statements may present differences to those disclosed in the annual financial statements, which will be published with the afore-stated Auditor's Report on the statutory audit. To be noticed that the corresponding amounts of the preceding year are set out as disclosed in the published financial statements for that year.

Athens, 30th August 2004  
The Certified Public Accountant-Auditor

Ioannis Ath. Kostarelis  
SOEL Reg. No. 13691  
SOL S.A. Certified Auditors Accountants