

ANNOUNCEMENT

The company's management, with the intention of informing its investors extensively, takes the opportunity of the publication of both parent and consolidated company's summary financial statements of 31st December 2002 to announce the following :

A. Parent Company

- As of 21/06/2002 the merger through absorption of VELLIFEST S.A. by S.D. CONSTANTINOU & SON S.A. was approved, and the transformation balance sheet was drawn up as of 31/08/2001.
- In the financial statements of S.D. CONSTANTINOU & SON S.A. as of 31st December 2002, all items (assets-capital & liabilities and results) of the absorbed VELLIFEST S.A. have been transferred.
- As a result of this transfer the information in the financial statements and results as of 31st December 2002 are not comparable with the respective statements of the previous fiscal period, that ended 31st December 2001, since during the fiscal period 2002 besides the transfer of assets and capital & liabilities, the results were burdened with significant reorganizational and non-repetitive expenses, aiming at the formation of a flexible operational scheme and with significant costs concerning the absorption procedure

In the published summary financial statements and specifically in the Profit and Loss Statement the results are divided in two periods:

- a. 01/09/2001 – 31/12/2001 in which a significant part of the reorganizational interventions were completed, and negative results amounting to 1.392.000 euros were estimated in this period
- b. 01/01/2002 – 31/12/2002 in which the absorption procedures were coming to completion and the company realized pre tax profits amounting to 1.543.359 euros. In this way pre tax profits amounted to 151.000 euros in the period 01/09/2001 until 31/12/2002.

It is necessary to point out that in the twelve-month period 01/01/2002 to 31/12/2002 the company's pre tax results (profits) amounting to 1.543.000 have been burdened with depreciation amounting to 1.640.000 euros versus 741.000 of the corresponding previous period in 2001, that is, with the additional amount of 900.000 euros.

Therefore, the results before depreciation and tax for the twelve-month period 01/01/2002 until 31/12/2002 amount to 3.183.000 euros versus 3.333.000 euros in the corresponding period of 2001 (and are decreased by the amount 1.392.000 euros in the period of the absorption 01/09/2001 – 31/12/2001).

B. Consolidated results

The aforementioned results concerning the absorption of VELLIFEST S.A. also effected the consolidated financial statements. Besides this effect, the consolidated financial results were influenced by the negative results of its subsidiaries and mainly

by those of EXCEL S.A. and OMNISHOP S.A. which, during the fiscal year 2002 recorded negative results and specifically:

EXCEL S.A., which is active in the field of air conditioners, encountered the intense difficulties of this market, mainly due to the significant drop in retail prices and the delayed adjustment of factory prices.

The results of OMNISHOP had the same development, where consumer expenditure continued its descending course.

For the current fiscal period 2003 the company's management estimates the following:

Parent company

Given the completion of the absorption of VELLIFEST S.A. and the creation of a flexible competitive scheme, the management anticipates that the parent company will realize sales reaching 42 - 45 million euros and that pre tax return will be reestablished to the level of (8) eight percentage points.

Subsidiaries

❖ EXCEL

After the change of management and negotiations with the HAIER manufacturing plant concerning the adjustment of its pricing policy to the market's competitive conditions, it is expected that the current fiscal year will be much better than the previous, both in terms of sales as well as results.

❖ OMNISHOP

The significant reduction of operational expenses due to the company's relocation, the increase in the number of company owned shops and the slight upturn in consumer expenditure create the conditions for an improvement of its financial figures and the reversal of its current negative course to a positive one.