


**SOCRATES D. CONSTANTINOU & SON S.A.**

9th CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31st, 2002 (JANUARY 1- DECEMBER 31 2002)

Reg No. 8349/06/B/86/02

ASSETS	Amounts for the 2002 fiscal year in euros			Amounts for the 2001 fiscal year in euros		
	Acquisition Cost	Value Adjustments	Written-Down Value	Acquisition Cost	Value Adjustments	Written-Down Value
<b>B. ESTABLISHMENT EXPENSES</b>						
1. Formation and set-up expenses	60.318,08	36.190,85	24.127,23	60.318,08	24.127,23	36.190,85
2. Foreign exchange differences of loans used in the acquisition of fixed assets	6.454,62	---	6.454,62	8.606,16	---	8.606,16
3. Loan interest of construction period	28.623,91	17.174,35	11.449,56	28.623,91	11.449,57	17.174,34
4. Other foundation expenses	1.230.461,24	955.356,31	275.104,93	638.899,79	390.628,77	248.271,02
	<u>1.325.857,85</u>	<u>1.008.721,51</u>	<u>317.136,34</u>	<u>736.447,94</u>	<u>426.205,57</u>	<u>310.242,37</u>
<b>C. FIXED ASSETS</b>						
<b>I. Intangible Assets</b>						
3. Goodwill	180.484,23	167.326,98	13.157,25	180.484,23	163.511,87	16.972,36
<b>II. Tangible assets</b>						
1. Fields - lots	2.242.487,95	---	2.242.487,95	732.633,58	---	732.633,58
3. Buildings and technical works	9.368.009,10	3.393.763,24	5.974.245,86	5.352.253,60	2.266.286,36	3.085.967,24
4. Machinery-technical installations and other mechanical equipment	4.244.072,37	1.204.216,09	3.039.856,28	541.255,43	255.842,92	285.412,51
5. Transportation equipment	524.697,04	284.756,52	239.940,52	497.699,49	291.146,13	206.553,36
6. Furniture and other equipment	3.299.683,98	2.206.963,07	1.092.720,91	2.345.474,75	1.433.014,22	912.460,53
7. Fixed assets under construction and down payments	---	---	---	30.814,38	---	30.814,38
	<u>19.678.950,44</u>	<u>7.089.698,92</u>	<u>12.589.251,52</u>	<u>9.800.131,23</u>	<u>4.246.289,63</u>	<u>5.253.841,60</u>
<b>Total (CI+CII)</b>	<b>19.859.434,67</b>	<b>7.257.025,90</b>	<b>12.602.408,77</b>	<b>9.680.615,46</b>	<b>4.409.801,50</b>	<b>5.270.813,96</b>
<b>III. Participations and Other Long-term Financial Assets</b>						
7. Other long-term claims			78.299,26			67.263,69
<b>Total Fixed Assets (CI+CII+CIII)</b>			<b>12.682.708,03</b>			<b>5.338.077,65</b>
<b>D. CURRENT ASSETS</b>						
<b>I. Stocks</b>						
1. Merchandise			10.397.308,36			10.971.089,69
2. Finished and semifinished products			768.803,01			---
4. Raw direct and indirect material - Consumable material-spare parts and containers			870.568,69			---
5. Down payment for stocks			617.533,63			141.992,15
			<u>12.654.213,69</u>			<u>12.113.081,84</u>
<b>II. Receivables</b>						
1. Customers			11.061.007,85			9.279.727,76
2. Bills receivable						
- On hand		6.000,00			352,16	
- In banks for collection		315.577,07	321.577,07		19.580.803,00	196.160,19
3. Bills overdue			351.031,59			222.963,99
3a. Cheques receivable			12.591.813,06			14.801.270,23
3b. Cheques receivable overdue			358.692,04			568.174,45
8. Blocked deposits			1.407.595,06			1.667.471,19
10. Doubtful-disputed customers and debtors			167.811,88			364.551,36
11. Sundry debtors			1.381.747,24			758.968,43
12. Advances and credit control account			17.383,69			4.345,90
			<u>27.658.659,48</u>			<u>27.863.633,50</u>
<b>III. Securities</b>						
1. Shares			43.433,60			40.205,43
<b>IV. Cash</b>						
1. Cash on hand			94.281,43			96.001,92
3. Sight and time deposits			752.210,11			849.479,52
			<u>846.491,54</u>			<u>945.481,44</u>
<b>Total Current Assets (DI+DII+DIII+DIV)</b>			<b>41.202.798,31</b>			<b>40.962.402,21</b>
<b>E. TRANSIT DEBIT BALANCES</b>						
1. Prepaid expenses			18.360,25			3.055,91
2. Noncurrent receivables from currently earned income			---			4.428,58
3. Other transit debit balances			313,03			170,66
			<u>18.673,28</u>			<u>7.655,15</u>
<b>GRAND TOTAL ASSETS (B+C+D+E)</b>			<b>54.219.315,96</b>			<b>46.618.377,38</b>
<b>DEBIT MEMO ACCOUNTS</b>						
1. Assets belonging to third parties			92.059,22			---
2. Debit accounts of guarantees and collateral security			11.848.255,79			3.481.294,39
3. Other memo accounts			4.507.817,99			---
			<u>16.448.133,00</u>			<u>3.481.294,39</u>

<b>CAPITAL AND LIABILITIES</b>	<b>Amounts for the 2002 fiscal year in euros</b>	<b>Amounts for the 2001 fiscal year in euros</b>
<b>A. SHAREHOLDERS EQUITY</b>		
<b>I. Share Capital</b> (13.191.620 shares of € 0,62)		
1. Paid in capital	<b>8.178.804,40</b>	<b>4.562.262,66</b>
<b>II. Premium on Capital Stock</b>		
	<b>12.150.233,31</b>	<b>12.150.233,31</b>
<b>III. Revaluation -Investment grants differences</b>		
2. Revaluation differences from other assets	---	404.754,54
3. Fixed Assets investment grants	957.902,51	---
	<b>957.902,51</b>	<b>407.677,50</b>
<b>IV. Reserves</b>		
1. Statutory reserve	844.897,67	3.234.054,65
3. Special reserves	586.941,00	
4. Extraordinary reserves	239.786,22	1.056.277,83
5. Special law untaxed reserves	1.325.306,73	
	<b>2.996.931,62</b>	<b>27.539.326,50</b>
<b>Less:</b> Consolidation differences	6.753.884,68	
	<b>-3.756.953,06</b>	
<b>V. Results carried forward</b>		
Period's profit carried forward	<b>-429.186,49</b>	<b>4.315.741,59</b>
<b>IX. Minority Rights</b>		
	<b>-1.693.964,16</b>	
<b>Total Shareholders' Equity (AI+AII+AIII+AIV+AV+AIX)</b>	<b>15.406.836,51</b>	<b>22.749.019,39</b>
<b>B. PROVISIONS FOR CONTINGENCIES AND EXPENSES</b>		
2. Other provisions	<b>19.747,98</b>	<b>510.075,13</b>
<b>C. LIABILITIES</b>		
<b>I. Long-term liabilities</b>		
1. Debentures	4.475.250,00	---
2. Bank loans	15.813.889,00	---
	<b>20.289.139,00</b>	<b>---</b>
<b>II. Short-term liabilities</b>		
1. Suppliers	2.082.332,31	1.764.872,31
2. Bills and promissory notes payable	2.463.864,39	2.266.718,30
2a. Outstanding cheques	326.624,16	---
3. Banks	10.235.385,39	5.045.674,18
4. Customers down payments	2.188.658,17	108.661,57
5. Tax and duties payable	333.191,15	1.386.399,49
6. Insurance and pension funds due	257.098,22	152.445,97
7. Current instalments of long-term liabilities	75.894,00	2.360.240,07
10. Dividends payable	172.869,06	662.794,94
11. Sundry creditors	105.314,18	42.018,10
	<b>18.241.231,03</b>	<b>13.789.824,93</b>
<b>Total Liabilities (CI+CII)</b>	<b>38.530.370,03</b>	<b>13.789.824,93</b>
<b>D. TRANSIT CREDIT BALANCES</b>		
1. Unearned and deferred income	295,16	1.547.175,66
2. Accrued expenses	254.800,91	59.570,97
3. Other credit transit balances	7.265,37	241.817,70
	<b>262.361,44</b>	<b>1.848.564,33</b>
<b>TOTAL OWNERS EQUITY AND LIABILITIES (A+B+C+D)</b>	<b>54.219.315,96</b>	<b>38.897.483,78</b>
<b>CREDIT MEMO ACCOUNTS</b>		
1. Assets belonging to third parties	92.059,22	---
2. Credit accounts of guarantees and collateral security	11.848.255,79	3.481.294,39
4. Other memo accounts	4.507.817,99	---
	<b>16.448.133,00</b>	<b>3.481.294,39</b>



**SOCRATES D. CONSTANTINOU & SON S.A.**  
**CONSOLIDATED PROFIT & LOSS STATEMENT 2002**  
**(JANUARY 1st - DECEMBER 31st 2002)**

**PROFIT AND LOSS STATEMENT**

**Amounts for the 2002 fiscal year in euros**

**Amounts for the 2001 fiscal year in euros**

**I. Operating results**

Sales		51.728.941,92		39.454.831,45
<b>Less:</b> Cost of sales		<u>36.826.638,39</u>		<u>27.786.339,09</u>
<b>Gross profit</b>		<b>14.902.303,53</b>		<b>11.668.492,36</b>
<b>Plus:</b> Other Operating Income		428.084,78		994.276,64
<b>Total</b>		<u>15.330.388,31</u>		<u>12.662.769,00</u>

<b>LESS:</b> 1. Administrative expenses	5.361.948,69		3.354.653,09	
3. Selling expenses	<u>8.490.706,32</u>		<u>7.070.202,34</u>	
<b>Operating results before financial transactions</b>		<b>1.477.733,30</b>		<b>2.237.913,57</b>

<b>LESS:</b> 2. Income from securities	1.800,00		1.907,55	
4. Interest and related income	<u>45.184,90</u>		<u>104.094,21</u>	
	46.984,90		106.001,76	

<b>Less:</b> 3. Interest charges and related expenses	<u>2.737.049,41</u>	<b>2.690.064,51</b>	<u>1.187.793,15</u>	<b>1.081.791,39</b>
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<b>Total net operating income before extraordinary items and taxes</b>		<b>-1.212.331,21</b>		<b>1.156.122,18</b>
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**II. PLUS: Extraordinary results**

1. Extraordinary income	279.064,56		505.270,02	
2. Extraordinary profits	14.792,42		19.148,10	
3. Prior period income	65.371,60		15.113,29	
4. Income from prior period provisions	<u>441.583,60</u>		<u>---</u>	
	800.812,18		539.531,41	

<b>Less:</b> 1. Extraordinary and nonoperating expenses	893.584,55		290.676,72	
2. Extraordinary losses	476.474,18		59.682,53	
3. Prior period expenses	48.918,48		1.686,57	
4. Provisions for extraordinary contingencies	<u>229.122,06</u>	<b>-847.287,09</b>	<u>163.729,28</u>	<b>515.775,10</b>
<b>Net Income after extraordinary items and before taxes and extra depreciation</b>		<b>-2.059.618,30</b>		<b>1.179.878,49</b>

<b>LESS:</b> Total depreciation recorded	2.413.252,72		1.188.190,87	
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<b>Less:</b> Depreciation included in the operating cost	<u>2.256.179,97</u>	157.072,75	<u>1.031.118,12</u>	157.072,75
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<b>NET INCOME FOR THE YEAR BEFORE TAX (Profit or Loss)</b>		<b>-2.216.691,05</b>		<b>1.022.805,74</b>
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<b>LESS:</b>				
Prior period tax audit adjustments	---		311.987,32	
Income tax	12.720,32		942.262,76	
Other nonoperating taxes and levies	<u>4.393,19</u>	17.133,51	<u>23.758,89</u>	1.278.008,97

<b>Net Income for the year after tax (profit or loss)</b>		<b>-2.233.804,56</b>		<b>-255.203,23</b>
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<b>PLUS:</b>				
Proportion of Minority Shares		947.546,45		495.834,51

<b>NET CONSOLIDATED INCOME (PROFIT OR LOSS) FOR THE GROUP</b>		<b>-1.286.258,11</b>		<b>240.631,28</b>
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<b>NOTES:</b>				
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- There are no pledges against the fixed assets
- There are no significant cases disputed in courts or under arbitration differences and decisions of courts or arbitrators that may significantly affect the financial position or operations of the firm.
- Employed personnel as of 31/12/2002 amounts to 250 people
- The last revaluation of fixed assets took place in 2000 fiscal year, according to L. 2065/92
- A tax audit has been performed on the parent company until the 2000 fiscal year.
- By decision of the Extraordinary General Meeting of the parent company's Shareholders of 29/04/2002, the merger through absorption of VELLIFEST S.A. by SOCRATES D. CONSTANTINOU & SON S.A. was approved in accordance with the provisions of c.l. 2190/1920 and L. 2166/1993. The transformation balance sheet was drawn up as of 31/08/2001. The number K2-7348/21/06/2002 approval was issued by the Ministry of Development.
- Due to the absorption, the financial statements as of 31/12/2002 are not comparable with the respective statements of the previous period.

Thessaloniki, 10/4/2003

THE PRESIDENT & MANAGING DIRECTOR

THE VICE PRESIDENT

THE FINANCIAL DIRECTOR

THE DIRECTOR OF THE ACCOUNTING DEPARTMENT

**D. CONSTANTINOU**  
I.C. No L 119476

**K. CONSTANTINOU**  
I.C. No Z 905961

**G. MAKRIS**  
I.C. No K. 178403

**T. FYTILIS**  
I.C. No Θ 164486

**AUDITORS REPORT**  
Towards the Shareholders of "SOCRATES D. CONSTANTINOU & SON S.A." and its subsidiaries

We have audited, in accordance to the provisions of article 108 of c.l. 2190/1920, the ninth consolidated Financial Statements, as well as the Annex of "Socrates D. Constantinou and Son S.A." and its subsidiaries for the fiscal year ending December 31st 2002. We applied the procedures that we deemed pertinent for the purpose of our audit, which are in accordance to the standards and requirements accepted by the Institute of Certified Auditors-Accountants and we verified the contents of the agreement of the consolidated Administration Report with the relevant Financial Statements. We did not extend our audit to the financial statements of the subsidiary companies included in the consolidation, representing 9,79% and 5,53% of the consolidated total assets and turnover. From our audit the following arose: 1) For the covering of contingencies that might arise from receivables and cheques overdue as well as for doubtful-contested trade and trade debtors amounting to € 1.830.318 approximately, the companies' administration has set up a provision amounting to € 16.160. In our opinion the provision for doubtful and disputed receivables should have been greater by € 1.814.158 approximately. 2) The companies relying on opinion 205/1988 of the plenary session of the Administration Legal Advisors and on article 10 of L. 2065/1992 has set up a provision for members of staff that is entitled to get a pension until the end of the next period. In our opinion the amount of the provision for staff's retirement benefits should concern all the company's employees independently of the fact that they are entitled to get a pension. If the company had formed a provision in accordance with this method the cumulative amount would be € 730.155 approximately, from which € 103.428 approximately would burden the current fiscal year while € 626.727 approximately would have burdened the previous fiscal years. 3) The account "Establishment expenses" includes the amount € 157.072,75 which represents the balance of the non-depreciated loss of a subsidiary company from debit foreign exchange differences, which occurred during the 2000 fiscal year from the settlement of liabilities in yen and the valuation of the end of the fiscal year. The subsidiary based on the provisions of PQL 1294/8.12.2000, did not burden the results of the previous fiscal periods with the total amount of the loss that occurred, with the condition that it would be depreciated in equal amounts in a three year period. As of December 31st 2002 the amount of € 157.072,75 was fully depreciated and in this way burdened the results of the subsidiary during the current fiscal period. Therefore the net consolidated losses of the Group as of December 31, 2002 are increased by € 80.170,10. 4) A tax audit has not been performed on the Parent Company for the fiscal years 2001 and 2002 and therefore its tax obligations concerning the aforementioned fiscal periods have not been finalized. Concerning the subsidiaries, the unaudited fiscal years appear in the annex. In our opinion, after taking into account our above-mentioned remarks, the consolidated financial statements have been drawn up in accordance to the provisions of c.l. 2190/1920 and reflect in conformity with legal requirements and the accounting principles which have been generally applied on a basis consistent with that of the previous fiscal year, the asset structure, the financial position and the results of the total companies included in the consolidation as of 31.12.2003.

Athens, April 14, 2003  
The Auditor  
Emmanouil A. Pileiadias  
A.M. SOEL 12021  
DELOITTE & TOUCHE S.A.