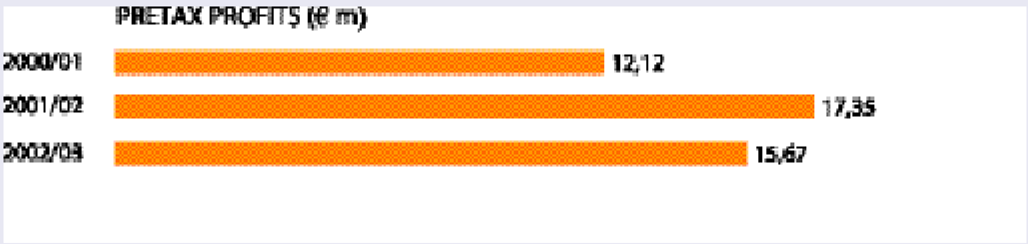
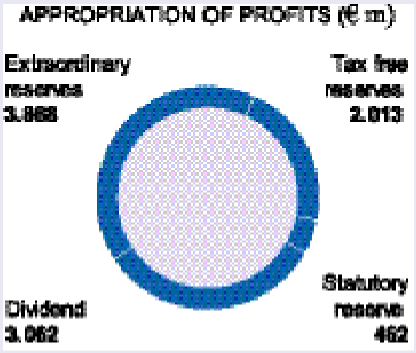
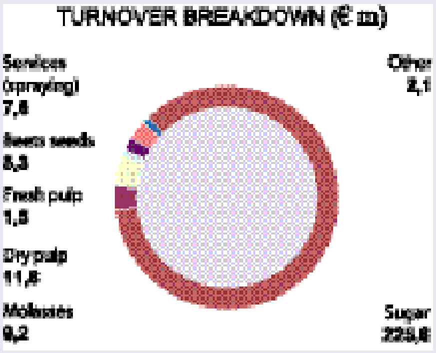
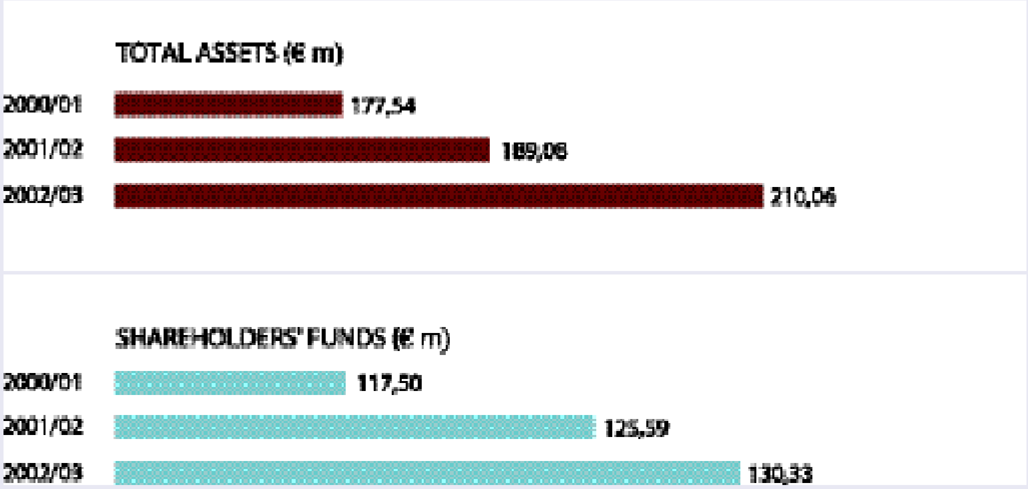
Key results


PRETAX PROFITS (€ m)
2000/01
12,12
2001/02
17,35
2002/03
15,67


APPROPRIATION OF PROFITS (€ m)
Extraordinary reserves 3.868
Tax free reserves 2.013
Dividend 3.062
Statutory reserve 462


TURNOVER BREAKDOWN (€ m)
Services (spraying) 7,8
Beets seeds 8,3
Fresh pulp 1,5
Dry pulp 11,8
Molasses 9,2
Other 2,1
Sugar 225,8


TOTAL ASSETS (€ m)
2000/01
177,54
2001/02
189,08
2002/03
210,06
SHAREHOLDERS' FUNDS (€ m)
2000/01
117,50
2001/02
125,59
2002/03
130,33

Chairman's Statement

Review of activities

The acquisition of Zabalji and the subsequent acquisition of Cvrenka, both in Republic of Serbia, saw us make a significant step into mainland Europe. As part of our international strategy we now have a strong presence in Balkans, from which we will be able to develop further opportunities in Eastern Europe and southeastern Mediterranean countries. Moreover, significant benefits expected to arise from the recently established subsidiary in Cyprus named "HSI-Cyprus Ltd".

The management and staff of the acquired companies have embraced the ambitions and values of the HSI Group and we are seeing excellent relationships being built between the businesses which will benefit us all.

Staff

We now have around 2.700 staff employed by the Group through out Europe confirming an international presence.

The commitment and energy shown by our employees, in what has not been an easy year, has been tremendous and I would like to thank them all. In particular, I would like also to extend my special appreciation and welcome our new staff in Serbia.

The Group is determined to address under performing business units and improve overall operating margins. Our strategy is to accelerate our work and build on the expertise and proprietary technology within the Group to become a leading European player in the sugar market.

Our continued success is dependent upon being able to retain and develop the best personnel in a demanding industry. Through improved training, staff care, international opportunities and our increasing reputation we are making significant progress in this area.

Once again the management and staff have demonstrated the ability to adapt to changes both in the external market and our own organization.

Strategy

While much emphasis is rightly placed on improving HSI's overall performance from current operations the Group has a clear strategy to build a leading position in the European sugar industry. This will build on our many strengths and heritage in the industry but will focus around:

- Capitalizing on our major presence in Balkans and our ability to optimize processes.

- Further developing our technologies and capabilities in producing leading edge sugar products and ingredients.

- Building on our relationships with key customers through development of tailored solutions

- Investing in intellectual capital as well as tangible assets.

Our investment in "research & development" confirms key opportunities in this field and, based on this, we will advance strategy implementation during 2004 through strategic alliances.

We believe that this approach will drive value and provide access to growth markets. It will assist the Group in building profits and earnings and enhancing shareholder value in the medium term.

Outlook

The primary focus in the period 2003/04 is to further strengthen Group performance and advance strategy implementation. The Group expects that it will continue to make satisfactory overall progress the next years.

I want to thank our customers and shareholders for their continued support for the Company. I also want to thank the management team and all of our employees for their hard work and contribution to HSI's success in 2002/03.

Vasilios Papagiannis
Chairman

Managing Director's Review

The sugar industry employs about 335.000 beet growers and 52.000 employees, and constitutes a part and parcel of the European agricultural economy.

International exposure

"The acquisitions in Serbia were the most important events in the year, implementing our strategy for international exposure and to make a meaningful step into mainland Europe". In the E.U. are produced every year roughly 16 millions tons of sugar out of sugar-beets and 1,7 millions tons of sugar out of imported raw cane sugar.

As the Chairman has indicated, HSI is already a major player in the Southeastern European sugar market. We have made steady progress in building HSI's operating and financial performance and this work will continue in the coming years. The Group continues to tighten its business focus and, as the Chairman has indicated, we will intensify our activities in other specialized products and services.

Structure

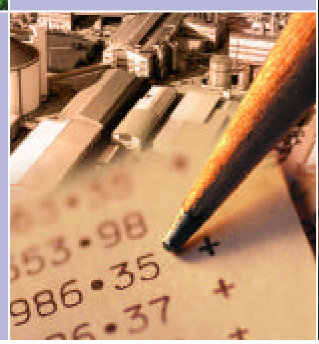
The Group is structured to representour key areas of operation ensuring we are properly focused on our client activities in the different areas in which we work. Following the acquisitions in Serbia, Balkans has now taken on a larger and more prominent platform for the Group's activities. Furthermore we have launched an investment plan for the renovation of the Serbian subsidiaries. With that way we ensure that we are best placed to take advantage of the increasing opportunities arising.

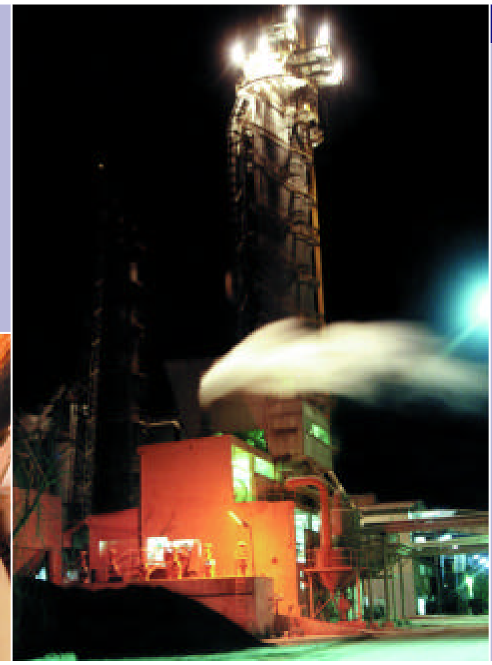
People

The quality and commitment of our people is critical to the future success of HSI, particularly as the Company deepens its involvement in higher technology businesses. HSI's policy is to provide an attractive career option which includes a good working environment, rewarding work and scope for career and personal development. The Group is committed to pro-

The company's main **focus** is in production and trade of the white crystal sugar and its by-products.

Research & technological development in combination with continuous quality control and genetic improvement constitute main activities of the company.





growth opportunities

viding equal opportunities for advancement for all staff regardless of nationality, ethnic, religious, disability or age status.

Corporate & social responsibility

HSI recognizes its responsibilities to behave in a socially responsible manner in its business dealings. The Company also recognizes the important role it plays in the communities in which it is based as well as the importance of operating according to environmentally sustainable practices.

HSI haw a proud tradition of supporting community and charitable causes, particularly around the the communities in which we are based.

We have a clear vision and an understanding of our strengths. I believe our company has a bright future as we refocus tightly around growth opportunities and work together to maximize performance.

Christos Stamtsis

Managing Director

Review of operations

HSI

H.S.I. is an active member of the European Confederation of the Sugar Industry (CEFS)

* The EU sugar industry's key objectives are to ensure :
- a prudent use of natural resources
- a permanent reduction of atmospheric and water emissions
- a productive use of by-products (beet pulp/animal feed, sugar factory lime/fertiliser, molasses/animal feed and raw material for the production of alcohol and yeast, stones/civil works)

* The recent specific guidelines for good agricultural practice are closely followed by the European beet growers. Their dialogue with the

Sector

The company from its foundation up to now has established its position in the domestic market whereas at the European level it constitutes one of the most significant sugar industries as regards its productivity potential.

As a sole sugar producer in Greece it faces no virtual competition in the domestic market other than that from some products in the form of sugar substitutes, such as aspartame, sugarine, acelsulphame, fructose and isoglucose. The quantities in which these products circulate cannot be considered competitive except for isoglucose. Isoglucose is produced from maize starch and is made available in liquid form to industries of refreshments, juices, canneries e.t.c.

In this respect, domestic demand is covered by H.S.I. whereas a very tiny percentage is covered by importations made by local importers.

Products

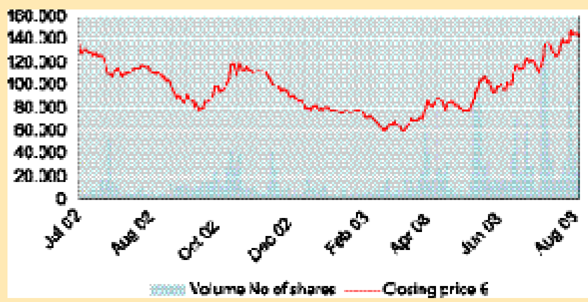
The main activity of the company is the production and trade of sugar, as well as the trade of the by-products of sugar. The company produces white crystal sugar, whereas in the course of production there results a set of by-products, which following a proper processing are made available in the market. In concrete terms, the products produced and traded by the company are as follows:

- White crystal sugar
- Molasses
- Sugar-pie
- Nutrica 135

processors at regional, national and European level ensures the smooth operation of the overall system with a special regard to the environment.

* Providing a livelihood for 335 000 farms, sugar production in Europe contributes to the maintenance of the European agricultural model based on the diversification of rural areas and the landscape and high quality standards for food and feed.

European Confederation of the Sugar Industry (CEFS)



Concentrating on core strengths

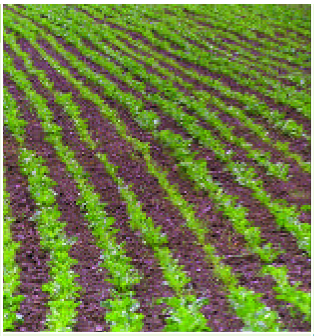
- Fresh pulp
- Beet seed

The white crystal sugar is the staple of the company, and in case of additional demand sugar importations are carried out from the E.U. countries. Also the company imports and trades sugar for energetic-perfection, which is used by canneries. The sugar product produced by the company is in quality terms, one of the best of the European Union.

Molasses is a sugar by-product and is used as a raw material to produce alcohol, yeasts and cattle feed. Sugar - pie is cattle feed and is prepared by dry pulp (by-product of sugar) with the addition of molasses. Nutrica 135 is a sort of cattle feed which is used for fattening the calfs and is prepared by dry pulp and molasses, with an addition of trace elements and vitamins. The fresh pulp is cattle feed with a bigger content in water than the sugar-pie.

The company is also engaged in producing beetseed out of sugarbeets which, after a proper processing, it sells to the beet-growers and one part it exports to seedproducing companies abroad.

Sugar Info



Enhanced **competitive** position - new **growth** platform

Sugar is produced in 121 Countries and global production now exceeds 130 Million tons a year. Approximately 60% is produced from sugar cane, a very tall grass with big stems which is largely grown in the tropical countries. The remaining 40% is produced from sugar beet, a root crop resembling a large parsnip grown mostly in the temperate zones of the north.

Sugar Beet

Sugar beet is a temperate climate biennial root crop. It produces sugar during the first year of growth in order to see it over the winter and then flowers and seeds in the second year. It is therefore sown in spring and harvested in the first autumn/early winter. The beet stores the sucrose in the bulbous root which bears a strong resemblance to a fat parsnip. A typical sugar content for mature beets is 17% by weight but the value depends on the variety and it does vary from year to year and location to location.

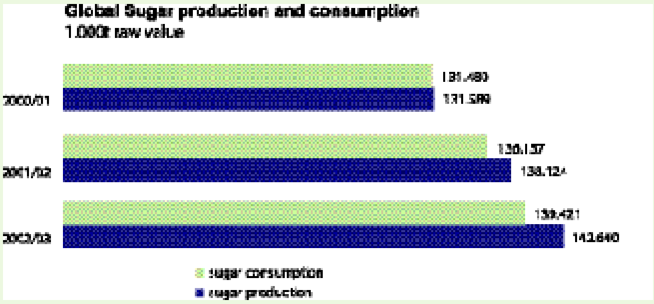
SUCROSE

The term "sugar" refers to the sucrose which is a natural product and contained in many plants. However, it is extracted, industrially, throughout the world out of two cultivated plants: the sugarcane which is grown in the tropical and subtropical zone and the sugarbeet which is grown in the temperate zone. The sucrose is composed of two molecules, one molecule of glucose and one molecule of fructose. Its sweetening power is set conventionally on a par with the unit.
There are artificial sweetening materials which have a sweetening capacity mutliple of sugar (aspartame, sugarine e.t.c.) without having the qualities of sugar.

It is the cheapest food per calory. Oils and fats have greater calorific power (9 Kcal/g), whereas sugars and albumens have only 4 kcal/g. So a teaspoonful of sugar with a capacity of 8 g has only 32 kcal.

HISTORY

The history of sugar is associated with the history of civilization. In ancient times only honey was known. Sugar, derived from the sansyritic word SARCARA, begins really its history in the 4th century B.C. with the discovery by the soldiers of the Great Alexander, in the valley of the Hindus river, of a cane yealding "honey without bees". In the 7th century A.D. the Arabs invade the Middle East and discover once more the sugarcane.



Formats for the future

Sugar appears in central Europe in the 12th century due to the crusaders who carried it over from Syria. The importation took place from Venice port. Its sale was at a very high price from the drugstores as a precious exotic product, in form of sugar cones, broken agreggates of sugar or in dust. The discorery of the New World altered fully the geography of sugar. The sugarcane was grown in tropical climates, e.g. in the Carribean islands which were thereby called sugar islands.

In 1747, Robert Marggraf, a chemist in Berlin, discovered the presence of sugar in the juice of beets. Marggraf, however, believed the amount of sugar in beets was inadequate to provide an incentive for further development of the techniques needed to extract sugar.

Fifty years later, Mr. Achard, a former student of Marggraf, revived the experiments. His intensive efforts proved successful, leading to his founding of the first beet sugar factory, completed in 1802 in Kunern, Germany.

In 1900 sugar out of beet represented 63% of the universal production. Today's percentage is 40% for sugar out of beet and 60% for sugar out of sugarcane.

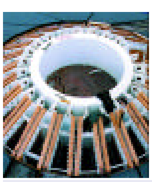
How Beet Sugar is Made

White beet sugar is made from the beets in a single process, rather than the two steps involved with cane sugar.

The beets are harvested in the autumn and early winter by digging them out of the ground. They are usually transported to the factory by large trucks because of the long transport distances. Because the beets have come from the ground they are much dirtier than sugar cane and have to be thoroughly washed and separated from any remaining beet leaves, stones and other trash material before processing.

Extraction

The processing starts by slicing the beets into thin chips. This process increases the surface area of



the beet to make it easier to extract the sugar. The extraction takes place in a diffuser where the beet is kept in contact with hot water for about an hour. The diffuser is a large horizontal or vertical agitated tank in which the beets slices slowly work their way from one end to the other and the water is moved in the opposite direction. This is called counter-current flow and as the water goes it becomes a stronger and stronger sugar solution usually called juice.

Pressing

The exhausted beet slices from the diffuser are still very wet and the water in them still holds some useful sugar. They are therefore pressed in screw presses to squeeze as much juice as possible out of them. This juice is used as part of the water in the diffuser and the pressed beet, by now a pulp, is sent to drying plant where it is turned into pellets which form an important constituent of some animal feeds.

Carbonatation

The juice must now be cleaned up before it can be used for sugar production. This is done by a process known as carbonatation where small clumps of chalk are grown in the juice. The clumps, as they form, collect a lot of the non-sugars so that by filtering out the chalk one also

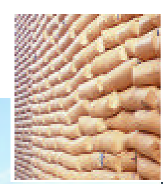
takes out the non-sugars. Once this is done the sugar liquor is ready for sugar production except that it is very dilute.

The next stage of the process is therefore to evaporate the juice in a multi-stage evaporator. This technique is used because it is an efficient way of using steam and it also creates another, lower grade, steam which can be used to drive the crystallisation process.

Boiling

For this last stage, the syrup is placed into a very large pan, typically holding 60 tons or more of sugar syrup. In the pan even more water is boiled off until conditions are right for sugar crystals to grow. You may have done something like this at school but probably not with sugar because it is difficult to get the crystals to grow well. In the factory the workers usually have to add some sugar dust to initiate crystal formation. Once the crystals have grown the resulting mixture of crystals and mother liquor is spun in centrifuges to separate the two, rather like washing is spin dried. The crystals are then given a final dry with hot air before being packed and/or stored ready for despatch.

The final sugar is white and ready for use, whether in the kitchen or by an industrial user such as a soft drink manufacturer. As for raw sugar production, because one cannot get all the sugar out of the juice, there is a sweet by-product made: beet molasses. This is usually turned into a cattle food or is sent to a fermentation plant such as a distillery where alcohol is made. It does not have the same quality smell and taste as cane molasses so cannot be used for rum production.



Board of Directors

The Board comprises the Chairman, seven - non executive directors, two of whom considered to be independent, i.e. are independent of management and free from business and other relationships which could interfere with the exercise of independent judgment and three executive directors, i.e. the Deputy Chairman, the Managing Director and the Deputy Managing Director.

Papagiannis Vasilios
Chairman (executive)

Gleridis Nikolaos
Deputy Chairman (executive)

Stamtsis Christos
Managing Director (executive)

Peyios Petros
Deputy Managing Director (executive)

Papatheodorou Theodoros
Director (non executive)

Papadopoulos Kiriakos
Director (non executive)

Gatsos Petros
Director (non executive)

Zeikos Stilianos
Director (non executive)

Dargakas Dimitrios
Director (non executive)

Maliahoustas Triantafillos
Director (non executive - independent)

Amanatidis Konstantinos
Director (non executive - independent)

The Board of Directors has been elected for five years and its tenure expires at 31 December 2007. The mail address of the members of the Board is:
34 Mitropoleos street, 541 10 - Thessaloniki, Greece.

Report of the Directors

For the year ended 30 June 2003

Introduction

The Directors are pleased to present their report to shareholders together with the audited financial statements for the year ended 30 June 2003.

Principal activities

HELLENIC SUGAR INDUSTRY SA is the sole sugar producer in Greece and ranks among the biggest sugar industries in Europe and is functionning in the framework of the common agricultural policy of the European Union (E.U). The company follows the rules and regulations laid down by the E.U. concerning the production and the disposal of sugar.

It constitutes the most significant agricultural industry of Greece, since more than 20.000 beet-growers depend their income upon its operation.

The main activity of the company is the production and trade of sugar, as well as the trade of the by-products of sugar. The company produces white crystal sugar, whereas in the course of production there results a set of by-products, which following a proper processing are made available in the market. In concrete terms, the products produced and traded by the company are as follows:

- White crystal sugar
- Molasses
- Sugar-pie
- Nutrica 135
- Fresh pulp
- Beet seed

Review of business

Company's turnover for the year was €263,15m, compared with €275,75m in 2001/02. The Chairman's Statement, Group Managing Director's Review and the Financial Review contain a comprehensive commentary on the business and the year end financial position.

Results

Details of the results for the year and the appropriation thereof are set out in the profit and loss account on page 24.

Share Capital

The authorized Share Capital of the Company is constituted by 30,819,931 ordinary shares of €0.73 each.

Dividends

The Board have recommended the payment of a final dividend of €0,10 per share on the ordinary shares which amounts to €3,06m. Subject to shareholders approval this dividend will be paid on a date that the Company will announce.

Future developments

Our plans for the future development of the Group are outlined in the Chairman's Statement; Group Managing Director's Review and the Financial Review.

Post Balance sheet event

Since the year end the following important events have occurred:

- In September 2003 a new subsidiary named "HSI-Cyprus Ltd" was established with commercial orientation. This subsidiary is based in Nicosia - Cyprus. The parent company participate with 100% in the share Capital of "HSI-Cyprus Ltd"

• Unfavorable weather conditions had negative impact in the sugar beet's crop. As a result the domestic sugar production is estimated to be less than what initially was expected.

Research and development

Research and technological development in combination with continuous quality control and genetic improvement constitute main activities of the company. HELLENIC SUGAR INDUSTRY is the sole producer in Greece giving special emphasis to the support of all its productive procedures through the most modern technological advances. To this effect an extensive project takes place of an oriented research and technological advance (E & TA). At the same time specialized scientists undertake to transfer know-how from research efforts being made abroad and to make adaptations to the data of the company.

Company's Authority to purchase its own shares

In order to create a more efficient structure and creating potential for improved shareholder value in the future, the Company implemented the authority granted by shareholders on 15 November 2001 to make on-market purchases of its own shares. As such during the financial year 2001/02 195.840 ordinary shares were purchased, representing 0,64% of the total called up share capital.

Internal control

The Directors have overall responsibility for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance that all internal control used within the business and for external publication is covered including financial, operational and compliance control and risk management, and for ensuring that assets are safeguarded and therefore shareholder's investment is protected. There are limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding assets.

In line with past practice the Board reviewed the internal control system in 2002/03 to ensure that it remains effective. Where significant weaknesses are identified as a result of the reviews, new procedures are put in place to strengthen controls. No significant weaknesses were identified during the year.

Safety, health and welfare

The Company is committed to complying with the Safety, Health and Welfare at work according to the Greek and European Union legislation. A comprehensive statement on safety, health and welfare at work has been prepared by each of the relevant companies in the Group.

More specific, the Greek Labour Law about Safety and Health at work imposes certain requirements on Greek employers and all relevant companies within the Group have taken the necessary action to ensure compliance with the Act, and similar legislation in their respective jurisdictions, including the adoption of a safety statement.

Policy and practice on payment of creditors

It is the policy of the Group to pay creditors in accordance with terms agreed at the time of each transaction

The policies set out in these statements are kept under review as part of the process of safeguarding the well being of employees.

Going Concern

The Directors have reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason, they adopt the going concern basis in preparing their Financial Statements.

Substantial interests

As at 15 November 2002, Agricultural Bank of Greece held 60,14% of the Company's issued ordinary shares. The Company has not been notified of any other interest of 3% or more in its issued ordinary shares.

Operational and compliance controls
The operating policies are shown in the report on page 17. Additional procedures and controls include:

- Human resources: The Group has local policy manuals and has achieved excellent relations with the Group's employees
- Health, safety and environment: Risk management is addressed by training maintenance programs and the use of monitoring and control devices
- Manufacturing, quality and research and development: All operations are required to be performed to standards that exceed ISO 9001. These procedures are subject to audit by an independently team. The Group operates a quality control and inspection programme.
- Information technology systems: The Group has internal procedures relating to access controls, back - up procedures and disaster recovery plans.

Annual General Meeting

The Annual General Meeting 2003 of the Company will be held at 11:00 on Friday 21 November 2003 at Electra Palace Hotel in Aristotelous Square in Municipality of Salonica.

Auditors

Sol - Ernst & young have expressed their wilingness to continou in office as auditors. An ordinary resolution to reappoint Sol - Ernst & Young Auditors as the Company's Auditors will be proposed at the Annual General Meeting of the shareholders.

On behalf of the Board

V. Papagiannis	**C. Stamtsis**
Chairman	Managing Director

20 October 2003

statement of directors responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and Group and of the profit and loss account for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business
- Comply with any applicable accounting standards subject to any material departures being disclosed and explained in the financial statements

The directors are responsible for keeping proper books of account which disclose with reasonably accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2190/1920 and all regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of the Board

C. Stamtsis	**D. Dovrolis**
Managing Director	Chief Financial Officer

operating policies

The following are summaries of the Group's policies on a number of important operational issues.

Human resources

The Group promotes to its employees the need for the highest standards of integrity and ethics in business dealings, including compliance with all relevant legislation and codes of practice. Employees are regarded as they key to being able to translate policies and strategies into corporate success. The Group is therefore commited to providing a working environment in which this process can flourish.

Procedures have been established to ensure that all employees have the opportunity to understand and appreciate the Group' s objectives, policies and strategies and to ensure that all employees and applicants for employment receive fair treatment and equal opportunity without prejudice against ethnic origin.

The Groups aims to create opportunity for participation and involvement, encourage the identification and development of skills, promote the use of initiative and stimulate personal advancement. Reward systems recognize success at both the corporate and individual level.

Health and safety

The Group safeguards occupational health and hygiene by providing a safe working environment and complying with all relevant statutory obligations and codes of practice.

Working methods and procedures are properly documented and appropriate risk assessment programmes conducted. Specific responsibilities are assigned to specific employees and appropriate training provided for all employees.

Environment

The Group is sensitive to the needs of the environment, not only in terms of compliance with relevant statutory regulations and codes of practice, but more generally in terms of the need to be efficient in the use of raw materials, energy and water and in reducing the production of waste.

Procedures have been established for the regular monitoring and assessment of environmental impact and targets set for improvements in performance. Specific responsibilities for environmental matters are assigned to specific employees, with a senior executive reporting to the Group Board having overall responsibility.

Quality

The Group is committed to maintaining its long established reputation as a manufacturer and supplier of quality products. All employees are encouraged to regard the continuous improvement of quality standards as a personal objective and performance is monitored against defined quality targets.

auditors' report to the members of H.S.I. SA

We have audited the financial statements on pages 24 to 39.

Respective responsibilities of directors and auditors in relation to the financial statements
The directors are responsible for preparing the annual report including, as described on page 16, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Athens Stock Exchange and by the ethical guidelines of our profession.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 2190/1920. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the company's balance sheet is in accordance with the books of account.

We also report to you if, in our opinion, any information required by law or the Athens Stock Exchange regarding directors remuneration and director's transactions is not given, and where practicable, include such information in our report.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implication for our report to shareholders if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion
We conducted our audit in accordance with the Auditing Standards that the Greek legislation defines. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

auditors' report (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the Group for the year then ended and have been properly prepared in accordance with the Greek legislation and regulations.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The balance sheet of the company is in agreement with the books of account.

In our opinion, the information given in the director's report is consistent with the financial statements.

The net assets of the company, as stated in the company's balance sheets, are more than half of the amount of its called up share capital, and in our opinion, on that basis there did not exist at 30 June 2003 a financial situation which would require the convening of an extraordinary general meeting of the company.

D. Drakos **C. Seferis**

Sol - Ernst & Young
Registered Auditors

20 October 2003

corporate governance

Board of Directors

The Board comprises the Chairman, seven - non executive directors, two of whom considered to be independent, i.e. are independent of management and free from business and other relationships which could interfere with the exercise of independent judgment and three executive directors, i.e. the Deputy Chairman, the Managing Director and the Deputy Managing Director.

Formal Board meetings are held at least twelve times a year. Information provided to the Board includes monthly Group Operating Reports and Management Accounts, reports on treasury and foreign exchange management and specific business plans and reports. In addition to the formal meetings, the Board also meets regularly for in depth reviews of strategy and discussions of particular business issues, including annual reviews of business development plans. The Chairman's Committee of the Board, comprising the Chairman and senior executives of the Group, provides a forum in which the Chairman is regularly informed of and advises on current business issues. The Board has a formal schedule of matters reserved for its approval. Other Committee of the Board includes the Audit Committee.

Audit Committee

The audit committee is responsible for considering any matters relating to the financial affairs of the Company and its subsidiaries and matters relating to the Company's internal and external audit. Its responsibilities include the specific duty to review both management procedures for monitoring the effectiveness of the systems of accounting and internal control and the Company's statement on internal control systems before endorsement by the Board. The Committee currently consists of all non executive independent directors. It meets at least four times a year, in addition to at least one meeting with the external auditors at which no member of the executive management team is present.

Relations with Shareholders

The formal proceedings of the Annual General Meeting include individual resolutions on separate issues and a specific resolution relating to adoption of the Annual Report and Accounts. All Board members attend the Annual General Meeting and are available to respond to shareholder's questions.

As a further means of communication with all shareholders, the Annual Report and Accounts contains extensive information on the Group's Business activities, in addition to the statutorily required information. The Company's website http//: www. ebz.gr, also provides information about the Group, including a section on investor relations.

While carefully recognizing statutory constraints concerning disclosure of information, the Group endeavors to provide opportunities for satisfactory dialogue with institutional shareholders and investors. These include presentations directly related to the publication of preliminary and interim statements, discussions of the Group's strategies and business plans and periodic visits to the Group's operational facilities.

statement of accounting policies

For the year ended 30 June 2003

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group financial statements.

Accounting basis and standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Greek Accounting Standards legislation.

Basis of consolidation

The Company has announced in 30.06.2003 for the very first time consolidated financial statements.

The Group financial statements consolidate the financial statements of the company and all of its subsidiary undertaking made up up to 30 June 2003.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired. Good will arising on acquisitions is dealt with as set out below.

Associate Undertakings

Associate undertakings (associates) are those undertakings in which the Group has a participating interest in the equity capital and over which it is able to exercise significant influence.
Associates are accounted for using the equity method. The Group's share of the profits less losses of associates are included in the consolidation profit and loss account. The Group's interests in their net assets or liabilities are included as fixed assets investments in the consolidated balance sheet at an amount representing the Group's share of their fair values of the net assets at acquisition.

The amounts included in the consolidated financial statements in respect of the Group's share of post acquisition profits of associates are taken from their latest audited financial statements made up to the balance sheet date.

Investments in associates are shown in the company balance sheet as financial fixed assets and are valued at cost less provisions for impairments in value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

The charge for depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values by equal annual installments over their expected useful lives.

statement of accounting policies

(continued)

Intangible fixed assets

Research and development expenditure

Research and development costs are written off to the profit and loss account as incurred.

Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the fair value of the acquisition cost over the fair value of the identifiable net assets when they were acquired.

Purchased goodwill arising on acquisitions is capitalized in the balance sheet and amortized over the estimated economic life of the goodwill.

Goodwill arising on the acquisition of associates is included in the carrying amount of the investment; other goodwill is shown separately in the balance sheet

Financial fixed assets

Investments

Financial fixed assets other than investment properties are shown at cost less provisions for impairments in value. Income from financial fixed assets, together with any related tax credit, is recognized in the profit and loss account in the year in which it is receivable.

Leased assets

Tangible fixed assets acquired under finance leases are included in the balance sheet at their capital value and are depreciated over the shorter of the lease term and their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower cost and net realizable value. In the case of goods for resale, cost is defined as the aggregate cost of acquiring such stocks from third parties. Net realizable value is based on normal selling price, less further costs expected to be incurred to disposal.

Debtors

Provision is made for all debts the collection of which is considered doubtful. In arriving at this provision, account is taken of the age profile of the debt and its adhereence to credit terms.

Foreign currencies

The consolidated financial statements are expressed in Euros (€).

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities

statement of accounting policies
(continued)

are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

The Group's net investments in overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The profits and losses of overseas subsidiary undertakings are translated at average rates for the year. Exchange differences resulting from retranslation of the opening balance sheets of overseas subsidiary undertakings at closing rates, together with the differences on the translation of the profit an loss accounts, are dealt with through reserves and reflected in the statement of total recognized gains and losses. Where net investments are matched in whole or in part by foreign currency borrowings, the exchange differences arising on the retranslation of such borrowings are also recorded as reserve movements and reflected in the statement of total recognized gains and losses.

Interest
Interest payable is charged to the profit and loss account as incurred, except for interest relating to major fixed assets under construction which is added to the cost until the project becomes operational.

Taxation
The charge for taxation is based on the profit of the year. Deferred taxation is accounted for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Turnover
Turnover represents net sales to customers outside the Group. Turnover comprises the invoiced value, excluding Value Added Tax (V.A.T.) of goods supplied and services rendered.

Earnings per share
Earnings per share represents the profit in cent attributable to each eqyity share, based on the profit after tax, divided by the weighted average number of equity shares in issue in respect of the period. Adjusted earning per share is calculated by excluding exceptional items and goodwill amortisation.

company's profit and loss account

at 30 June 2003

	Note	2002/03 € 000	2001/02 € 000
Turnover	(1)	**263.148**	275.746
Cost Of Sales		**220.488**	230.852
Gross Profit		**42.660**	44.894
Other operating income		**3.301**	2.821
Total		**45.961**	47.715
Operating Expenses	(2)	**29.470**	28.099
Group Operating Profit		**16.491**	19.616
Financial results	(3)	**(865)**	19
Exceptional Items	(4)	**2.247**	46
Profit on ordinary activities before interest		**17.873**	19.681
Net Interest Payable	(5)	**2.203**	2.335
Profit for the financial year before taxation		**15.670**	17.346
Taxation	(6)	**6.265**	4.397
Retained profit for the financial year attributable to equity shareholders		**9.405**	12.949
Earnings per ordinary share	(7)	**0,31c**	0,42c

appropriation of profits statement

	Note	2002/03 € 000	2001/02 € 000
Net profit attributable to equity shareholders		**9.405**	12.949
Appropiation of profits:			
Statutory reserve		**462**	563
Dividends	(8)	**3.062**	3.981
Reserve for own shares			1.710
Extraordinary reserves		**3.868**	1.778
Tax free reserves		**2.013**	4.917
		9.405	12.949

company's balance sheet

at 30 June 2003

	Note	2002/03 € 000	2001/02 € 000
Establishment and set up costs		**402**	148
Fixed assets			
Intangible assets	(9)	**513**	936
Tangible assets	(10)	**36.020**	39.082
Financial assets	(11)	**4.392**	78
		40.925	40.096
Current assets			
Stocks	(12)	**94.292**	94.157
Debtors	(13)	**55.733**	45.267
Securities	(14)	**10.304**	2.603
Cash at bank	(15)	**5.093**	4.841
		165.421	146.869
Transitory asset accounts	(16)	**3.310**	1.966
Total Assets		**210.058**	189.079
Capital and reserves			
Called up share capital	(17)	**22.499**	22.499
Share premium account		**16.997**	16.997
Differences of revaluation-investment subsidies		**4.295**	5.893
Reserves	(18)	**86.544**	80.201
Shareholder's funds - equity	(19)	**130.334**	125.589
Provisions for charges and liabilities		**9.008**	8.458
Liabilities			
Long term liabilities		**314**	-
Short term liabilities	(20)	**64.483**	44.810
		64.797	44.810
Accruals and deferred income		**5.919**	10.223
Grand Total Liabilities		**210.058**	189.079

consolidated profit and loss account

at 30 June 2003

	Note	Group 2002/03 €000	Parent 2002/03 €000
Turnover	(1)	**285.398**	263.148
Cost Of Sales		**239.761**	220.488
Gross Profit		**45.638**	42.660
Other operating income		**3.696**	3.301
Total		**49.334**	45.961
Operating Expenses	(2)	**31.959**	29.470
Group Operating Profit		**17.374**	16.491
Financial results		**(1.079)**	(865)
Exceptional Items		**1.953**	2.247
Profit on ordinary activities before interest		**18.248**	17.873
Net Interest Payable		**3.314**	2.203
Exchange difference from converting foreign subsidiaries balance sheets		**111**	-
Profit for the financial year before taxation		**15.045**	15.670
Taxation		**6.046**	6.265
Net profit for the financial year		**8.999**	9.405
Minority interest		**(94)**	-
Group net profit for the financial year		**9.093**	-

consolidated balance sheet

at 30 June 2003

	Note	Group 2002/03 € 000	Parent 2002/03 € 000
Establishment and set up costs		**402**	402
Fixed assets			
Intangible assets	(9)	**513**	513
Tangible assets	(10)	**56.701**	36.020
Financial assets		**82**	4.392
		57.296	40.925
Current assets			
Stocks		**122.457**	94.292
Debtors		**68.814**	55.732
Securities		**11.295**	10.304
Cash at bank	(15)	**7.766**	5.093
		210.331	165.420
Transitory Asset account	(16)	**3.218**	3.311
Total Assets		**271.247**	210.058
Capital and reserves			
Called up share capital		**22.499**	22.499
Share premium account		**16.997**	16.997
Differences of revaluation-investment subsidies		**4.965**	4.295
Reserves		**87.032**	86.544
Retained earnings		**(569)**	-
Consolidation differences		**15.848**	-
Minority interests		**9.269**	-
Shareholder's funds - equity		**156.040**	130.334
Provisions for charges and liabilities		**9.158**	9.008
Liabilities			
Long term liabilities		**327**	314
Short term liabilities		**99.802**	64.483
		100.129	64.797
Accruals and deferred income		**5.919**	5.919
Grand Total Liabilities		**271.247**	210.058

1. Segmental information

Analysis of company's turnover by destination

I. Industrial activity

	2002/03 **€000**	2001/02 €000
Greece	**225.247**	254.033
Overseas	**32.232**	19.313
	257.479	273.346

II. Commercial Activity

	2002/03 **€000**	2001/02 €000
Greece	**5.668**	2.400
Overseas	-	-
	5.668	2.400
Total (I+II)	**263.147**	275.746

Acquisitions and disposals

The recent acquisitions of the two sugar industries in Serbia, since the date that were acquired, during the period 2002/03 contributed the following amounts of Group's turnover. Please note that HSI published for first time consolidated financial statements at 30 June 2003.

	2002/03 **€000**
Parent	**263.147**
Acquisitions	**22.251**
	285.398

notes on the financial statements

For the year ended 30 June 2003 (continued)

2. Operating profit

Operating profit is stated after charging all the operating expenses

	2002/03	2001/02
	€'000	€'000
Operating expenses		
Administrative expenses	**19.401**	17.240
Research and development	**61**	60
Distribution expenses	**10.008**	10.799
	29.470	28.099

3. Financial results

	2002/03	2001/02
	€ 000	€000
Plus :		
Income from participations	**102**	-
Income from securities	**24**	22
less:		
Participations and securities value decline allowances	**(30)**	(3)
Losses and expenses of participations and securities	**(961)**	-
	(865)	(19)

4. Extraordinary results

	2002/03	2001/02
	€'000	€000
Plus:		
Extraordinary income	**1.733**	1.999
Extraordinary profits	**8**	
Prior year income	**35**	119
Extraordinary income from prior years provisions	**649**	94
Less:		
Extraordinary and non-operating expenses	**(175)**	(260)
Extraordinary loss		
Prior year expenses	**(3)**	(253)
Provision for extraordinary contingencies	**(1)**	(1.378)
	2.247	46

notes on the financial statements

For the year ended 30 June 2003 (continued)

5. Net interest expense

	2002/03	2001/02
	€ 000	€ 000
Interest payable on bank loans and overdrafts	**(2.480)**	(2.694)
Interest receivable	**277**	359
Net interest payable	**(2.203)**	(2.335)

6. Taxation

	2002/03	2001/02
	€ 000	€ 000
Prior year adjusments	**1.395**	0
Corporation tax payable	**4.798**	4.368
Other non operational taxes	**72**	29
	6.265	4.397

7. Earnings per ordinary share

Earning per share are based on profit attributable to ordinary shareholders

	2002/03	2001/02
	Euro	Euro
EPS	**0,31**	0,42
Numerator		
Attributable profit for the financial year	**9.405.532,21**	12.949.124,94
Denominator		
Weighterd average ordinary shares in issue	**30.819.931**	30.819.931

8. Dividend per ordinary share

The Proposed final dividend (after the approval of the shareholders on the General Assembly) will be paid on a short time period The exact date will be announced form the Company.
The Annual General Meeting 2003 of the Company will be held at 11:00 on Friday 21 November 2003 at Electra Palace Hotel in Aristotelous Square in Municipality of Salonica.

	2002/03 Euro	2001/02 Euro
DPS	**0,10**	0,13
Numerator		
Proposed final dividend payable	**3.062.409,10**	3.981.131,83
Denominator		
Weighterd average ordinary shares in issue	**30.819.931**	30.819.931

9. Intangible fixed assets

	Parent €000	Group €000
Cost		
At beginning of the year	3.111	3.111
Acquisitions in year	(169)	(169)
At end of year	2.942	2.942
Amortisation		
At beginning of the year	2.175	2.175
Amortisation in year	254	254
At end of year	2.429	2.429
Net book value	513	513
At 30 June 2003		

10. Tangible fixed assets

Parent Company

	Land	Buildings & Constructions	Machinery - Techical installations & equipment	Motor Vehicles	Furniture & fixtures	Fixed Assets under constru-ction
	€ 000	€ 000	€ 000	€ 000	€ 000	€000
Cost						
At beginning of the year	5.005	28.285	65.965	5.265	4.608	5.445
Additions in year	-	172	4.889	148	268	(412)
Disposals in year	-	-	41	-	68	-
At end of year	5.005	28.457	70.813	5.413	4.809	5.033
Depreciation						
At beginning of the year	-	22.639	46.093	3.305	3.453	-
Charge for year	-	780	6.406	535	405	-
Eliminated on disposals	-	-	41	-	68	-
At end of year		23.420	52.458	3.840	3.791	-
Net book value At 30 June 2003	5.005	5.037	18.355	1.572	1.018	5.033

10. Tangible fixed assets (continued)

Group

	Land € 000	Buildings & Constructions € 000	Machinery - Techical installations & equipment € 000	Motor Vehicles € 000	Furniture & fixtures € 000	Fixed Assets under constru-ction € 000
Cost						
At beginning of the year	5.005	28.285	65.965	5.265	4.608	5.445
Acquisitions	507	39.205	88.907	-	-	82
Additions in year	105	5.236	12.825	148	268	36
Disposals in year	-	-	1.920	-	68	-
At end of year	5.618	72.727	165.777	5.413	4.809	5.563
Depreciation						
At beginning of the year	-	22.639	46.093	3.305	3.453	-
Acquisitions	-	28.211	79.563	-	-	-
Charge for year	-	4.975	14.145	535	405	-
Eliminated on disposals	-	-	55	-	68	-
At end of year	-	55.825	139.747	3.840	3.791	-
Net book value	5.618	16.901	26.030	1.572	1.018	5.563
At 30 June 2003						

Revaluation of land and buildings

The Company's Land and buildings were revalued at 31 December 2002 according the Law 2065/92.

The "Land and Buildings" of the Serbian subsidiaries were similarly revalued at 30June 2003 according the local legislation

11. Fixed asset investments

	2002/03	2001/02
	€ 000	€ 000
Subsidiary undertakings	**4.310**	
Other long term financial assets	**82**	78
	4.392	78

Subsidiary undertakings

	Investment at cost €000	Paricipation %	Shareholder's funds €000
A.D. Fabrika Secera "Sajkaska"	1.250	69,15%	5.726
A.D. Fabrika Secera "Crvenka"	3.700	69,16%	24.333
Balkan Sugar SA	59	99,83%	**
	5.009		
Less amount due installments	(700)		
Net book value at end of year	4.309		

**

"Balkan Sugar SA" has not complete its first financial year yet. The year end for the first financial year of the specific subsidiary undertaking will be at 30 June 2004.

12. Stocks

	2002/03	2001/02
	€ 000	€ 000
Merchandise	**4**	5.143
Finished & semifinished products , by products and scrap	**74.136**	69.426
Finished goods and work in process	**6.071**	7.190
Raw and auxiliary materials	**13.985**	12.317
Advances to supplies	**95**	80
	94.292	94.157

13. Debtors

		2002/03 € 000		2001/02 € 000
Trade debtors		**42.724**		33.320
Bills Overdue				
Cheques receivable (postdated)	2.869		5.097	
Cheques receivable (postdated) overdue	526		456	
		3.395		5.553
Short-term receivables from affiliated companies		**3.350**		
-				
Doubtful receivables	195		195	
Less : Provisions	195	-	195	-
Other debtors		**6.180**		6.301
Prepayments and other customer credits		**83**		94
		55.733		45.267

14. Securities

		2002/03 € 000		2001/02 € 000
Shares	8.633		545	
Less : Allowances for value decline	(40)		(13)	
		8.593		532
Treasury stock				361
Own shares		**1.710**		1.710
		10.304		2.603

Shares listed in ASE

At year end 30 June 2003

Company	No of shares	Cost €	Provisions €	Valuation cost €
Hellenic Telecommunications Organisation	108	1.486	(378)	1.108
Salonica Harbor Organisation	4.200	26.959	-	26.959
OPAP	33.500	183.687	-	183.687
Agricultural Bank of Greece	31.572	234.724	(7.090)	227.634
		446.858	**(7.468)**	**439.389**

Not listed shares - domestic

At year end 30 June 2003

- Macedonia & Thrace Development Company	3.000	88.041	(32.637)	55.403
- ASE	33.987	10.047	-	10.047
		98.088	**(32.637)**	**65.451**

Securities overseas

At year end 30 June 2003

Secera Backa Fabrika A.D	33.987	8.088.547	-	8.088.547
		8.088.547	-	8.088.547
Total		**8.633.494**	**(40.106)**	**8.593.387**

Own shares

The Company implemented the authority granted in the General Meeting by shareholders on 15 November 2001 to make on-market purchases of its own shares. As such during the financial year 2001/02 195.840 ordinary shares were purchased, representing 0,64% of the total called up share capital.

notes on the financial statements

For the year ended 30 June 2003 (continued)

15. Cash

At year end 30 June 2003

	Group	Parent	
	2002/03	2002/03	2001/02
	€ 000	€ 000	€ 000
Cash in hand	106	104	79
Cash at Bank (Sight and time deposits)	7.660	4.988	4.762
	7.766	**5.092**	**4.841**

16. Transitory Asset account

	Group	Parent	
	2002/03	2002/03	2001/02
	€ 000	€ 000	€ 000
Prepaid expenses	543	543	892
Receivables from currently-earned income	2.509	2.601	946
Other transitory asset accounts	166	166	128
	3.218	**3.310**	**1.966**

17. Share capital

	2002/03	2001/02
	€ 000	€ 000
Ordinary shares of 0.73c each		
At beginning of year	**22.498**	22.498
Increase in authorized share capital	-	-
At the year end	**22.498**	22.498

(30.819.931 shares in issue - 2001/02 30.819.931)

During the year, there was no change in the authorized share capital

18. Reserves

	2002/03	2001/02
	€ 000	€ 000
Statutory reserve	**7.123**	6.661
Difference from Shared Capital conversion in Euro	**113**	113
Extraordinary reserve	**30.775**	26.907
Tax free reserve under special laws	**46.823**	44.810
Reserve for own shares	**1.710**	1.710
Total reserves	**86.544**	80.201

19. Shareholder's funds

	2002/03	2001/02
	€ 000	€ 000
Called up share capital	22.499	22.499
Share premium account	16.997	16.997
Differences of revaluation-investment subsidies	4.295	5.893
Reserves	86.544	80.201
Shareholder's funds - equity	130.334	125.589

	2002/03	2001/02
	Euro	Euro
Shareholder's funds - equity	130.334.499,13	125.588.881,40
Shares in issue	30.819.931	30.819.931
Net book value per share	4,23	4,07

20. Current liabilities

	2002/03	2001/02
	€ 000	€ 000
Accounts payable	**5.991**	5.113
Short term bank debt	**45.317**	22.736
Customers advances	**1.018**	1.204
Taxes-duties payable	**6.984**	9.221
Social securities and pension fund payable	**1.012**	958
Dividends payable	**3.120**	4.028
Sundry Creditors	**1.041**	1.550
Current liabilities	**64.483**	44.810

21. Share price

The Company's shares are listed in the Main Market of the Athens Stock Exchange since 30 August 1993. The H.S.I. share is grouped in the "Food and Beverages" sector of ASE. In the following table are presented statistics about the performance of the share, the General Index of ASE and the "Food and Beverages" Index, for the period between 01.07.2002 and 30.08.03

	Share's closing price*	Total volume per month in shares	Closing price of ASE General Index*	Closing price of "Food & Beverages" Index*
JUL '02	5,74	221.233	2115,39	690,79
AUG '02	5,52	92.549	2129,06	648,29
SEP '02	4,36	132.658	1837,52	566,73
OCT '02	5,20	243.906	1785,28	573,61
NOV '02	5,66	293.430	1880,31	566
DEC '02	4,28	155.248	1748,42	437,86
JAN '03	3,84	122.134	1683,59	371,5
FEB '03	3,60	77.767	1614,06	366,91
MAR '03	3,00	129.995	1467,3	337,18
APR '03	4,16	312.789	1691,52	393,49
MAY '03	3,92	285.576	1707,54	405,09
JUN '03	4,80	540.510	1892,04	438,54
JUL '03	6,20	684.584	2158,64	515,26
AUG '03	7,12	654.130	2210,57	530,87

*End of month

HSI SA - three year record

	2000/01 (€m)	2001/02 (€m)	2002/03 (€m)
Tangible Assets	42,69	39,08	36,02
Financial Assets	0,06	0,08	4,39
Fixed assets Total	44,45	40,10	40,93
Debtors	27,54	33,32	42,72
Current Assets	124,49	146,87	165,42
Total Assets	177,54	189,08	210,06
Called up share Capital	22,61	22,50	22,50
Shareholder's funds - equity	117,50	125,59	130,33
Current liabilities	46,73	44,81	64,48
Total Liabilities	177,54	189,08	210,06
Turnover	270,35	275,75	263,15
Gross Profit	47,35	52,80	48,92
Gross profit margin	17,5%	19,1%	18,6%
Operating expenses	26,92	26,99	26,77
Operating results	24,41	28,63	25,46
EBITDA	25,38	28,69	26,84
Profit for the financial year before taxation	12,12	17,35	15,67
Net profit attributable for the financial year	3,13	12,95	9,41

	Euro	Euro	Euro
EPS	0,10	0,42	0,31
DPS	0,03	0,13	0,10
Book value per share	3,81	4,07	4,2