

HELLENIC PETROLEUM S.A.

INTERIM

**IFRS CONSOLIDATED FINANCIAL
STATEMENTS**

30 JUNE 2003

CONTENTS

	Page
Auditors' Opinion	1
Interim Consolidated Balance Sheet	2
Interim Consolidated Income Statement	3
Interim Consolidated Statement of Changes in Equity	4
Interim Consolidated Cash Flow Statement	5 - 6
Notes to the Interim IFRS Consolidated Financial Statements	7 - 24
Reconciliation of the Consolidated Greek Financial Results to the Consolidated IFRS Financial Results	25
Parent Company Interim Income Statement	26
Parent Company Interim Balance Sheet	27

To the Board of Directors of
Hellenic Petroleum S.A.

We have reviewed the accompanying interim consolidated balance sheet of Hellenic Petroleum S.A. as at 30 June 2003 and the related interim consolidated statements of income, changes in equity and cash flows for the six-month period then ended. These interim consolidated financial statements are the responsibility of the Company's directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view in accordance with International Accounting Standard 34 - Interim Financial Reporting.

27 August 2003
Athens, Greece

HELLENIC PETROLEUM S.A.**Interim Consolidated Balance Sheet**

		As at	
	Notes	30 June 2003 Unaudited	31 December 2002 Audited
		(Euro in thousands)	
ASSETS			
Non-current assets			
Intangible assets	10	124.052	135.561
Property, plant and equipment	11	913.602	881.275
Investments in associates	13	282.208	278.258
Other financial assets	14	11.005	18.039
Deferred income tax asset	15	25.226	20.218
Loans, advances and long term assets	16	24.059	23.230
		<hr/>	<hr/>
		1.380.152	1.356.581
		<hr/>	<hr/>
Current assets			
Inventories	17	340.927	492.853
Accounts receivable	18	575.703	544.266
Cash and cash equivalents	19	123.937	86.889
		<hr/>	<hr/>
		1.040.567	1.124.008
		<hr/>	<hr/>
TOTAL ASSETS		<u>2.420.719</u>	<u>2.480.589</u>
		<hr/>	<hr/>
EQUITY AND LIABILITIES			
Share capital	20	470.149	470.149
Share premium		245.555	245.555
Reserves		672.326	604.331
		<hr/>	<hr/>
Total equity		1.388.030	1.320.035
		<hr/>	<hr/>
Minority interest		89.917	94.791
		<hr/>	<hr/>
Non-current liabilities			
Long-term debt	21	114.072	134.628
Pension plans and other long-term liabilities	22	142.069	137.677
Deferred income tax liability	15	7.844	4.053
		<hr/>	<hr/>
		263.985	276.358
		<hr/>	<hr/>
Current liabilities			
Accounts payable and accrued liabilities	23	301.080	397.283
Income tax payable		74.970	29.812
Current portion of long-term debt	21	20.556	20.175
Short-term borrowings	21	281.348	337.949
Forward commodity contract		-	4.186
Dividend payable		833	-
		<hr/>	<hr/>
		678.787	789.405
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		<u>2.420.719</u>	<u>2.480.589</u>
		<hr/>	<hr/>

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A.**Interim Consolidated Income Statement**

		For the six months ended	
	Notes	30 June 2003	30 June 2002
		Unaudited	Unaudited
		(Euro in thousands)	
Sale proceeds		2.406.840	1.710.131
Sales taxes, excise duties and similar levies		(290.838)	(226.142)
Net proceeds		2.116.002	1.483.989
Cost of sales		(1.890.199)	(1.298.083)
Gross profit		225.803	185.906
Other operating income	4	68.976	18.880
Selling, distribution and administrative expenses	5	(138.877)	(98.244)
Research and development		(2.067)	(2.739)
Other operating expense		-	(6.036)
Operating profit		153.835	97.767
Finance income	7	5.102	4.719
Finance expense		(9.851)	(9.626)
Currency exchange gains		11.985	21.205
Share of net result of associated companies	8	4.772	7.877
Operating Income before income tax and minority interests		165.843	121.942
Taxation – current	15	(62.630)	(31.999)
Taxation – deferred	15	1.270	(6.334)
Income after taxation		104.483	83.609
(Losses) / Income applicable to minority interest		4.001	(2.605)
Net income for the period		108.484	81.004
Earnings per ordinary share (eurocents)		41,53	31,01
Net income attributable to ordinary shares (Euro in thousands)		108.484	81.004
Average number of ordinary shares outstanding		261.193.799	261.193.799

No diluted earnings per ordinary share are presented as the effect of these would not be material

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A.

Interim Consolidated Statement of Changes in Equity

	Tax deferred reserve and partially taxed reserves	Statutory reserve	Retained earnings	Total Reserves	Share capital	Share premium	Total Shareholders' Equity
(Euro in thousands)							
Balance at 1 January 2002 (Audited)	227.548	39.008	323.378	589.934	383.956	245.555	1.219.445
Net income for six months (Unaudited)	-	-	81.004	81.004	-	-	81.004
Translation exchange differences	-	-	(1.561)	(1.561)	-	-	(1.561)
Transfers between reserves	12.392	2.384	(14.776)	-	-	-	-
Transfer from reserves to share capital	(63.549)	-	(22.644)	(86.193)	86.193	-	-
Dividends	-	-	(31.343)	(31.343)	-	-	(31.343)
Balance at 30 June 2002 (Unaudited)	176.391	41.392	334.058	551.841	470.149	245.555	1.267.545
Net income for six months (Unaudited)	-	-	52.411	52.411	-	-	52.411
Translation exchange differences	-	-	79	79	-	-	79
Balance at 31 December 2002 (Audited)	176.391	41.392	386.548	604.331	470.149	245.555	1.320.035
Net income for six months (Unaudited)	-	-	108.484	108.484	-	-	108.484
Translation exchange differences	-	-	(1.114)	(1.114)	-	-	(1.114)
Transfers between reserves	3.120	4.433	(7.553)	-	-	-	-
Dividends	-	-	(39.179)	(39.179)	-	-	(39.179)
Share of associate's deferred tax on tax exempt reserves	-	-	(196)	(196)	-	-	(196)
Balance at 30 June 2003 (Unaudited)	179.511	45.825	446.990	672.326	470.149	245.555	1.388.030

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A.

Interim Consolidated Cash Flow Statement

	For the six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Income before taxation	165.843	121.942
<i>Adjustments for:</i>		
Depreciation and amortisation	61.326	60.812
Share of result of associates	(4.772)	(7.877)
Other provisions	265	2.022
Income from sale of DEPA option	(60.000)	-
Loss on sales of property, plant and equipment	647	264
Increase in pension plan and other long term liabilities	8.707	12.450
Amortisation of grants	(3.920)	(5.355)
Foreign exchange gain	(11.985)	(21.205)
Interest and related income	(5.102)	(4.719)
Interest expense	9.851	9.626
	<hr/>	<hr/>
<i>Operating profit before working capital changes</i>	160.860	167.960
Decrease / (increase) in inventories	146.466	(116.788)
Decrease / (increase) in accounts receivable and long term assets	9.881	(2.006)
Decrease in payables and accrued liabilities	(97.164)	(35.711)
Payments for pensions (including scheme closure)	(5.518)	(9.461)
	<hr/>	<hr/>
<i>Cash generated from operations</i>	214.525	3.994
Realised net foreign exchange loss	(7.408)	(4.723)
Interest paid	(10.480)	(11.361)
Interest received	5.102	4.719
Minority interest	-	11.200
Taxation paid	(31.785)	(7.627)
	<hr/>	<hr/>
<i>Net cash flows from / (used in) operating activities</i>	169.954	(3.798)
Cash flows from investing activities		
Payments to acquire property, plant and equipment and intangibles	(67.052)	(57.078)
Proceeds from sale of DEPA option	30.000	-
Proceeds from disposal of fixed assets	-	827
Net movement of investments in securities	7.034	-
	<hr/>	<hr/>
<i>Net cash flows used in investing activities</i>	(30.018)	(56.251)
Cash flows from financing activities		
Net movement in short term borrowings	(81.714)	(10.452)
Repayments of long term debt	(16.088)	-
Payments for finance leases	(68)	(153)
Equity dividends paid	(39.179)	-
	<hr/>	<hr/>
<i>Net cash outflow from financing activities</i>	(137.049)	(10.605)

HELLENIC PETROLEUM S.A.**Interim Consolidated Cash Flow Statement** *(continued)*

	For the six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Net increase / (decrease) in cash and cash equivalents (net of overdrafts)	2.887	(70.654)
Opening balance, cash and cash equivalents (net of overdrafts)	40.303	140.857
	<hr/>	<hr/>
Closing balance, cash and cash equivalents (net of overdrafts)	43.190	70.203
	<hr/>	<hr/>
Cash and cash equivalents	123.937	126.877
Overdrafts	(80.747)	(56.674)
	<hr/>	<hr/>
	43.190	70.203
	<hr/>	<hr/>

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

1. ACCOUNTING POLICIES

Hellenic Petroleum S.A. and its subsidiaries (Hellenic Petroleum or “the Group”) a group operating predominantly in Greece is involved in various oil related activities including exploration and production, refining and marketing of oil products, manufacture and marketing of petrochemical products, and the transmission and distribution of natural gas products. The Group also provides engineering services.

The interim consolidated financial statements of Hellenic Petroleum and its subsidiaries (Hellenic Petroleum or “the Group”) are prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. The Group believes that its accounting policies are in accordance with current practice in the oil and gas industry and best reflect the economic substance of its business activities.

The same accounting policies and recognition and measurement principles are followed in the interim financial statements as compared with the annual financial statements for the year ended 31 December 2002.

The Company’s measurement currency is the Euro. The financial information in these financial statements is expressed in thousands of Euro.

The interim consolidated financial statements of Hellenic Petroleum S.A. for the six months ended 30 June 2003 were authorised for issue by the Board of Directors on 27 August 2003.

Basis of presentation

The interim financial statements are presented in accordance with International Accounting Standard 34 - Interim Financial Reporting. They include the consolidated financial statements in a condensed format and the interim balance sheet and income statement of the parent company Hellenic Petroleum S.A. (the “Company”). The notes to the consolidated financial statements are condensed but include areas where there have been changes that materially affect the financial statements. These interim financial statements should be read together with the annual financial statements for the year ended 31 December 2002. The parent company interim balance sheet and income statement do not include notes.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

2. ANALYSIS BY INDUSTRY SEGMENT AND GEOGRAPHIC ZONE

2a. Analysis by industry segment

Six months ended 30 June 2003 (Unaudited)

	Refining	Market- ing	Exploration & production	Petro- chemicals	Engin- eering	Natural gas	Other	Inter segment adjustments (1)	Total
	(Euro in thousands)								
Net Proceeds	1.654.596	893.637	547	122.623	10.841	-	-	(566.242)	2.116.002
Depreciation	33.113	9.221	65	7.383	305	-	-	-	50.087
Depletion & Amortisation	4.397	6.080	-	687	75	-	-	-	11.239
Other operating income (2)	3.255	2.362	-	3.797	-	60.000	-	(438)	68.976
Operating profit	77.966	13.035	(4.837)	9.062	498	60.000	(521)	(1.368)	153.835
Share of result of associates	-	(5)	-	34	-	4.743	-	-	4.772
Net income/(loss)	39.895	2.450	(5.007)	4.222	(3)	64.743	(521)	2.705	108.484

Six months ended 30 June 2002 (Unaudited)

	Refining	Marketing	Exploration & production	Petro- chemicals	Engineering	Natural gas	Inter segment adjustments (1)	Total
	(Euro in thousands)							
Net Proceeds	1.280.189	496.119	697	93.612	9.575	-	(396.203)	1.483.989
Depreciation	31.798	5.508	99	13.812	325	-	-	51.542
Depletion & amortisation	2.750	5.670	-	783	67	-	-	9.270
Other operating income	4.717	2.342	7.367	5.199	-	-	(745)	18.880
Other operating expense	-	6.036	-	-	-	-	-	6.036
Operating profit	84.046	8.382	1.790	5.012	358	-	(1.821)	97.767
Share of result of associates	-	83	-	(407)	-	8.201	-	7.877
Net income/(loss)	67.210	3.097	2.178	2.709	(149)	8.201	(2.242)	81.004

(1) The inter segment adjustments reflect transactions between the segments.

(2) The income of € 60 million in the natural gas segment relates to the proceeds from the sale of the DEPA option, as explained in note 4.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

2. ANALYSIS BY INDUSTRY SEGMENT AND GEOGRAPHIC ZONE *(continued)*

2b. Analysis by geographic zone

	Six months ended	
	30 June 2003 Unaudited	30 June 2002 Unaudited
	(Euro in thousands)	
Inland market sales (Greece)	1.632.667	1.125.014
International market sales	483.335	358.975
	<u>2.116.002</u>	<u>1.483.989</u>

3. ACQUISITIONS AND INVESTMENTS

- a. In October 2002, Hellenic Petroleum International AG acquired 54,35% of Jugopetrol Kotor AD, a retail company incorporated in Montenegro for a consideration price of € 65 million. Goodwill that arose on this acquisition amounted to € 24 million. A valuation of the property, plant and equipment of the subsidiary acquired is in process as of this date, the results of which, to be obtained by the end of 2003, will affect the calculation of Goodwill, as allowed by IAS 22.
- b. As of 31 December 2002, Hellenic Petroleum International AG acquired 100% of BP-Cyprus Ltd, a UK company with a retail branch in Cyprus, for a consideration price of € 100.642 thousand, plus the amount of the profits of the acquired company for the year ended 31 December 2002 that were to be finalised following the audit of its financial statements for the year then ended. The acquired company subsequently changed its name to Hellenic Petroleum Cyprus Ltd. A preliminary calculation of Goodwill as of 31 December 2002 amounted to € 71,2 million. The above was amended as of June 30, 2003 to take into account the additional consideration price for the results of the acquired Company for the year ended 31 December 2002, which amounted to CYP 6.374 thousands (€10,9 million). In addition the fair valuation of the net assets of the subsidiary as of the acquisition date was completed by June 30, 2003 and an amount of €13,5 million of the fair value of the consideration was assigned to property, plant and equipment, while the remaining net assets were reduced by €1,1 million. The net effect of the adjustment to the consideration and the change in the fair value of assets acquired was a decrease in goodwill of € 1.463 thousands (Note 10).
- c. During 2002, Hellenic Petroleum, Tractebel and Aegek entered into an agreement to cooperate for the development, financing, construction and operation of a combined cycle cogeneration plant, which will have an installed capacity of 390 MW and be located in Thessaloniki, Greece. In April 2003 the above agreement was terminated and a decision was taken by the Group to continue the project through the formation of a wholly-owned subsidiary "Energiaki Thessalonikis S.A." The new subsidiary was formed in May 2003 with an original share capital of €299 thousand. In addition, the Group has contributed €3.601 thousand for a future share capital increase. The Company's results for the period and its net assets have been consolidated as of 30 June 2003.
- d. In April 2002 the Group formed a wholly owned subsidiary, Hellenic Petroleum– Poseidon Shipping Company. The subsidiary has invested USD 5,7 million in a vessel (tanker) for the transportation of propylene and gas from the Aspropyrgos refinery to the Salonika refinery. The subsidiary has been consolidated in the Group as of its formation date.
- e. In August 2002, the Group formed a new subsidiary (99,99% owned), ELEP S.A, whose activities will include the operation of the pipeline for the transfer of crude oil from the Group's Salonica Refinery to OKTA's refinery in Skopje. The Company had no results in the period and its assets have been consolidated as of 30 June 2003.
- f. In the third quarter of 2002, the Group formed two new retail subsidiaries, one in Bulgaria, EKO ELDA BULGARIA EAD and another in Yugoslavia, EKO YU AD -BEOGRAD. The results and net assets of these subsidiaries have been consolidated in the Group as of the date of their establishment.
- g. In March 2003, the Group formed a new subsidiary, EKO-Fisiko Aerio, whose activities will include the distribution of natural gas. The subsidiary's results for the period and its assets have been consolidated as of 30 June 2003.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

3. ACQUISITIONS AND INVESTMENTS *(continued)*

- h In June 2003, the Group through its subsidiary Jugopetrol Kotor A.D. formed a wholly-owned subsidiary in Bosnia, whose activity is the purchase and sale of oil products in the Serbian market. The Company plans to acquire petrol stations in the future. The Company had no results in the period.
- i In April 2003 the Group formed a wholly owned subsidiary, Hellenic Petroleum- Apollon Shipping Company. The subsidiary invested €10,7 million (USD 12,5 million) in a vessel for the transportation of petroleum products within the Group. The subsidiary has been consolidated in the Group as of its formation date.
- j The Board of Directors of the Company approved on June 3, 2003, the merger with Petrola Hellas AEBE, another refinery company in Greece, through ‘absorption’ of the latter in accordance with the provisions of Greek Law 2166. This transaction, which is subject to the approval of the shareholders of each of the companies, is expected to be completed in October 2003, through a share-for-share exchange between the shareholders of the two companies. An extraordinary General Meeting of the shareholders of the Company has been called for September 18, 2003 for approving the above transaction. For IFRS purposes, this business combination will be accounted for as an acquisition, once completed.

4. OTHER OPERATING INCOME

	Six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Income from grants (includes amortisation)	3.999	6.892
Rental income	1.841	1.551
Proceeds from sale of DEPA option	60.000	-
Amounts received by contractors due to failure to meet obligations	-	8.368
Subsidisation of interest	1.862	-
Other	1.274	2.069
	68.976	18.880
	68.976	18.880

During the six months to June 2003, the Company sold its option to acquire further shares in DEPA to the Greek State for a consideration of € 60 million net of tax, to be paid in two installments of € 30 million each. According to the agreement signed between the two parties for the above sale, any taxes, including income tax that may arise on the above income will be ultimately borne by the State, so that the Group retains a net income of €60 million. As of the date of this report it is not known whether any taxes are due and thus no provision has been made.

In the comparative figures, an amount of € 1.547 has been reclassified from other operating income to sales, in order to be comparable with the classification in the current period.

5. SELLING, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

	Six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Selling and distribution expenses	75.342	51.225
Administrative expenses	63.535	47.019
	138.877	98.244
	138.877	98.244

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

6. DEPRECIATION, DEPLETION AND AMORTISATION

Depreciation, depletion and amortisation are included within expense headings in the consolidated income statement as follows:

	Six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Cost of sales	38.991	41.558
Selling distribution and administrative expenses	22.331	19.251
Research and development	4	3
	<u>61.326</u>	<u>60.812</u>

7. FINANCE INCOME

	Six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Interest income	1.986	2.368
Interest from trade receivables	3.040	2.351
Other related income	76	-
	<u>5.102</u>	<u>4.719</u>

8. SHARE OF NET RESULT OF ASSOCIATED COMPANIES

The amounts represent the net result from associated companies accounted for on an equity basis.

	Six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Volos Pet Industries A.E.	34	(407)
Public Natural Gas Corporation of Greece (DEPA)		
- share of profit	2.485	5.943
- amortization of negative goodwill	2.258	2.258
Spata Aviation Fuel Company S.A.	(5)	83
	<u>4.772</u>	<u>7.877</u>

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

9. EMPLOYEE EMOLUMENTS AND NUMBERS

(a) Emoluments	Six months ended	
	30 June 2003 Unaudited	30 June 2002 Unaudited
	(Euro in thousands)	
Remuneration	73.797	63.084
Social security contribution	15.067	12.322
Pensions and similar obligations	5.114	11.157
Other benefits	8.609	6.900
Total	<u>102.587</u>	<u>93.463</u>
(b) Average numbers of employees		
Refining	2.796	2.953
Marketing	1.485	768
Exploration and production	87	65
Petrochemicals	456	420
Engineering	172	170
Total	<u>4.996</u>	<u>4.376</u>

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

10. INTANGIBLE ASSETS

Intangible assets are classified, consistent with oil and gas industry practice, according to operating activities. This classification, rather than according to type of asset, is given in order to permit a better comparison with other companies with similar activities.

	30 June 2003 (Unaudited)					
	Refining	Marketing	Exploration & Production	Petro-Chemicals	Engineering	Total
	(Euro in thousands)					
Cost						
Balance at 1 January 2003	37.807	143.014	-	18.971	468	200.260
Capital expenditure	585	756	-	-	14	1.355
Adjustment to goodwill (Note 3b)		(1.463)				(1.463)
Sales, retirements and other movements	-	(6.628)	-	-	-	(6.628)
Transfers	-	(155)	-	-	-	(155)
Currency translation effects		(7)				(7)
Balance at 30 June 2003	38.392	135.517	-	18.971	482	193.362
Amortisation						
Balance at 1 January 2003	22.863	39.397	-	2.255	184	64.699
Charge for the period	4.326	6.152	-	687	74	11.239
Sales, retirements and other movements	-	(6.628)	-	-	-	(6.628)
Balance at 30 June 2003	27.189	38.921	-	2.942	258	69.310
Net book value 30 June 2003	11.203	96.596	-	16.029	224	124.052

	31 December 2002 (Audited)					
	Refining	Marketing	Exploration & Production	Petro-Chemicals	Engineering	Total
	(Euro in thousands)					
Cost						
Balance at 1 January 2002	31.765	49.042	8.561	13.077	320	102.765
Acquisition of subsidiaries	-	130	-	-	-	130
Capital expenditure	2.807	95.910	-	5.894	210	104.821
Sales, retirements and other movements	-	(2.068)	(8.561)	-	(62)	(10.691)
Transfers	3.235	-	-	-	-	3.235
Balance at 31 December 2002	37.807	143.014	-	18.971	468	200.260
Amortisation						
Balance at 1 January 2002	15.143	31.375	8.561	1.124	112	56.315
Acquisition of subsidiaries	-	26	-	-	-	26
Charge for the year	6.624	8.136	-	1.131	134	16.025
Sales, retirements and other movements	-	(140)	(8.561)	-	(62)	(8.763)
Transfers	1.096	-	-	-	-	1.096
Balance at 31 December 2002	22.863	39.397	-	2.255	184	64.699
Net book value 31 December 2002	14.944	103.617	-	16.716	284	135.561

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

11. PROPERTY, PLANT AND EQUIPMENT BY INDUSTRY SEGMENT

Tangible fixed assets are classified, consistent with oil and gas industry practice, according to operating activities. This classification, rather than according to type of asset, is given in order to permit a better comparison with other companies with similar activities.

	30 June 2003 (Unaudited)					Total
	Refining	Marketing	Exploration & Production (Euro in thousands)	Petro- Chemicals	Engineering	
Cost						
Balance at 1 January 2003	1.056.710	304.429	13.473	293.578	11.771	1.679.961
Adjustment to fair values of subsidiaries at the date of acquisition (Note 3b)	-	13.550	-	-	-	13.550
Capital expenditure	25.980	32.771	28	6.789	130	65.698
Sales, retirements and other movements	(56)	(1.278)	-	(419)	(28)	(1.781)
Transfers	3.440	-	-	329	-	3.769
Currency translation effects	(25)	(468)	-	-	-	(493)
Balance at 30 June 2003	<u>1.086.049</u>	<u>349.004</u>	<u>13.501</u>	<u>300.277</u>	<u>11.873</u>	<u>1.760.704</u>
Accumulated depreciation						
Balance at 1 January 2003	558.108	145.702	11.500	79.374	4.002	798.686
Charge for the period	33.130	9.221	65	7.383	288	50.087
Sales, retirements and other movements	(56)	(1.121)	-	(87)	(26)	(1290)
Currency translation effects	(3)	(378)	-	-	-	(381)
Balance at 30 June 2003	<u>591.179</u>	<u>153.424</u>	<u>11.565</u>	<u>86.670</u>	<u>4.264</u>	<u>847.102</u>
Net book value 30 June 2003	<u>494.870</u>	<u>195.580</u>	<u>1.936</u>	<u>213.607</u>	<u>7.609</u>	<u>913.602</u>
	31 December 2002 (Audited)					
	Refining	Marketing	Exploration & Production (Euro in thousands)	Petro- Chemicals	Engineering	Total
Cost						
Balance at 1 January 2002	985.511	177.646	13.423	275.008	11.704	1.463.292
Acquisition of subsidiaries	-	110.881	-	-	-	110.881
Capital expenditure	68.334	18.632	50	21.844	67	108.927
Sales, retirement and other movements	(519)	(1.076)	-	(39)	-	(1.634)
Transfers	-	-	-	(3.235)	-	(3.235)
Currency translation effects	3.384	(1.654)	-	-	-	1.730
Balance at 31 December 2002	<u>1.056.710</u>	<u>304.429</u>	<u>13.473</u>	<u>293.578</u>	<u>11.771</u>	<u>1.679.961</u>
Accumulated depreciation						
Balance at 1 January 2002	490.183	85.165	11.345	63.431	3.360	653.484
Acquisition of subsidiaries	-	48.976	-	-	-	48.976
Charge for the year	65.814	11.957	155	17.078	642	95.646
Sales, retirement and other movements	(510)	(353)	-	(39)	-	(902)
Transfers	-	-	-	(1.096)	-	(1.096)
Currency translation effects	2.621	(43)	-	-	-	2.578
Balance at 31 December 2002	<u>558.108</u>	<u>145.702</u>	<u>11.500</u>	<u>79.374</u>	<u>4.002</u>	<u>798.686</u>
Net book value 31 December 2002	<u>498.602</u>	<u>158.727</u>	<u>1.973</u>	<u>214.204</u>	<u>7.769</u>	<u>881.275</u>

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

12. RELATED PARTY TRANSACTIONS

Included in the Income Statement are proceeds, costs and expenses, which arise from transactions between the Group and related parties. Such transactions mainly comprise of sales and purchases of goods and services in the ordinary course of business and in total amounted to:

	30 June 2003 Unaudited	As at 31 December 2002 Audited (Euro in thousands)	30 June 2002 Unaudited
Charges to related parties	221.090	621.106	214.281
Charges from related parties	3.034	13.113	14.567
Balances due from related parties	28.109	39.371	26.284
Balances due to related parties	816	1.139	2.278
Charges for directors' remuneration	1.027	2.725	948

Charges to related parties are in respect of the following:

	Name:	Nature of relationship:
(a)	Public Power Corporation Hellas	Common ownership – Government
(b)	Hellenic Armed forces	Common ownership-Government
(c)	Denison-Hellenic-DEP EKY-White Shield-Poseidon-	Joint venture
(d)	Enterprise Oil Exploration Limited	Joint venture
(e)	Triton Hellas S.A.	Joint venture
(f)	Public Gas Corporation of Greece S.A. (DEPA)	Associate
(g)	Volos Pet Industries A.E.	Associate
(h)	OMV Aktiengesellschaft	Joint venture
(i)	Sipetrol	Joint venture
(j)	Athens Airport Fuel Pipeline Company S.A.	Associate
(k)	Superlube	Associate
(l)	Directors' remuneration:	

Salaries and fees for the 50 members (June 2002: 52 members) of the Board of Directors of the Company and its subsidiaries for the six months ended 30 June 2003 and the six months ended 30 June 2002 are € 1.027 thousands and € 948 thousands, respectively.

During the six months to June 2003, the Company sold its option to acquire further shares in DEPA to the Greek State for a consideration of € 60 million net of tax, as further explained in note 4 above.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

13. INVESTMENTS IN ASSOCIATES AND OTHER PARTICIPATING INTERESTS

	Method of account	Ownership Percentage	As at	
			30 June 2003 Unaudited	31 December 2002 Audited
(Euro in thousands)				
Public Natural Gas Corporation of Greece (DEPA)	Equity	35	267.852	263.303
EANT	Cost	13	18	18
Volos Pet Industries A.E.	Equity	35	8.203	8.746
DEP A.E.-THRAKI Joint Venture	Equity	25	3.028	3.028
Athens Airport Fuel Pipeline Company A.E.	Equity	34	1.796	1.796
Spata Aviation Fuel Company S.A. (SAFCO)	Equity	25	433	439
Other	Equity	-	878	928
			282.208	278.258
			282.208	278.258

Other Participating Interests

The Group also has participating interests in the following joint exploration arrangements:

	As at	
	30 June 2003	31 December 2002
	<i>Ownership Percentage</i>	
OMV (Albania)	49,00%	49,00%
OMV (Iran)	-	30,00%
Sipetrol - OSL (Libya)	37,50%	37,50%
Sipetrol (Egypt)	-	49,50%

With respect to the above participating interests, there was no initial cost of acquisition and the Group participates with its share of exploration costs, in accordance with its ownership as shown above. Such costs have been expensed in accordance with the Group's policy.

The joint arrangements the Group had with OMV regarding Iran and with Sipetrol regarding Egypt have not proceeded. All contractual commitments of the Group have been fulfilled and no further charges are expected.

In Albania the first drilling was completed in the area of Paleokastr. The findings are being evaluated while the second drilling is anticipated to begin by the end of the year or the beginning of 2004.

14. OTHER FINANCIAL ASSETS

	As at	
	30 June 2003 Unaudited	31 December 2002 Audited
(Euro in thousands)		
Available for sale securities		
Shares –unlisted	1.336	1.334
	1.336	1.334
Loans & Receivables originated by the enterprise		
Government bonds	9.669	16.705
	9.669	16.705
Total securities	11.005	18.039
	11.005	18.039

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

15. TAXATION

Deferred income tax asset / liability

	As at	
	30 June 2003	31 December 2002
	Unaudited	Audited
	(Euro in thousands)	
At 1 January	16.165	31.812
Credit / (charge) for the period / year	1.270	(16.720)
Deferred income tax asset of subsidiary acquired	(53)	1.073
	<hr/>	<hr/>
At period /year end	17.382	16.165
	<hr/> <hr/>	<hr/> <hr/>
Deferred tax relates to the following types of temporary differences:		
Provision for bad debts	7.538	7.683
Intangible and fixed assets	12.147	16.508
Other temporary differences	1.228	3.208
Environmental provision	382	382
Unrealised Exchange Gains	(7.999)	(15.971)
Losses available to offset against future taxable income	919	1.511
Other provisions	3.167	2.844
	<hr/>	<hr/>
	17.382	16.165
	<hr/> <hr/>	<hr/> <hr/>
Net deferred income tax liability	7.844	4.053
	<hr/> <hr/>	<hr/> <hr/>
Net deferred income tax asset	25.226	20.218
	<hr/> <hr/>	<hr/> <hr/>

There are deductible temporary differences arising from the retirement benefits and pension provision, for which no deferred tax asset has been recognised, because this is not expected to reverse in the foreseeable future and it cannot be estimated whether there will be sufficient taxable profits to utilise this asset. These deductible temporary differences, for which no deferred tax has been calculated, would result in a deferred tax credit of € 1.186 thousands for the period ended 30 June 2003 (30 June 2002: deferred tax credit € 1.533 thousands,) with a related deferred tax asset of € 29.287 thousands as at 30 June 2003 (31 December 2002: € 28.101 thousands).

Current Income Tax

	Six months ended	
	30 June 2003	30 June 2002
	Unaudited	Unaudited
	(Euro in thousands)	
Current Income tax charge	50.667	31.999
Adjustments in respect of income tax of previous periods	11.963	-
	<hr/>	<hr/>
	62.630	31.999
	<hr/> <hr/>	<hr/> <hr/>

In June 2003, a tax audit of Hellenic Petroleum S.A. for the years ended 31 December 1997 to 2001 was completed. An amount of €11,9 million of extra taxes, plus fines was determined and recorded in the financial statements for the six months ended 30 June 2003.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

16. LOANS, ADVANCES AND LONG TERM ASSETS

	As at	
	30 June 2003	31 December 2002
	Unaudited	Audited
	(Euro in thousands)	
Loans and advances	12.878	11.989
Other long-term assets	11.181	11.241
	<u>24.059</u>	<u>23.230</u>

Loans and advances represent merchandise credit granted to third parties. These amounts are non-interest bearing.

17. INVENTORIES

	As at	
	30 June 2003	31 December 2002
	Unaudited	Audited
	(Euro in thousands)	
Crude oil	97.020	186.653
Refined products and semi-finished products	170.243	232.172
Petro-chemicals	21.957	17.800
Consumable materials and other	51.707	56.228
	<u>340.927</u>	<u>492.853</u>

18. ACCOUNTS RECEIVABLE

	As at	
	30 June 2003	31 December 2002
	Unaudited	Audited
	(Euro in thousands)	
Trade receivables	368.635	405.794
Other receivables	158.333	130.708
Deferred charges and prepayments	48.735	7.764
Total	<u>575.703</u>	<u>544.266</u>

Included in the amount of € 48.735 thousand at 30 June 2003 is accrued income of € 30 million relating to the second installment paid by the Greek State for the sale of DEPA option following June 30, 2003 (Note 4).

19. CASH AND CASH EQUIVALENTS

	As at	
	30 June 2003	31 December 2002
	Unaudited	Audited
	(Euro in thousands)	
Cash at bank and in hand	72.968	83.655
Cash equivalents	50.969	3.234
Total cash and cash equivalents	<u>123.937</u>	<u>86.889</u>

Cash equivalents comprise of short-term deposits (made for varying periods, of less than three months) and investments in REPOS. Such deposits depend on the immediate cash requirements of the Group.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

20. SHARE CAPITAL

	As at	
	30 June 2003 Unaudited	31 December 2002 Audited
Number of ordinary shares	261.193.799	261.193.799
Nominal value (Euro in thousands)	470.149	470.149

The nominal value of each share is €1,80.

Hellenic Petroleum S.A. offers a share option scheme to management executives. The exercise price is determined based on the Company's share performance compared to the market and the options are exercisable within five years.

As of 30 June 2003 and 31 December 2002, management had options to acquire 65.270 shares at a price of Drs 2.212 (€ 6,49) and 20.570 shares at a price of € 13,06 within the next five years.

21. DEBT

	As at	
	30 June 2003 Unaudited	31 December 2002 Audited
	(Euro in thousands)	
Short-term debt		
Overdrafts	80.747	46.586
Syndicated loan facility	196.906	257.462
Other short-term loan	3.265	33.561
	280.918	337.609
Subtotal	280.918	337.609
Capitalised lease obligations	430	340
	281.348	337.949
<i>Short-term borrowings</i>	281.348	337.949
<i>Current portion of long term debt</i>	20.556	20.175
	301.903	358.124
<i>Total short term debt</i>	301.903	358.124

	As at	
	30 June 2003 Unaudited	31 December 2002 Audited
	(Euro in thousands)	
Long-term debt		
Bank loans	108.717	129.107
Other loans	140	150
	108.857	129.257
Subtotal	108.857	129.257
Capitalised lease obligations	5.215	5.371
	114.072	134.628
Subtotal	114.072	134.628
Due within one year	20.556	20.175
	134.628	154.803
<i>Total long-term debt</i>	134.628	154.803

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

21. DEBT *(continued)*

The aggregate maturities of long-term debt are:

	As at	
	30 June 2003 Unaudited	31 December 2002 Audited
	(Euro in thousands)	
Due after more than five years	39.131	49.083
Due between one and five years	69.726	80.174
	<hr/>	<hr/>
Long-term portion	108.857	129.257
Due within one year	20.556	20.175
	<hr/>	<hr/>
	<u>129.413</u>	<u>149.432</u>

Syndicated facility loan

As of 31 December 2002, the syndicated loan facility was drawn down under a committed revolving facility of US \$ 200 million and an uncommitted tender panel facility of US \$ 200 million. As at 30 June 2003 the outstanding amount of the above facilities were fully repaid. This facility remains available to be used by the Company until 7 July 2004.

On March 23, 2003, the Company agreed to a new two-tranche term loan of US \$ 150 million and a revolving credit facility of US \$ 100 million. The amount not withdrawn up to June 30, 2003 is US \$ 25 million from the revolving credit facility.

22. RETIREMENT BENEFITS, PENSION PLANS AND OTHER LONG TERM LIABILITIES

	As at	
	30 June 2003 Unaudited	31 December 2002 Audited
	(Euro in thousands)	
Retirement benefits, pensions and similar obligations	91.451	91.846
Government advances	25.614	25.614
Environmental costs	1.092	1.092
Other long term liabilities	23.912	19.125
	<hr/>	<hr/>
	<u>142.069</u>	<u>137.677</u>

Government advances

Advances by the Greek Government to the Group for the purpose of research and exploration amounting to € 25.614 thousands has been recorded as a liability since such an amount may become payable if income is generated from activity in the relevant areas. The terms of repayment will be determined by the Ministry of Development and Industry, if applicable.

Environmental costs

A provision of € 1.092 thousands has been established for the estimated cost of rectifying environmental damage, as required by regulatory authorities, at various group facilities.

Other

Included in the balance of other long term liabilities as at 30 June 2003 and 31 December 2002 is the closing liability arising from capital investment made on behalf of the FYROM government in relation to the acquisition of OKTA of € 9.696 thousands.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

23. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at	
	30 June 2003	31 December 2002
	Unaudited	Audited
	(Euro in thousands)	
Trade payables	89.990	111.987
Other payables	39.032	45.937
Accruals and deferred income	172.058	239.359
	<hr/>	<hr/>
	301.080	397.283
	<hr/> <hr/>	<hr/> <hr/>

Included in the balance of other payables as of 30 June 2003 is a liability of € 10,9 million representing the extra consideration for the acquisition of BP Cyprus (Note 3b).

24. FINANCIAL INSTRUMENTS

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term investments and short and long term debt obligations. The Group does not hedge its investments or loans. Investments consist mainly of government bonds and Repos to ensure liquidity.

Foreign currency risk

The Group operates and sells mainly in Greece. The Group is exposed to foreign currency risk in purchases and sales and on its short and long-term debts. The Group purchases crude oil in US dollars and sells refined products mainly in US dollar denominated prices. The Group uses short-term lines of credit denominated in US dollars to purchase crude oil. The Group's retail sector purchases mainly in US dollar denominated prices and sells in both US dollars and euros. The Group's chemical sector purchases raw materials mainly in US dollars and sells mainly in euros.

Commodity price risk

The Group has significant exposure on the commodity prices of oil. The Group largely offsets this exposure by passing on price increase to customers.

Credit risk exposures

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations as of 30 June 2003 in relation to each class of recognized financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet less any mortgages or guaranties required from customers.

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affects groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified within the industry, along product and geographic lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Fair Values

Financial assets and financial liabilities of the Group are carried at fair values in the balance sheet, unless otherwise disclosed in the financial statements.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

25. CAPITAL COMMITMENTS AND OTHER OBLIGATIONS

Purchase obligations

The Group entered into agreements for the purchase of 8,200 thousand metric tonnes maximum of crude oil with a one-year mutual option for additional purchases. Of this quantity, the Group has purchased 3,474 thousand metric tonnes up to 30 June 2003. The purchase prices are based on the officially published prices of BRENT, IPE, URAL, MED according to PLATT's MARKETWIRE.

DEPA an associate of the Group, has a long-term agreement with the Russian company Gazexport for the purchase and import of natural gas until 2016. Based on the agreement, specific (minimum) quantities must be delivered every year starting from 1997. The gas price is determined using a formula, which is defined in the contract and is subject to revision every three years. Any claims or disputes between the parties can be resolved either by amicable settlement or through the International Arbitration in Stockholm.

DEPA has also another long-term agreement with the Algerian State owned company Sonatrach for the purchase and import of liquefied natural gas. The agreement officially commenced in 2000 and will have a duration of 21 years. Both the specific quantities and the quality specifications of the product to be delivered every year are determined by the contract. The contract price is also determined using a formula, which is defined in the contract.

DEPA has entered into a long-term time charter agreement, with a company owning an LNG carrier, for the transportation of liquefied natural gas from Algeria to its storage facilities on Revithoussa island. The agreement expires in July 2007, and is renewable at the Company's option. Estimated charter hire until the expiration of the agreement is approximately \$64,5 million.

Capital Commitments

DEPA has a number of outstanding commitments on supplier contracts, totalling approximately € 59,2 million.

The Group has committed, through the share purchase agreement with Jugopetrol AD Kotor, to a five-year Guaranteed Investment Programme of €35 million over the next five years. In addition it has committed to a social program of €4 million over the next four years, involving training of personnel and local community support.

26. CONTINGENCIES AND LITIGATION

- (i) The Government has advanced the Group € 43.434 thousands to undertake research and exploration, as determined by Law 367/1976. A portion of the amount received, € 25.614 thousand, may become repayable once the Group generates income from the discoveries resulting from its expenditure and therefore is included as part of the long-term liabilities. The remaining € 17.902 thousand has been written off as it is considered highly unlikely because of the nature of the expenditure that it will ever become repayable. The terms of repayment will be determined by the Ministry of Development and Industry if applicable. The expenditure incurred with the funding of advance has been written off.
- (ii) The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business with a total potential liability of approximately € 32,8 million. Legal proceedings tend to be unpredictable and costly. Based on currently available information, management believes the outcome will not have a significant effect on the Group's operating results or financial position. In instances where the outcome is probable and the amount can be estimated, a provision has been made in the balance sheet and the amount is excluded from the contingent liability disclosed above.
- (iii) The Group has entered into a contract with the Greek Government for the creation of sports facilities on the Thessaloniki refinery premises for the use by the general public and the employees of the Group until the year 2017. Management is not in a position to determine whether the terms of the contract will be extended indefinitely or whether the land will be repossessed by the Greek Government.
- (iv) In June 2003, the tax audit of Hellenic Petroleum S.A. for the years ended 31 December 1997 to 2001 was completed. An amount of €11,9 million of extra taxes, plus fines was determined and recorded in the financial statements for the six months ended 30 June 2003. The Company has not undergone a tax audit for the year ended 31 December 2002 and six months to 30 June 2003 and most of its subsidiaries since the year ended 31 December 1997 and onwards. The Group has not made a provision for any additional taxes, as the amount cannot be estimated with any degree of certainty.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

26. CONTINGENCIES AND LITIGATION *(continued)*

- (v) The Group has given letters of comfort and guarantees of € 210 million to banks for loans undertaken by subsidiaries and associates of the Group, the outstanding amount of which as of June 30, 2003 was € 140 million (€ 127 million of which is included in the consolidated financial statements). The Group has also issued letters of credit and guarantees in favour of third parties amounting to € 218 million mainly for the completion of contracts entered into by the Group.
- (vi) In October 2002, the Company guaranteed, through a Performance Bond issued by the National Bank of Greece of €45 million, its performance of the Investment Programme committed under the share purchase agreement for the acquisition of Jugopetrol AD Kotor.
- (vii) The Group's subsidiary, Hellenic Petroleum Cyprus Limited has a potential contingent liability relating to a claim by Petrolina (Holdings) Ltd relating to refunds on the under-recoveries of oil margins in the industry. The maximum amount of the claim can reach € 1,8 million of which maximum € 0,3 million may be recovered by the seller. Management believes that it is not probable that the claim will crystallize and thus no provision has been made.
- (viii) In October 2001, the EU Court of Justice judged that the existing oil stock regime in Greece distorts competition. The decision did not criticize the storage at refineries as such, but took a view that the system gives an advantage to Greek refineries because the marketing companies are encouraged to obtain supplies from national refineries, which offer them storage facilities. Therefore a new 'oil market law', adopted in October 2, 2002 that was designed to change the technical details of stock obligations and stock management. The importers and refineries will be responsible for keeping oil stocks corresponding to 90 days of their net oil imports. The importer, in order to meet his stock obligation, has either to build his own facilities or to rent facilities from third parties. With the new legislation, the matter is resolved according to the decision of European Court concerning the handling of oil stocks. Management expects that this amendment of Greek law will not result in marketing companies purchasing products from suppliers outside Greece rather than from the Greek refineries, since Greek refineries including Hellenic Petroleum are in a better position to supply the Greek market with more competitive prices.
- (ix) The Group is being sued by a small trading company alleging breach of trademark over the Hellenic Petroleum name. It is also being alleged that Hellenic Petroleum does not have the right to use its corporate name. Regarding the trademark, the case was initially decided for the Group, but the other party has appealed and the outcome is still pending.
- (x) The Group has applied for Government grants for the production of BOPP-film in Komotini. The Group has received and recorded € 11.671 thousands in deferred income. For the second line of production, already completed, Diaxon A.B.E.E, the Group's subsidiary, has received an approved investment tax credit amounting to € 8.217 thousands. During 2001 the Group applied for Government grants for the construction of the polypropylene and the propylene plants for an amount of € 33.749 thousands. This grant has been approved and the Group has recorded the amount in deferred income and as a receivable.
- (xi) Since acquisition date of OKTA refinery, there is no specific environmental liability concerning OKTA. Should such a liability arise to restore environmental damage that occurred prior to acquisition, this will be borne by the government of FYROM, according to the terms of the Share Purchase and Concession Agreement.
- (xii) A claim has been filed against OKTA refinery by its former suppliers for breach of contract following the acquisition by the Group of the company. The claim is for a total amount of \$24,5 million. The High Court of London has partly accepted the claim by awarding to the claimants an amount of \$9,5 million for the period up to April 2002. Damages for the remaining period plus interest are estimated at approximately \$1,5 million. OKTA has already paid the sum of US\$ 1,2 million and US\$ 980 thousand to its former suppliers. On 17th July 2003, the Court of Appeal in London rejected the appeal filed by OKTA against the decision of the High Court of London. Pursuant to the agreement executed between the FYROM government as sellers of OKTA shares and ELPET as buyers it is specifically stipulated that any amounts of claims of such nature as the above which would be awarded against OKTA will be ultimately borne by the sellers. As a result no provision has been made by the Group for any of the above amounts.
- (xiii) In relation to the above case, ELPE, ELPET and a director of ELPET have been sued in the Greek courts by the former contractors of OKTA for US\$ 4 million and € 5,1 million, in connection with an agreement for the transportation and storage of crude oil between OKTA and such contractors. On 17th April 2003 the Court rejected the plaintiffs' action. The decision may still be appealed.

HELLENIC PETROLEUM S.A
NOTES TO THE INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

26. CONTINGENCIES AND LITIGATION *(continued)*

- (xiv) Following an accident involving the motor tanker KRITI-GOLD on November 1998, at the Company's mooring installation in Thessaloniki, four seamen died. Claims have been lodged in connection with this accident against the ship owner and the Group. The Group believes, based on information currently available, that the ultimate resolution would not likely have a material adverse effect on the results of its operations, as the insurers both for the Company and for the motor tanker have agreed to cover any claims against the Group.
- (xv) There are various litigations and claims against DEPA by third parties arising from the expropriation of land in order to install the main pipeline system. The claims relate to an upward adjustment of the price assessed to expropriated land. According to the Company's legal department such cases aggregate to approximately € 34,8 million, from which it is estimated that the Company will have to pay no more than € 14 million. These amounts will ultimately increase the cost of the main pipeline system.
- (xvi) As at 30 June 2003 there were numerous claims filed by contractors and subcontractors against DEPA and vice versa. Most of contractors' claims relate to price adjustments and additional works performed during the construction of the main pipeline. Any amounts finally paid will increase the cost of project but no amount can be determined at this stage. There are several claims proceeding in courts against the Company for environmental issues and property damages. The Company contests all such claims. According to Company's legal department such cases aggregate approximately € 100 million. A final outcome cannot be predicted, therefore a provision has not been made in the accompanying financial statements.
- (xvii) There are various claims against DEPA by contractors amounting to € 1,8 million relating to additional works performed during the construction of the medium and low-pressure network. Discussions between the Company and the contractors concerned are in progress for the resolution of these claims. Any amounts paid will increase the cost of the distribution network of DEPA and subsidiaries' related fixed assets.

27. LIST OF PRINCIPAL CONSOLIDATED SUBSIDIARIES

	Percentage of interest	Country of Incorporation
Asprofos Engineering S.A.	100%	Greece
EKO-ELDA Industrial and Commercial Petroleum Company	100%	Greece
EKO Georgia Ltd.	98,3%	Republic of Georgia
EKO TAKO S.A.	49%	Greece
DIAXON A.B.E.E. (formerly EKO Film A.B.E.E)	100%	Greece
E.L.PET Balkan	63%	Greece
Okta Refinery	69,5%	FYROM
OKTA Trade Company – Prishtina	69,5%	Kosovo
Global S.A.	99,9%	Albania
Elda ShPK	99,9%	Albania
Hellenic Petroleum AG Austria	100%	Austria
Hellenic Petroleum-Poseidon Shipping Company	100%	Greece
ELEP S.A.	99,99%	Greece
EkoElda Bulgaria EAD	100%	Bulgaria
Eko YU AD – Beograd	100%	Yugoslavia
Hellenic Petroleum Cyprus Limited	100%	United Kingdom
Jugopetrol Kotor AD	54,35%	Montenegro
EKO- Fisiko Aerio	100%	Greece
Hellenic Petroleum-Apollon Shipping Company	100%	Greece
Energeiaki Thessalonikis	100%	Greece

HELLENIC PETROLEUM S.A.

Reconciliation of the Consolidated Greek Financial Results to the Consolidated IAS Financial Results

	6 months ended 30 June 2003 (Unaudited) Net Income	As at 30 June 2003 (Unaudited) Shareholders Equity (Euro in thousands)	6 months ended 30 June 2002 (Unaudited) Net Income	As at 31 December 2002 (Audited) Shareholders Equity
Balance as per Greek Consolidated Financial Statements	178.340	1.616.479	85.496	1.456.564
1 Difference between the provision for staff leaving indemnity (per Greek legislation) and defined benefit plan with the provision as calculated by the actuarial valuation	2.331	33.907	6.799	31.576
2 Provision for deferred tax	1.270	17.435	(6.334)	16.165
3 Reversal of the revaluation of fixed assets and the effect of depreciation taken	116	(56.826)	284	(56.942)
4 Write off of capitalised costs with no future benefit	(3.381)	(16.657)	(418)	(13.276)
5 Write off of capitalised research and development costs and reversal of related depreciation	2.350	(34.387)	1.929	(36.737)
6 Adjustment of depreciation to conform with the group policy	9.667	27.489	20	17.822
7 Provision for environmental restorations	-	(1.092)	-	(1.092)
8 Reversal of the unrealised inter-company profit in the ending inventory and fixed assets	280	(1.401)	(1.473)	(1.681)
9 Equity accounting (Differences from conversion to IAS of associates' accounts)	2.541	9.669	2.482	7.324
10 Other provisions / adjustments	(1.520)	(3.087)	296	(1.821)
11 Reclassification of the export reserve movement to P&L account	614	-	918	-
12 Reclassification of grant from equity to deferred income or liabilities	340	(87.775)	94	(92.914)
13 Income tax for the period	(60.378)	(48.407)	(31.473)	(129)
14 Minority interest	(1.158)	(89.917)	680	(94.791)
15 IPO costs to share premium account and reversal of related amortisation	236	(678)	865	(914)
16 Goodwill and depreciation of goodwill	(3.391)	(12.049)	(3.946)	10.624
17 Fair values assigned to fixed assets of subsidiary acquired (BPC) and related extra depreciation	(407)	13.143	-	-
18 Exchange gains (timing differences)	(22.446)	24.673	24.421	47.119
19 Different method of stock valuation	(290)	-	(475)	290
20 Effect of IAS 39	(265)	(4.358)	857	(4.093)
21 Dividends payable	-	-	-	39.179
22 Fair value adjustment to forward currency contract	4.186	-	-	(4.186)
23 Other	(551)	1.869	(18)	1.948
Balance as per IFRS Consolidated Financial Statements	108.484	1.388.030	81.004	1.320.035

HELLENIC PETROLEUM S.A.**Interim Income Statement**

	For the six months ended	
	30 June 2003	30 June 2002
	(Unaudited)	(Unaudited)
	(Euro in thousands)	
Sale proceeds	1.623.799	1.275.269
Cost of sales	(1.485.861)	(1.158.030)
Gross profit	137.938	117.239
Other operating income	64.845	16.425
Selling, distribution and administrative expenses	(59.581)	(46.179)
Research and development	(2.067)	(2.739)
Operating profit	141.135	84.746
Finance income	9.426	8.712
Finance expense	(5.447)	(7.469)
Currency exchange gains	9.190	16.895
Income before taxation	154.304	102.884
Taxation – current	(53.068)	(24.278)
Taxation – deferred	5.595	(7.647)
Net income for the period	106.831	70.959

HELLENIC PETROLEUM S.A.**Interim Balance Sheet**

	As at	
	30 June 2003 (Unaudited)	31 December 2002 (Audited)
	(Euro in thousands)	
ASSETS		
Non-current assets		
Intangible assets	23.767	26.472
Property, plant and equipment	484.265	499.969
Investments in subsidiaries and associates	646.749	630.079
Other financial assets	9.669	16.705
Deferred income tax asset	16.931	11.336
	<u>1.181.381</u>	<u>1.184.561</u>
Current assets		
Inventories	283.285	409.182
Accounts receivable	409.438	410.394
Cash and cash equivalents	68.262	12.707
	<u>760.985</u>	<u>832.283</u>
TOTAL ASSETS	<u><u>1.942.366</u></u>	<u><u>2.016.844</u></u>
EQUITY AND LIABILITIES		
Share capital	470.149	470.149
Share premium	245.555	245.555
Reserves	557.510	489.858
	<u>1.273.214</u>	<u>1.205.562</u>
Total equity	<u>1.273.214</u>	<u>1.205.562</u>
Non-current liabilities		
Long-term debt	60.935	65.396
Pension plans and other long-term liabilities	96.930	93.306
	<u>157.865</u>	<u>158.702</u>
Current liabilities		
Accounts payable and accrued liabilities	239.108	329.674
Tax payable	64.149	22.596
Current portion of long-term debt	8.922	6.108
Short-term borrowings	199.108	290.016
Forward currency contract	-	4.186
	<u>511.287</u>	<u>652.580</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1.942.366</u></u>	<u><u>2.016.844</u></u>