

working with all senses

see

Visual judgement, farsightedness  
broad view  
to see beyond the horizon

VISION

annual report  
marquard & bahls ag

$$\text{eye} + \text{ear} + \text{nose} + \text{hand} + \text{mouth} = 2003$$

Marquard & Bahls Group  
to have a keen eye  
for business



## group figures

### marquard & bahls

	2003 million €	2003 million US\$	2002 million €	2001 million €
○ Consolidated revenues (petroleum tax deducted)	4,320	5,445	3,992	4,071
○ Cash flow	99	125	94	121
○ Income before income taxes	46.7	58.9	61.3	73.2
○ Net income	22.6	28.5	33.4	40.6
○ Fixed and financial assets (Book value)	623	785	593	638
○ Equity	267	337	317	332
○ Employees	1,771		1,559	1,464

### mabanaft

○ External Sales (in million t)	14		13	12
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### oiltanking

○ Tank capacity (in million cbm, April 2004)	10.3		9.7	9.6
○ Throughput (in million t)	94.9		85	83

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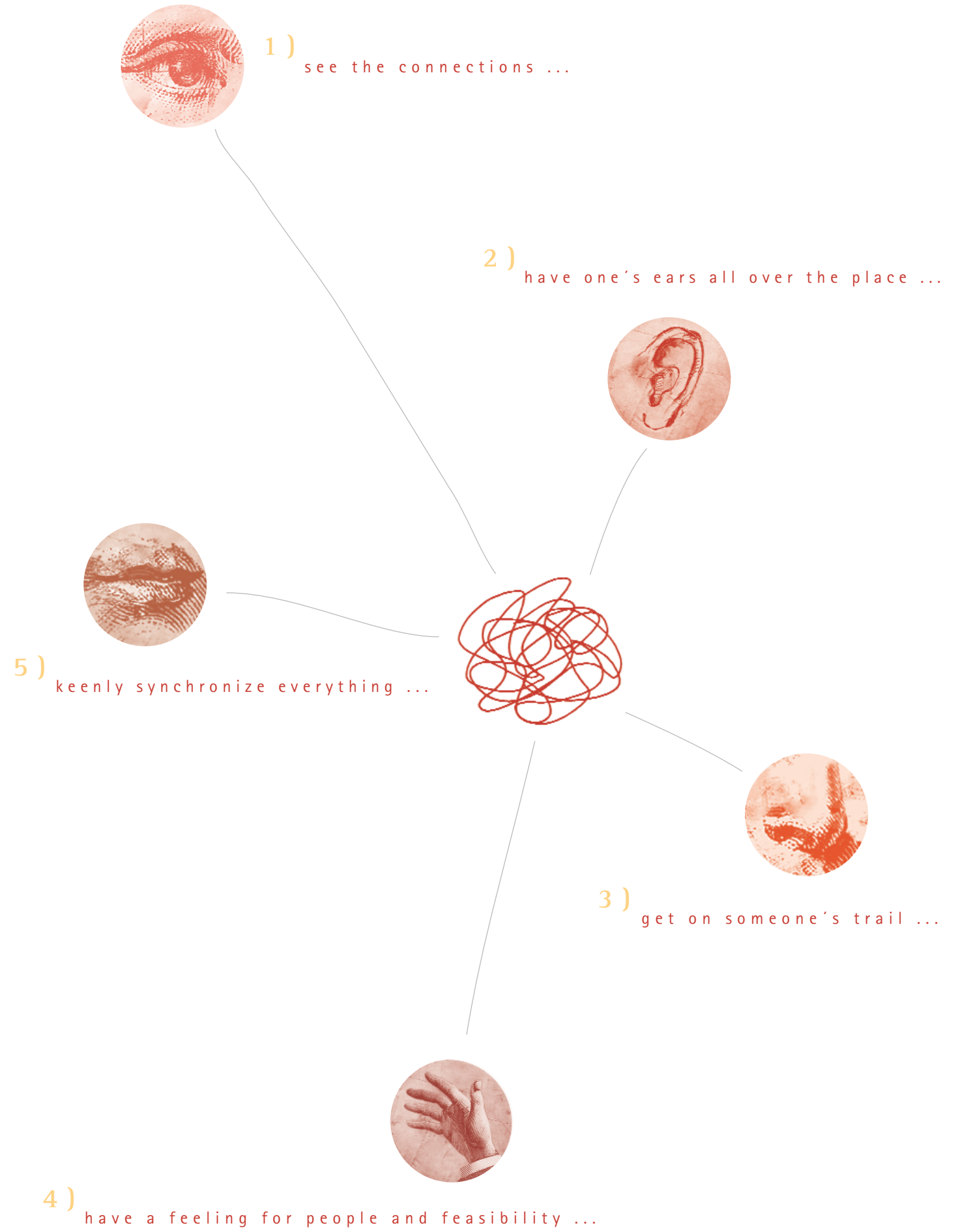
r e m a i n . . . r e m a i n c u r i o u s !

open eyes

# working with all senses<sup>5)</sup>

an eventful year is over and we are very pleased to be able to guide you with all our senses through this year's retrospect and outlook of the development of our company, just as our five senses guide us through our work day after day.

2003





## marquard & bahls ag independent, sound, individual –

These are the qualities that characterize more than 50 years of successful operation in the international oil business by the Marquard & Bahls Group. Today, our Mabanaft subsidiary is the largest independent petroleum-products trader in northwestern Europe, while Oiltanking is the world's second-largest independent operator of tank terminals for petroleum products, petrochemicals, gases, and other liquids. Beyond that, we continue successful operations in service stations, heating-oil deliveries to end users, energy-services contracting, aviation refueling, bunker supplies, renewable energy and petroleum analysis.

As a privately held, joint-stock company, we are pursuing a carefully controlled, long-term growth course. A sound financial basis and flat organizational structure, coupled with decision-making authority delegated to the individual operating sites, has allowed us to respond quickly and flexibly to market requirements and thereby satisfy our customers' needs.

### Individual thinking, commitment to cooperation

and enthusiasm for their work unite the people at Marquard & Bahls. As a firm devoted to sustainable growth, we are fully aware of the responsibility associated with trading in petroleum and other sensitive products. It is for this reason that conscientious health, safety and environmental policies receive our highest priority.

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# Foreword

the ability of each and every employee to process acquired knowledge, experience and actual information with all his or her senses makes the success of our company possible in the first place.

In the report for the 2003 business year now in your hands, we are upholding the high levels of quality and creativity established by our previous annual reports. This year, we have chosen "The five senses" as the centerpiece topic. Day in and day out, these senses prompt us to assess, to decide and to act. Our task is to logically organize the information our senses perceive in order to make complex decisions. This is true for us both as human beings and as organizations. But decision making always must be efficient and effective for an organization to achieve success.

It was in this spirit that we entered the year 2003, although it was by no means an easy year for our industry. Most of the first half of the year was overshadowed by the Iraq conflict, and this complicated the parameters for our trading activities.

However, in anticipation of the potential war in Iraq, Mabanft had begun, in August 2002, to establish an options structure that could be liquidated at a profit in 2003.

With an eye toward continuing our policies of controlled growth in coming years, we have adopted a new financing model as a supplement to traditional bank financing. One of the first German companies to do so, our Oiltanking tank-storage business has issued notes amounting to 130 million U.S.\$ through a private placement in the U.S. market. The volume offered to the market was oversubscribed, demonstrating the attractiveness of the company to international institutional investors.

In the many years during which Hellmuth Weisser, as chairman of the executive board, made his mark on the content and appearance of our annual reports, those publications became an important component in our corporate image among customers, banks and employees. In this annual report, we wish to continue that tradition.

Every day, we at Marquard & Bahls take note of customer wishes, observe market developments and identify new opportunities. The keenness of our five senses helps us to translate these changes into concrete objectives and programs for action. In addition, our instincts can be the decisive factor in actually embarking upon a carefully considered business risk, deciding in favor of a particular operating site or defining the scope for a new investment. These instincts are what we at Marquard & Bahls might characterize as our sixth sense.

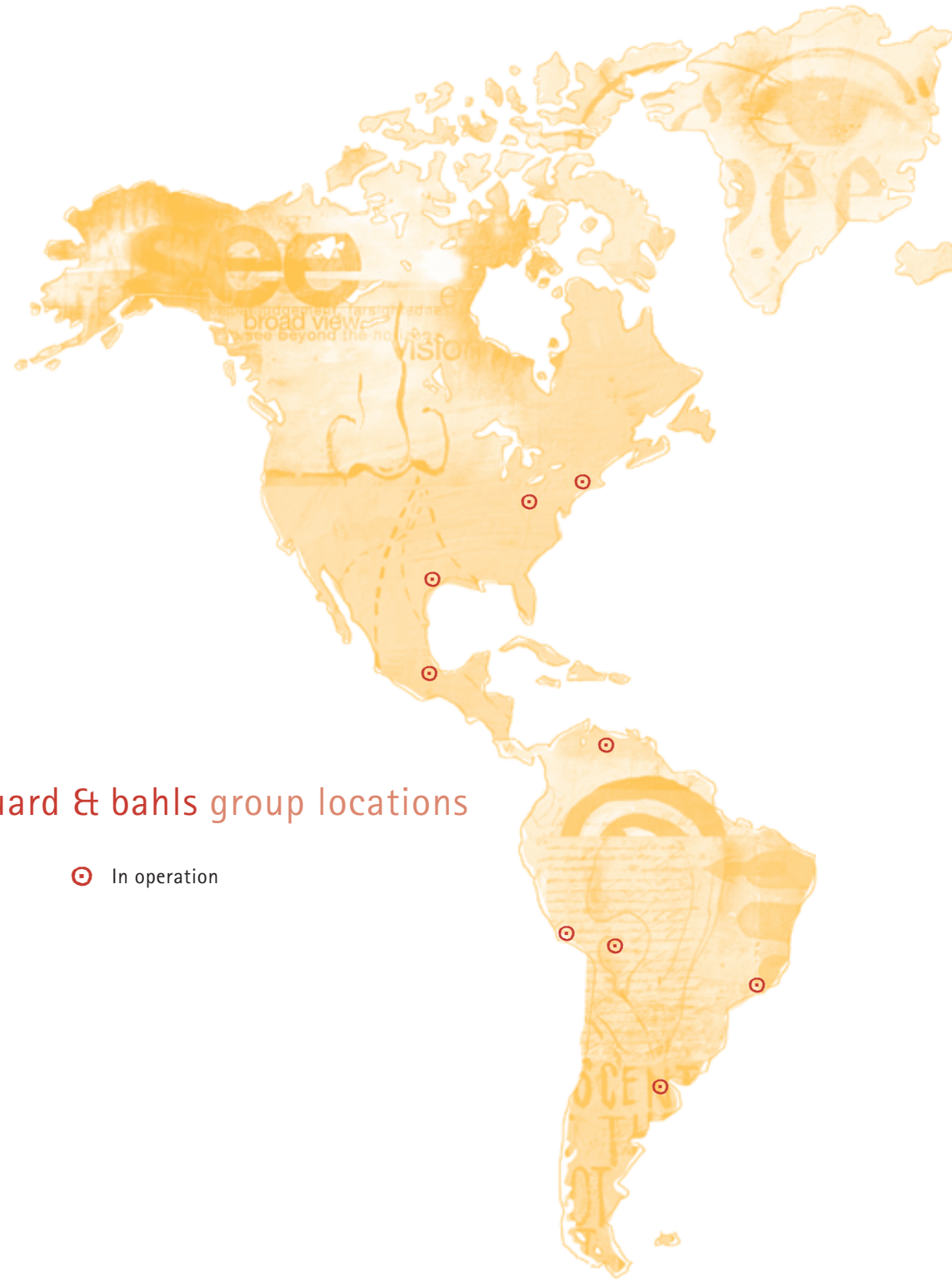
Making use of all of these senses, our employees and owners have developed a high level of commitment to Marquard & Bahls. It is their dedication, worldwide, that has made Marquard & Bahls what it is today.

Wim Lokhorst


Dr. Claus-Georg Nette

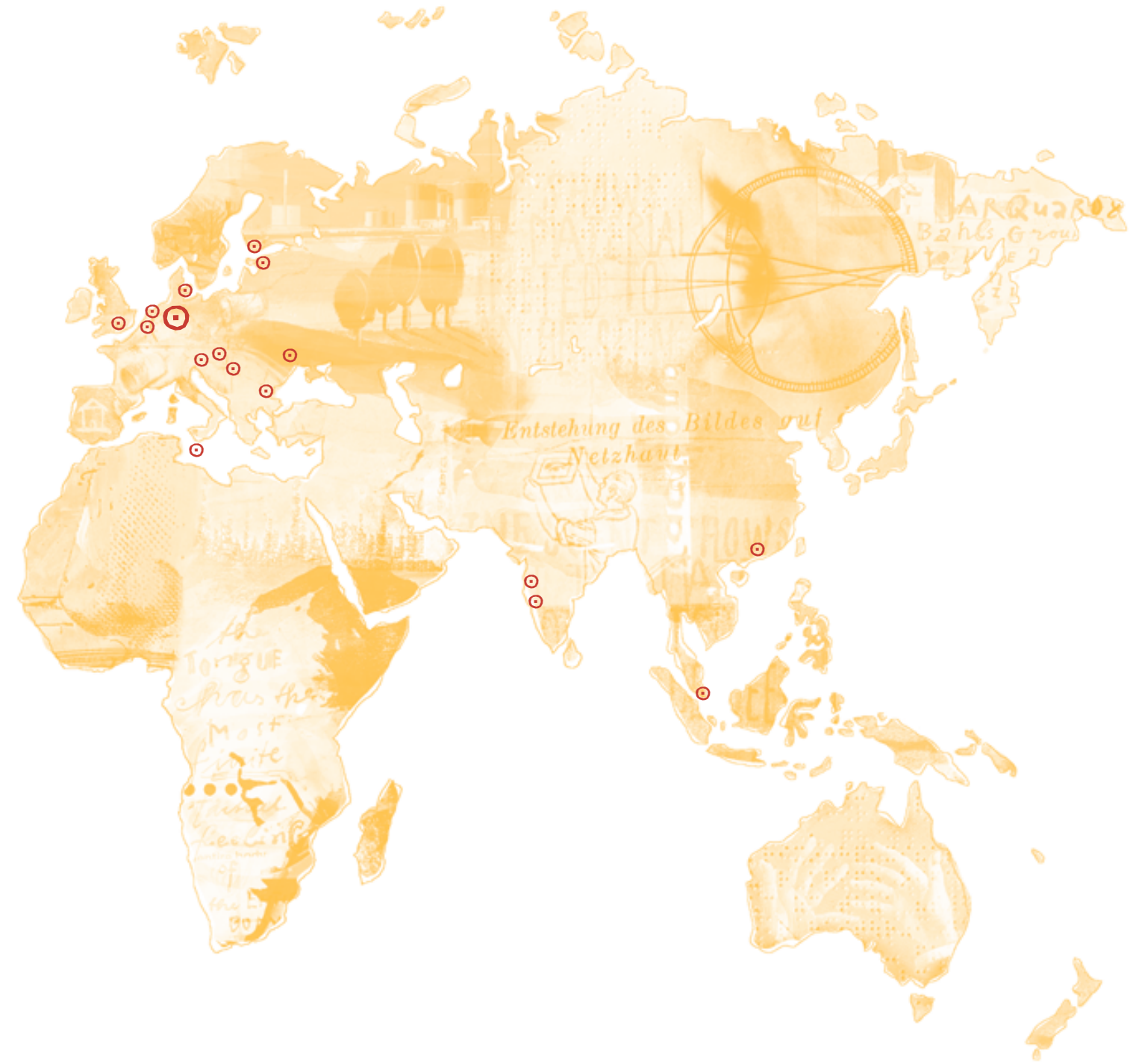
Executive Board Marquard & Bahls AG, June 2004





### marquard & bahls group locations

 In operation





# The state of the corporation

mineral oil trading and the commercial terminal storage of mineral oil, chemicals and gas as well as other liquids once again built the fundament for the worldwide success of the marquard & bahls group in the year 2003.

Corporate pre-tax profits, at 46.7 million Euros, fell short of the record postings of previous years.

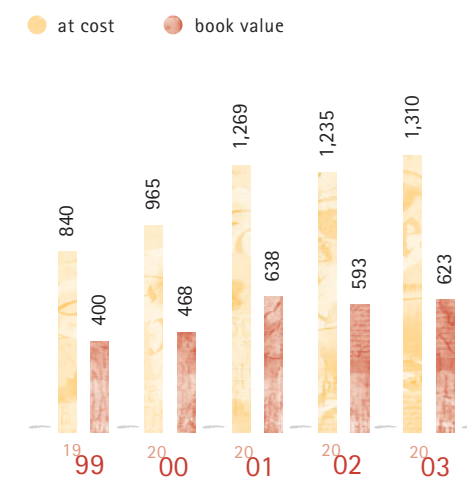
All in all, we are quite satisfied with the results we achieved.

- ⊙ The risk mix for the corporation's two primary business sectors, petroleum-products trading and tank storage, has once again proved to be well balanced and stable. As in past years, both of these activities have made almost equal contributions to our final results.
- ⊙ In the trading sector, however, accounting rules regarding closing dates reduced the year's results. Goods and contracts on hand at year-end show above-average reserves when compared with previous years.

- ⊙ By contrast, many of the foreign holdings in the Oiltanking division are very sensitive to exchange rates. Due to the drastic devaluation of the U.S. dollar (U.S.\$) and Singapore dollar (S\$) against the Euro, the local results, which in some cases showed significant improvement, are not reflected appropriately in the consolidated figures.
- ⊙ The exchange-rate effect mentioned above also has prompted currency adjustments in the corporate balance sheets. We invest in both tangibles and financial assets in the currency in which the particular subsidiary invoices – normally the local currency. Following standard procedures, we do not hedge our long-term fixed assets against exchange-rate risks because our investments adhere to our long-term strategies and harmonize with our long-term business policies.

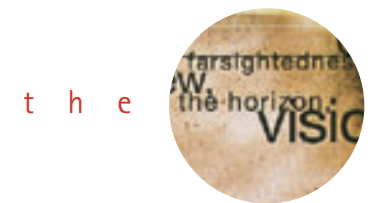
Not only does our proven distribution of risk form the basis for further development of existing business, but it also makes a good starting point for expansion into adjacent new fields of business in which we can use our existing expertise. An example is our acquisition of Proenergy and expansion into the energy-services sector, which is very closely related to our trading activities. We also were able to further expand our still-new aviation-refueling sector last year, and we are looking forward to further positive developments in 2004. In the field of renewable energy, we are pursuing projects that apply the corporation's sales and logistical competence.

FIXED AND FINANCIAL ASSETS  
(in million €) 1999–2003

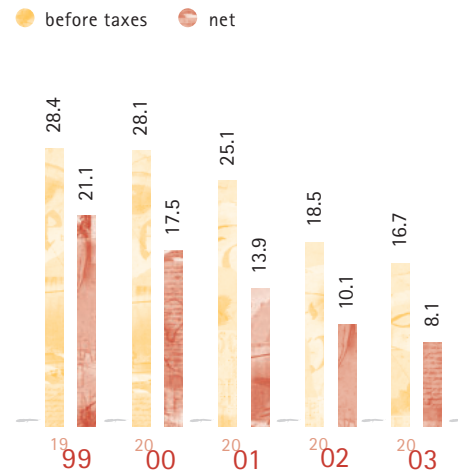


The corporation grew again in this reporting year. Citing just a few examples, we commenced construction of Oiltanking's new chemical tank terminal in Terneuzen, Netherlands, and expanded our storage facilities in Amsterdam, Antwerp, Houston and Singapore. Worthy of particular mention is Mabanft's acquisition of two trading firms in Austria. Our investment activity remained high and was mainly financed internally, from cash flow, at 99 million Euros.

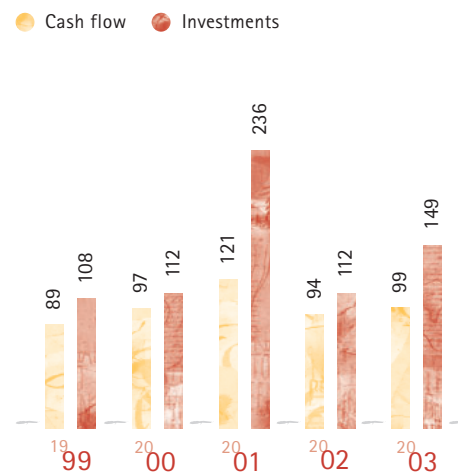




RETURN ON EQUITY (in percent) 1999-2003



CASHFLOW AND INVESTMENTS (in million €) 1999-2003



## prospects of 2004

Due to our recent growth, several projects remain in the development, start-up or restructuring phase. At present, these projects are generating costs, and they are expected to generate profits only in the medium term. Over the medium and long terms we will continue to pursue our successful course of targeted and controlled growth. We also will continue negotiations that are now in an advanced stage. For example, Oiltanking's more highly developed projects, with realization expected soon, are its investments in China, in the countries of the former Soviet Union, in Brazil and in Mexico. Mabanaft currently is establishing a retail business along the East Coast of the United States.

In upcoming years, we will continue our gradual, comprehensive modernization of IT services throughout the corporation. With these efforts, we will create greater data security and more-streamlined processes. This is another step toward ensuring the competitiveness of all of our operations – even in markets characterized by continuous change.

German accounting law requires listed companies to draw up their annual reports in accordance with the IFRS rules (International Financial Reporting Standards) beginning in 2005. Although our shares are not traded on the stock market, we intend to prepare the consolidated balance sheets in accordance with IFRS as of 2005. In light of the increasing globalization of our business, we believe that IFRS accounting in the international setting will offer greater comparability with other companies.

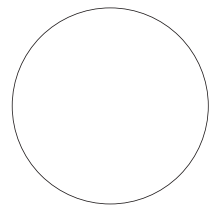
We see ourselves as well positioned to meet the challenges of the future.

t o d e t e c t



c o n n e c t i o n s





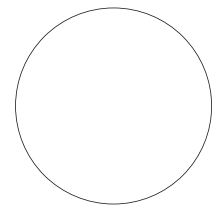
prospects

...abanaft currently is esta  
East Coast of the United States.

...coming years, we will continue our gradu  
...rnization of IT services throughout the  
...efforts, we will create greater data se  
...lined processes. This is another step to  
...tiveness of all of our operations – eve  
...continuous change.

1)

pay attention, explore, learn, deliberate, view through one's own eyes, truthfulness, reliability, trust, something makes sense, the strength of persuasion, decision.





# Mabanaft

as the largest independent importer and wholesaler in northwestern europe, mabanaft has earned a good reputation across border lines. the trading organization of the marquard & bahls group internationally deals as a cargotrader with a strong anchorage on the east european countries and in the usa.

Northwestern Europe represents the historical basis for our strong trading position. Within this region, Mabanaft is one of the leading independent importers and wholesalers for petroleum products. This position has resulted in Mabanaft having more than 13.7 million tons in outside sales in 2003 (13.1 million tons last year).

Mabanaft's business encompasses international cargo trade, import operations, local wholesaling and regional distribution. Its international trading operations not only offer an option for uninterrupted supply, but also contribute to optimal risk diversification.

Thanks to our traditionally strong logistical position in our core markets – Germany, Great Britain, the Benelux countries and Switzerland – together with our new activities in southeastern Europe, we can respond quickly and flexibly to our customers' needs and demands. With a unique and extensive network of our own delivery points and those we have secured under long-term lease agreements, Mabanaft has, – for decades, – helped to guarantee that customers and suppliers alike maintain the liquidity necessary in the European markets. This function is of particular importance in light of the strong concentration of the major oil companies in Europe and in the inland markets beyond the ARA region. Mabanaft is successful in serving its wholesale and retail customers dependably, over the long term, with a network of 40 sales offices and about 100 delivery terminals. Here, our employees keep a sharp eye on market developments, have an instinctive feeling for opportunities and risks, a steady hand in business management and, last but not least, an open ear for our customers.

Thanks to their independence from individual suppliers and their enduring presence in the markets, our trading subsidiaries are always in a position to absorb or shed market volumes. Our independence also makes it possible to serve all of the market players equitably and at competitive terms.

The first half of the past year was impacted, above all, by the Iraq crisis, which produced extreme price fluctuations. In March, the price of gas oil swung by more than 100 US\$ per metric ton, while diesel fuel in some periods was traded at a premium of 130 US\$ per metric ton above the gas oil price posted at the IPE. In Germany, the price for diesel at the pump rose, for the first time in history, to more than one Euro per liter, despite the preferential tax rate for this fuel.

PRICE GASOIL BARGES PLATT'S FOB ARA AND IPE-GASOIL (in US\$/tons) 2003





plan foresightedly

Our trading division successfully counteracted these price fluctuations by shouldering a limited degree of risk and applying prudent risk management. In light of the potential for conflict in Iraq, Mabanaft had, – by August 2002, – set up an options structure that was profitably liquidated at the beginning of the reporting year.

The low water levels in the Rhine and Danube burdened the European market, especially in the second half of the year. The Rhine, in particular, reached historic lows, severely restricting river traffic. The resulting high freight costs for inland shipping created a difficult market environment for our trading subsidiaries, which transport a large share of the products they trade by way of the Rhine and the Danube. We are particularly proud of our employees who, by renting considerable numbers of railroad tank cars, were able not only to maintain our delivery capabilities, but even to expand them. The experience showed us that the railroads must significantly increase their flexibility if they are to become a serious and sustainable alternative to river transportation.

The success of our trading units, despite these difficult operating parameters, is a great achievement. Controlled risk management and our deliberate adherence to physical trading, – with all its interfaces in transportation, storage and logistics, – have proven their merit once again.

**An extensive infrastructure and solid financial base are among the fundamental preconditions for any successful trading activity.** But our resounding long-term success rests, above all, upon human performance. Our employees' dedication, loyalty and steady nerves in the face of difficult market conditions are what made our successes possible – and permit us to look with confidence to the challenges of the future.

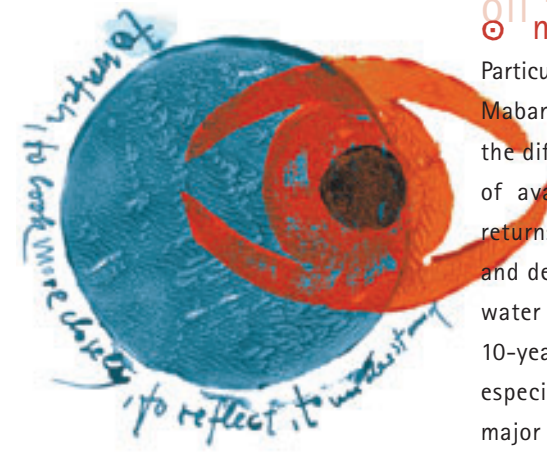
## oil trading © mabanaft international

Mabanaft International reported a successful year. Profits exceeded those of the previous year, and volumes, drawn primarily from Russia, once again rose significantly. This is a major success in light of the reorientation and consolidation of the Russian oil companies. Maintaining our own tank-terminal infrastructure in the ARA region also has expanded our options for international trading – and contributed to the year's good results. Establishing our own base on the American East Coast will further expand our options.

## oil trading germany © mabanaft germany

Particularly during the first half of the business year just concluded, Mabanaft Germany operated successfully in the market, despite the difficult environment. Prudent risk management and the use of available infrastructure were the cornerstones for good returns. Also contributing to the positive results were the supply and delivery contracts already in place. Particularly during low-water periods, with the associated higher barge-freight rates, our 10-year contract for the use of the RMR pipeline proved to be especially beneficial. The RMR pipeline links Rotterdam with major industrial sites in western Germany.

Despite a slight decline in sales due to strong competition in the gas market, the fuel-oil trade was once again successful last year. Mabanaft Germany not only posted very satisfactory results, but also further expanded its market position in Germany. Our fuel-oil trade operations also are well positioned for the future. Thus, it was possible to conclude a new sales contract with a large producer in northern Germany. This will further strengthen Mabanaft's trading position in that region.





keep track of something

working with all<sup>5</sup> senses

### oil trading northwestern europe

#### ⊙ mabanaft bv

After a difficult start, Mabanaft BV, Rotterdam, closed the year with superb results. Since reviving and reorienting activities in Rotterdam, beginning three years ago, Mabanaft has once again become an active and highly regarded player in the barge business from Rotterdam. We see this as a commendable accomplishment by our local decision makers.

### oil trading northwestern europe

#### ⊙ mabanaft switzerland

Mabanaft Switzerland was able to further stabilize its position as one of the leading independent dealers in Switzerland, despite the difficulties of deliveries made on the Rhine. Through our cooperative efforts with other independents and, above all, with our other trading companies, we will further expand the market position enjoyed by our Swiss trading company.

### oil trading northwestern europe

#### ⊙ mabanaft ltd.

Our trading company in the British Isles, Mabanaft Ltd., has become a permanent fixture among independent trading firms in Great Britain. In the most recent business year, Mabanaft Ltd. expanded its supply and customer portfolio beyond the traditional major customers – the supermarkets that dominate the gasoline business. Our English subsidiary is now even better prepared to meet future challenges.

### oil trading southeastern europe

#### ⊙ mabanaft austria

To compensate for the steady decline in oil demand in northwestern Europe, we have, in recent years, built our own network in southeastern Europe and thus expanded our geographic reach. In the interest of strengthening our activities in southeastern Europe, Mabanaft last year acquired an existing trading company in Austria, which is now operating as Mabanaft Austria. Consequently, we are represented in southeastern Europe with our own trading companies in Austria, Hungary and Moldova.

to focus new markets -



### oil trading southeastern europe

#### ⊙ mabanaft moldova | tirex

Mabanaft Moldova/Tirex is firmly rooted in the Moldovian market and, along with our business in Hungary, is an important bridgehead to the Balkan region and the adjoining countries in the CIS, which we see as a promising market.

### oil trading southeastern europe

#### ⊙ mabanaft hungary

In just the second year after its founding, Mabanaft Hungary broke even. Trading volumes rose continuously, and the tank terminal acquired by Oiltanking in Budapest ensures that Mabanaft Hungary will have access to an independent storage terminal that is indispensable for successful operations. Therefore, the company is well prepared to further expand its presence in the Hungarian market and beyond.

### oil trading international

#### ⊙ mabanaft inc.

In 2004, we will expand our trading activities in the U.S.A. We already are laying the groundwork for opening an office on the East Coast. In the course of fiscal year 2004, Mabanaft Inc. will launch its wholesale and retail activities in heating oil on the East Coast, the world's largest and most liquid market for that product. We also are preparing for trade in gasoline and middle distillates.



## retailing

We have continuously expanded our retail activities in recent years. We are involved in both motor-fuels retailing and, through our Petronord sub-holding, the end-user market for heating oil. We focus particularly on the European market, with emphasis on Germany, Austria, Switzerland and England. With Matrix Marine Fuels, we also operate a classical bunkering business along the Gulf of Mexico and in Guatemala.

Overall sales in the end-user market reached

more than 2.1 million metric tons for the first time last year. Thus, we have achieved our goal of selling 15 percent of our wholesale volume through our own distribution channels. Consequently, 2004 will be characterized by consolidation, which we already have initiated.

### oil trading heating-oil end users heating-oil end users

Strong demand during the first half of the year followed, regrettably, by significantly lower demand in the second half kept sales volumes for heating oil in Germany more or less at the previous year's level. Thanks to strict cost management, while exploiting synergies among the retail companies associated with Petronord, we were able to achieve better bottom-line results than in the prior reporting period.

Reorganization of the group's activities in Switzerland initially resulted in lower sales, but put retail-trading activities in a good position for the future.

Our retail unit in England, operating under the BWOC name, had a very successful year. A clear strategy, fully committed management and strict cost control produced yet another improvement in results when compared with past years.

Applying the strategy that already has proven its efficacy in Germany – that of acquiring our own retail-distribution channels as outlets for wholesale activities – Mabanaft acquired, at the beginning of 2004, a 50 percent share in the Manfred Mayer MMM Mineralöl Vertriebsgesellschaft m.b.H., a well-established retail organization in Austria.

- have the objectives in view



### oil trading service stations service stations

Our network of service stations has grown to more than 200 in Germany, Switzerland and Austria. In the future, we will market our service stations consistently and uniformly under the OIL! brand and strengthen our service-station network in individual locales.

Consistent with this policy, this year we rebranded

all of our service stations in Germany that were previously operated under the brand of bft, all of them now display the OIL! trademark. Customer response to the new and uniform market presence was extremely positive. The service stations in Switzerland were included in this restructuring. Unprofitable stations either were sold or closed. And, as of 2004, the outlets in Switzerland also will market under the OIL! brand name.

We have begun to establish a small network of service stations in Austria. Three of these stations already are operating and also carry the OIL! brand. In addition, we have concluded an agreement to take over 14 additional stations in 2004, which also will be rebranded to OIL!.



wait for the right moment

## oil trading international

### o bunkering

Matrix Marine Fuels was able to defend its position in the highly competitive market for bunker fuels in Houston, and – after a disappointing 2002 – once again contributed to the group's positive results. Matrix Marine Fuels also has offered its services in Guatemala since April 2004. We are keeping a close eye on opportunities to expand to additional operating sites.

## energy services

### o contracting

Since 2003, Viterra Contracting, together with its holdings in Germany, Austria and Hungary, has been a part of the Marquard & Bahls Group. Viterra Contracting is one of Germany's leaders in providing contract energy services to residential properties. It has been renamed in the meantime as Proenergy Contracting.

Proenergy services include planning, constructing, upgrading and financing decentralized heating facilities. This is augmented by operation and maintenance management, associated-services management and the supply of the primary energy. Proenergy is currently undergoing a comprehensive restructuring. In line with our expectations at the time of its acquisition, we expect it to make a positive contribution to the group's results in two or three years.

The acquisition of Proenergy is nonetheless an important step toward positioning Mabanaft as

a full-range supplier of energy and energy-related services. This subsidiary complements traditional Mabanaft trading activities, since Proenergy's business is typically long-term in character and produces steady revenues.

to pay close attention

to have one's ear all over the place, be open, incorporate, analyze, process, gain attention, convince.

to use the silence to harken inwardly



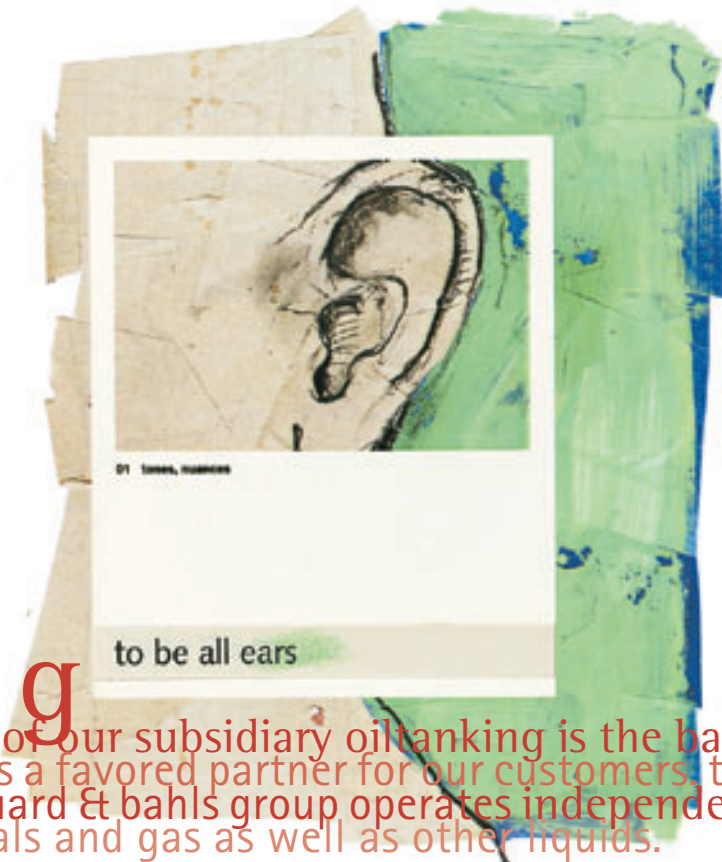




h a v e o n e ' s e a r s a l l o v e r t h e p l a c e

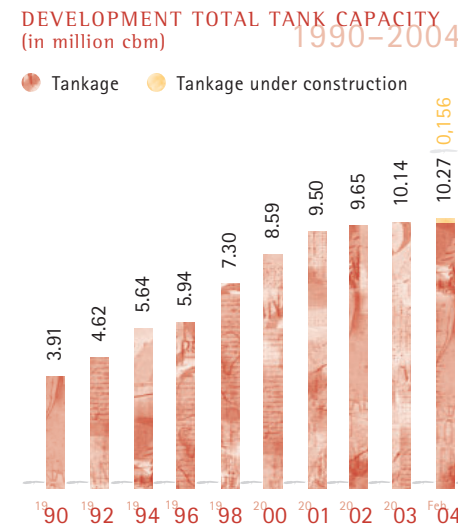
# Oiltanking

the strong customer orientation of our subsidiary oiltanking is the basis for the worldwide good position as a favored partner for our customers, the storage organization of the marquard & bahls group operates independent terminals for mineral oil, chemicals and gas as well as other liquids.



Oiltanking looks back once again on a favorable business year. Despite the negative effects of exchange rates – in particular the weakness of the U.S.\$ and the S\$ against the Euro – 2003 results were nonetheless very satisfactory. If we disregard one-time effects, Oiltanking even exceeded the good results it reported in the previous year. Record turnover and a repetition of virtually full use of all of its storage capacities at sound prices – both made possible by dedicated and highly motivated employees – have once again proven to be the correct recipe for continuous success.

Oiltanking's strategy has been focused on steady and continuous growth since the beginning of the 1990s. Our corporate policy of identifying new markets early on and exploiting our opportunities in them has proven successful in recent years.



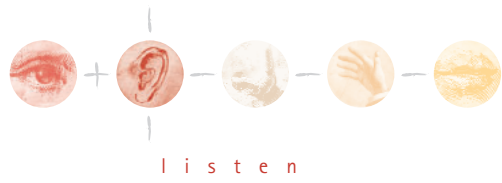
Today, Oiltanking is one of the world's leading independent owners and operators of tank terminals for crude oil and refined products, petro-chemicals, gases, and other liquids. Globally, Oiltanking strives to be the preferred partner for its customers, due to its high degree of professionalism, creative solutions for logistical processes and reputation for going far beyond traditional storage services.

Oiltanking currently operates 68 bulk-storage facilities in 17 countries, with total storage capacity of 10.3 million cubic meters (at the end of April 2004).

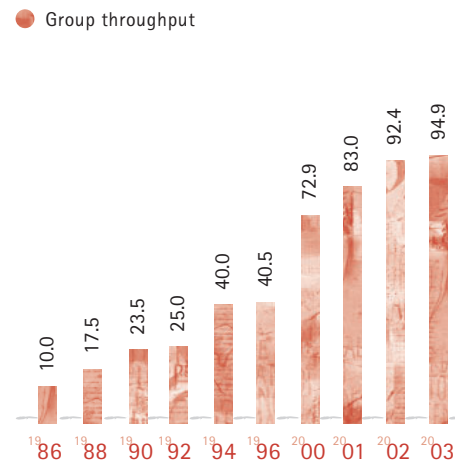
Annual throughput rose to 94.9 million metric tons last year. Capacities and profits were divided almost equally between Europe on the one hand and the Americas and Asia on the other.

One of Oiltanking's most successful corporate policies is the long-term orientation of its contracts. Petroleum tank terminals traditionally serve oil traders; however, traders' demand for tank-storage capacity typically fluctuates, depending on the price structures prevailing in the market (contango or backwardation).

Long-term contracts once were the exception rather than the rule, and thus the uselease of storage capacities was strongly influenced by external factors. To counteract this tendency, Oiltanking has concentrated its investments in recent years on the infrastructure for neighboring industrial plants – above all, in refineries and chemical plants – in order to embed itself into their logistical chains and, in this way, to ensure continuous product flows. This strategy has been quite successful. Now, most of our tank terminals are fully utilized, with long-term contracts. About 85 percent of our returns are generated by contracts with a period of one or more years, while some 50 percent of all contracts span a period of five or more years. We believe that the percentage of long-term contracts will continue to rise.



GROUP THROUGHPUT DEVELOPMENT  
(in million tons) 1986-2003



Contributing to this increase is a recent change in the oil traders' point of view, in which the fundamental availability of storage capacity is seen more and more as a value in itself. Consequently, traders now are prepared to make longer-term contractual obligations. Therefore, we have further expanded the capacities of some of our tank terminals, even in saturated markets such as the ARA region.

We also have made good progress in implementing another part of the Oiltanking strategy: to establish a worldwide network of chemical-tank terminals and become the preferred partner for a group of selected chemical companies. With existing tank terminals in the ARA region, Eastern Europe, the Baltic region, and Singapore, and a number of projects well on their way to completion in other parts of the world, we have, – in a short time, – become a serious, global supplier in chemical storage.

these were a few of the highlights at oiltanking in 2003:

- ⊙ Completed a 200,000-cubic-meter expansion in Houston, U.S.A.
- ⊙ Began construction of a chemical tank terminal in Terneuzen, Netherlands, with initial capacity of 156,000 cubic meters
- ⊙ Expanded Oiltanking facilities at Antwerp, Belgium, by 11,000 cubic meters of gas storage
- ⊙ Constructed an LPG storage facility in Chennai, India
- ⊙ Constructed a tank terminal in Goa, India
- ⊙ Expanded Oiltanking Odjell, Singapore, by 82,000 cubic meters
- ⊙ Completed the final expansion of Oiltanking Amsterdam, Netherlands, adding a total of 275,000 cubic meters
- ⊙ Acquired a 17,000-cubic-meter tank terminal in Hungary

We intend to continue to grow. However, our objective is not to become the

world's largest provider of independent tank-storage facilities.

Instead, we prefer to concentrate on the quality of our services.

We will continue to expand our position as one of the world's leading tank-terminal operators. New projects must, however, match our strategy, our portfolio and our corporate culture. A number of projects that align with our standards are in various phases of development. Among these are activities in China, Mexico, Brazil, the CIS countries, the Middle East and countries where we are already active. We see further development opportunities, particularly in growth markets, in privatization efforts in markets now opening up, and in mature markets where we can integrate ourselves into our customers' logistical and supply chains.

In the chemical segment, we will concentrate our growth in the main hubs for chemical production and trading and in markets that are of key significance to the chemical industry. In this context, we are assigning particular importance to our involvement in China.

These projects will be supported from the proceeds of private-placement financing in the U.S. market. Oiltanking is one of the first German companies to successfully use this type of financing. The proceeds from this effort equate to 130 million U.S.\$. The volume offered to the market was oversubscribed, demonstrating the attractiveness of the company to international institutional investors. Thus, our tank-storage subsidiary has created an additional pillar in financing, complementing traditional bank loans.



„use commonplace words and express exceptional things“  
„WOTUS“



t o r e a d b e t w e e n t h e l i n e s

learn learn learn  
learn to be quiet – learn to be able to listen to others  
"silence"

Oiltanking operates worldwide in various fields of business:

## petroleum

### oiltanking amsterdam

In 2003, Oiltanking Amsterdam put in service another 75,000 cubic meters of tank-storage capacity. This was the final phase of a three-year, 275,000-cubic-meter expansion. An associated improvement was the expansion of the existing ship and barge facilities. Oiltanking Amsterdam was fully booked through-out the year and also has rented a large share of storage capacity for several years in advance.

## petroleum

### oiltanking copenhagen

Our facility in Denmark continues to be essentially dependent upon the spot market. Thanks to stringent cost control and an increased share of long-term contracts, Oiltanking Copenhagen broke even, despite a backwardated oil market throughout 2003.

## petroleum

### oiltanking germany

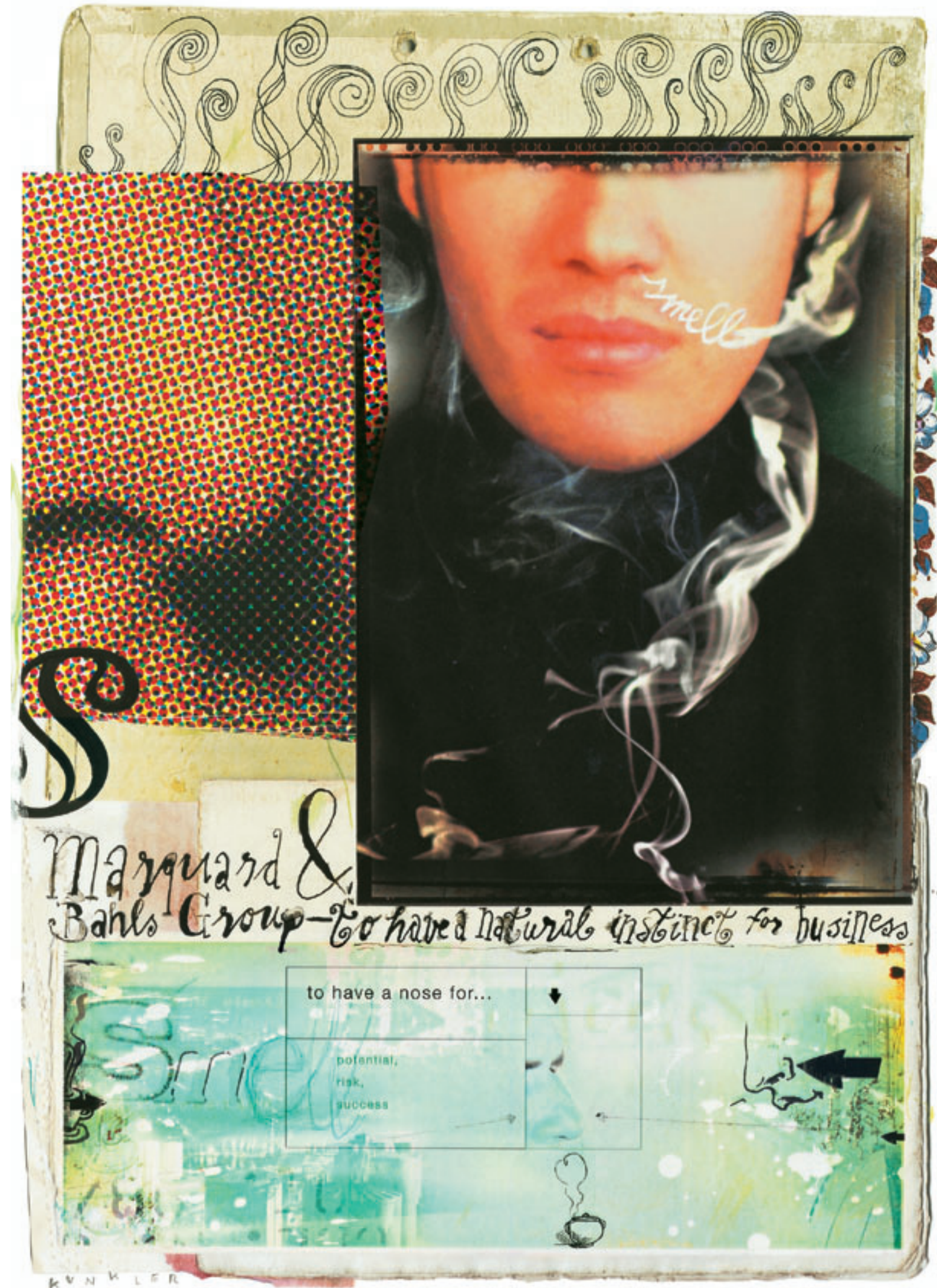
The market conditions for Oiltanking Germany were less than favorable throughout the year. In particular, the demand for gasoline and diesel fuel did not meet expectations. This was due primarily to the tax policies of the federal government and the weak business climate. The extremely low water level in the Rhine made it difficult for oil traders, who represent a significant contract volume for Oiltanking Germany, to compete with German inland refineries. In 2004, a number of the storage facilities belonging to Oiltanking Germany are expected to post a considerable volume increase due to a long-term contract with a major oil company. This contract dovetails nicely with our strategy of assuming a central role within the oil infrastructure in Germany.

a walk in the woods in the early morning, the steaming hot cup of coffee, fresh strawberries in summer, blooming lilac in springtime fragrant mint in the garden, foaming sea, fresh fish in the harbor red wine from bordeaux, mature cheese, an aged single malt, a bonfire at the beach, spices in new delhi, taste of the big wide world

3)

have a nose for something, intuition, be ahead, smarten a place up, balance, rich in facets, follow one's instinct, breathe deeply.

s c e n t





get on someone's trail

**oiltanking houston, oiltanking beaumont**

Both Oiltanking Houston and Oiltanking Beaumont have strong and well-balanced business portfolios and again reported good results. We expanded capacities in Houston by 200,000 cubic meters. The Beaumont facility continued its modernization with the construction of two heated tanks for vacuum gas oil (16,000 cubic meters).

**oiltanking hungary**

To further strengthen our position in Eastern Europe, Oiltanking acquired an existing tank terminal in Budapest, Hungary. Oiltanking Hungary offers 17,000 cubic meters of storage capacity, with inland-waterway access via the Danube, loading and discharging facilities for tank trucks and railway tank cars, and a technical and HSE standard that meets Oiltanking's stringent requirements.

**indian oiltanking**

At the end of the reporting year, Indian Oiltanking commissioned a new LPG terminal at Chennai and a product terminal in Goa. Initial annual throughput for the Goa terminal will be 850,000 metric tons. The Navghar Terminal in Mumbai increased its utilization rate compared to previous years, but nonetheless fell short of expectations.

Indian Oiltanking has undertaken an impressive portfolio of engineering and construction projects. Along with traditional tank terminals, it is developing new projects for refineries, petrochemical plants, power-generating stations and pipelines. Moreover, Indian Oiltanking landed a contract for modernization and new construction of several hundred service stations. In addition, it successfully concluded jobs in Nigeria and Mauritius.



**oiltanking malta**

In recent years, Oiltanking Malta has become a well-established player in the Mediterranean. Again last year, its storage capacities were fully booked. A loyal circle of customers has emerged, and they are increasingly willing to sign long-term contracts. Despite full utilization, Oiltanking Malta was unable to repeat the strong showings of recent years, due to the continuous decline of the U.S.\$ against the Maltese lira, and thus indirectly against the Euro. The dilemma is that our revenues are accrued in U.S.\$, but our expenses are paid in the local currency.

**oiltanking singapore, oiltanking seraya**

Oiltanking Singapore and Oiltanking Seraya, Oiltanking's joint venture with Power Seraya, once again showed good results, despite the fact that throughput fell short of the extraordinarily high level of the previous year. Oiltanking Seraya expanded its capacities by an additional 46,000 cubic meters. Due to continuous strong demand, Oiltanking Singapore is considering further capacity expansion, as well as an extension of its jetties.

**oiltanking tallinn**

Oiltanking Tallinn, with throughput of 1.7 million metric tons, was fully utilized but, like Malta – due to the weak rate for the U.S.\$-to-Euro exchange – was unable to match the previous year's performance.

**latin america**

Adhering to our policy of long-term involvement in Latin America has proven to be the correct strategy. Despite unfavorable economic trends, a political shift to the left and re-emerging nationalism in some countries, the results in certain countries were very promising. Oiltanking is developing auspicious projects in Brazil and Mexico, and we expect to finalize them in the near future.



just follow your nose

working with all <sup>5)</sup>senses

## petroleum oiltanking argentina

Oiltanking Argentina continued its series of successful operating years. The recently constructed buffer terminal at Brandsen, and the pipeline that links our tank terminal at Puerto Rosales with the Esso refinery in Buenos Aires, completed a smooth first year of operation.

## petroleum oiltanking bolivia

2003 proved to be a difficult year in Bolivia. An ambivalent political setting caused the resignation of the president; the economy remained weak; and the petroleum industry continued to serve as the government's cash generator for additional tax revenues. Against a background of continuing uncertainty regarding increases in the government-controlled pipeline tariffs, management at Oiltanking Bolivia took a closer look at cost reductions, rationalization and tankage use. They found ways to use available capacities to store condensate and, as a result, produced good year-end results.

## petroleum consorcio terminales

Despite the weak business situation, Consorcio Terminales, our joint venture in Peru, once again reported good results. Strengthened by superb operations, it is well positioned for the future.

## petroleum oiltanking venezuela

Venezuela looks back at a year characterized by political instability and unpredictability. Oiltanking Venezuela was seriously affected by the long-lasting general strike, which virtually paralyzed the entire petroleum industry in the first quarter of 2003. However, thanks to an increase in the quantities exported during the second half of the year and strict cost control, final results met our expectations.

## chemicals and gases

### oiltanking antwerp

Our chemical activities in the Benelux countries continued their recent progress. Despite a fairly weak chemical market, Oiltanking Antwerp continued the trend toward improved profitability. Good results were reported in all of the core business sectors (gas, chemical products and petroleum products), thanks to a high utilization rate. Oiltanking Antwerp added 11,000 cubic meters of gas capacity at the beginning of 2004 to serve a neighboring chemical plant.

## chemicals and gases

### oiltanking ghent

Oiltanking Ghent maintained its strong and balanced business portfolio. Despite difficulties in the aviation industry, jet-fuel throughput declined only slightly from the previous year. Strategic storage is once again an item on the political agenda in Belgium. The Belgian government appears to be favoring an "agency" system similar to the one in Germany. If this occurs, we will be in a fine position to supply the required infrastructure.

## chemikalien und gase

### oiltanking terneuzen

We have obtained all of the permits required for constructing the new tank terminal in Terneuzen, Netherlands. We broke ground for Oiltanking Terneuzen in September 2003. This terminal, with 156,000 cubic meters of storage space, will satisfy the logistical requirements of the neighboring Dow Chemical plant under a long-term agreement. Commissioning is set for the beginning of 2005. The prospects for expanding the tank terminal to accommodate business with third parties also look promising.





h a v e a n o s e f o r s o m e t h i n g

chemicals and gases  
oiltanking bulgaria

In the course of the year, Oiltanking acquired shares held by its partner and customer Umicore and now holds a 91 percent interest in Oiltanking Bulgaria. It is gratifying to note that the throughput quantities exceed the contractual expected volume.

chemicals and gases  
oiltanking daya bay

During the 2003 business year, Oiltanking founded its first Chinese subsidiary, Oiltanking Daya Bay. This center of our activities in China is in the heart of the Daya Bay petrochemical complex in southeastern China. Oiltanking Daya Bay will offer logistical services and independent storage capacities for oil and petrochemical products. The facility will serve the Pearl River Delta region and the neighboring landlocked provinces. Currently, we foresee the commencement of operations at the beginning of 2006. In our view, the activities at Daya Bay offer a promising basis for further expansion in China.

chemicals and gases  
oiltanking od fjell terminal singapore

Our Oiltanking Od fjell Terminal Singapore (OOTS) joint venture put a further 82,000 cubic meters of tank capacity into service and now offers a total capacity of 214,000 cubic meters. This expansion puts OOTS in a position to offer customers flexibility with a full range of tank volumes.

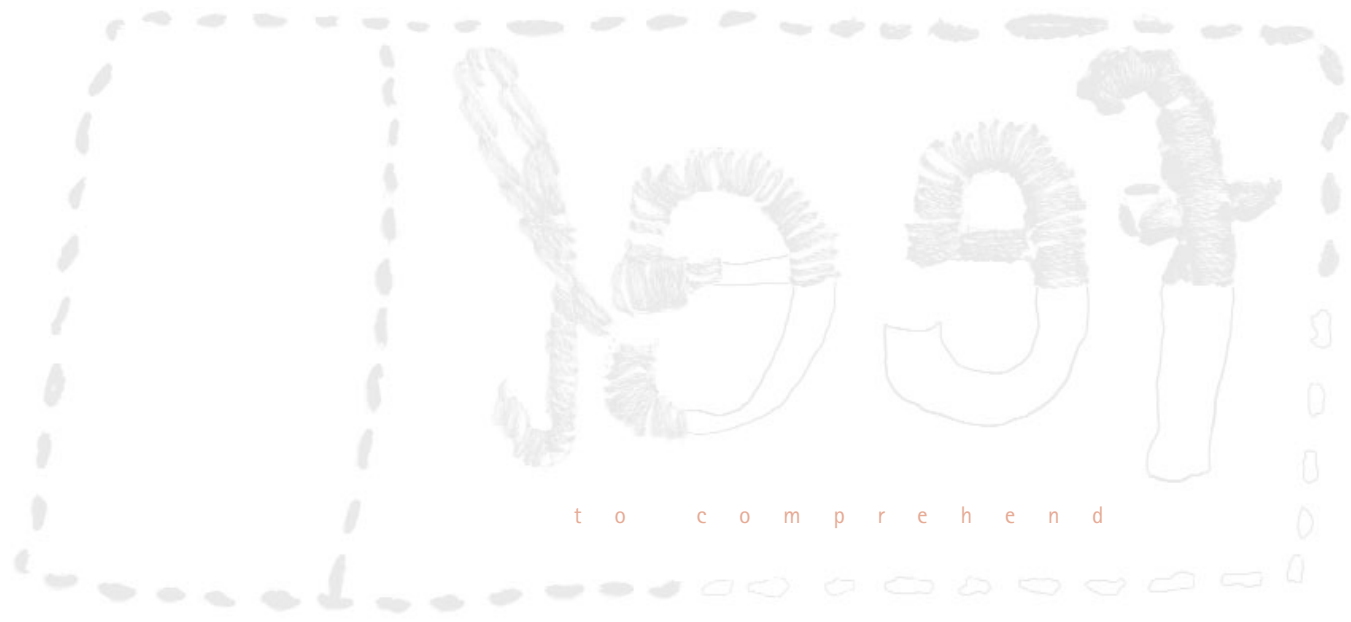
chemicals and gases  
oiltanking sonmarin

Oiltanking Sonmarin was able to further boost its business in Finland. In addition to providing traditional services to transit customers, the facility is responding to increased local demand for chemical and petroleum products.



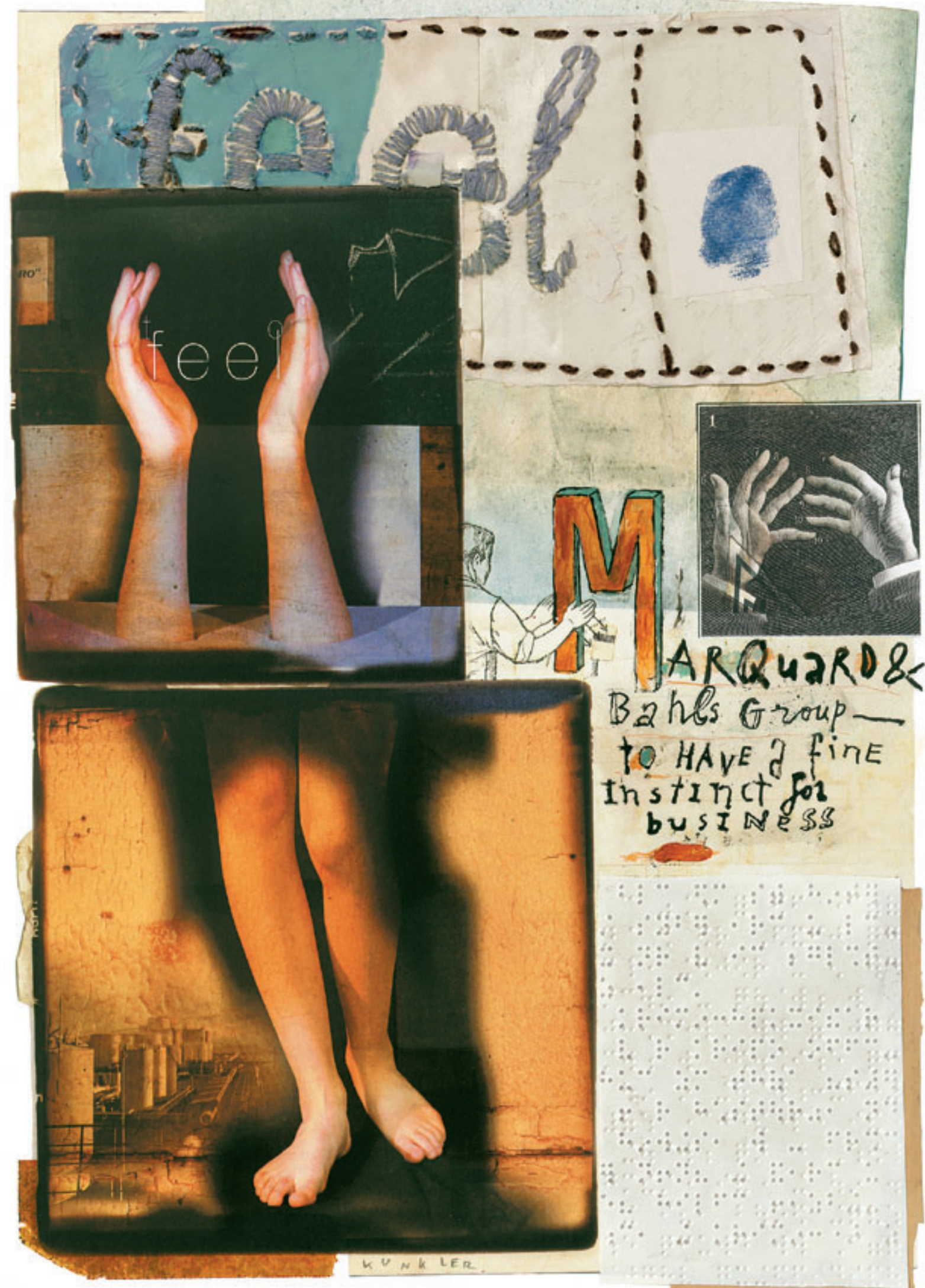
s o l u t i o n s





t o c o m p r e h e n d

c o n n e c t i o n s



4) to have an intuition for needs, sense, perceive, insecurity, willingness to take risks, considerateness, force, calmness, enthusiasm.





a feeling for feasibility

working with all<sup>5</sup> senses



# Skytanking

as a company offering airport service, skytanking supplies independent services in the area of jet fueling. the marquard & bahis subsidiary has committed itself to the highest standard in quality, security and customer orientation.

Our Skytanking subsidiary is active in aviation refueling, the operation of tank terminals and jet-fuel hydrant systems. Among the firm's customers are airlines, airports and oil companies.

In addition to our well-established operations at the Franz Josef Strauß Airport in Munich, Germany, and at the airport in Oostende, Belgium, Skytanking is on location at the airport in Miami, Florida, where we have refueled aircraft since mid-2003. Moreover, Skytanking USA has concluded a contract to take over aircraft refueling for Southwest Airlines at Philadelphia International Airport.



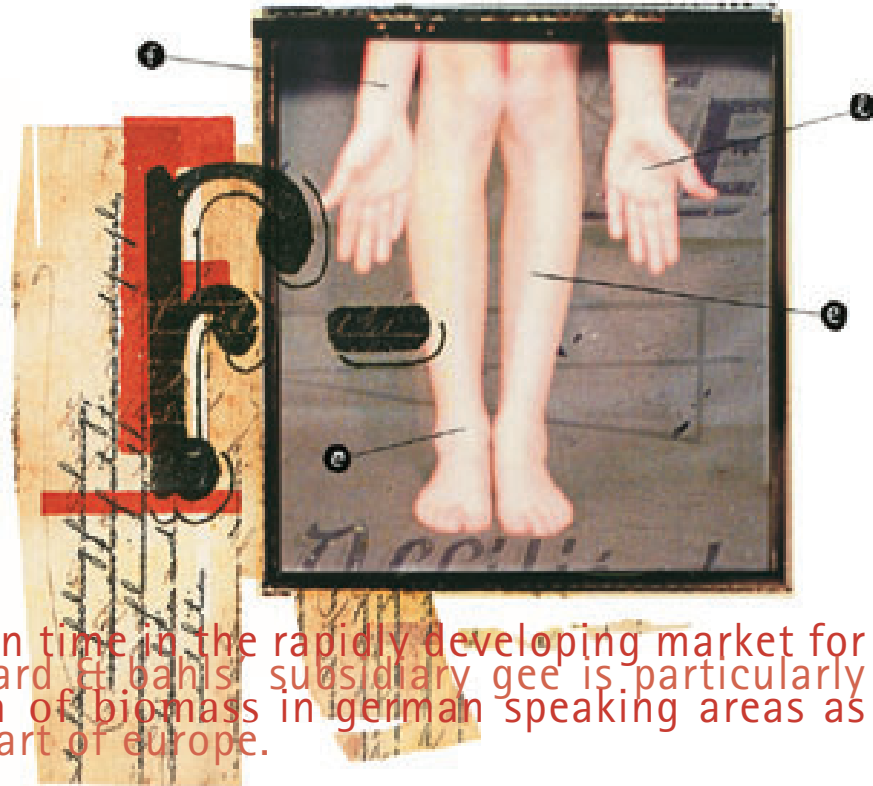
This service commenced with Southwest Airlines' maiden flight from Philadelphia on May 9, 2004. Thus, this subsidiary has taken an important step toward expanding its presence in the U.S.A., the world's largest aviation market.

Establishing Skytanking as a strong independent vendor in aircraft refueling meshes perfectly with our long-term strategy. Implementing this strategy is, however, taking longer in the United States than was expected originally. The U.S. aviation industry, in particular, continues to experience difficulties. Since cost pressures are passed along to service providers such as Skytanking, competition among aviation fuel-supply companies is extremely tough. However, we have a number of attractive projects under development. We are thus sure that Skytanking will report good progress once again in 2004.



act responsibly

working with all<sup>5</sup> senses



Last year's launch of operations for domestic trading in wood pellets and related products was an important step forward in the German market. Parallel to this, we prepared, at the beginning of 2004, to begin international biomass trading. GEE Bioenergy A/S, Denmark, initially will serve the already advanced and established Danish biomass market. Expansion of the business into other Scandinavian countries is slated for 2005.

Despite its concentration on biomass, GEE will closely follow developments among the other renewables in order to exploit further opportunities.

# GEE

in order to position itself on time in the rapidly developing market for renewable energy, marquard & bahis' subsidiary gee is particularly concentrating on the area of biomass in german speaking areas as well as the scandinavian part of europe.

Renewable energy has become an integral and indispensable factor in energy supplies. We identified this development early on and, since the end of 2002, have been active in this market through our wholly owned subsidiary, GEE, a renewable-energy company.

The first full year of business, in 2003, was devoted above all to structuring and organizing the company, developing orientation, and positioning it in national and international markets. GEE's objective is to establish itself as a reliable logistics and supply company in the market for biomass fuels.





h a v e t a c t a n d s e n s i t i v i t y



# natGAS

the marquard & bahls group has committed itself as well to the hotly contested gas market with a participation in the natgas ag. gratifying, this commitment has already proven itself to be a very promising investment.

As a shareholder in Potsdam-based natGAS AG, we have, for three years now, supported the implementation of that company's consistent strategy aimed at establishing a gas-supply business in the extremely difficult, deregulated natural-gas market in Germany.

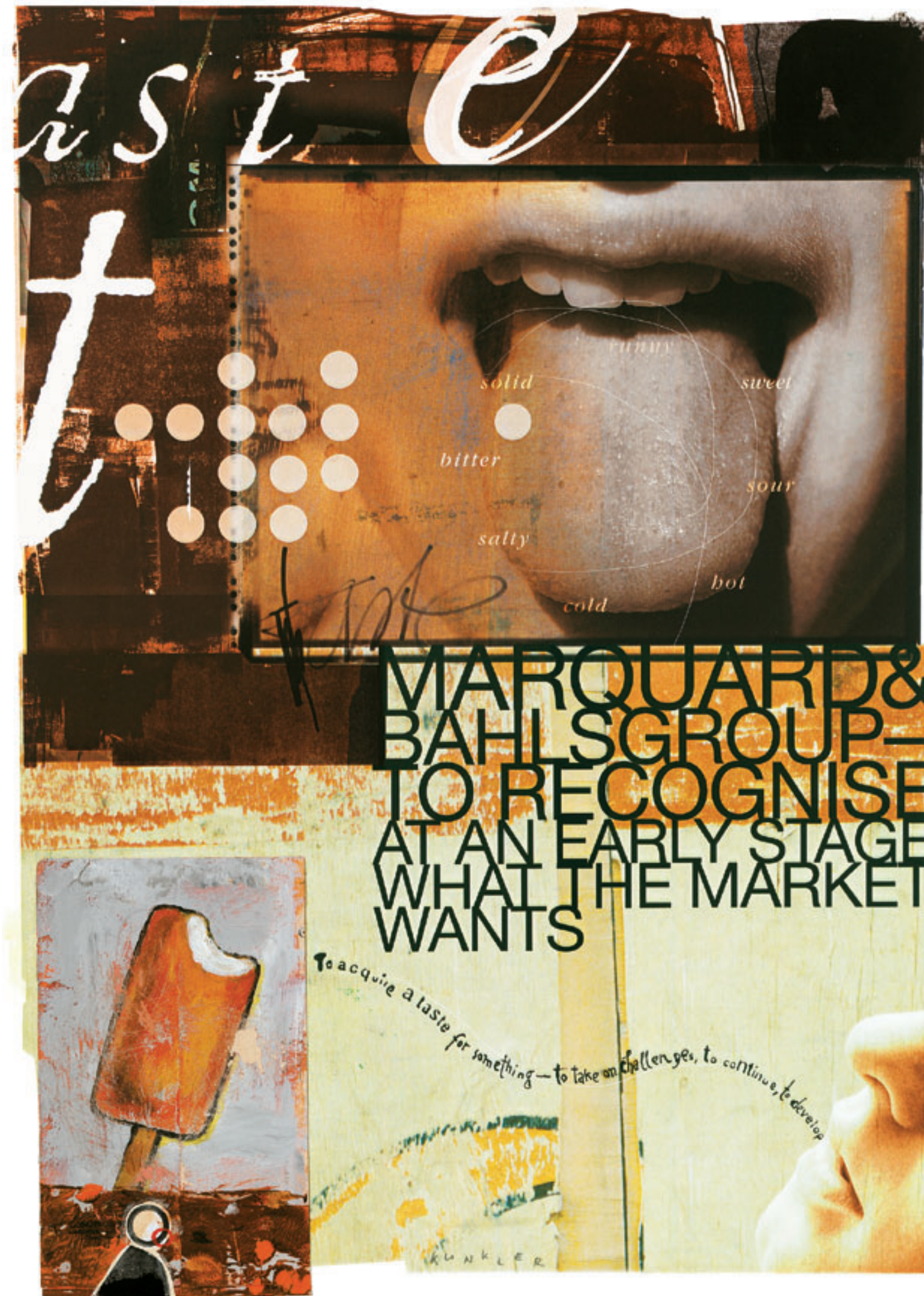
Fortunately, it has been successful in concluding, – in a tough competitive situation, – full-service, gas-supply agreements with a larger number of customers than any other new vendor. With the beginning of the gas year in October 2003, natGAS had increased the volume of gas sales under contract about tenfold compared with the previous year. And more and more customers are discovering the advantages of supply by natGAS.



● discovering

new horizons

5) acquire a taste for something, discover the right composites, strengthen each other, allow to unfurl, season to taste. bitter aftertaste, experience, correction, tolerance.





season to taste

working with all <sup>5</sup> senses



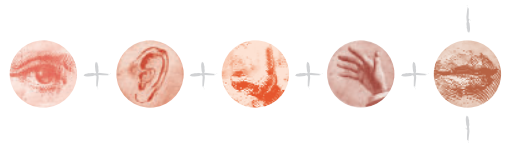
**GMA**  
high quality, security and responsible environmental protection are integral components of our company philosophy. an independent, fully accredited laboratory as well as an own professional staff guarantee adherence to our principles.

The integrity of our services and products in terms of quality is indispensable. Thus, for 10 years, we have devoted close attention to the fields of quality management and quality control through our GMA subsidiary, which is dedicated to petroleum analysis and quality management. GMA, independent of our other subsidiaries, monitors product quality for third parties, government agencies and the companies within our group.

For this purpose, it maintains its own laboratory, which has been fully accredited by DASMING (the German petroleum accreditation society).

**gma highlights for the year included:**

- ⊙ analytical monitoring for the introduction of sulfur-free diesel fuel
- ⊙ a vital role in establishing the industry standard for sulfur-free gas oil
- ⊙ advising the federal government in the drafting of legislation for biological fuels



enjoy the fruits of one's efforts



**HSE**  
highly responsible health, safety and environment policies assume the highest priority in our firm. to ensure that we continue to meet our objectives in this area, the health, safety and environment (hse) department will expand its activities across the entire marquard & bahls group.

In the future, the HSE Department will report directly to the chairman of the Executive Board. Responding to recent developments, we will turn greater attention to the subject of plant security.

vital accomplishments during the last year included

- ⊙ The first annual meeting of all the HSE co-ordinators within the group, worldwide, with a number of internal and external presentations, that enabled them to exchange experiences.

- ⊙ The development and implementation of an intranet-based database for accidents and near-accidents – both to simplify central evaluation and to quickly disseminate information to all profit centers in order to prevent reoccurrence.
- ⊙ The introduction of a password-protected Website that permits access to the HSE manual, the product database, HSE alerts and other current information.
- ⊙ The preparation of uniform terminal-information brochures, along with emergency maps for the companies in the Oil-tanking group.
- ⊙ Continuous reduction in occupational accidents through closely defined training and HSE promotion programs. The number of accidents that we experience is, much to our satisfaction, well below the industry average.



keenly synchronize everything

### report of the supervisory board

During the 2003 fiscal year, the Supervisory Board was informed regularly, by the Executive Board in writing and orally about the state and development of the company, the group companies and its participations. The Supervisory Board discussed all substantial issues with the Executive Board.

The auditing firm Susat & Partner Wirtschaftsprüfungsgesellschaft OHG audited the financial statements, the report on the state of the corporation as well as the consolidated financial statements and the report on the consolidated state of the group, and issued an unqualified opinion without exceptions. The financial statements, the report on the state of the corporation and the auditor's report thereon, as well as the consolidated financial statements, the report on the consolidated state of the group and the auditor's report thereon, were submitted and explained to the Supervisory Board. After having conducted its own review, the Supervisory Board has no objections and approves to the results of the audit.

The Supervisory Board also approved the annual report at its meeting on June 22, 2004. It concurs with the Executive Board's recommendation for the distribution of the retained earnings.

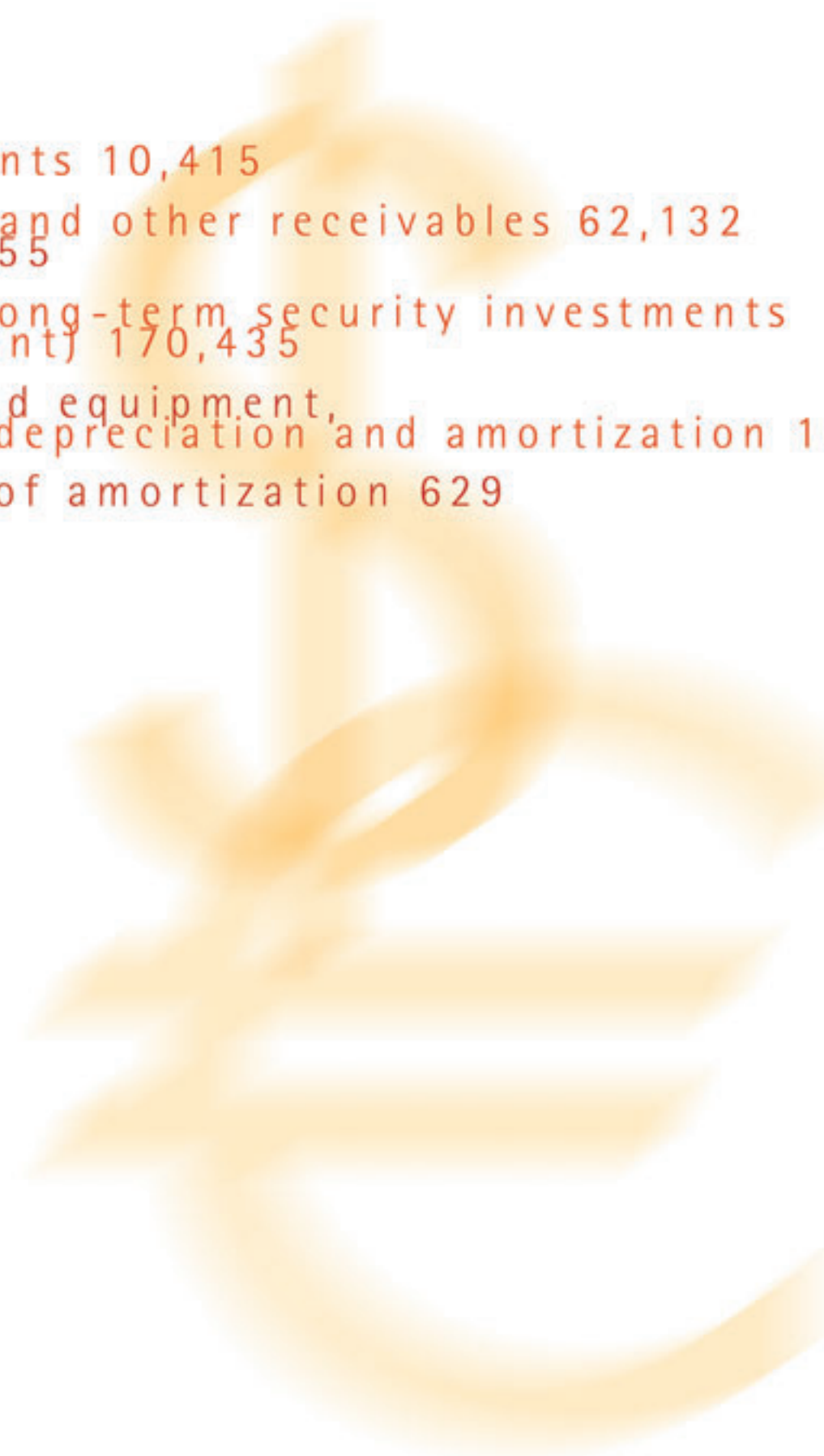
Hellmuth Weisser (Chairman)

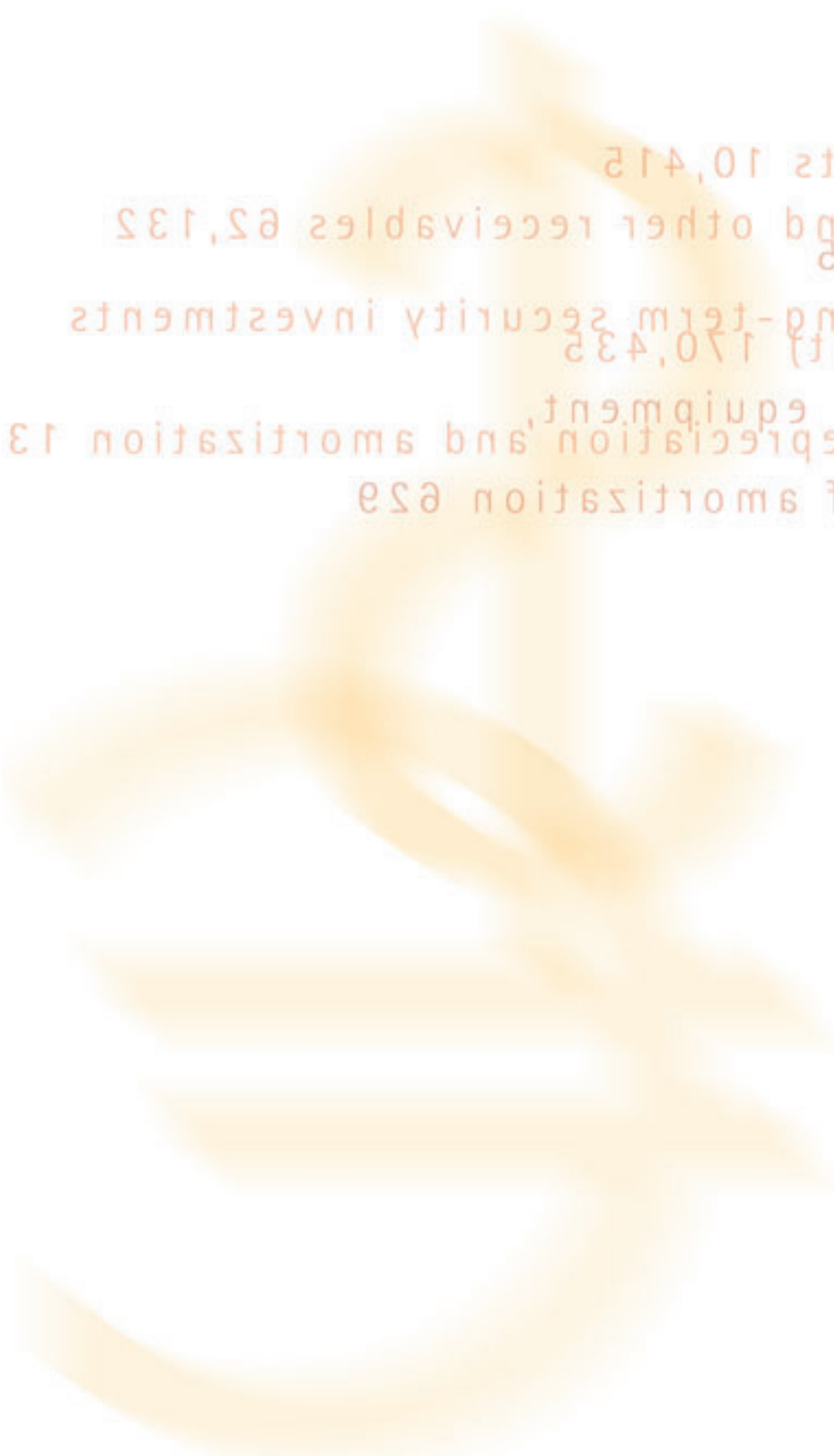
The Supervisory Board, Hamburg, June 23, 2004



Assets (t€)

Current assets	
Cash and equivalents	10,415
Treasury stock	0
Trade receivables and other receivables	62,132
Prepaid expenses	55
Investments and long-term security investments at net book amount	170,435
Property, plant and equipment, less accumulated depreciation and amortization	13
Other assets, net of amortization	629
Total	257,145





working with all senses

marquard & bahls ag  
financial statements



Marquard & Bahls Group  
to have a keen eye  
for business  
Marquard & Bahls AG... page 48

- ⊙ Balance sheet
  - ⊙ Financial statements of income
- Group... page 50
- ⊙ Consolidated balance sheet
  - ⊙ Consolidated statement of income
  - ⊙ Fixed and financial assets
  - ⊙ Notes
  - ⊙ Auditor's opinion
- ⊙ Organigram



Assets (t€)  
Current assets  
Cash and equivalents 10,412  
Financial assets  
Trade receivables and other receivables 62,132  
Investments and long-term security investments  
Investments 170,432  
Property, plant and equipment  
Accumulated depreciation and amortization 13  
Net of amortization 629

see  
broad view  
to see beyond the horizon  
vision



## balance sheet marquard & bahls ag

as of december 31, 2003

ASSETS (T€)	Dec. 31, 2003	Dec. 31, 2002
<b>a. current assets</b>		
I. Cash and equivalents	10,415	3,633
+ II. Treasury stock	0	36,970
+ III. Trade receivables and other receivables	62,132	72,991
+ IV. Prepaid expenses	55	55
=	72,602	113,649
+ <b>b. investments and long-term security investments (at net book amount)</b>	170,435	170,130
+ <b>c. property, plant and equipment, less accumulated depreciation and amortization</b>	13,479	13,020
+ <b>d. other assets, net of amortization</b>	629	286
= <b>Total assets</b>	257,145	297,085
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (T€)</b>		
<b>a. current liabilities</b>	37,904	61,266
+ <b>b. pension reserves</b>	11,121	10,599
+ <b>c. stockholders' equity</b>		
+ I. Common stock	75,000	75,000
+ II. Capital reserve	5,344	0
+ III. Other reserves	25,656	67,992
+ IV. Retained earnings	102,120	82,228
=	208,120	225,220
= <b>Total liabilities and stockholders' equity</b>	257,145	297,085

## financial statement of income marquard & bahls ag

for the period january 1 – december 31, 2003

(T€)	Dec. 31, 2003	Dec. 31, 2002
<b>Revenues</b>		
a) Net income from financial assets	38,632	19,376
+ b) Extraordinary income	0	1,823
+ c) Interest income	3,659	4,772
+ d) Other income	9,165	10,367
=	51,456	36,338
<b>Costs and other deductions</b>		
a) Operating, selling, general and administrative expenses	-17,377	-16,847
+ b) Depreciation	-992	-761
+ c) Interest expense	-2,645	-2,915
+ d) Taxes, other than income taxes	-87	-84
=	-21,101	-20,607
<b>Income before income taxes</b>	30,355	15,731
+ a) Income taxes	-478	412
= <b>Net income for the period</b>	29,877	16,143



to have a keen eye on business

## consolidated balance sheet marquard & bahls group

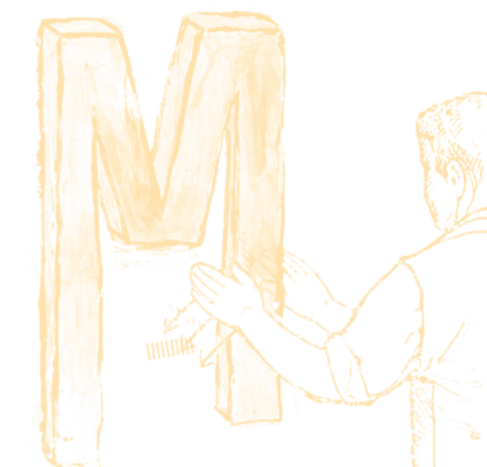
as of december 31, 2003

ASSETS (T€)	notes	Dec. 31, 2003	Dec. 31, 2002
<b>a. current assets</b>			
I. Cash and equivalents		82,413	62,691
+ II. Treasury stock	1 )	0	36,970
+ III. Receivables	2 )	376,339	495,286
+ IV. Inventories	3 )	166,343	132,995
+ V. Prepaid expenses		8,885	8,158
=		633,980	736,100
+ b. investments and long-term security investments		25,514	22,779
+ c. property, plant and equipment, less accumulated depreciation and amortization	4 )	578,949	554,795
+ d. other assets, net of amortization	5 )	22,379	19,411
= Total assets		1,260,822	1,333,085
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (T€)</b>			
<b>a. current liabilities</b>			
+ b. long-term dept, less current maturities	6 )	669,368	652,736
+ c. long-term accruals and deferred liabilities	7 )	253,150	295,588
+ d. minority interest in net assets of consolidation subsidiaries		70,954	68,026
+ e. stockholders' equity		20,679	20,211
+ I. Common stock	8 )	75,000	75,000
+ II. Other reserves		12,027	51,391
+ III. Cumulative transaction adjustment		-15,042	-3,952
+ IV. Retained earnings		161,785	161,130
+ V. Consolidation reserves		12,902	12,955
=		246,672	296,524
= Total liabilities and stockholders' equity		1,260,822	1,333,085

## consolidated statement of income marquard & bahls ag group

for the period january 1 – december 31, 2003

(in T€)	notes	Dec. 31, 2003	Dec. 31, 2002
<b>Revenues</b>			
+ a) Sales and services	1 0 )	4,320,285	3,992,260
+ b) Interest income	1 1 )	5,471	9,673
+ c) Other income	1 2 )	19,413	27,132
+ d) Extraordinary result	1 3 )	0	6,639
=		4,345,169	4,035,704
<b>Costs and other expenses</b>			
+ a) Purchase of oil and products		-3,986,518	-3,691,378
+ b) Operating, selling, general and administrative expenses	1 4 )	-213,976	-189,166
+ c) Depreciation and amortization		-68,203	-65,304
+ d) Interest expense	1 6 )	-21,010	-22,490
+ e) Taxes, other than income taxes	1 7 )	-6,939	-5,541
+ f) Share of losses associated companies		-1,784	-535
=		-4,298,430	-3,974,414
<b>Income before income taxes</b>			
+ a) Income taxes		46,739	61,290
=		-24,142	-27,845
<b>Net income for the period</b>			
+ Changes in consolidation reserve		0	438
+ Retained earnings at beginning of year		143,455	130,068
+ Minority interests		-3,961	-2,634
+ Movements on reserves		-306	-187
= Retained earnings at end of period		161,785	161,130



## development of fixed and financial assets marquard & bahls group

the period january 1 – december 31, 2003

(T€)	acquisition cost					accumulated depreciation		book amount		
	Opening balance Jan. 1, 2003	Exchange rate differences	Additions*	Disposals*	Transfers	Closing balance Dec. 31, 2003	Depreciation* current year	Closing balance* Dec. 31, 2003	Closing balance* Dec. 31, 2002	Closing balance* Dec. 31, 2003
<b>I. Investments and securities</b>										
1. Investments in subsidiaries	5,164	-5	4,229	-29	144	9,503	384	5,594	954	3,909
+ 2. Investments in associated companies	20,760	-1,812	2,075	-509	-144	20,370	1,784	5,737	16,796	14,633
+ 3. Trade investments	127	-4	3	0	0	126	0	0	127	126
+ 4. Long-term loans owed by subsidiaries	0	0	1,429	0	0	1,429	0	0	0	1,429
+ 5. Long-term loans owed by related companies	1,958	-2	0	0	0	1,956	0	0	1,958	1,956
+ 6. Other long-term security investments	148	-22	53	0	0	179	0	130	3	49
+ 7. Other long-term loans	2,962	-124	644	-800	0	2,682	225	244	2,941	2,438
+ 8. Advance payments on investments	0	0	974	0	0	974	0	0	0	974
= Subtotal	31,119	-1,969	9,407	-1,338	0	37,219	2,393	11,705	22,779	25,514
<b>II. Property, plant and equipment</b>										
1. Property including buildings	125,400	-3,312	13,824	-889	4,605	139,628	5,685	61,550	70,508	78,078
+ 2. Production facilities and machinery	974,896	-60,382	73,753	-5,651	24,244	1,006,860	54,244	566,394	436,478	440,466
+ 3. Working and office equipment	50,945	-2,920	15,238	-1,834	260	61,689	6,454	36,547	20,000	-25,142
+ 4. Construction in progress and advance payments on fixed assets	28,267	-2,630	41,653	-4,726	-26,973	35,591	0	328	27,809	35,263
= Subtotal	1,179,508	-69,244	144,468	-13,100	-2,136	1,243,768	66,383	664,819	554,795	578,949
<b>III. Franchises, patents, licenses, similar rights and licenses to such rights</b>	14,514	-1,635	4,919	-913	-2,183	14,702	2,396	6,591	8,083	8,111
+ <b>IV. Goodwill</b>	9,890	-96	3,639	0	55	13,488	1,023	3,512	7,351	9,976
+ <b>V. Advance payments on intangible assets</b>	10	0	596	0	-8	598	0	1	10	597
= Subtotal	24,414	-1,731	9,154	-913	-2,136	28,788	3,419	10,104	15,444	18,684

\* thereof changes within the consolidation structure

39,546

\* thereof share of profit of equity-consolidation

3,198

12,451

1,783

## consolidated financial statements 2003

This English version of Marquard & Bahls' financial statements for 2003 is derived from the original German financial statements. Reclassifications are made in the balance sheet as well as in the profit and loss account in order to present statements in a format more familiar to international readers. They were not restated in compliance with International Accounting Standards or Generally Accepted Accounting Standards in the US.

The notes to the financial statements are not translated word-for-word but contain all necessary and material information in order to give a true and fair view into Marquard & Bahls' net assets, financial position and results.

### financial statements 2003 Ⓞ scope of consolidation

The consolidated financial statements are prepared in accordance with German accounting principles. All national and foreign subsidiaries in which Marquard & Bahls AG directly or indirectly has a legal or effective control are consolidated.

34 subsidiaries are not consolidated as these companies, individually or jointly, are not significant for presenting a true and fair view of the net worth, financial position or results of the group. Due to the consolidation of one subsidiary for the first time there was a negative effect on Marquard & Bahls' group result of 9,9 million €. The influence on Marquard & Bahls' net assets and financial position was not material.

Investments in associated companies are generally accounted by using the equity method.

### financial statements 2003 Ⓞ principles of consolidation and foreign currency translation

The foreign financial statements are, insofar as necessary, adapted to German legal requirements. They are converted using the exchange rate at the balance sheet date. The profit and loss accounts are converted using the annual average exchange rate in Euro with the exception of depreciation and adjustments, changes in reserves and of the annual result.



Capital consolidation is made by eliminating the book value of participations with the proportionate equity of subsidiaries. Intercompany receivables and payables as well as income and expenses within the group are eliminated, except for minor differences. On consolidation adjustments which effect net income deferred taxes are calculated with a tax rate of 40%. Deferred tax assets on such consolidation adjustments are recognized for the first time.

### financial statements 2003 Ⓞ principles of accounting and valuation

Receivables are valued conservatively, taking into account their credit risk. Unhedged foreign currency receivables are converted at the rate prevailing on the transaction date or the rate on the balance sheet date, whichever is lower. Inventories are carried at the lower of cost or market price.

Financial assets are generally valued at acquisition cost. They include subsidiaries which are not consolidated as well as associated companies which mainly are taken into account by using the equity method of accounting. Amortization was booked where a reduction in the book value on the balance sheet date was deemed necessary.

Property, plant and equipment are mainly subject to straight-line depreciation.

Intangible assets are carried at acquisition cost and are amortized over their estimated useful lifetimes.

Liabilities are stated at their repayable amount, annuities are assessed at their present value. Other accrued liabilities include reasonable and sufficient allowances for all perceivable risks and uncertain liabilities.

financial statements 2003  
 notes to the consolidated balance sheet

1) treasury stock

The own stocks (37.0 million €) which the company had acquired in the previous year, were redeemed in 2003.

2) receivables

RECEIVABLES (T€)	2003	2002
Trade receivables	330,012	426,405
+ Receivables owed by subsidiaries <i>(thereof trade receivables)</i>	4,991 (659)	4,384 (189)
+ Receivables owed by related companies <i>(hereof trade receivables)</i>	4,637 (1,450)	11,166 (6,985)
+ Other receivables	36,699	53,331
= Total	376,339	495,286

Other receivables mainly consist of receivables from tax and customs duty authorities (19.6 million €; last year: 15.0 million €). Furthermore the other receivables contain 7.9 million € due to an equity guarantee which was given in connection with the acquisition of a subsidiary in 2003. The final amounts depend on the result of an adjudication proceeding, which was not finished in the time of preparing these financial statements.

3) inventories

INVENTORIES (T€)	2003	2002
Raw materials and supplies	2,682	1,604
+ Goods and finished work	160,658	127,517
+ Advanced payment made	3,003	3,874
= Total	166,343	132,995

The inventories are mainly held by trading companies.

4) property, plant and equipment

Additions to property, plant and equipment mainly resulted by investments in the tank terminal sector.

5) other assets, net of amortization

OTHER ASSETS, NET OF AMORTIZATION (T€)	2003	2002
Franchises, patents, licenses, and similar rights, and licenses to such rights	8,708	8,093
+ Goodwill	9,976	7,351
+ Other receivables with a term of more than one year	3,695	3,967
= Total	22,379	19,411

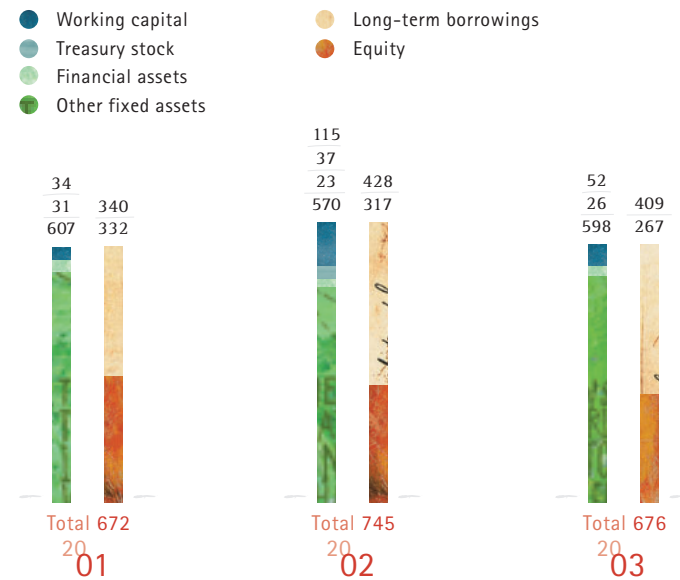
6) current liabilities

CURRENT LIABILITIES (T€)	2003	2002
Notes payable to banks	14,114	47,576
+ Trade payables	306,493	247,008
+ Liabilities due to affiliated companies <i>(thereof trade receivables)</i>	2,387 (395)	2,263 (1,483)
+ Current maturities of long-term debts	117,546	54,392
+ Accrued income taxes	17,632	14,004
+ Other accrued liabilities	47,670	102,643
+ Other liabilities and deferred credits	163,526	184,850
= Total	669,368	652,736

Other accrued liabilities comprise reserves for delivery obligations and for outstanding costs in connection with pending business transactions and other risks.

Other liabilities mainly consist of liabilities to tax and customs duty authorities (141 million €; last year: 166 million €) and of liabilities accompanying social security (3 million €; last year: 3 million €).

DEVELOPMENT STRUCTURE OF ASSETS AND CAPITAL (in million €) 2001-2003



7) longterm accruals and deferred liabilities

LONGTERM ACCRUALS AND DEFERRED LIABILITIES (T€)	2003	2002
Deferred income taxes	22,584	20,622
+ Provisions for demolition and dismantling costs	22,113	19,611
+ Pension reserves and deferred compensation	26,257	24,161
+ Special reserves, not taxable until use or liquidation	0	3,632
<b>Total</b>	<b>70,954</b>	<b>68,026</b>

8) number and class of stock

The nominal capital of 75,000,000 € is divided into 2,500,000 no-par-value bearer stocks.

9) commitments and contingencies

A portion of the liabilities is secured by chattel mortgage of fixed asset items, assignment of claims and inventories and by money deposits. Bank guarantees are secured by chattel mortgage of inventories, assignment of claims and pledging of bank balances (fixed deposits, not freely disposable). Group companies have longterm commitments of approximately 19 million € annually for rent, leases and leaseholds. More than 91 million € in investments were approved in 2003 and at the beginning of 2004.

notes to the consolidated statement of income

10) sales and services (excl. mineral-oil taxes)

SALES AND SERVICES (EXCL. MINERAL-OIL TAXES) (in T€)	2003	2002
Oil trade	4,047,220	3,737,977
+ Tank storage facilities	238,122	243,046
+ Other	34,942	11,237
<b>Total</b>	<b>4,320,285</b>	<b>3,992,260</b>

11) interest income

Interest income arises mainly on bank balances.

12) other income

Other income includes reductions in accruals, foreign exchange gains, compensation payments and other revenues.

13) extraordinary result

Extraordinary result contains expenses of 7.9 million € for previous year's adjustments in a subsidiary which was acquired in 2003. In connection with these previous year's adjustments an amount of 7.9 million € was booked as income from a claim on an equity guarantee.

**14) operating, selling, general, and administrative expenses**

Operating, selling, general and administrative expenses mainly consist of personnel costs, freight charges, storage costs, indemnification costs, travel expenses and legal and consultancy fees.

**15) structure of employment**

EMPLOYEES	2003 Dec. 31,		2002 Dec. 31,	
	number	%	number	%
Hourly wage employees	888	50	783	50
+ Salaried employees	883	50	776	50
= Total	1,771		1,559	

DIVIDED IN REGIONS	2003 Dec. 31,		2002 Dec. 31,	
	number	%	number	%
America	466	26	448	29
+ Asia	109	6	108	7
+ Europe	489	28	446	28
+ Germany	707	40	557	36
= Total	1,771		1,559	

DIVIDED INTO COMPANIES	2003 Dec. 31,		2002 Dec. 31,	
	number	%	number	%
Marquard & Bahls AG	103	6	93	6
+ Mabanaft	523	29	380	25
+ Oiltanking	1,114	63	1,064	68
+ Other	31	2	22	1
= Total	1,771		1,559	

Furthermore Marquard & Bahls employed 753 in the Republic of Moldova.

**16) interest expenses**

Interest expenses have been paid on investment loans in the tank terminal sector as well as for funds raised for future investments.

**17) other taxes**

Property taxes, ad valorem tax, federal excise taxes, as well as other taxes not based on income, are shown as other taxes.

the executive board of the Marquard and Bahls Aktiengesellschaft consists of:

- ⊙ Hellmuth Weisser (Chairman), Hamburg (until June 30, 2003)
- ⊙ Wim Lokhorst (Chairman) Seevetal (from July 1, 2003, formerly: Chairman of tankfarm sector)
- ⊙ Dr. Claus-Georg Nette (Chairman of administration), Hamburg

the members of the supervisory board of Marquard & Bahls Aktiengesellschaft are:

- ⊙ Hellmuth Weisser (Chairman from July 1, 2003), Hamburg
- ⊙ Rolf Kirchfeld (Chairman until June 30, 2003), Hamburg
- ⊙ Nikolaus W. Schües (until June 30, 2003), Hamburg
- ⊙ Dr. Klaus Asche, Hamburg

Wim Lokhorst

Dr. Claus-Georg Nette

Marquard & Bahls Aktiengesellschaft, Hamburg, June 11, 2004



## financial statements 2003

### © auditor's opinion

We have audited the consolidated financial statements and the group management report prepared by Marquard & Bahls Aktiengesellschaft for the business year from January 1, to December 31, 2003. The preparation of the consolidated financial statements and group management report in accordance with German commercial law are the responsibility of the Company's Executive board. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with § 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluation of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined, primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.



Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting.

On the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development.

*Dr. Wawrzinek*  
(Auditor)

*Driesch*  
(Auditor)

*Susat & Partner OHG Wirtschaftsprüfungsgesellschaft,*  
Hamburg, June 11, 2004





marquard & bahls ag  
Hamburg, Germany

mabanaft gmbh & co. kg  
Hamburg, Germany

oil trading  
international

- Mabanaft International GmbH  
Hamburg, Germany
- Mabanaft Inc.  
Darien, Connecticut
- Matrix Marine Fuels L.P.  
Houston, Texas

oil trading  
germany

- Mabanaft Deutschland GmbH & Co. KG  
Hamburg, Germany
- Mineralölvertrieb Hameln GmbH & Co. KG  
Hameln, Germany

oil trading  
northwestern europe

- Mabanaft BV  
Rotterdam, Netherlands
- Mabanaft Limited  
London, Great Britain
- Mabanaft Schweiz AG  
Basel, Switzerland

oil trading  
southeastern europe

- Mabanaft Austria GmbH & Co. KG  
Wien, Austria
- Mabanaft Hungary Kft.  
Budapest, Hungary
- Mabanaft Moldova SRL  
Chisinau, Moldova
- Tirez Petrol SA.  
Chisinau, Moldova

oil trading  
service stations

- OIL! Tankstellen GmbH  
Hamburg, Germany
- Wilhelm Grönwoldt Tankstellen GmbH & Co. KG  
Hamburg, Germany
- OIL Tankstellen GmbH  
Wien, Austria
- OIL! Tankstellen AG  
Rüti, Switzerland

oil trading  
heating-oil end users

- Behrmann Mineralölhandel GmbH  
Langwedel, Germany
- Benol Energieservice GmbH & Co. KG  
Frankfurt/Main, Germany
- Böttcher Energie GmbH & Co. KG  
Regensburg, Germany
- B.W.O.C. Limited  
Weston-super-Mare, Great Britain
- Deglmann Energie GmbH & Co. KG  
Weiden/Oberpfalz, Germany
- Digol Energieservice GmbH  
Künzell, Germany
- Kaiser Söhne Mineralöle GmbH & Co. KG  
Amsberg, Germany
- Klindworth-Kronol Energie GmbH & Co. KG  
Hamburg, Germany
- Klümpen Mineralöle GmbH  
Aschaffenburg-Leider, Germany
- Lipps Mineralöle GmbH  
Hagen, Germany
- Mühlenbruch Stinnes GmbH & Co. KG  
Bremen, Germany
- NEWCo Neue Energie- und WärmeConzepte GmbH  
Hiddenhausen, Germany
- Staak Pooltankstellen GmbH  
Hamburg, Germany
- Manfred Mayer MMM  
Mineralöl Vertriebsgesellschaft m.b.H.  
Neudörf, Austria
- Benol-Reinle AG  
Rüti, Switzerland

energy services  
contracting

- Proenergy Contracting GmbH & Co. KG  
Bochum, Germany
- WGB-Wärme GmbH & Co. KG Berlin  
Berlin, Germany
- Pro Energy Contracting GmbH & Co. KG  
Wien, Austria
- Cothec Energetikal Üzemeltető Kft.  
Győr, Hungary

oiltanking gmbh  
Hamburg, Germany

tank terminals  
europe

- Oiltanking Deutschland GmbH & Co. KG  
Hamburg, Germany
- Oiltanking Amsterdam B.V.  
Amsterdam, Netherlands
- Oiltanking Antwerp N.V.  
Antwerpen, Belgium
- Oiltanking Bulgaria AD.  
Varna, Bulgaria
- Oiltanking Copenhagen A/S  
Copenhagen, Denmark
- Oiltanking Ghent N.V.  
Ghent, Belgium
- Oiltanking Hungary kft.  
Budapest, Hungary
- Oiltanking Malta Ltd.  
Birzebuggia, Malta
- Oiltanking Sonmarin Oy  
Helsinki, Finland
- Oiltanking Tallinn AS  
Tallinn, Estonia
- Oiltanking Terneuzen B.V.  
Terneuzen, Netherlands

tank terminals  
america

- Oiltanking Houston L.P./LLC  
Houston, Texas
- Oiltanking Technoconsult  
Caracas, Venezuela
- Oiltanking Beaumont Partners L.P.  
Houston, Texas
- Oiltanking Ebytem S.A.  
Buenos Aires, Argentina
- Compañia Logistica de Hidrocarburos (CLHB)  
La Paz, Bolivia
- Oiltanking Mexico S. de R.L. de C.V.  
Mexico City, Mexico
- Concorcio Terminales  
Lima, Peru
- Oiltanking Pecém Ltd.  
Rio de Janeiro, Brazil

tank terminals  
asia

- Oiltanking Singapore Ltd.  
Singapore
- Oiltanking Seraya Pte. Ltd.  
Singapore
- Oiltanking Odfjell Terminal Singapore Pte. Ltd.  
Singapore
- Indian Oiltanking Ltd.  
Mumbai, India
- Zuari Indian Oiltanking Ltd.  
Goa, India
- Oiltanking Daya Bay Co. Ltd.  
Huizhou, China

skytanking holding gmbh  
Hamburg, Germany

aviation services  
international

- Skytanking München GmbH & Co. KG  
Hamburg, Germany
- Skytanking USA Inc.  
Wilmington/Delaware, USA
- Merlin Fuel N.V.  
Oostende, Belgium

other

other  
germany

- GEE Gesellschaft für Erneuerbare  
Energien mbH  
Hamburg, Germany
- GMA GmbH & Co. KG  
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## + colophon

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feel

ARQUARD &

Bahls Group -  
to HAVE 2 fine  
instinct for  
BUSINESS

WUNKLER