

GROUP FIGURES	2002 million €	2002 million US \$	2001 million€	2000 million€
++ MARQUARD & BAHLS				A
+ Consolidated revenues				A Service
(petroleum tax deducted)	3,992	4,189	4,071	3,548
+ Cash flow	94	99	121	97
+ Income before income taxes	61.3	64.3	73.2	70.3
+ Net income	33.4	35.0	40.6	43.6
+ Fixed and financial assets (Book value)	593	622	638	468
+ Equity	317	333	332	291
+ Employees	1,559		1,464	941
++ MABANAFT				
+ External Sales (in million t)	13		12	10
++ OILTANKING	1			
+ Tank capacity (in million cbm, April 2003)	9.7		9.6	9.5
+ Throughput (in million t)	85		83	70
	-11			100

CLOSE CO-OPERATION AND
RAPPORT BETWEEN SHAREHOLDERS,
MANAGEMENT AND EMPLOYEES IS
THE ESSENCE OF OUR CONTINUING
SUCCESS.

Since its founding in 1947, Marquard & Bahls has been privately held, and the CEO has been a member of the shareholding family. This type of ownership ensured a solid commitment to the growth of the business by shareholders and close identification by all stakeholders with the company.

On July 1, 2003, Wim Lokhorst will take over as the fourth CEO of Marquard & Bahls – the first non-shareholder in this position. Hellmuth Weisser, after 22 years as CEO, will become chairman of the supervisory board. – Taking this position at age 56 will enable Weisser to provide the necessary long-term continuity and cohesion for a smooth transition of a mature company to more conventional forms of management.

However, we shall maintain to our tradition of being independent, sound and individual.

The illustrations in this report will take you through our history and will open a window to our

++ PAST ++ PRESENT ++ FUTURE ++

++ THE WILL TO PERSEVERE IS

THE BASE TO OUR SUCCESS ++

++ CONTENTS ++

TIONS ++ THINK THE UNTHING

++ RESPONSIBLE RISK TAKING

#### 5 +++ THE STATE OF THE CORPORATION

Asset-based, physical oil trading and third-party commercial storage for oil, chemicals, and other bulk liquids are the pillars for our continuing strong profitability.

Integrating into adjacent markets and products will expand and secure our continuing growth.

#### 13 +++ OIL TRADING

As the leading independent importer and wholesaler in north-western Europe, Mabanaft – Marquard & Bahls' trading division – provides essential market liquidity. Internationally, Mabanaft acts as a cargo trader with a special focus on Eastern Europe. Through its subsidiary, Matrix Marine Fuels, Mabanaft provides first-class bunker service in the Gulf of Mexico.

#### 2 I +++ TANK TERMINALS

Oiltanking, Marquard & Bahls' bulk-storage division, owns and operates independent terminals for oil, chemicals, bulk liquids and gases. Outstanding customer service has established Oiltanking as the partner of choice on a world wide scale. We will be making major investments in the expansion of our chemical-storage network.

#### 33 +++ RETAIL SERVICES

To support our trading organization and to reap the benefits of our in-house expertise, Marquard & Bahls continues to invest in retail businesses.

#### 37 +++ AVIATION SERVICES

To meet the challenge of a rapidly changing market for aviation fueling, Marquard & Bahls created Skytanking International in Fort Lauderdale, Florida. In Europe, Skytanking offers aviation fueling in Munich and Ostend.

#### CLOSE CO-OPERATION AND

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BLE - ACT WITH PRUDENCE +

# 39 +++ RENEWABLE ENERGY

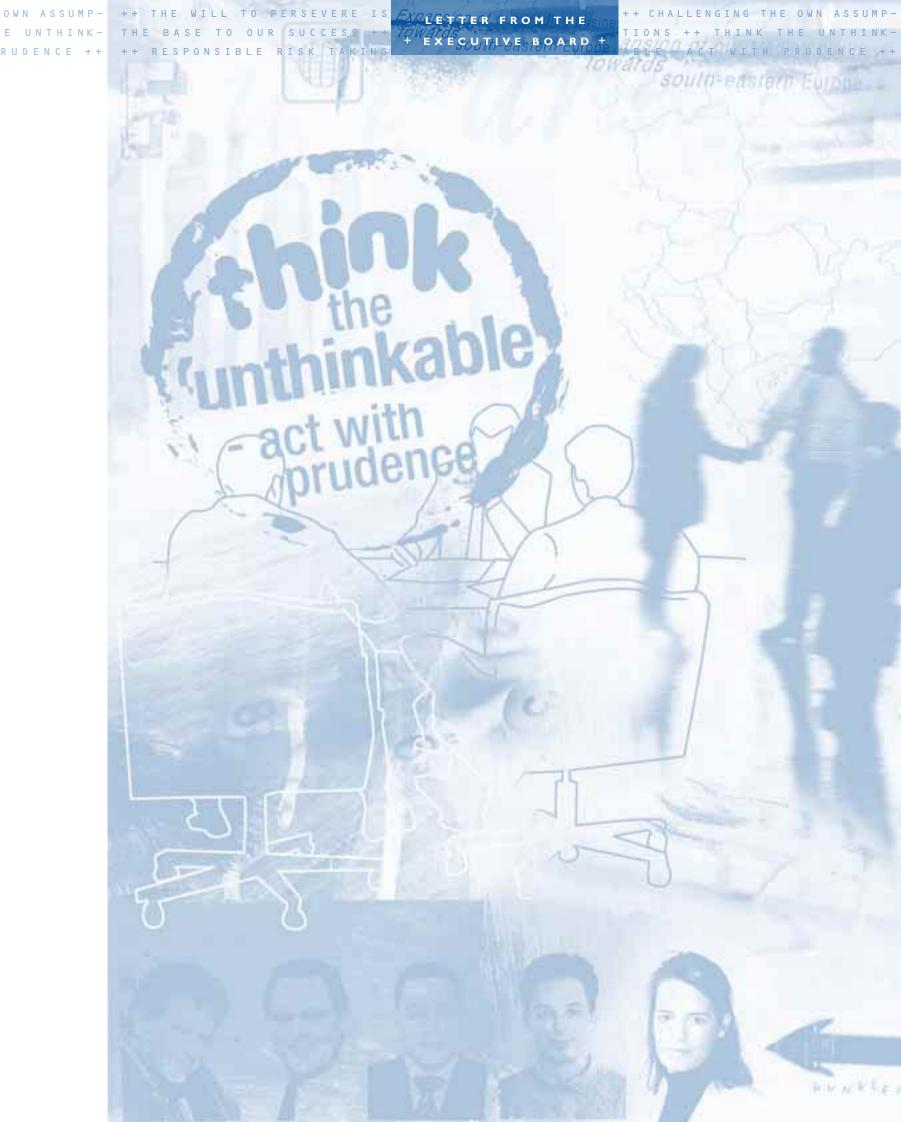
GEE, a recently founded subsidiary, will develop business opportunities in the rapidly growing field of renewable energy.

# 4 I +++ QUALITY, ENVIRONMENTAL AND SAFETY MANAGEMENT

High quality, environmental responsibility, and safety are cornerstones of our corporate governance. An in-house, state-of-the-art laboratory and our own team of experts safeguard the maintenance of our high standards.

44 +++ REPORT OF THE SUPERVISORY BOARD

45 +++ FINANCIAL STATEMENTS



GOVERNMENT REGULATIONS ARE
NEEDED TO IMPROVE THE SAFETY OF

MARITIME TRANSPORTATION.

As a strongly entrepreneurial company, we tend to prefer that governments be only minimally involved in the economy, and reducing regulations as much as possible. There are areas, however, where clear governmental direction is needed and where, indeed, we must insist that governments step in! – One of these areas is the safety of maritime transportation – a topic that touches nearly every facet of our business and concerns us as world citizens.

Three years after the devastating spill of the oil tanker "Erica" off the French coast, the breakup of the "Prestige" in November 2002 threatened the southwestern coasts of Europe. Then, as now, state governments and the European Union energetically announced a variety of restrictive measures and publicly placed all blame at the doorsteps of others. – We note, however, that nothing of substance happened then, – and we fear more of the same now. The hard fact is that only supranational governmental bodies can set the rules to ensure safe tanker operations – rules that we all have the duty to demand. Only government regulations offer the necessary transparency to ensure the integrity of ships. Such transparency is needed to permit knowledgeable and responsible decision making by market participants in the execution of their daily duty to supply society with energy.



++ CREATING THE FUTURE IN
AN ACTIVE WAY ++

TIONS ++ THINK THE UNTHINK-

BLE - ACT WITH PRUDENCE +

At the beginning of this decade, we saw increasing concern about security of supply. Surprisingly, however, the political discussion has withered away, despite the ever-growing political tension in the Middle East. We urge policy makers to revive the debate on this issue – not only for oil, but also for all primary energy sources.

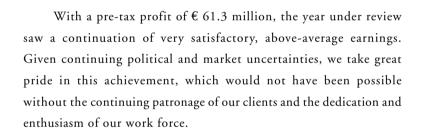
Renewable or biogenic energies are all the rage – and for good reason. However, political and industrial decision makers must carefully analyze costs vs. benefits and, even more importantly, scrutinize the ecological benefit of all proposed measures or schemes.

Executive Board Marquard & Bahls AG April 2003

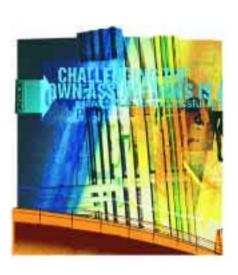
Hellmuth Weisser Wim Lokhorst Dr. Claus-Georg Nette



# CONTROLLED RISK PROFILES AND PERSEVERANCE IN POLITICAL CRISIS YIELDED CONTINUING HIGH PROFITABILITY.



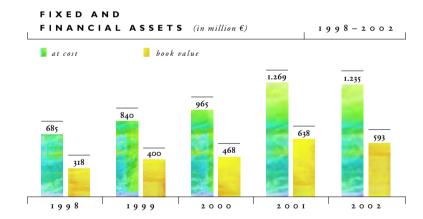
In the face of an ever-escalating political crisis in the Middle East and the resulting increased oil prices – contrary to the underlying fundamentals – our trading subsidiaries kept a very low risk profile. That we still managed to increase our volume and return handsome profits underlines the fundamental strength of our asset-based physical trade. Mabanaft today continues to be the leading provider of market liquidity in the northwest European market, in addition to its position as the leading independent importer and wholesaler. – In the year under review, Mabanaft's strategy has been confirmed and updated. Besides continuing to bolster our home base through further downstream integration, Mabanaft will make a robust increase in its product and geographic base.



+ + CHALLENGING THE OWN
ASSUMPTIONS + +

The default of Argentina at the very beginning of 2002 posed a severe challenge to Oiltanking's expansion policy in South America and developing countries in general. The situation was exacerbated by economic and political uncertainties in Peru and Bolivia and the situation in Venezuela ended the year on a similar note. Despite these difficulties, all of our subsidiaries in these countries returned reasonable profits. Our special thanks go to all of our colleagues who persevered under difficult political and personal circumstances. — The good results achieved by Oiltanking in the face of all these challenges confirm the wisdom of our strategy to pursue further growth in our established markets, as well as in developing or newly liberalized economies.

As important as the continuation of high profitability is the groundwork that Marquard & Bahls laid in 2002 through new investment of more than €/\$ 100 million.





++ DR. CLAUS-GEORG NETTE,
CHAIRMAN OF ADMINISTRATION ++

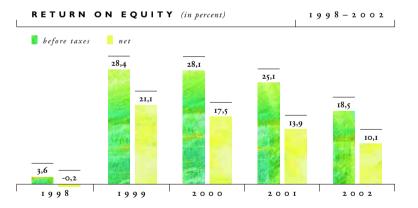
#### ++ HIGHLIGHTS 2002 ++

- + + Continuing high profitability in all major Marquard & Bahls divisions.
- + + Completion of Oiltanking's 168-km, 30 inch pipeline project in Argentina, notwithstanding the difficult political and social conditions.
- + + Repositioning of Oiltanking's Houston facility as the premier import terminal for crude, chemical feedstock, and LPG.
- + + Signing of a contract for a new green-field chemical terminal in Terneuzen, Netherlands.
- + + Launching of two expansion projects at our Amsterdam terminal in the Netherlands, pushing the terminal to more than 1 million cbm (6.29 million bbl).
- + + Launching of two chemical projects at our Antwerp terminal in Belgium.
- + + Launching of two new terminal projects in Chennai and Goa, India.
- + + Signing of a joint-venture contract for project evaluation in Mexico.
- + + Negotiation of the first-ever, 10-year, pipeline-throughput contract for Mabanaft in Germany.
- + + Laying the foundation for Mabanaft's asset-based expansion into southeastern Europe.
- + + Successfully completing due-diligence procedures for the purchase of one of Germany's leading heating contractors (contract signature Feb. 2003).
- + + GEE-our new subsidiary for renewable energies-will initially concentrate its efforts on the bio mass market.
- + + Establishing Skytanking as the sole aviation fueling company in Ostend, Belgium one of Europe's largest freight-dedicated airports.

#### ++ FINANCIAL HIGHLIGHTS ++

With consolidated pre-tax profits of € 61.3 million (€ 73.2 million/ 2001) the year under review saw a continuation of above-average earnings. At € 112 million, investments likewise maintained their high levels, outpacing depreciation of € 65 million (€ 68 million/2001).

In pursuing our strategy of growth, we take considerable care to stay within our self-imposed financial parameters, which require that all property, plant, and equipment be covered by 30 percent shareholders' equity – after deducting ample working-capital funds (€ 50 million) for our trading operations. - Given political and economic uncertainties, we took particular care to secure our credit requirements long term through either direct borrowings or long-term stand-by facilities. - As a matter of corporate principle, all liabilities are included in the consolidated financial statements. Off-balancesheet financing is not and will not be a part of our company culture.



The book value of fixed assets of € 555 million corresponds to 47 percent of the original purchase values. A conservative depreciation policy is responsible for considerable reserves in our book values.

At year-end net shareholders equity amounts to € 317 million (€ 332 million/2001). This decrease was caused by the continuing change in currency.

The results of the non-consolidated income statement of Marquard & Bahls AG, which are strictly a function of internal dividends and holding costs, were € 15.7 million pre-tax (€ 21.2 million/2001).

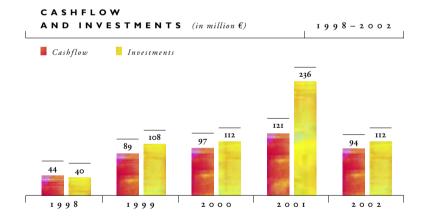


++ SEIZE THE OPPORTUNITIES
WITH BOTH HANDS ++

#### ++ 0UTL00K 2003 ++

"The art of forecasting the price of oil remains – as always – an enigma." (Annual Report 2001). Given the political and military uncertainties at this writing, an attempt at forecasting would be totally irresponsible. – At Marquard & Bahls, we shall continue to pursue our policy of prudent, responsible risk taking, while following our strategy of controlled growth – within our existing lines of business and into adjacent activities. We are convinced that our diversified geographic and product mix empowers us to keep on course despite political turbulence.

The continuing concentration taking place in the European energy business will accelerate our trading strategy to expand Mabanaft's geographic and product base.



IONS ++ THINK THE UNTHINK-

Our purchase in early 2003 of one of Europe's leading companies in the field of energy contracting opens the way to a much more broadly based energy business for Marquard & Bahls.

Oiltanking will continue to expand its existing plants and operations. By far one of the most exciting opportunities is the huge Mexican energy market, which has begun to open at the fringes and is crying for investment. Through a recently concluded joint venture with a local partner, we are prepared to contribute to the development of this emerging market.

Renewable energy – despite its many pitfalls – opens a wide field of opportunities for an entrepreneurial company such as ours. We certainly are not the pioneers in this field, but with the original hype settled, we see the opportunity for prudent, profit-oriented business decisions.

The opening of Skytanking USA in Fort Lauderdale, Florida, creates the base for establishing our aviation fueling business in the United States, the largest aviation market in the world.





++ THE WILL TO PERSEVERE IS
THE BASE TO OUR SUCCESS ++

++ CHALLENGING THE OWN ASSUMP ++ OIL TRADING ++ THINK THE UNTHINK G OUTSI ABLE - ACT WITH PRUDENCE +-

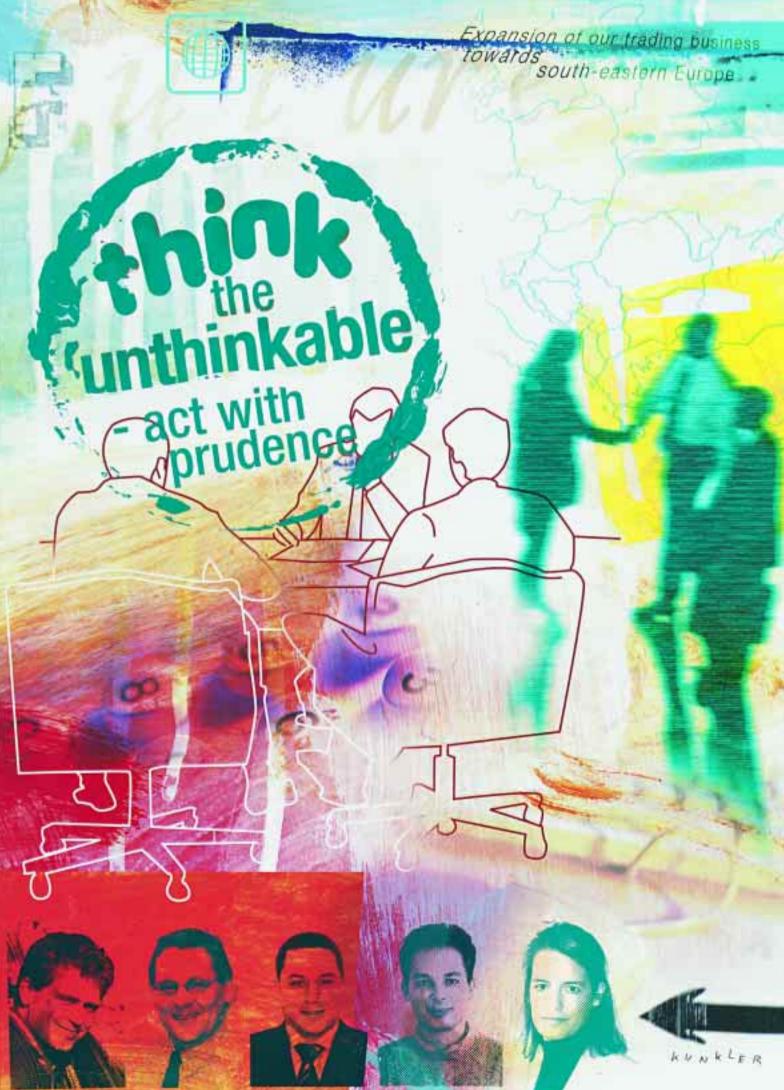
AN EXTENDED REGIONAL ASSET BASE REAPED HANDSOME PROFITS IN THE FACE OF POLITICAL UNCERTAINTIES.



++ THEODOR WEISSER, FOUNDER
OF MARQUARD & BAHLS ++

Mabanaft is the leading provider of market liquidity in the northwest European oil market – in addition to its position as the leading independent importer and wholesaler. With the continuing trend of market concentration and mega-mergers, Mabanaft's position as one of the few remaining independent conduits for imported and locally refined products to all levels of demand has become increasingly important. Our long-held conviction that successful trade can be conducted only with a strong and diverse asset base has been fully vindicated.

Mabanaft serves its business partners through an enhanced European network of 40 offices and 100 delivery points. Our business ranges from the international cargo market to imports, regional wholesale, and local distribution. Not being tied to any particular supplier, we are well positioned to serve the full range of market participants.



Responding to shrinking demand for oil in Europe and North America and a declining number of market participants, Mabanaft accelerated its strategy of regional and product expansion. In 2002, Mabanaft successfully established a diverse network in southeastern Europe that stretches from Austria via Hungary as far as Moldova and Turkey.

To cope with the increasing demand on management resources the management of Mabanaft GmbH - the sub-holding company for all of our trading companies - has been strengthened and separated from Marquard & Bahls' overall corporate management. A new business-development center is coordinating Mabanaft's expansion drive. - And a recently launched training program will create new opportunities for young men and women to launch their careers with Mabanaft.

The year under review was difficult for Mabanaft as conflicting market fundamentals and political developments created extreme levels of uncertainty and anxiety. A very conservative risk profile was our answer to this potentially deadly cocktail. That we managed to increase our trade volume and still achieve satisfactory profits pays high tribute to the resilience of our trading colleagues. - We are especially pleased that our international cargo trade, which by nature has higher outright risk potential than domestic business, performed particularly well.

++ THE WILL TO PERSEVERE IS
THE BASE TO OUR SUCCESS ++
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ABLE - ACT WITH PRUDENCE ++ ++ RESPONSIBLE RISK TAKING

#### ++ PIPELINE TRANSPORTATION ++

Historically in most of Europe, independent traders have had no or very limited access to major pipeline networks. The competitive disadvantage needs no further explanation. In the wake of the recent mega-mergers in Germany, Mabanaft succeeded in closing a 10-year contract for the continuous transportation of middle distillates and gasoline on the RMR pipeline, which connects Rotterdam with the large consumption centers in Germany's industrial heartland.

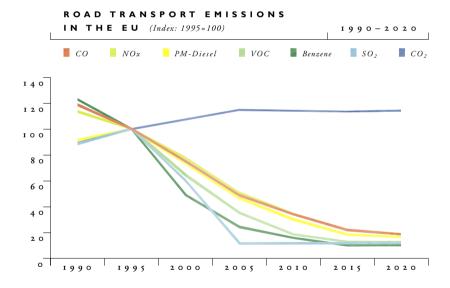


++ PARTICIPATION IN THE CREATION
OF THE ROTTERDAM SPOT MARKET ++

#### ++ GREENING OF THE PRODUCT SLATE ++

Prompted by growing environmental concerns the European Union has tightened product standards continuously over the years. The latest culmination of this ongoing effort was the introduction of 10-ppm-sulfur automotive fuels in Germany at year-end 2002. Although this changeover posed a considerable challenge to our sourcing and logistics network, Mabanaft successfully supplied the new product to all our clients without delay.

It is unfortunate that the considerable effort and cost incurred by industry over the years in situations like this are so little recognized in the public debate.



Mabanaft + 26 +

++ THE WILL TO PERSEVERE IS THE BASE TO OUR SUCCESS ++

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+ RESPONSIBLE RISK TAKINO

++ CO-OPERATION BETWEEN INDEPENDENTS
COULD YIELD HIGH BENEFITS ++

Traditionally, independents are exactly that – an independent lot trusting only their own strengths and suspicious of like-minded competitors. Given the increasingly competitive environment, we are convinced that considerable synergies could be realized if independents would explore venues of co-operation. Mabanaft is following this route in Germany and Switzerland with promising results. Given the individual nature of the various businesses involved, there is no single recipe that can serve all purposes. – Every co-operative effort must be tailor-made to suit the particular circumstances. Mabanaft and its retailing organizations are actively engaging other independents to recognize the compelling merits of joint efforts.

++ STRONG MARKET PENETRATION IN THE
UK AND SUCCESSFUL REVITALIZATION IN
THE BENELUX COUNTRIES AND SWITZERLAND ++

Mabanaft Ltd. – our U.K. subsidiary based in London and one of the leading independent suppliers – has gradually developed a supply position that is the equal of Mabanaft in Germany. Again, our success is based on an extensive logistics network and close attention to our customers' particular needs.



Mabanaft has successfully revitalized its trading offices in the Benelux countries and Switzerland. In co-operation with other parts of the trading group, it could reclaim a strong market position. Mabanaft will continue to enhance its market penetration through additional acquisitions and hardware.

# ++ HEAT CONTRACTING OPENS THE WAY TO

At the end of 2002, Mabanaft successfully completed duediligence procedures for the take-over of Viterra Contracting GmbH - one of Europe's leading providers of energy contracting. A final contract was signed February 7, 2003, and the share transfer became effective January 1, 2003. In addition to our existing business, Mabanaft will provide about 300 mw per annum in heating services in Germany, Austria and Hungary. Mabanaft sees this business as highly profitable in itself, as well as a base for further energy trading.



+ + EXTENSION OF THE CONTRACTING BUSINESS ++



OILTANKING - A VALUED, FIRST-CLASS SERVICE

PROVIDER - OWES ITS CONTINUING SUCCESS TO

THE ENTHUSIASM OF ITS SHAREHOLDERS.

2002 was another good year for Oiltanking. Satisfactory rates, high throughputs and nearly full utilization of our spot capacities were the foundations for the good results. However, this continuing success would not have been possible without the high degree of motivation and dedication among all of our Oiltanking crew members. Equally important was the continuing commitment of our shareholders to our pursuit of profitable growth.

After years of extraordinary growth, 2002 was a year of consolidation as well as further preparation for strategic positioning. Oiltanking will continue to focus on new projects in growth markets – in keeping with our human and financial resources.

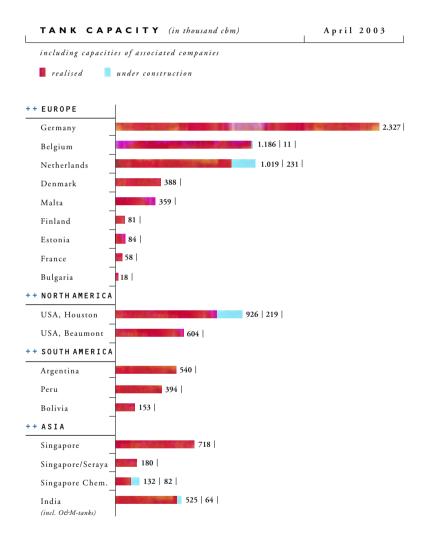
In 2002, Oiltanking further underpinned its first-class reputation as a strong, service-oriented provider of tank storage and logistics systems. Oiltanking is a valued partner for major oil and chemical companies that consider us as a part of their infrastructure and entrust to us key logistical tasks.



+ + WIM LOKHORST, CHAIRMAN
OF THE MARQUARD & BAHLS
EXECUTIVE BOARD (AS OF
JULY 1ST, 2003) ++

ASSUMP- ++ THE WILL TO PERSEVERE IS

At year-end Oiltanking operated 68 tank farms in 16 countries and employed 1,064 men and women. Tank capacity exceeded 9.6 million cbm (60 million bbl/2002). The throughput of 84.7 million tons (1.7 million bbl/d) slightly exceeded that of the previous year.



#### ++ OIL TANK TERMINALS ++

# ++ A TREND IN INDUSTRY AND TRADE TO LONG TERM COMMITMENTS UNDERPINS OILTANKING'S PROFITABILITY ++

European tank farms continued to contribute to Oiltanking's overall results. Our tank farms in Copenhagen, Denmark, and Malta - which depend heavily on spot business - were fully booked in 2002.

Our efforts to secure these locations, long term, continue to bear fruit. The installation in Copenhagen is close to securing a longterm contract with the Danish railways, and Malta is well booked far into 2003. This development confirms a growing trend we observe at all of our European installations. Traders increasingly value the availability of tankage, regardless of contango situations, and are willing to make medium- to long-term commitments. On the basis of longterm traders' contracts, we added 200,000 cbm (1.26 million bbl) to our Amsterdam installation. These additions will push our Amsterdam installation beyond 1 million cbm (6.3 million bbl), further strengthening Oiltanking's position in the ARA region.





#### + Oiltanking Germany +

After an excellent 2001, Oiltanking Germany saw a reduction in turnover during 2002, which it had anticipated. At the root of this decline were warmer temperatures, which reduced heating-oil consumption, and full consumer tanks. - In Germany, Oiltanking's strategy to integrate its network with the logistical requirements of major oil companies helped to ease the reduction in throughput.

# + Oiltanking Tallin +

In contrast, Oiltanking Tallinn had an extremely busy year, topping its previous record of 1.5 million tons with 1.7 million tons throughput. Three additional tanks and an extended rail discharge were commissioned at the end of the year to better serve our customers' needs.

#### + Oiltanking Houston +

The business of our two Houston operations has been focused on serving the growing market for crude-oil and chemical feed-stocks. In Jacinto Port, Oiltanking launched its largest ever expansion at this installation by constructing two new jetties for seagoing vessels with draft of as much as 45 feet and 220,000 cbm (1.4 million bbl) of tankage. Two 62,000 cbm (390,000 bbl) tanks will be the largest in the entire Oiltanking network. - We profitably sold our product terminal in Pasadena to our joint-venture partner.

## + Oiltanking Beaumont +

Oiltanking Beaumont was fully rented throughout the year and saw consistently high turnover. Our installation has been accepted rapidly by the market, not only as a crude facility, but equally for products and VGO. Due to this heavy demand, the modernization of this plant is an ongoing task. - In 2002 we installed a new control room and office building.

# + Oiltanking Singapore +

Oiltanking Singapore saw its most successful year ever. High throughput, coupled with a strong rate structure, produced this excellent result. Due to the continuing success of our second oil installation in Singapore - a joint venture with Power Seraya - capacity will be expanded in 2003. Thus, in 2002, Oiltanking strengthened its position as the leading logistics provider in Singapore.

#### + Indian Oiltanking +

Indian Oiltanking strengthened its position as one of the few successful foreign joint ventures in the Indian energy market. Besides its existing facility in Mumbai, Indian Oiltanking will, in 2003, commission its green-field tank farms in Goa and Chennai (LPG). Besides running its own terminals, IOT is increasingly successful in managing tank farms for third parties and offering oil-related engineering services. Indian Oiltanking takes special pride in having won two such contracts in Lagos, Nigeria and Mauritius.



+ + HANS-WERNER WEISSER, DURING HIS TIME AS CEO (1974-84) OILTANKING WAS LAUNCHED AS AN INDEPENDENT SERVICE PROVIDER ++

#### ++ THE LATIN AMERICAN REGION ++

# OILTANKING SUCCESSFULLY STORM BEFALLING SOUTH AMERICA ++

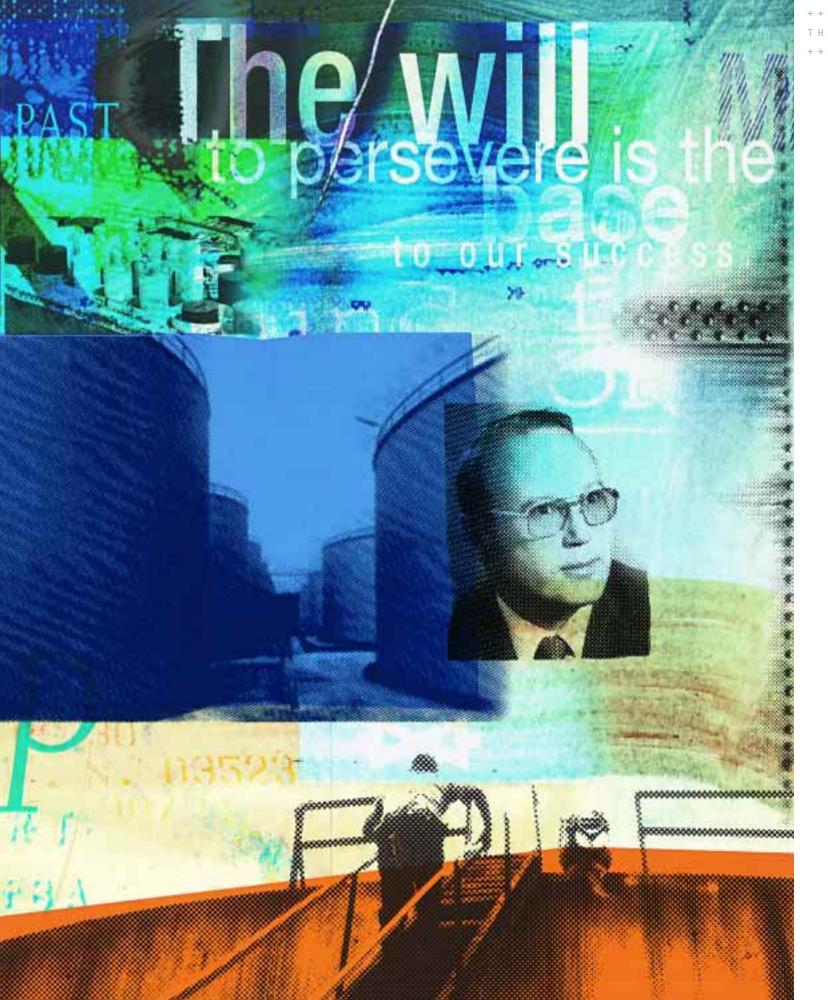
Oiltanking continues to be committed to South America, despite the generally difficult economic situation prevailing in the whole region – and the political difficulties in Argentina and Venezuela. We see great potential for our services in both Brazil and Mexico, where Oiltanking plans to commission at least two projects in 2003.

#### + Oiltanking Argentina +

In Argentina, Oiltanking successfully completed its "Tiger-Project" in the face of torrential flooding and dramatically changed economic conditions. "Tiger" connects our terminal in Puerto Rosales through an existing YPF pipeline, a new break-out tank farm, and a new 168-km, 30 inch pipeline with the Esso refinery in Campana. - In spite of the forced pesofication, Oiltanking succeeded in placing our Argentinean operations on a stable footing by successfully renegotiating long-term contracts.

#### + Oiltanking Bolivia +

Our efforts to restructure our operations in Bolivia are regaining new momentum after the recent elections. Government-controlled rates must be renegotiated to compensate for the vast investments required to rehabilitate the dilapidated installations that we took over from the state in 2000.



## + Oiltanking Peru und Oiltanking Venezuela +

Our joint ventures in Peru and Venezuela performed successfully in 2002. They are proof of our ability to operate first-class, efficient logistics services in a country that is privatizing its oil industry.

#### ++ CHEMICAL AND GASES ++

+ + NEW PROJECTS ENHANCE OILTANKING'S SERVICE CAPABILITIES FOR THE CHEMICAL INDUSTRY ++

#### + + BENELUX ++

Oiltanking's chemical tank farms faced a difficult industrial environment. Due to long-term contracts and close integration with chemical plants, our tank installations achieved more or less reasonable results.

Our Antwerp facility – purchased in 2001 – saw its integration into Oiltanking completed this year. The facility concentrated on strengthening its plant-specific marketing and adding to its LPG infrastructure in 2002. We also received permits for additional tankage and an additional jetty.

As in the previous year, Oiltanking Ghent produced good commercial returns. New installations for rail and truck loading further increased our service capabilities.

The signing of a long-term contract with Dow Chemical to construct a green-field chemical terminal in Terneuzen, Netherlands, represents a further important corner-stone in Oiltanking's strategy to bring its chemical network up to par with our oil installations. – As do all of our installations, Oiltanking Terneuzen will manage its facilities as an independent operator serving Dow Chemical, as well as third-party customers. The first phase will comprise 156,000 cbm (982,000 bbl) and will be commissioned at the end of 2004.

The three world-class chemical terminals in Antwerp, Ghent, and Terneuzen will offer a service network on the Schelde River estuary satisfying the most exacting customer needs.

#### ++ FINLAND AND BULGARIA ++

Our chemical installations in Finland and Bulgaria also saw further upgrading. The Varna, Bulgaria terminal constructed an additional sulfuric-acid tank and completed a pipeline connection to an adjacent fertilizer plant. – Kotka, Finland, added an automatic truckloading facility and integrated further into the Finish market, in addition to serving our transit customers.



#### ++ SINGAPORE ++

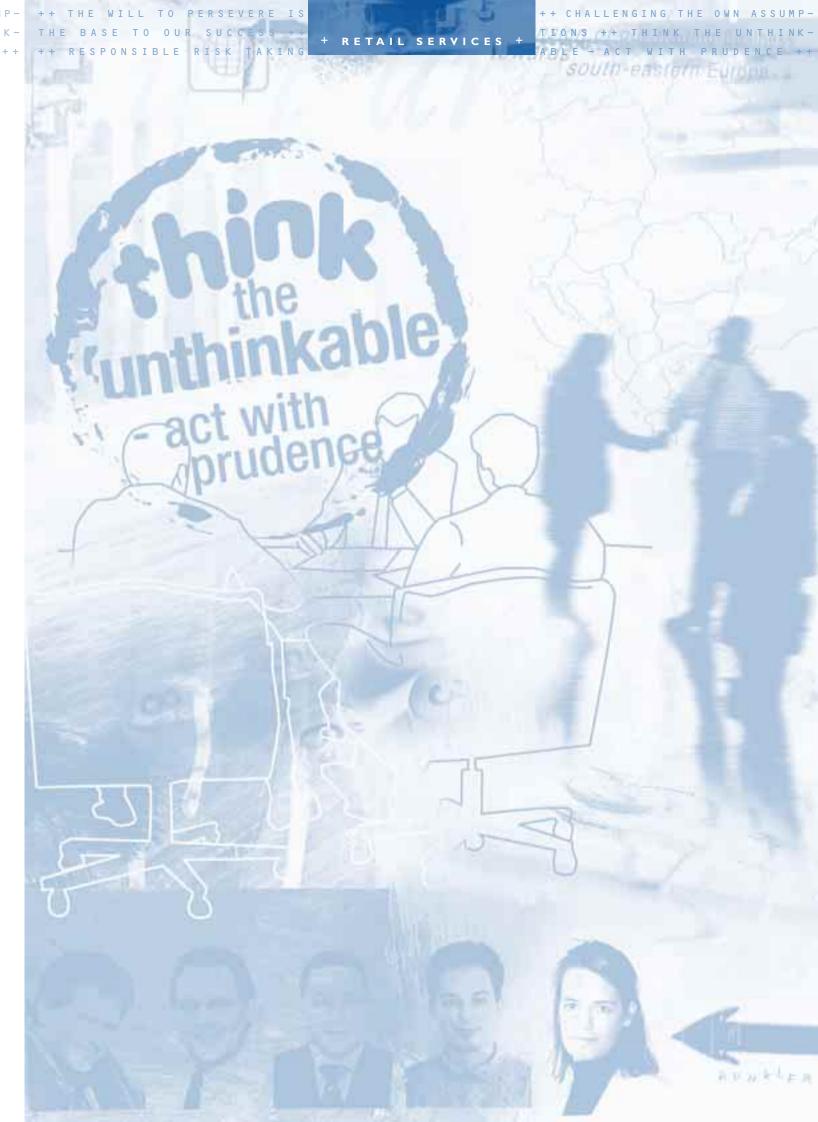
Our joint venture Oiltanking Odfjell Terminal Singapore saw its first year of full operation. Although third-party business commenced in 2001, the tanks serving an adjacent chemical plant were commissioned in 2002. Due to favorable market reception, we will enhance our position on Jurong Island by increasing OOTS capacity from 82,000 cbm to 214,000 cbm. (516,000 bbl to 1.3 million bbl)

#### + + CHINA + +

In 2002, Oiltanking advanced considerably in its strategy to secure an investment presence in China. We are in intensive discussions to construct a 700,000 cbm (4.4 million bbl) chemical terminal based on long-term contracts. We plan to construct the offsite facilities for a new chemical complex and serve third-party customers simultaneously.

#### ++ THE FUTURE ++

Oiltanking will continue to upgrade its existing facilities to maintain our position as the first choice in service providers. At the same time, we shall continue our regional expansion in a controlled manner commensurate with our financial and human resources. In addition to the regions where Oiltanking already is active, we are researching new possibilities in the Middle East and Eastern Europe.



OUR SUBSIDIARIES WITHIN THE RETAIL SERVICES OPERATE AS SELF-SUPPORTING BUSINESS UNITS.



+ + NEW LOGO OF OUR FILLING STATIONS ++

Mabanaft - through various subsidiaries - offers retail services in Germany, Switzerland, Austria, Moldova, the United Kingdom, and the United States. Although most of the businesses originally were established to support Mabanaft's wholesale trading in a shrinking market, they now have developed into these self-supporting business units:

- + + Petronord as the sub-holding company for the heating oil business
- + + MHK as the sub-holding company for filling stations
- + + Matrix Marine Fuels for ship bunkering

(In some countries within our network the downstream activities are directly connected to the local wholesale trade for organizational reasons.)

WILL TO PERSEVERE IS THE OWN ASSUMP- ++ THE WILL TO PERSEVERE IS RETAIL SERVICES +

RETAIL SERVICES +

The volumes sold to our customers were just shy of 2 million metric tons (15 million barrels) and about equally spread among the three products.

Today, not only has Mabanaft achieved its original volume goals, but the retail business also has become an integral part of our risk-management system.



++ HEATING-OIL RETAILING THROUGHOUT GERMANY ++

# ++ HEATING-OIL RETAILING - A PERFECT EXAMPLE OF COOPERATION ++

In most of our European markets, heating-oil retailing traditionally is the domain of small, entrepreneurial independents. With the increasing concentration, coupled with receding demand, these companies are seeking new options for profitable survival, and Petronord offers a variety of tailor-made solutions. Many of our retail companies, for example, have retained the original entrepreneur as manager and minority partner. In other cases Petronord has merged with local retailers, providing valuable administrative and organizational assistance.

# ++ FILLING STATIONS - A YEAR OF

During the past two years, our filling-station organization has completed two major acquisitions, nearly trebling its size to 180 stations today. During 2002, we fully integrated the new chains into our systems and optimized the whole network with respect to our attached convenience shops.

We have developed a common logo OIL! that, after successful market research, eventually will replace the present brands.

The year under review has seen reasonable retail margins in our home market, Germany, after the catastrophic and - as always inconclusive price wars of 2000 and 2001. It remains to be seen whether peace will prevail after the current mergers have been completed in all their facets. A continuing excess capacity gives no cause for exuberance.

HE BASE TO OUR SUCCESS ++
+ RETAIL SERVICES +

++ THINK THE UNTHINK- THE BASE TO OUR SU

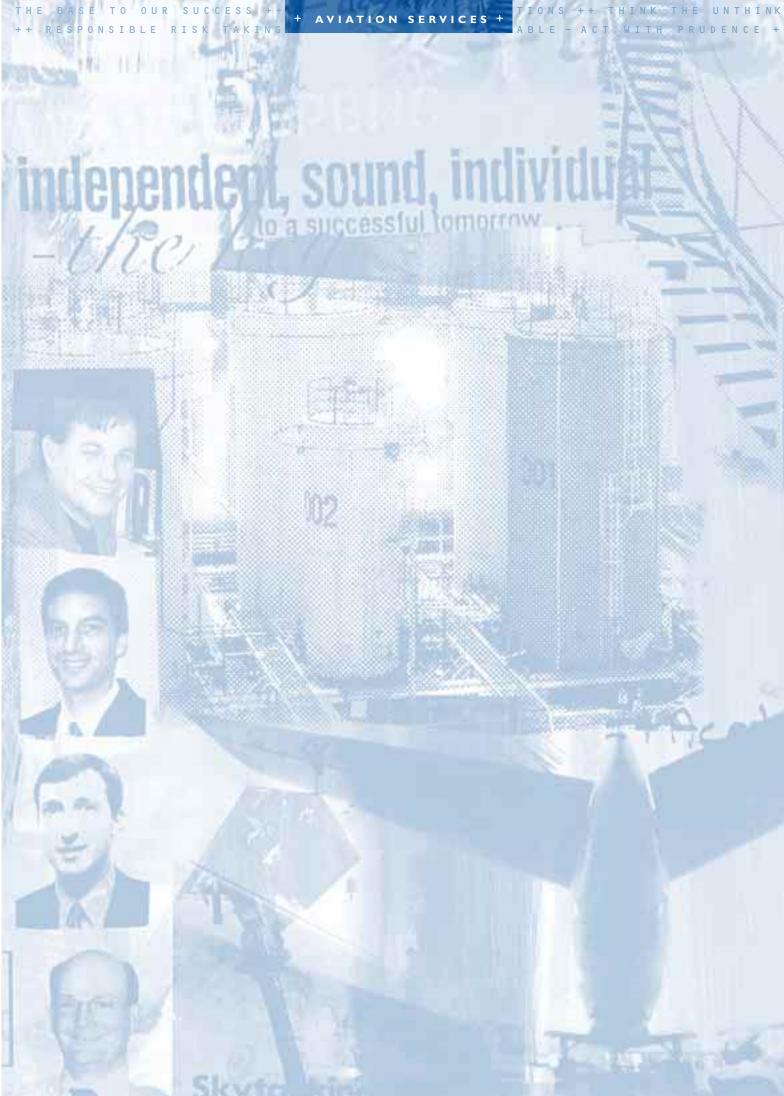
#### ++ MATRIX MARINE FUELS ++

Originally born out of Oiltanking Houston's deep-water location Matrix has been transferred to the Mabanaft organization. Matrix' brief is to continue providing first class marine-bunker service to its customers along the Gulf of Mexico, while providing a bridge-head for Mabanaft's trading operations.

#### ++ TIREX - THE SPECIAL CASE ++

The pedigree of Tirex goes back to the Soviet Union, where this company was the local monopoly for all oil supplies in the Soviet Republic of Moldova. After independence and liberalization of the energy market, Tirex was transferred to Mabanaft in consideration of vital oil supplies. Today Tirex is the second-largest retailer in the republic, which is struggling with considerable economic difficulties.

Tirex is an interesting part of Mabanaft's emerging strategy for southeastern Europe.



AVIATION SERVICES



+ + AVIATION SERVICES

EXPERIENCED AN UPSWING + +

To participate in the opportunities presented by a rapidly changing market for aviation fueling and hydrant operations, Marquard & Bahls created Skytanking Holding as a direct subsidiary in 1999. We see this move as a perfect example of Marquard & Bahls' strategy to expand into adjacent fields of business that build on our general corporate expertise.

++ RENEWED LICENSE FOR SKYTANKING

The Skytanking Munich joint venture won an additional seven-year concession to operate the storage and hydrant facility at Germany's second-largest and fast-growing Franz Josef Strauss Airport, as well as one of only two aviation fueling licenses. We see these licenses as a seal of approval for the professional service we have rendered.

# - A COST-EFFECTIVE ALTERNATIVE ++

In the year under review, Skytanking Holding bought Merlin Fuels, which handles 100 percent of the aviation-fuel requirements at Ostend Airport in Belgium. In addition to being a charter airport, Ostend is one of the leading freight terminals in Europe.

In the European airport-fueling market, which is dominated by major oil companies, this acquisition is a small demonstration that independent fueling companies can provide safe and cost-effective alternatives.

#### ++ SKYTANKING OPENS SHOP IN FLORIDA ++

Skytanking USA established its headquarter in Fort Lauderdale, Florida, and appointed a very experienced team of American fueling managers. Bidding for aviation fueling contracts, as well as storage and hydrant management and operation, Skytanking will establish itself in the United States, the world's largest aviation market.

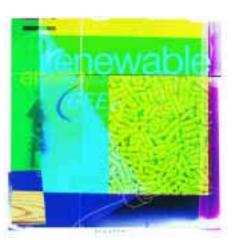


THE BASE TO OUR SUCCESS ++

RENEWABLE + + ENERGY + + + CHALLENGING THE OWN ASSUMP-IONS ++ THINK THE UNTHINK-BLE - ACT WITH PRUDENCE ++

#### FIRST STEP INTO

#### RENEWABLE ENERGY.



++ HOLZPELLETS, EIN
INTERESSANTES PRODUKT ++

Talk about renewable energy is abundant and schemes seem to develop at the speed of light. Although it is beyond reasonable doubt that renewable energies should play an important part in any strategy for sustainable development, level-headed analysis of economic as well as ecological costs and benefits must prevail. Only cost-efficient systems will contribute to the necessary world-wide wealth creation, without which the ecological problems we are facing cannot be solved. Ecological cost/benefit analyses are urgently needed to prevent the adoption of ecologically self-defeating solutions – a danger that is particularly apparent in many proposed biogenic solutions.

Renewable energy – besides its many pitfalls – opens a wide field of opportunities for an entrepreneurial company like ours. We certainly are not the pioneers in this field, but we feel the time is ripe to allow prudent, profit-oriented business decisions.

GEE – our new subsidiary for renewable energies – will initially concentrate its efforts on the rapidly developing bio mass market.

Electricity and heat generation from wood waste has become an economically interesting alternative to conventionally generated energy. Wood pellets show a promising potential as a niche product in the heating market.

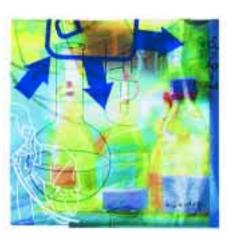
Three drivers made us focus our initial activities on bio mass:

- + + The underlying technology for wood fired plants is mature the risk of technical obsolescence is remote.
- + + Wood pellets represent an alternative niche market that is very complementary to our middle-distillate retailing.
- + + The European market for bio mass is very fragmented the structures are underdeveloped. Securing long-term fuel supply to wood fired plants is a logistical and trading challenge only few companies will be able to face successfully. Given our expertise in trading and logistics we find this merits our further attention.

With this road map, we take our first step into renewable energy. We shall as always - closely monitor the initial results and define our future course accordingly.



STRICT QUALITY CONTROL, ENVIRONMENTAL
RESPONSIBILITY AND SAFE OPERATIONS FORM
THE CORNERSTONE OF OUR CORPORATE
GOVERNANCE



++ ANALYSING OIL PRODUCTS
FOR INTERNAL AND EXTERNAL
CUSTOMERS ++

Our own in-house quality consulting and laboratory company, GMA, again provided invaluable service, steering Mabanaft and Oiltanking through the challenging EU-mandated changeover to sulfur-free automotive fuels. This changeover not only placed a heavy burden on supply and logistics, but also required the installation of a new generation of laboratory equipment.

Highly precise work in analyzing trace elements is crucial as strong excise-duty differentials are applied to the various permitted qualities. We take considerable pride in GMA's regular involvement in reference analyses.

The growing debate on the mandatory introduction of biogenic fuels sees GMA fully involved in consulting with national and supranational institutions, as well as with industrial clients.

++ THE CONTINUOUS IMPROVEMENT OF
SAFETY AND ENVIRONMENTAL STANDARDS IS
THE FOREMOST TASK OF OILTANKING'S HSE
DEPARTMENT ++

During the course of 2002 the Health, Safety & Environment (HSE) Department of Oiltanking released a comprehensive manual with safety and environmental standards which are applicable to all Oiltanking terminals worldwide. The standardized documents contained herein, simplify daily operation as well as the exchange of information between terminals. The HSE guidelines are implemented in close collaboration with the profit centres.

The product database which can be entered via the internet is now well established and is also used commercially. Computer-aided, interactive emergency plans have been drafted and will be adjusted individually to each location.

The central evaluation of HSE key indices of all profit centers (accident statistics, emissions, energy consumption etc.) allows a more precise definition of corporate targets with respect to safety standards as well as environmental protection and conservation of resources. In order to face these new challenges, the number of staff in the HSE Department had to be increased.



++ RUNNING OF AN OWN COAL MINE
IN THE EIGHTIES ++

GMA/OT + 62 + GMA/OT

During the 2002 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.

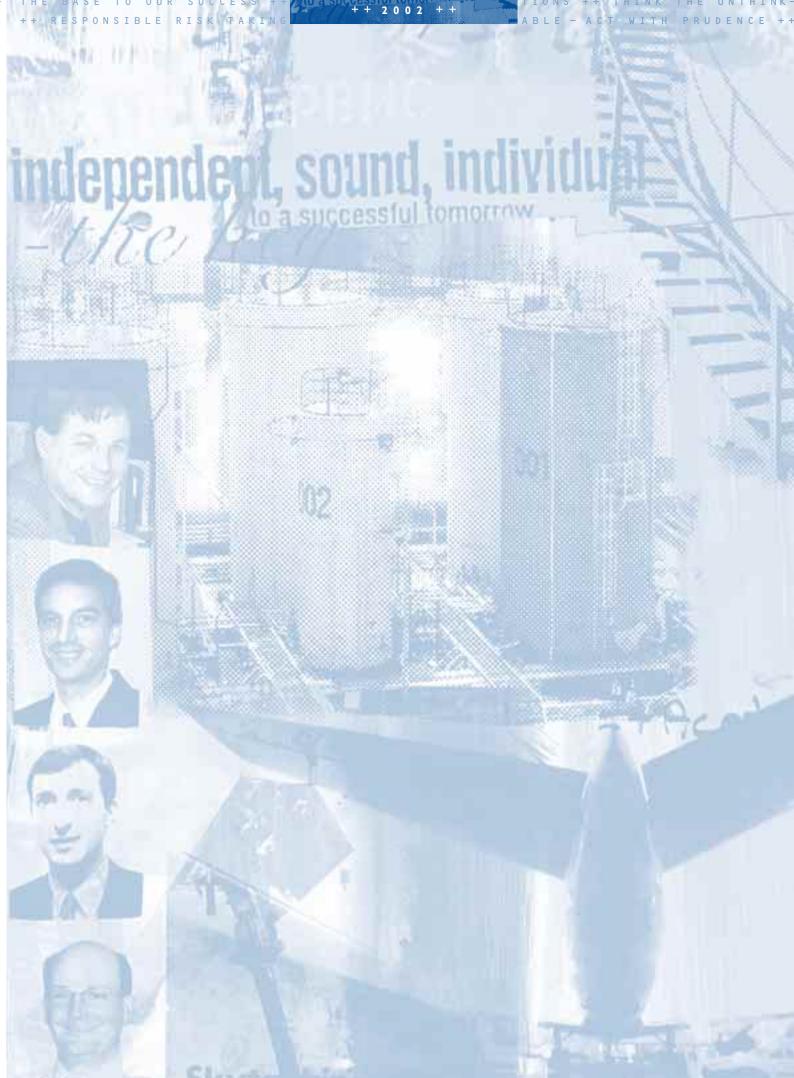
The Supervisory Board also approved the annual report at its meeting on June 19, 2003. It concurs with the Executive Board's recommendation for the distribution of the retained earnings.

Hamburg, June 20, 2003

The Supervisory Board Rolf Kirchfeld (Chairman)



++ HELLMUTH WEISSER, CHAIRMAN OF THE EXECUTIVE BOARD (1985-2003), CHAIRMAN OF THE SUPERVISORY BOARD (AS OF JULY 1ST, 2003) ++



#### 46 +++ MARQUARD & BAHLS AG

- + Balance Sheet
- + Financial Statement of Income

# 48 +++ GROUP

- + Consolidated Balance Sheet
- + Consolidated Statement of Income
- + Fixed and Financial Assets
- + Notes
- + Auditor's Opinion

225,220

....297,085

219,077

..286,139

# BALANCE SHEET MARQUARD & BAHLS AG

++ TOTAL .....

as of December 31, 2002

Dec. 31, 2002	Dec. 31, 2001
T€	т€
3,633	537
36,970	0
72,991	121,094
55	66
113,649	121,697
170,130	151,210
	13,080
286 .	152
297,085	286,139
Dec. 31, 2002	Dec. 31, 2001
T€	T€
61,266	56,723
10,599	10,339
and the second second second	
	1
	T€3,63336,97072,9915513,649170,130286297,08561,26661,266

#### FINANCIAL STATEMENT OF INCOME MARQUARD & BAHLS AG

for the period January 1 - December 31, 2002

		Dec. 31,	2002	Dec. 31, 2001
		т€	т€	т€
		ATT SECTION	HB.	
Revenu	ies			
+ 2	n) Net income from financial assets	19,376		28,594
+ 1	o) Extraordinary income	1,823		0
+ (	c) Interest income	4,772		5,143
+ (	d) Other income	10,367		9,719
			36,338	43,456
Costs	and other deductions			
+ 2	a) Operating, selling, general and administrative expenses	16,847		18,090
+ 1	o) Depreciation	761		656
+ (	c) Interest expense	2,915		3,477
+ (	d) Taxes, other than income taxes	84		23
		0.077	-20,607	-22,246
_				
Incom	e before income taxes		15,731 .	21,210
+ ]	Income taxes		412	2,532
NET	INCOME FOR THE PERIOD		16,143 .	23,742

# CONSOLIDATED BALANCE SHEET MARQUARD & BAHLS GROUP

as of December 31, 2002

A S	SET	гѕ	notes	Dec. 31, 2002 T€	Dec. 31, 2001 T€
+ +	Α.	CURRENT ASSETS			
+	I.	Cash and equivalents		62,691	90,895
+	II.	Treasury stock			
+	III.	Receivables	(2)	495,286	451,441
+	IV.	Inventories	(3)	132,995	105,945
+	V.	Prepaid expenses		8,158	8,646
				736,100	656,927
+ +	В.	INVESTMENTS AND LONG-TERM SECURITY INVESTMENTS		22,779	31,112
+ +	С.	PROPERTY, PLANT AND EQUIPMENT,			
		LESS ACCUMULATED DEPRECIATION			
		AND AMORTIZATION	(4)	554,795	590,667
+ +	D .	OTHER ASSETS, NET OF AMORTIZATION	(5)	19 411	19 531
+ +	Т О	TAL ASSETS		the state of the s	

	ILITIES AND KHOLDERS' EQUITY		Dec. 31, 2002 T€	Dec. 31, 2001 T€
3 1 0 0	KHOLDERS EQUITI	notes	10	10
+ + A.	CURRENT LIABILITIES	(6)	652,736	630,758
+ + B.	LONG-TERM DEPT,			
	LESS CURRENT MATURITIES		295,588	269,844
+ + C.	LONG-TERM ACCRUALS AND			
	DEFERRED LIABILITIES	(7)	68,026	65,987
+ + D.	MINORITY INTEREST IN NET AS	SETS		
	OF CONSOLIDATED SUBSIDIARIE	s	20,211	21,555
++ E.	STOCKHOLDERS' EQUITY			
+ I.	Common stock	(8)	75,000	75,000
+ II.	Other reserves		51,391	53,334
+ III	. Cumulative transaction adjustment		3,952	13,704
+ IV.	Retained earnings			155,083
+ V.	Consolidation reserves		12,955	12,972
			296,524	310,093
+ + T 0	TAL LIABILITIES AND STOCKHOL	.DERS' EQUITY .		

# CONSOLIDATED STATEMENT OF INCOME MARQUARD & BAHLS GROUP

for the period January 1 - December 31, 2002

			Dec. 31	, 2002	Dec. 31, 2001
		notes	т€	т€	т€
Revenues	c.				
+ a)	Sales and services	(0)	2 002 260		4 070 500
	Interest income				
٥,					
+ c)	Other income				
+ d)	Extraordinary profit	(12)	6,639		
				4,035,704	4,119,173
Costs an	d other expenses		To Artista		
+ a)	Purchase of oil and products				
+ b)	Operating, selling, general and administrative expenses				
+ c)	Depreciation and amortization		65,304		
+ d)	Interest expense	(14)	22,490		20,127
+ e)	Taxes, other than income taxes	(15)	5,541		7,213
+ f)	Share of losses associated companies		535		1,577
				-3,974,414	-4,046,003
ncome b	pefore income taxes			61,290	
+ Ind	come taxes			27,845 .	32,579
Net inco	me for the period			33,445	40,591
+ Ch	nanges in consolidation reserve			438	447
+ Re	tained earnings at beginning of year			130,068	118,840
+ Mi	inority interests			2,634	
+ Mo	ovements on reserves			187 .	1,109
? F T A T	INED EARNINGS AT END OF PERI	0 D		161,130	155,083

# DEVELOPMENT OF FIXED AND FINANCIAL ASSETS MARQUARD & BAHLS GROUP

for the period January 1 – December 31, 2002

	l.		ACQUISI	TION COST		1	A C C U M U L D E P R E C I		BOOK AI	1 O U N T
	Opening balance	Exchange rate				Closing balance	Depreciation*	Closing balance*	Closing balance	Closing balance
	Jan. 1, 2002	differences	Additions*	Disposals*	Transfers	Dec. 31, 2002	current year	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2002
	T€	т€	т€	Τ€	т€	т€	т€	т€	т€	т€
+ I.	Investments and securities									
	+ 1. Investments in subsidiaries	54	3,622	3,722		5,164	978	4,210	3,286	954
	+ 2. Investments in associated companies24,933	2,942	5,540	6,771		20,760	511	3,964	21,062	16,796
	+ 3. Trade investments	1	18	8		127			116	127
	+ 4. Long-term loans owed by related companies3,979		3	2,024		1,958			3,979	1,958
	+ 5. Other long-term security investments	25				148		145	3	3
	+ 6. Other long-term loans	92	760	392		2,962		21	2,666	2,941
+	ВТОТАЬ	3,004	9,943	12,917		31,119			31,112	22,779
+ II.	Property, plant and equipment + 1. Property including buildings	5,287	11,147	2,690	4,581	125,400	5,222	54,892	78,487	70,508
	+ 2. Production facilities and machinery913,336	46,606	48,765	43,991	103,392	974,896	52,297	538,418	373,708	436,478
	+ 3. Working and office equipment	3,276	9,027	3,297	1,248	50,945	5,387	30,945	19,381	20,000
	+ 4. Construction in progress and advance payments on fixed assets	43,170	54,615	2,078	101,255	28,267	40	458	119,091	27,809
+ + S U	В Т О Т А L	98,339	123,554	52,056	1,196			624,713	590,667	554,795
+ III.	Franchises, patents, licenses, similar rights and licenses to such rights14,753	2,015	674	94	1,196	14,514	1,594	6,431	8,881	8,083
+ IV.	Goodwill	108	750	337	0	9,890	765	2,539	7,692	7,351
+ V.	Advance payments on intangible assets0	0	10	0	0	10	0	0	0	10

* thereof changes within the consolidation structure	28,802	 
* thereof share of profit of equity-consolidation	1,394	 832

Konzernanhang der Marquard & Bahls AG 2002

#### ++ PRELIMINARIES OF CONSOLIDATION ++

The 2002 financial statements of the Marquard & Bahls Group presented in this English version have been prepared from the original German financial statements. Preparing these financial statements reclassifications have been made in order to produce statements in a format more familiar to international readers. These financial statements have not been restated in compliance with, nor do they necessarily comply with generally accepted accounting standards in the US.

#### ++ SCOPE OF CONSOLIDATION ++

The consolidated financial statements have been 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 have not been 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. Investments in associated companies are generally accounted by using the equity method.

# ++ CONSOLIDATION POLICY AND CURRENT TRANSLATION ++

The foreign financial statements are, insofar as necessary, adapted to the 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 performed 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 have been eliminated. Effects on the net income resulted in an adjustment of deferred taxes.

#### ++ VALUATION PRINCIPLES ++

Receivables have been 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 were taken into account by using the equity method of accounting. Depreciation (amortization) is taken where a reduction in the book value on the balance sheet date was deemed necessary.

Property, plant and equipment are mainly subject to straightline 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.

# ++ NOTES TO THE CONSOLIDATED SHEETS ++

#### 1 ++ TREASURY STOCK ++

In 2002 the company acquired a total of 178,125 own stocks (36,970 T€) which corresponds to a percentage of 7,125% or 5,343,750 € of the common stock amounting to 75,000,000 €.

#### 2 ++ RECEIVABLES ++

		2002	2001
+ +	RECEIVABLES	т€	т€
+	Trade receivables	426,404	380,234
+	Receivables owed by subsidiaries	4,384	1,685
+	(thereof trade receivables)	(189)	(1,685)
+	Receivables owed by related companies	11,167	11,799
+	(thereof trade receivables)	(6,985)	(9,862)
+	Other receivables	53,331 .	57,723
+ +	T O T A L	495,286	451,441

Other receivables mainly consist of receivables from tax and customs duty authorities (15.0 million €; last year: 21.7 million €).

#### 3 ++ INVENTORIES ++

		2002	2001
+ +	INVENTORIES	т€	T€
		1000	
+	Raw materials and supplies	1,604	2,279
+	Goods and finished work	127,517	103,666
+	Advances payments made	3,874	0
+ +	T 0 T A L	132,995	105,945

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	2002	2001
	RTIZATION	т€	т€
+	Franchises, patents, licenses, and similar		
	rights, and licenses to such rights	8,093	8,881
+	Goodwill	7,351	7,692
+	Other receivables with a term of more		
	than one year	3,967	2,958
+ +	T O T A L	<u>19,411</u> .	19,531

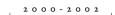
#### 6 ++ CURRENT LIABILITIES ++

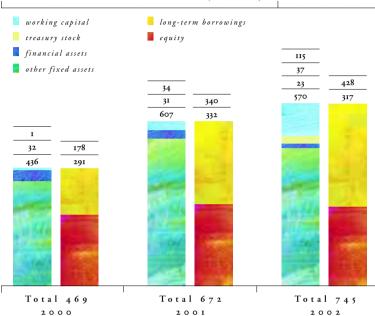
		2002	2001
+ +	CURRENT LIABILITIES	T€	т€
		ALC:EX	
+	Notes payable to banks	47,576	79,014
+	Trade payables	247,008	185,323
+	Liabilities due to affiliated companies	2,263	3,336
	(thereof trade receivables)	(1,483)	(1,421)
+	Current maturities of long-term debts	54,392	37,012
+	Accrued income taxes	14,004	26,007
+	Other accrued liabilities	102,643	121,615
+	Other liabilities and deferred credits	184,850	178,451
+ +	T O T A L	652,736	630,758

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 (166 million €; last year: 158 million €) and of liabilities accompanying social security (3 million €; last year: 2 million €).







# 7 ++ LONGTERM ACCRUALS AND DEFERRED LIABILITIES ++

+ +	LONG-TERM ACCRUALS AND	2002	2001	
	ERRED LIABILITIES	T€	т€	
+	Deferred income taxes	20,622	21,098	
+	Provisions for demolition and			
	dismantling costs	19,611	18,235	
+	Pension reserves and deferred compensation .	24,161	23,553	
+	Special reserves, not taxable until use			
	or liquidation	3,632	3,101	
+ +	T 0 T A L	68,026	65,987	

#### 8 ++ NUMBER AND CLASS OF STOCK ++

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

#### ++ 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 17 million € annually for rent, leases and leaseholds. More than 193 million € in investments were approved in 2002 and at the beginning of 2003.

# ++ NOTES TO THE CONSOLIDATED STATEMENT OF INCOME ++

# 9 ++ SALES AND SERVICES (EXCL. MINERAL-OIL TAXES) ++

+ +	+ SALES AND SERVICES	2002	2001	
(EX	CL. MINERAL-OIL TAXES)	T€	т€	
		1000		
+	Oil trade (excl. mineral-oil taxes)	3,737,977	3,816,053	
+	Tank storage facilities	243,046	246,350	
+	Other	11,237	8,187	
+ +	T 0 T A L	3,992,260	4,070,590	

#### 10 ++ INTEREST INCOME ++

Interest income arises mainly on bank balances.

#### 11 ++ OTHER INCOME ++

Other income includes reductions in certain accruals, compensation payments and other revenues.

#### 12 ++ EXTRAORDINARY PROFIT ++

Extraordinary profit includes mainly an extraordinary profit due to the sale of Terminal Pasadena (8,307 T€) and expenses due to indemnifications in petrol retailing (1,638 T€). Out of this taxes on income arise to an amount of 2,813 T€.

# 13 ++ 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.

Dec. 31st, 2002 Dec. 31st, 2001

#### ++ STRUCTURE OF EMPLOYMENT ++

+ +	EMPLOYEES	number	%	number	%
+	hourly wage employees	783	50	725	50
+	salaried employees	776	50	739	50
+ +	T O T A L	1,559		1,464	
		-			
+ +	DIVIDED IN		2002		2001
REG	IONS	number	%	number	%
		100			
+	America	448	29	442	30
+	America				
		108	7	91	6
+	Asia	108	7	91	6
+ + + +	Asia Europe	108446557	28	91390541	62737
+ + + +	Asia  Europe  Germany	108446557	28	91390541	62737

+	Marquard & Bahls AG	93	6	88	6
+	Mabanaft	380	25 .	356	.24
+	Oiltanking	1,064	68	1,005	.69
+	Other	22	1	15	1
+ +	T O T A L	<u>1,559</u>		<u>1,464</u>	

Furthermore Marquard & Bahls employed 610 in the Republic of Moldova.

#### 14 ++ INTEREST EXPENSES ++

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

#### 15 ++ 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 & Bahls Aktiengesellschaft consist of:

- + Hellmuth Weisser (Chairman), Hamburg
- + Wim Lokhorst (Chairman of the tank terminal sector), Seevetal
- + Dr. Claus-Georg Nette (Chairman of administration), Hamburg

The members of the Supervisory Board of Marquard & Bahls Aktiengesellschaft are:

- + Rolf Kirchfeld (Chairman), Hamburg
- + Nikolaus W. Schües (Deputy Chairman), Hamburg
- + Burkhard von Schenk, London (until June 28, 2002)
- + Dr. Klaus Asche, Hamburg (from June 28, 2002)

Hamburg, April 30, 2003

Marquard & Bahls Aktiengesellschaft

Hellmuth Weisser

Wim Lokhorst Dr. Claus-Georg Nette

#### ++ 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, 2002. 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.

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.

Hamburg, May 20, 2003 Susat & Partner OHG Wirtschaftsprüfungsgesellschaft

Dr. Kiehne (auditor)

Dr. Wawrzinek (auditor)

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Gesellschaft für Mineralöl-Analytik und
Qualitätsmanagement mbh + Co. KG
Frankfurt/Main, Germany

++ GEE ++
Gesellschaft für Erneuerbare
Energien mbH & Co. KG
Hamburg, Germany

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- + Merlin Fuel N.V. Ostend, Belgium
- + Skytanking USA Inc.
  Wilmington/Delaware, USA

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- + Petronord Energie- und Wärmekonzepte GmbH Hamburg, Germany
- + MHK Mineralölhandel GmbH Hamburg, Germany
  - + MDT Tankstellen GmbH Hamburg, Germany
  - + Grönwoldt Tankstellen GmbH & Co. KG Hamburg, Germany
  - + OIL! Tankstellen GmbH
- + Viterra Contracting GmbH Bochum, Germany

+ Oiltanking Deutschland GmbH Hamburg, Germany

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- + Oiltanking Malta Ltd.
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- + Oiltanking Ghent N.V. Gent, Belgium
  - + Oiltanking Antwerp N.V. Antwerpen, Belgium
- + Oiltanking Polska Sp.zo.o. Gdansk, Poland
- + Oiltanking Bulgaria A.D. Varna, Bulgaria
- + Oiltanking Sonmarin Oy Helsinki, Finland
- + Oiltanking Tallinn AS *Tallinn, Estonia*

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+ Tank storage facilities

- + Holding Americas Inc.
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  - + Oiltanking Houston L.P. Houston/Texas, USA
  - + Oiltanking Beaumont L.P. Beaumont/Texas, USA
  - + Oiltanking de Venezuela S.A. Caracas, Venezuela
  - + Oiltanking Argentina S.A. Buenos Aires, Argentina
    - + Oiltanking Ebytem S.A. Buenos Aires, Argentina
  - Lima, Peru

+ Oiltanking Peru S.A.C.

- Lima, Peru+ Oiltanking Singapore Ltd.
  - + Oiltanking Seraya Pte. Ltd. Singapore

Consorcio Terminales

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  Terminal Singapore Pte. Ltd.
  Singapore
- + Indian Oiltanking Ltd.

  Mumbai (Bombay), India
- + Oiltanking Investments Bolivia S.A.

  La Paz, Bolivia
  - + Compañia Logística de Hidrocarburos Boliviana S.A. (CLHB) La Paz, Bolivia



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