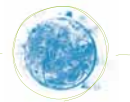




IFRS FINANCIAL STATEMENTS 2005

MARQUARD & BAHL AG



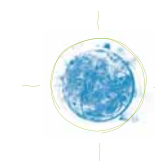
MARQUARD & BAHL'S AG IFRS FINANCIAL STATEMENTS 2005

WEEK

- :01 _ Consolidated Statement of Income
- :02 _ Consolidated Balance Sheet
- :04 _ Fixed Assets Movement
- :06 _ Changes in Stockholders' Equity
- :08 _ Consolidated Statements of Cash Flow
- :09 _ Notes to the IFRS Consolidated Statements 2005
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MARQUARD & BAHL'S GROUP
 CONSOLIDATED STATEMENT OF INCOME > FOR THE PERIOD JAN. 1 - DEC. 31, 2005

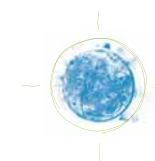
(K€)	notes	2005	2004
1. _ Sales	9	9,613,447	
_ less Petroleum-tax-settlement	9	-1,140,679	5,699,063
2. _ Own work capitalized		2,600	1,591
3. _ Other operating income	10	37,037	27,778
4. _ Cost of sales	11		
_ A) Cost of raw materials and supplies and purchased goods		-7,963,281	
_ B) Cost of purchased services		-86,864	-5,329,711
5. _ Personnel expenses	12		
_ A) Wages and salaries		-109,653	
_ B) Social security		-15,610	
_ C) Social benefits (defined contribution plans)		-3,734	
_ D) Social benefits (defined benefit plans)		-2,598	-115,972
6. _ Amortization and depreciation on intangible and tangible fixed assets		-67,996	-65,482
7. _ Other operating expenses	13	-151,026	-140,413
RESULT FROM OPERATIONS		111,643	76,854
8. _ Income from investments in subsidiaries		147	232
9. _ Income from securities and financial assets		278	134
10. _ Interest income and similar income		4,804	5,921
11. _ Depreciation on financial assets and marketable securities		-54	-172
12. _ Interest expenses and similar expenses		-39,143	-32,786
13. _ Result from equity valuation		3,088	1,211
14. _ Gain/loss on revaluation of hedged foreign currency loans		838	-9,677
15. _ Result from changes in value of financial instruments		-1,390	-1,316
FINANCIAL RESULT	14	-31,432	-36,453
NET INCOME OF OPERATIONS BEFORE INCOME TAX		80,211	40,401
16. _ Income tax	15	-26,986	-22,173
> CONSOLIDATED NET INCOME		53,225	18,228
_ thereof:			
_ profit attributable to equity holders of the parent		45,400	12,078
_ profit attributable to minority interest		7,825	6,150



MARQUARD & BAHL'S GROUP
CONSOLIDATED BALANCE SHEET > AS OF DECEMBER 31, 2005

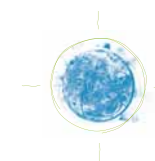
ASSETS (K€)	notes	DEC. 31, 2005	DEC. 31, 2004
A. NON-CURRENT ASSETS			
I. _ Intangible assets	17	25,471	22,065
II. _ Tangible assets	17	904,520	778,610
III. _ Investments accounted for using the equity method	18	18,700	20,193
IV. _ Other investments	18	11,985	9,368
V. _ Deferred taxes	15	17,410	14,859
VI. _ Other non-current assets and receivables	19	12,108	6,161
VII. _ Other non-current accruals and deferred charges	20	5,384	3,201
TOTAL NON-CURRENT ASSETS		995,578	854,457
B. CURRENT ASSETS			
I. _ Inventories	21		
1. _ Inventories, raw material and supplies		4,405	3,237
2. _ Inventories, goods and finished products		431,233	208,952
3. _ Construction contracts		5,678	4,304
4. _ Advance payments		4,004	4,995
		<u>445,320</u>	<u>221,488</u>
II. _ Current receivables and other assets	22		
1. _ Trade receivables		624,530	426,846
2. _ Receivables – affiliated companies		1,236	1,524
3. _ Receivables – associated companies		3,023	1,786
4. _ Current tax assets		22,165	29,613
5. _ Other receivables and current assets		20,864	24,001
		<u>671,818</u>	<u>483,770</u>
III. _ Derivative financial instruments	23	22,447	20,685
IV. _ Marketable securities	24	2,554	2,554
V. _ Cash and cash equivalents	25	86,181	124,990
VI. _ Prepaid expenses		8,135	6,889
TOTAL CURRENT ASSETS		1,236,455	860,376
> TOTAL		2,232,033	1,714,833

LIABILITIES AND STOCKHOLDER'S EQUITY (K€)	notes	DEC. 31, 2005	DEC. 31, 2004
A. EQUITY			
I. _ Common Stock	26	75,000	75,000
II. _ Additional paid in capital		8,280	8,280
III. _ Revenue reserve		125,670	114,885
IV. _ Reserve for changes in value		-4,106	-3,545
V. _ Reserve for revaluation		336	336
VI. _ Retained Earnings		187,037	163,310
VII. _ Currency translation adjustments		15,559	-11,421
		<u>407,776</u>	<u>346,845</u>
IX. _ Minority interests in consolidated subsidiaries		37,110	27,497
TOTAL EQUITY		444,886	374,342
B. NON-CURRENT LIABILITIES			
I. _ Non-current liabilities	27		
1. _ Non-current liabilities due to banks		236,722	164,000
2. _ Other non-current liabilities		163,092	138,498
		<u>399,814</u>	<u>302,498</u>
II. _ Non-current provisions	28,29	74,872	70,412
III. _ Deferred taxes	15	93,260	76,463
TOTAL NON-CURRENT LIABILITIES		567,946	449,373
C. CURRENT LIABILITIES			
I. _ Current liabilities	30		
1. _ Current liabilities due to banks		363,439	178,443
2. _ Trade accounts payable		538,870	397,272
3. _ Current tax liabilities		140,345	167,831
4. _ Liabilities from derivative financial instruments	31	58,958	57,699
5. _ Other current liabilities		27,000	27,533
		<u>1,128,612</u>	<u>828,778</u>
II. _ Current accruals			
1. _ Tax accruals	32	21,205	17,482
2. _ Other current provisions and accrued liabilities	33	69,384	44,858
		<u>90,589</u>	<u>62,340</u>
TOTAL CURRENT LIABILITIES		1,219,201	891,118
> TOTAL		2,232,033	1,714,833



MARQUARD & BAHL'S GROUP
FIXED ASSETS MOVEMENT > FOR THE YEAR ENDED 2005

(K€)	GROSS AMOUNTS						Closing balance DEC. 31, 2005	ACCUMULATED DEPRECIATION						NET CARRYING AMOUNTS			
	Opening balance JAN. 1, 2005	Changes in scope of consolidation	Exchange differences	Additions	Disposals	Transfers		Opening balance JAN. 1, 2005	Changes in scope of consolidation	Exchange differences	Additions	Disposals	Transfers	Write-backs	Closing balance DEC. 31, 2005	Closing balance DEC. 31, 2004	Closing balance DEC. 31, 2005
I. INTANGIBLE ASSETS																	
1. — Franchises, patents, licenses and similar rights	38,591	5	1,210	3,151	(1,244)	169	41,882	(16,596)	(1)	(777)	(3,937)	763	0	0	(20,549)	21,995	21,333
2. — Goodwill	0	2,777	0	1,349	0	0	4,125	0	0	0	(15)	0	0	0	(15)	0	4,111
3. — Advances paid on intangible assets	70	0	0	8	0	(49)	29	0	0	0	0	0	0	0	0	70	29
TOTAL INTANGIBLE ASSETS	38,661	2,782	1,210	4,508	(1,244)	119	46,036	(16,596)	(1)	(777)	(3,952)	763	0	0	(20,564)	22,065	25,472
II. TANGIBLE ASSETS																	
1. — Land, land rights and buildings including leasehold buildings	147,693	0	4,263	6,038	(368)	(2,634)	154,992	(58,176)	0	(656)	(5,935)	300	6,224	0	(58,243)	89,516	96,749
2. — Productions facilities and machinery	1,068,205	3,156	62,139	58,208	(9,353)	76,167	1,258,521	(467,923)	(2,682)	(21,632)	(51,411)	5,751	(6,241)	656	(543,483)	600,282	715,038
3. — Working and office equipment	66,768	529	3,010	8,117	(6,761)	1,463	73,126	(42,039)	(276)	(1,591)	(6,642)	4,446	16	0	(46,086)	24,729	27,040
4. — Construction in progress/advanced payments	64,468	331	2,153	74,420	(99)	(75,155)	66,118	(385)	0	(40)	(55)	55	0	0	(424)	64,084	65,694
TOTAL TANGIBLE ASSETS	1,347,134	4,016	71,564	146,782	(16,581)	(160)	1,552,756	(568,524)	(2,958)	(23,918)	(64,044)	10,552	0	656	(648,236)	778,610	904,520
III. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD																	
1. — Investments accounted for using the equity method	24,248	390	388	4,228	(2,558)	(3,355)	23,342	(4,056)	0	(4)	(649)	0	67	0	(4,642)	20,193	18,700
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	24,248	390	388	4,228	(2,558)	(3,355)	23,342	(4,056)	0	(4)	(649)	0	67	0	(4,642)	20,193	18,700
IV. OTHER FINANCIAL ASSETS																	
1. — Shares in subsidiary companies	8,422	(3,286)	247	1,084	(2,530)	3,349	7,285	(3,697)	0	0	0	2,392	(67)	0	(1,372)	4,724	5,912
2. — Other investments	126	0	0	58	(51)	6	139	(28)	0	0	0	28	0	0	0	98	139
3. — Loans due from other group companies	1,702	0	0	1,859	0	(1,678)	1,882	0	0	0	0	0	0	0	1,702	1,882	
4. — Security investments	134	335	16	0	(3)	0	482	(108)	0	(16)	0	0	0	0	(124)	26	358
5. — Other loans	3,781	0	127	709	(1,656)	1,719	4,680	(963)	0	0	(54)	29	0	0	(987)	2,818	3,693
TOTAL OTHER FINANCIAL ASSETS	14,165	(2,951)	390	3,710	(4,240)	3,396	14,469	(4,796)	0	(16)	(54)	2,449	(67)	0	(2,483)	9,368	11,985
> TOTAL FIXED ASSETS	1,424,208	4,237	73,553	159,228	(24,623)	0	1,636,603	(593,972)	(2,959)	(24,715)	(68,700)	13,765	0	656	(675,925)	830,236	960,678



MARQUARD & BAHL'S GROUP
CHANGES IN STOCKHOLDERS' EQUITY > 2005

(K€)	Share capital	Additional paid in capital	Revenue reserve	OTHER COMPREHENSIVE INCOME					Accumulated income	Equity attributable to minority interest	Total
				Reserve for changes in value	Reserve for revaluation	Currency translation adjustments	Sub-total other comprehensive income				
EQUITY JAN. 1, 2004	75,000	8,280	114,444	-3,807	0	0	-3,807	161,785	28,806	384,507	
+/- Exchange differences on translation of operations outside the Euro zone	0	0	0	2	0	-11,421	-11,419	0	-782	-12,201	
+/- Fair-value remeasurement of available-for-sale financial instruments	0	0	0	-3	0	0	-3	0	0	-3	
+/- Fair value remeasurement of cash flow hedges	0	0	0	263	0	0	263	0	-139	124	
+/- Change in scope of consolidation	0	0	0	0	0	0	0	-1	0	-1	
SUB-TOTAL											
CHANGES IN EQUITY	0	0	0	262	0	-11,421	-11,159	-1	-921	-12,080	
+ Net profit (loss)	0	0	0	0	0	0	0	12,078	5,457	17,535	
- Dividend payments	0	0	0	0	0	0	0	-10,225	-5,115	-15,340	
+ Increase in stockholders' equity	0	0	117	0	336	0	336	0	99	552	
- Decrease in stockholders' equity	0	0	0	0	0	0	0	-2	-829	-831	
+/- Allocation to/from retained earnings	0	0	325	0	0	0	0	-325	0	0	
EQUITY DEC. 31, 2004	75,000	8,280	114,886	-3,545	336	-11,421	-14,630	163,310	27,497	374,342	
EQUITY JAN. 1, 2005	75,000	8,280	114,886	-3,545	336	-11,421	-14,630	163,310	27,497	374,342	
+/- Exchange differences on translation of operations outside the Euro zone	0	0	0	-2,727	0	26,963	24,236	0	2,960	27,196	
+/- Fair-value remeasurement of available-for-sale financial instruments	0	0	0	0	0	0	0	0	0	0	
+/- Fair value remeasurement of cash flow hedges	0	0	0	2,166	0	0	2,166	0	1,482	3,648	
+/- Change in scope of consolidation	0	0	0	0	0	17	17	-404	811	423	
SUB-TOTAL											
CHANGES IN EQUITY	0	0	0	-561	0	26,980	26,419	-404	5,253	31,268	
+ Net profit (loss)	0	0	0	0	0	0	0	45,400	7,825	53,225	
- Dividend payments	0	0	0	0	0	0	0	-10,336	-3,265	-13,601	
+ Increase in stockholders' equity	0	0	59	0	0	0	0	0	44	104	
- Decrease in stockholders' equity	0	0	0	0	0	0	0	-208	-244	-451	
+/- Allocation to/from retained earnings	0	0	10,725	0	0	0	0	-10,725	0	0	
EQUITY DEC. 31, 2005	75,000	8,280	125,670	-4,106	336	15,559	11,789	187,037	37,110	444,886	



MARQUARD & BAHL'S GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS > AS OF DECEMBER 31, 2005

(K€)	notes	2005	2004
> LIQUID ASSETS			
AS PER BALANCE SHEETS JAN. 1			
	25	127,544	83,522
NET INCOME		53,225	18,228
+ INCOME TAXES		26,986	22,173
NET INCOME BEFORE INCOME TAX		80,211	40,401
+ Depreciation and amortization		68,309	66,273
+ (Gains) losses on retirements of non-current assets		2,633	1,718
+/- Changes in non-current provisions		3,510	4,273
+/- Interest paid		34,339	26,864
+/- Changes in other non-cash items		19,187	-15,689
+/- Changes in inventories and receivables		-416,805	-158,548
+/- Changes in debt capital (without financial dept)		341,260	148,327
- Income taxes paid	39	-31,097	-11,476
- Interest paid		-36,989	-15,714
+ Interest received		4,530	18
FREE OPERATING CASH FLOW	39	69,088	86,447
- Cash outflows for additions to property, plant, equipment and intangible assets		-163,130	-129,981
+ Cash inflows from sales of property, plant, equipment and other assets		7,568	6,932
- Cash outflows for additions of consolidated subsidiaries		-5,283	0
CASH FLOW FROM INVESTMENT ACTIVITIES	39	-160,845	-123,049
- Payments from dividend distribution		-13,601	-15,340
+/- Changes in share capital		3,300	-495
+ Cash inflows from borrowing		92,715	38,349
- Retirements of non-current debt		-42,996	-52,590
+ Cash inflows from other financial liabilities		3,645	111,905
CASH FLOW FROM FINANCING ACTIVITIES	39	43,063	81,829
- Change in cash and cash equivalents due to exchange rate movements		7,230	-2,038
- Change in cash and cash equivalents due to changes in scope of consolidation		2,654	833
CHANGES IN CASH POSITION		-38,810	44,022
> LIQUID ASSETS			
AS PER BALANCE SHEETS DEC. 31			
	25	88,734	127,544
- Less marketable securities		-2,554	-2,554
- Cash and cash equivalents		86,180	124,990



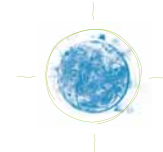
NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS
OF MARQUARD & BAHL'S AG, HAMBURG
 > FINANCIAL YEAR 2005

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of MARQUARD & BAHL'S AG were prepared for the 2005 financial year for the first time in compliance with section 315a para. 3 HGB ("Handelsgesetzbuch" or German Commercial Code) under application of and in accordance with the International Financial Reporting Standards (IFRS or IAS) and their interpretations (IFRIC or SIC) as adopted by the European Union. The consolidated financial statements were prepared in Euros. In order to improve meaningfulness and clarity, changes in the value of financial instruments, to the extent that they arise from commodity forward contracts, are reported as part of sales or cost of sales. The classifications "Gain/loss on revaluation of hedged foreign currency loans" and "Group profit before tax" are reported as additional items.

In preparing these consolidated financial statements, MARQUARD & BAHL'S has applied all IFRS that have been approved by the International Accounting Standards Board (IASB) and endorsed by the EU by the balance sheet date of 31 December 2005 and which are obligatory for financial years commencing from 1 January 2005. Accordingly, the following IFRS have not been applied:

- > IAS 19: Employee Benefits, Actuarial Gains and Losses, multi-employer plans
- > IAS 39: Recognition and Measurement, cash flow hedges for planned transactions within the group
- > IFRS 6: Exploration for and Evaluation of Mineral Assets
- > IFRIC-4: Determining Whether an Arrangement Contains a Lease
- > IFRIC-5: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation



The above IFRS are being applied in the consolidated financial statements from 2006. As a result of the initial application of these new standards, the company does not expect any material effects on the balance sheet, income statement or cash flow statement.

The operating activity of the group encompasses the trading of mineral oil products, heating contracting, operation of tank storage and the supply of aviation fuel. In addition, the group runs a mineral oil laboratory and trades in wood pellets.

The full address of the registered office is: Admiralitätstrasse 55, 20459 Hamburg, Germany.

The consolidated financial statements and management report for the year ended 31 December 2005 were proposed by the board of directors on 28 April 2006 and are to be approved by the supervisory board. Until they are approved, changes to the consolidated financial statements remain possible.

The consolidated financial statements of MARQUARD & BAHLS AG together with a separate listing of holdings and management report in compliance with section 315a HGB are made publicly available on the trade register of the Hamburg district court (HRB 5171) and the Federal Gazette.

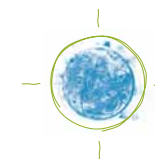
2 TRANSITION TO IFRS

As a result of the adjustment of the prior-year comparative figures, the first-time application of IFRS leads to variances between the values for the comparative period reported in respect of consolidated equity and profit for the year as stated under IFRS and the corresponding values prepared in accordance with HGB for this period. The variances are set out below:



MARQUARD & BAHLS GROUP RECONCILIATION OF RESULT > 2004

RECONCILIATION OF RESULT (K€)	2004
> RESULT AFTER TAX UNDER HGB 2004	18,594
OTHER OPERATING INCOME	1,469
– Profit for the year: Change from balance sheet rate to period average rate	2,691
– Change in functional currency	–398
– Valuation of foreign currency receivables at the balance sheet date	–1,241
– Reporting of unrealised exchange rate gains	384
– Other adjustments	33
COST OF SALES	2,568
– Capitalisation of large repair costs	2,137
– Elimination of expense accruals	210
– Application of the broker-trader basis	1,718
– Reversal of the inventory valuation under LIFO method	–228
– Change in value of receivables from goods returns obligations (embedded derivatives)	5,566
– Change in value of liabilities from goods returns obligations (embedded derivatives)	–7,694
– Change in value of other goods returns obligations	859
AMORTISATION AND DEPRECIATION	10,192
– Correction of amortisation and depreciation due to extended useful lives	12,069
– Adjustment of Moldovan fixed assets	–1,038
– Depreciation of capitalised dismantling costs	–513
– Depreciation of capitalised fixed assets held under finance leases	–255
– Other adjustments	–71
OTHER OPERATING EXPENSES	–4,985
– Adjustment of inter-company profits due to extended useful lives	–1,902
– Adjustment of pension provision to DBO	10
– Elimination of general valuation write-downs	1
– Change in dismantling costs provisions	–1,426
– Adjustment of provision for anticipated losses on open contracts	253
– Adjustments to mineral oil tax liabilities	1,699
– Foreign currency valuation of receivables and liabilities	–252
– Other adjustments	30
CHANGES IN THE VALUE OF ORIGINATING AND DERIVATIVE FINANCIAL INSTRUMENTS	–8,346
– Change in value from adjustment to fair value of derivative financial instruments	–10,071
– Recognition of receivables from derivative financial instruments	2,899
– Change in value of liabilities from derivative financial instruments	–1,203
– Valuation at fair value of finance liabilities	29
NET INTEREST	195
– Change in net present value of leasing liabilities	195
INCOME FROM ASSOCIATED COMPANIES	–3,281
– Elimination of investment income from equity valuation	–3,281
AMOUNTS WRITTEN OFF FIXED AND CURRENT ASSET INVESTMENTS	–3,163
– Deconsolidation of Oiltanking France S.A.	–3,163
RESULT FROM COMPANIES VALUED USING THE EQUITY METHOD	1,296
– Elimination of equity method results	1,296
DEFERRED TAX CHARGE	1,341
– Effect of deferred tax	1,341
OTHER ADJUSTMENTS	2,348
– Results from proportional consolidation	3,123
– Change in method of consolidation	–775
TOTAL CHANGE IN RESULT, HGB TO IFRS	–366
> RESULT AFTER TAX UNDER IFRS 2004	18,228



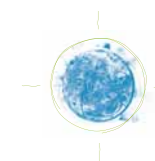
MARQUARD & BAHL'S GROUP
RECONCILIATION OF EQUITY > 2004

RECONCILIATION OF EQUITY	1.1.2004		31.12.2004	
	(K€)	%	(K€)	%
> EQUITY UNDER HGB	267,351		252,893	
TANGIBLE FIXED ASSETS	178,977	100	190,929	100
– Extension of useful lives	127,997	72	140,066	73
– Adjustment of intercompany profits due to extended useful lives	0	0	-1,902	-1
– Capitalisation of dismantling costs	6,838	4	6,325	3
– Capitalisation of large repair costs	14,192	8	16,329	9
– Proportional consolidation	24,856	14	26,310	14
– Change in functional currency	-2,836	-2	-2,836	-1
– Adjustment of fixed assets, Moldova	5,710	3	4,672	2
– Capitalisation of fixed assets held under finance leases	2,220	1	1,965	1
FIXED ASSET INVESTMENTS	-9,685	100	-13,604	100
– Proportional consolidation	-10,260	106	-14,167	104
– Change in membership of the consolidated group	571	-6	561	-4
– Other adjustments	4	0	2	0
COMPANIES VALUED USING THE EQUITY METHOD	818	100	1,060	100
– Offset of negative goodwill	619	76	619	58
– Valuation adjustments	199	24	441	42
INTANGIBLE FIXED ASSETS	498	100	2,653	100
– Proportional consolidation	237	47	219	8
– Elimination of goodwill	0	0	467	18
– Capitalisation of contract rights	0	0	1,709	64
– Extension of useful lives	258	52	258	10
– Other adjustments	3	1	0	0
INVENTORIES	4,243	100	7,794	100
– Proportional consolidation	2,716	64	4,777	61
– Application of the broker-trader method	1,050	25	2,769	36
– Change from the Lifo method to average valuation	228	5	0	0
– Adjustment of inventories, Moldova	249	6	248	3
ACCOUNTS RECEIVABLE	16,523	100	26,333	100
– Valuation of foreign currency receivables at balance sheet rate	1,523	9	414	2
– Proportional consolidation	4,427	28	6,209	24
– Change in functional currency	115	0	56	0
– Derivative financial instruments	1,871	11	4,770	18
– Change in value of receivables from goods returns obligations (embedded financial instruments)	6,689	40	12,255	46
– Elimination of general valuation write-down	680	4	1,276	5
– Adjustment of receivables, Moldova	621	4	621	2
– Other adjustments	597	4	732	3
CASH	1,109	100	227	100
– Proportional consolidation	1,344	121	462	204
– Change in functional currency	-235	-21	-235	-104
LIABILITIES EXCLUDING FINANCIAL LIABILITIES	-7,180	100	-17,514	100
– Valuation of foreign currency liabilities at balance sheet rate	-461	6	-1,279	7
– Proportional consolidation	3,742	-52	-6,825	39
– Change in functional currency	13	0	12	0
– Leasing liabilities	-2,641	37	-2,448	14
– Adjustment of liabilities, Moldova	-2,406	33	-247	1
– Change in value of liabilities from goods returns obligations (embedded derivatives)	0	0	-7,694	44
– Mineral oil tax liabilities	0	0	-1,549	9
– Other adjustments	-5,427	76	2,516	-14

RECONCILIATION OF EQUITY	1.1.2004		31.12.2004	
	(K€)	%	(K€)	%
FINANCIAL LIABILITIES	-10,899	100	-16,841	100
– Valuation of foreign currency liabilities at balance sheet rate	3,048	-28	3,047	-18
– Proportional consolidation	-18,114	166	-13,076	78
– Change in functional currency	13,820	-127	13,820	-82
– Liabilities from derivative financial instruments	-9,653	89	-20,632	122
PROVISIONS	-14,145	100	-16,303	100
– Change in value of pension obligation	-6,063	43	-6,053	37
– Balance sheet inclusion of dismantling costs provisions	-8,287	59	-9,713	59
– Elimination of expense provisions	1,333	-10	1,439	-9
– Proportional consolidation	-1,871	13	-3,685	23
– Foreign currency valuation at balance sheet rate	35	0	0	0
– Change in value of other goods returns obligations	0	0	859	-5
– Other adjustments	708	-5	850	-5
SHARE CAPITAL AND RESERVES	-274	100	-2,796	100
– Adjustment of equity method results	-274	100	0	0
– Change in membership of the consolidation group	0	0	-684	24
– Deconsolidation effects	0	0	-1,586	57
– Proportional consolidation	0	0	-501	18
– Other adjustments	0	0	-25	1
TAX LIABILITIES AND REPAYMENT CLAIMS	-324	100	-324	100
– Proportional consolidation	-339	105	-339	105
– Change in functional currency	15	-5	15	-5
DEFERRED TAX ASSETS AND LIABILITIES	-41,685	100	-40,471	100
– Deferred tax assets	12,869	-31	13,215	-33
– Deferred tax liabilities	-52,663	126	-51,026	126
– Proportional consolidation	-1,891	5	-2,660	7
OTHER ADJUSTMENTS	-73	100	306	100
TOTAL EQUITY ADJUSTMENTS	117,903		121,449	
> EQUITY UNDER IFRS	385,254		374,342	



WHAT IS TIME? Time: the indefinite continued progress of existence and events in the past, present and future, regarded as a whole.
Oxford English Dictionary



3 CHANGES IN ESTIMATES AND ERRORS

In three cases, accounting entries in the financial statements prepared under HGB were objectively incorrect. The requirements of IFRS 1 in respect of the correction of errors as part of the transition to IFRS are applicable in this situation. The circumstances are as follows:

For the companies Oiltanking Antwerp N.V. and Oiltanking Gent N.V., Belgium, there exist factual obligations for the rectification of environmental damage, which, under both IFRS and HGB, necessitate the recognition of a provision. The amount of the provision should be the discounted value of the future payments. Measurement under the "Anspar" (or "save-up") method as is permitted under tax legislation is not permitted under HGB or IFRS. The amount of the provision determined under IFRS is reported at the amount of the present value of the expected expenditure. In contrast, the amount reported to date under HGB as at 31 December 2003 is insufficient under this method. Consequently, there is an error in the balance sheet as at 31 December 2003, which is to be rectified in the transition to IFRS. After taking account of deferred taxation, the effect arising from this amounts to K€ 3,344.

In the context of the first-time consolidation of Tirex SA, Chisinau, Moldova into the group financial statements in the year 2002 in accordance with the requirements of the German commercial code (HGB), a long-term loan was included as a component of equity in the initial consolidation. The reason for this was the assumption that the repayment of the loan could be viewed as improbable. The capital consolidation in accordance with HGB as at 31 December 2004 was adjusted as a result of new evidence. This led to a new positive goodwill balance of K€ 2,158, which, in accordance with HGB, was offset against retained earnings as at 31 December 2004. A long-term liability of K€ 2,406 was recognised in the balance sheet. As a result of the new evidence, the chosen presentation of the capital consolidation in accordance with HGB up until 31 December 2003 was incorrect and was corrected as part of the transition to IFRS, in that the correction that was made to the consolidated financial statements in accordance with HGB as at 31 December 2004 has already been made in the opening balance sheet in accordance with IFRS as at 1 January 2004. The effect arising from this is a change in the positive goodwill balance of K€ 2,158 and a change in long-term liabilities of K€ 2,406 as at 1 January 2004.

As a result of an incorrect customs duty and mineral oil tax reconciliation in the English company, Mabanaft Ltd., London in the 2004 financial year, income of K€ 1,548 was recorded. This incorrect entry was corrected via the income statement for the 2004 financial year as part of the conversion to IFRS.

4 CONSOLIDATED COMPANIES, BASIS OF CONSOLIDATION AND CONVERSION OF FOREIGN CURRENCIES

The consolidation group at 31 December 2005 encompasses a total of 106 fully consolidated companies (prior year: 97 companies). 27 companies (prior year: 31 companies) are not consolidated, as these companies, both individually and combined, are of subordinated significance to the presentation of a true and fair view of the balance sheet, income statement and cash flow statement. These companies are stated in the balance sheet at cost. 26 companies (prior year: 21 companies) are valued using the equity method. Six associated companies (prior year: five companies) are stated at cost instead of the equity method due to their subordinated significance. As in the prior year, two companies are proportionally consolidated. The interests in these companies, Indian Oiltanking Limited, Mumbai, India and Consorcio Terminales, Lima, Peru, remain unchanged at 50%.

An overview of the composition of the consolidation group is set out below:

CONSOLIDATED GROUP	31.12.2005	31.12.2004
– Fully consolidated companies		
– Inland	49	44
– Foreign	57	53
> TOTAL	106	97
– Companies valued under the equity method		
– Inland	18	17
– Foreign	8	4
> TOTAL	26	21
– Proportionally consolidated joint ventures		
– Foreign	2	2

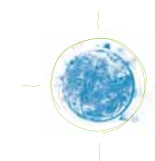
As a result of the proportional interest in each of the joint ventures, the following assets, liabilities, expense and income items (without the proportional interest and tax items) are to be added to those of MARQUARD & BAHL:

ASSETS, LIABILITIES, EXPENSE AND INCOME ITEMS (K€)	2005	2004
– Non-current assets	30,457	28,498
– Current assets	13,346	7,460
– Provisions	4,941	3,158
– Liabilities	21,339	20,887
– Income	38,017	32,661
– Expenses	33,497	29,538

BASIS OF CONSOLIDATION

In the case of business combinations, MARQUARD & BAHL has made use of the exemption available under IFRS 1 and applied the goodwill balances stated in the HGB consolidated balance sheet as at 31 December 2003 in the IFRS opening balance sheet as at 1 January 2004. Negative goodwill balances arising on consolidation have been included in opening balance sheet retained profits (IFRS conversion reserve).

All material subsidiaries, in which MARQUARD & BAHL indirectly or directly controls more than 50% of the voting rights, have been included in the consolidation. In the case of two companies, they have been consolidated as a result of the exercise of control. For the companies Oiltanking Seraya Pte. and Oiltanking Odfjell Pte., both of which are in Singapore, all commercial and operational decisions are made by the members of the board of directors appointed by MARQUARD & BAHL. Material investments are valued using the equity method if a significant influence can be exerted; this is fundamentally the case where between 20% and 50% of voting rights are held. Material investments in joint ventures are accounted for by use of proportional consolidation in accordance with IAS 31, immaterial joint ventures are stated for at cost.



In accordance with IFRS 3 "Business Combinations", the capital consolidation is carried out by use of the purchase method. Under this method, the cost of the purchased interest is offset against the proportion of equity attributable to the parent company at the time of the acquisition. Any difference between the purchase cost and the attributable proportion of equity is allocated up to the amount of the fair value, independently of the attributable proportion to the subsidiary's assets and liabilities. Correspondingly, the interests of the other shareholders are stated at the fair value of the share of equity attributable to them. The remaining difference, if it is a debit balance, is recognised as goodwill. Negative goodwill arising on consolidation is taken immediately to the income statement.

According to IAS 31.2, a joint venture exists if two or more partners carry out an economic activity under shared control. Control is the power to govern the financial and economic policies of an economic activity so as to gain benefits from it. Joint control is defined as the contractually agreed sharing of control over an economic entity. Under the benchmark method, material jointly controlled entities are accounted for in consolidated financial statements by proportional consolidation in accordance with IAS 31.25.

All material receivables and liabilities, sales, expenses and income as well as intercompany profits and losses within the consolidation group are eliminated. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent an impairment does not exist.

DIFFERENT BALANCE SHEET DATE

The company Indian Oiltanking Limited, Mumbai, prepares its financial statements to 31 March every year. For consolidation purposes, interim financial statements to 31 December 2005 and 2004 were prepared. Two associated companies prepare their annual financial statements to 30 September every year. The recognition of these companies in the balance sheet under the equity method at 31 December 2005 was based on the financial statements for the year ended 30 September 2005. Interim financial statements to 31 December 2005 were not prepared out on the grounds of immateriality.

FOREIGN CURRENCY CONVERSION DIFFERENCES

The financial statements of the consolidated foreign companies are converted in accordance with the concept of the functional currency. As all of the companies are economically independent, the conversion of the balance sheets is performed using the rate as at the balance sheet date. The individual items of the income statement are converted at the average rate for the year.

Differences arising from conversion of assets and liabilities compared to the converted values of the prior year as well as conversion differences between the income statement and the balance sheet are reported directly to the "Cumulative translation adjustment" reserve under equity, without passing through the income statement. In the year of deconsolidation, the foreign exchange differences are transferred to the income statement.

MARQUARD & BAHLS has made use of the exemption available under IFRS 1 and eliminated exchange differences on foreign companies, whose currency is not the Euro in existence at the time of transition to IFRS, from the balance sheet item "Cumulative translation adjustment" and increased the retained earnings reserve correspondingly.

The average rate for the year is determined by taking the mid-rate of the daily currency rates of the past twelve months. The development of the significant exchange rates against the Euro is set out in the table below:

CURRENCY	BALANCE SHEET RATE		AVERAGE RATE FOR THE YEAR	
	31.12.2005	31.12.2004	2005	2004
- EURO / US-Dollar	1.1835	1.3639	1.2442	1.2432
- EURO / Singapore-Dollar (SGD)	1.9688	2.2281	2.0698	2.0995
- EURO / British Pound (GBP)	0.6871	0.7061	0.6838	0.6785
- EURO / Schweizer Franken (CHF)	1.5553	1.5435	1.5481	1.5438

Foreign exchange differences from net investments in foreign business operations in 2005 amount to €5.1 million (prior year: €nil), which in accordance with IAS 21.32 were reported directly to equity.

CHANGE IN FUNCTIONAL CURRENCY

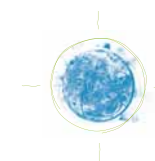
During the course of the financial year, two English group companies changed their functional currency from USD to GBP.

5 SIGNIFICANT RECOGNITION AND MEASUREMENT METHODS

The recognition, measurement and consolidation methods set out below have been applied consistently in all periods reported in these financial statements as well as in the preparation of the IFRS opening balance sheet as at 1 January 2004. They have also been applied consistently by all of the companies included in the consolidated financial statements.

ESTIMATES

The preparation of the consolidated financial statements requires that, to a certain degree, estimates and assumptions are made which will influence the assets and liabilities recognised in the balance sheet, the disclosure of contingent liabilities at the balance sheet date and the reporting of income and expenditure during the period of the report. The actual amounts to be accounted for can deviate from these estimates. The estimates and assumptions on which they are based are subject to continual review. Corrections of estimates are reported in the period in which the estimate was reviewed and, where appropriate, additionally in subsequent periods if the adjustment also relates to later periods.



REVENUE RECOGNITION

Sales are recorded at the point in time at which the service is provided. In the case of the supply of goods, this takes place at the point in time of the transfer of risk, for tank storage handling and aviation fuel supplies this is the point in time of supply. Storage sales are apportioned by time.

In the heating contracting segment, sales income is realised in the amount of the monthly instalments agreed with the customers. In addition, income is recognised in the amount of the estimated balance due at the end of the year.

In the case of partial completion of contracts by a proportionally consolidated entity, revenue is recognised to the extent of completion of each contract after reaching a contractually agreed level of partial completion.

Interest income is apportioned by time.

LONG-TERM CONTRACTS

Sales and profits from long-term production contracts are recognised according to the degree of completion ("percentage of completion method"). Production contracts qualify as long-term if the performance of the contract covers a period of at least 12 months, taken from the point in time of the commencement of the work until the point in time at which the work is, in substance, completed.

The degree of completion is derived from the relationship between the contract costs incurred by the end of the financial year and the current estimated total contract costs as at the end of the financial year ("cost-to-cost method"). Losses arising on long-term contracts are recognised in full, irrespective of the degree of completion reached, in the financial year in which the losses are identified.

Depending on the amount of the advance payment requested, long-term contracts that are accounted for under the percentage of completion method are reported under the item "Construction contracts" as part of inventories. They are to be stated at the amount of their production costs plus a proportion of the profit, according to the degree of completion reached.

INTEREST ON EXTERNAL FUNDING

Interest on external funding is reported as an expense.

INTANGIBLE FIXED ASSETS

Intangible fixed assets acquired for cash with a determinable useful life are capitalised at their acquisition cost and systematically amortised using the linear method over their useful lives of between three and 15 years. Intangible assets acquired for cash with an indefinite useful life are not systematically amortised, but are reviewed annually for indications of impairment.

In accordance with the requirements of IFRS 3 "Business Combinations", goodwill is no longer systematically amortised, but is reviewed annually for indications of impairment. IFRS 3 is to be applied to all business combinations after 31 March 2004, but can, however, be applied earlier, if

the goodwill has been treated in accordance with IFRS 3, with reference to IAS 36 "Impairment of Assets". As a result of IFRS 1 "First-time Adoption" combined with IFRS 3 "Business Combinations", from 1 January 2004, systematic amortisation has not been carried out. All goodwill offset against retained earnings in accordance with the requirements of HGB remains unchanged in the opening balance sheet. According to the impairment tests performed for the IFRS opening balance sheet and the 2004 and 2005 year-ends, no impairment write-downs were necessary.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at their acquisition or production cost less accumulated systematic depreciation. The linear depreciation method is applied. Additions during the year are depreciated on a time-apportioned basis. Low-value assets are written off in full in the year of acquisition. Additions and balance sheet recognition of technical plant and assets in the course of construction include planning and engineering services provided from within the group.

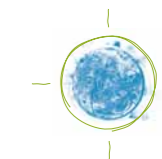
Where significant parts of a fixed asset have different useful lives, they are treated as separate tangible assets and systematically depreciated (component accounting). Costs arising from the obligation to remove a tangible fixed asset when its use has come to an end are capitalised as part of acquisition costs at the time of acquisition or production.

The useful lives of the intangible and tangible assets are set out in the following table:

USEFUL LIVES OF THE INTANGIBLE AND TANGIBLE ASSETS (in years)	USEFUL LIFE
- Licences, trade rights and similar rights (excluding software)	3 to 15 years
- Software	3 to 10 years
- Office buildings	12 to 50 years
- Operational buildings	12 to 40 years
- Petrol station buildings	10 to 25 years
- Tank constructions	40 years
- Jetties	30 years
- Pipelines	30 years
- Petrol station equipment	3 to 16 years
- Heating equipment	15 years
- Other technical plant and machinery	10 to 25 years
- Operating and other equipment	4 to 10 years

The production cost of internally created assets encompasses the individual costs as well as the attributable material and production overheads including depreciation and amortisation.

Expenses relating to advance and basic planning arising in the context of investment projects are capitalised. They are depreciated according to the useful life of the investment project.



Maintenance and repair costs are treated immediately as an expense. Regular major overhauls are capitalised as part of the related long-term asset under the concept of component accounting and depreciated over the period until the next major overhaul. Costs in respect of measures that lead to an extending of the benefit or an increase in the potential future benefits of an asset are capitalised as a matter of principle.

LEASING

In respect of leasing transactions, MARQUARD & BAHL'S acts only as a lessee. Lease agreements in the heating contracting segment are, in some cases, classified as finance leases with the consequence that the leased heating equipment is capitalised as economic property at the amount of the present value of the lease instalments during the non-cancellable term of the lease and at the beginning of the lease period a corresponding liability to the lessor is recognised in the balance sheet. All other leasing contracts are treated as operating leases; the ongoing lease instalments are charged immediately as an expense.

ENTITIES VALUED USING THE EQUITY METHOD AND OTHER FINANCIAL ASSETS

Material equity investments over which a significant influence can be exerted are accounted for by use of the equity method. In doing so, the accounting policies of MARQUARD & BAHL'S are also fundamentally applied to associated entities.

Investments in non-consolidated subsidiaries are stated at their acquisition cost, as no active market exists for these companies and their fair value cannot be reliably determined at a justifiable expense. Loans are stated at their amortised cost. All financial assets are written down where they are subject to a permanent diminution in value. Where it can be demonstrated that the reason for the diminution in value no longer exists, the write-down is reversed.

IMPAIRMENT OF FIXED ASSETS

Long-term assets are reviewed for recoverability as soon as possible circumstantial evidence indicates that the net book value of an asset or a group of assets may exceed its attributable value. The circumstantial evidence is based on current market developments and budgeted data.

In this situation, the net book value is compared with the higher of the net disposal proceeds and the present value of the estimated future cash flows from the use of the asset. If the reason for the impairment write-down no longer exists, the asset value is written back. In the 2005 financial year, there were no triggering events.

At 31 December 2005, in the context of an annual impairment test, goodwill and other intangible assets with an indefinite useful life of the cash generating units were reviewed for their recoverability. According to IAS 36 "Impairment of Assets", a write-down for impairment in excess of scheduled amortisation or depreciation must be performed if the recoverable amount of a cash generating unit is lower than its carrying amount. MARQUARD & BAHL'S identified its cash generating units as the individual operative companies in each country (profit centre).

MARQUARD & BAHL'S determined the recoverable amount as the value in use for all cash generating units. In doing so, the starting point was the expected recoverable cash flows. This

projection encompassed, for each cash generating unit, all significant parameters from a cash flow perspective and was carried out on the basis of individual projection premises for significant exchange rates, storage contracts and rates, growth rates of important regional markets, planned investments and maintenance costs as well as staff costs and other items.

The expected cash flows were discounted using the weighted average cost of capital. This cost of capital was obtained from models based on capital markets as well as gearing levels and external funding costs of comparable companies in the same sector (peer group). The present value of the cash flows resulting from their being discounted were reduced by the net interest bearing liabilities and compared to the carrying values of each of the cash generating units. This was determined as the difference between the allocated assets (including goodwill) and liabilities.

The impairment test in accordance with IAS 36 in the 2005 financial year did not reveal any requirement for write-downs, as the value in use of the cash generating units to which goodwill was attributed were all in excess of the corresponding carrying values.

INVENTORIES

In accordance with IAS 2, inventories are valued at the lower of the purchase or production cost and their market value at the balance sheet date. In determining purchase cost, the average value method is generally applied. There were no material valuation corrections required at 31 December 2005.

As a departure from this policy, the inventories of the companies that were classified as commodity broker-traders are valued in accordance with IAS 2.3 (b) at fair value (market value) less selling expenses.

RECEIVABLES AND OTHER ASSETS

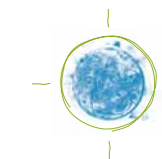
Receivables and other assets are stated in the balance sheet at their amortised cost. In order to account for individual risks, specific valuation write-downs are made.

DEFERRED TAXATION

In accordance with IAS 12, deferred tax assets and liabilities for all temporary differences between group accounting values and tax values are recognised. In addition, deferred tax assets are recognised in respect of useable tax losses. The effects of changes in the rate of taxation on deferred tax assets and liabilities are reflected in the charge for taxation in the period in which the tax rate is changed. Valuation adjustments are made where the realisation of a deferred tax asset is improbable.

IFRS CONVERSION RESERVE

All changes in equity not passing through the income statement and included in the opening balance sheet at 1 January 2004 as a result of the conversion from German accounting regulations to the International Financial Reporting Standards (IFRS and IAS) and their Interpretations (SICs and IFRICs) as issued by the International Accounting Standards Board (IASB) and adopted by the EU are reported under this item.



RESERVE FOR CHANGES IN VALUE

Changes in the fair value of financial instruments from cash flow hedges and investments classified as available for sale, together with the related deferred tax effects are reported under this item.

RESERVE FOR REVALUATION

The reserve for revaluation is connected with the transition consolidation, and was brought in to the consolidated financial statements for the first time under the full consolidation principles in the 2004 financial year after the increase in the holding in voting rights from 49 % to 100 %. The change in equity of the company determined under IFRS, to the extent that it relates to the purchase of the first tranche, was recorded in the reserve for revaluation.

PENSION PROVISIONS

MARQUARD & BAHLS has taken advantage of the exemption available under IFRS 1 and included all actuarial gains and losses arising from defined benefit commitments at the time of conversion from HGB to IFRS in the IFRS opening balance sheet (fresh start).

Defined pension and healthcare obligations are valued using the projected unit credit method as required by IAS 19 "Employee Benefits". In doing so, future salaries and pension adjustments are taken into account. The service cost for the beneficiaries arises from the systematic development of the benefits provision. Differences between the systematically determined pensions obligations and the present value of the benefits and pensions at the end of the year are allocated over the average remaining working lives of the beneficiaries, to the extent that they exceed 10 % of the obligation. The pension obligations in Germany are determined by taking account of the biometric calculation principles in accordance with the 1998 Huebeck reference tables. Pension obligations outside of Germany are determined taking into account country specific accounting principles and parameters. Deduction of the as yet unaccounted for actuarial gains and losses results in the pension provisions.

The defined contribution obligations of MARQUARD & BAHLS are charged as an expense in the period in which payment is made.

OTHER PROVISIONS

Other provisions are accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and IAS 19 "Employee Benefits". A provision is recognised in the balance sheet if the group has a legal or factual obligation arising from past events and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, long-term provisions are discounted. The discount rate applied is 5.5 %.

Costs arising from the obligation for the rectification of environmental damage are provided for if the claim is probable and the costs can be reliably estimated. The provisions are adjusted via the income statement as a result of knowledge gained from continual investigations and also during the course of the rectification measures. The amount of the individual provisions is

influenced by factors such as the degree of contamination, the required rectification measures and further requirements of authorities or private individuals.

LIABILITIES

Long-term liabilities and financing liabilities are stated in the balance sheet at amortised cost. Short-term liabilities are recognised at their repayment or fulfilment value.

FINANCIAL INSTRUMENTS

As well as originating financial instruments such as trade accounts receivable and payable and financial receivables and liabilities, derivative financial instruments are also classified under financial instruments.

DERIVATIVE FINANCIAL INSTRUMENTS

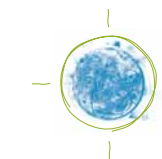
Derivative Financial Instruments are predominantly used for hedging purposes against risks from changes in market prices of goods for resale and foreign currency exchange rates as well as interest rates. The transactions are entered into with international commodity futures markets as well as with banks and trading houses with first-class credit ratings, within the context of determined limits. Only marketable instruments with sufficient market liquidity are used. Consequently, material credit risks do not exist. The use of derivative financial instruments is subject to constant risk control.

In accordance with IAS 39, all derivative financial instruments are stated at fair value in the financial statements, whereby the fair value states the effect on profits that a realisation of the derivative at the balance sheet date, independent of the underlying transaction would have. As a result of the volatility of value determining market data, the derivative financial instrument fair values determined as at the balance sheet date can differ substantially from the currently realisable amounts. The fair value of the foreign currency forward contracts is calculated on the basis of applicable spot rates at the balance sheet date combined with premiums and discounts relative to the agreed forward contract rate. In the case of interest swaps, valuation is performed on the basis of fair values provided by the contract partners. The market value of options and futures for commodities are determined daily by reference to the corresponding futures contract market.

Derivatives are included in the balance sheet at fair value in accordance with IAS 39 classified as derivative financial instruments or liabilities from derivative financial instruments. Balance sheet recognition takes place on the day of the trade.

Changes in their fair values are recognised immediately in the income statement, expenses and income that arise from unrealised gains and losses on derivative financial instruments for the hedging of foreign currency risks are reported under the income statement item "Result from changes in value of financial instruments". The unrealised gains and losses from these transactions are counteracted by an opposing movement in value of the recorded underlying transaction.

Derivative financial instruments are entered into almost exclusively on the basis of standardised outline contracts for financial forward contracts.



Hedge Accounting is practised only for the hedging of interest rate change risks in respect of underlying transactions bearing interest at variable rates by entering into interest swaps: The effective part of the change in fair value of these interest swaps is reported under the reserve for changes in value after deduction of the effects of deferred tax. Ineffective parts are reported in the income statement. In addition, hedge accounting takes place for the hedging of net investments in foreign business operations. Foreign exchange fluctuations from the hedged volume of the loan that are denominated in the same currency as the net investment are reported directly to the reserve for changes in value net of their deferred tax effects and without passing through the income statement.

ORIGINATING FINANCIAL INSTRUMENTS

Investments in non-consolidated subsidiaries are stated at their acquisition cost, as no active market exists for these companies and a fair value cannot be reliably determined at justifiable cost.

Outstanding loans, receivables and liabilities are stated at amortised cost. This relates specifically to

- > Loans
- > Trade accounts receivable and payable
- > Other current assets and current liabilities
- > Held-to-maturity investments

The fair values to be provided additionally in the notes to the financial statements correspond with the amortised cost values or deviate by only negligible amounts.

EMBEDDED DERIVATIVE FINANCIAL INSTRUMENTS

One group company has entered into refreshment and replenishment agreements with the national strategic petroleum reserve. These agreements provide that for a fixed period, the company takes fixed quantities of mineral oil products at fixed prices, in order to refresh them. For the same period, the same products at the same prices or qualitatively different products, taking account of price differentials, are to be supplied back to the strategic petroleum reserve. In accordance with IAS 39.10 et seq., the return of goods obligation is valued as an embedded derivative at its attributable fair value (market value).

RISK MANAGEMENT OF FINANCIAL RISKS

The risk management of the group concerns itself, in addition to operative risks such as activity, country and environmental risks, primarily with market risks, which, specifically, are caused by fluctuations in foreign exchange rates, interest rates and commodity prices. It is group policy to continually observe, quantify and hedge against these fluctuations, with the aim of avoiding risks that endanger continued existence and to avoid fluctuations in cash flow and income that are determined by commodity procurement and sale price as well as by foreign exchange and interest rates. The hedging of these market risks is achieved to a high degree with derivative financial instruments.

LIQUIDITY RISK

Liquidity risk denotes the risk of being able to procure sufficient financial resources in order to meet liabilities as they arise. An essential instrument for the controlling of liquidity risk is an exact financial projection, prepared by each of the operative companies. In this manner, funding requirements and bank credit lines are determined.

The financing of operating resources is performed by the group Treasury department. A daily offsetting of group internal balances is carried out by the central clearing function. Companies with cash surpluses make them available to companies requiring funds. This reduces the volume of external financing and achieves an optimal net interest charge.

CREDIT RATING RISK

The credit rating risk denotes asset losses that can arise from the non-fulfilment of contractual obligations of individual business partners. The credit rating risk of the business partners is hedged largely by pledges, trade credit insurance, bank guarantees and letters of support.

In relation to derivative financial instruments the credit rating risk is restricted to transactions with a positive market value and, in respect of these, to the replacement cost. Derivative transactions are entered into almost exclusively on the basis of standardised contracts relating to financial futures transactions. In the future, accounts receivable from brokers on commodity futures markets are to be transacted via secured accounts. A broker credit rating risk does not exist.

The maximum risk of loss at 31 December 2005 amounts to approximately € 70 million.

CHANGE IN VALUE RISK

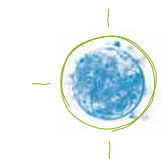
As a result of the volatility of the price of mineral oil products, goods inventories, contracts for the sale and purchase of goods and goods related derivative financial instruments are subject to a continual risk of change in value. Priced physical positions (procurement and sale contracts as well as return of goods obligations) are therefore, to the extent that no natural hedging exists, without exception, hedged by corresponding opposing transactions via commodity futures markets and as a consequence secured against risk. The management of each operative company is only entitled to enter into controlled risk positions to a limited degree.

In this context, commodity future contracts are transacted in USD.

FOREIGN CURRENCY RISK

The largest foreign currency position in the group is in US Dollars.

A natural foreign currency hedge arises in the business segment MABANAFT from funds received from the sale of goods in USD being used for the purchase of goods in USD. In the business segment OILTANKING the foreign currency risk is hedged in the context of a "double strategy". At the level of the subsidiary companies, open foreign currency positions from the issuing of loans



are hedged with the help of cross-currency interest rate swaps. Countering this at the group level is a "natural hedging", whereby the issuing of loans is financed by private placement which brings about opposing foreign currency effects.

Other open positions are mainly hedged by entering into currency swaps. Hedge accounting for currency swaps does not take place.

Investment finance is controlled by the group finance department. The taking out of loans is, in part, executed in the operative companies in the currency of the company's income, in order to avoid exchange rate risks.

INTEREST RISK

MARQUARD & BAHL'S differentiates between cash flow risk (the risk that interest income and expense change disadvantageously) in respect of variable interest bearing financial instruments and net present value risk in respect of fixed interest financial instruments. The cash flow risk is hedged by entering into interest swaps, whilst the net present value risk remains unhedged.

If the interest rate were to increase by 1%, the net interest charge from the variable interest bearing financial instruments would increase by approximately € 3 million per annum (prior year: approx. € 3 million per annum).

6 SIGNIFICANT ASSUMPTIONS WITH SUBSTANTIAL RISK OF CHANGE IN VALUE

The consolidated financial statements of MARQUARD & BAHL'S AG also include the following material items, whose method of valuation is substantially dependent on underlying assumptions and estimates:

INVENTORIES AND RETURN OF GOODS OBLIGATIONS

Inventories and obligations for the return of goods are valued under the broker-trader option and also as embedded derivatives at their fair value (market prices). The value actually realised can differ significantly from the value recognised in the consolidated balance sheet as a result of volatile market prices. The material risk is limited by implemented hedging instruments.

PENSION PROVISIONS

The actuarial calculation of the pensions obligation is based upon assumptions in respect of discount rates, expected returns on scheme assets, salary increases, pension increases and mortality rates. In addition, changes in the assumed trends in health costs are taken into account. These assumptions can differ from the actual data, specifically as a result of a change in economic environment, and a change in the market conditions as well as changes in the assumptions on which the trends in health costs are based, e.g. from health reforms.

A change of 0.1% in the assumed discount rate leads to a change in the present value of the pension obligation (DBO) of K€ 431. This variance does not give rise to a material influence on the future expense for pensions.

FIXED ASSET WRITE-DOWNS

In the context of the annual impairment test, goodwill and other intangible assets are reviewed for their recoverability.

The recoverability review involves performing a valuation on the basis of the entity's projection using market or entity specific discount rates and expected growth rates and foreign currency exchange rates. The related assumptions can be subject to changes, which could lead to valuation corrections in future periods.

PROVISIONS FOR ENVIRONMENTAL PROTECTION

Provisions are made for the rectification of environmental damage, provided the related claim is probable and the costs can be reliably estimated. The amount of the individual provisions is influenced by factors such as the degree of contamination, the required rectification measures and further requirements of authorities, businesses or private individuals. Changes in these factors could lead to the necessity to adjust the amount of the provision. The major part of the provisions relates to obligations for the rectification of environmental damage at the production facilities, old locations and waste disposal sites of the business.

REALISATION OF DEFERRED TAX ASSETS

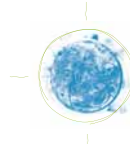
The calculation of deferred tax balances is performed on the basis of tax rates, which according to current legislation, will apply at the point in time at which the temporary differences will reverse as well as estimates of taxable future earnings. Possible changes in tax rates or future income differing from the assumed amount can lead to the realisation of deferred tax assets becoming improbable, making a valuation correction necessary.

USEFUL LIVES OF FIXED ASSETS

Tangible fixed assets and intangible fixed assets acquired for cash with limited useful lives are recognised at their purchase or production cost and systematically depreciated or amortised on a linear basis over their useful lives. In determining the useful lives, factors such as consumption, aging, technical standards, contract periods, changes in demand and availability of raw materials are taken into account. Changes in these factors can bring about a shortening of the useful life of an asset. In this situation, the remaining net book value would be depreciated or amortised over the new remaining useful life, which would lead to higher annual depreciation or amortisation charges.

7 MATERIAL ACQUISITIONS

With effect from 1 July 2005, MARQUARD & BAHL'S acquired a majority shareholding and, by further part purchases, the remaining shares in Belgian Fuelling & Services Company NV, Brussels, Belgium, a company whose activity is the supply of aviation fuel, for a price of K€ 6,264. A difference of K€ 2,777 arose between the purchase price and the net assets acquired, for which a final allocation of the purchase price has not yet been performed. The final purchase price allocation is to be subsequently carried out within the one-year period in accordance with IFRS 3, as at the balance sheet date, all of the information relevant to the valuation was not



yet available. Up to this point in time, the difference arising is reported in the group financial statements as goodwill, which reflects the future earnings potential of the company. The result of the company amounted to K€1,277 for the period 1 January to 30 June 2005 and K€74 for the second half of the financial year.

The inclusion of the company within the consolidation group gives rise to the following effects on the consolidated balance sheet and income statement:

ACQUISITIONS (K€)	2005
- Goodwill	2,777
- Tangible fixed assets	755
- Investments	757
- Receivables	959
- Cash	981
- Liabilities	1,757
- Equity	3,822
- Sales	2,402
- Cost of sales	506
- Personnel costs	1,505

8 MATERIAL DISPOSALS

In 2004 and 2005, no material businesses were disposed of.



WHAT THEN IS TIME? If no one asks me, I know what it is. If I wish to explain it to him who asks, I do not know.
Saint Augustine



COMMENTARY ON THE CONSOLIDATED INCOME STATEMENT OF MARQUARD & BAHL'S AG, HAMBURG

> FINANCIAL YEAR 2005

9 SALES – AFTER DEDUCTION OF MINERAL OIL TAX

Sales by business segment are as follows:

SALES – AFTER DEDUCTION OF MINERAL OIL TAX (K€)	2005	2004
- Oiltanking	316,995	285,032
- Mabanaf	8,138,056	5,399,880
- International trade	2,850,300	1,705,120
- Wholesale trade	3,534,752	2,274,279
- Retail trade	1,716,403	1,387,719
- Heating contracting	36,601	32,763
- Skytanking	15,972	13,472
- Other	1,745	679
> TOTAL	8,472,768	5,699,063

Sales by geographical region are as follows:

SALES BY REGION (K€)	2005	2004
- Germany	3,811,309	3,235,689
- Europe	3,959,301	2,150,788
- Asia	70,504	64,958
- North America	585,807	205,240
- South America	45,847	42,388
> TOTAL	8,472,768	5,699,063



Sales are reported after the deduction of mineral oil tax of K€1,140,679 (prior year: K€1,145,622).

10 OTHER OPERATING INCOME

OTHER OPERATING INCOME (K€)	2005	2004
– Cost refunds	5,481	4,422
– Compensation payments	2,237	3,292
– Foreign exchange gains	17,402	6,007
– Income from the reversal of provisions	2,480	2,549
– Income from other taxes	1,243	1,751
– Amounts written back on tangible fixed assets	656	61
– Rental income	1,272	1,925
– Receipt of written-off receivables and removal of liabilities	860	2,532
– Profit from disposal of fixed assets	549	1,704
– Sundry	4,857	3,535
> TOTAL	37,037	27,778

Income from foreign exchange differences is reported on a gross basis. In respect of the reported income from foreign exchange differences, there are opposing foreign exchange losses, which should be evaluated as one item from an economic perspective.

The sundry other operating income includes a number of individual items.

11 COST OF SALES

COST OF SALES (K€)	2005	2004
– Cost of raw materials, supplies and purchased goods	7,963,281	5,257,413
– Cost of purchased services	86,864	72,298
> TOTAL	8,050,145	5,329,711

12 PERSONNEL EXPENSES

PERSONNEL EXPENSES (K€)	2005	2004
– Wages and salaries	109,653	96,569
– Social contribution, pension charges and support (of which for pensions)	21,942	19,403
– (of which for pensions)	(6,332)	(5,465)
> TOTAL	131,595	115,972

Pension charges include predominantly expenses arising from payments into defined contribution pension schemes. The interest element from the valuation of pension obligations is also reported under this item.

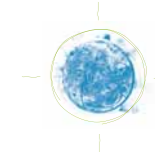
13 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES (K€)	2005	2004
– Selling expenses	15,638	14,023
– Freight costs	12,041	9,528
– Service recharges	2,778	3,732
– Writing-off and valuation correction of receivables	4,692	4,192
– Storage costs	11,672	12,961
– Loss on disposal of fixed assets	3,182	3,422
– Auxiliary personnel expenses	6,845	4,935
– Third party costs	6,049	6,381
– Legal and advisory costs	9,052	8,587
– Foreign exchange differences	14,053	13,327
– Rent and occupancy costs	6,329	5,832
– Operating taxes	13,221	9,224
– Motoring expenses	5,647	5,218
– Insurance	5,885	5,302
– Bank charges	6,080	3,817
– Postage and communication costs	3,477	3,147
– Travel and representation costs	8,249	8,121
– Sundry	16,136	18,664
> TOTAL	151,026	140,413

Sundry expenses include a number of individual items such as expenses for office supplies, charges, subscriptions and IT expenses.

14 FINANCIAL RESULT

FINANCIAL RESULT (K€)	2005	2004
– Income from investments	147	232
– Income from companies accounted for using the equity method	3,088	1,211
INVESTMENTS RESULT	3,235	1,443
– Income from fixed asset investments in securities and loans	278	134
– Other interest and similar income	4,804	5,921
– Interest and similar charges	(39,143)	(32,786)
– Amounts written off of financial investments	(54)	(172)
NET INTEREST	(34,115)	(26,903)
– Change in value of financial instruments	(1,390)	(1,316)
– Gain/loss on revaluation of hedged foreign currency loans	838	(9,677)
OTHER FINANCIAL RESULT	(552)	(10,993)
> FINANCIAL RESULT	(31,432)	(36,453)



Interest and similar charges relate predominantly to short-term trading finance in respect of MABANAFT and long-term investment loans in respect of OILTANKING.

The change in the value of financial instruments arises from positive movements of K€2,500 (prior year: K€2,137) and negative movements of K€1,365 (prior year: K€3,453) on currency and interest swaps and negative movements in the value of cross-currency interest swaps (K€2,525, prior year: K€0).

The gain/loss on revaluation of hedged foreign currency loans includes the income statement proportion of the foreign currency valuation of a loan included under other long-term liabilities (- K€10,268, prior year: + K€15,323) and the fair value adjustment of a cross currency interest swap (+ K€11,106, prior year: - K€25,000) for the purpose of hedging the loan.

15 TAX ON PROFITS

Short and long-term deferred tax balances for German companies are determined using a total tax rate of 40%, comprising corporation tax of 25%, solidarity surcharge of 5.5% and an average trade tax rate of 18%. The deferred tax calculations of the foreign companies were based on the country-specific tax rates.

The total tax charge comprises the following:

TAX ON PROFITS (K€)	2005	2004
- Current tax	19,938	21,852
- of which domestic tax	7,053	3,943
- of which foreign tax	12,885	17,909
- Deferred tax	7,048	321
- of which domestic deferred tax	-3,015	299
- of which foreign deferred tax	10,063	22
> TAX ON PROFITS	26,986	22,173

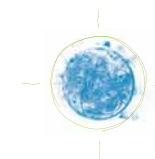
The effective tax rate in the 2005 financial year amounts to 34%. The difference between the actual tax rate and the consolidated tax rate of 40%, comprising corporation tax, solidarity surcharge and trade tax is analysed below:

RECONCILIATION OF THEORETICAL TO ACTUAL INCOME TAX EXPENSE (K€)	2005	2004
- Group profit before tax	80,211	40,401
- Expected Tax Charge at 40 %	-32,084	-16,160
- Differences from varying tax rates	8,562	4,505
- Trade tax effects	-809	-661
- Adjustment of deferred tax balances as a result of changes in tax rates	-573	1,550
- Non-taxable income	4,185	1,551
- Permanent Differences	860	-35
- Non-deductible expenses	-2,368	-2,690
- Tax from previous years	-191	171
- Movements from valuation adjustments to deferred tax assets	-5,900	-9,360
- Results from equity investments	997	463
- Other tax effects	-80	-1,063
- Consolidation effects	415	-444
> TAX ON PROFITS	-26,968	-22,173

In accordance with the balance sheet orientated determination of deferred tax balances, the following deferred tax assets arise under IFRS for the individual balance sheet items:

DEFERRED TAX ASSETS (K€)	2005	2004
- Intangible assets	290	43
- Other fixed assets	243	483
- Other participating interests and remaining investments	0	157
- Receivables and other assets	1,068	1,726
- Taxable losses and tax credits	33,732	30,640
- Provisions and liabilities	30,472	31,352
- Other	4,082	1,414
> SUB-TOTAL	69,887	65,815
- (of which long-term)	(43,972)	(41,288)
- Valuation adjustments	27,529	26,002
- Offsetting in individual companies	24,948	24,954
> DEFERRED TAX ASSETS	17,410	14,859

Based on the results of the past and the expectation of similar results in the future, it is probable that the future taxable income is sufficient for the realisation of the deferred tax assets. A valuation correction has been made to the deferred tax assets to which this assumption does not apply.



In accordance with the balance sheet orientated determination of deferred tax balances, the following deferred liabilities arise under IFRS for the individual balance sheet items:

DEFERRED TAX LIABILITIES (K€)	2005	2004
– Intangible assets	239	146
– Tangible assets	89,769	76,413
– Other participating interests and remaining investments	1,993	351
– Receivables and other assets	16,200	13,192
– Provisions and liabilities	7,965	11,243
– Other	2,042	72
> SUB-TOTAL	118,208	101,417
– (of which long-term)	(93,893)	(81,201)
– Offsetting in individual companies	24,948	24,954
> DEFERRED TAX LIABILITIES	93,260	76,463

The amount of tax losses not recognised is set out below:

TAX LOSSES (K€)	2005	2004
– Domestic losses	80,980	76,367
– Corporation tax	12,776	19,086
– Trade tax	68,204	57,281
– Foreign losses	35,681	25,824

The domestic losses can be carried forward indefinitely; the foreign losses can predominantly be carried forward indefinitely. Foreign losses of K€ 6,915 expire from 2011 and later.

It is assumed that future profit distributions and disposals of participating interests will not give rise to material tax charges. Consequently, no deferred tax liabilities have been recognised in respect of these items.

In total, deferred tax balances of K€ 876 were recognised without passing through the income statement. In doing so, deferred taxes of K€ 670 from the fair value adjustment of interest swaps were offset in the reserve for changes in value without passing through the income statement and K€ 1,818 from the cash flow hedging of foreign net investments was reported directly to the reserve for changes in value without passing through the income statement. With the foreign exchange adjustment item, there was an offset of K€ 2,024 not affecting the income statement.

16 AVERAGE EMPLOYEE NUMBERS

During the 2005 financial year, MARQUARD & BAHL had an average of 2,623 employees (prior year: 2,436 employees), of which an average 529 employees (prior year: 527 employees) were in joint ventures. In addition, one Moldovan group company had 1,084 employees, of which, 954 were industrial employees.

The structure of the average employee numbers of the group is set out below:

AVERAGE EMPLOYEE NUMBERS	2005		2004	
	Number	%	Number	%
– Employees				
– Industrial	1,295	49	1,223	51
– Salaried	1,329	51	1,213	49
> TOTAL	2,623	100	2,436	100
– Distribution by Region				
– Germany	709	27	708	29
– Europe (excluding Germany)	588	22	631	26
– North America	331	13	204	8
– South America	482	18	483	20
– Asia	513	20	410	17
> TOTAL	2,623	100	2,436	100
– Distribution by Business Segment				
– Mabanaft	517	20	541	22
– Oiltanking	1,780	68	1,731	71
– Skytanking	186	7	34	1
– Other Segments	140	5	130	6
> TOTAL	2,623	100	2,436	100



WHAT IS TIME? We should always realize that today is today and never comes again.
Arthur Schopenhauer



COMMENTARY ON THE CONSOLIDATED BALANCE SHEET OF MARQUARD & BAHL'S AG, HAMBURG
 > FINANCIAL YEAR 2005

17 INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible fixed assets include an amount of K€2,777 in respect of a difference arising from a preliminary purchase price allocation which has been allocated as goodwill as a result of the capital consolidation of a subsidiary acquired in 2005 in the aviation fuelling segment.

At €26.4 million, the material investments in technical plant and machinery relate to the chemical tank store finished in the financial year in Terneuzen, Holland. In addition, in relation to new investments in tank facilities, €5.8 million was invested in the tank storage for Oiltanking Amsterdam BV and €7.7 million was invested in the tank stores of Oiltanking Americas Inc. in Houston, Beaumont and Texas City. Investments were also made in petrol stations and heat generation equipment.

Technical equipment and machinery includes heat generating equipment amounting to K€1,899 (prior year: K€2,291) that has been capitalised in the balance sheet under finance leases.

Additions to assets in the course of construction relate specifically in the amount of €33.7 million to the expansion of the tank storage capacity of Oiltanking Singapore Pte. Investments of a larger scale were also made by Oiltanking Americas for new tank, barge, dock and pipeline facilities.

The exact composition of intangible and tangible fixed assets is set out in the consolidated fixed assets table.

18 INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD AND OTHER INVESTMENTS

INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The following table gives an overview of the material items of the income statement and balance sheet of the important equity accounted associated companies and joint ventures.

INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD (K€)	2005	2004
– Sales	375,201	327,100
– Result for the year	5,574	949
– Fixed assets	48,383	17,572
– Current assets	48,720	45,394
– Provisions	8,119	7,044
– Liabilities and accruals	64,062	43,354
– Equity	24,933	12,567

The results of the equity accounted companies in the year under review include profits of €3.7 million (2004: €1.8 million) and losses of €0.6 million (2004: €0.6 million). The dividends of equity accounted companies amount to €2.5 million (2004: €1.6 million).

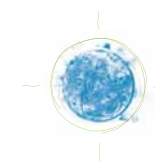
OTHER INVESTMENTS

Investments in group companies and other participating investments are stated at their acquisition cost less impairment write-downs.

The other loans relate to loans to petrol station tenants and, in two cases, loans to fellow shareholders. All of the other loans bear interest at the market rate.

NOMINAL AMOUNT	TERM	INTEREST RATE (%)	NET BOOK VALUE (K€)
– K€ 1,678	2006	3.50	1,679
– KGBP 25	2006	0	35
– K€ 171	2006	0	171
– KUSD 1,186	2006 – 2010	10.41	501
– K€ 407	2006 – 2021	0	407
– K€ 368	2006 – 2029	0 – 3.6	368
– Other	–	–	532
> TOTAL			2,386

The exact composition and development of the equity accounted investments is set out in the consolidated fixed assets table.



19 NON-CURRENT RECEIVABLES AND OTHER NON-CURRENT ASSETS

The non-current receivables and other assets comprise the following items:

NON-CURRENT RECEIVABLES AND OTHER NON-CURRENT ASSETS (K€)	2005	2004
– Trade accounts receivable	162	154
– Receivables from employee benefit insurance policies	5,651	3,994
– Tax receivables	6,117	1,898
– Other long term receivables	178	116
> TOTAL	12,108	6,162

20 OTHER NON-CURRENT ACCRUALS AND DEFERRED CHARGES

The non-current prepaid expenses relate predominantly to rents paid in advance and investment subsidies to petrol station tenants.

21 INVENTORIES

Included under inventories are goods for resale and, to a small extent, raw materials and supplies as well as replacement parts, additives and heating oil dye. In the case of companies that are classified as commodity broker traders, goods for resale are stated at their attributable fair value (market prices) less sale costs (€ 395 million); the remaining goods for resale and raw materials and supplies are stated at their purchase cost or fair value at the balance sheet date, if it is lower than the purchase cost.

In addition, balances arising from production contracts valued under the percentage of completion method are included. Sales reported from these production contracts in the period under review amounted to K€ 43,528 (2004: K€ 23,601). In respect of projects running at the balance sheet date, the total of costs and reported profits amounts to K€ 4,201 (2004: K€ 4,304). Advance payments received at the balance sheet date amounted to K€ 35 (2004: K€ nil), the amount of receivables arising from retentions was K€ 1,061 (2004: K€ 378). The amount reported in the balance sheet in respect of production contracts for which the costs incurred plus reported profits exceed the amounts invoiced and advances received was K€ 5,678 (2004: K€ 4,304).

22 CURRENT RECEIVABLES AND OTHER CURRENT ASSETS

CURRENT RECEIVABLES AND OTHER CURRENT ASSETS (K€)	2005	2004
– Trade accounts receivable	624,530	426,846
– Receivables from affiliated companies	1,236	1,524
– Receivables from associated companies	3,023	1,786
– Tax receivables	22,165	29,613
– Other current receivables and other assets	20,864	24,001
> TOTAL	671,818	483,770

Accounts receivable from other group companies and from associated companies include a small amount of trading receivables.

The tax receivables arise predominantly from tax refund claims in respect of advance payments of tax, which exceed the actual tax liabilities for the year under review, as well as sales tax.

Other current receivables and other assets include receivables from broker transactions (K€ 8,008, prior year: K€ 10,495), supplier debit balances (K€ 1,220, prior year: K€ 2,855), damage compensation claims (K€ 6,347, prior year: K€ 6,281), and receivables from a number of individual circumstances.

Valuation write-downs to current receivables and other assets in the amount of € 13.6 million (prior year: € 11.7 million) have been made. The related expense in the year under review amounts to € 4.7 million (prior year: € 4.2 million).

23 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments relate to forward currency contracts and commodity forward contracts, inward and outward supply contracts, and similar contracts, as well as embedded derivatives.

The following foreign currency forward contracts are reported:

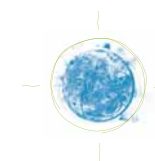
FOREIGN CURRENCY FORWARD CONTRACTS					
CURRENCY		AMOUNT 31.12.2005	FAIR VALUE 31.12.2005 (K€)	AMOUNT 31.12.2004	FAIR VALUE 31.12.2004 (K€)
– Sale	SGD	0	0	8,000,000	105
– Sale	USD	0	0	67,671,219	773
– Sale	CHF	14,890,000	10	16,740,000	86
– Purchase	USD	21,140,416	137	600,000	0
> TOTAL			147		964

Hedge accounting under IAS 39 is not applied.

The composition of commodity forward contracts is as follows:

COMMODITY FORWARD CONTRACTS				
	QUANTITY 31.12.2005	QUANTITY 31.12.2004	FAIR VALUE 31.12.2005 (K€)	FAIR VALUE 31.12.2004 (K€)
– Long positions (MTONS)	1,282,200	163,000	12,498	988
– Short positions (LOTS)	511	191	1,685	3,127
– Total Capital market			14,180	4,115
– Embedded derivatives (TONS)	55,301	302,023	2,404	12,255
– Other			5,716	3,351
> TOTAL			22,300	19,721

Hedge accounting under IAS 39 is not applied.



24 MARKETABLE SECURITIES

Marketable Securities are stated at their amortised cost. They relate to fixed interest bearing securities, which fall due in 2007.

25 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cheques, cash balances and bank account balances.

26 EQUITY

SHARE CAPITAL

The fully paid share capital of MARQUARD & BAHL AG amounts to € 75,000,000. It is subdivided into 2,500,000 no par value shares.

ADDITIONAL PAID IN CAPITAL

Additional paid in capital includes an amount of € 5,343,750 reported by the group parent company in accordance with section 272 para. 2 HGB and SGD 6,250,000 of the group apportioned additional paid in capital of Oiltanking Odfjell Pte., which relates to the introduction of capital by the external shareholders to strengthen the capital base in 2001. Positive goodwill balances arising on consolidation from subsidiaries acquired up until 31 December 2003 have been offset in this account.

RETAINED EARNINGS

The composition of retained earnings is as follows:

RETAINED EARNINGS (K€)	31.12.2005	31.12.2004
- Other retained earnings	12,756	2,030
- IFRS conversion reserve	112,914	112,856
> TOTAL	125,670	114,886

Other retained earnings relate to reserves of profits accounted for under the local accounting law of the relevant companies. They include predominantly profit allocations from the result for the year or earlier years, against which positive goodwill balances on consolidation of subsidiaries acquired up until 31 December 2003 have been offset.

RESERVE FOR CHANGES IN VALUE

The reserve for changes in value developed as follows:

RESERVE FOR CHANGES IN VALUE (K€)	1.1.2005	CHANGE IN CASH FLOW HEDGE RE: INTEREST SWAPS	CHANGE IN CASH FLOW HEDGE RE: FOREIGN NET INVESTMENTS	OTHER	31.12.2005
- Fair Value of Cash Flow Hedges	-4,972	2,836	-4,545		-6,681
- Other	1			2	2
- Deferred Tax	1,426	-670	1,818	0	2,571
> TOTAL	-3,545	2,166	-2,727	2	-4,105

RESERVE FOR REVALUATION

The reserve for revaluation is connected with the transition consolidation, and was brought in to the consolidated financial statements for the first time under the full consolidation principles in the 2004 financial year after the increase in the holding in voting rights from 49% to 100%. The change in equity of the company determined under IFRS, to the extent that it relates to the purchase of the first tranche, was recorded in the reserve for revaluation.

PROFIT FOR THE YEAR

According to the German commercial code, for distributions to the shareholders of MARQUARD & BAHL AG, the result stated in the annual financial statements of MARQUARD & BAHL AG under German accounting law is the authoritative amount.

The board of directors of MARQUARD & BAHL AG proposes to distribute a dividend of approximately € 10 million for the 2005 financial year and retain the remaining profit for the year in reserves. This corresponds to a dividend of € 4.0 per share.

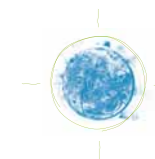
FOREIGN CURRENCY CONVERSION DIFFERENCES

The difference arising from foreign currency conversion which reflects movements in exchange rates and their effects on tangible fixed assets, provisions and various components of equity also includes an amount of K€ 5,061 that has not passed through the income statement and relates to the valuation of foreign net investments. Deferred tax of K€ 2,024 in respect of this item has also been reported directly to the foreign currency reserve without passing through the income statement.

MINORITY INTEREST

Profits and losses from the result for 2005 relating to minority interest of € 7.8 million (2004: € 6.1 million) were accounted for. In total, the composition of minority interest is set out below:

MINORITY INTEREST (K€)	2005	2004
- Minority interest in equity	31,414	22,349
- Minority interest in result for the year	5,696	5,148
> TOTAL	37,110	27,497



27 NON-CURRENT LIABILITIES

Non-current liabilities comprise the following:

NON-CURRENT LIABILITIES (K€)	2005	2004
– Bank liabilities	236,722	164,000
– Other long-term liabilities	163,092	138,498
> TOTAL	399,814	302,498

Other non-current liabilities include principally a private loan issued in 2004 in the USA, which runs until 2019 and has a nominal value of USD 130 million. USD 30 million is repayable from the year 2010, with the remaining amount falling due at the end of the loan. In addition, long-term liabilities arise from leasing contracts classified as finance leases as well as income collected in advance in the heating contracting segment.

All of the liabilities bear interest. The interest rates lie in the range of 3.0% to 9.9%. The reported loans with interest rates below the market rate are immaterial in their amount and stated at nominal value in the balance sheet.

At 31 December 2005, the financial liabilities have the following maturities:

FINANCIAL LIABILITIES (€million)	31.12.2005
– 2007	35.5
– 2008	43.3
– 2009	21.3
– 2010 and after	299.9
> TOTAL	400.0

At the balance sheet date, MARQUARD & BAHL'S has confirmed unused credit lines with banks with a term of under one year amounting to €778.5 million (2004: €197.0 million) and long-term unused credit lines of €100.0 million (2004: €44.8 million).

28 NON-CURRENT PROVISIONS

Non-current provisions developed as follows:

NON-CURRENT PROVISIONS (K€)						TOTAL
	PENSIONS	ENVIRON- MENT	COMPEN- SATION	DISMANT- LING COSTS	OTHER	
> 1.1.2005	34,402	5,819	2,428	27,177	586	70,412
– Change in membership of the consolidation group	382	0	0	0	0	382
– Exchange differences	227	0	0	274	55	556
– Consumption	1,865	189	40	0	21	2,115
– Reversal	108	24	92	305	19	548
– Increase	3,286	501	0	2,273	113	6,173
– Adjustments	12	0	0	0	0	12
> 31.12.2005	36,336	6,107	2,296	29,419	714	74,872

The environmental provisions relate to the elimination of toxic waste, rectification and water pollution control measures. Further, these provisions include costs for decontamination, emissions control and inspection.

The dismantling costs relate to the obligations arising on the expiry of rental contracts for tank stores, petrol stations and heating supply contracts to remove the installed tank facilities, petrol stations and heat generation equipment.

In respect of the dismantling costs and environmental provisions, the outflow of economic benefits is long-term and the provisions are therefore discounted and reported in the balance sheet under long-term liabilities. Uncertainties exist in particular in relation to the dismantling costs regarding the actual costs arising.

Other provisions relate to a number of individual items.

29 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In addition to the provisions for defined benefit pensions, there are obligations similar to pensions included in pensions provisions, which, by reorganisation of salaries, are subject to taxation at a later date (deferred compensation).

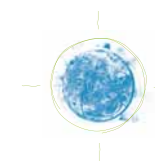
PROVISIONS FOR PENSIONS (K€)	2005	2004
– Defined benefit pension obligations	30,040	29,138
– Defined contribution pension obligations	6,296	5,264
> TOTAL	36,336	34,402

The provision for pensions relates principally to benefits of the operating pension scheme granted in the past by MARQUARD & BAHL'S to employees in Germany. Outside of Germany, no material pension commitments exist.

The amount of the pension benefits is based on the number of years' service and income. The pension commitments in Germany are – with few exceptions – financed exclusively by provisions.

At approximately 86% (2004: 93%), the predominant part of the pension provision relates to Germany. As in the previous year, a total of 207 domestic employees are entitled to pensions.

The valuation and balance sheet recognition of the pensions obligations and the expenditure necessary to meet these obligations is carried out in accordance with the projected unit credit method prescribed by IAS 19 "Employee Benefits". Under this method, not only the known pensions and acquired benefits as at the balance sheet date are accounted for, but also the expected future growth of these determining values.



The development of the present value of the benefits arising from pension commitments, all of which have been determined in accordance with IAS 19, taking account of future salary increases is set out in the following table:

DEVELOPMENT OF PRESENT VALUE (K€)	2005	2004
> DEFINED BENEFIT OBLIGATION AT THE BEGINNING OF THE YEAR	33,837	28,529
- Service cost: present value of the benefits earned in the financial year	594	371
- Interest charge on already acquired entitlements	1,596	1,601
- Actuarial gains and losses	1,450	4,699
- Pension payments	-1,443	-1,363
> DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	36,034	33,837

A reduction of 0.10 percentage points in the interest rate to 4.90% increases the above stated defined benefit obligation (DBO) at the valuation date of 31.12.2005 to K€ 36,481. This represents an increase of 1.24%.

The development of the defined benefit obligation stated in the balance sheet under pension provisions is set out in the table below:

DEVELOPMENT OF FUNDED STATUS (K€)	2005	2004
- Defined benefit obligation	36,034	33,837
- Funded status	36,034	33,837
- Gains and losses not yet reported in the income statement	5,994	4,699
> BALANCE SHEET VALUE (DEFINED BENEFIT LIABILITY)	30,040	29,138

The total expense for defined benefit pension commitments comprises the following:

NET PENSION CHARGE (K€)	2005	2004
- Service cost: present value of the benefits earned in the financial year	594	371
- Interest charge on already acquired entitlements	1,596	1,533
- Amortisation of actuarial losses	154	0
> NET PENSION CHARGE (FOR BENEFIT COMMITMENTS)	2,344	1,904

The assumptions on which the costs and actuarial valuation are based, apart from the expected return on assets, are set out as weighted averages in the following table:

ASSUMPTIONS FOR COSTS AND ACTUARIAL VALUATION (in %)	GERMANY		FOREIGN	
	2005	2004	2005	2004
- Discount rate at year-end	5.00	5.00	5.50	5.50
- Long-term salary increases	2.00	2.00	3.50	3.50
- Long-term pension expense	2.00	1.75	0.00	0.00
- Contribution basis dynamic	1.25	1.25	0.00	0.00
- Fluctuation	0.00	0.00	0.00	0.00

The assumptions applied for each country were determined under individual principles on the basis of the significant economic conditions. Due to the uniform balance sheet recognition of pension obligations of MARQUARD & BAHL'S, an individual discount rate was applied outside of Germany.

In relation to defined contribution pension commitments – for which the company pays fixed agreed contributions to external pension funds – an additional €3.7 million was expended in 2005 (2004: €3.6 million). The ongoing contributions payments are charged as personnel expenses in the same period. The payment of contributions to private pension funds does not give rise to additional benefit obligations on the part of the company.

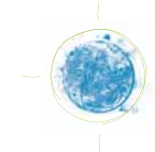
30 CURRENT LIABILITIES

Current liabilities comprise the following:

CURRENT LIABILITIES (K€)	31.12.2005	31.12.2004
FINANCIAL LIABILITIES		
- Bank liabilities	363,439	178,443
OTHER CURRENT LIABILITIES		
- Trade accounts payable	538,870	397,272
- Current tax liabilities	140,345	167,831
- Liabilities from derivative financial instruments	58,958	57,699
- Other current liabilities	27,001	27,533
> TOTAL	765,174	650,335

Bank liabilities include current account overdraft balances and the current element of capital repayments on long-term loans. The liabilities bear interest at between 3.0% and 9.9%.

None of the trade accounts payable bear interest.



The tax liabilities relate to mineral oil tax, sales tax (VAT) and customs duties as well as payroll and church taxes. To a small degree, liabilities for taxes on profits are also included.

The other current liabilities, to the extent of K€750 (prior year: K€1,373) relate to liabilities to other group companies, K€826 (prior year: K€2,361) relates to associated companies, K€2,448 (prior year: K€3,091) relates to other loans, K€5,114 (prior year: K€2,231) relates to advanced payments received and K€7,475 (prior year: K€5,716) relates to liabilities in connection with wages and salaries. A number of individual liabilities are also included. The liabilities are predominantly non-interest bearing.

31 LIABILITIES FROM DERIVATIVE FINANCIAL INSTRUMENTS

Liabilities from derivative financial instruments comprise foreign currency and interest swaps, cross currency interest swaps and commodity forward contracts.

The composition of the currency swaps is as follows:

CURRENCY SWAPS

CURRENCY		FAIR VALUE		FAIR VALUE	
		AMOUNT 31.12.2005	31.12.2005 (K€)	AMOUNT 31.12.2004	31.12.2004 (K€)
- Sale	SGD	46,200,000	-152	0	0
- Sale	USD	66,557,927	-265	0	0
- Purchase	SGD	3,000,000	-6	12,984,879	-58
- Purchase	USD	6,000,000	-1	128,139,877	-986
- Purchase	CHF	0	0	1,500,000	-2
> TOTAL			-424		-1,046

At the balance sheet date, the following interest swaps were in existence:

INTEREST SWAPS (K€)

	NOMINAL VOLUME		FAIR VALUE	
	31.12.2005	31.12.2005	31.12.2004	31.12.2004
	133,159	-6,506	145,251	-10,825

At the balance sheet date, cross currency interest swaps comprised the following:

CROSS CURRENCY INTEREST SWAPS (K€)

	NOMINAL VOLUME		FAIR VALUE	
	31.12.2005	31.12.2005	31.12.2004	31.12.2004
	142,787	-16,418	110,350	-25,000

The composition of liabilities from commodity futures transactions is as follows:

LIABILITIES FROM COMMODITY FUTURE TRANSACTIONS (K€)

	31.12.2005		31.12.2004	
	AMOUNT	FAIR VALUE	AMOUNT	FAIR VALUE
- Long positions	22 (Lots Nymex)	2,217	1,954 (Lots IPE)	3,917
- Short positions	1,231 (Lots IPE)	10,917	372,000 (MTONS)	1,525
	1,465,200 (MTONS)			
- Total capital mkt		13,134		5,442
- Embedded derivatives (TONS)	267,026	21,635	221,812	13,268
- Other		841		2,118
> TOTAL		35,610		20,828

Hedge accounting under IAS 39 was partly applied to interest swaps. For all other derivative financial instruments, hedge accounting was not applied.

32 TAX ACCRUALS

Tax accruals developed as follows:

TAX ACCRUALS (K€)

> 1.1.2005	17,482
- Consumption	11,447
- Reversal	439
- Increase	14,381
- Foreign currency differences	1,230
> 31.12.2005	21,205

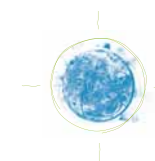
The tax provisions relate to taxes on profits and other local taxes in the amount of K€13,408 (prior year: K€12,476).

33 OTHER PROVISIONS

Other provisions developed as follows:

OTHER PROVISIONS (K€)

	PERSONNEL	LATE INVOICES	ENVIRON- MENT	RETURN OBLIGA- TIONS	OTHER	TOTAL
> 1.1.2005	15,331	9,742	3,500	10,882	5,403	44,858
- Exchange rate differences	53	548	0	0	259	860
- Consumption	11,285	8,442	315	10,277	3,992	34,311
- Reversal	432	638	15	605	187	1,877
- Increase	23,059	12,284	99	18,463	5,961	59,866
- Adjustment	-12	178	0	0	-178	-12
> 31.12.2005	26,714	13,672	3,269	18,463	7,266	69,384



The provisions for personnel expenses include mainly provisions for wages, salaries and social security contributions, pre-retirement arrangements, employment anniversary obligations and other accrued personnel costs.

The provisions for environmental protection measures and reconstruction obligations relate to the removal of toxic waste, rectification and water pollution control measures. These provisions also include costs in respect of decontamination, emissions control and inspection.

The provision for return obligations relates to borrowed quantities of trading goods. They are stated at fair value.

Other provisions relate to a number of individual items.

34 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES (K€)	31.12.2005	31.12.2004
– Guarantees	14,600	8,570
– (of which, in respect of associated companies)	(9,780)	(4,764)

Up to the time of the preparation of the balance sheet, there were no claims arising from guarantees.

Fixed assets with a book value of €321 million (prior year: €316 million) provide security for liabilities by the granting of charges and encumbrances on real estate.

Liabilities of the companies consolidated into the group financial statements are secured by charges on inventories and investments. At 31 December 2005, their carrying value amounts to approximately €45 million. In addition, guarantees have been given and assignments on receivables granted.

35 OTHER FINANCIAL OBLIGATIONS

Purchase order commitments in respect of investments at the balance sheet date amount to approximately €36 million (prior year: €42 million).

Rental and leasing charges in the 2005 financial year amounted to approximately €19 million (2004: approx. €19 million). These expenses relate to the rental of floor-space and buildings at tank storage facilities and petrol station sites as well as rent for administrative offices. The analysis of future rental and leasing payments is set out below:

RENTAL AND LEASING PAYMENTS (€ million)	< 1 YEAR	1–5 YEARS	> 5 YEARS
– Future rental and leasing payments	19	75	255

36 LEASING

Via one of its subsidiaries in the heating contracting segment, the company is a lessee in respect of heat generation equipment. The leasing contracts are normally entered into for a term of 15 years, corresponding to the heat supply contracts. The majority of the long-term leasing contracts provide options for their extension, some leasing contracts include purchase options. The obligations from leasing contracts during their non-cancellable rental period are set out in the following table:

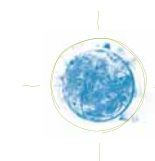
LEASING (K€)	FINANCE LEASES	OPERATE LEASES
– Term:		
– Up to 1 year	382	2,000
– 1 to 5 years	687	3,725
– Over 5 years	679	50
> TOTAL	1,748	5,775
– Included interest elements	578	
> PRESENT VALUE OF OBLIGATION	1,170	

37 ENVIRONMENTAL PROTECTION

The activities of MARQUARD & BAHLS are subject worldwide to all locally applicable environmental protection laws and conditions. These usually include upper limits for the emission of pollutants into the air and water as well as requirements for the handling of dangerous materials and waste and their disposal. Additionally, as a result of legislation or precedents set by local courts, companies or private individuals are able to make demands applicable to OILTANKING GmbH. The board of directors assumes that the group acts in accordance with all applicable environmental laws and requirements. In order to confirm this, the board of directors of MARQUARD & BAHLS AG has put a framework of policies in place regarding the environment, health and safety and quality (HSSE framework), which is binding worldwide on all operative units. The implementation of the framework is reviewed by internal audit.

A group-wide information system provides all up to date necessary information to the board of directors regarding significant events in respect of inventory holdings, handling and transport of MARQUARD & BAHLS goods.

At 31 December 2005, MARQUARD & BAHLS was obligated in various locations under the local authorities to rectify environmental damage. It is group policy to recognise provisions for all costs for the rectification of environmental damage, provided that the claim is probable and the costs can be reliably estimated. The provisions are adjusted through continual investigation and from knowledge gained during the course of the rectification measures. The amount of the individual provisions is influenced by factors such as the extent of the pollution, the required rectification measures and the additional requirements of authorities, companies or private individuals. The provisions for environmental damage measures amount in total to €9.4 million in the year under review (2004: €9.3 million). Of this amount, the provision for the largest individual case at group locations in Belgium amounts to €5.9 million (prior year: €5.7 million).



Potential changes in the law could, in the future, lead to MARQUARD & BAHL'S being exposed to further rectification requirements. From the current position, the company is unable to provide estimates or a range of costs regarding any possible expense over and above the amounts already provided. The likelihood of such an expense being material is considered to be small.

38 RELATED PARTY DISCLOSURES

MARQUARD & BAHL'S receives only an immaterial level of services from its non-consolidated group and associated companies and also provides services only to an immaterial extent.

In the 2005 financial year, a shareholder of MARQUARD & BAHL'S AG granted to a group company a loan of €2 million bearing interest at the market rate with a term running until 2010.

All goods and services supplied to and received from related parties were transacted at prices as if they were with a third party ('arm's length').

The remuneration of the nine members of the management of the company, comprising the board of directors and authorised company representatives as well as the directors of the companies OILTANKING GMBH and MABANAFT GMBH & CO. KG, and the three members of the supervisory board amounted to K€9.132 (prior year: K€4.118). In addition, an amount of K€85 (prior year: K€55) was charged in respect of management pension obligations.

In the 2005 financial year, an amount of K€95 (prior year: K€95) was charged in respect of long-term obligations to other related parties.

At the balance sheet date, the following receivables from and payables to related parties existed:

RECEIVABLES AND PAYABLES (K€)	31.12.2005	31.12.2004
– Accounts receivable from affiliated and associated companies	4,259	3,310
– Accounts payable to affiliated and associated companies	1,576	3,734
– Other liabilities	2,000	0
– Liabilities to minority shareholders	74	42
– Other short-term provisions for obligations to management	6,000	2,310
– Other non-current provisions for obligations to related parties	1,600	1,505
– Non-current provisions for obligations to management	895	810

39 SUPPLEMENTARY DISCLOSURE TO THE CASH FLOW STATEMENT

The liquid assets reported in the cash flow statement relate exclusively to the cash and cash equivalents stated in the balance sheet.

In the cash flow statement, cash movements for the 2005 financial year as well as for the prior year are analysed, separated by cash in and out flows arising from ordinary activities, investment activities, and financing activities. Effects arising from changes in group membership and foreign exchange movements on cash balances are reported separately.

Under the item income taxes paid, payments to both domestic and foreign tax authorities are reported.

Cash flows from investing activities include additions to tangible fixed assets and fixed asset investments, as well as own work capitalised.

Reported under financial activities are funds received from capital increases and cash out flows as a result of dividend payments.

Cash flows from ordinary activities include the effects of payments of taxes on profits after tax refunds of €31.0 million (2004: €11.5 million), as well as interest payments of €32.4 million (prior year: €15.7 million).

40 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

By contract dated 20 March 2006, MARQUARD & BAHL'S sold a 50% interest in Oiltanking Antwerp N.V. – subject to the approval of the cartel authorities – with economic effect from 1 January 2006. Due to the future proportional consolidation of the resulting joint venture, based on the figures from the 2005 financial statements of Oiltanking Antwerp N.V., the following assets and liabilities are to be removed from the consolidated balance sheet of MARQUARD & BAHL'S AG and the following effects on the consolidated income statement arise:

MATERIAL EFFECTS (K€)	2005
– Sales	15,186
– Profit for the year	1,998
– Non-current assets	28,468
– Current assets	4,876
– Provisions	11,814
– Liabilities and accruals	8,825
– Equity	12,705

41 BOARD OF DIRECTORS AND SUPERVISORY BOARD

BOARD OF DIRECTORS

– The board of directors of the company comprises:

- > Aart W. Lokhorst, Seevetal (CEO)
- > Dr. Claus-Georg Nette, Hamburg (CFO)

SUPERVISORY BOARD

– The supervisory board consists of:

- > Hellmuth Weisser, Hamburg (Chairman), Kaufmann (business diploma)
- > Rolf A. Kirchfeld, Hamburg, Bankkaufmann (banking diploma)
- > Dr. Klaus Asche, Hamburg, Kaufmann (business diploma)

Marquard & Bahls AG
HAMBURG, 28 APRIL 2006



Aart W. Lokhorst
> Chief Executive Officer



Dr. Claus-Georg Nette
> Chief Financial Officer



COLOPHON

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A NEW YEAR STARTS AT MARQUARD & BAHL