

Message to the Shareholders

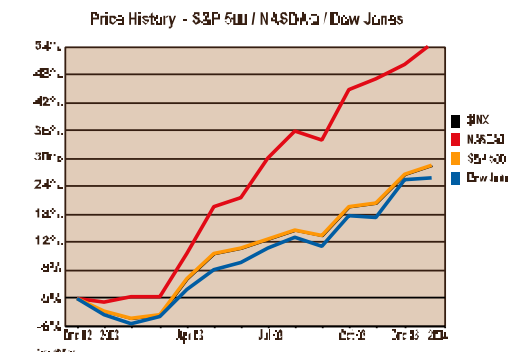
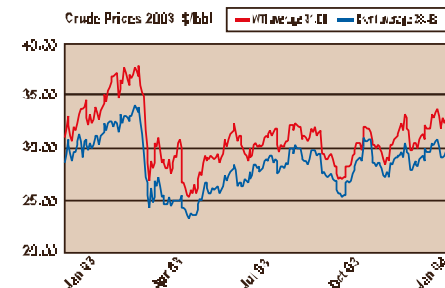
Dear Shareholders,

The Board of Directors is pleased to present to you the annual report on the company's operations for the year 2003. The most important event of 2003 was the regime change in Iraq, the political and economic consequences of which are still significant on both regional and global levels.

The US economy and the US money markets have witnessed their worst three consecutive years (2000, 2001 and 2002) since the Great Depression, which occurred seventy years ago. These three years witnessed a global feeling of pessimism. The situation has changed radically since the events in Iraq with the US money markets regaining their confidence. The DOW JONES index rose by 25%, the NASDAQ index increased by around 50%, and the STANDARD& POORS index rose by around 40%. Optimism was reflected on other International financial markets, where the MSCI global index rose by around 29%, its best results since 1986.

Equally, the political instability surrounding the events in Iraq affected the international oil markets causing an increase in oil prices. The average crude price of American crude WTI (West Texas Intermediate) during 2003 reached USD 31.00 per barrel, i.e. around USD 4.84 higher than the price average of 2002, setting the highest average record over the past twenty years. Similarly, the average BRENT crude price reached USD 28.48 per barrel during 2003, with an approximate increase of USD 3.45, over its average for the year 2002, and slightly lower than its highest average USD 28.53 reached by BRENT in the year 2000. The events of 2003 also affected the average price of OPEC's crude basket, which reached USD 28.12 per barrel, slightly higher than the price ceiling fixed by OPEC at USD 28.00.

In spite of the high uncertainty of both the political and economic situations in 2003, IPG was able to make many distinctive achievements. The most important of these is the resumption of commercial relations with Iraq's State Oil marketing Organization (SOMO) in the 3rd quarter of 2003, where the Group started to supply SOMO with Gasoline, Kerosene and Diesel, and to receive Fuel Oil in return. Moreover, the Group was able to reach a final and comprehensive settlement with both SOMO and the Central Bank of Iraq, regarding the amounts claimed by SOMO for the oil shipments provided by them during the months of July and August of 1990. This settlement was submitted to the Kuwaiti Court of High Appeal, which is reviewing the case filed by the National Bank Of Kuwait regarding the said shipments. Also, the Group has achieved a strategic goal by strengthening its cooperation with the Emirates National Oil Company (ENOC) through the formation of a joint venture (D&K Petroleum LLC), which is owned equally by both parties. This new company commenced its operations early 2003, concentrating on all Fuel Oil sales by IPG and ENOC. IPG hopes that the opening of the Iraqi oil market shall provide many opportunities for this new company in both commercial trading as well as investment in the oil industry.



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The net financial result for 2003 was a net profit of about KD 4.6 Million, which is equivalent to 42% of the Group's paid up capital of KD 10.875 Million, and which represents an increase of 142% over the 2002 net profit of KD 1.9 Million.

Moreover, the significant improvement in the International financial markets, particularly in the last quarter of the year, led to a substantial increase in the total revenues from IPG's overall investments, including its portfolio; the increase amounted to KD 3.3 Million, compared to a loss of KD 0.8 Million in 2002.

As for the marketing operations in 2003, the Group has achieved its highest volume ever in total sales, reaching 5.3 Million tons compared to 4.7 Million tons in 2002. This increase is primarily due to the additional Fuel Oil sales made by D&K Petroleum LLC to ENOC Bunkering Fujairah LLC, (EBFL), of which IPG owns a 24% share.

During 2003, the Group achieved total sales amounting to KD 210 Million, with net results of marketing operations equal to KD 4.6 Million, slightly lower than KD 5.1 Million in 2002. This decrease is mainly due to the highly competitive oil markets and the restructuring of the Fuel Oil sales that are now included under the new venture (D&K Petroleum LLC). IPG's marketing results exclude the results of the operations of D&K Petroleum LLC due to their incompleteness.

The year 2003 witnessed an increase in the activities of IPG regional offices in Singapore and London with the employment of a new manager in London and an additional oil trader in each office.

The solid commercial relations with other major and national oil companies in the region have continued, and several contracts have been signed to supply IPG with petroleum products from these companies which include (Aramco) Saudi Arabia, (Bapco) Bahrain, (SOMO) Iraq, (Qatar Petroleum) Qatar and (NIOC) Iran.

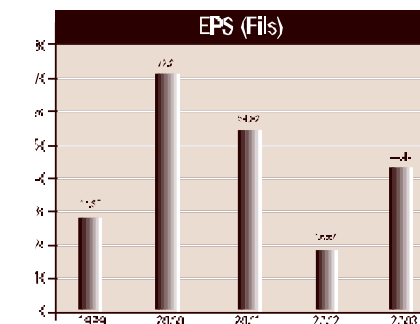
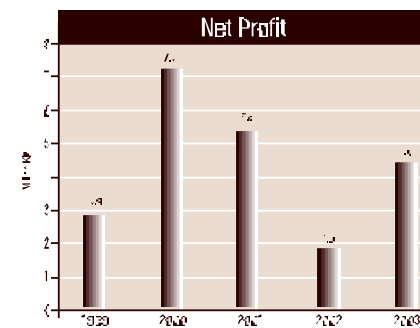
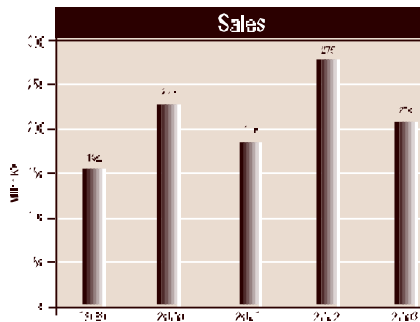
On the other hand, IPG has made consistent efforts, in the development of oil related and other projects that complement its commercial activities, toward ensuring stable long-term revenues for the Group. In this respect several accomplishments have been achieved during 2003.

The following is a brief summary:

First: Operating Projects:

1. Vopak Horizon Fujairah Ltd. (VHFL) U.A.E (IPG's Share 10%):

The company performed exceptionally throughout the year. The completion of phase (IV) of the project in August 2003 raised the terminal's storage capacity from 812 Thousand Cubic Meters to 1.1 Million Cubic Meters, i.e a 37% increase, for a total cost of USD 19.6 Million. Currently, the company is involved in ongoing negotiations to form a new venture with other parties for the construction of a potential petroleum terminal project in (Ain Al-Sokhna, Egypt).



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2. Arab Tank Terminals Ltd, (ATT), Kingdom Of Saudi Arabia- KSA (IPG's Share 36.5%):

The first phase of the project went well resulting in 100% output. The project consists of storage tanks for chemical products with a capacity of 13.5 Thousand Cubic Meters. This led the Partners to approve expanding the project's chemical storage capacity by constructing five additional tanks with total capacity of 5.8 Thousand Cubic Meters, for a total cost of USD 3 Million. The additional tanks are expected to operate by the end of August 2004. Moreover the official authorities in the Kingdom of Saudi Arabia have approved granting the company Bonded Storage Status in Yanbu, under the Free Zones norms. The engineering designs and all related studies of the project's second phase, which involve the construction of new storage tanks of Petroleum products, are being finalized. It is expected to award the EPC (Engineering, procurement, and construction) contract by second half of 2004.

3. Asia Petroleum Ltd (APL) Pakistan (IPG's Share 12.5 %):

The project continued to perform well, yielding a cash dividend of 45% for the year [equivalent to KD 261,000], which ended on June 30th 2003.

4. D&K Shipping Ltd. UAE (IPG's Share 50%):

The additional four tankers, which joined the company's fleet of tankers in 2002, achieved high performance due to the increased operational demand by ENOC Bunkering Fujairah, LLC (EBFL). IPG has maintained the charter of the tanker (Gulf Star) throughout 2003. Efforts continue, to add a very large tanker (VLCC) to the existing fleet, in order to meet its increasing operational requirements.

5. ENOC Bunkering Fujairah LLC, EBFL, UAE, (IPG's share 24%)

During 2003, the company had leased and added two Tankers to its existing fleet, where one will be utilized as a floating depot. By the end of 2003, the company's monthly average sales of Fuel Oil reached 183 Thousand Tons. Plans are underway to increase the monthly sales volume to 300 Thousand Tons by the end of 2004.

6. Uniterminals, Lebanon (IPG's share 50%)

The company has maintained good performance for the second year in a row, and recorded an exceptional increase in sales amounting to (75%), in comparison to 2002. In addition, revenues from the storing activities have risen by (94%). Currently, negotiations regarding the expansion of the storage operations and sales are underway between the company's owners, i.e. IPG and the Lebanese parties.

7. Al-Manar Plastic Products Co. Ltd. Kingdom Of Saudi Arabia- KSA (IPG's Share 10%):

The project operated at maximum capacity nearly throughout the year. Expansion plans are being explored.



Vopak Horizon Fujairah Ltd.



Arab Tank Terminals Ltd.



Asia Petroleum Ltd.



D&K Shipping Ltd.

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Second : Projects in Progress:

1. Inpetro SARL (IPT) Beira -Mozambique (IPG's Share 30%):

The project's original Engineering designs have been reviewed due to the unexpected high capital cost, where the storage capacity has been amended from 132 Thousand Cubic Meters to 80 Thousand Cubic Meters. The re-bid process has been initiated and the (EPC) contract for the project is expected to be awarded during the 2nd Quarter of 2004.

2. Horizon Djibouti Holdings Ltd. Djibouti (IPG's Share 20%):

The terminal's total storage capacity of 236 Thousand Cubic Meters is designed for storing and handling petroleum products, LPG, Chemicals and Edible Oils. The terminal also has access to two jetties and contains a truck loading station. Site development works are near completion and the (EPC) contract was recently awarded. Construction works are expected to commence during the 1st Quarter of 2004, with the capital cost of the project estimated at USD 60 Million. The project is expected to be completed by the second quarter of 2005.

Staff And Administration:

During 2003, IPG continued its effort in recruiting the appropriate expertise to meet the growth of its various operations:

Seven (7) new employees joined the Marketing department, including the two regional offices in the UK and Singapore, two (2) employees in the Finance department, and one (1) employee in the Departments of Business Development, Information Technology, and Administration. The new staff recruitment has taken into consideration that acquiring national manpower is a priority for the company.

In the field of Information Technology (IT), the Group has not only purchased a comprehensive financial system, but also installed and implemented a new system for Imaging and Document management. Efforts continued throughout the year to develop and enhance various electronic equipments and related software.

In conclusion, the management wishes to extend its deepest gratitude to the shareholders for their valued trust and to the IPG team for their dedication and efforts, which have led to the achievement of good results for the year.

Board of Directors



ENOC Bunkering Fujairah LLC, EBFL



Uniterminals



Beira, Mozambique



Djibouti site under development