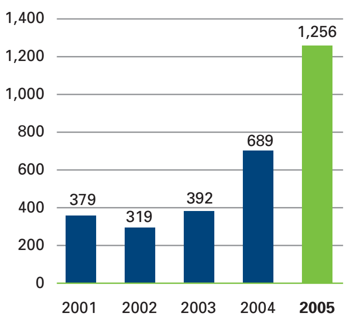
OMV on the move in 2005
Annual Report

Move & More. OMV

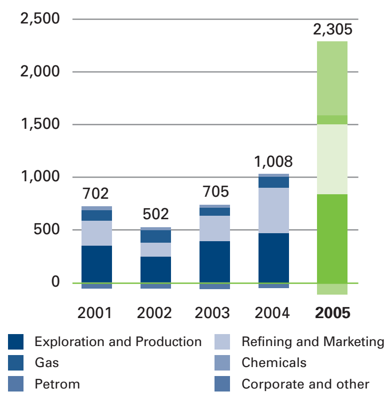
At a glance

EUR mn	2005	2004	Δ
Sales	15,580	9,829	59%
EBIT	1,958	975	101%
Net income	1,496	690	117%
Net income after minorities	1,256	689	82%
Clean EBIT	2,305	1,008	129%
Clean net income after minorities	1,391	711	96%
Cash flow from operating activities	2,108	1,039	103%
Capital expenditure	1,439	2,297	(37)%
EUR			
Earnings per share	4.21	2.55	65%
Clean earnings per share	4.66	2.64	77%
Cash flow per share	7.06	3.86	83%
Dividend per share	0.90	0.44	105%
in %			
Return on average capital employed (ROACE)	19.9	15.4	29%
Return on equity (ROE)	22.2	19.4	15%

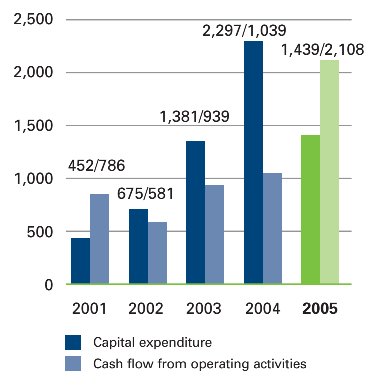
Net income after minorities in EUR mn



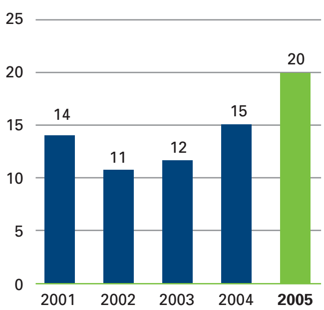
Clean EBIT by segments in EUR mn



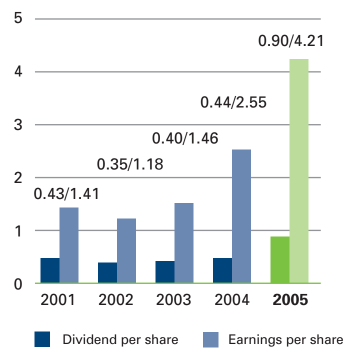
Capital expenditures and cash flow in EUR mn



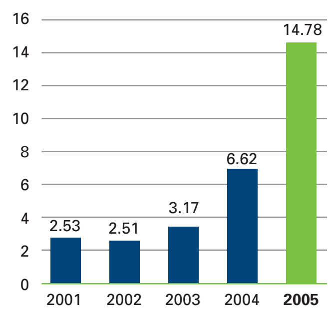
ROACE in %



Dividend and earnings per share in EUR

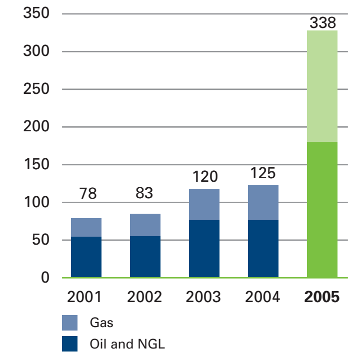


Year end market capitalization in EUR bn

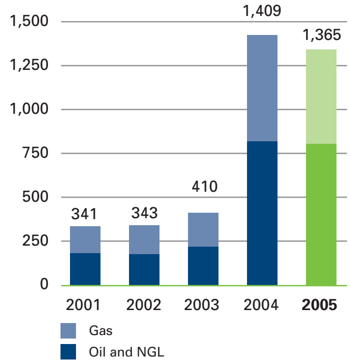


Exploration and Production

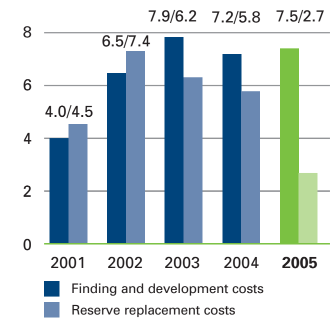
Production in 1,000 boe/d



Reserves in mn boe

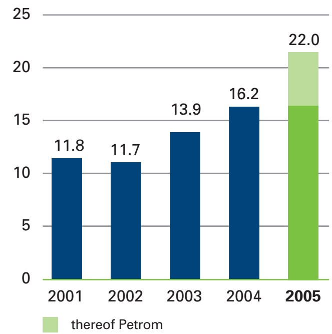


Finding and development costs and reserve replacement costs in USD/boe

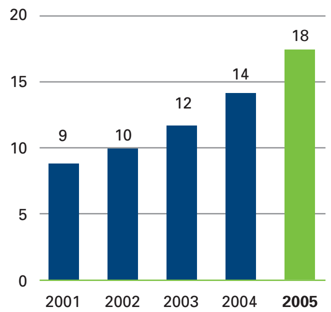


Refining and Marketing

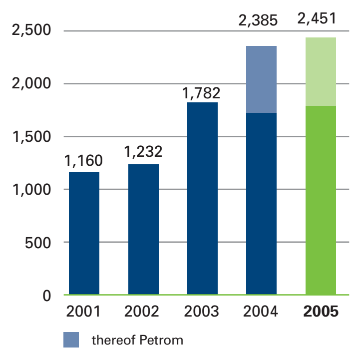
Refining sales volumes in mn t



Marketing market share in %

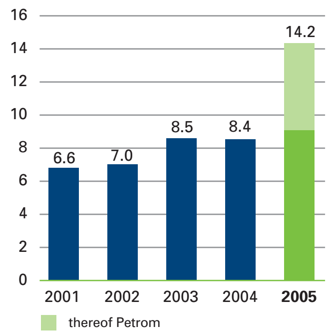


Number of retail stations

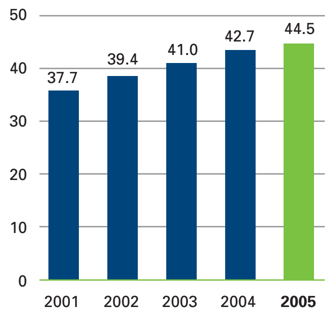


Gas

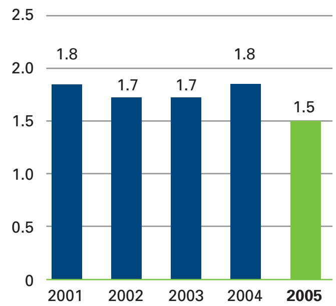
Gas sales in bcm



Total transmission volume sold in bcm

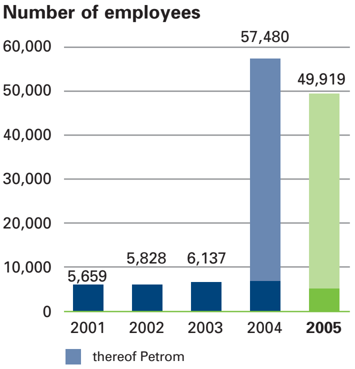


Contracted gas storage volume for third parties in bcm

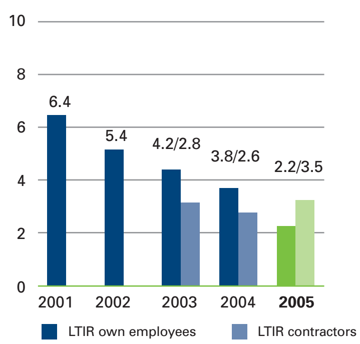


Corporate

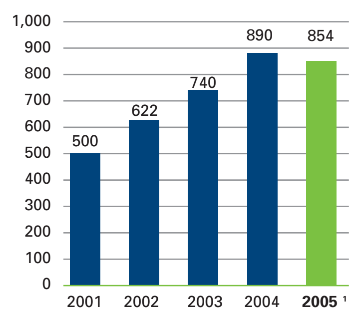
Number of employees



Number of accidents (absence from work ≥ 1 day in 1 mn working hours)



Number of training courses



[1] 2005 figure excludes Petrom

Contents





Move & More

Through profitable growth and the consolidation of our clear leadership in the central European oil and gas industry, OMV confirmed its position as a strong European company. Three years ahead of schedule, we have already achieved our target of doubling the size of the Company. Because of this growth, we now operate across many national boundaries. The successful implementation of our growth strategy, together with a favorable market environment has produced another record financial performance.

This strong position is reflected in facts and figures but is underpinned by the values under which we operate. Values have to be put into practice in order to have a true meaning. We adhere to them in all our daily activities and they provide the energy behind our successful growth strategy and our market position in Exploration and Production, Refining and Marketing as well as Gas.

24 hours a day “Move & More” determines OMV’s way of doing things. This is reflected in this annual report, with its images capturing moments from OMV’s everyday life.

Highlights of 2005

January
- OMV's first oil discovery in Iran
- Five new exploration blocks offshore Faroe Islands awarded

February
- Portfolio streamlining through sale of gas fields in Australia

March
- Exploration success in the UK North Sea
- Contracts of OMV Executive Board extended until 2010

April
- Large Austrian gas field discovery

May
- Sale of a 50% stake in OMV's Chemical business (AMI) to IPIC
- Annual General Meeting approved dividend of EUR 4.4 per share (EUR 0.44 after stock split)
- OMV and Gazexport sign new gas transport contract

June
- Additional capacities for the Trans-Austria gas pipeline agreed
- Joint venture agreement signed for the Nabucco pipeline project
- OMV and IPIC acquire 100% of Borealis

July
- Stock split by a ratio of 1:10

August
- Significant oil field discovered in Yemen
- Sale of E&P assets in Qatar

September
- 4 new exploration licenses awarded in the West of Shetland area
- Oil and gas discovery in UK North Sea
- Sale of E&P assets in Ecuador

October
- Acquisition of 70 Aral filling stations in the Czech Republic
- Divestment of the geotextile business Polyfelt
- Capital Markets Day in Bucharest: OMV sets new targets for further growth to 2010

November
- Sixth exploration success in Libya in NC 186
- Successful appraisal of oil discovery in Yemen
- Maari oil field development offshore New Zealand approved

December
- Further significant gas discovery in Austria

Statement of the Chairman of the Executive Board

Ladies and Gentlemen,

2005 was an important year for OMV and its shareholders. Today, OMV's position as the leading integrated oil and gas group in Central Europe is undisputed. Not only have we doubled the size of the Group three years earlier than planned, but our rapid expansion has been highly profitable, bringing benefits to our owners through substantial value growth.

Number 1 in Central Europe
Your OMV stock has more than doubled in value in 2005 – a year in which OMV once again posted record results. EBIT doubled to almost EUR 2 bn, free cash flow multiplied fivefold to EUR 774 mn, and at the same time we have eliminated our Group borrowings. This strong improvement in earnings was reflected in an outstanding stock performance over the year. Our stock price significantly outperformed the entire oil and gas industry, rising by 123%.

Over the past three years, the market capitalization – or in other words, the value – of the Company you have invested in, has risen more than sixfold, from EUR 2.5 bn to EUR 15 bn. Aside from your rewards from this value growth, we would like you to participate in these excellent annual results in the form of a 105% dividend increase. We are therefore proposing a dividend of EUR 0.90 per share.

Macroeconomic conditions naturally played a decisive role in these record-breaking profits, which are explained in detail in this report. However, it was only by pursuing our growth strategy that we were able to fully exploit this favorable environment.

I am particularly proud of our people. Without their outstanding motivation and complete commitment we would not have been able to hit our targets so fast. My thanks go to each and everyone of them!

Playing in a new league, thanks to Petrom
The substantial contribution from Petrom which delivered EBIT before special items of EUR 805 mn, played a key role in this year's excellent results. This undoubtedly reflected the success of the restructuring program underway in Romania. Petrom has opened up new perspectives for us. Making the most of its potential remains the central task as we move ahead with integrating and reorganizing the company, so as to develop it into a modern and profitable member of the OMV Group. In 2005, we launched a wide number of initiatives at Petrom based on thorough planning. These were aimed at improving operational productivity in the E&P segment, reducing production losses, and increasing refinery utilization, as well as establishing a new gas marketing business. Organizational structures and processes were recast and new service contracts made. A social plan was drawn up in a close and constructive dialog with the labor unions, opening the way for a reduction in the headcount from 51,005 to 44,693 by the end of the year. Petrom's strong earnings contribution already shows the benefits of the modernization programs being implemented at the company.

Milestones
During the first year since the Petrom acquisition we have paid special attention to this challenge. We did not lose sight of other activities, however. We successfully expanded our exploration and production operations in 2005, and announced significant discoveries in Austria, Iran, Libya, the UK and Yemen. We optimized our upstream portfolio by tightening the focus on our core regions. Meanwhile, the acquisition of the Aral filling stations in the Czech Republic made OMV the leader in that market.
On October 1, 2005, we launched biodiesel on the market, ahead of the EU deadline, and we introduced an ultra low sulfur diesel grade. The year also witnessed expansion projects that turned Schwechat into one of Europe's leading petrochemical sites. We increased our holding in the second-largest European polyolefine producer, Borealis from 25% to 35%. In order to concentrate on our core business, we divested the Polyfelt geotextile business, and a 50% of the AMI Chemical business. In the Gas segment, we signed a new transport contract with Gazexport of Russia. A joint venture was formed to advance the major Nabucco gas pipeline project, which is aimed at opening up sources of supply in Central Asia so as to meet growing demand in Europe. This will draw up financing plans and coordinate further planning stages under OMV's leadership.

Strategy 2010
We completed the first stage of our expansion strategy ahead of schedule, generating long-term value growth for stockholders, but we are not resting on our laurels. Instead, we have formulated a new strategy that will take us through to 2010, and this makes a clear commitment to continued profitable growth. Our financial strength gives us a solid

platform for this. Our strategic objectives can be summarized as follows:

- OMV will strive to extend its market leadership in Central Europe, and to be the oil company that profits most from the opportunities offered by the European "growth belt". This represents a conscious decision to continue to move outwards from mature markets into a rapidly growing regional economy of 200 mn people.

- We aim to make OMV the most attractive oil and gas group in this high-growth region, having a stable ownership structure and achieving a ROACE of 13% given average market conditions. This means that when considering acquisition targets we will weigh up our strategic options and the potential profitability of each move very carefully, just as we always have in the past. In order to attain this objective, we must also still make better use of the earnings potential offered by our 20% market share and our integration.

- We want OMV to be the best integrated mid-sized oil and gas company. In Exploration and Production we will focus on today's five core regions, targeting Russia as a potential sixth region. We would like at least half of the crude we process at our refineries to be produced by ourselves. We also plan to place the integration of our E&P and Gas operations on a new footing.

- OMV is committed to business, social and environmental sustainability ("triple bottom line"). In fulfilling our mission of providing our customers with secure energy supplies, we will pay greater attention to improved products and new energy forms, as well as environmental protection and the interests of the community.

The quantitative targets implied by this strategy are:

- Oil and gas production of 500,000 boe per day
- Refining capacity of up to 50 mn tons per year
- Gas sales volumes of 20 bcm per year
- 13% ROACE

Outlook for 2006

The oil and gas industry will continue to be subject to many uncertainties in the near term, and markets will therefore remain volatile. However, we have shown that we are capable of mastering challenges like this. We will investigate acquisition opportunities very carefully, but will simultaneously devote as much energy as before to developing and integrating Petrom.

I am confident that our new strategy and the steps already taken towards its implementation in 2006 will continue to be in the interests of our stockholders.

Wolfgang Ruttenstorfer

Executive Board

(From left to right: Gerhard Roiss, Helmut Langanger, Wolfgang Ruttenstorfer, David C. Davies)

Wolfgang Ruttenstorfer (*1950)
As of January 1, 2002 Chairman and Chief Executive Officer; responsible for Gas and Chemicals.
He began his career with OMV after graduating from the Vienna University of Economics and Business Administration in 1976, going on to head the planning and financial control, corporate development and marketing functions, among others. He was a member of the Executive Board from 1992 to 1997. From 1997 to 1999 he was Austria´s Deputy Finance Minister.
In January 2000 he returned to the OMV Group as Deputy Chief Executive Officer, assuming responsibility for Finance and the Gas segment.

David C. Davies (*1955)
As of April 1, 2002 Chief Financial Officer.
He graduated from the University of Liverpool (UK) in Economics in 1978 and started his career as a chartered accountant. He then held positions in international companies in the beverage, food and health industry. Before joining OMV he had been finance director of a number of UK companies.

Gerhard Roiss (*1952)
As of January 1, 2002 Deputy Chairman; responsible for Refining and Marketing including petrochemicals.
His business education at Vienna, Linz and Stanford (USA) prepared him for managerial responsibilities at various companies in the consumer goods industry.
In 1990 he started as head of OMV's Group marketing department. In the same year he was appointed to the board of PCD Polymere GmbH. He moved across to the OMV Executive Board in 1997. Until the end of 2001 he was responsible for Exploration and Production, and for the Plastics operations.

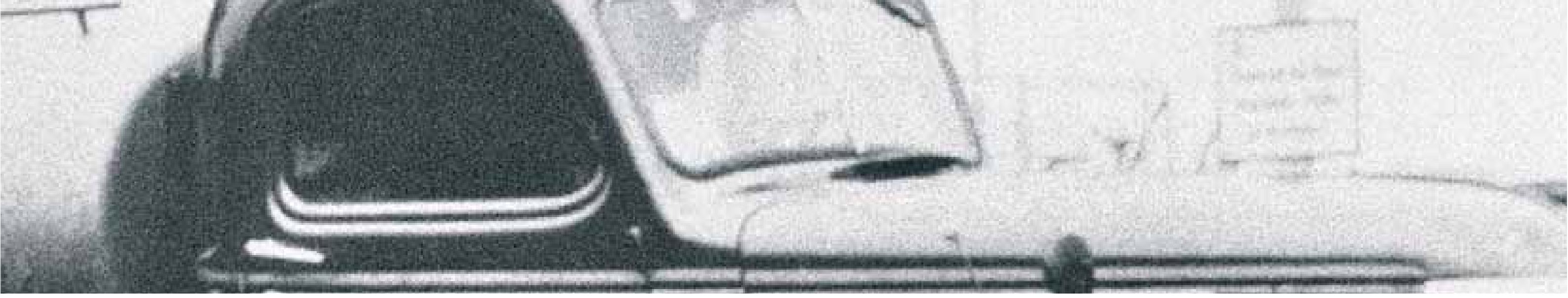
Helmut Langanger (*1950)
As of January 1, 2002 responsible for Exploration and Production.
He complemented his education at the Mining University in Leoben with a degree in economics in Vienna. In 1974 he began his career with OMV. He was appointed Senior Vice President for Exploration and Production in 1992, and in this position he played a key role in building up the Group's international E&P portfolio.

The terms of office of all Board members' run until the end of March 2010.
Directorships in companies that do not form part of the OMV Group and in which OMV does not hold equity interests (section 228 (1) Austrian Commercial Code): Ruttenstorfer (member of the Supervisory Board of Wiener Börse AG); Langanger (member of the Supervisory Board of Schoeller-Bleckmann Oilfield Equipment AG).

The filling station network – and with it the occupation of gas station attendant – began spreading at the start of the 1950s economic miracle.

Schwechat refinery, on the outskirts of Vienna, shortly before recommissioning in 1960.

A Stroh filling station in the early 1980s. The introduction of self-service filling stations in the 1970s marked the inception of the forecourt shop.



OMV started in 1956 as a state enterprise and has since developed into Austria's most successful industrial enterprise and a multinational player. 50 years on from the formation of "Österreichische Mineralölverwaltung Aktiengesellschaft" the Company now represents an excellent economic position as never before. In the preceding financial year OMV realized the best results in its entire history. For the next 50 years we are confident that OMV will continue to successfully operate in a socially responsible manner according to the "Move & More" motto and ensure the supply of mineral oil products and natural gas in its markets.

Significant milestones in OMV's 50-year history

1956: Founding of "Österreichische Mineralölverwaltung Aktiengesellschaft"

1958: Laying of the foundation stone for the new refinery in Schwechat

1960: Start-up of the refinery in Schwechat

1965: Initialization of mineral oil sales with Martha and ÖROP (later ELAN)

1968: First contract for natural gas deliveries with the former Soviet Union

1970: Start-up of the Adria-Wien crude oil pipeline

1974: Start-up of the Trans-Austria gas pipeline

1980: Start up of the West-Austria gas pipeline

1985: First international E&P production in Libya

1987: Acquisition of the Burghausen refinery; First step taken towards privatization: 15% of capital stock sold via stock exchange

1989: Take-over of PCD Polymere Ltd; Privatization of further 10% of ÖMV's capital stock

1990: Acquisition of CHEMIE LINZ group; Inauguration of the first ÖMV filling station

1991: Initiation of international retail business in Hungary, Czech Republic, Slovakia, Germany and Italy

1992: First ÖMV filling station in Slovenia

1993: First ÖMV filling station in Croatia

1994: Acquisition of 19.6% of ÖMV's capital stock by IPIC (Abu Dhabi)

1995: Renaming from ÖMV to OMV

1996: Secondary offering of 15% of OMV shares

1997: Commencement of the first OMV CNG (compressed natural gas) filling station in Austria

1998: Sale of PCD to Borealis and acquisition of 25% stake in Borealis

1999: Takeover of the Australian exploration company CULTUS Petroleum NL; First OMV filling stations in Romania and Bulgaria

2000: Acquisition of 10% of the Hungarian oil and gas company MOL

2001: Expansion of the exploration areas in Yemen, Iran and Ireland; Spin-off the Gas business

2002: Acquisition of 25.1% of the Rompetrol group; First OMV filling station in Serbia-Montenegro

2003: Acquisition of Preussag Energie's international E&P-portfolio; Acquisition of 45% of BAYERNOIL-Raffinerieverbund as well as 313 BP-filling stations in Germany, Hungary and Slovakia; First OMV filling stations in Bosnia and Herzegovina; Acquisition of 139 AVANTI filling stations in Austria, Czech Republic, Slovakia and Bulgaria

2004: Restructuring into a management holding; Acquisition of a 51% stake in the Romanian oil and gas group Petrom; Capital increase and issue of a convertible bond, hence the free float representing more than 50% of issued shares for the first time

2005: Sale of the stake in the Rompetrol group; OMV and IPIC acquire 100% of Borealis; OMV sells 50% AMI stake to IPIC

OMV Group objectives and strategy

Where we are in 2005

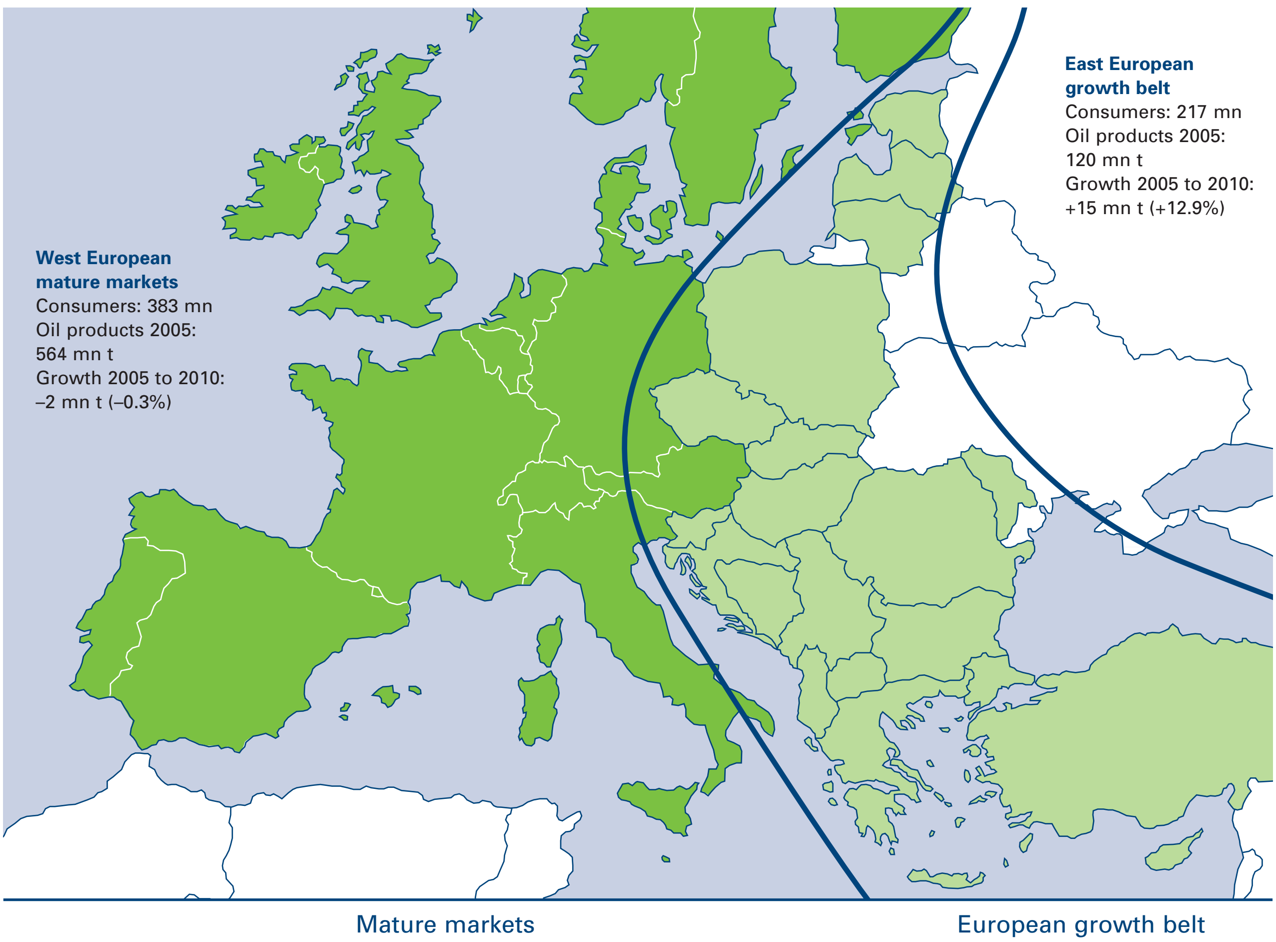
Through the acquisition of the majority stake in the Romanian oil and gas company Petrom in December 2004, OMV is now the leading oil and gas group in Central Europe. Our core business segments are Exploration and Production, Refining and Marketing including petrochemicals, and Gas. We produce 338,000 boe/d of oil and gas, and our reserves are approximately 1.4 bn boe. Our refining capacity is 26.4 mn t, and we operate a network of almost 2,500 filling stations in 13 countries.

Apart from our wholly owned subsidiaries, OMV Exploration & Production, OMV Refining & Marketing and OMV Gas, we own a 50% stake in a gas marketing company, EconGas, as well as 45% of refinery network Bayernoil, and 10% of the Hungarian oil company MOL.

We disposed of our 25.1% interest in Rompetrol of Romania in 2005, after buying into Petrom.

We have strategically realigned our Chemicals segment by selling 50% of AMI Agrolinz Melamine International to our core shareholder, the Abu Dhabi based International Petroleum Investment Company (IPIC). In addition, we have increased our stake in Borealis by 10 percentage points, to 35% while IPIC holds the other 65%. AMI and Borealis are among the world's leading producers of melamine and polyolefines, respectively. During the year we divested our wholly owned Polyfelt subsidiary in order to focus on our energy businesses.

Capitalizing on opportunities in the European growth belt



Our objectives for 2010
We want to be the oil and gas company that profits most from the opportunities presented by the "growth belt" created by EU enlargement, and to secure our upstream supply sources by maintaining a strong position in exploration and production. We are aiming:

- To increase our oil and gas production to 500,000 boe/d
- To raise our refining capacity by up to 500,000 bbl/d by taking opportunities for acquisitions
- To boost the market share held by our marketing business in Central Europe to 20%
- To reach gas sales of 20 bcm/y
- To achieve a return on average capital employed (ROACE) of 13%, given mid-cycle market conditions
- To stand out from our regional peer group in terms of our market capitalization

Our strategy

Undisputed number one in Central Europe
We plan to grow further, thereby maintaining our leadership and at the same time improving our profitability. This means driving our expansion ahead and consolidating our lead over our regional competitors. Our commitment to organic growth, supported by acquisitions remains in place.

In our Exploration and Production segment, we will focus on the five existing core regions and target Russia as a potential sixth region. In our Refining and Marketing segment, we plan to extend our leadership in the European growth belt.

Best integrated oil and gas company
We intend to become the best integrated mid-sized oil and gas company. We aim to produce at least half of our refining capacity volumes ourselves. We will also be looking to produce more than one-third of the gas we sell. In this way we will reduce our dependence on commodity markets and benefit from the high value added to be gained from internal primary production.

Sustainability
Our goal is sustainability across the "triple bottom line":

- Business sustainability
- Social sustainability
- Environmental sustainability

Our business growth is underpinned by a strong financial position. A reserves replacement ratio of about 100% from our existing asset portfolio assures the sustainability of our oil and gas production operations. We plan to expand production by making further acquisitions.

Good corporate governance and high standards of social responsibility are the cornerstones of our culture of social sustainability.

We will outline the framework of a sustainable, ecological business and act to put it into practice, thereby safeguarding our profitability and the continued prosperity of our Group far into the future.

Exploration and Production

Following the acquisition of a majority in Petrom, Romania and Austria are the main sources of our oil and gas production, and together account for about 75% of our output of 338,000 boe/d. We also have strong asset portfolios in Libya and Pakistan which are making steadily growing contributions to our production. We are stepping up our investment in Kazakhstan, New Zealand, the UK and Yemen.

Our objectives for 2010

Due to the massive increase in reserves and production brought about by the Petrom acquisition, we have already surpassed the target of doubling output to 160,000 boe/d that we set ourselves in 2002. Our new goal is to further increase production to 500,000 boe/d by 2010.

Our strengths

- Strong track record in optimizing recovery from complex onshore fields
- Strong enhanced oil recovery (EOR) capabilities
- Use of leading edge seismic exploration and analysis and drilling technologies
- Outstanding expertise in building and operating sour gas production facilities
- Experience in developing and operating fields in politically and environmentally sensitive areas

Our achievements in 2005

- Significant oil and gas discoveries in Austria, Iran, Libya, the UK and Yemen
- Development of the Pohokura gas field and approval of the Maari oil field development (both in New Zealand)
- New exploration license awards, including five offshore blocks in the Faroe-Shetland Channel
- Opening of an office in Tyumen, West Siberia, to support our initiatives in Russia
- Successful portfolio rationalization: disposal of assets in East and South Australia and signing of agreements for the sale of properties in Ecuador and Qatar

Our strategy

- Achieve world class performance in optimizing oil recovery and operating mature onshore fields
- Consolidate our position as a strong second-tier player by lifting production to 500,000 boe/d
- Focus our portfolio on core regions
- Maintain stable production in Austria and Romania
- Achieve significant output growth in the Caspian area, the Middle East, New Zealand, North Africa, and the UK Atlantic Margin
- Build a strong portfolio in Russia
- Integrate the upstream more closely with the downstream oil and gas business in Europe and neighboring regions

Refining and Marketing including petrochemicals

We operate refineries in Schwechat, Austria and Burghausen, southern Germany, both with integrated petrochemical complexes. Together with Petrom's Petrobrazi and Arpechim plants and our 45% stake in Bayernoil, southern Germany, we have a total name plate capacity of 26.4 mn t/y (540,000 bbl/d). Our network of 2,451 filling stations and efficient commercial business, comprising 13 Central European countries, underpins our market leadership and gives us a strong platform for profitable growth.

Our objectives for 2010

Thanks to the Petrom acquisition we have almost reached our goal of a 20% share of our core market. During the period through 2010 we will be looking to grow profitably by leveraging our market leadership in the 13 Central European countries we serve, and appraising opportunities for acquisitions outside our existing markets, in the European growth belt.

Our strengths

- The Petrom acquisition has given us an Eastern refinery hub (Petrobrazi and Arpechim) in addition to our western hub (Schwechat, Burghausen and Bayernoil), as well as improved access to crude supplies – a major step towards profitable growth
- Strong brand positioning and an innovative approach to non-oil business
- High product quality and environmental standards

Our achievements in 2005

- Expansion of the Schwechat petrochemical complex, turning it into Europe's fifth-largest production site
- Increase in our stake in Borealis from 25% to 35%
- Leadership in the Czech market through the acquisition of 70 Aral filling stations
- Innovation lead, extended by further expansion of the AdBlue filling station network for low emission trucks and the introduction of biofuels in Austria
- Successful launch of ultra low sulfur OMV Sprint Diesel
- Environmental management award for Schwechat Refinery
- Portfolio rationalization: disposal of Polyfelt

Our strategy

- Restructure the Petrom operations, focusing on upgrading assets and introducing new organizational structures
- Enhance our profitability by exploiting our leadership in our core markets
- Strengthen the competitiveness of the petrochemical activities by continuing to drive growth and integration forward
- Take opportunities to expand along the European growth belt

Gas

The Gas unit is a core business and has significant growth potential. We are active along the entire value chain. We meet about 90% of Austrian needs, sourcing our supplies from Germany, Norway and Russia, as well as domestic reserves. We play a key role in gas transit, with over one-third of all Russian gas exports to Western Europe traveling via the Baumgarten hub. Our 2,000 km pipeline network and our gas storage facilities play a major part in safeguarding security of supply in Austria and beyond.

Our objectives for 2010

We aim to strengthen our position in Central Europe, and build up a sizeable gas business. We plan to raise annual gas sales to 20 bcm and transit volumes to 56 bcm by 2010. One third of the gas sold is to be sourced from own production, the rest will be bought from various gas sources.

Our strengths

- Availability of self-produced gas through the physical integration of the Gas and E&P segments
- Long-term relationships with major gas suppliers
- Key hub function in the European gas transit system
- Strong position in Austria through our EconGas marketing affiliate, providing a platform for expansion into neighboring countries
- Strong supply position of Petrom's gas business in Romania

Our achievements in 2005

- New transport contract concluded with Gazexport Ltd of Russia
- Cooperation agreement sealed with Bulgargaz
- Joint venture agreement for the Nabucco international pipeline project signed
- Work started on the Trans-Austria gas pipeline (TAG) expansion project
- New gas hub concept, permitting also short-term trading, implemented
- Compressed natural gas (CNG) filling station network expanded
- Gas business established at Petrom

Our strategy

- Achieve closer integration of the upstream and gas businesses
- Develop new supply routes from the gas-rich Caspian region and the Middle East to Central Europe (Nabucco pipeline project and LNG)
- Develop an international storage business, using the Baumgarten hub and the Nabucco pipeline
- Establish EconGas and Petrom Gas as Central Europe's main gas suppliers

Petrom

Petrom is the leading oil and gas company in South-Eastern Europe. Our core business segments are Exploration and Production, Refining and Marketing, and Gas. Production is about 217,000 boe/d, and proved reserves are around 1 bn boe. Petrom has a refining capacity of 8 mn t/y and operates 635 filling stations. Petrom is being integrated in the Group's E&P, R&M and Gas segments, starting in 2006. Because of this, its output is already included in the segment targets for 2010. For Petrom itself, we have set ourselves the following targets:

Our objectives for 2010
- Stabilize oil and gas production in Romania at 210,000 boe/d, and grow output from Caspian fields
- Achieve a 70% reserve replacement ratio, and cut total lifting costs to an average of USD 16–17/bbl
- Sell an annual 7 bcm of gas, for a 35% share of the Romanian market
- Boost average filling station throughput to 2.9 mn liters/year, and open 250 new PetromV filling stations
- Increase refinery utilization to 95%, cut processing costs and modernize the refineries in order to conform to EU product quality standards by the end of 2007

Our strengths
- Substantial oil and gas reserves, sufficient for several decades' production
- One of the two leading gas producers and marketers in Romania
- Role as the Group center of expertise for marketing operations in South-Eastern Europe

Our achievements in 2005
- A new central organization set up for the Exploration and Production business segment, and unprofitable operations dropped
- Implementation of new franchise system at 60 filling stations and opening of the first new PetromV filling stations; 60 unprofitable outlets and 57 tank farms closed
- Modernization plans mapped out for the refineries, and crude purchasing integrated in the Group procurement function
- Gas segment established
- IT systems and accounting methods standardized

Our strategy
- We are aiming for sustainable and profitable growth through operational improvements, and will invest in growth markets outside Romania.
- Deploy Group expertise to achieve a consistently high level of production at reduced cost
- Grow the gas business by optimizing upstream supply and storage capacity
- Maintain our retail market share by providing top-class customer service and increasing efficiency
- Produce EU-compliant products and cut costs at the refineries

Supervisory Board

Dear Stockholders,

The 2005 financial year was as exciting as it was exceptional for the OMV Group. From the outset, the key question was how long Petrom's transformation would take before it will be possible to extract maximum value from the Group. The personal commitment and professionalism shown by the Executive Board and the workforce reaffirmed that the investment in Petrom had been an excellent strategic decision and one which has considerably increased the value of both companies.

The highly favorable business environment undoubtedly contributed to the remarkable results reported for the year. However, neither OMV's domestic and international exploration success nor increased market presence are a result of external factors. OMV's success is primarily due to a great deal of hard work and commitment within the Group. An important decision of the Personnel and Presidential Committee, and subsequently the full Supervisory Board in 2005 was to take timely action in maintaining the continuity of the OMV Executive Board in light of the Group's successful expansion strategy. During the initial meeting, Executive Board members' contracts were extended until March 31, 2010, in order to provide the necessary stability.

Furthermore, I should like to outline the directors' compensation, as required by the new Austrian Code of Corporate Governance. This is set at a competitive level, and has a strong performance related component. Market orientation is ensured by regular benchmarking against directors' payment at relevant Austrian industrial companies and the European oil market as a whole. The correlation with performance consists of a long and a short-term incentive plan. Short-term incentives are derived from bonus agreements, largely based on earnings, profitability and growth, but can also include special projects forming part of the Group's growth strategy. Long-term incentives consist of stock option plans of which the design is customary for firms of comparable size. Eligibility for an occupational pension depends on reaching a stipulated age – usually the statutory retirement age – although early retirement is possible, subject to reductions in benefits. The rules governing the amounts of directors' pensions are comparable to those applied to other employees. The severance pay arrangements applicable on termination of a director's contract are in accordance with the previous legal situation in Austria; there are no other entitlements.

The work performed by the Supervisory Board has been very wide ranging, as its supervisory and advisory role is particularly vital during phases of rapid expansion. There were seven Supervisory Board meetings all together, and two meetings of each committee. At the Accounts Committee meetings, important aspects of the annual audit were discussed with the auditors during the audit process. The committee also discussed the reserves estimates and the internal audit report. A Project Committee meeting was devoted to the restructuring of the petrochemical operations, and another one to the work programs at Petrom. Executive Board members' extensions and compensation were dealt with by the Personnel and Presidential Committee, which also took a systematic approach to succession planning at a meeting in December. The Supervisory Board attached importance to overseeing the transformation process at Petrom on an ongoing basis. For this reason the Board meeting on June 27 was held in Bucharest, giving us a chance to speak to the management there, and to gain an impression of Petrom's assets and operations.

One of the Supervisory Board's central tasks is discussing and critically examining OMV's strategy with the Executive Board. We unanimously approved the new 2010 strategy, and fully support the drive for growth as the best means of ensuring that stockholders enjoy good long-term returns. During the Audit Committee meetings particularly close attention was paid to whether the necessary processes and appropriate risk management tools were in place, and if the proposals put forward in the auditor's management letter had been implemented.

The controlling function of the Supervisory Board depends on transparency and independence. The Board has therefore adopted independence rules based on EU Directive 2003/51/EC and the 2006 Austrian Code of Corporate Governance, which is posted on the OMV corporate website. All members of the Supervisory Board have declared themselves to be independent directors. In the interests of maximum transparency, the compensation of each member of the Board is submitted for resolution of the Annual General Meeting each year, and is published.

Over the past few years, OMV has made major progress in terms of growth, market capitalization and profitability. I am confident that the conditions have been created for holding to this course and mastering new challenges. Following thorough examination and discussions with the auditors at the Audit Committee and plenary meetings, the Supervisory Board approved the Directors' report, prepared in accordance with section 127 of the

Stock Corporation Act, and the company financial statements for 2005 which were thereby adopted under section 125(2) of the Act. The Board has also approved the consolidated financial statements and the Group Directors' report. The Supervisory Board has accepted the Executive Board's proposal to pay a dividend of EUR 0.90 per share and to carry forward the remaining EUR 335,069 to a new account.

Vienna, March 21, 2006

Rainer Wieltsch
Chairman of the Supervisory Board

Supervisory board

Rainer Wieltsch (Chairman)
First election at the AGM on May 24, 2002
Member of the ÖIAG Management Board, Member of the following Supervisory Boards: Austrian Airlines Österreichische Luftverkehrs AG (Chairman), Telekom Austria AG and voestalpine AG

Mohamed Nassar Al Khaily (Deputy Chairman)
First election at the AGM on June 7, 1995
Managing Director of IPIC, Member of the following Supervisory Board: Compañía Española de Petróleos S.A.

Peter Michaelis (Deputy Chairman)
First election at the AGM on May 23, 2001
Spokesman of the ÖIAG Management Board,
Member of the following Supervisory Boards: Austrian Airlines Österreichische Luftverkehrs AG, and Telekom Austria AG (Chairman)

Murtadha Mohammed Al Hashemi
Division Manager/Finance, IPIC
First election at the AGM on May 18, 1999
Member of the following Supervisory Board:
Compañía Española de Petróleos S.A.

Helmut Draxler
First election at the AGM on October 16, 1990
Chairman of the Management Board of RHI AG, Member of the following Supervisory Board: Didier-Werke AG (Chairman)

Wolfram Littich
First election at the AGM on May 23, 2001
Chairman of the Board of Management of Allianz Elementar Versicherungs-AG

Gerhard Mayr
First election at the AGM on May 24, 2002
Member of the following Supervisory Boards: Bank Austria Creditanstalt AG and UCB S.A.

Herbert Stepic
First election at the AGM on May 18, 2004
Deputy CEO of Raiffeisen Zentralbank Österreich AG

Herbert Werner
First election at the AGM on June 4, 1996
Member of the following Supervisory Boards: Innstadt Brauerei AG (Chairman) and Ottakringer Brauerei AG

Norbert Zimmermann
First election at the AGM on May 23, 2001
Chairman of the Management Board of Berndorf AG
Member of the following Supervisory Boards: Schoeller Bleckmann Oilfield Equipment AG (Chairman) and Oberbank AG

Delegates of the Group Works Council:

Leopold Abraham, Wolfgang Baumann, Franz Kaba, Hugo Pleckinger [until December 13, 2005]**, Wolfgang Weigert** [since December 13, 2005]**, Ferdinand Nemesch**

Personnel and Presidential Committee
Wieltsch, Al Khaily, Michaelis, Al Hashemi [since March 24, 2005], Abraham, Baumann

Audit Committee
Wieltsch, Al Khaily, Michaelis, Littich, Draxler [since March 2, 2005], Werner [since March 2, 2005], Abraham, Baumann, Nemesch [since March 2, 2005]

Strategy and Project Committee
Wieltsch, Al Khaily, Michaelis, Al Hashemi, Littich, Zimmermann, Abraham, Kaba, Nemesch

The elected members' terms run until the 2009 Annual General Meeting (AGM). Pursuant to Rule 54 Austrian Corporate Governance Code, Draxler, Littich, Mayr, Stepic, Werner and Zimmermann have made declarations stating that they were independent of major shareholders in the Company in 2005 and up to the time of those declarations.

Semmering, Austria 1:15 pm

"We believe that companies have a social responsibility that goes beyond their legal obligations. This implies a set of values that we are committed to, and intend to develop further."

Wolfgang Ruttenstorfer

Corporate social responsibility

OMV is a rapidly expanding, highly profitable company, which is committed to growing shareholder value with a long-term view. In order to achieve sustainable success we have to behave responsibly towards our employees, the environment and the community, which is an integral part of our entrepreneurial culture. OMV's approach to sustainability – or more specifically corporate social responsibility (CSR) – is based on the concept of the "triple bottom line". It rests on three pillars, namely, our economic, environmental and social values.

OMV has based its values on a code of conduct inspired by the principles of the UN Global Compact, which it joined. OMV operates on all five continents and is often at work in socially and economically sensitive areas. We believe that companies have social responsibilities that surpass their legal obligations, and we have therefore made a public pledge to bring all our activities up to OMV's high standards, even where there are no local regulations in place. It goes without saying that we apply the same benchmark to Petrom's operations.

Sustainability is of the highest priority for OMV, which is why all organizational units with CSR responsibilities report to the Executive Board. The management, also in addition to the works council, is directly involved in formulating CSR policy.

Integral to corporate strategy
We are steadily translating the values laid down by our code of conduct into globally applicable corporate directives and standards that guide our daily work.

A central focus of our human resources policy is on equal opportunities in all areas of the organization, including recruitment and employee development. In order to ensure that the workforce has a stake in value growth, we renewed our employee stock ownership plan in 2005. The offer of free shares provides an additional incentive for our people to purchase OMV stock.

Responsibility to stakeholders and environment
Minimizing safety risks – especially those affecting our employees, business partners and customers – is the prime objective of our corporate health, safety and environment function. To help combat climate change, we have launched a variety of environmentally improved products. OMV began selling biodiesel at all its filling stations in Austria and Germany on October 1, 2005, and during the year Petrom became the first Romanian oil company to market ultra-low sulfur automotive fuels.

We are participating in numerous research projects aimed at improving our products and developing alternative energy forms. These will form a core focus for activities in 2006.

Professional development work
It is important for us to communicate with local communities and non-governmental organizations (NGOs) in order to gauge their needs, expectations and perspectives. Our development work and humanitarian projects are based on the UN Millennium Development Goals.

In 2005, our human rights initiatives concentrated on child labor and expansion of our community development project in Pakistan, which is tackling education, water supply, health, agricultural development and income generation. We are also supporting a large number of social welfare projects, in cooperation with Caritas, SOS Kinderdorf and UNICEF, among other organizations.

New performance report based on GRI
In December 2005, OMV published a new performance report on all its CSR activities. This details our achievements to date, and the tasks that still lie ahead of us. The report was prepared in accordance with Global Reporting Initiative (GRI) guidelines.

For more information and the Performance Report, visit www.omv.com.

Human resources

Human resources policies are a key element in an effective corporate strategy. One part of human resources management at OMV is adapting employee development, and hence employee skills, to current and future business requirements so that corporate growth can be successfully managed and supported.

Helping to integrate Petrom
The change in the Group's headcount primarily reflects the integration of Petrom. The first steps towards modernizing Petrom led to a reduction in the number of employees. This process is being supported by an outplacement program modeled on Austrian "labor foundations" which was initiated at the end of 2005 and should become fully effective in 2006. Another key integration action was the assignment of over 100 OMV Group employees to Romania. Only about half of these employees are from Austria, and the rest are from other OMV countries such as Bulgaria, Germany or Pakistan – a clear indication of our globalization. During the first year, 853 management audits were carried out at Petrom, and used as a basis for development and staffing plans. A series of training initiatives focusing on health and security, as well as basic IT skills were launched. In addition, the use of management techniques such as project management was promoted.

Skills for growth
In order to ensure that management and expert talent is developed, we work to identify key positions and career development opportunities for employees with the necessary abilities as part of the career and succession planning program (CSP). The quality of this program is shown by the fact that during the year 25% of the 230 key positions in the OMV Group were filled, and internal promotion accounted for some 69% of these new appointments. A further 70 key positions were filled through the integration of Petrom in the CSP process.

The Rotation Program Petrom (ROPE), aimed at junior managers in the Marketing segment, was developed to promote high potentials. A total of 29 young Romanian high potentials are participating in this 18-month training program. The high potentials program launched two years ago in R&M will turn out around 90 junior managers to take on international positions in the next few years. In E&P the focus is on promoting specialist careers under the new expertise management program. In Finance we have developed a two-year trainee program for young graduates to prepare for future growth.

The fifth OMV Human Capital Management (HCM) staff survey was conducted in 2005. Compared to previous years, the survey was shorter and clearer, with a greater focus on implementation, and was carried out in 24 countries and 18 languages. A high rate of response, at 75%, and a good overall result representing a 73% level of satisfaction are a sound basis for initiatives aimed at continuous improvement.

Leadership as a success factor
In 2005, we set out to embed the leadership spirit more firmly in the organization. Executives across the Group launched a total of 54 initiatives and projects designed to reinforce entrepreneurial behavior in their organizational units and business segments. The successful OMV employee stock ownership plan is also to be mentioned in this connection. In 2005, 1,004 employees purchased a total of 99,900 shares priced at EUR 46.37. The strong response shows our people's commitment to the Group's long-term success.

Head count as of December 31	**2005**	2004	2003
Non-salaried employees	1,514	2,272	2,329
Salaried employees	3,555	4,011	3,619
Apprentices	118	148	140
Executive Board and senior executives	39	44	49
Employees (excluding Petrom)	**5,226**	**6,475**	**6,137**
thereof in Austria	3,314	4,285	4,316
Rest of Europe	1,390	1,712	1,357
Overseas	522	478	464
Petrom employees	44,693	51,005	—
OMV Group	**49,919**	**57,480**	**6,137**

Health, safety and environment

It is our objective to be ranked in the 1st quartile of mid-sized integrated oil and gas companies for HSE (health, safety and environment) standards. In 2005 we focused on aligning our activities with the new 2010 strategy and integrating Petrom into the Group-wide HSE management system.

Integrating Petrom in our HSE system
In the first year of Petrom's operation within the OMV Group we concentrated on a detailed assessment of the environmental status, medical infrastructure, process risks and safety practices at all the production sites. Based on these findings initial measures for raising performance and long-term programs have been drawn up. Petrom adopted the Group's HSE Policy and reorganized the HSE responsibility throughout the company. One of the major environmental risks evaluated was the production of ammonium nitrate. Petrom reacted immediately by changing the relevant product formula to allow safer handling.

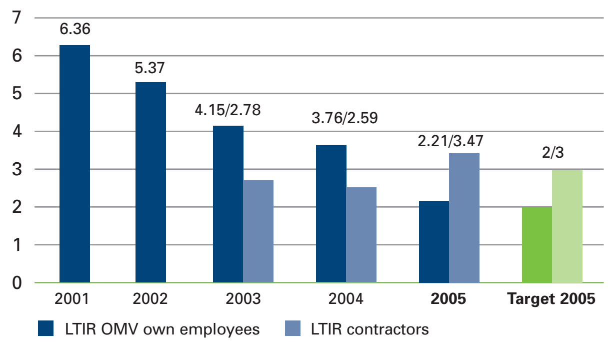
In order to raise awareness of safety issues among management throughout the company, a new reporting structure was implemented and extensive HSE trainings have started. HSE is a topic in all management meetings. Despite our efforts, we regret to report 10 fatalities at Petrom, 3 among the Petrom workforce and 7 among contractor personnel. Although this number lies within Petrom's average of the previous years, OMV considers it unacceptable. The year 2006 will therefore be dedicated to increasing safety and reducing fatalities, and lost time injuries.

International health programs
We placed great importance on supporting our international business development with adequate health management and medical services. To this end, we launched a new emergency medical assistance service in conjunction with an international provider. Medical audits in several countries have already been performed and preventive care projects, which included training (e.g. skin protection, noise prevention programs and a consultation program for shift workers facing fatiguing symptoms) were carried out.

Furthermore, as a major supplier of energy in Central Europe and Pakistan, OMV has a significant responsibility in preparing for a potential pandemic flu scenario. We have taken active steps by storing medication, distributing information to employees and creating internal emergency processes.

Top priority for safety
We aim to ensure that everyone who works for or with us will return home safely at the end of each day. In order to put this into practice we have been running an extensive safety awareness program successfully since 2001. In 2005 we could reduce lost time incident rate (LTIR) by 66% to 2.2 compared to 2001. Unfortunately, we do have to report a contractor fatality in one of our refineries. In 2006 our safety program will increase focus on further reduction of work related accidents.

Number of accidents
(absence from work ≥ 1 day in 1 mn working hours)



Cleaner fuels and renewables
Continuing with our pioneering role in Europe to produce ecologically friendlier products, OMV launched several product innovations to support cleaner fuels. Since October 1, 2005 we have sold biodiesel with a 5% biofuel component at all filling stations throughout Austria and Germany. Petrom was the first company in Romania to market sulfur-free fuels. The AdBlue filling station network has been increased now totaling 130 stations in 11 countries. In addition we have released the low-sulfur (50 ppm) OMV econPlus heating oil, thereby supporting the modernization of heating systems and contributing to emissions reductions and higher heating quality.

For detailed information readers are referred to our HSE Report at www.omv.com.

Research and development

OMV's research and development (R&D) function focuses on putting innovative ideas into practice that will be of benefit to customers, the environment and the Group itself. It helps our business segments to widen their core expertise, and achieve high product quality and service standards. Group R&D spending was EUR 12 mn in 2005 (2004: EUR 19 mn).

In **Exploration and Production**, good progress was made as a result of research projects such as work on developing methods for increasing the well success rate and enhancing recovery from existing reservoirs. This know-how will now be applied to improving production performance in Romania.

At many reservoirs operated by OMV and Petrom large amounts of water have to be injected to increase flow rates. Improved water processing and conditioning technologies have been developed for this purpose. In the Vienna Basin, and also in Iran and Albania, we are increasingly encountering sour media which requires the adaptation of drilling tools and fluids to these corrosive conditions. Continuous research activity over the past 12 years has extended the useful lives and trouble free operating periods of production equipment many times over. This knowledge can now be systematically applied to modernizing Petrom's systems. Optimized equipment, new coatings and the use of novel additives and inhibitors are likely to bring further advances over the next few years.

In **Refining and Marketing**, the stress was on optimizing the processing of heavy, sour crudes. These grades are cheaper and easier to obtain than light crudes, but they can cause considerable operational problems at refineries. A new method for analyzing heavy crudes was therefore developed at the OMV pilot plant in 2005.

Meanwhile, collaborative research projects carried out in cooperation with the technical universities of Vienna and Graz have been looking into new ways of using biogenic materials that are a big improvement on conventional biofuels. These biogenic components make it possible to design premium fuels with excellent performance characteristics and significant advantages in terms of emissions.

The main R&D priority for heating oils was the use of biocomponents. The EU Bioflam project, which has developed an innovative ceramic premix burner for condensing boilers fired by a mix of extra light heating oil and biocomponents, was brought to a successful completion. Automotive fuels with a 5% admixture of biodiesel have already been commercialized on a number of markets, and the use of biogenic components in heating fuels is already undergoing field trials.

The lubricants business is benefiting from a number of innovative specialty products thanks to a concerted R&D effort. The OMV eco-line product range stands out. Products with major environmental and cost saving advantages (improved engine protection and fuel economy) were developed in cooperation with leading vehicle and additive manufacturers.

In the bitumen business, a new mobile production plant for Starfalt® polymer modified bitumen was built and commissioned in Hungary during the year. The plant, which is based on a new design concept, is being used to increase output and enhance product quality. The main focus of attention in 2005 was therefore on adjusting the Starfalt® recipes for Hungary. Meanwhile, in order to optimize bitumen production in Romania we collaborated with Petrom's R&D function on analyzing five domestic crudes for their suitability for the product. The tests led to recommendations on the mix of crudes for bitumen production at the Arpechim refinery.

At **AMI Agrolinz Melamine International GmbH**, R&D activities centered on driving the growth of the new Melamine Performance Products business, and on developing melamine production technology for the planned Abu Dhabi plant.

During the "Long Night of Research" open doors event that took place in October 2005 for the first time, the R&D facilities at Schwechat Refinery were a magnet for the public, attracting over 1,200 visitors.

Corporate governance

Purchasing shares is a matter of trust. Maximum transparency in management and supervisory structures helps create and reinforce confidence. In light of this, OMV continues to be committed to good corporate governance as an important means of winning and retaining stockholders' trust.

Compliance declaration
Once again, OMV is pleased to state in this report that it complies with the Austrian Code of Corporate Governance and undertakes to observe the "comply or explain" principle. This report complies with the rules of the new Code, as amended in 2006, on the remuneration of the Executive Board (Rule 30) and the composition of the Supervisory Board (Rules 52 to 55).

In accordance with the new Code, it contains details of the activities of the Supervisory Board's committees and their members, in addition to the dates of the initial appointment of Board members and their length of service. OMV is also treating Rules 48 and 49 of the new Code (contracts of Supervisory Board members) and the related provisions of the Company Law (Amendment) Act as integral to the declaration of compliance for 2005.

Posting of evaluations
OMV regularly commissions independent evaluations of its compliance with the Code. These are based on the declaration of compliance and the official questionnaire of the Austrian Working Group for corporate governance. The detailed findings, together with auditors' explanations, are posted on www.omv.com.

Attendance of the Annual General Meeting
We support all initiatives focused on further increasing stockholder participation. To this end, we introduced proxy voting at the last Annual General Meeting.

Directors' compensation disclosed
In the interests of increased transparency, OMV regularly discloses the remuneration of each Executive Board member.

This information can be found in Note 33 of this report. Details regarding the stock option plans for the Board and other senior executives are contained in Note 29.

Information on Executive Board members' stock transactions is posted on the OMV corporate website www.omv.com > About OMV > Corporate Governance > Management > Directors' Dealing.

Similar compliance arrangements are in place at Petrom.

Independence
An important issue affecting auditors is their perceived independence. In 2005, our auditors Deloitte Touche Tohmatsu Wirtschaftsprüfungs GmbH, appointed at the last General Meeting, received EUR 393,681 for extra services.

The Supervisory Board has adopted independence rules for its members. These are based on EU Directive 2003/51/EC and the 2006 Austrian Code of Corporate Governance, and have been posted on the OMV website. All Supervisory Board members have declared themselves to be independent according to the aforementioned criteria.

Furthermore, all the committees are composed exclusively of independent members. The number of members of the Supervisory Board elected at the Annual General Meeting who are independent of OMV's core shareholders is six. This means that the majority of Board members have no connection to core shareholders.

As representatives of OMV stockholders, the Executive and Supervisory Boards are committed to creating sustainable, long-term value by practicing good corporate governance. We are delighted that our efforts in this direction have been acknowledged, with OMV taking first place in the GEWINN Corporate Governance Award for the second time.

Value management

At times of rapid growth it is particularly vital to assess investment decisions according to profitability yardsticks, so as to maximize a company's value on a sustainable, long-term basis. Because of this, value management is a cornerstone of OMV's management systems, and great importance is attached to it at the highest levels.

The high priority given to value management is reflected by the metrics and control levers configured into our planning and decision-making processes, and our management information system. The main aims of the OMV Group are to steer its strategic alignment and the operational management of the businesses towards:

- Growth in the market and strategic business value of the Group's equity
- Competitive returns for stockholders
- Competitive operating performance

Consistent adherence to this approach results in different target systems, depending on the perspective taken. In all investment decisions, attainment of a given hurdle rate (minimum rate of return), derived from the cost of capital in the business concerned, is an essential requirement. Aside from this narrow perspective, major projects such as acquisitions are precisely assessed in terms of their impact on the return on capital employed (ROACE).

During the annual Corporate Value Analysis, the extent to which the current medium-term plan meets the shareholder-friendly objective of value growth, represented by total shareholder return (TSR), is subject to critical appraisal. The range of management tools also includes Balanced Scorecard (BSC). BSCs are developed for the Group as a whole and all of its business segments. They give prominence also to non-financial metrics, such as internal business process, customer, learning and growth targets, that help make the attainment of strategic objectives measurable.

Redefinition of ROACE

The changeover of our consolidated accounting methods from the Austrian Commercial Code to IFRS has necessitated an adjustment to the definition of ROACE applied. This is now as follows:

$$\text{ROACE} = \frac{\text{NOPAT}}{\text{Ø Capital employed}}$$

Capital employed

Equity including minority interests
\+ net debt
\+ provisions for pensions
– funding of pension provisions
= capital employed

Net operating profit after tax (NOPAT)

Profit from ordinary activities post tax
– interest income
\+ interest expense arising from financial liabilities and pension provisions
+/– extraordinary items
+/– effect of tax on the adjustments
= NOPAT

Due to the acquisition of Petrom at the end of 2004, OMV achieved its 2008 objectives ahead of schedule. OMV has also made significant progress towards reaching its strategic objectives for 2010 by initiating the integration of Petrom and creating modern organizational structures at the company. The further growth and improvements in Group performance brought by implementation of the strategy should lay the basis for strong value growth.

Ratios in %	**2005**	2004	2003	2002	2001	Targets over the business cycle [1]
Return on average capital employed (ROACE)	20	15 [2]	12	11	14	13
Return on equity (ROE)	22	19 [2]	15	14	18	16–18
Total shareholder return (TSR) [3]	125	91	30	4	19	13
Gearing ratio	(2)	12	40	20	17	30
Payout ratio	21	19	27	29	31	30–40

Figures for 2004–2005 according to IFRS; those for 2001–2003 according to ACC
[1] Long-term assumptions: exchange rates: EUR/USD 1:1.2; USD/RON 1:3.3; oil price (Brent) USD 30/bbl, refining margin USD 4.80/bbl
[2] Adjusted for Petrom acquisition
[3] Excluding reinvestment of dividends

Risk management

The OMV Group considers the early detection of substantial risks to be essential. We believe that this will enable us to effectively and systematically realize favorable business opportunities. The main objective is to increase risk awareness and risk governance in order to enhance OMV's value.

In line with OMV's growth strategy and corporate governance requirements we have developed and introduced an Enterprise Wide Risk Management (EWRM) system. The Executive Board sets the Group's targets and strategies. The requirements of the EWRM, which includes risk identification and an evaluation process, is also within the Board's realm of responsibility. The details of the EWRM are defined in a Corporate Guideline as well as a detailed manual.

Risk identification and evaluation
The risk identification and evaluation process is organized through a computerized system called RiskMonitor. Nominated risk evaluators and business risk coordinators use bottom up analysis to assess all major subsidiaries, the businesses and the Group. The results are summarized in a comprehensive and consolidated risk report which contains the evaluation and ranking of all key risks as well as measures taken or planned. As the risk report is integrated and aligned with the planning process, risks are primarily measured as a potential negative deviation from the EBIT of the 3 year plan. This risk report is presented twice a year to the Executive Board and once yearly to the Supervisory Board and the external auditors, who assess the effectiveness of the OMV risk management system in accordance with the Austrian Corporate Governance Code.

Upon entering new countries, businesses or major projects such as large acquisitions, a special risk identification process is established to ascertain the key risks and potential impact at an early stage. This task is performed by the respective project management and nominated risk coordinator. The acquisition of **Petrom** was pre-assessed in this way and the ensuing integration process monitored. This led to the first full risk evaluation in Petrom through the use of our computerized system in 2005. This risk assessment has been integrated in the overall risk report to the Board.

Risk management is considered to be a key element of the strategy development process. Inherent risks in a new strategy are measured including the risk mitigating effects by integration as well as evaluating the risk/capital balance. With regard to value management, the necessary equity to cover risk at the given risk appetite is assessed.

Management and mitigation of identified risks
The management and mitigation of identified risks takes place at all levels with assigned responsibilities within defined risk policies. This process is reviewed by an Executive Risk Committee once a year. The main risk mitigation is taking place decentrally in the business units. Some key risks are governed by specific Corporate guidelines, e.g. health, safety and environment, legal/compliance, human resources, corporate social responsibility as well as the management of insurable risks.

Management of financial risk stemming from foreign exchange, interest rates, commodity price, credit/counterparty for major clients, pensions and emissions is organized centrally by Group Treasury. The objective is to safeguard cash flows required by the Group for growth and maintaining a strong investment grade rating.

Using a business at risk portfolio model, OMV decided to hedge approximately 15% of the upstream and downstream production cash flows, in order to mitigate the market price risk in 2003. This was done for 2004 and the first three quarters of 2005 by put and partly collar-instruments with prime banks.
The strong cash flow of the past two years led to a solid financial position of the Group, and therefore the decision was taken to suspend further cash flow hedging. Any strategic hedging measures are reviewed by an operating committee and are recommended to the Board for resolution.

OMV closely evaluates the key foreign exchange risks (i.e. the long USD position, the interest rate or financing risks) by defining the net exposure of the Group under consideration of set benchmarks and thresholds.

Further information on risk management can be found in the Directors' report on page 64 and on pages 104 and 105 of the Notes.

OMV stock and bonds

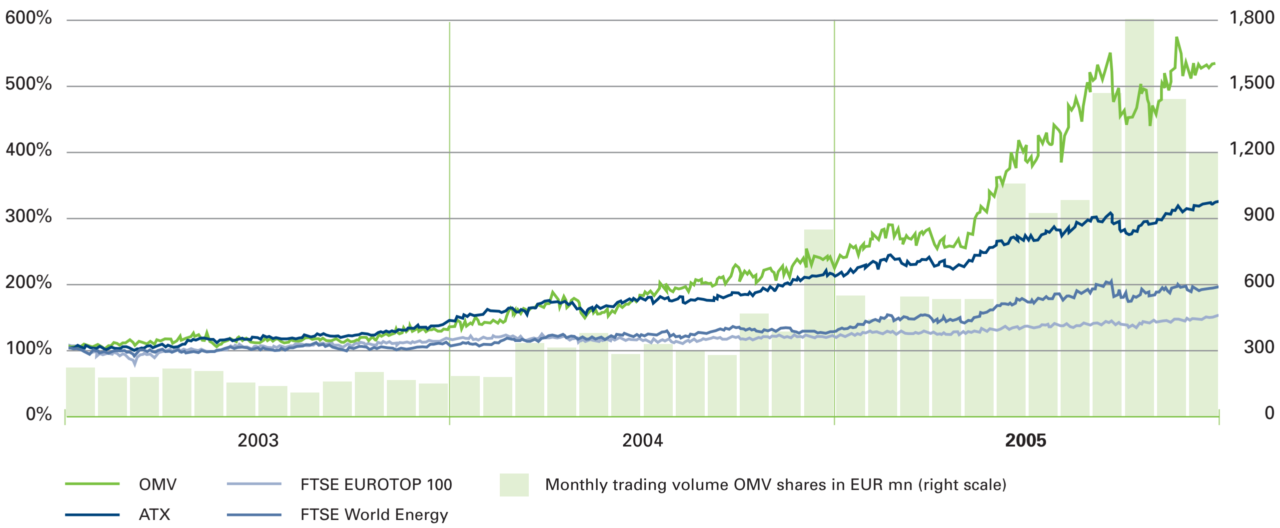
2005 was an exceptionally successful financial year for OMV, which was clearly reflected in our stock price performance. The price began the year at EUR 22.17, it carried on to reach a high of EUR 52.89 on December 7 and concluded the year at EUR 49.50. This represents an overall increase of 123% making OMV by far the most successful oil and gas stock of 2005.

Excellent stock performance
2005 witnessed a worldwide bull market. Oil and gas stocks outperformed the market as a whole, buoyed by the all-time highs repeatedly set by oil prices and periods of very strong refining margins. The FTSE Global Energy Index (comprising the 30 largest oil and gas companies in the world) advanced by 52% during the year while the larger indices posted smaller gains, if any (Nikkei 44%; DAX 27%; CAC 40 23%; FTSE 100 17%; NASDAQ 1%; Dow Jones (1)%). As in 2004, the Vienna Stock Exchange was among the front runners, and the Austrian Traded Index (ATX) ended the year 51% up, reflecting the highly positive environment of the Austrian equity market. Due to a weighting, which has now reached almost 20%, our stock performance has been a core driver of this trend.

OMV's stock price outperformed the FTSE Global Energy Index for the fifth year in a row, putting on 123%. Taking into account the pre-split EUR 4.40 per share dividend paid on May 31, stockholders enjoyed value growth of 125% in 2005.

The steady rise of our stock price over more than two years (the last time it was quoted at below EUR 10.00 was on June 2, 2003) is directly attributable to OMV's impressive results. These were mainly driven by the success of our growth strategy, as well as a highly positive business environment in the shape of strong oil prices and refining margins. In addition the consolidation of Petrom, which likewise posted excellent figures, far exceeded our own expectations, as well as those of analysts and investors alike, and attracted great interest in OMV's stock.

Stockprice performance and turnover



Our **market capitalization** reached EUR 14.78 bn at year end. The total capitalization of all Austrian shares listed on the Vienna Stock Exchange rose by 66% to EUR 105.05 bn.

Trading volume leapt by 168% to EUR 11.49 bn. This was largely due to positive stock performance, as well as the capital increase, which took place in December 2004 when the Company's capital stock was increased by 11% following the issuance of new shares, and the free float exceeded 50% for the first time.

The favorable market climate, new listings and secondary public offerings led to a sharp rise in trading on the Vienna Stock Exchange. Volume on the Vienna Stock Exchange grew by 94% to EUR 74.82 bn, with OMV accounting for approximately 15% of the total.

Results of the Annual General Meeting
The main items on the agenda at the Annual General Meeting held on May 18, 2005 were payment of a EUR 4.40 per share dividend for 2004 and authorization of a ten-for-one stock split.

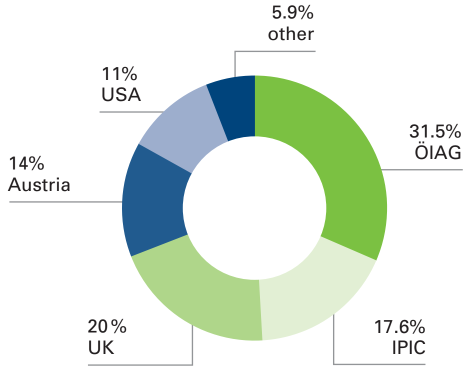
The meeting also approved the 2005 stock option plan, which is focused on providing management with a substantial long-term stake in the Company's success, thus aligning its interests more closely with those of its shareholders. However, the approved share buyback program related to the stock option plan could not be carried out, as the price exceeded the upper limit on the first day of the buyback window. A total of 26,544 shares were resold to satisfy options exercised under existing plans. In all, OMV now holds 1,319,606 own shares, or 0.44% of the capital stock, as a result of the five buyback programs launched between 2001 and 2005. The number of outstanding shares is thus 298,681,094, after 700 convertible bonds were converted into shares in 2005 (for further details see Note 29 or visit www.omv.com > Investor Relations > Stock Information). Under a further employee stock ownership plan, operated in autumn 2005, employees received ten free shares for every 40 purchased; there is a two-year holding period. Approximately 30% of the Company's workforce participated in the program.

The Executive Board will propose a dividend of EUR 0.90 per share at the next Annual General Meeting, scheduled for May 24, 2006. The payout ratio will be 21%, resulting in a dividend yield, based on the closing price of the last trading day in 2005, of almost 2%.

Ten-for-one stock split
As part of efforts to enhance the tradability and liquidity of OMV's stock, and simplify comparisons with the international peer group, a ten-for-one stock split was carried out on the Vienna Stock Exchange on July 11, 2005.

In order to facilitate the split, OMV's capital stock was increased from EUR 218,100,000 to EUR 300,000,000 from internal resources and without issuing new shares. The split increased the number of no par bearer shares into which the Company's capital stock is divided from 30,000,000 to 300,000,000. The conversion price for the OMV 2004–2008 bond was adjusted to EUR 30.66 per share.

OMV shareholder structure



OMV's shareholder structure comprises 50.9% free float, 31.5% ÖIAG and 17.6% International Petroleum Investment Company (IPIC) from Abu Dhabi. Our capital stock consists of common shares. The one-share one-vote principle is applied, meaning that there are no share classes that carry special rights. There is a consortium agreement between the core stockholders IPIC and ÖIAG, which provides for block voting and certain limitations to transfers of shareholdings. In the interests of equal treatment of stockholders, the articles of incorporation exclude the statutory 15% maximum discount on compulsory offers to minority shareholders in the event of a takeover.

OMV stock	ISIN: AT0000743059
Listings	Vienna, USA (ADR Level I)
Symbols	Vienna Stock Exchange: OMV
	Reuters: OMV.VI
	Bloomberg: OMV AV
ADR information	Sponsored Level I and Rule 144A: 5 ADR represent 1 share
Depositary	JPMorgan Chase Bank 4 New York Plaza New York, NY 10004, USA
Custodian	Bank Austria Creditanstalt AG, Julius Tandler-Platz 3, 1090 Vienna
Level I	OMVKY, CUSIP: 670875509 ISIN: US6708755094
Rule 144A	OMVZY, CUSIP: 670875301 ISIN: US6708753016
OMV bond	ISIN: AT0000341623
Duration, coupon	2003 to June 30, 2010; 3.75%
OMV convertible bond	ISIN: AT0000342647
Duration, coupon	2004 to Dec. 1, 2008; 1.5%

Capital Markets Day

The OMV Capital Markets Day took place in Bucharest, Romania, for the first time in October 2005. This provided about 60 analysts and investors from around the world firsthand detailed insight into Petrom's operations. The attendees were able to deepen their knowledge of OMV and Petrom by attending operational excursions and strategic presentations given by senior management from both companies.

OMV's growth targets for the period up to 2010 were also announced at the event. As the targets set for 2008 were effectively met ahead of schedule in 2005, the Company announced new and even more ambitious goals for 2010. Oil and gas output is to be increased up to 500,000 boe/d, and the Refining and Marketing segment is to expand further in EU accession and candidate states. In addition, OMV aims to sell 20 bcm/year of gas, by internationalizing the Gas segment. For further information and the presentations given at the Capital Markets Day, please visit our website at www.omv.com > Investor Relations.

Investor Relations activities

The Executive Board and Investor Relations Team staged a large number of roadshows throughout the United Kingdom, continental Europe and the US, in order to maintain contact with analysts, bond holders and stockholders. In all, there were approximately 250 one-on-one meetings and presentations attended by over 1,100 people. Members of the Executive Board devoted over 300 hours to one-on-ones with investors and analysts. In 2005, the Investor Relations Team won an award from an international jury for the best IR work in Austria and came third in a national award. In the interests of transparency and timeliness, all important information and news for stockholders, analysts and bond investors is posted on our corporate website at www.omv.com > Investor Relations.

Financial calendar	Date [1]
Full year results 2005	March 14, 2006
Results January–March 2006	May 16, 2006
Record date [2]	May 18, 2006
Annual General Meeting [3]	May 24, 2006
Dividend ex date	May 30, 2006
Dividend payment date	May 31, 2006
Results January–June 2006	August 17, 2006
Results January–September 2006	Nov. 15, 2006
Full year results 2006	March 2007

[1] Subject to final confirmation
[2] Shares must be deposited to attend the Annual General Meeting
[3] Commencing at 2.00 pm at the Austria Center Vienna, Bruno-Kreisky-Platz 1, 1220 Vienna, Austria

Contact at Investor Relations

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Mailing service

To obtain quarterly and annual reports in German and English, please ring us, use the ordering service under www.omv.com or send an e-mail to investor.relations@omv.com.

At a glance in EUR	2005	2004 [1]	2003 [1]	2002 [1]	2001 [1]
Number of shares in mn [2]	298.68 [1]	298.65	268.76	268.70	269.04
Market capitalization in EUR bn [2]	14.78	6.62	3.17	2.51	2.53
Volume traded on the Vienna Stock Exchange in EUR bn	11.494	4.292	2.087	1.583	2.544
Year's high	52.89	22.45	12.28	11.09	12.27
Year's low	20.93	11.93	9.20	8.22	7.80
Year end [2]	49.50	22.17	11.81	9.36	9.41
Earnings per share [3]	4.21	2.55	1.46	1.18	1.41
Book value per share [3]	19.73	14.29	9.89	8.87	8.27
Cash flow [4] per share [3]	7.06	3.86	3.50	2.16	2.92
Dividend per share	0.90 [5]	0.44	0.40	0.35	0.43
Payout ratio in % [3]	21	19	27	29	31
Dividend yield in % [2]	1.82	1.96	3.39	3.74	4.57
Total shareholder return in % [6]	125	91	30	4	19

[1] figures adopted according to stock split 10 for 1 [2] as of December 31 [3] figures 2004-2005 according to IFRS, 2001-2003 to according to ACC
[4] net cash provided by operating activities [5] proposed dividend [6] assuming no reinvestment of dividend

Pitesti, Romania 2:15 pm

"The Petrom acquisition has turned us into the undisputed number one in Central Europe. First results of the restructuring program are becoming visible, and as a result Petrom made a significant contribution to Group earnings in 2005."

Wolfgang Ruttenstorfer

Petrom

The year 2005 was extremely important for Petrom as it was the first year after the privatization. A far reaching modernization process to improve the company's cost and performance position was started. All efforts will be made in order to close the gap to international standards. Petrom has now a clear development strategy which aims to become more powerful, competitive and profitable. Therefore we have set firm objectives for each business unit which are underpinned by an unprecedented investment program of about EUR 3 bn until 2010. The modernization process, the focused investments and the favorable business environment contributed already to the strong earnings in 2005.

At a glance in EUR mn	**2005**	2004	Δ
Segment sales	3,010	n.a.	—
Earnings before interest and tax (EBIT)	583	n.a.	—
Capital expenditure	405	n.a.	—
Production in mn boe	79.1	n.a.	—
Proved reserves as of December 31 in mn boe	991	n.a.	—
Product sales Refining in mn t	5.60	n.a.	—
Retail market share Marketing in %	24	n.a.	—

Strong first set of results driven by E&P
Sales in 2005 reached EUR 3,010 mn, driven by higher crude and product prices. **EBIT** amounted to EUR 583 mn. This result includes EUR 223 mn special items, mainly restructuring charges, leading to a clean EBIT of EUR 805 mn. Thereof some EUR 891 mn were earned in the upstream while a loss of EUR 86 mn was attributable to Refining and Marketing.

The restructuring charges refer to modernization and organizational programs, of which many have already been implemented or initiated in 2005. The most significant are: centralizing organization and accounting structures, closing down of uneconomic filling stations and storage farms, launching of a franchise system for filling stations, personnel restructuring program, new agreement for major services with Petromservice and the acquisition of Rafiserv.

Exploration and Production
Total production of oil, NGL and gas was 217,000 boe/d including about 3,000 boe/d from Kazakhstan. In total, 38.62 mn bbl of crude and NGL and 6.18 bcm of natural gas were produced. The Romanian crude production was significantly affected by electricity shut downs caused by the severe floods in Romania during the summer of 2005. In order to stabilize production we continued the efficiency improvement program of artificial lift systems including the rollout of progressive cavity pumps.

The **average realized crude price** amounted to USD 49.43/bbl. The **regulated domestic gas price** for producers, this is the basis price Petrom fetches for its gas production, increased each quarter to USD 104.74 per 1,000 cbm in Q4/05, about 40% higher than in Q4/04.

Total proved **oil and gas reserves** as of December 31, 2005 amounted to 991 mn boe (2004: 1,024 mn boe). Due to the change in the gas conversion factor from 6,000 scf/boe to 5,400 scf/boe, which reflects the actual gas quality, reserves increased by 45 mn boe. De Golyer & McNaughton was selected to independently review oil and gas reserves. This exercise is an ongoing process and should be finalized in the second half of 2006.

In 2005, the **restructuring and reorganization** of the E&P business was initiated. Therefore a new headquarters was opened in Ploiesti in May, where 450 people were moved in and the widespread organization was restructured into 3 regions and 8 operating areas. Also centralized procurement was established to utilize Petrom's purchasing power. Operational quick wins for immediate performance improvements could be achieved in drilling and work-over by improved supervision and a separation of contractor and operator role. Restructuring of the field operations commenced in the second half of 2005 as a new economic evaluation and portfolio management system was introduced for both running activities as well as new exploration and investment projects.

In order to focus on E&P's core business, Petrom signed agreements for the sale of six offshore mobile drilling units at the end of 2005. The total consideration payable for these assets amounts to USD 100 mn. Transfer of ownership is scheduled for 2006.

Synergies with OMV were realized on the technology transfer side. This related primarily to planning and implementing 3D seismic on selected acreage. Also proven concepts for mature fields' management have been introduced.

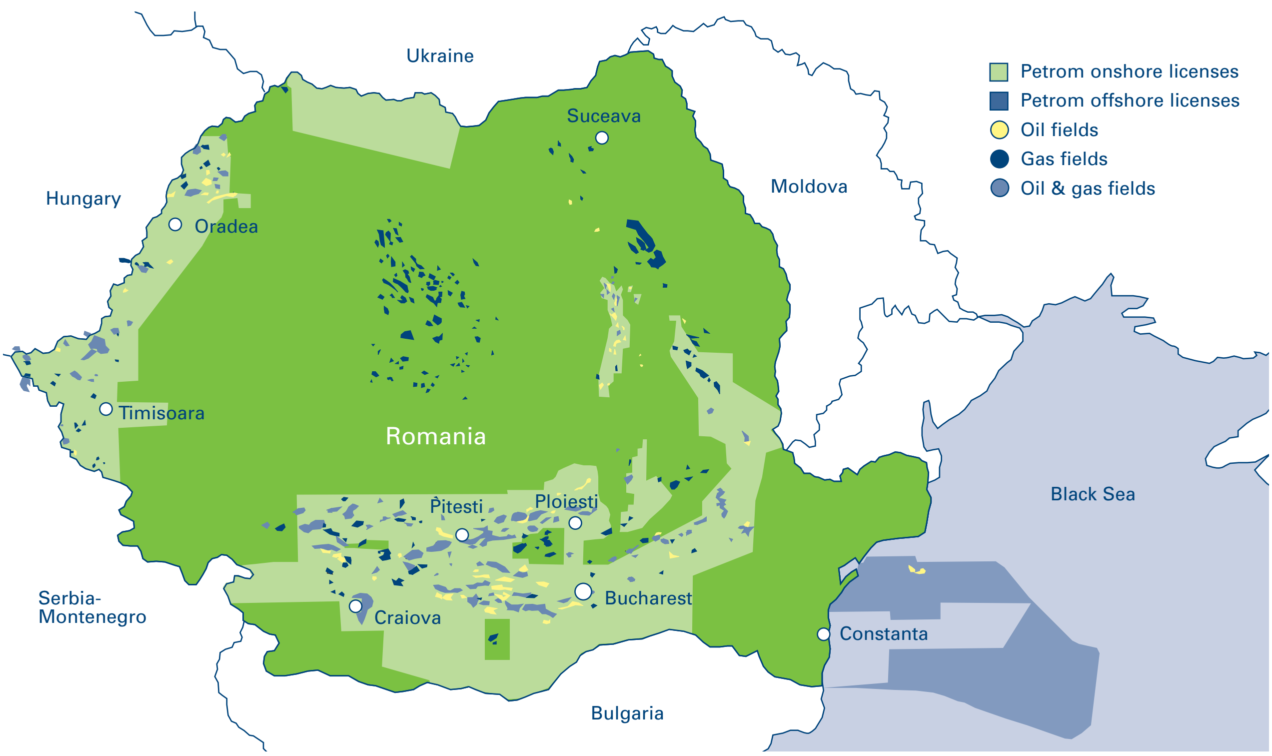
Petrom and Petromservice have agreed to replace their existing contract for the provision of services, entered into in 2002 and valid until 2007, with a new contract, which will be valid until 2012. This new contract ensures a minimum level of works of EUR 180 mn in 2006, which will decrease by 10% in each of the following years. This represents a significant step in the restructuring of Petrom's operations, as it constitutes the basis for a more efficient organization of the maintenance and work-over related activities of the company. Petromservice has agreed to improve quality standards and procedures and also to implement a plan that would ensure compliance with Petrom's health, safety and environmental standards.

The **exploration acreage** of Petrom consists of 17 onshore exploration blocks and 2 offshore blocks in Romania, with a total area of 67,200 km². Petrom participated in the 7th National Licensing Round 2005 and won the bidding for three exploration blocks, namely Maramures, Giurgiu and Rosiori, comprising an area of 15,401 km². In Kazakhstan Petrom holds exploration rights via 3 affiliates and one direct investment.

The newly implemented exploration strategy is primarily based on modern 3D seismic application. In 2005, two onshore 3D seismic surveys amounting to 228 km² and one offshore of 645 km² were planned and executed. In addition 2D seismic lines have been also acquired and existing data was reprocessed in Romania. A fourth 3D campaign of 70 km² was launched in Kazakhstan.

Exploration drilling was still based on old 2D seismic and consisted of 13 exploration and appraisal wells. 4 discoveries, 7 dry wells and 2 wells which are still under investigation were drilled until end of 2005. The first exploration wells based on results of 3D seismic will be drilled in 2006. Projects for new future enhanced oil recovery (EOR) initiatives were launched in order to increase recovery efficiency. All of Petrom's oil and gas fields were assessed and studies are currently underway.

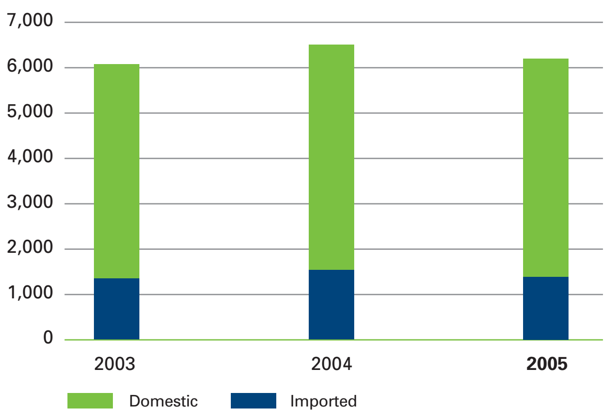
Exploration acreage in Romania



Refining and Marketing
Petrom operates two refineries, located in the main strategic industrial areas in the Southern Central region of Romania. The two refineries with a yearly nameplate capacity of 3.5 mn t (Arpechim) and 4.5 mn t (Petrobrazi) are accounting for about 35% of the overall crude processing capacity in Romania. Both refineries are able to process domestic and imported crude oil, due to their equipment and technical standards. Arpechim has a petrochemical site which serves both the domestic and the international market. The main products are ethylene, propylene, polyethylene and acrylonitrile.

In 2005, 6.4 mn t of crude oil were processed representing a utilization rate of 80%, below the level of 2004, due to the scheduled turnaround performed in Petrobrazi. By 2010 the company targets a refining utilization rate of 95% which should be achieved through longer intervals between turnarounds and through the reorganization of its assets maintenance.

Processed crude in 1,000 t



Petrom's own oil production represents 77% of the crude processed in the refineries. Crude imports changed to lighter crude with low sulfur content, mainly Caspian CPC blend, in order to meet the demand of the market and the quality specifications according to the EU standards.

In 2005, a program targeting the optimization of the crude intake mix was implemented. This was needed due to the diversity of Petrom crude types and the quality requirements of the refineries for products. Also a new procurement organization was created, while the maintenance activities were reviewed in order to improve the cost position. Petrom decided to acquire the controlling stake in Rafiserv Arpechim and Rafiserv Petrobrazi. These companies are service providers to Petrom's refineries and are employing former Petrom employees. The rationale for these acquisitions is to help restructure the refining maintenance activities of Petrom by increasing efficiency and the quality of the service.

In view of the accession to the EU, the Romanian specific legal framework has aligned the quality standards set through the EU Fuels Directive. Starting from 2007 all fuels produced must have a maximum of 50 ppm sulfur content, whereas by 2009, a maximum of 10 ppm is required.

The capacity to produce fuels with a maximum of 50 ppm was increased in 2005, as new products were introduced, e.g. TOP Premium unleaded 99+ and Top Nordic Diesel for temperatures down to (30)°C. The high share of **products in accordance with EU specifications** is the result of the company's strategy to increase its international presence and to offer EU quality standard products.

Petrom has a leading position in the Romanian **fuels retail market**, operating 553 filling stations in Romania and owing a network of 56 terminals, with a storage capacity of 540,000 cbm. Petrom also operates 82 retail stations in Moldova and Hungary. As part of its newly defined strategy, the company aims to provide its customers with the best products and services available on the market. In order to achieve this target, a new concept for filling stations, **PetromV**, was introduced in the autumn of 2005. The new filling stations offer a wide range of convenience services, including additional facilities like e.g. restaurants, terraces or playgrounds for children.

Following the reorganization process, a new **full agency system** for the administration of the filling stations was defined and introduced, replacing the old COCO system (company owned, company operated). Its main objectives are the increase of sales and margins and the development of modern filling stations. According to this new concept filling stations are operated by a dealer selected by the company, who receives in return a commission. The dealer employs the personnel of the filling station and has to meet strictly Petrom standards.

Health, safety and environment
2005 was mainly a year of evaluation and review of HSE aspects to determine high risk areas and establish investment priorities. Employee's health was given a very high priority and the key activity

was a company wide review of health management and services. The project has identified a new structure of clinics and mobile support units and an investment program of over EUR 4 mn for upgrading medical equipment and providing a range of training for medical personnel.

To improve safety, extensive training and awareness campaigns were held for thousands of employees. Overall, the key indicator for safety (lost time incident rate; LTIR) progressed showing a decrease of nearly 30% from 0.91‰ in 2004 to 0.66 ‰ in 2005. Nonetheless, we regret to have to report 10 fatalities during 2005, 3 among the Petrom workforce and 7 among contractor personnel.

In 2005 there were a number of reported environmental incidents. These mainly related to pipe leakages from old and corroded pipelines that affected mainly soil and surface water. To combat this, an ambitious program of pipeline modernization and replacement was initiated.

Outlook for 2006

We expect crude oil prices to remain at similar levels as last year, which should have a positive impact on Petrom's 2006 results and is expected to offset the impact of shutting-in of uneconomic wells and the natural decline of **E&P** production. For 2006 substantial steps are planned to stabilize Petrom's upstream production in the medium term and decrease production costs. Such measures include e.g. investments in the modernization and rationalization of production and surface facilities, continued development of operations in Kazakhstan, exploration activities and drilling of new production wells.

In the course of the liberalization of the **gas market**, the gas price is expected to steadily increase in line with the memorandum between Romania and the International Monetary Fund (IMF), based on a common understanding between the Ministry of Economy and Commerce (MEC), the National Authority for Regulating the Natural Gas Sector (ANRGN) on the one hand, and the gas producers on the other hand.

The main focus in **Refining** for 2006 is the further optimization and consolidation of the business. An ambitious investment program is planned to increase capacity and product quality in order to meet EU standards by 2007. A further centralization of the organization and the acquisition of Rafiserv provide the basis for further restructuring and efficiency increases. For 2006 a turnaround of the refinery Arpechim is scheduled.

In **Marketing** we will focus on the centralization of the organization and will further implement the franchising concept for filling stations. Unprofitable filling stations and storage farms will be divested and closed down. Investments will concentrate on the construction of new greenfield filling stations, on the modernization and the rebuilding of existing filling stations, the modernization of storages as well as on IT support and automations.

For 2006 significant efforts will be taken in order to centralize and modernize finance, accounting and IT processes. The Finance-Service Center will be further developed and we will continue to implement a SAP system. The replacing of the old systems and the optimization of the application portfolio will determine significant changes in terms of commercial, administration and business processes.


OMV

Taranaki Basin, New Zealand 1:15 am

"We operate world-wide in five core regions – stretching from the desert to the high sea. Success in exploration, such as our recent discoveries in Libya, the British North Sea, Austria, and Yemen, provides the basis for our future oil and gas production."

Helmut Langanger

Exploration and Production

In 2005 the Exploration and Production (E&P) business benefited from significantly higher oil and gas prices. This positive environment more than compensated for slightly lower production volumes resulting from disposals of producing fields as part of the portfolio optimization. Significant oil and gas discoveries in Austria, Yemen, Libya, Iran and the North Sea, successful appraisal wells, and a continuous focus on cost form a solid base for further profitable growth.

At a glance in EUR mn	**2005**	2004	Δ
Segment sales	1,370	983	39%
Earnings before interest and tax (EBIT)	802	469	71%
Capital expenditure	314	183	71%
Production in mn boe	44.3	45.9	(3)%
Proved reserves as of December 31 in mn boe	374	385	(3)%

Strong result due to high price realizations
Segment sales increased by 39% to EUR 1,370 mn mainly resulting from higher oil and gas prices. The average realized crude price leveled off slightly after the peak in August but still exceeded last year's level by 49%. The average realized gas price increased by 25%, due to higher domestic and international gas prices.

EBIT at EUR 802 mn exceeded the high level of 2004 which included the special earnings from the disposal of the Sudan assets in Q2 2004. In 2005, special expenses mainly relate to extraordinary write-offs in Tunisia and personnel restructuring. This led to clean EBIT of EUR 827 mn being 85% ahead of last year's level.

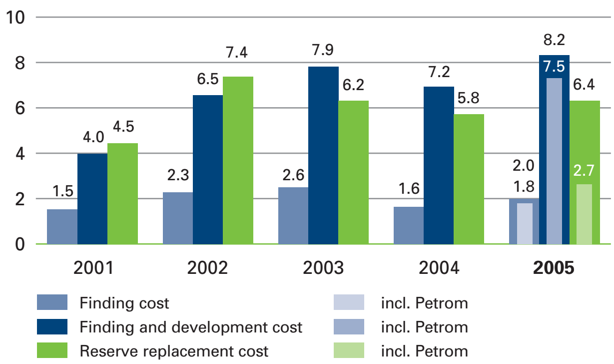
Production of oil, NGL and gas (excluding Petrom) in 2005 amounted to 44.3 mn boe or 121,000 boe/d which is a small decrease of 3% compared to last year (2004: 45.9 mn boe or 125,000 boe/d). The production decrease was mainly attributable to the divestment of Patricia Baleen and Cooper Basin gas assets in Australia, and the scheduled shut-down for technical inspection at the sour gas plant in Aderklaa in Austria. The production decline though was almost offset by production increases in NC 186 in Libya, which went fully on stream and higher production in the Sawan gas field in Pakistan.

Moderate cost increases despite high inflation
Production costs excluding royalties (OPEX) rose by 2% from USD 5.61/boe in 2004 to USD 5.75/boe in 2005 due to slightly lower overall production and the general trend of high cost inflation in the oil industry and its related services.

OMV had another year of successful exploration in Austria and its international ventures. Of the 29 exploration and 5 appraisal wells drilled, 17 led to discoveries, which equal a technical success rate of 50% (2004: 54%).

Due to increased exploration activities, **exploration expenditures** rose by 9% to EUR 104 mn compared to EUR 96 mn in 2004. Finding costs (3-year average basis) increased from USD 1.63/boe in 2004 to USD 1.95/boe in 2005.

Unit cost development (3-years average) in USD/boe

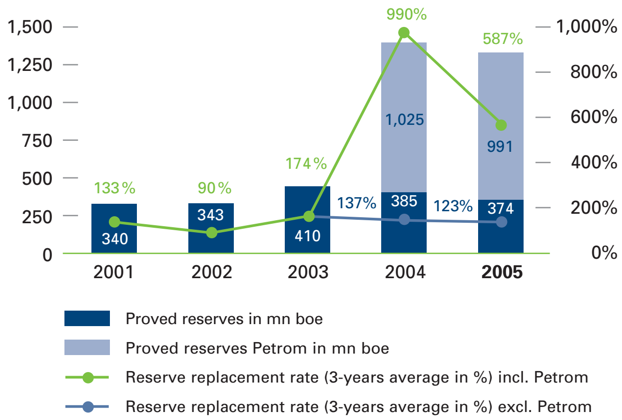


Proved hydrocarbon reserves were 374 mn boe as of December 31, 2005 (excluding Petrom). Thus the reserve replacement rate (RRR) based on a 3-year average was 123%. The stated RRR reflects all asset revisions, discoveries, acquisitions and divestments over the past three years apart from Petrom.

Significant gas discoveries in Austria
The year 2005 marked 50 years of OMV independent oil and gas production in Austria following the withdrawal of the Soviet army in 1955. Although primarily mature fields, OMV's domestic production contributed 37,400 boe/d or about 30% of OMV's total production (excluding Petrom). All nine exploration

and production wells drilled in 2005 were successful. Two of the exploration wells, Strasshof T4 and Ebenthal T1, have identified significant gas reserves, which will be appraised via extension drilling in 2006.

Development of proved reserves



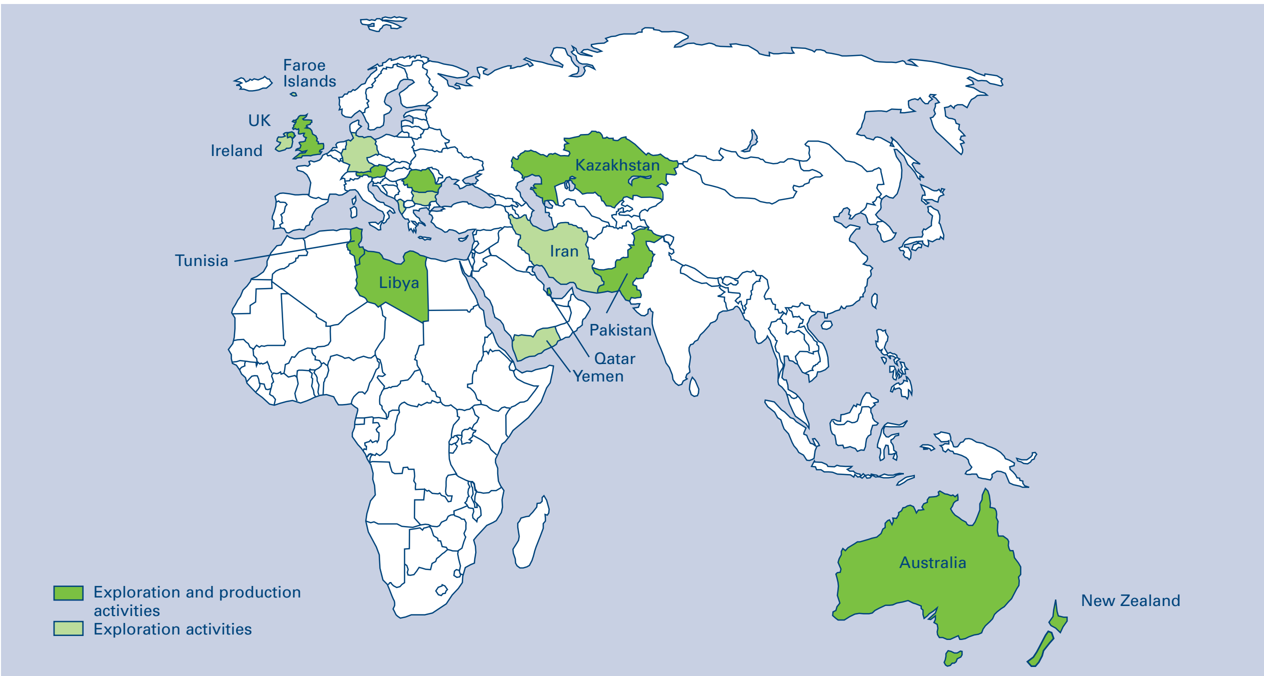
International assets are the base for future growth
In **Bavaria**, South Germany, the processing and interpretation of the 2004 Kempten 3D seismic survey led to the identification of a number of drilling prospects. The first well is planned to spud mid-2006 (OMV share: 45%).

OMV is the operator of three exploration blocks in **Albania**. Activities in Blocks 4 and 5 (OMV share: 51%) onshore will be completed by mid-2006 when the license term ends. In offshore Block Duresi (OMV share: 50%) 3D seismic was acquired in late 2005.

In **Bulgaria** OMV is the operator of the Varna Deep Sea Block (OMV share: 100%) and is proceeding into the next exploration phase which includes planning a 3D seismic survey acquisition and talks with potential partner companies.

In the **United Kingdom** the 2005 production of 14,600 boe/d was kept close to 2004 levels in spite of operational problems experienced at the Schiehallion FPSO. OMV participated in two exploration wells, the first one, Yeoman (OMV share: 30%), was an oil and gas discovery, whereas the results of the second well, Jackdaw (OMV share: 7.1%), remain as yet undisclosed. In the 23rd UK licensing round OMV was awarded four new licenses, which further expands our position in the Atlantic Margin.

Worldwide exploration and production portfolio



In January 2005, OMV entered **Faroe Islands** exploration via the award of Exploration Licence 008 (OMV share: 10%) which consists of 5 offshore blocks complementing OMV's interests in the West of Shetland sector in the United Kingdom.

OMV successfully applied for an additional exploration license, PEL 2/05 in **Ireland**, adding four blocks adjacent to OMV's Dooish discovery in PEL 2/94 (OMV share: 10%).

In OMV's North African core area, **Libya** contributed 26,900 bbl/d, a 13% increase to 2004. While the giant Shararah Field (OMV share: 7.5%) continued to produce 15,200 bbl/d (OMV net share), OMV's increased production is mainly attributable to the NC 186 A and D fields in the Murzuq Basin. Development plans for the NC 186 B and H fields, which will further improve Libyan production, have been approved in the 1st quarter 2006. In 2005, OMV participated in 13 exploration wells with a remarkable success rate of 46%.

Total daily production in **Tunisia** averaged 8,500 bbl/d, an increase of 300 bbl/d compared to 2004. A project for the further development of the Ashtart field, involving a complete revamp of the facilities as well as infill drilling and sidetracking of existing wells to boost production and guarantee safe operations has been initiated. The exploration program in the Jenein Sud permit (OMV share: 50%) continued as planned with the spud of Warda-1 in December 2005. Tests performed in Q1 2006 resulted in an oil and gas discovery.

In **Pakistan** OMV is the largest foreign operator of gas production with its operations in the Miano (OMV share: 17.86%) and Sawan (OMV share: 19.74%) gas fields extracting 18,000 boe/d (OMV net share). As part of the field optimization plan, further development well drilling and improved recovery techniques such as reservoir fracturing were successfully conducted in 2005. The 3D seismic acquisition across a large part of the OMV license area will allow further exploration in the Middle Indus Basin in the coming years discovery.

In the Middle East core area, further exploration successes in **Yemen** resulted in the significant Habban oil field discovery and the successful drilling and testing of the Al-Nilam sidetrack well in OMV operated Block S2 Al Uqlah (OMV share: 44%). The Declaration of Commerciality for Block S2, which is based on a two-phased development plan, received regulatory approval in January 2006. First oil production from this block is scheduled for Q3 2006. Additionally, OMV signed a new Production Sharing Agreement for Block 2 Al Mabar (OMV share: 93%), which is close to Block S2 Al Uqlah and awaits Yemenite authorities approval.

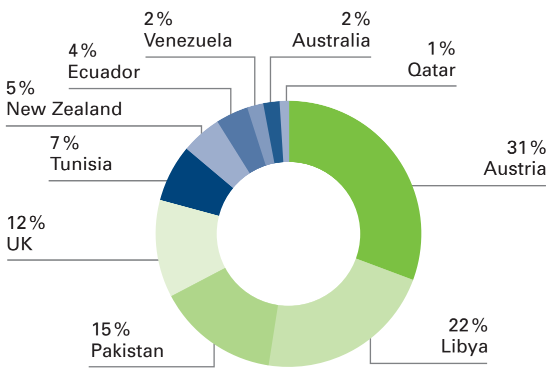
In January 2005, OMV made a significant oil discovery in the Band-E-Karkeh structure in the Mehr block (OMV share: 34%) in **Iran**. Partners and regulatory officials are reviewing way forward options, including various appraisal and development scenarios.

The Al Rayyan field (OMV share: 7.5%) in **Qatar** added 1,000 bbl/d to OMV's total production in 2005. Due to lack of materiality, OMV decided to divest the asset and concluded a sales agreement in 2005. Closing took place on March 3, 2006.

In **Australia**, OMV strategically refocused its activities towards exploration in the Western offshore area and divested its non-core gas assets, resulting in remaining Australian oil production of about 1,000 bbl/d.

The Maari oilfield development project (OMV share: 69%) located offshore **New Zealand**, OMV's first operated offshore oilfield development, successfully received partner and regulatory sanction and was granted a Petroleum Mining Permit in December 2005. The Pohokura gas field development (OMV share: 26%) remained on track for first gas production in Q3 2006. The Maui consortium (OMV share: 10%) lucratively implemented an open access regime for the Maui pipelines which will enable the competitive sale of additional reserves in the license. Maui contributes about 5,400 boe/d to OMV's total production.

Production 2005: 44.3 mn boe (121,000 boe/d)



Activities in **Ecuador** focused on further developing the Yuralpa Field in Block 21 (OMV share: 17.5%) and the OSO Field in Block 7 (OMV share: 25%). OMV net production increased by 65% across the year (January 4,000 bbl/d versus December 6,600 bbl/d). As Latin America is a non-core region for OMV, a sale of the Ecuadorian assets to our joint venture partners was agreed in September 2005 and is expected to close in 2006.

OMV's only remaining **Venezuelan** asset, Boqueron Field (OMV share: 30%), continued to contribute an average of 2,600 bbl/d net to OMV.

In January 2005, OMV opened an office in Tyumen, Western Siberia, in **Russia** to support our commercial and technical analysis of companies and assets. The stated target is to develop Russia into a new core region for OMV.

Qualification requirements for entry into E&P activities in **Norway** were completed in 2005. In Q1 2006, an office has been established in Oslo to assess opportunities.

Outlook for 2006

The main investment priorities for 2006 will be the appraisal of the Austrian gas field Strasshof and the development of fields in New Zealand, Libya and Yemen. Furthermore, investments will focus on production optimization in Romania. The environment for further acquisitions is very challenging and competitive due to high oil prices. However, we are continuously evaluating opportunities. For 2006, we expect almost unchanged production volumes.

	Oil and NGL		Natural gas		Oil equivalent	
Production in 2005	mn t	mn bbl	bcm	bcf	mn t	mn boe
Austria	0.9	6.2	1.2	44.7	1.9	13.7
Rest of Europe	0.5	3.8	0.2	9.1	0.7	5.3
Africa	1.7	12.9	—	—	1.7	12.9
Middle East	0.1	0.4	1.1	39.4	0.9	6.9
Australia/New Zealand	0.1	0.9	0.3	10.8	0.4	2.7
South America	0.4	2.7	—	—	0.4	2.7
Total [1]	**3.6**	**26.9**	**2.8**	**104.0**	**6.0**	**44.3**

	Oil and NGL		Natural gas		Oil equivalent	
Proved reserves as of Dec. 31, 2005	mn t	mn bbl	bcm	bcf	mn t	mn boe
Austria	7.6	55.1	15.3	572.0	20.6	150.5
Rest of Europe	2.5	19.4	1.1	40.0	3.5	26.1
Africa	12.2	91.9	0.5	19.6	12.6	95.2
Middle East	0.2	1.1	7.9	294.5	6.8	50.2
Australia/New Zealand	2.6	20.8	2.5	93.1	4.7	36.3
South America	2.3	15.6	0.0	0.0	2.3	15.6
Total [1]	**27.4**	**204.0**	**27.3**	**1,019.3**	**50.5**	**373.8**

[1] excluding Petrom

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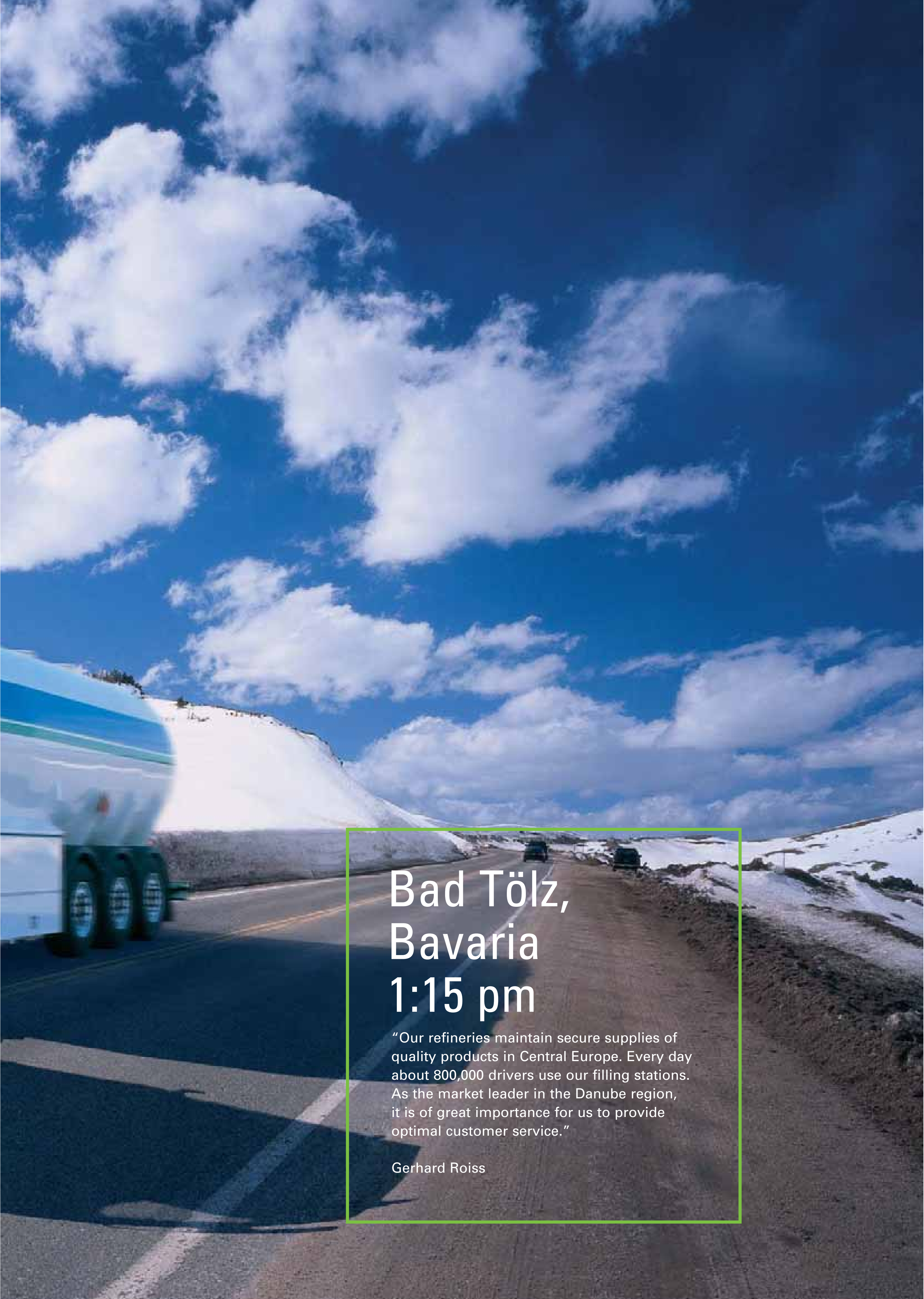


Bad Tölz, Bavaria 1:15 pm

"Our refineries maintain secure supplies of quality products in Central Europe. Every day about 800,000 drivers use our filling stations. As the market leader in the Danube region, it is of great importance for us to provide optimal customer service."

Gerhard Roiss

Refining and Marketing including petrochemicals

The good results reported by the Refining and Marketing including petrochemicals (R&M) segment are largely attributable to the strength of refining margins, which briefly reached historic highs after the hurricanes that struck the US Gulf coast. The integration of the petrochemicals operations with those of basic plastic producer Borealis are key in underpinning the future profitability of OMV's refineries. The cracker expansion at Schwechat and the joint acquisition of Borealis with IPIC substantially strengthens this cooperation.

At a glance in EUR mn	**2005**	2004	Δ
Segment sales	11,958	8,385	43%
EBIT	620	481	29%
Capital expenditure	663	462	44%
Product sales by refining business in mn t	16.43	16.25	1%
Market share of marketing business in %	15	14	7%

Strong results, aided by favorable environment
Segment sales gained 43% to EUR 11,958 mn, buoyed by sharp rises in product prices and higher sales volumes. **Earnings before interest and tax** grew by 29% to EUR 620 mn, driven by extremely high international refining margins, and increased refinery and marketing sales volumes. Improved capacity utilization following the 2004 TÜV inspection of the primary distillation unit at Schwechat Refinery also impacted results positively. The commercial and petrochemicals businesses likewise made progress. However, the retail business faced very tight margins due to high international product prices and severe competitive pressures to which filling stations were exposed. Full year results were reported for OMV Istrabenz for the first time since the acquisition of the remaining 50% interest in the company in 2004. Meanwhile, our decision to focus on our core business led to the sale of the Polyfelt group to Royal Ten Cate of the Netherlands in the fourth quarter of 2005, and its deconsolidation. EBIT before special items – principally the recognition of impairments due to the poor earnings of the filling stations, as well as provisions for personnel reduction programs and other personnel expenses – advanced by 35% to EUR 689 mn.

The main factor behind the sharp improvement in earnings in 2005 was higher **refining margins**. For instance, OMV's reference Refining Margin West was far above the long-term average at USD 6.36/bbl. Higher margins, particularly in Germany, due to the strength of middle distillates led to an improved EBIT contribution from the refining business. The severe hurricanes in the Gulf of Mexico, which hit crude production and caused some refinery shutdowns, were responsible for the spike in refining margins, which temporarily rose to several times the annual average in the wake of the storms. The situation was exacerbated by strong product demand in the US and Asia, which could not be met because of local shortages in refining capacity. An additional contributing factor to the gain in refining profits was the difference between the prices of light, low-sulfur and heavy crudes, measured by the Brent-Urals spread, which remained at around the high USD 3.50/bbl level seen in 2004. Hedges covering 14% of our refinery output over the first nine months of 2005, in place since 2004, reduced results, as the good market conditions in 2005 caused EUR 60 mn in hedge expenses. Strategic hedging of product output has been suspended for the time being.

Investment in continued growth
Capital expenditure grew by 43% to EUR 663 mn in 2005. In the Refining business, the cracker expansion project at the Schwechat plant was successfully completed during the fourth quarter. Ethylene and propylene capacity was raised from 650,000 t/y to 900,000 t/y at a cost of EUR 200 mn. At the same time, Borealis – one of the world's leading producers of basic plastics – expanded capacity at its neighboring plant to about 1 mn t/y, turning Schwechat into the fifth-largest plastic production site in Europe and strengthening our competitiveness. The high level of integration of the petrochemical capacity at our Schwechat and Burghausen refineries with those of Borealis will play a key role in our long-term profitability. This was also the rationale of the joint acquisition of Borealis with our core stockholder IPIC in 2005.

High throughput in Schwechat

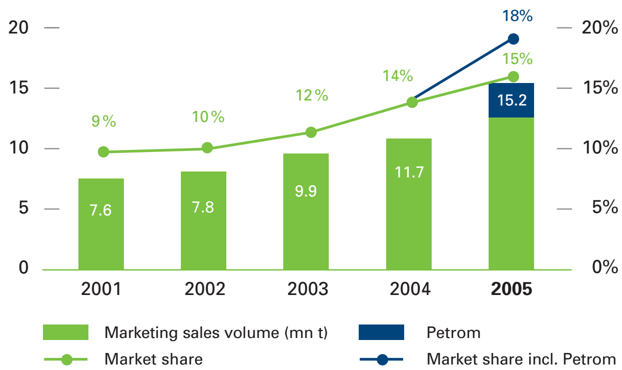
Due to the lower refinery utilization following the TÜV safety inspection at Schwechat in 2004, refinery runs as a proportion of name plate capacity (18.4 mn t) were up by 1% to 95% in 2005. Total sales volume likewise increased by 1% to 16.4 mn t.

Throughput in mn t	**Schwechat**	**Burg-hausen**	**Bayernoil**	**Total**
Total feedstock	**9.0**	**3.5**	**5.5**	**18.0**
Crude	8.7	3.4	5.3	17.4
Semi-finished products and others	0.3	0.1	0.1	0.6
Name plate capacity	**9.6**	**3.4**	**5.4**	**18.4**
Total sales	**8.2**	**3.1**	**5.1**	**16.4**
Automotive fuels	5.2	1.1	3.0	9.3
Heating fuel	1.7	0.9	1.5	4.2
Other products	0.7	0.3	0.6	1.5
Petrochemicals	0.6	0.9	0.1	1.5

Improved Marketing results in harsh environment

The Marketing business was impacted by high product prices, which held back demand growth – especially in low-income countries. Nevertheless, earnings increased due to retail and commercial sales volume growth, and an improved contribution from non-oil business.

Sales volume and market share

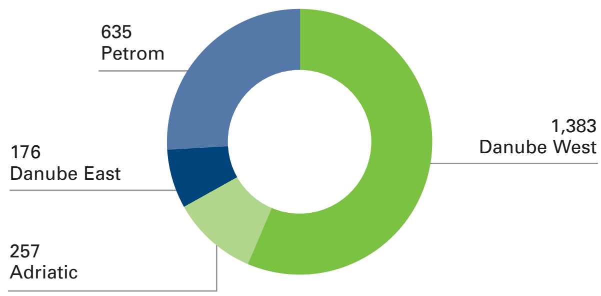


Marketing volumes grew by 8% to 12.65 mn t. This was largely due to full-year reporting of sales of the OMV Istrabenz companies in Bosnia and Herzegovina, Croatia, Italy and Slovenia, acquired in the fall of 2004, as well as higher commercial sales. Our market share in our core Danube region rose from 14% to 15% as a result. This figure excludes Petrom's retail operations. Including the latter, our market share exceeds 18%, meaning that our strategic goal of doubling share to 20% in the region has almost been reached.

Retail network expansion

Investment in expanding the filling station network and upgrading existing outlets was tailored to market conditions. We significantly expanded our filling station portfolio in the Croatian and Serbian growth markets, while in the mature markets investment focused on raising network quality standards. The 400th OMV filling station in Germany opened during the fourth quarter. The purchase of 70 modern Aral filling stations in the Czech Republic, in the fourth quarter, marked another major advance. This is the country's fourth-largest forecourt network, and the acquisition establishes OMV as the clear leader in the Czech market. The transaction was closed in January 2006, and the related volumes and earnings will therefore only be included in figures for 2006.

OMV retail network

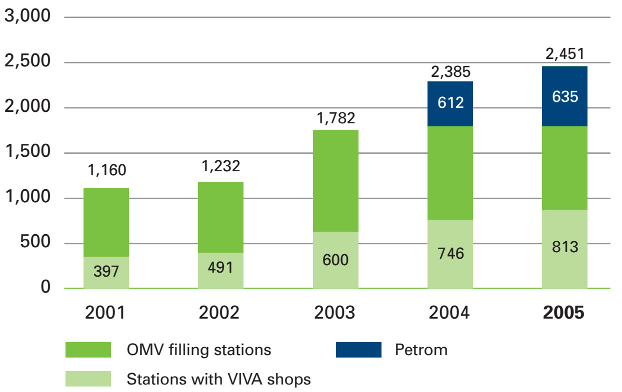


Facelift for non-oil business

The first two filling stations based on the new VIVA concept opened in Austria in December 2005. These respond to the growing call for customer friendly forecourt shopping. The new design, optimization of the product range, and a complete revamp of the catering areas should fuel further increases in non-oil sales. Non-oil revenues were up by 25% in 2005, led by a 32% increase in catering sales. The number of VIVA convenience stores grew by 76 or 9%, to stand at 813.

The retail network rationalization program, completed in the first quarter of 2005, cut the number of filling stations in Austria to 571. The overall number of stations, excluding Petrom, rose by 43 to 1,816 (2004: 1,773).

Filling stations and VIVA shops



Strong gains in commercial sales volumes
Commercial sales climbed by a further 10% from the high level recorded in the previous year (growth in 2004: 16%). Sales to multinational oil companies were slightly higher, year-on-year. In 2005, we reacted to the growth in infrastructure investment in the new EU member states by building a mobile polymer modified bitumen plant in Hungary. We leveraged our strong position at Munich and Vienna airports to achieve further increases in aviation fuel sales. Heating oil sales rose again, despite stiff competition from alternative energy forms.

More new product developments
Following the successful launch of AdBlue in 2004, the stress in 2005 was on rolling out a retail network in OMV's core markets. With some 130 AdBlue stations in place in 11 countries, drivers are now assured of access to the product. In short, OMV has now translated its pioneering role in introducing this innovative, environmentally friendly product into full market coverage. The introduction of OMV Sprint Diesel, which offers reduced emissions as well as lower fuel consumption, was another milestone in environmental protection and sustainability.

Boost for petrochemicals from higher prices
The petrochemicals business profited from higher monomer (propylene and ethylene) prices. Despite the exceptional strength of crudes and resulting firm naphtha prices, the ethylene margin increased by 12%, and the propylene margin by 36%. Despite a decline in output volume of 12% to 1.46 mn t due to

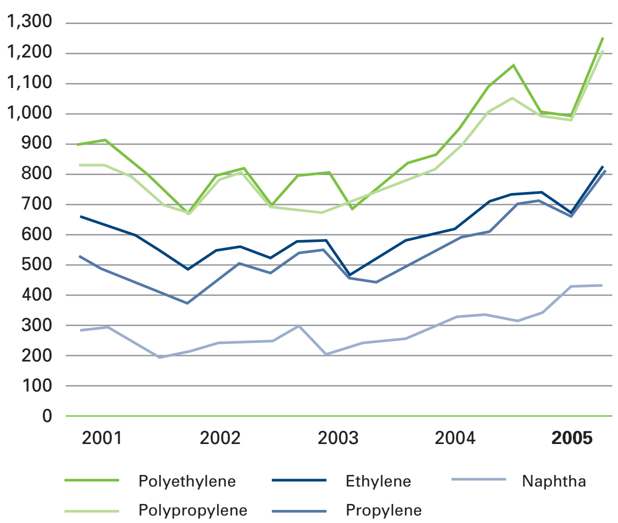
Markets served by Refining and Marketing

the cracker expansion at Schwechat and the related shutdown of petrochemical production, earnings were up 15% year-on-year.

Increase in Borealis stake

On October 13, 2005, OMV and its strategic partner IPIC completed their joint acquisition of the remaining 50% interest in Borealis from Norwegian oil and gas company, Statoil. OMV and IPIC now wholly own Europe's second-largest basic plastics producer. OMV's holding is 35% and IPIC's 65%. The increased stake in Borealis will improve the profitability of the Central European refineries, which are integrated with its plants. Outstanding opportunities for Borealis are generated through its presence in the Middle East due to cost advantages resulting from its proximity to the rapidly growing Chinese market.

Petrochemical and plastic prices in EUR/t



West European polyolefine demand registered a 3% year-on-year fall in 2005 due to high prices. Nevertheless, strong crudes kept polyolefine prices at high levels. High margins and the excellent contribution to earnings from the 40:60 Borouge joint venture in Abu Dhabi boosted Borealis' net income for the year of EUR 226 mn (2004: EUR 203 mn), taking its equity contribution to OMV's financial income to EUR 62 mn.

Borealis brought a new polyethylene plant onstream at Schwechat during the fourth quarter of 2005. Based on the company's proprietary Borstar technology, the facility has a capacity of 350,000 t/y of linear low density polyethylene (LLDPE) – the polyolefine that has been registering the fastest demand growth. The site's competitiveness was also strengthened by the expansion of the capacity of the Borstar polypropylene plant to 300,000 t/y.

Outlook for 2006

Continued rapid economic growth in China, India and the USA will drive further increases in petroleum product demand. Since the expansion of processing capacity is lagging behind demand, refining margins are expected to remain strong, albeit below the high levels witnessed in 2005.

We are investing in expanding and integrating the cracker at Burghausen in order to strengthen the competitiveness of the petrochemicals business.

We expect high prices to continue to exert downward pressure on volumes and margins in the marketing business. The roll-out of the new VIVA store concept both in our mature markets and in the South-East European growth markets will set new standards in quality and customer friendliness. We will also again be investing in expanding the filling station network in the emerging markets in the Danube region, and in upgrading outlets.

We will continue to pursue our strategic environmental protection and sustainability goals by expanding output of low-sulfur products and installing additional emission reduction equipment.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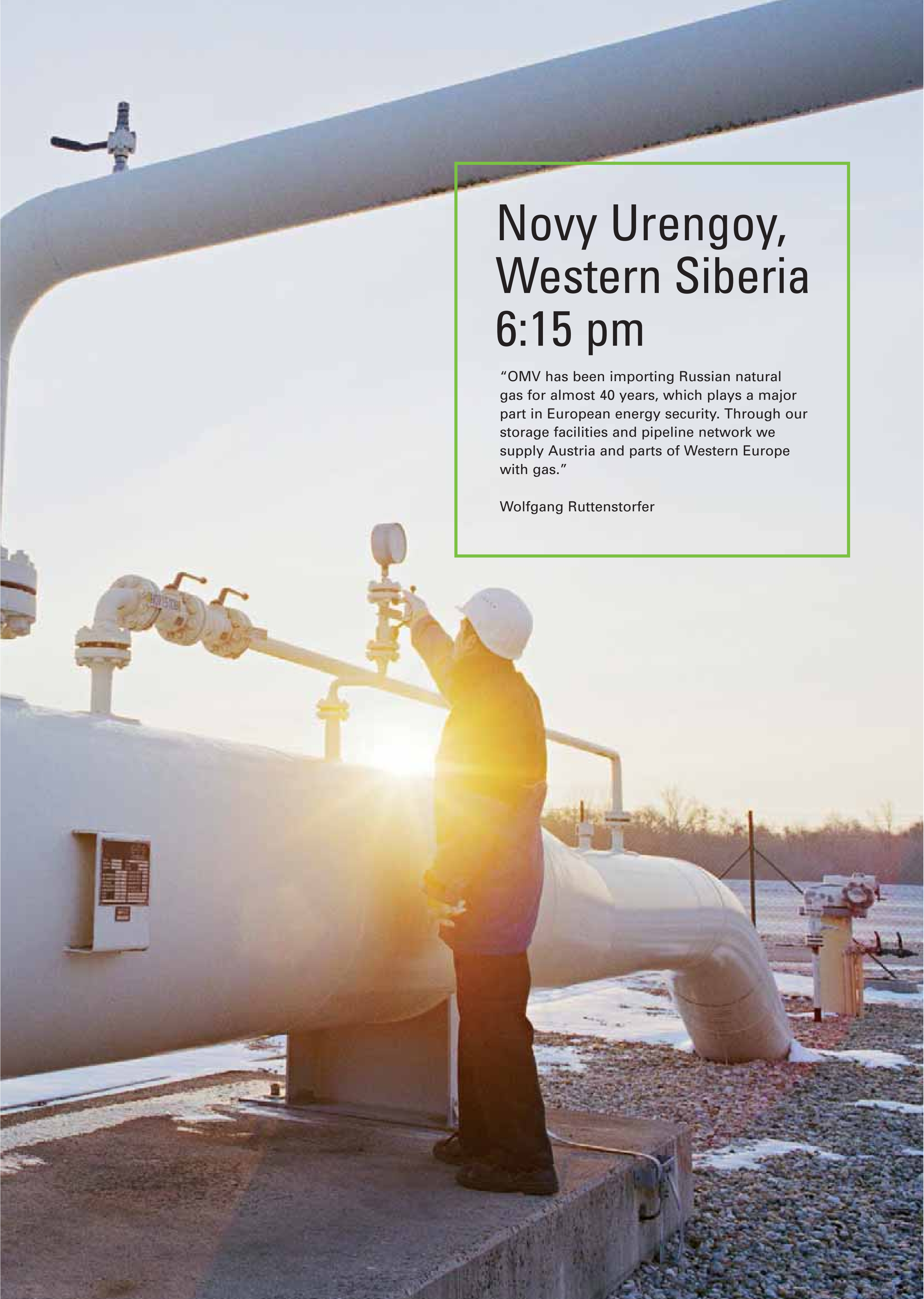


Novy Urengoy, Western Siberia 6:15 pm

"OMV has been importing Russian natural gas for almost 40 years, which plays a major part in European energy security. Through our storage facilities and pipeline network we supply Austria and parts of Western Europe with gas."

Wolfgang Ruttenstorfer

Gas

Higher traded volumes and wider margins, together with a rise in transmission capacity sold, partly offset the impact of the trend towards short-term contracts in the storage business. In response to the increasingly international character of the industry, all our gas activities were brought together under a new sub-group holding company. This should allow us to react quickly and flexibly to new opportunities as part of our expansion strategy.

At a glance in EUR mn	**2005**	2004	Δ
Segment sales	803	736	9%
EBIT	68	76	(11)%
Capital expenditure	30	19	57%
Imports in bcm	7.60	7.01	8%
Transmission capacity sold in bcm	44.6	42.7	4%

Segment sales increased by 9% to EUR 803 mn as a result of increased traded volumes, higher gas prices and a rise in marketed transmission capacity. However, there was an 11% fall in **EBIT** to EUR 68 mn which was chiefly attributable to changes in the storage industry and regulated transmission tariffs. As Austria is one of Europe's front-runners in terms of gas market liberalization, the transit and storage businesses are moving away from long-term agreements and towards a balanced mix of long and short-term logistics services. Our storage business was strongly impacted by this trend in 2005, which had a negative effect on EBIT. Special income relates to the reversal of provisions for employee benefit obligation due to changes in the pension system. **Clean EBIT** was down to EUR 67 mn.

Gas business restructured

Due to the acquisition of a majority in Petrom in 2004, OMV now has a gas business in Romania with considerable growth potential. The creation of a new sub-group holding company, OMV Gas International GmbH at the end of 2005, which now coordinates all Group natural gas activities, has opened the way for further international expansion of our gas business. EconGas and Petrom Gas make up the merchant side of the business, while OMV Gas GmbH and the interest in Nabucco Gas Pipeline International GmbH constitute the system and storage operation side. This new structure will enable OMV Gas International to react quickly and flexibly to new opportunities for expansion. The Gas segment now has three main components, the strength of which should help us reach our ambitious growth targets:

- Our growing production operations – our goal is to produce one-third of the gas we sell
- Our merchant function in the shape of EconGas and Petrom – by 2010, we aim to be trading 20 bcm of gas
- Our gas logistics business – we aim to be transporting 56 bcm by 2010.

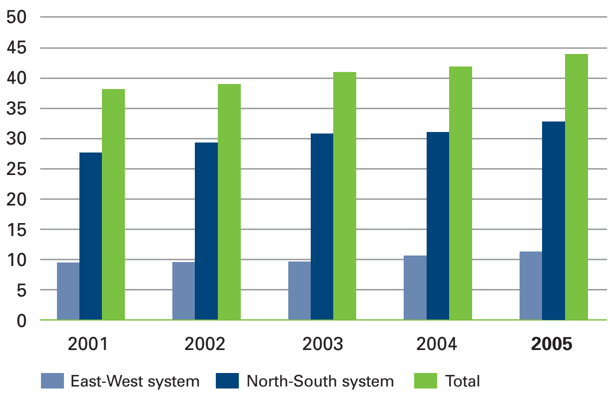
EconGas consolidating market position

EconGas has had a highly successful financial year. The company has again succeeded in expanding its customer base, and is now well placed to extend its footprint in the desirable Central European business-to-business market created by liberalization. EconGas' strategy is aimed at using its strength in Austria as a springboard for expansion into neighboring markets. During its 2004/2005 financial year, the main focus was on Southern Germany and Northern Italy, and the company founded its new EconGas Deutschland GmbH and EconGas Italia S.r.l. subsidiaries in order to develop these markets locally. Southern Germany represents a market with a gas demand five times that of Austria, and the Northern Italian market is eight times as large. These activities have already resulted in a 37% increase in the equity contribution from EconGas (OMV owns a 50% stake) to EUR 23 mn.

Good prospects for transit business

Long-term primary energy demand forecasts point to a rise in annual gas consumption in the EU from around 500 bcm at present to some 800 bcm in 20 to 25 years' time, mainly due to the increased power station use. EU enlargement into South-Eastern Europe will also add to the importance of Baumgarten as one of the key hubs in the European interconnected system. This will bring major benefits for OMV Gas International GmbH's transit business, and will help to build on its role as a full-service gas logistics company. In 2005, contracted transportation capacity rose by 4% to 44.55 bcm. Both on the East-West (WAG, HAG and Penta West) and the North-South system (TAG and SOL) the amount of gas carried was up by more than 900 mn cbm. In May, we signed a new long-term agreement with Gazexport, under which the capacity of the West-Austria gas pipeline (WAG) is to be increased by more than 4.4 bcm/y. The necessary expansion project will be carried out in two phases, finishing in 2011, and will boost the capacity of the pipeline to 11 bcm/y. Expansion of the Trans-Austria gas pipeline (TAG) is already well under way. Once the third section of the TAG Loop II line has been completed in 2006, annual capacity will climb from 37 bcm to around 41 bcm, and the construction of two new compressor stations will raise total annual capacity by a further 6.5 bcm to 47.5 bcm in 2009.

Transmission capacity sold in bcm



Nabucco pipeline project making progress

Due to rising gas demand in Europe and growing import dependency, it is strategically important to open up new supply sources and diversify the transport routes. The Nabucco pipeline project will allow Europe to tap the world's second-largest gas reserves in the Caspian region. Following the completion of a favorable feasibility study, Botas, Bulgargaz, MOL, OMV and Transgas signed a joint venture agreement, effective for the entire duration of the project, on June 28, 2005. Under the agreement, Nabucco Company Pipeline Study GmbH, founded in June 2004, was converted into Nabucco Gas Pipeline International GmbH. The change is associated with a wider role for the new company, which is now responsible for developing a financing plan, concluding financing agreements, marketing the transportation capacity, coordinating future project phases, and setting up national Nabucco companies in the partner countries – Austria, Bulgaria, Hungary, Romania and Turkey. The pipeline will be 3,300 km long and the estimated cost is EUR 4.6 bn. Construction is due to begin in 2008 and commissioning is to take place in 2011. Talks with major international banks on the financing and guarantees are currently under way, and negotiations with potential shippers are also in progress.

Storage business growing

The storage service portfolio was further expanded during the year under review. In addition, thanks to newly implemented IT solutions, short and medium-term contracts can now be made online in a customer friendly way, resulting in a big reduction in transaction times. There has been a marked trend towards short-term storage contracts over the past two years. However, growing transit volumes and EU enlargement have now brought a return to more long-term contracts, and OMV Gas is therefore looking at the possibilities of expanding storage capacity, both domestically and abroad, over the next few years.

Heated debate on the system charges order

For OMV's domestic transportation activities – in which the role of control area manager in the Eastern control area is performed by Austrian Gas Grid Management (AGGM) – the main features of 2005 were a new tariff round that gave rise to heated discussions between the regulator, E-Control and the entire industry, as well as early warning signs of capacity shortages on the Austrian transmission grid. The Gas System Charges (Amendment) Order 2005, which entered into effect in November 2005, cut OMV Gas' tariff, which forms part of the regulated gas transportation price, by the amount of the injection metering costs on the OMV network. The regulator takes the view that the injecting parties should be directly billed for these costs.

OMV Gas ISO certified

In 2005, OMV Gas was certified according to the ISO 9001 quality management standard and the ISO 14001 environmental management standard. In addition, the emergency plan, which had previously only applied to operational units, was comprehensively overhauled and extended to the entire company. The plan's effectiveness was demonstrated by a large-scale disaster and crisis exercise at the Weitendorf distribution station, carried out last fall in cooperation with the Styrian provincial government and Steirische Gas-Wärme.

Central European Gas Hub

In July 2005, Central European Gas Hub GmbH (CEGH) managed the third EconGas online auction under the Gas Release Program; some 270 mn cbm were sold. In October 2005, OMV Gas' service contracts at its international hubs were transferred to CEGH, with a view to further standardizing the contracts and developing a trading platform. Some 20 traders are currently registered with CEGH, and around 700 m cbm were traded through it in the last quarter of 2005. The implementation of a bulletin board should create an electronic platform in order to support gas trading activities.

Use of gas as a transport fuel
OMV opened its first public compressed natural gas (CNG) filling station in Austria back in 1997. Our CNG filling station network currently has 16 sites, making OMV the clear market leader in Austria. CNG is also being dispensed at 12 OMV stations in Bavaria and four outlets in Italy. We plan to continue to invest heavily in this promising area of business, and expand the network rapidly.

Outlook for 2006
In light of EconGas' expansion into neighboring countries, the integration of Petrom and the extension of its market leadership in Romania, 2006 is likely to be a year of volume growth. We will increase our transit pipeline capacity by 12 bcm to 56 bcm by 2011 in order to meet rising demand. Major strategic decisions will need to be taken if the Nabucco pipeline project is to be implemented on schedule. The responsible bodies at the European Commission are supporting this unique project, as it will give Europe access to new sources of supply. Another project aimed at supply diversification in which OMV Gas is playing a major part is the Adriatic LNG project. A feasibility study is currently being prepared under OMV's guidance. The next steps to be taken will be decided in 2006, on the basis of the findings of this study.

Transit pipeline system crossing Austria

Chemicals

Focusing on our core activities led to the strategic realignment of the Chemicals segment in 2005, when the Abu Dhabi based International Petroleum Investment Company (IPIC) acquired a 50% holding in our chemicals subsidiary, AMI Agrolinz Melamine International GmbH. AMI only remained a fully consolidated Group company up to June 30, 2005, and since July 1, it has been reported at equity under income from investments.

On August 4, 2005, we sold a 50% interest in AMI to IPIC – one of our core shareholders. The proceeds before tax were EUR 95.7 mn, and in addition EUR 272 mn in debt were deconsolidated. As strategic investor IPIC represents a long-term partner for AMI. With two strong owners, AMI will now be able to press ahead with its international expansion strategy, building on its position as the world's second-largest melamine producer based in Linz, Austria.

Strengthening AMI's international position

IPIC's investment also opened the way for a decision on AMI's fourth melamine production site. A new 80,000 t/y melamine plant is to be constructed in Ruwais, Abu Dhabi – a highly strategic location – at a cost of about USD 185 mn by the end of 2008. The new facility will be built by a joint venture between AMI and the Abu Dhabi National Oil Company (ADNOC). The site has a number of advantages, including direct access to low-cost natural gas and excellent infrastructure. Ruwais is ideally situated to supply the fast-growing melamine markets in the Middle and Far East.

Apart from the plant and a research and development center specializing in melamine applications at headquarters in Linz, AMI operates production facilities in Castellanza, Italy and Piesteritz, Germany. The planned site in Ruwais will be the company's first in the USD area, helping to shield it from the currency risks associated with international melamine production and marketing.

Results for 2005

The AMI group's sales climbed by 20%, driven by higher melamine and fertilizer prices and volumes. Much of the growth momentum came from a drive to expand the wholesale business. The year also witnessed a dramatic rise in the cost of natural gas – the main raw material for all of AMI's products – and by the end of 2005, the price was 30% up on December 2004. At the same time the cost of the main energy source used in production, electricity, climbed by about 40%. While the fertilizer business succeeded in passing on all of these massive increases partially, weak demand meant that the melamine business did not manage to do so until the end of the year – and then this was not in all of its markets. This resulted in an extreme squeeze on margins, particularly in the second half of the year, and the AMI group's EBIT fell by 31% to EUR 8.8 mn.

Growing melamine exports

Melamine sales volumes were up by over a third in North America, and both volume and market shares also registered further growth in the Asia Pacific region. However, West European melamine demand declined. Despite this AMI succeeded in defending its leadership in the market. A major highlight of 2005 was the start-up of the new melamine plant in Piesteritz, which met all expectations in terms of output and quality. AMI acquired the interest in the plant of the former joint venture partner, SKW Stickstoffwerke Piesteritz GmbH, and is now the sole owner of AMI Germany.

Fertilizer marketing consolidated

In March 2005, AMI combined its plant nutrient marketing activities in a wholly owned subsidiary, Linzer Agro Trade GmbH. The company will be one of Europe's largest fertilizer wholesalers, and is targeting annual sales of 1.6 mn t. It is now expanding into South-Eastern Europe.

Outlook for 2006

Melamine is likely to encounter stronger demand in Western Europe and continued robust growth rates on overseas markets. Expansion of the fertilizer sales network in South-Eastern Europe (chiefly Romania and Serbia) means that AMI is well placed for sustained growth in this area of operations. On the input cost side, the prices of the main energy sources used are seen easing slightly. Nevertheless, the earnings situation is expected to remain challenging, as higher raw material and energy costs have not yet been sufficiently passed through to sales prices.


OMV

New York, USA
7:15 am

"We posted another record result in 2005, due to the successful implementation of our growth strategy and a favorable market environment. Further growth and improvements in our performance are benefiting our stockholders by creating attractive value growth potential."

David C. Davies

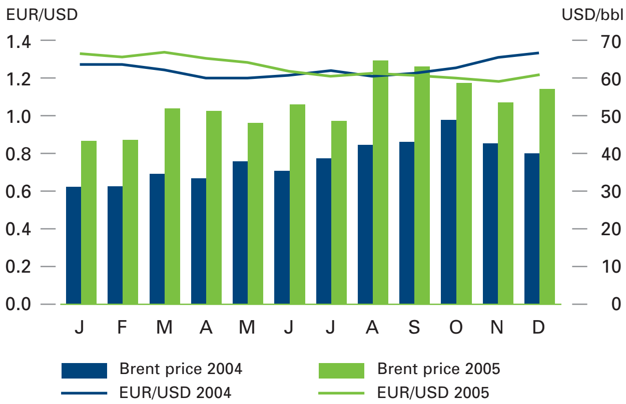
The **global economy** continued to grow robustly, achieving growth of more than 4% in 2005. In addition, world trade powered ahead, although the rate of expansion reduced to approximately 7%. GDP growth in developing countries outpaced the 2.6% average for industrialized countries, growing at an average of almost 6%. In the OECD area, economic growth in the USA and Japan was 3.5% and 2.7%, respectively. The positive environment was mainly driven by the continuing strength of domestic consumption spending and brisk investment activity.

In the **EU**, the export-led upturn that had begun in 2004 was held back by muted domestic demand, and GDP growth averaged only 1.7%, although there were marked regional variations. Eurozone growth was below expectations at 1.5%, reflecting the weak performance of the larger economies, particularly France, Germany and Italy. The German economy only began to recover in the second half of 2005, driven by export demand, and as a result output edged up by 1% over the year as a whole. In contrast, the ten new EU member states continued to catch up with the wealthier countries, with growth averaging 4.6%. The economies of the five Central European accession countries – the Czech Republic, Hungary, Poland, Slovakia and Slovenia – expanded between 3.2% and 6%. However, Romania suffered a sharp loss of momentum, and GDP growth halved to 4.1%. While investment and consumer demand remained strong, industrial and agricultural output fell short of forecasts, partly as a result of the flooding in South-Eastern Europe during the summer. Economic growth in **Austria** also slowed, declining to a real 1.9%, of which almost half was due to a rise in exports, however, both personal consumption and construction continued to gather pace. Unemployment increased to 5.2%, despite a 1% rise in employment, while inflation climbed to 2.3%, with housing and energy prices growing the most rapidly.

According to International Energy Agency (IEA) figures, **world crude oil demand** increased by 1.1 mn bbl/d or 1.3% to 83.3 mn bbl/d. In the OECD area – which accounts for 60% of global demand – consumption only rose by 0.1 mn bbl/d. Over 80% of the additional demand was accounted for by developing countries in Asia, South America, Africa and the Middle East. For the third year in a row **world oil production growth** outstripped global demand, resulting in an inventory build. The rise in world oil output to 84.1 mn bbl/d was slightly below demand growth for the year. A 1 mn bbl/d drop in OECD production, partly caused by the impact of the hurricanes on the US oil industry was fully offset by OPEC output gains. Furthermore CIS, South American and African producers also increased supply. OPEC production of 34.0 mn bbl/d (incl. NGL) drove the Organization's market share above the 40% mark. Within OPEC, Saudi Arabia lifted production by 0.4 mn bbl/d while Iraq output shrank by approximately 0.2 mn bbl/d or 10%.

Crude oil prices hit nominal record highs several times over the course of 2005. Spot Brent blend peaked at USD 67.33/bbl on August 12, and put on USD 20/bbl over the year, closing on USD 58.21/bbl. Fears of shortages also buoyed futures despite adequate supply. Two 0.5 mn bbl/d increases in the OPEC output ceiling, in mid-March and early July, had little impact on sentiment, and were followed by real supply disruptions caused by hurricane Katrina in August and hurricane Rita in September. The storms temporarily shut down drilling rigs and production platforms with a combined production capacity of 1.5 mn bbl/d in the Gulf of Mexico, in addition to approximately one-quarter of US refining capacity. An OPEC pledge to activate remaining swing capacity of about 2 mn bbl/d if necessary from October onwards, and the IEA's announcement of an emergency stock release calmed the market. The average price of a barrel of Brent rose by 43% year-on-year, to stand at USD 54.49.

Crude price (Brent) and USD exchange rate

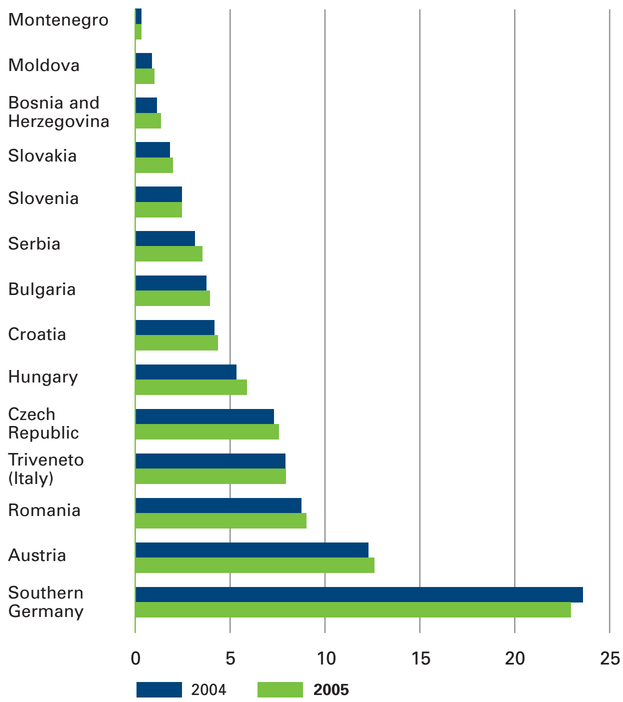


The average **euro/dollar exchange rate** was at USD 1.244 virtually unchanged from the previous year meaning that price rises were no longer cushioned by a weakening dollar as in former years. Rotterdam **petroleum product prices** firmed between 34% and 57%. The price run-up was more pronounced in the case of middle distillates (gasoil and aviation fuel) and heavy heating oil than that of gasolines. Global refining capacity shortages partly decoupled petroleum product prices from crudes.

According to first estimates **Austrian primary energy consumption** rose by 2–3%. Oil, gas and "other renewable energy sources" gained market shares at the expense of coal (cessation of brown coal production) and hydro power. Electricity demand increased by about 1% and cross-border electricity trade rose sharply. Heat generation by thermal power stations increased by 5% while hydro power generation stagnated, and renewable power generation jumped by about 50% to 6 TWh. Domestic heating demand was about 3% higher year-on-year due to colder weather, while the energy price index for private households rose by about 9.3%. According to E-Control **Austrian natural gas demand** surged, registering a year-on-year increase of about 5.4%. In addition, consumption (including own consumption) reached a record 9.5 bcm. Austrian underground gas storage facilities were 80% full at year end, with inventories up to 2.3 bcm – a third higher than in the previous year.

Total petroleum product sales volume on **markets served by OMV** advanced by about 1% around 83 mn t. There was a significant increase in demand for diesel in all market segments and regions – with the exception of the German commercial road transport which was hit by the introduction of road pricing. Overall transportation fuel demand increased by 2%. Sales of aviation fuel were particularly significant, gaining almost 9%. Bitumen sales also performed outstandingly well. Sales of light heating oil slightly increased due to higher volumes in Austria and Hungary. The consumption of heavy heating oil decreased significantly. In general, consumers show high price sensitivity with regards to their purchase and storage behavior. Product sales increased slightly in OMV's Danube West cluster. A decline in demand in the German laender of Bavaria, Saxony and Thuringia was offset by growth in Austria, the Czech Republic, Hungary and Slovakia. Sales volumes posted a 1% year-on-year increase in our Adriatic cluster and a 2% gain in the East Danube region. Volume growth in Romania reflected a marked rise in demand for all transportation fuels partly offset by decreasing heavy heating oil sales. The strongest sales growth was in Bosnia and Herzegovina, and Serbia-Montenegro. **Austria** recorded demand growth above average of 3%. A 4% decline in gasoline sales was more than compensated for by a 5% upturn in diesel demand. Aviation fuel was the fastest growing product, with sales escalating by 13%. Extra-light heating oil deliveries were up by 10% overall, despite increasing consumer reluctance in the second half, while sales of light and heavy heating oil shrank by 3% and 12%, respectively.

Consumption of oil products in mn tons



Annual West European **polyolefin** (PO) demand was down by 3% on 2004, however trends were mixed over the course of the year. On average, prices were EUR 116/t up on 2004. Interest from processors cooled in the fourth quarter of 2005 due to high price levels, and they sought to keep stocks to a minimum. PO producers' margins were slightly above the previous year's level.

Group financials in EUR mn	**2005**	2004	Δ
Sales revenues (excluding petroleum excise tax)	15,580	9,829	59%
Earnings before interest and tax (EBIT)	1,958	975	101%
Net income for the year	1,496	690	117%
Net cash from operating activities	2,108	1,039	103%
Capital expenditure [1]	1,439	2,297	(37)%
Employees as of December 31	49,919	57,480	(13)%

[1] Includes acquisitions and investments in associates.

The success of the Group's expansion strategy brought an unprecedented surge in growth during the 2005 financial year. The integration of Petrom, acquired at the end of 2004, progressed well during the year, and made a first, substantial contribution to profits well above expectations. The consolidation of Petrom aside, earnings growth was chiefly driven by the highly positive environment experienced by most of our businesses – notably stronger crude prices and refining margins. These factors enabled OMV to post record earnings, once again.

The main focus for management was effectively integrating Petrom in the OMV Group. During the year Petrom was reorganized, and "quick wins" were targeted in order to achieve early improvements in earnings. The first radical restructuring measures were introduced, and a large-scale investment program was launched to increase Petrom's competitiveness. Alongside these initial achievements at Petrom, existing operations were also making major strides towards further growth. E&P made significant oil and gas discoveries in Austria, Libya, the North Sea and Yemen. And the Group increased its interest in Borealis – one of the world's leading producers of basic plastics – from 25% to 35%.

In order to streamline OMV's portfolio, the 25% stake in the Romanian oil company Rompetrol, the 50% interest in the AMI group (melamine and fertilizers), the Polyfelt group (geotextiles) and the Australian gas production activities were divested. Agreements for the sale of E&P assets in Qatar and Ecuador have been signed, and these transactions are expected to be completed in 2006.

EBIT was up by 101% to EUR 1,958 mn, and net income for the year by 117% to EUR 1,496 mn. These improvements were primarily attributable to consolidation of Petrom, but also reflected steadily rising crude oil prices and high refining margins. Robust earnings growth also had a positive impact on the Group's financial performance ratios. Return on average capital employed (ROACE) rose from 15% to 20%, and return on fixed assets (ROfA) increased from 24% to 29%, while return on equity (ROE) was 22%. Readers are referred to the glossary of abbreviations and definitions on page 127 for definitions of these ratios.

Earnings before interest and tax (EBIT) [1] in EUR mn	**2005**	2004	Δ
Exploration and Production	802	469	71%
Refining and Marketing incl. petrochemicals	620	481	29%
Gas	68	76	(11)%
Chemicals	6	20	(70)%
Petrom	583	—	—
Corporate and Other	(121)	(71)	(71)%
OMV Group	**1,958**	**975**	**101%**

[1] Consolidation adjustments as disclosed in the segment report (see Note 31) have been allocated to the segments.

Exploration und Production (E&P) registered a 71% year-on-year increase in earnings to EUR 802 mn. The outstanding result posted in 2004, which included the proceeds of the sale of the Sudan assets in the second quarter 2004 (EUR 97 mn), was exceeded due to oil and gas prices rising by 42% and 25%, respectively. Oil, NGL and gas production decreased by 3% due to the disposals of producing oil and gas fields as part of the portfolio rationalization exercise. Non-recurring net-expenses of EUR 25 mn were recognized in 2005; these chiefly related to impairments and other personnel expenses.

The 29% increase in earnings in the **Refining and Marketing including petrochemicals (R&M)** segment to EUR 620 mn was largely driven by stronger refinery margins, which reached all-time highs in the immediate aftermath of the US hurricanes. Higher capacity utilization compared to last year when the TÜV inspection of the crude oil distillation unit at the Schwechat refinery was made, also impacted earnings positively. Meanwhile, the retail business faced very low margins due to high international ex-refinery product prices and fierce competitive pressure among filling stations. This led to impairments amounting to EUR 49 mn. The Polyfelt group was sold to Holland's Royal Ten Cate in the third quarter of 2005 and deconsolidated in the fourth.

In the **Gas** segment, transportation prices edged down, and third-party storage volumes declined due to the expiration of long-term contracts. EBIT decreased by 11% to EUR 68 mn as a result of these factors.

The sale of 50% of the Group's **Chemicals** business was completed on August 4, 2005 when one of OMV's core shareholders, International Petroleum Investment Company (IPIC) of Abu Dhabi, acquired the 50% interest in AMI. The proceeds before tax amounted to EUR 95.7 mn. The Chemicals segment was deconsolidated with effect from the start of the third quarter, and segment EBIT thus only includes the AMI group's contribution over the first six months, after which the remaining 50% interest is consolidated at equity.

Petrom's EBIT contribution in the first year of consolidation was EUR 583 mn. This result was underpinned by high crude oil and product prices, which were also realized on the Romanian market. Non-recurring expenses for future restructuring (including termination benefit expense) amounting to EUR 212 mn were recognized.

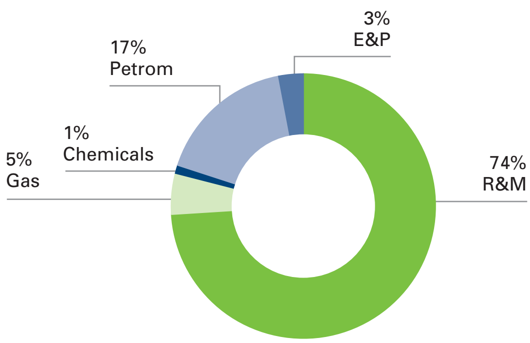
The 71% increase in expense to EUR 121 mn in the **Corporate and Other (Co&O)** segment largely reflects non-recurring insurance costs (increased premiums and provision for the theoretical withdrawal premium for exit from the mutual insurance company) which amounted to EUR 46 mn and the fact that expenses were partially offset by gains on the disposal of an office building in 2004.

Summarized income statement in EUR mn	**2005**	2004	Δ
Sales revenues (excluding petroleum excise tax)	15,580	9,829	59%
Direct selling expenses	(201)	(160)	25%
Production cost of sales	(11,941)	(8,006)	49%
Other operating income	457	244	87%
Selling and administrative expenses	(1,213)	(666)	82%
Exploration, and research and development expenses	(144)	(87)	67%
Other operating expenses	(579)	(179)	222%
Earnings before interest and tax (EBIT)	**1,958**	**975**	**101%**
Net finance cost	(11)	40	—
Profit from ordinary activities	**1,948**	**1,015**	**92%**
Taxes on income	(488)	(324)	50%
Profit from ordinary activities post tax	**1,460**	**690**	**111%**
Result from discontinued operations post tax	36	—	—
Net income for the year	**1,496**	**690**	**117%**
Thereof attributable to minority interests	240	2	—
Net income for the year after minorities	**1,256**	**688**	**82%**

OMV is an integrated oil company with a strong downstream focus. The R&M segment is by far the largest contributor to Group sales. Oil produced by the E&P segment is either processed at Group refineries or marketed by R&M (Supply & Trading). The results of the R&M business are strongly influenced by refining margins. The wide fluctuations in the key earnings determinants (crude oil prices and the US dollar exchange rate) result in large swings in sales and production costs, and thus the impact on earnings is difficult to predict. Oil is unlike many other industries in that order backlog is of little importance or predictive value.

Consolidated sales revenues excluding petroleum excise tax progressed by 59% to EUR 15,580 mn in the year under review. This improvement is explained by the inclusion of Petrom in consolidation and the sharp rise in petroleum product prices. **R&M** remained the largest contributor to consolidated sales revenues, generating EUR 11,475 mn or 74% of the total (2004: EUR 8,379 mn or 85%). The **E&P** segment achieved a 39% increase in sales revenues to EUR 1,370 mn, due to higher oil and gas prices. After the elimination of intragroup transactions (crude oil and some gas) of EUR 974 mn, E&P's share of consolidated sales revenues was EUR 396 mn or about 3% of the total (2004: EUR 324 mn or 3%). The modest improvement in **Gas** revenues by 9% to EUR 803 mn arose largely from increased prices, which more than offset lower storage sales. After eliminating intragroup sales to refineries, the revenue contribution of the Gas segment was EUR 796 mn (2004: EUR 726 mn). Due to the deconsolidation of the AMI group effective June 30, **Chemicals** sales revenues dropped to EUR 204 mn.

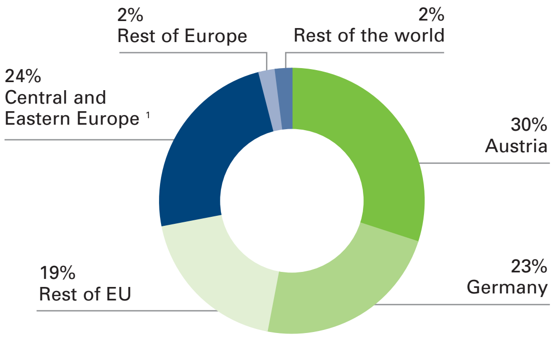
Group sales by segments



In terms of the Group's **geographical markets**, strong international growth resulted in a decrease in Austria's contribution to sales from 38% to 30% (2004: EUR 3,754 mn). Sales revenues in Germany escalated by 20% to EUR 3,612 mn, primarily reflecting higher product prices; this represented a revenue contribution of 23% (2004: EUR 3,005 mn or 31%). Revenues in the "Rest of EU" segment rose by 38% to EUR 2,914 mn, largely driven by increased prices.

In all, 72% of sales revenues were earned within the European Union. The consolidation of Petrom lifted the revenue contribution of the "CEE" segment to EUR 3,707 mn (24% of the total). Central, Eastern and South-Eastern Europe is now the Group's second largest market after Austria.

Group sales by regions



[1] For a detailed classification of the countries see page 111

Direct selling expenses were mainly comprised of third-party freight-out expenses which increased by EUR 41 mn to EUR 201 mn as a result of increased volumes. **Production cost of sales**, which includes fixed and variable production costs, and merchandise, increased by 49% to EUR 11,941 mn, due to high crude prices and the consolidation of Petrom. **Other operating income** rose by 87% to EUR 457 mn. This item includes gains on the disposal of assets, exchange gains, income from subsidies, discounts and licenses. **Selling expenses** climbed by EUR 428 mn or 89% to EUR 910 mn, with Petrom accounting for about one-third of the total. **Administrative expenses** grew by 65% to EUR 303 mn owing mainly to the consolidation of Petrom.

Exploration, and **research and development expenses** were up by EUR 58 mn to EUR 144 mn. The increase in exploration expenses from EUR 68 mn to EUR 132 mn was largely due to Petrom. Research and development costs, which chiefly come from the R&M and Chemicals segments, were down by EUR 12 mn or 35% on the previous year, due to the disposal of the chemicals' interests.

Other operating expenses were up by EUR 399 mn to EUR 579 mn. The main items here were restructuring costs of EUR 212 mn, as well as a EUR 46 mn increase in insurance costs.

Net finance cost was negative by EUR 11 mn (2004: net income of EUR 40 mn). The EUR 50 mn deterioration in this item was chiefly attributable to the increased interest component accrued on the provision for the decommissioning and restoration obligation (due to the inclusion of Petrom) and interest on a bond issued by Petrom (EUR 14 mn). **Income from associated companies and other investments** made a significantly higher contribution to profits, at EUR 114 mn (2004: EUR 85 mn). Of this amount EUR 102 mn relate to income from associated companies (2004: EUR 76 mn). A striking feature was the earnings contribution of the Borealis group, at EUR 62 mn (2004: EUR 50 mn). OMV's share of the profits of the gas investments, including the holding in EconGas GmbH, totaled EUR 39 mn (2004: EUR 29 mn).

Net interest expenses rose by EUR 83 mn to EUR 124 mn, owing to the recognition of increased accrued interest on the above mentioned decommissioning and restoration obligation. The interest components of pension obligation, disclosed under interest expenses, amounted to EUR 50 mn (2004: EUR 50 mn), and those of decommissioning and restoration obligation to EUR 74 mn (2004: EUR 0.4 mn)

Taxes on income increased by EUR 164 mn to EUR 488 mn. Current taxes on income were EUR 189 mn up on 2004 at EUR 461 mn, as a result of the Group's strong profit performance. **Deferred tax expense** of EUR 27 mn (2004: EUR 52 mn) was recognized in 2005. The Group's effective tax rate declined by 7% to 25%. This sharp fall is partly attributable to the reduction in the corporate income tax rate in Austria from 34% to 25%, which took effect on January 1, 2005. The consolidation of Petrom has also had a favorable impact on the Group **effective tax rate** due to the fact that Romania cut its corporate income tax rate from 25% to 16% at the start of 2005.

Capital expenditure in EUR mn	**2005**	2004	Δ
Exploration and Production	314	183	71%
Refining and Marketing incl. petrochemicals	663	462	44%
Gas	30	19	57%
Chemicals	10	65	(85)%
Petrom (2004: acquisition of 51% interest)	405	1,548	(74)%
Corporate and Other	17	20	(12)%
Total capital expenditure [1]	**1,439**	**2,297**	**(37)%**
+/– Changes in the consolidated Group, results of associates accounted for by the equity method and restructuring	138	(1,548)	—
+ Held-to-maturity securities and loans	722	369	96%
Additions and increases in value to non-current assets as shown in statement of non-current assets	**2,299**	**1,118**	**106%**
+/– Currency translation, fair value adjustments and other adjustments	(464)	(450)	3%
Investments in non-current assets as shown in the cash flow statement	**1,835**	**668**	**175%**

[2] Also includes investments for acquisitions including associated companies

Capital expenditure declined to EUR 1,439 mn, demonstrating that the previous year's figure included the acquisition of a 51% interest in Petrom (2004: EUR 2,297 mn).

E&P invested EUR 314 mn (2004: EUR 183 mn) mainly in developing fields in Austria, Libya, New Zealand, Tunisia and the UK. Capital expenditure in **R&M**, amounting to EUR 663 mn (2004: EUR 462 mn) primarily comprised EUR 466 mn devoted to petrochemical plants at refineries, quality enhancement projects, and the increase of the investment in Borealis from 25% to 35%. As in 2004, R&M also invested in acquiring filling stations, and expanding and modernizing existing retail networks (EUR 191 mn). The main focus of investment in the **Gas** segment (EUR 30 mn) was centered on the West-Austria gas pipeline (WAG) expansion project. In **Chemicals** capital expenditure of EUR 10 mn (2004: EUR 65 mn) is only reported for the first half of the year, due to the deconsolidation of these operations. The bulk of the EUR 17 mn invested by **Co&O** went to IT projects. At **Petrom** (EUR 405 mn), E&P investment spending was mainly directed to field developments and restructuring, while in the refining business the emphasis was on modernization and restructuring.

The reconciliation to additions to non-current assets is mainly necessitated by measurement of securities and investment funds at fair value. The difference between the additions shown in the statement of non-current assets and the investments reported in the cash flow statement largely arises from adjustments to valuations which do not affect cash flows (e.g. remeasurement to fair value and income from associated companies), and from investments that did not affect cash flows during the period of the addition.

Summarized balance sheet in EUR mn	**2005**	**%**	2004	%
Assets				
Non-current assets	9,450	61	8,379	63
Inventories	1,603	10	1,259	10
Receivables, other assets and deferred tax assets	2,364	15	2,130	16
Cash in hand, checks and cash at bank	1,953	13	1,468	11
Non-current assets held for sale	81	1	—	—
Equity and liabilities				
Equity	7,694	50	5,762	44
Decommissioning and restoration obligations	1,371	9	1,268	10
Provisions	1,978	13	1,622	12
Deferred taxes	220	1	319	2
Bonds	1,176	8	1,135	9
Amounts due to banks	651	4	1,025	8
Other liabilities	2,330	15	2,105	16
Liabilities associated with assets held for sale	32	—	—	—
Total assets/liabilities	**15,451**	**100**	**13,236**	**100**

Total assets grew by EUR 2,215 mn or 17% to EUR 15,451 mn. The increase of EUR 1,071 mn in non-current assets chiefly related to financial assets. Current assets increased by EUR 1,144 mn as a result of high crude and product prices. The ratio of non-current assets to total assets decreased from 63% to 61%. The equity to fixed assets ratio – including long-term borrowings – was up from 123% to 126%. The ratio of non-current assets to equity climbed to 81% (2004: 69%) due to the good results, further strengthening the Group's balance sheet.

Non-current assets rose by EUR 1,071 mn to EUR 9,450 mn, EUR 171 mn of the increase was derived from intangible assets, and property, plant and equipment. Additions to non-current assets excluding financial assets of EUR 1,296 mn exceeded the total of depreciation and amortization, and disposals by EUR 363 mn. Total financial assets expanded by EUR 900 mn, most of the gain being accounted for by investment of cash in funds of funds and by fair value remeasurement of financial assets. Investments in associated companies increased by EUR 278 mn, primarily reflecting the 10% increase in the interest in Borealis to 35%, and higher profit shares from Group companies accounted for by the equity method. Foreign currency translation gains (primarily related to Petrom) increased non-current assets by EUR 224 mn, compared with EUR 13 mn in 2004.

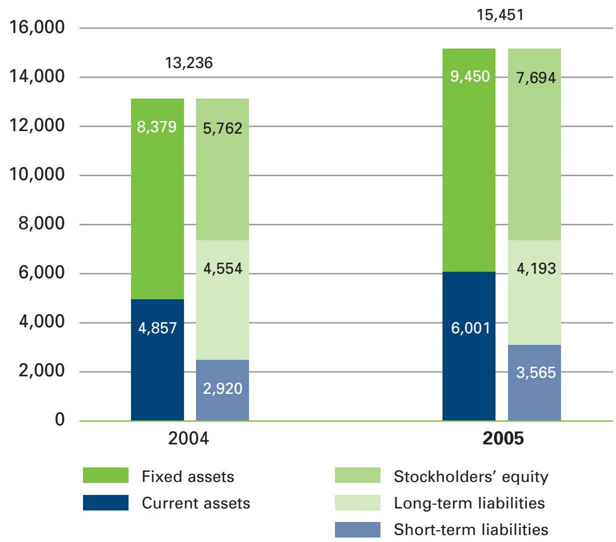
Net current assets – defined as inventories and receivables (excluding deferred tax assets) of EUR 3,943 mn (2004: EUR 3,345 mn) and liabilities (excluding financing) of EUR 2,330 mn (2004: EUR 2,105 mn) – increased by EUR 373 mn or 30% almost exclusively due to the effect of higher oil prices on inventories. The growth of current assets was held back by the deconsolidation of the AMI group and the disposal of Polyfelt. Higher prices and sales volumes boosted trade receivables by EUR 261 mn and trade payables by EUR 297 mn. The AMI and Polyfelt disposals reduced trade receivables and trade payables by EUR 94 mn and EUR 72 mn, respectively.

The Refining segment was largely responsible for the EUR 344 mn increase in **inventories**. This item, too, was affected by the AMI and Polyfelt divestitures, which reduced it by EUR 53 mn. Receivables and other assets (excluding deferred tax assets) rose by EUR 253 mn. Payables climbed by EUR 225 mn, mainly as a result of price and volume driven increases in the Refining and Marketing segment and Petrom which were partly offset by the effect of the AMI and Polyfelt disposals.

Provisions (excluding deferred taxes) rose by EUR 459 mn to EUR 3,349 mn, the main reason being increases of EUR 171 mn and EUR 53 mn, respectively, in the provisions for current corporate tax and for personnel reduction programs. Provisions for decommissioning and restoration costs increased by EUR 102 mn, chiefly as a result of discount unwinding. **Deferred taxes** fell by EUR 99 mn.

The changes in **financing structure** stem from the Group's excellent operating performance, which led to a fall of EUR 333 mn in interest-bearing debt and bonds, despite heavy investment (this amount is adjusted for translation-related changes in financial liabilities). Interest-bearing debts fell by EUR 374 mn, while cash in hand, checks and cash at bank rose by EUR 485 mn, Petrom accounted for EUR 188 mn of the increase.

Balance sheet structure in EUR mn

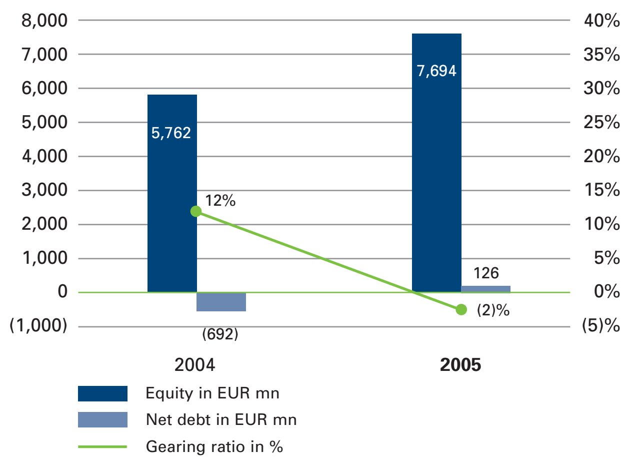


Gearing ratio

In 2004 the gearing ratio fell to 12% as a result of capital increases at OMV Aktiengesellschaft and Petrom, as well as a strong trading performance and the 49% minority interests in Petrom, which likewise widened the equity base. Another outstanding performance in 2005 led to a further reduction in debt.

As of December 31, 2005, long and short-term borrowings and bonds stood at EUR 1,827 mn (2004: EUR 2,160 mn) while cash in hand, checks and cash at bank (including current securities and investments) totaled EUR 1,953 mn (2004: EUR 1,468 mn). Cash and cash equivalents thus exceeded financial liabilities by EUR 126 mn at year end, whereas net debt at the end of 2004 had been EUR 692 mn. As of December 31, 2005, the gearing ratio, defined as **net debt** divided by equity, was (2)% (2004: 12%).

Gearing ratio



Cash flow

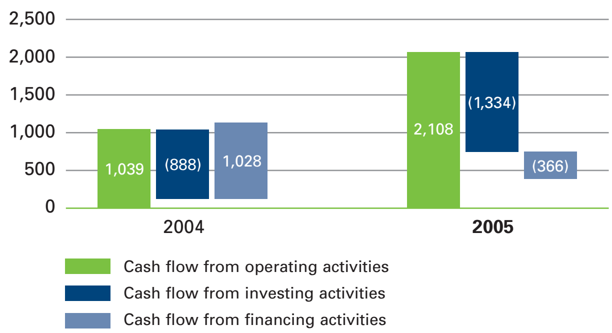
Net cash from operating activities increased by EUR 1,069 mn or 103% to EUR 2,108 mn. The reconciliation of net income for the year to net cash from operating activities (before changes in working capital) resulted in a net upward adjustment of EUR 751 mn for 2005 (2004: EUR 331 mn). Depreciation and amortization of EUR 794 mn (2004: EUR 480 mn), deferred taxes of EUR 18 mn (2004: EUR 51 mn) and losses from the disposal of non-current assets of EUR 11 mn (2004: gains of EUR 114 mn) added overall to the cash flow. Long-term provisions (including employee benefit, and decommissioning and restoration obligations) resulted in a decrease of EUR 3 mn (2004: EUR 5 mn), and write-ups of non-current assets and other non-cash items in a reduction of EUR 68 mn (2004: EUR 81 mn). The other non-cash items principally relate to shares of associates' profits less dividends, at EUR 54 mn (2004: EUR 51 mn).

Funds tied up in working capital as of December 31, 2005 were slightly down at EUR 139 mn (2004: EUR 18 mn). Increases in receivables of EUR 374 mn (2004: EUR 259 mn) and increases in inventories of EUR 386 mn (2004: EUR 35 mn) were chiefly attributable to higher prices. They were only partly financed by increases in liabilities at EUR 323 mn (2004: EUR 252 mn) and increases in short-term provisions at EUR 249 mn (2004: EUR 104 mn).

Net investment outflows of EUR 1,835 mn (2004: EUR 668 mn) were partly offset by inflows in form of proceeds from the sale of non-current assets amounting to EUR 149 mn (2004: EUR 210 mn). Consolidation of a company previously accounted for by the equity method added EUR 6 mn to cash flow, whereas acquisitions of subsidiaries net of cash acquired had led to cash outflows amounting to EUR 461 mn in 2004. Proceeds from the sale of Group companies less cash and cash equivalents – adjusted for repayments of intragroup loans – were EUR 358 mn (2004: nil). **Net cash from financing activities** totaled EUR 1,334 mn (2004: EUR 888 mn).

Long-term borrowings of EUR 352 mn (2004: EUR 297 mn) were repaid from cash flow, whereas the increases in long and short-term borrowings were only EUR 120 mn (2004: EUR 757 mn). Cash outflows for dividend payments amounted to EUR 134 mn (2004: EUR 108 mn). **Cash outflows from financing activities** were EUR 366 mn (2004: cash inflows of EUR 1,028 mn).

Cash flows in EUR mn



Risk management

OMV is an integrated international oil group. Its operations extend from hydrocarbon exploration and production (E&P), and processing (Refining) through to trading and marketing (Supply, Marketing and Gas).

Along with the entire oil and gas industry, the Group is exposed to a variety of risks, including operational and market risks. OMV takes the view that in the long-term some of the risks associated with the downstream business are naturally hedged by opposite trends in the upstream operations. However, the balancing effects of integration in terms of opposing industry risks often lag and may even be completely absent in the short-term. As a result, OMV's risk management activities focus on the specific net risk exposure associated with a given portfolio.

The Group's enterprise wide risk management (EWRM) system has enhanced risk awareness and management skills across all areas of the organization, including subsidiaries in 17 different countries. Twice-yearly EWRM reports the main risks and their potential impact, in addition to detailing recent developments and actions taken. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the system is reviewed by an external auditor on an annual basis. In October, the EWRM risk identification and assessment system was applied at Petrom for the first time.

In addition, OMV researches and analyzes information on the political environments in each of its geographic markets, and assesses country risk before entering new countries. A Group-wide environmental risk reporting system is used to evaluate existing and potential obligations. Group emission risks are aggregated and monitored on an ongoing basis, and then reviewed by an operating committee.

During the year, financial risks associated with currencies – especially dollar/euro exchange rate risk – were analyzed, taking Petrom's positions into account. This did not result in any hedging operations. To balance the Group's interest rate portfolio, parts of dollar and euro denominated loans were converted from fixed to variable rates, according to predefined rules. Credit risk associated with the Group's principal counterparties continues to be managed by Group Treasury on the basis of country and bank limits. Commodity price risk management, based on a business at risk model, ensures that income streams are adequate to finance planned investments, and that the Group retains a good investment grade rating. The Executive Board is now responsible for decisions regarding the use of hedging instruments, following a recommendation by the Operating Committee. Due to strong cash generation in the Group, no additional steps were taken in 2005 to hedge against risks.

Health, safety and environment

In 2005, health, safety and environmental activities focused on integrating Petrom into OMV's HSE management system and setting new targets for Group HSE performance up to 2010. The first year of involvement in Petrom's operations was considered an evaluation and system design phase, including the introduction of Group reporting. Emphasis was placed on detailed assessment of environmental status, medical services, process risks and safety practices at all production sites. Short-term action plans and long-term programs were drawn up on the basis of these findings, and were included in the EUR 3 bn investment program for the period through to 2010.

We regret to have to report 11 fatalities, of which three concerned Petrom employees, seven Petrom contractors and one OMV contractor. This figure is unacceptable to the OMV Group, and therefore top priority will be given to safety in 2006, with a strong focus on Petrom and its contractors. OMV's safety record has improved by 66% in terms of the lost time incident rate (LTIR) since 2001. Due to its pioneering role with regard to environmentally friendlier products, during the year under review the Group launched a number of innovative products designed to reduce emissions. Since October 1, 2005, OMV has been selling biodiesel with a 5% biofuel component at all its filling stations in Austria and Germany.

Outlook for 2006

In 2006 management will focus on further driving the integration of Petrom. In 2005, more than 100 experienced OMV employees were assigned to Petrom, initial restructuring projects were launched, and some quick wins were realized. Modernization will continue at Petrom for some years to come. Extensive investment will enable the implementation of state-of-the-art technologies, the roll-out of new systems, and further centralization of the organizational structure of the company.

We expect the main market drivers including crude prices, refining margins and the dollar exchange rate to remain highly volatile in 2006.

We see **crude prices** staying at high levels overall, although with considerable short-term fluctuations. Regarding the **USD exchange rate**, we see the dollar weakening slightly in comparison to last year. **Refinery margins** were exceptionally strong in 2005, driven in part by the autumn hurricanes. We expect them to be lower in 2006, and they have already come under pressure at times – especially at the start of 2006. However, we anticipate a recovery over the course of the year. The spread between Brent and Ural prices – which has been unusually wide since 2004 – is expected to hold at around the 2005 levels.

Petrom's results will no longer be presented as a separate business segment in the accounts from 2006. EBIT will instead be reported within the E&P, R&M and Gas segments.

E&P has already achieved its 2008 volume targets in 2005. The revised strategy for the segment targets oil and gas production of 500,000 boe/d by 2010. The main investment priorities for 2006 will be appraising the Strasshof gas field in Austria, as well as developing fields in New Zealand and Yemen, together with projects in Kazakhstan and Romania, and bringing the Pohokura gas field on stream in New Zealand. The environment for further acquisitions is very challenging and competitive due to high oil prices. However, we are continuously evaluating takeover targets. For 2006 we expect almost unchanged production volumes.

We expect **R&M** to face lower refining margins, and see retail margins remaining tight due to continued high prices. We are looking for increased refining output, despite a scheduled four-week turnaround at the Arpechim plant in Romania, due to the cracker expansion which came on stream at Schwechat in 2005 and improved capacity utilization at Petrom's refineries. The continued strong expansion of the retail network in growth markets, and improved quality at Petrom stations should give a boost to the Marketing segment's sales volumes. However, we do not foresee volume growth being sufficient compensation for the anticipated fall in refining margins. The focus of investment in 2006 will be on modernizing the Petrom refineries, commencing the construction of a thermal cracker at Schwechat to enable more heavy crudes to be processed, and further expansion of the filling station network.
A major refinery restructuring concept will be initiated at Bayernoil, with the objective of aligning the company's complex network of refineries with future market demands.

In the **Gas** segment, the strategically most important project remains the Nabucco pipeline, aimed at bringing gas from the Near East to Central Europe. This project is still in the development phase, during which all technical, legal, commercial and financial issues are being investigated.

Annual average **investments** of EUR 1.7 bn are planned over the next few years in order to maintain growth momentum and continue to modernize Petrom's operations. Approximately EUR 600 mn per year will be allocated to Petrom. All investment decisions are centered on a value based approach, which is essential if we are to meet our target of a 13% ROACE over the course of a business cycle, given average market indicators.

To sum up, despite an environment expected on balance to be somewhat more challenging than last year, we will strive to achieve a similar result to that realized in 2005.

Vienna, March 8, 2006

The Executive Board

Wolfgang Ruttenstorfer
Chairman

Gerhard Roiss
Deputy Chairman

David C. Davies

Helmut Langanger

Consolidated statement of income for 2005

EUR 1,000	2005	2004	Note
Sales including petroleum excise tax	19,849,438	13,318,543	
Petroleum excise tax	(4,269,742)	(3,489,751)	
Sales revenues	**15,579,696**	**9,828,792**	
Direct selling expenses	(200,921)	(160,388)	
Production costs of sales	(11,940,750)	(8,005,614)	
Gross profit	**3,438,025**	**1,662,790**	
Other operating income	456,687	244,066	6
Selling expenses	(910,075)	(481,788)	
Administrative expenses	(303,322)	(183,956)	
Exploration expenses	(132,212)	(68,005)	
Research and development expenses	(12,193)	(18,694)	
Other operating expenses	(578,543)	(179,445)	7
Earnings before interest and tax	**1,958,367**	**974,968**	
Income from associated companies	101,736	76,868	8
Income from other investments	11,974	8,430	8
Interest expenses	(124,043)	(40,935)	9
Other financial expenses	(338)	(4,744)	10
Net finance cost	**(10,671)**	**39,619**	
Profit from ordinary activities	**1,947,696**	**1,014,587**	
Taxes on income	(487,814)	(324,175)	11
Profit from ordinary activities post tax	**1,459,882**	**690,412**	
Result from discontinued operations net of tax	35,990	—	12
Net income for the year	**1,495,872**	**690,412**	
thereof attributable to own shareholders	1,256,127	688,506	
thereof attributable to minority interests	239,745	1,906	
Basic earnings per share continuing operations in EUR	4.09	2.55 [1]	13
Diluted earnings per share continuing operations in EUR	3.89	2.54 [1]	13
Basic earnings per share discontinued operations in EUR	0.12	—	
Diluted earnings per share discontinued operations in EUR	0.11	—	
Basic earnings per share in EUR	4.21	2.55 [1]	
Diluted earnings per share in EUR	4.00	2.54 [1]	
Weighted-average shares	298,673,355	270,222,090 [1]	
Adjusted weighted-average shares	317,232,814	270,531,430 [1]	
Proposed dividend	**268,813**	**131,408**	
Proposed dividend per share in EUR	**0.90**	**0.44** [1]	

[1] 2004 figures adjusted after stock split by the ratio of 1:10 on July 11, 2005

Consolidated balance sheet as of December 31, 2005

Note	**Assets** EUR 1,000	**2005**	2004
	Non-current assets		
14	Intangible assets	143,582	190,241
15	Property, plant and equipment	6,838,115	6,620,033
16	Associated companies	881,703	603,638
16	Other financial assets	1,586,964	965,384
	Non-current assets	**9,450,364**	**8,379,296**
18	Receivables and other assets	351,220	383,066
		9,801,584	**8,762,362**
24	**Deferred tax assets**	**24,671**	**44,391**
	Current assets		
17	Inventories	1,603,324	1,259,052
18	Trade receivables	1,753,085	1,478,378
18	Other receivables and assets	234,887	224,365
19	Securities and investments	1,337	1,021
	Cash in hand, checks and cash at bank	1,951,262	1,466,532
20	Non current assets held for sale	81,188	—
		5,625,083	**4,429,348**
		15,451,338	**13,236,101**

Equity and liabilities EUR 1,000	**2005**	2004	Note
Equity			21
Capital stock	300,001	218,100	
Reserves	5,591,591	4,049,836	
Stockholders' equity	**5,891,592**	**4,267,936**	
Minority interests	1,801,928	1,493,854	
	7,693,520	**5,761,790**	
Non-current liabilities			
Pensions and similar obligations	1,010,797	1,067,826	22
Bonds	1,039,480	1,135,245	23
Interest-bearing debts	209,714	571,488	23
Decommissioning and restoration obligations	1,357,539	1,268,462	22
Provisions	288,076	205,711	22
Other liabilities	71,766	88,808	23
	3,977,372	**4,337,540**	
Deferred taxes	**220,317**	**319,031**	24
Current liabilities			
Trade payables	1,471,610	1,192,044	23
Bonds	136,148	—	23
Interest-bearing debts	441,214	453,271	23
Provisions for taxes	285,186	114,396	22
Other provisions	407,460	233,915	22
Other liabilities	786,628	824,114	23
Liabilities associated with assets held for sale	31,883	—	20
	3,560,129	**2,817,740**	
	15,451,338	**13,236,101**	

Changes in stockholders' equity

EUR 1,000	Share capital	Capital reserves
January 1, 2005	**218,100**	**1,074,778**
Unrealized gains/(losses) on revaluation of securities		
Profit/(loss) for the year before taxes on income	—	—
Income taxes	—	—
Realized gains/(losses) recognized in income statement before taxes on income	—	—
Income taxes	—	—
Unrealized gains/(losses) on revaluation of hedges		
Profit/(loss) for the year before taxes on income	—	—
Income taxes	—	—
Exchange differences from translation of foreign operations	—	—
Realized gains/(losses) recognized in income statement	—	—
Gains/(losses) recognized directly in equity resulting from a company consolidated at equity	—	—
Gains/(losses) recognized directly in equity, net of taxes on income	**—**	**—**
Net income for the year	—	—
Total gains/(losses) for the year	**—**	**—**
Dividend distribution	—	—
Sale of own shares	—	401
Capital increase from convertible bonds	1	20
Capital increase by transfer of company's funds	81,900	(81,900)
Increase/(decrease) in minority interests	—	—
December 31, 2005	**300,001**	**993,299**

EUR 1,000	Share capital	Capital reserves
January 1, 2004	**196,290**	**418,217**
Unrealized gains/(losses) on revaluation of securities		
Profit/(loss) for the year before taxes on income	—	—
Income taxes	—	—
Realized gains/(losses) regonized in income statement before taxes on income	—	—
Income taxes	—	—
Exchange differences from translation of foreign operations	—	—
Gains/(losses) recognized directly in equity, net of taxes on income	**—**	**—**
Net income for the year	—	—
Total gains/(losses) for the year	**—**	**—**
Dividend distribution	—	—
Repurchase of own shares	—	—
Sale of own shares	—	378
Capital increase	21,810	656,183
Appreciation level-by-level business combination	—	—
Increase/(decrease) in minority interests	—	—
December 31, 2004	**218,100**	**1,074,778**

Revenue reserves	Other reserves	Treasury shares	OMV stockholders	Minority interests	**Stockholders' equity**
2,816,854	**172,965**	**(14,761)**	**4,267,936**	**1,493,854**	**5,761,790**
—	297,295	—	297,295	1,418	**298,713**
—	83,512	—	83,512	(227)	**83,285**
—	117	—	117	(160)	**(43)**
—	(44)	—	(44)	26	**(18)**
—	(20,792)	—	(20,792)	(19,952)	**(40,744)**
—	3,301	—	3,301	3,172	**6,473**
—	160,310	—	160,310	89,097	**249,407**
—	2,532	—	2,532	—	**2,532**
—	(28,000)	—	(28,000)	—	**(28,000)**
—	**498,231**	**—**	**498,231**	**73,373**	**571,604**
1,256,126	—	—	1,256,126	239,745	**1,495,871**
1,256,126	**498,231**	**—**	**1,754,357**	**313,118**	**2,067,475**
(131,414)	—	—	(131,414)	(2,551)	**(133,965)**
—	—	291	692	—	**692**
—	—	—	21	—	**21**
—	—	—	—	—	**—**
—	—	—	—	(2,493)	**(2,493)**
3,941,566	**671,196**	**(14,470)**	**5,891,592**	**1,801,928**	**7,693,520**

Revenue reserves	Other reserves	Treasury shares	OMV stockholders	Minority interests	Stockholders' equity
2,209,454	**(2,465)**	**(12,171)**	**2,809,326**	**26,431**	**2,835,756**
—	286,188	—	286,188	—	**286,188**
—	(67,504)	—	(67,504)	—	**(67,504)**
—	(37,903)	—	(37,903)	—	**(37,903)**
—	(92)	—	(92)	—	**(92)**
—	(5,259)	—	(5,259)	(174)	**(5,432)**
—	**175,430**	**—**	**175,430**	**(174)**	**175,257**
688,506	—	—	688,506	1,906	**690,412**
688,506	**175,430**	**—**	**863,936**	**1,733**	**865,669**
(107,522)	—		(107,522)	(305)	**(107,872)**
—	—	(3,358)	(3,358)	—	**(3,358)**
—	—	768	1,146	—	**1,146**
—	—	—	677,993	2,500	**680,493**
26,416	—	—	26,416	—	**26,416**
—	—	—	—	1,463,495	**1,463,495**
2,816,854	**172,965**	**(14,761)**	**4,267,936**	**1,493,854**	**5,761,790**

Consolidated cash flow statement

EUR 1,000	2005	2004	Δ
Net income for the year	**1,495,872**	**690,412**	**805,460**
Depreciation and amortization	793,983	479,968	314,015
Write-ups of fixed assets	(2,711)	(608)	(2,103)
Deferred taxes	17,861	51,143	(33,282)
(Gains)/losses from the disposal of non-current assets	10,986	(114,451)	125,437
Net change in provisions for pensions and severance payments	39,428	(19,484)	58,912
Net change in long-term provisions	(42,657)	14,908	(57,565)
Other adjustments	(65,768)	(80,707)	14,939
	2,246,994	**1,021,181**	**1,225,813**
Decrease/(increase) in inventories	(385,909)	(35,221)	(350,688)
Decrease/(increase) in receivables	(374,327)	(258,732)	(115,595)
(Decrease)/increase in liabilities	322,624	251,775	70,849
(Decrease)/increase in short-term provisions	248,719	103,619	145,100
Other	49,896	(43,314)	93,210
Net cash from operating activities	**2,107,997**	**1,039,308**	**1,068,689**
Investments			
Intangible assets and property, plant and equipment	(1,213,859)	(590,699)	(623,160)
Investments, loans and other financial assets	(621,631)	(77,012)	(544,619)
Acquisitions of subsidiaries net of cash acquired	5,587	(460,781)	466,368
Changes in short-term financial investments	(11,612)	30,864	(42,476)
Disposals			
Proceeds from the sale of property, plant and equipment	149,283	209,754	(60,471)
Proceeds from the sale of Group companies less cash and cash equivalents	358,101	—	358,101
Net cash used in investment activities	**(1,334,131)**	**(887,874)**	**(446,257)**
(Decrease)/increase in long-term borrowings	90,477	749,557	(659,080)
Repayments of long-term borrowings	(352,030)	(297,187)	(54,843)
(Decrease)/increase in short-term borrowings	29,588	7,915	21,673
Intra-Group refinancing in relation to sales and other	—	(71)	71
Dividends paid	(133,965)	(107,827)	(26,138)
Capital introduced	422	675,781	(675,359)
Net cash from financing activities	**(365,508)**	**1,028,168**	**(1,393,676)**
Effect of exchange rate changes on cash and cash equivalents	76,372	(8,740)	85,112
Net increase in cash and cash equivalents	**484,730**	**1,170,862**	**(686,132)**
Cash and cash equivalents at beginning of year	1,466,532	295,670	1,170,862
Cash and cash equivalents at end of year	**1,951,262**	**1,466,532**	**484,730**

Notes:
Accounting principles and policies

Legal principles and general accounting policies 1

OMV Aktiengesellschaft (Otto-Wagner-Platz 5, 1090 Vienna, Austria), is an international oil and gas company with activities in Exploration and Production (E&P), Refining and Marketing including petrochemicals (R&M), Gas and Chemicals.

Under Regulation (EC) No 1606/2002 of the European Parliament and the Council of July 19, 2002, all stock exchange listed companies domiciled in the EU are required to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for financial 2005 at the latest.

These financial statements have been drawn up **in compliance with all IFRS that were mandatory at the time of preparation** as adopted by the EU. In accordance with the International Accounting Standards Board (IASB) recommendation, OMV also applies industry-specific IFRS 6 (Exploration and Evaluation of Mineral Resources), the application of which is mandatory as of January 1, 2006.

The provisions of IAS 16 and IAS 36 do not apply to exploration and development of oil and gas fields and extraction from them. The consolidated accounts of OMV are drawn up according to the accepted US GAAP industry standard (in particular SFAS 19 and SFAS 69) as far as they are compatible with existing IFRS and IAS.

The **supplementary information on Exploration and Production (E&P)**, on pages 117 to 125, does not form part of the notes to the consolidated financial statements. This information has been prepared in accordance with Statement of Financial Accounting Standards (SFAS) 69, Disclosures about Oil and Gas Producing Activities.

The consolidated financial statements for 2005 have been prepared in euro and rounded to thousands. There may be rounding differences as a result.

Preparation of the consolidated financial statements requires management to make **estimates and assumptions** that affect the amounts reported for assets, liabilities, income and expenses, as well as amounts disclosed in the notes. Actual results may differ from these estimates. The Executive Board believes that any deviations from these estimates will not have a material influence on the consolidated financial statements in the near term. The Board does not believe that OMV is exposed to the effects of any major concentration of risks in the short term. Estimates and assumptions need to be made particularly with respect to reserves and provisions for restoration costs. Reserves are estimated by the Group’s own engineers. In addition external evaluations of the estimates are carried out every two years. Property, plant and equipment at December 31, 2005 includes oil reserves and related assets of EUR 3,385,025 thousand. Estimates of future restoration costs are also based on reports by Group engineers and on past experience. The resulting provision for restoration costs amounts to EUR 1,370,904 thousand.

Consolidation 2

The financial statements of all consolidated companies have been prepared in accordance with uniform Group-wide accounting and valuation standards as of balance sheet date December 31, 2005.

The valuation of assets and liabilities from newly acquired subsidiaries is based on fair values at the date of acquisition. Goodwill arising on acquisition is recognized as an asset, being the excess of the initially measured cost of the business combination over the Group’s interest in the net fair value of the identifiable assets and liabilities recognized. If the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority’s proportion of the net fair value of the assets, liabilities and contingent liabilities recognized. Goodwill is recognized as an asset and reviewed for impairment at least annually. All impairments are immediately charged against income, and there are no subsequent write-backs to amortized cost.

In the case of E&P joint ventures, where the properties are under joint management, a proportionate share of all assets, liabilities and expenses is included in the consolidated financial statements.

The **number of consolidated companies** was as follows:

	Full consolidation		Equity consolidation	
	2005	2004	**2005**	2004
As of December 31 previous year	**75**	**57**	**19**	**20**
Included for the first time	10	22	2	4
Merged	(3)	(3)	—	—
Disposed of	(7)	(1)	(2)	(5)
As of December 31	**75**	**75**	**19**	**19**
[thereof domiciled and operating abroad]	[32]	[34]	[7]	[9]
[thereof domiciled and operating in Austria, and operating abroad]	[22]	[19]	[—]	[—]

Various distribution organizations and shell companies are not included in consolidation, on the grounds that they are not material.

The new subsidiaries OMV FINANCE LIMITED and OMV Insurance Broker GmbH (insurance business) were included under **Corporate and Other (Co&O)** for the first time in the first half of the year.

In **Refining and Marketing including petrochemicals (R&M)** VIVA International Marketing- und Handels GmbH has been included in consolidation. Wholly owned R&M subsidiary, POLYFELT, was sold to Royal Ten Cate of the Netherlands on December 15, 2005. As a result of the disposal, consolidated subsidiaries BIDIM Geosynthetics S.A., POLYFELT Gesellschaft m.b.H. and Polyfelt Asia Sdn. Bhd. ceased to be part of the Group.

AVANTI Tankstellenbetriebsgesellschaft m.b.H., which was acquired towards the end of 2003, has been merged into OMV Refining & Marketing GmbH, and AVANTI CZ spol. s.r.o. has been merged into OMV Ceská republika, s.r.o. Towards the end of 2005 OMV ADRIATIC Holdinska družba d.o.o. was merged into OMV SLOVENIJA trgovina z nafto in naftnimi derivati d.o.o. (formerly OMV Istrabenz d.o.o.).

With effect from October 13, 2005 the holding in Borealis A/S was increased by 10% -points to 35%. The acquisition of the additional 10% -points resulted in a positive difference of EUR 40,140 thousand between the purchase price and the proportionate share of net assets, this calculation is provisional.

The consolidation of Adria-Wien Pipeline Ges.m.b.H, Klagenfurt, changed from at equity consolidation to full consolidation.

In **Exploration and Production (E&P)** three exploration companies which were newly formed or in the process of starting up, OMV (RUSSLAND) Exploration & Production GmbH, OMV (FAROE ISLANDS) Exploration GmbH and OMV (YEMEN) Al Mabar Exploration GmbH were all included in consolidation for the first time.

Shareholdings in Ecuador and Qatar acquired as part of Preussag Energie International GmbH were disposed of; the contracts of sale were signed on August 22 and September 7, 2005 respectively. At the balance sheet date the sale has not been finally closed.

The Group's 76.92% interest in ALTEC Umwelttechnik GmbH was sold in 2005.

With effect from August 4, 2005 a 50% interest in **AMI Agrolinz Melamine International GmbH** was sold to International Petroleum Investment Company (IPIC), one of OMV's main shareholders, with the effect that the chemicals companies AMI Agrolinz Melamine International GmbH, Agrolinz Melamine International Deutschland GmbH and Agrolinz Melamine International Italia s.r.l. are no longer included in consolidation. The AMI subgroup is included in the consolidated financial statements at equity.

An existing limited liability company acquired during the reorganization of MEGAL has been reorganized and renamed OMV Gas Germany Ges. m.b.H. & Co KG and is now included in consolidation, just like Petrochemie Holding GmbH, Vienna, that was founded in 2005.

Petrom Gas s.r.l., which is disclosed in the **Petrom** segment, has been included in consolidation for the first time in the third quarter 2005.

In 2005 there were no major acquisitions. The acquisitions in 2004 (S.C. Petrom S.A., ADRIATIC Holding d.o.o., AVANTI Tankstellenbetriebsgesellschaft m.b.H, the private customer heating oil business of OMV Bayern GmbH) had the following effect on the Group assets and liabilities and the consolidated statement of cash flows:

EUR 1,000	2005	2004
Intangible assets and property, plant and equipment	—	2,923,240
Financial assets	—	(33,909)
Current assets	—	2,176,918
Payables and other liabilities	—	(2,007,542)
Net assets	**—**	**3,058,707**
Write-ups in connection with staged integration	—	(28,373)
Consolidation (including goodwill)	—	—
Minority interests	—	(1,461,565)
Cash outflows for businesses acquired	**—**	**1,568,769**
Cash and cash equivalents acquired with businesses	—	(1,107,988)
Net cash outflows for businesses acquired	**—**	**460,781**

Aral CR, a.s., Prague, was acquired with effect from January 1, 2006; it will be included in consolidation in the first quarter of 2006. Also with effect from January 1, 2006, an additional 14.5% interest in the Adria-Wien Pipeline Gesellschaft m.b.H., Klagenfurt, has been acquired as well as 99.5% of Rafiserv Arpechim and 99.9% of Rafiserv Petrobrazi.

Effective control of 51% of the shares in Petrom, Romania, was acquired in December 2004. Petrom's assets and liabilities were revalued for inclusion in OMV's consolidated financial statements for 2004 in accordance with IFRS 3. The finalization of the preliminary carrying value of Petrom's balance sheet for 2004 did not entail any major adjustments.

Accounting and valuation principles 3

a) Revenue recognition
In general, revenues are recognized when goods or services are supplied, when the amount receivable is fixed or determinable, and when collection is probable. In E&P, revenues are recognized when products are delivered and the risk of ownership has passed to the customer. In the retail business, revenues from the Group's own filling stations are recognized when products are supplied to the customers. In the case of non-Group filling stations, revenues are recognized when products are delivered to the stations. In Refining and in Chemicals and Plastics, fees due under third-party processing agreements are recognized on the basis of volumes processed. In the Gas business, sales under long-term contracts are recognized on delivery. Additional volumes supplied under these contracts are recognized when accepted by the customer. Gas storage revenues are recognized on the basis of committed storage and withdrawal rates; similarly, gas transit revenues are recognized on the basis of committed volumes.

b) Exploration expenses
Exploration expenses relate exclusively to the E&P business and comprise all the costs associated with unproved reserves. These include geological and geophysical costs for the identification and investigation of areas with possible oil and gas reserves, and administrative and legal and consulting costs in connection with exploration. They also include all impairment write-downs on exploration wells where no proved reserves could be detected. Depreciation of economically successful exploration wells forms part of production costs.

c) Research and development expenses
Research and development expenses include all direct and indirect materials, personnel and external services costs incurred in connection with the focused search for new development techniques and significant improvements in products, services and processes, and in the application of research results. Production and administration costs do not form part of research and development expenses.

d) Intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are recognized at cost of acquisition or construction and – to the extent depreciable – net of accumulated depreciation and amortization and impairment losses. Depreciation and amortization is calculated on a straight-line basis, except for E&P activities, where the successful efforts method is used.

Non-current assets classified as available for sale are disclosed at the lower of carrying value and fair value net of any disposal costs. Non-current assets and groups of assets are classified as available for sale if their carrying value can better be realized by sale than by continuous usage. This classification requires that the sale must be estimated as extremely probable, and that the asset must be available for immediate disposal in its present condition.

In accordance with IAS 36, both, intangible assets and property, plant and equipment are reviewed at balance sheet date for any indications of impairment. For non-tangible assets with undetermined useful lives and for goodwill, impairment loss tests are carried out annually. This applies even if there are no indications of impairment. If the carrying amount of an asset exceeds either the present value of the estimated future cash flows or the net realizable value, an impairment loss is recognized to reduce the asset to its lower recoverable amount. The asset's value is written back up to its depreciated cost if the reasons for recognition of an impairment loss disappear in subsequent periods. The difference is disclosed under other operating income.

Depreciation and amortization are disclosed in the consolidated income statement under production costs of sales. For filling stations impairment losses are disclosed as part of distribution expenses, for exploration assets as part of exploration expenses, and for other assets as part of production expenses or as other expenses.

Scheduled depreciation and amortization is generally calculated on a straight line basis and is largely based on the following useful lives:

Category		Useful life (years)
Intangible assets		
Goodwill		unlimited
Software		3–5
Concessions, licenses, etc.		5–20, or contract duration
Business-specific property, plant and equipment		
E&P	Oil and gas assets	Unit-of-production-method
R&M	Storage tanks	40
	Refinery facilities	25
	Pipeline systems	20
	Filling station equipment	10
	Filling station buildings and outdoor facilities	5–20
Gas	Gas pipelines	20
Chemicals	Corrosion resistant plant	8–20
Other property, plant and equipment		
Production and office buildings		20 or 40–50
Other plant and equipment		10–20
Fixtures and fittings		5–10

Positive differences arising from initial consolidation are capitalized as goodwill. Until December 31, 2004, goodwill arising from initial consolidation before March 31, 2004 was amortized on a straight-line basis over a period of 15 years. From January 1, 2005, goodwill is no longer amortized, and instead it is tested for impairment at least once a year. Impairment losses are recognized against income immediately, and there are no subsequent write-backs to amortized cost.

The accounting and valuation treatment of exploration and development costs of oil and gas fields and extraction from them follows IFRS 6 and – wherever this is not applicable – the relevant US GAAP, which are recognized internationally as an industry standard. Under IFRS 6 oil and gas assets, both proved and unproved reserves, are now disclosed separately.

E&P activities are valued using the successful efforts method: The cost of geological and geophysical studies before the discovery of proved reserves forms part of expenses for the year. The costs of wells are capitalized until the existence or absence of potentially commercially viable oil or gas reserves is established. Exploration wells older than 12 months are expensed unless
(1) commercially producible quantities of oil and gas reserves have been found and local conditions require major capital expenditure and further exploration or appraisal activities are under way or planned for the near future or
(2) proved reserves are booked within the 12 months following the completion of the exploration drilling.

Capitalized exploration and development costs and support equipment are depreciated on a unit-of-production and proved reserves basis, with the exception of capitalized exploration rights and costs of acquired reserves, which are amortized on the basis of total proved reserves.

Directly attributable capital expenses of plant modernization are capitalized in the year in which they arise, and thereafter written off on a straight-line basis over the period until the next upgrade. Costs relating solely to maintenance and repairs are treated as expenses in the year in which they arise.

Property, plant and equipment contains assets being used under finance leases: Since the Group enjoys the economic benefits of ownership, the assets must be capitalized, at the lower of the present value of the minimum lease obligation and fair value, and then depreciated over their expected useful life or the duration of the lease, if shorter. A liability equivalent to the capitalized amount is recognized, and future lease payments are split into the finance charge and the capital repayment element.

All lease agreements not classified as finance leases are treated as operating leases – and the lease payments then form part of the expenses for the period.

e) Financial assets

Investments in associated, but not consolidated, companies and other investments for which there is no listed market price on an active market are carried at acquisition cost or at an appropriate lower value if there is impairment which is expected to be permanent. Associated companies are recognized at the proportionate share of equity. Interest-bearing loans are disclosed at nominal value, and interest-free loans, and loans at low rates of interest, at present value.

Available-for-sale securities are recognized at fair value. Temporary decreases in value and all increases in fair value are however not recognized as income, but included directly as part of stockholders' equity. Permanent decreases in fair value are recognized in the income statement.

Held-to-maturity securities and investments are carried at amortized cost (subject to temporary impairment). Currently there are no securities held for trading purposes.

Securities and investments without stock exchange listings or market values, whose fair value cannot be reliably estimated, are disclosed at acquisition cost less any impairment losses.

Trade date accounting is applied to customary purchases and sales of financial assets.

f) Interest on borrowings

Interest on borrowings incurred directly for the acquisition, construction or production of qualifying assets is capitalized until the assets are effectively ready for their intended use or for sale. In connection with international

E&P activities, all interest incurred which is directly attributable to the purchase and subsequent development of a field is capitalized. All other costs of borrowing are expensed in the period in which they are incurred.

g) Government grants
In accordance with IAS 20, government grants are only recognized where there is reasonable assurance that the conditions attaching to them will be fulfilled and that the grants will be received. Grants satisfying these criteria are disclosed under other liabilities and released over the depreciable life of the assets to which they relate.

h) Inventories
Inventories are recognized at cost of acquisition or production using the average price method and taking into account lower net realizable values. Costs of production comprise directly attributable costs and fixed and variable indirect material and production overheads. Production-related administrative costs and the cost of company pension schemes and voluntary employee benefits are also included.

Under the Austrian Oil Stockholding Act (1982), OMV is obliged to maintain stocks of both crude oil and oil products. These additional domestic inventories are valued using a long-term weighted average price method, applied on the basis of crude oil equivalents. For finished products in excess of the obligatory emergency reserves, the cost of production method changed in 2005 from a graduated transfer of costs per production facility to calculation of product-related production costs per product group. In this carrying capacity approach the allocation of production costs is based on the current market values of the product groups produced.
At the same time, the cost of crude oil used in production was adjusted from a four-month average to the actual cost of crude oil for the period. The adjustment resulted in an income of EUR 12,825 thousand.

Safety equipment and slow-moving spare parts are written down in accordance with the rate of inventory turnover. In recognition of the cost of holding stocks of safety equipment and spare parts for long periods, beginning in the year following the year of acquisition such inventories are written down over a period of 5 years to 25% of their original cost.

i) Receivables and other assets
With the exception of derivative financial instruments, which are recognized at fair value, and foreign currency items, which are translated at closing rates, receivables and other assets are carried at acquisition cost. This can be taken to be a reasonable estimate of fair value, since in the majority of cases the residual maturity is less than a year. Long-term receivables are discounted using the effective interest rate method. Foreign currency holdings from Group cash pooling are translated at the buying rate of exchange. Appropriate write down is made for all recognizable risks.

Emissions certificates received without charge by way of allocation are recognized at fair value at the time of allocation, matched by an equivalent provision. Additional, purchased emissions certificates are carried at cost of acquisition and treated as intangible current assets. An obligation is only recognized to the extent that the volume of actual emissions exceeds the certificates held. The value of the provision is based on the market value of the certificates at balance sheet date.

j) Provisions
Provisions are normally made for all present obligations to third parties where it is probable that the obligation will be settled and the amount of the obligation can reliably be estimated. Provision for individual obligations is based on the best estimate of the amount necessary to settle the obligation.

Decommissioning and restoration obligations: The Group's core activities regularly give rise to dismantling and removal, asset retirement and soil remediation obligations. These decommissioning and restoration obligations are mainly of material importance in the E&P segment (oil and gas wells, above-ground facilities), and in connection with filling stations on third-party property. They are therefore disclosed as a separate item. At the time the obligation arises, it is provided for in full by recognizing as a liability the present value of future decommissioning and restoration expenses. An equivalent amount is capitalized as part of the carrying value of the long-lived asset. In general, the obligation is calculated on the basis of best estimates. The capitalized asset is depreciated on a straight-line basis for downstream activities and using the unit-of-production method for upstream activities, and compound interest is accrued on the obligation at each balance sheet date until decommissioning and restoration. For present obligations relating to other environmental risks and measures, provisions are made where it is likely that such obligations will arise and the amount of the obligation can reasonably be estimated.

Pensions and similar obligations: OMV Group has both, defined contribution and defined benefit pension plans. In the case of defined contribution plans, OMV has no obligations beyond payment of the agreed premiums, and no provision is therefore made. Participants in defined benefit plans, on the other hand, are promised pensions at certain levels. Defined benefit pension obligations are accounted for by setting up provisions for pensions, or by means of payments to an external pension fund. The risks associated with these defined benefit pension plans remain with OMV.

Provisions for pensions, severance payments and jubilee payments are calculated using the projected-unit-credit-method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account. Actuarial gains and losses falling within a corridor of 10% of the greater of projected benefit obligations and plan assets – measured in both cases at the beginning of the year – are not recognized in pensions and severance payments provisions. Actuarial gains and losses falling outside this corridor are distributed according to the average remaining years of service of the participants in the plan. Interest expense accruing on pension provisions together with income from pension plan assets is disclosed as part of financial income and expense.

Provisions for voluntary and involuntary separations under restructuring programs are recognized if a detailed plan has been approved by management prior to balance sheet date, and an irrevocable commitment is thereby established. Voluntary amendments to employees' remuneration arrangements are recognized if the respective employees have accepted the company's offer. Provisions for obligations under individual separation agreements are recognized at the present value of the obligation where the amounts and dates of payment are fixed and known.

k) Liabilities

Liabilities are carried at acquisition cost, with the exception of derivative financial instruments, which are recognized at fair value, and foreign currency liabilities, which are translated at closing rates. Long-term liabilities are discounted using the effective interest rate method. The interest rate used for this purpose is the rate ruling at balance sheet date for similar securities with similar maturities. The carrying value of other liabilities is effectively the same as their fair value, because they are predominantly short-term.

If goods and services supplied in connection with operating activities have not yet been invoiced but both the dates and amounts of supply are already established, the obligations are included under liabilities rather than as provisions.

Convertible bonds are considered as composite instruments, consisting of a debt component and an equity component. The fair value of the debt component is calculated as of the date of issue by applying the market interest rate for comparable non-convertible debt prevailing at the time. The difference between the proceeds of issue of the convertible bond and the fair value of the debt component gives the value of the option to convert the debt into equity, which is disclosed at equity.

l) Taxes on income including deferred taxes

In addition to corporate income taxes, trade earnings taxes and investment income withholding taxes OMV's consolidated financial statements also include and disclose as taxes on income typical E&P taxes on net cash flows from oil and gas production (Petroleum Revenue Tax (PRT) in the United Kingdom, Petroleum Resource Rent Tax (PRRT) in Australia) and charges under the tax paid cost system (TPC) in Libya.

Provision is made for deferred taxes on temporary differences (differences between Group carrying values and tax bases which reverse in subsequent years). Tax loss carry-forwards are taken into account in calculating deferred tax assets. Deferred tax assets and liabilities at Group level are shown netted where there is a right of setoff and the taxes relate to matters subject to the same tax jurisdiction. If the probability of deferred tax assets being realized is greater than 50%, then the values are retained. Otherwise a valuation allowance is deducted.

Where unrealized intra-Group profits contained in inventories are eliminated, deferred taxes are recognized.

m) Stock option plans

Stock option plans (see Note 29) approved by resolutions of Annual General Meetings are provided for Executive Board members and senior executives. These entitlements can be enjoyed in the form of the award of shares at a fixed exercise price or as payment in the form of money or shares of the difference between the market value of the stock on the exercise date and the exercise price. The fair values for the stock options issued are calculated using the Black-Scholes-model at the time of issue and as at subsequent balance sheet dates. Provisions based on applicable fair values are built up over the vesting period, so that by the end of the vesting period the fair value of the options outstanding is fully provided for.

n) Derivatives
Derivative instruments are used to hedge risks resulting from changes in interest rates, currency exchange rates and commodity prices. Valuation is at market value (fair value).

The fair value of derivative financial instruments reflects the estimated amounts that OMV would pay or receive if the positions were closed at balance sheet date, and thus the unrealized gains and losses on open positions. Quotations from banks or appropriate pricing models have been used to estimate the fair value of financial instruments at balance sheet date.

Derivatives embedded in other financial instruments or host contracts are treated as independent instruments if their risks and characteristics are not closely associated with the host instruments and the host instruments were not recognized at fair value, so that the related unrealized gains and losses are recognized against income.

That part of the change in fair value of derivative financial instruments that serves to hedge future cash flows is recognized directly in equity, and the other part is recognized immediately in the income statement.

Where the hedging of cash flows results in an asset or liability, the amounts that are provided under equity are recognized in the income statement in the period in which the hedged position affects earnings.

4 Foreign currency translation

Monetary foreign currency balances are disclosed at closing rates. Exchange gains and losses accrued at balance sheet date are recognized in the income statement. Where the functional currency differs from the national currency, monetary assets are valued at closing rates and non-monetary assets at the actual rate at the date of transaction.

As a general rule, the financial statements of Group companies where the functional currency differs from the Group currency are translated at the closing rate.

Differences arising between balance sheet items translated at closing and historical rates are disclosed as a separate balancing item directly in changes in stockholders' equity (foreign exchange differences).

Income statement items are translated at average rates for the period (mean rates). Differences arising from the use of average rather than closing rates also result in direct adjustments to equity.

Notes to the income statement

The most important rates applied in translating currencies were as follows:

Exchange rates	2005 Balance sheet date	2005 Average	2004 Balance sheet date	2004 Average
US dollar (USD)	1.180	1.244	1.362	1.242
Australian dollar (AUD)	1.611	1.632	1.746	1.690
Hungarian forint (HUF)	252.870	248.050	245.970	251.750
Slovak crown (SKK)	37.880	38.599	38.745	40.041
Czech crown (CZK)	29.000	29.782	30.464	31.913
Bulgarian lev (BGL)	1.956	1.956	1.960	1.953
Malaysian ringgit (MYR)	4.458	4.712	5.176	4.720
Pound sterling (GBP)	0.685	0.684	0.705	0.678
New Zealand dollar (NZD)	1.727	1.766	1.887	1.873
New Romanian leu (RON)	3.680	3.621	—	—
Romanian leu (ROL)	—	—	38,976	40,526

Notes to the income statement

The initial consolidation of Petrom's results in the income statement led to substantial differences compared to the previous year.

Production costs of sales 5

The individual expense items contained the following **personnel expenses**:

EUR 1,000	2005	2004
Wages and salaries	791,349	368,127
Costs of defined benefit plans	30,657	19,733
Costs of defined contribution plans (pension fund contributions)	11,238	9,146
Net expenses related to termination benefits	126,450	34,788
Other employee benefits	127,657	81,408
Total	**1,087,351**	**513,202**

Personnel expenses include expenses for severance payments of EUR 24,617 thousand (2004: EUR 18,273 thousand) and for pensions of EUR 17,279 thousand (2004: EUR 10,606 thousand).

Depreciation and amortization:

EUR 1,000	2005	2004
Goodwill amortization	—	4,778
Depreciation and amortization	681,782	416,209
Impairment losses	110,803	58,544
Total	**792,585**	**479,531**

Advertising expenses and donations EUR 1,000	**2005**	2004
General advertising	49,787	38,525
Art, culture and sport sponsoring	6,700	8,101
Social advertising	1,134	1,287
Art, culture and sport donations and memberships	861	200
Social donations and memberships	279	223
Total	**58,761**	**48,336**

6 Other operating income

EUR 1,000	**2005**	2004
Other operating income	**456,687**	**244,066**
[thereof gains on the disposal and write-up of property, plant and equipment, not including financial assets] [1]	[8,106]	[126,832]
[thereof exchange gains from operating activities]	[116,139]	[18,694]

[1] 2004 includes the sale of exploration licenses in the Sudan.

7 Other operating expenses

EUR 1,000	**2005**	2004
Other operating expenses	**578,543**	**179,445**
[thereof expenses on disposal of property, plant and equipment, not including financial assets]	[13,150]	[10,592]
[thereof exchange losses from operating activities]	[60,992]	[15,939]

Other operating expenses included net expenses for termination benefits of EUR 126,450 thousand (2004: EUR 34,788 thousand) for consolidated companies as well as termination benefits of EUR 51,860 thousand for a non-consolidated company.

8 Income from associated companies and other investments

EUR 1,000	**2005**	2004
Income from investments – others	16,166	8,441
Income from associated companies	107,581	83,787
Income from disposal of investments	3	1,040
Total income	**123,751**	**93,268**
Expenses on investments – others	2	100
Expenses of associated companies	5,845	6,919
Write-off of investment in associated company	—	951
Expenses on disposal of investments	4,194	—
Total expenses	**10,041**	**7,970**
Net other financial income	**113,710**	**85,298**

Interest income and expenses 9

EUR 1,000	2005	2004
Interest and similar income	170,206	46,186
Income from other non-current financial assets	11,194	1,770
Interest and similar expenses	(305,443)	(88,891)
Interest expense	**(124,043)**	**(40,935)**

Interest income on pension plan assets in 2005 amounted to EUR 20,830 thousand (2004: EUR 19,545 thousand).

Interest accrued on pension provisions was EUR 50,095 thousand (2004: EUR 49,796 thousand). In 2005 interest on borrowings amounting to EUR 3,578 thousand (2004: EUR 5,573 thousand) were capitalized, resulting in a reduction in interest expense.

The interest component accrued on the provision for severance payments were EUR 7,570 thousand and on the provision for decommissioning and restoration obligations of EUR 74,288 thousand were included in financial expense (2004: EUR 8,714 thousand and EUR 414 thousand respectively).

Other financial income and expenses 10

EUR 1,000	2005	2004
Income from disposal of financial assets (excluding investments)	490	1,096
Income from disposal of securities and investments held as current assets	2	—
Total income	**492**	**1,096**
Expenses on securities and investments held as current assets and other financial assets	—	(5,840)
Expenses on disposal of financial assets (excluding investments)	(830)	—
Expenses on disposal of securities and investments held as current assets	—	—
Total expenses	**(830)**	**(5,840)**
Net other financial income	**(338)**	**(4,744)**

Taxes on income 11

The **income tax burden** and the pretax earnings determining the effective tax rate were as follows:

EUR 1,000	2005	2004
Profit from ordinary activities		
Austria	538,749	579,251
Foreign	1,408,947	435,336
Total	**1,947,696**	**1,014,587**
Taxes on income		
Austria	124,890	117,584
Foreign	335,798	154,468
Deferred taxes	27,126	52,123
Total tax expense	**487,814**	**324,175**

The reconciliation of deferred taxes is as follows:

EUR 1,000	**2005**	2004
Deferred taxes January 1	(274,640)	(120,286)
Deferred taxes December 31	(195,646)	(274,640)
Changes in deferred taxes	**78,994**	**(154,354)**
Deferred taxes on revaluation of securities and hedges charged directly to equity	(89,740)	67,596
Changes in consolidated Group, exchange differences and similar items	(16,380)	34,635
Deferred taxes per income statement	**(27,126)**	**(52,123)**
The deferred tax balance was made up as follows:		
Change in tax rate	2,958	19,218
Elimination of unrealized intra-group profits	1,043	9,059
Release and creation of provisions for deferred taxes	(26,463)	(5,957)
Loss carry-forwards not recognized in prior years	10,583	2,460
Reversal of temporary differences, including additions to and use of loss carry-forwards	(15,247)	(76,903)

The effective tax rate is the ratio of income tax expense – to the extent that it is attributable to profit from ordinary activities – to profit from ordinary activities. The table below shows the resultant tax rate compared with the standard Austrian corporate income tax rate of 25% (2004: 34%), and the major differences.

Taxrates in %	**2005**	2004
Austrian corporate income tax rate	**25.0**	**34.0**
Tax effect of:		
Differing foreign tax rates	4.9	5.1
Non-deductible expenses	2.7	6.9
Non-taxable income	(8.7)	(11.9)
Change in tax rate	(0.2)	(1.9)
Lapsed tax loss carry-forwards	—	0.3
Write-down on investments at parent company level	(0.8)	(1.4)
Change in provision for deferred taxes	1.4	0.4
Other	0.7	0.5
Effective Group income tax rate	**25.0**	**32.0**

OMV Aktiengesellschaft had tax pooling arrangements with its main subsidiaries in Austria, except for AMI Agrolinz Melamine International GmbH and POLYFELT Gesellschaft m.b.H. These tax pooling agreements have been transferred into a tax group according to § 9 corporation tax law 1988, where taxable profits of all main subsidiaries in Austria as well as two foreign subsidiaries (OMV Australia PTY LTD. und OMV Slovensko s.r.o.) are aggregated. Investment income transferred from domestic subsidiaries is in general exempt from taxation. Dividends from foreign investments in which there is a holding of 10% or more are also excluded from taxation at the level of the Austrian parent company.

Taxes on income charged directly to equity amounted to EUR 89,740 thousand (2004: EUR 75,245 thousand, thereof current tax of EUR 7,649 thousand resulting from the capital increase).

In 2005 tax loss carry-forwards of EUR 40,605 thousand (2004: EUR 57,863 thousand) were used; the associated deferred taxation was EUR 8,522 thousand (2004: EUR 23,608 thousand).

Taxes on discontinued operations include current tax expenses of EUR 15,814 thousand and deferred tax income of EUR 9,265 thousand.

Result on discontinued operations 12

During 2005 shareholdings in Ecuador and Qatar acquired as part of Preussag Energie International GmbH were disposed of; the contracts of sale were signed on August 22 and September 7, 2005 respectively. The results of operations after these dates are disclosed in the income statement as results from discontinued operations.

This item also included the results on the sale of 50% of AMI Agrolinz Melamine International GmbH and 100% of Polyfelt group and ALTEC Umwelttechnik GmbH.

EUR 1,000	**2005**
Sales revenues of discontinued operations	24,725
Expenses of discontinued operations	(8,994)
Current taxation of discontinued operations	(2,305)
	13,426
Profit on disposals	26,808
Current taxes on results of disposals	(13,509)
Deferred taxes on results of disposals	9,265
	22,564
Profit on discontinued operations after tax	**35,990**

Earnings per share 13

	Income 2005 EUR 1,000	Number of shares 2005	EPS 2005 in EUR	EPS 2004 in EUR [1]
Basic earnings from continuing operations	1,220,137	298,673,355	4.09	2.55
Basic earnings from discontinued operations	35,990	298,673,355	0.12	—
Basic earnings	**1,256,127**	**298,673,355**	**4.21**	**2.55**
Diluted earnings from continuing operations	1,233,493	317,232,814	3.89	2.54
Diluted earnings from discontinued operations	35,990	317,232,814	0.11	—
Diluted earnings	**1,269,483**	**317,232,814**	**4.00**	**2.54**

[1] The comparative figures have been adjusted for the 1:10 stock split on July 11, 2005.

In calculating diluted earnings interest after tax on the convertible bond relating to potential ordinary shares amounting to EUR 13,356 thousand was taken into account.

The calculation of diluted earnings per share also takes into account the weighted average number of ordinary shares which would be issued if all potential diluting ordinary shares were converted. This includes 620,950 options outstanding under the stock options plans and 17,938,509 potential ordinary shares from the exercise of the conversion rights on the convertible bond issued pursuant to a resolution of the Annual General Meeting of May 18, 2004.

14 Intangible assets

EUR 1,000	Concessions, licenses, rights	Goodwill [1]	Payments in advance	Total
Acquisition costs				
January 1, 2005	**299,737**	**32,966**	**877**	**333,580**
Exchange differences	2,780	486	1	**3,267**
Changes in consolidated Group	(18,844)	—	—	**(18,844)**
Additions	17,171	825	370	**18,366**
Transfers	(48,841)	(1,783)	(13)	**(50,637)**
Disposals	4,282	—	2	**4,284**
December 31, 2005	**247,721**	**32,494**	**1,233**	**281,448**
Depreciation				
January 1, 2005	**143,339**	**—**	**—**	**143,339**
Exchange differences	(217)	—	—	**(217)**
Changes in consolidated Group	(20,669)	—	—	**(20,669)**
Depreciation	32,561	—	—	**32,561**
Impairment	41	—	—	**41**
Disposals	2,667	—	—	**2,667**
Transfers	(14,522)	—	—	**(14,522)**
December 31, 2005	**137,866**	**—**	**—**	**137,866**
Carrying value				
January 1, 2005	**156,398**	**32,966**	**877**	**190,241**
December 31, 2005	**109,855**	**32,494**	**1,233**	**143,582**

[1] As a consequence of the application of IFRS 3 the acquisition costs are shown net of the cumulated regular depreciation by January 1, 2005.

EUR 1,000	Concessions, licenses, rights	Goodwill	Payments in advance	Total
Acquisition costs				
January 1, 2004	**241,352**	**137,209**	**20**	**378,581**
Exchange differences	334	(124)	1	**211**
Changes in consolidated Group	48,541	346	—	**48,887**
Additions	20,477	—	867	**21,344**
Transfers	(6,238)	—	—	**(6,238)**
Disposals	4,729	—	11	**4,740**
December 31, 2004	**299,737**	**137,431**	**877**	**438,045**
Depreciation				
January 1, 2004	**121,557**	**99,817**	**—**	**221,374**
Exchange differences	77	(130)	—	**(53)**
Changes in consolidated Group	99	—	—	**99**
Amortization	22,897	4,527	—	**27,424**
Impairment	1,291	251	—	**1,542**
Disposals	3,065	—	—	**3,065**
Transfers	483	—	—	**483**
Write-ups	—	—	—	**—**
December 31, 2004	**143,339**	**104,465**	—	**247,804**
Carrying value				
January 1, 2004	**119,795**	**37,392**	**20**	**157,207**
December 31, 2004	**156,398**	**32,966**	**877**	**190,241**

Changes in property, plant and equipment in 2005 were as follows:

EUR 1,000	Land, land rights and buildings, incl. buildings on third-party property	Unproved mineral properties and related assets	Proved mineral properties and related assets	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Payments in advance	**Total**
Acquisition costs								
January 1, 2005	**3,203,436**	**—**	**—**	**7,365,523**	**1,208,154**	**600,941**	**22,157**	**12,400,211**
Exchange differences	98,056	2,750	26,036	155,456	4,489	22,473	30	**309,290**
Changes in consolidated Group	(157,179)	(206)	(184,813)	(700,813)	(37,229)	(24,866)	(1,310)	**(1,106,416)**
Additions	57,544	40,354	252,419	208,623	87,623	618,814	11,772	**1,277,149**
Transfers	(1,030,427)	81,693	4,857,034	(3,259,961)	58,139	(657,013)	4,729	**54,194**
Assets held for sale	(6,250)	—	(104,166)	(68,585)	—	—	—	**(179,001)**
Disposals	45,878	—	6,581	49,038	37,498	75,142	11,071	**225,208**
December 31, 2005	**2,119,302**	**124,591**	**4,839,929**	**3,651,205**	**1,283,678**	**485,207**	**26,307**	**12,530,219**
Depreciation								
January 1, 2005	**1,039,552**	**—**	**—**	**3,943,118**	**791,264**	**6,207**	**37**	**5,780,178**
Exchange differences	29,135	89	36,307	40,876	(116)	(326)	4	**105,969**
Changes in consolidated Group	(114,405)	—	(135,762)	(470,597)	(27,810)	—	66	**(748,508)**
Depreciation	223,256	297	111,269	220,878	93,521	—	—	**649,221**
Impairment	51,294	1,518	21,320	12,721	3,500	20,409	—	**110,762**
Transfers	(386,717)	4,918	1,641,976	(1,250,340)	8,240	—	—	**18,077**
Assets held for sale	(2,818)	—	(98,572)	(33,912)	—	—	—	**(135,302)**
Disposals	20,842	—	3,865	31,956	30,169	—	49	**86,881**
Write-ups	912	—	—	115	385	—	—	**1,412**
December 31, 2005	**817,543**	**6,822**	**1,572,673**	**2,430,673**	**838,045**	**26,290**	**58**	**5,692,104**
Carrying value								
January 1, 2005	**2,163,884**	**—**	**—**	**3,422,405**	**416,890**	**594,734**	**22,120**	**6,620,033**
December 31, 2005	**1,301,759**	**117,769**	**3,267,256**	**1,220,532**	**445,633**	**458,917**	**26,249**	**6,838,115**

EUR 1,000	Land, land rights and buildings, incl. buildings on third-party property	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Payments in advance	Total
Acquisition costs						
January 1, 2004	**2,107,665**	**5,655,988**	**1,054,326**	**228,629**	**18,402**	**9,065,010**
Exchange differences	(8,620)	(38,573)	7,005	67	(120)	**(40,241)**
Changes in consolidated Group	1,042,115	1,397,947	96,830	368,511	3,791	**2,909,194**
Additions	69,938	212,692	75,611	226,072	8,303	**592,616**
Transfers	36,541	169,223	10,224	(208,991)	(759)	**6,238**
Disposals	44,203	31,754	35,842	13,347	7,460	**132,606**
December 31, 2004	**3,203,436**	**7,365,523**	**1,208,154**	**600,941**	**22,157**	**12,400,211**
Depreciation						
January 1, 2004	**978,419**	**3,706,213**	**724,619**	**6,212**	**128**	**5,415,591**
Exchange differences	(20,120)	(25,872)	4,351	7	3	**(41,631)**
Changes in consolidated Group	21,570	—	7,266	(5)	(9)	**28,822**
Depreciation	62,401	247,595	83,317	—	—	**393,313**
Impairment	17,863	35,400	3,990	—	—	**57,253**
Disposals	20,186	19,169	32,725	—	3	**72,083**
Transfers	(26)	(1,022)	564	—	—	**(484)**
Write-ups	369	27	118	7	82	**603**
December 31, 2004	**1,039,552**	**3,943,118**	**791,264**	**6,207**	**37**	**5,780,178**
Carrying value						
January 1, 2004	**1,129,246**	**1,949,775**	**329,707**	**222,417**	**18,274**	**3,649,419**
December 31, 2004	**2,163,884**	**3,422,405**	**416,890**	**594,734**	**22,120**	**6,620,033**

Impairment losses during the year are principally attributable to write-downs on unviable wells belonging to E&P (OMV Australia PTY LTD, OMV (TUNISIA) Production GmbH and OMV (ALBANIA) onshore Exploration GmbH) as well as on filling stations belonging to R&M (OMV Refining & Marketing GmbH, OMV Deutschland GmbH, OMV Slovensko s.r.o. and OMV Ceská republika s.r.o.).

Land, land rights, buildings and buildings on third-party property consist of land amounting to the value of EUR 397,753 thousand (2004: EUR 410,904 thousand). In 2004 this item included oil and gas properties belonging to foreign E&P companies amounting to EUR 239,172 thousand. In 2005 these assets are included under **Oil and gas assets with proved and unproved reserves**.

Unproved mineral properties and related assets include capitalized exploration and evaluation costs.

The assets held for sale include E&P assets of Preussag Energie International GmbH in Ecuador and Qatar (book value EUR 38,105 thousand) and the Dunlin oilfield of OMV (U.K.) Limited (book value EUR 5,594 thousand); these assets have been transferred to the balance sheet item Non current assets held for sale.

In connection with the construction of property, plant and equipment **interest on borrowings** of EUR 3,578 thousand (2004: EUR 5,573 thousand) was capitalized, which related to borrowings not taken up specifically for the purpose, but were determined by using a capitalization rate of 4.0%. The total value of the assets recognized was EUR 20,136 thousand (2004: EUR 20,375 thousand).

Leasing and rental agreements
Property, plant and equipment contains assets being used under finance leases. There are finance leasing agreements entered into by, e.g. OMV (U.K.) Limited for a gas processing plant, by Oztyurk Munai for oil equipment in Kazakhstan, by OMV Slovensko, s.r.o. and OMV Ceská republika, s.r.o. for filling stations and land, and by OMV Erdgas GmbH for natural gas filling stations and by OMV Solutions GmbH and OMV Deutschland GmbH for IT and telecommunications equipment.

			2005			2004
EUR 1,000	Acquisition cost	Accumulated depreciation	Carrying value	Acquisition cost	Accumulated depreciation	Carrying value
Land, land rights and buildings, including buildings on third-party property	7,246	1,922	5,324	9,596	3,246	6,350
Plant and machinery	45,364	30,632	14,732	38,528	24,056	14,472
Other fixtures and fittings, tools and equipment	14,594	7,413	7,181	13,627	5,084	8,543
Total	**67,204**	**39,967**	**27,237**	**61,751**	**32,386**	**29,365**

In 2005 conditional lease payments for finance leasing agreements amounted to EUR 102 thousand.

As of December 31, 2005, **commitments under finance leases** were as follows:

EUR 1,000	≤ 1 year	1–5 years	> 5 years
Total future minimum lease commitments	5,222	5,327	4,179
[thereof finance charge]	[1,324]	[1,016]	[565]
Present value of minimum lease payments	**3,898**	**4,311**	**3,614**

As of December 31, 2004, commitments under finance leases were as follows:

EUR 1,000	≤ 1 year	1–5 years	> 5 years
Total future minimum lease commitments	3,258	3,750	8,739
[thereof finance charge]	[461]	[1,033]	[2,865]
Present value of minimum lease payments	**2,797**	**2,717**	**5,874**

OMV also makes use of operating leases, mainly to finance the use of filling station sites, IT equipment and vehicle fleets. In 2005 these expenses amounted to EUR 60,206 thousand (2004: EUR 53,406 thousand). **Future leasing commitments** were as follows:

EUR 1,000	
Payable within 1 year	53,685
Payable in 1–5 years	160,396
Payable after more than 5 years	185,996
Total future minimum lease commitments	**400,077**

There are options to renew the leases for a large proportion of the leased filling station sites.

OMV also acts as lessor in finance leasing agreements. As of December 31, 2005 the total investment in these leases amounted to EUR 1,276 thousand (2004: EUR 1,681 thousand) and the unrealized interest income to EUR 242 thousand (2004: EUR 344 thousand), so that the net investment was EUR 1,034 thousand (2004: EUR 1,337 thousand).

EUR 1,000	≤ 1 year	1–5 years	> 5 years
Total investment in leases	534	638	104
Interest income not yet realized	89	142	11
Net investment in leases	**445**	**496**	**93**

16 Investments in associated companies and other financial assets

Changes in **investments and financial assets** during the year were as follows:

EUR 1,000	Group companies	Associated companies	Available-for-sale securities	Loans	Payments in advance	Total
Value before depreciation						
January 1, 2005	**36,217**	**603,638**	**813,221**	**153,540**	**—**	**1,606,616**
Exchange differences	338	16,035	(233)	240	—	**16,380**
Changes in consolidated Group	(19,452)	56,310	25,404	(1,464)	—	**60,798**
Additions and increases in value	532	268,461	716,284	6,204	12,458	**1,003,939**
Discontinued operations	—	—	(3,364)	—	—	**(3,364)**
Disposals	—	62,741	97,564	8,175	—	**168,480**
December 31, 2005	**17,635**	**881,703**	**1,453,748**	**150,345**	**12,458**	**2,515,889**
Depreciation						
January 1, 2005	**16,879**	**—**	**19,306**	**1,409**	**—**	**37,594**
Exchange differences	(143)	—	(297)	(17)	—	**(457)**
Changes in consolidated Group	(7,827)	—	34,031	—	—	**26,204**
Impairment	106	—	169	1,123	—	**1,398**
Disposals	—	—	14,937	1,281	—	**16,218**
Write-ups	293	—	1,002	4	—	**1,299**
December 31, 2005	**8,722**	**—**	**37,270**	**1,230**	**—**	**47,222**
Carrying value						
January 1, 2005	**19,338**	**603,638**	**793,915**	**152,131**	**—**	**1,569,022**
December 31, 2005	**8,913**	**881,703**	**1,416,478**	**149,115**	**12,458**	**2,468,667**

Transfers in respect of **discontinued operations** relate to securities forming part of the E&P assets of Preussag Energie International GmbH in Ecuador and Qatar which were reclassified to assets held for sale.

Loans
Loans with maturities of up to 1 year amounted to EUR 606 thousand (2004: EUR 1,712 thousand); loans to Group companies amounted to EUR 3,272 thousand (2004: EUR 3,310 thousand).

The loans include interest-bearing intercompany loans to Borealis A/S and Erdöl-Lagergesellschaft m.b.H. totaling EUR 80,250 thousand with an average interest rate of 2.93%, and an interest-free intercompany loan of EUR 54,000 thousand to BAYERNOIL Raffineriegesellschaft mbH.

Associated companies
The summarized balance sheet and income statement information for companies accounted for at equity was as follows:

EUR 1,000	**2005**	2004
Current assets	2,413,706	1,712,244
Non-current assets	3,559,422	2,940,883
Liabilities	3,661,033	2,710,533
Net sales	8,095,825	7,037,737
Earnings before interest and tax	352,635	379,491
Net income for year	329,428	284,436

Available-for-sale securities
The acquisition cost, unrealized gains and losses, and the fair market value for each class of available-for-sale securities were as follows:

December 31, 2005 EUR 1,000	Acquisition costs	Unrealized gains/(losses)	Fair value
Other investments	229,465	630,562	860,027
Investment funds	511,164	(1,445)	509,719
Austrian government bonds	955	(35)	920
Shares (without stock exchange/market prices)	45,812	—	45,812
Total	**787,396**	**629,082**	**1,416,478**

December 31, 2004 EUR 1,000			
Other investments	225,907	335,520	561,427
Investment funds	141,630	(3,727)	137,903
Austrian government bonds	12,655	(303)	12,352
Corporate bonds	7	—	7
Shares (without stock exchange/market prices)	82,252	(26)	82,226
Total	**462,451**	**331,464**	**793,915**

The unrealized gains on other investments of EUR 630,562 thousand (2004: EUR 335,520 thousand) relate to the 10% holding in MOL, Hungary.

Inventories 17

During the year, inventories increased by EUR 344,272 thousand (27.3%) to EUR 1,603,324 thousand. **Inventories** at balance sheet date were as follows:

EUR 1,000	**2005**	2004
Crude oil	356,326	249,247
Chemical feedstock	—	12,913
Other raw materials	210,219	139,277
Work in progress: petroleum products	174,887	254,787
Work in progress: chemicals	—	1,195
Other work in progress	5,173	5,919
Finished petroleum products	559,132	365,551
Finished chemical products	—	21,219
Other finished products	274,761	202,134
Payments in advance	22,826	6,810
Total	**1,603,324**	**1,259,052**

Inventories of crude oil and petroleum products rose by 25.4% to EUR 1,090,345 thousand (2004: EUR 869,585 thousand). The increase in inventories is chiefly the result of the marked rise in crude oil prices.

Inventories in Chemicals at December 31, 2004 of EUR 35,327 thousand were the inventories of the AMI subgroup, which ceased to be a consolidated subsidiary in 2005 and is now included at equity (see Note 2).

The cost of inventories included in production cost of sale in 2005 was EUR 9,810,144 thousand.

Valuation allowances on inventories charged to expense in 2005 amounted to EUR 33,282 thousand.

18 Receivables

EUR 1,000	2005 < 1 year	2005 > 1 year	2004 < 1 year	2004 > 1 year
Receivables and other assets	234,887	351,220	224,365	383,066
[thereof trade receivables to Group companies]	[—]	[—]	[—]	[3,364]
Trade receivables	1,753,085	—	1,478,378	—
[thereof from companies with which a participating relationship exists]	[261,378]	[—]	[158,649]	[—]
[thereof from Group companies]	[529]	[—]	[28,755]	[—]
Total	**1,987,972**	**351,220**	**1,702,743**	**383,066**

Details of **trade receivables** and **other receivables and assets** were as follows:

EUR 1,000	2005 < 1 year	2005 > 1 year	2004 < 1 year	2004 > 1 year
Receivables from Group companies	1,799	—	132	3,691
[thereof financing and cash pooling]	[—]	[—]	[38]	[327]
Receivables from companies with which a participating relationship exists	14,999	—	3,903	—
Income taxes refundable	383	—	9,294	—
Rental and lease prepayments	1,776	8,526	2,323	7,662
Other payments made in advance	20,141	5,593	12,577	10,681
Receivables from associated companies	20,372	—	—	—
Other sundry receivables	175,417	337,101	196,136	361,032
Total	**234,887**	**351,220**	**224,365**	**383,066**

Write-downs netted with receivables were as follows:

2005 EUR 1,000	Jan. 1	Additions/ releases	Disposals	Exchange differences and changes in consolidated Group	Dec. 31
Trade receivables	140,994	2,434	(11,029)	29,351	161,750
Receivables from other Group companies	3,916	113	—	(3,918)	111
Receivables from companies with which a participating relationship exists	—	218	—	—	218
Other receivables and assets	18,981	22,531	(5,294)	19,647	55,865
Total	**163,891**	**25,296**	**(16,323)**	**45,080**	**217,944**

2004 EUR 1,000	Jan. 1	Additions/ releases	Disposals	Exchange differences and changes in consolidated Group	Dec. 31
Trade receivables	24,658	9,874	(3,598)	110,060	140,994
Receivables from other Group companies	22	15	—	3,879	3,916
Other receivables and assets	1,539	519	(196)	17,119	18,981
Total	**26,219**	**10,408**	**(3,794)**	**131,058**	**163,891**

Securities and investments 19

Securities held as short-term assets were as follows:

EUR 1,000	2005	2004
Group companies	56	—
Shares without stock exchange or market prices	1,281	1,021
Securities and investments	1,337	1,021

Assets and liabilities associated with assets held for sale 20

During 2005 shares in joint ventures in Ecuador and Qatar acquired as part of Preussag Energie International GmbH were sold. Also for the OMV (U.K.) Ltd. interest in the production joint venture, Dunlin, a sales and purchase agreement was signed shortly before the end of the year. The relevant assets and debts will be shown as separate balance sheet items until the contracts are closed.

EUR 1,000	2005
Property, plant and equipment	49,549
Financial assets	3,260
Current assets and deferred taxes	28,379
Assets held for sale	**81,188**
Provisions	31,611
Liabilities	272
Liabilities associated with assets held for sale	**31,883**

Stockholders' equity 21

The **capital stock** of OMV Aktiengesellschaft consists of 300,000,700 (2004: 30,000,000) fully paid no par value shares with a total nominal value of EUR 300,001 thousand (2004: EUR 218,100 thousand).

The 2005 Annual General Meeting authorized an increase in the capital stock of the Company from EUR 218,100 thousand to EUR 300,000 thousand by conversion of restricted capital reserves in accordance with the provisions of the Capital Adjustments Act (KapBG) and without the issue of additional no par value bearer shares. This was immediately followed by a 10-for-1 stock split, which raised the number of authorized shares to 300,000,000.

In accordance with section 159(2)(1) Stock Corporation Act (AktG), the capital stock is conditionally increased by EUR 30,000 thousand by the issue of up to 30,000,000 no par value bearer shares. This conditional capital increase only becomes effective to the extent that the holders of the convertible bonds issued pursuant to a resolution of the Annual General Meeting of May 18, 2004 exercise their right to convert the bonds into shares in the Company.

The 2004 Annual General Meeting authorized the Executive Board to issue convertible bonds with a nominal value of EUR 600,000 thousand during the period up to May 17, 2009, convertible into a maximum of 3 mn no par value bearer shares (following the 2005 stock split, 30 mn shares).

As of December 22, 2004 a total of 1,793,868 convertible bonds had been issued; holders are entitled to convert the bonds into common stock at par (10-for-1 since the 2005 share split) between January 1, 2005 and November 19, 2008. The issue price was EUR 306.60, generating total proceeds for the Group of EUR 550,000 thousand. The equity component of the convertible bond, amounting to EUR 35,921 thousand, is disclosed under capital reserves (for further information on the convertible bond, see Note 23). As of December 31, 2005 a total of 70 convertible bonds had been converted into 700 shares.

The effects on the Company's capital stock of the capital increase using company reserves and the conversion of the convertible bonds were as follows:

EUR 1,000	Increase in capital stock	Conversion	Total
Capital stock	81,900	1	**81,901**
Capital reserves	(81,900)	20	**(81,880)**
Total	**—**	**21**	**21**

Capital reserves have been formed by the introduction into OMV Aktiengesellschaft by its shareholders on the basis of their ownership relationship of funds over and above the capital stock.

The Group **revenue reserves** include the net income and losses of consolidated subsidiaries and investments included at equity, as adjusted for the purposes of consolidation.

The **direct adjustments to consolidated equity** at balance sheet date shown under other reserves were as follows:

	December 31, 2005			December 31, 2004		
EUR 1,000	Gross	Taxes	Net	Gross	Taxes	Net
Exchange differences	87,715	—	87,715	(75,634)	—	(75,634)
Unrealized gains/(losses) on securities	628,199	773	628,972	331,464	(82,865)	248,599
Gains/(losses) recognized directly in equity resulting from a company consolidated at equity	(28,000)	—	(28,000)	—	—	—
Unrealized gains/(losses) on hedges	(20,792)	3,301	(17,491)	—	—	—
Gains/(losses) recognized directly in equity	**667,122**	**4,074**	**671,196**	**255,830**	**(82,865)**	**172,965**

In January 2005 cash flow hedges totaling EUR 410 mn were entered into hedge against foreign currency fluctuations on investments to be made by Petrom in euro. Of this amount, EUR 283 mn has already been invested in investment funds and a further EUR 17 mn will be similarly invested. The remaining amount of EUR 110 mn is earmarked for investments in property, plant and equipment. These projects are scheduled to be put into effect in the period 2006–2008. In 2005 EUR (33,983) thousand of this has been taken directly to equity (incl. minorities).

For 2005 OMV Aktiengesellschaft proposes a dividend EUR 0.90 per share entitled to dividends.

The Annual General Meetings for the years 2000 to 2005 approved the repurchase of own shares (treasury shares) in connection with the provision of stock option plans. The cost of repurchased shares represents a reduction in equity, and gains or losses on the re-issue of own shares (issue proceeds less acquisition cost) result in an increase or reduction in capital reserves.

Changes in **treasury shares** in 2005 were as follows (adjusted for stock split):

EUR 1,000	Number	Purchase cost
December 31, 2003	**1,241,610**	**12,171**
Additions	182,840	3,358
Disposals	78,300	768
December 31, 2004	**1,346,150**	**14,761**
Disposals	26,544	291
December 31, 2005	**1,319,606**	**14,470**

Gains on re-issues in 2005 of EUR 402 thousand were credited to capital reserves (2004: revenues amounting to EUR 378 thousand).

In 2005 the **number of shares in issue** was as follows:

	Shares	Treasury shares	Shares in issue
December 31, 2004	**30,000,000**	**134,615**	**29,865,385**
Stock split	270,000,000	1,211,535	268,788,465
Sale of own shares	—	(26,544)	26,544
Capital increase resulting from conversion	700	—	700
December 31, 2005	**300,000,700**	**1,319,606**	**298,681,094**

Provisions 22

Changes in **provisions** during the year were as follows:

EUR 1,000	Pensions and similar obligations	Taxes	Decommissioning and restoration	Other provisions	**Total**
January 1, 2005	**1,067,826**	**114,396**	**1,268,462**	**439,626**	**2,890,310**
Exchange differences	1,699	3,096	8,216	5,879	**18,890**
Changes in consolidated Group	(43,534)	(390)	225	79,687	**35,988**
Consumption	101,270	65,621	10,326	1,484,318	**1,661,535**
Paid to funds	5,518	—	—	—	**5,518**
Allocations	90,983	237,272	111,594	1,657,470	**2,097,319**
Transfers	611	200	—	(611)	**200**
Discontinued operations	—	(3,767)	(20,632)	(2,197)	**(26,596)**
December 31, 2005	**1,010,797**	**285,186**	**1,357,539**	**695,536**	**3,349,058**
[thereof short-term]	[—]	[285,186]	[—]	[407,460]	**[692,646]**

Provisions for pensions and similar obligations
Employees of Austrian Group companies whose service began before December 31, 2002, are entitled to receive **severance payments** upon termination of employment or on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Entitlements to severance payments for employees whose service began after December 31, 2002 are covered by defined contribution plans. The reduction in the discount rate from 4.8% to 4.5% together with the changes in the General Social Insurance Act (ASVG) resulted in an increase in the projected present value of the obligation of EUR 6,624 thousand.

The indexed **pension commitments** in respect of currently active employees of OMV Aktiengesellschaft have been transferred to an external pension fund managed by APK-Pensionskasse AG in previous years.

The defined benefit plans are generally based on years of service and the employee's average compensation over the last five calendar years of employment. Although the Group has purchased debt securities to meet part of the obligations under the defined benefit plans, these assets are not plan assets for IFRS purposes. These pension plans are non-contributory. For the defined contribution plans, the reported expense corresponds to the contributions payable for the period. Changes arising from revisions of estimates and pension reform resulted in increases of EUR 57,696 thousand. This is partly offset by reduction of EUR 35,283 thousand in severance payments.

In certain industries, employees in Austria and Germany are entitled to **jubilee payments** after completion of a given number of years of service. These plans are non-contributory and unfunded.

Changes in the main defined **benefit plan and in provisions for jubilee payments and severance payments** were as follows:

EUR 1,000	Pensions 2005	Pensions 2004	Severance and jubilee entitlements, and personnel reduction schemes 2005	Severance and jubilee entitlements, and personnel reduction schemes 2004
Present value of obligations financed through funds	525,873	473,205	—	—
Market value of plan assets	(366,003)	(347,153)	—	—
Unrecognized actuarial gains/(losses)	(75,303)	(41,932)	—	—
Provision for obligations financed through funds	**84,567**	**84,120**	**—**	**—**
Present value of obligations not financed through funds	598,230	606,917	463,075	414,674
Unrecognized actuarial gains/(losses)	(18,915)	6,002	(12,114)	1,329
Provision for obligations not financed through funds	**579,315**	**612,919**	**450,961**	**416,003**
Provisions at beginning of year	697,039	717,563	416,003	380,552
Expense for the year	35,774	36,716	164,293	59,771
Allocation to funds	(5,519)	(7,979)	—	—
Benefits paid	(48,755)	(49,398)	(102,101)	(55,888)
Exchange difference	—	—	140	1,195
Transfers	—	—	1,475	—
Liabilities taken over as a result of mergers	(14,657)	137	(28,849)	30,373
Provisions at end of year	**663,882**	**697,039**	**450,961**	**416,003**
Current service cost	6,374	6,269	147,056	40,269
Interest cost	50,095	49,796	16,737	15,979
Expected return on plan assets	(20,830)	(19,545)	—	—
Amortized actuarial (gains)/losses	135	196	(19)	(17)
Voluntary payments	—	—	519	3,540
Expenses of defined benefit plans for the year	**35,774**	**36,716**	**164,293**	**59,771**

Expenses for interest accrued on personnel reduction schemes of EUR 7,570 thousand (2004: EUR 8,714 thousand) have been included under interest expense. Severance and jubilee entitlements and personnel reduction schemes include provisions of EUR 104,046 thousand (2004: EUR 45,414 thousand) disclosed under other, short-term provisions.

Underlying assumptions for calculating defined benefit entitlements as at December 31:

	Pensions 2005	Pensions 2004	Severance, jubilees 2005	Severance, jubilees 2004
Capital market interest rate	4.50%	4.80%	4.50%	4.80%
Future increases in salaries	3.85%	3.85%	3.85%	3.85%
Inflation	1.90%	1.80%	—	—
Long-term rate of return on plan assets	6.00%	6.00%	—	—

For calculating the provision for severance payments at Petrom a discount rate of 6.27% and an inflation rate of 5.21% were used.

At December 31, **plan assets were invested** as follows:

	2005		2004	
Asset categories	VRG IV	VRG VI	VRG IV	VRG VI
Equity securities	35.80%	44.70%	32.90%	34.90%
Debt securities	62.10%	51.20%	66.90%	64.30%
Other	2.10%	4.10%	0.20%	0.80%
Total	100.00%	100.00%	100.00%	100.00%

Investment policies aim to achieve an optimal portfolio structure and to ensure that existing entitlements are covered at all times. The investment of plan assets is governed by section 25 of the Austrian Pension Fund Act and the Investment Fund Act. In addition, the investment guidelines of APK-Pensionskassen AG regulate the spread of asset allocation, the use of funds of funds and the selection of fund managers. New categories of investments or the employment of a wider range of funds requires the approval of the APK-Pensionskassen AG management board. Diversification is global for both equity and debt securities, however most of the debt securities are euro-denominated.

The funds of the asset allocation and risk group (VRG) IV are invested in two euro-denominated bond funds and two international equity funds. As part of the policy of risk diversification, in selecting the asset managers their different management styles and investment approaches were taken into account. The composition of the portfolio at December 31, 2005, with 35.8% equities and 62.1% bonds, was very close to the target asset allocation of 35:65 for equities and bonds.

During the course of 2005 investment management policy for the funds of VRG VI was converted from a mixed fund basis with a bonds-to-equities ratio of 55:45 to a value-at-risk approach. The process involves investing in European equities and in low-risk assets, with a defined worst-case loss limit, but also with the opportunity of benefiting from positive stock market performance. As of December 31, 2005 the fund was 44.7% invested in equities and 51.2% in bonds.

This asset allocation has in general enabled the Funds – except in years of extreme capital markets volatility – to achieve the target rates of return for the VRGs. The average return in 2005 was around 8.1%.

For 2006, defined benefit related contributions to the pension fund of EUR 1.8 mn are planned.

Projected **payments to beneficiaries** of defined benefit plans for 2006 to 2015 are as follows:

	Pensions
2006	64,399
2007	66,043
2008	67,940
2009	69,747
2010	71,499
2011–2015	370,726

Provisions for decommissioning and restoration
Changes in provisions for decommissioning and restoration and in capitalized decommissioning costs are shown in the table below. In the event of subsequent changes in estimated restoration costs only the effect of the change in present value is recognized in the period concerned. If the value increases, the increase is depreciated over the remaining useful life of the asset, and if it decreases, the decrease is deducted from capitalized asset value. During 2005 there was a significant increase in decommissioning and restoration costs – mainly in Austria – as a result of the introduction of stricter statutory regulations governing E&P activities.

EUR 1,000	Acquisition cost	Depreciation	Carrying value
Capitalized decommissioning costs			
January 1, 2005	**168,112**	**83,417**	**84,695**
Exchange differences	5,606	3,256	2,350
New obligations	16,919	—	16,919
Acquisitions and sales	(1,156)	(435)	(721)
Discontinued operations	(14,057)	(11,637)	(2,420)
Increase arising from revisions in estimates	78,836	—	78,836
Depreciation current period	—	21,044	(21,044)
Disposals current period	(1,143)	(663)	(480)
Reduction arising from revisions in estimates	(11,508)	—	(11,508)
December 31, 2005	**241,608**	**94,982**	**146,626**
Decommissioning and restoration			
January 1, 2005	**—**	**—**	**1,268,462**
Exchange differences	—	—	7,995
New obligations	—	—	16,919
Acquisitions and sales	—	—	225
Discontinued operations	—	—	(20,632)
Increase arising from revisions in estimates	—	—	78,836
Reduction arising from revisions in estimates	—	—	(80,161)
Accrued discounting (unwinding)	—	—	108,351
Repayments	—	—	(9,091)
December 31, 2005	**—**	**—**	**1,370,904**

The provision for restoration costs includes obligations in respect of Petrom amounting to EUR 997,121 thousand (2004: EUR 961,284 thousand). There is a corresponding claim against the Romanian State of EUR 327,445 thousand (2004: EUR 333,785 thousand), which is disclosed as a non-current asset under receivables and other assets.

Other provisions were as follows:

	2005		2004	
EUR 1,000	< 1 year	> 1 year	< 1 year	> 1 year
Environmental costs	401	92,396	300	80,155
Other personnel provisions	148,088	1,407	92,959	3,709
Accruals for goods and services not yet invoiced	99,701	—	30,716	—
Other	159,270	194,273	109,940	121,847
Total	**407,460**	**288,076**	**233,915**	**205,711**

Other personnel provisions include short-term costs of staff reductions amounting to EUR 104,046 thousand (2004: EUR 45,414 thousand) and provisions for unused vacation of EUR 26,095 thousand (2004: EUR 28,714 thousand). Other provisions contain current provisions for restoration costs of EUR 13,365 thousand (2004: —).

For 2005 the Group was by statutory notice allocated 3,714,849 **emissions certificates**, which were credited to the corresponding accounts with the responsible registries. There were no purchases or sales of emissions certificates during the year.

Provision has been made in individual subsidiaries' accounts for the shortfall of emissions certificates at December 31, 2005. Based on the market value of the certificates at that date, the amount of the provision was EUR 3,082 thousand.

EUR 1,000	Total	Short-term	2005 Long-term
Bonds	**1,175,628**	136,148	1,039,480
Interest-bearing financial liabilities	**650,927**	441,214	209,714
[thereof to non-banks]	**[2,306]**	[2,306]	[—]
[thereof to banks] [1]	**[648,621]**	[438,907]	[209,714]
Trade payables (short-term)	**1,471,610**	1,471,610	—
[thereof to Group companies]	**[513]**	[513]	[—]
[thereof to companies with which a participating relationship exists]	**[546]**	[546]	[—]
[thereof to associated companies]	**[125,448]**	[125,448]	[—]
Other liabilities	**858,394**	786,628	71,766
Liabilities from discontinued operations	**31,883**	31,883	—
Total	**4,188,443**	**2,867,483**	**1,320,960**

EUR 1,000	Total	Short-term	2004 Long-term
Bonds	**1,135,245**	—	1,135,245
Interest-bearing financial liabilities	**1,024,759**	453,271	571,488
[thereof to non-banks]	**[11,202]**	[1,911]	[9,291]
[thereof to banks] [1]	**[1,013,557]**	[451,361]	[562,197]
Trade payables (short-term)	**1,192,045**	1,192,045	—
[thereof to Group companies]	**[498]**	[498]	[—]
[thereof to companies with which a participating relationship exists]	**[31,006]**	[31,006]	[—]
Other liabilities	**912,922**	824,114	88,808
Total	**4,264,971**	**2,469,430**	**1,795,541**

[1] Amounts due to banks are secured by pledged securities of OMV Aktiengesellschaft and OMV Refining & Marketing GmbH amounting to EUR 16,333 thousand (2004: EUR 29,956 thousand).

Bonds issued were as follows:

	Amount	Coupon	Repayment	Carrying value Dec. 31, 2005 EUR 1,000	Carrying value Dec. 31, 2004 EUR 1,000
Domestic corporate bond [1]	EUR 250,000,000	3.75% fixed	June 30, 2010	250,143	250,000
US private placement [1]	USD 182,000,000	4.73% fixed	June 27, 2013	154,277	133,617
	USD 138,000,000	4.88% fixed	June 27, 2015	117,003	101,314
Convertible bond	EUR 549,978,467	1.50% fixed	Nov. 19, 2008	518,057	508,051
Petrom euro bond	EUR 125,000,000	11.63% fixed	Oct. 2, 2006	136,148	142,263
Total				**1,175,628**	**1,135,245**

[1] Derivatives (interest swaps) were used to convert the interest rates during 2005 from fixed to variable.

During 2004, 1,793,868 convertible bonds maturing on November 19, 2008 were issued (see Note 21). Holders are entitled to convert the bonds into common stock at par (1:10 after the stock split on July 11, 2005) from January 1, 2005 until November 19, 2008. During this period there are predetermined restricted periods during which conversion is not possible. From January 1, 2007 onwards the Company may redeem the convertible bond if the average stock market price exceeds 125% of the conversion price on 20 of the 30 trading days before notice of redemption is given. If the nominal value of the convertible bonds in circulation falls below 10% of the original issuing volume, the bonds may be redeemed at any time.

The issuing price (conversion price) in 2004 was EUR 306.60, resulting in total issue proceeds of EUR 550,000 thousand. In 2005 a total of 70 convertible bonds were converted into 700 shares. The effective interest rate of the convertible bond is 3.08%.

Interest-bearing financial liabilities

Some of the Group's interest-bearing debts to non-banks involve financial covenants, which relate mainly to adjusted equity ratios, cash flow from operating activities excluding interest income and expense and EBITDA (earnings before interest, tax, depreciation and amortization).

Interest-bearing debts – including bonds – have the following maturities:

EUR 1,000	**2005**		2004
Short-term loan financing	193,545		215,329
Short-term component of long-term loans	383,817		237,943
Total short term	**577,362**		**453,271**
Maturities of long-term loan financing		Maturities of long-term loan financing	
2006	383,817	2005	237,943
2007	21,311	2006	116,924
2008	520,838	2007	189,157
2009	51,221	2008	586,109
2010	264,543	2009	20,908
2011 and subsequent years	391,280	2010 and subsequent years	793,635
Total for 2007 onwards	**1,249,193**	**Total for 2006 onwards**	**1,706,733**

Break-down of interest-bearing debts and bonds by currency and interest rate:

	2005 EUR 1,000	Weighted average interest rate	2004 EUR 1,000	Weighted average interest rate
Long-term debt [1]				
Fixed rates				
BGN	—	—	26	11.00%
EUR	1,050,337	3.64%	1,196,588	3.64%
USD	271,280	4.79%	242,300	4.89%
Total	**1,321,617**		**1,438,914**	
Variable rates				
AUD	—	—	37,275	5.80%
EUR	217,883	3.02%	294,244	2.81%
GBP	560	8.30%	679	8.30%
NZD	67,419	7.96%	26,433	7.20%
ROL	—	—	327	—
USD	25,531	4.72%	146,804	3.39%
Total	**311,393**		**505,762**	
Short-term debt				
BGN	—	—	6,874	5.39%
CZK	1,231	2.36%	2,758	3.22%
EUR	171,323	2.44%	154,098	2.02%
HRK	4,953	5.26%	16,960	6.77%
HUF	18	6.23%	—	—
MYR	—	—	3,659	3.18%
SIT	11,566	4.14%	11,720	4.66%
USD	4,454	8.04%	19,260	7.41%
Total	**193,545**		**215,329**	

[1] Including short term components of long term loans.

At December 31, 2005 the unused short-term credit line amounted to EUR 159 mn (2004: EUR 334 mn) and the unused long-term credit line amounted to EUR 951 mn (2004: EUR 692 mn).

Other liabilities were as follows:

EUR 1,000	Total	Short-term	2005 Long-term
Trade payables (long-term)	**28,552**	—	28,552
Liabilities to Group companies	**27**	27	—
Liabilities to companies with which a participating relationship exists	**2,653**	2,653	—
Liabilities to associated companies	**9,400**	2,600	6,800
Other taxes	**534,485**	534,485	—
Social security	**18,240**	18,237	3
Liabilities from fair value recognition of derivatives	**5,574**	5,574	—
Payments received in advance	**49,392**	25,120	24,272
Other liabilities	**210,071**	197,932	12,139
Total	**858,394**	**786,628**	**71,766**

EUR 1,000	Total	Short-term	2004 Long-term
Trade payables (long-term)	**10,749**	—	10,749
Accounts payable	**98**	98	—
Liabilities to Group companies	**114**	114	—
Liabilities to companies with which a participating relationship exists	**8,943**	4,928	4,015
Other taxes	**496,539**	496,539	—
Social security	**15,333**	15,326	7
Liabilities from fair value recognition of derivatives	**38,583**	38,583	—
Payments received in advance	**103,763**	39,055	64,708
Other liabilities	**238,800**	229,471	9,329
Total	**912,922**	**824,114**	**88,808**

Deferred taxes 24

EUR 1,000	Deferred tax assets	Valuation allowance	Deferred tax assets	2005 Deferred tax liabilities
Intangible assets	16,862	—	16,862	2,910
Property, plant and equipment	100,322	6,087	94,235	424,782
Financial assets	23,245	—	23,245	9,174
Corporate income tax on deferred PRT assets	—	—	—	82
Inventories	4,044	1	4,043	51,521
Receivables and other assets	33,392	10,019	23,373	16,696
Untaxed reserves	—	—	—	30,055
Provisions for pensions and severance payments	83,430	5,007	78,423	771
Other provisions	141,506	27,733	113,773	4,797
Liabilities	160,899	1	160,898	1,708
Other deferred taxes not associated with balance sheet items	44,464	1,291	43,173	276,337
Tax loss carry-forwards	109,090	43,928	65,162	—
Total	**717,254**	**94,067**	**623,187**	**818,833**

EUR 1,000	Deferred tax assets	Valuation allowance	Deferred tax assets	2004 Deferred tax liabilities
Intangible assets	19,034	62	18,972	2,598
Property, plant and equipment	89,865	1,833	88,032	395,511
Financial assets	1,419	—	1,419	109,274
Deferred PRT assets	620	—	620	—
Corporate income tax on deferred PRT assets	—	—	—	248
Inventories	3,202	—	3,202	23,585
Receivables and other assets	9,710	226	9,484	9,665
Untaxed reserves	—	—	—	72,856
Provisions for pensions and severance payments	98,560	—	98,560	2,143
Other provisions	114,879	20,061	94,818	27,490
Liabilities	158,026	16	158,010	100,702
Other deferred taxes not associated with balance sheet items	37,486	699	36,787	120,193
Tax loss carry-forwards	119,607	39,886	79,721	—
Total	**652,408**	**62,783**	**589,625**	**864,265**

In general deferred taxes on the retained earnings of Group companies are only recognized where there is no possibility of tax-free transfers to the parent company as well as there is an expected future tax expense or earning associated with consolidation entries.

Deferred tax assets and liabilities in the same tax jurisdictions amounting to EUR 598,516 thousand (2004: EUR 545,234 thousand) have been netted in the balance sheet.

The Austrian Federal Government lowered the rate of corporate income tax from 34% to 25% with effect from January 1, 2005, which resulted in revaluation of all deferred tax balances in 2004. The effect of this change in tax rate on notional tax credits on temporary differences (including temporary differences charged directly to equity) and loss carry-forwards with a maturity of more than 1 year amounted to EUR 19,218 thousand at December 31, 2004.

At the end of 2005 **tax loss carry-forwards** amounted to EUR 357,107 thousand (2004: EUR 415,956 thousand). Eligibility of losses for carry-forward expires as follows:

EUR 1,000	**2005**		2004
		2005	21,101
2006	1,657	2006	13,904
2007	23,071	2007	35,819
2008	25,775	2008	39,199
2009	1,214	2009	22,089
2010	1,234	After 2009	16,250
After 2010	10,730	Unlimited	267,594
Unlimited	293,426		
Total	**357,107**	**Total**	**415,956**

Supplementary information on the financial position

Cash flow statement 25

Cash and cash equivalents include cash balances, bank accounts and highly liquid short-term investments with low realization risk, i.e., negligible short-term exchange and interest risks. The maximum maturity at the time of acquisition for such investments is three months. In 2004 additions to cash and cash equivalents of EUR 1,064,095 thousand forming part of the acquisition of Petrom are, under the terms of the purchase agreement, mainly earmarked for investments in Petrom. The cash balances of Amical Insurance Limited amounting to EUR 17,508 thousand (2004: EUR 19,089 thousand) are not freely disposable, as a result of the statutory provisions governing insurance. With respect to the bank balance in Tunisia, a currency transfer of EUR 32,142 thousand (2004: EUR 20,873 thousand) is subject to approval by the Tunisian National Bank.

EUR 1,000	**2005**	2004
Interest payments	(95,205)	(114,013)
Income tax payments	(333,921)	(227,329)
Dividend payments from associated companies	42,074	27,530

Group cash pooling comprises short-term financing of non-consolidated Group companies.

Contingent liabilities 26

OMV makes provisions against litigation that is likely to result in obligations. Executive board is of the opinion that litigation, to the extent not covered by provisions or insurance, will not materially affect the Group's financial position. The production facilities and properties of all Group companies are subject to a variety of environmental protection laws and regulations in the countries where they operate: Provisions are made for probable obligations arising from environmental protection measures. The Executive Board believes that compliance with current laws and regulations, and future more stringent laws and regulations, will not have a material negative impact on consolidated results in the next three years.

Disposals of subsidiaries in past years (Chemie Linz GmbH and PCD Polymere GmbH) have led to the Company's assuming liability for potential environmental risks. The total amount of these contingent liabilities is limited to EUR 101,740 thousand. As at balance sheet date no claims had arisen in consequence of the above disposals.

In connection with the sale of the PCD Group in 1998, call and put options expiring in 2017 have been arranged on real estate in Schwechat and Burghausen; exercise of the options would lead to an exchange of properties.

In relation to the disposal of shareholdings in AMI Agrolinz Melamine International GmbH and Polyfelt GmbH liabilities especially for environmental risks and open legal claims up to a maximum of 67.5% of the selling price, and EUR 20,000 thousand were assumed in 2005. The period of liabilities is limited with 60 respectively 36 months.

For oil and gas pipelines, provisions for decommissioning and restoration are made if an obligation exists at balance sheet date. In accordance with the going concern principle, no provisions have been made for contingent obligations in respect of decommissioning where the timing cannot be predicted.

There were the following **contingencies** at December 31, 2005:

EUR 1,000	**2005**	2004
Sureties	—	6,192
[thereof for Group companies]	[—]	[—]
Guaranties	80,876	107,330
[thereof for Group companies]	[—]	[11,410]
Notes payable	16,998	367
Other	4,929	4,683
Total	**102,803**	**118,572**
[thereof for Group companies]	[—]	[11,410]

The guaranties are bank guaranties used to cover liabilities in excess of those customary in the industry and relate to acquisitions to the value of EUR 75,430 thousand.

Notes payable in the amount of EUR 16,813 thousand relate to Petrom whereas maturities of less than a year amounted to EUR 5,245 thousand and maturities between one and five years to EUR 11,568 thousand.

27 Derivative instruments

Derivative instruments are only used to manage risks resulting from changes in interest rates, currency exchange rates and commodity prices.

The initial recognition of derivatives are effected as soon as the agreements become contractually binding, i.e., when the rights and obligations arise. They are derecognized when the contractual rights and obligations lapse or are transferred.

Commodity price risk management
Financial instruments are used to hedge the main industry risks associated with price volatility – such as the highly negative impact of low oil prices on revenues – in accordance with an internal corporate guideline on the management of commodity risk.

OMV uses a portfolio model for commodity risk management so as to ensure that sufficient cash flow is available to finance growth and to maintain a strong investment grade credit rating.

OMV chiefly uses put options, put spreads and call/put spreads to lock in the earnings of the E&P segment, and collars to hedge the refining margin. These arrangements are concluded with top quality banks on an over the counter basis for periods of between one and two years.

In the R&M segment limited use is made of derivative instruments both to stabilize earnings and to minimize exposure to price risks on inventory fluctuations. Swaps and collars are used to hedge the refining margin – the difference between the price of crude and bulk product prices. Gains and losses on hedging transactions are included in production costs.

Exchange-traded oil futures and over-the-counter-contracts (OTC; contracts for difference) are occasionally used to hedge short-term market price risks in Supply and Trading. Gains and losses on hedging transactions are allocated to R&M.

Swaps and collars do not involve an investment at the time of the contract: Settlement normally takes place at the end of the quarter. The premiums on put options are payable when the contract is concluded. Where options are exercised, payment of the difference between strike price and average market price for the period takes place at contract expiration.

Open contracts at December 31, 2005 were as follows:

EUR 1,000	2005 Nominal	2005 Fair value	2004 Nominal	2004 Fair value
Commodity futures	67,533	(1,744)	—	—
Commodity put spreads	—	—	161,263	556
Commodity put options	432,208	141	—	—
Commodity swaps	339,030	(3,491)	32,253	(12,536)
Refining margin collars	—	—	96,505	(24,895)
Refining margin swaps	—	—	72,538	634

Foreign exchange risk management
OMV operates in many countries and currencies, hence industry-specific activities and the corresponding exchange risks must be precisely analyzed.

The USD represents the greatest risk exposure, in form of movement of the USD against the EUR and the RON. Other currencies have only a limited impact on cash flow and EBIT.

The transaction risk on USD cash flows is monitored continually, and the Group's long/short net position and sensitivity is calculated at least annually. This analysis shows a long position in E&P and a balanced position in refining, since the main products are quoted in USD and movements in the dollar exchange rate are reflected in the euro prices of these products. This analysis provides the basis for management of transaction risks on currencies.

At December 31, 2005 the nominal value of transactions hedging USD receivables risk and transactions used to manage liquidity was as follows:

EUR 1,000	Nominal	Fair value
Currency forwards	223,107	769

At December 31, 2004 the nominal value of transactions hedging USD receivables risk and transactions used to manage liquidity was as follows:

EUR 1,000	Nominal	Fair value
Currency forwards	7,647	(114)
Currency swaps	101,678	(981)
Currency options	15,417	(57)

Interest rate management
To facilitate management of interest rate risk, OMV's liabilities are analyzed in terms of fixed and variable rate borrowings, currencies and maturities. Appropriate ratios for the various categories are established, and derivative instruments are used to correct fluctuations exceeding the permitted limits.

Interest rate swaps are used to convert variable rate debt into fixed rate debt, and vice versa. In the fourth quarter of 2005 EUR 100 mn and USD 50 mn were thus swapped from fixed to variable rates. The spread between the swap and the loan is accounted for as an adjustment to interest expense.

At December 31, 2005 there were open positions as follows:

EUR 1,000	Nominal	Fair value
Interest rate swaps	142,402	169
Swaptions	21,200	(48)

Interest rate swaps were used to hedge the fair value of bonds issued by OMV Group (see Note 23) and recognized in profit or loss in accordance with IAS 39. The effective part, amounting to EUR 168 thousand, was treated as an adjustment to the carrying value of the bonds.

At the end of 2004 there were no open positions.

Credit risk management
The main counterparty credit risks are assessed and monitored at Group level using pre-defined limits for specific countries, banks and business partners. Contracts involving financial instruments are only entered into with counterparties with top grade credit ratings. In the interests of risk diversification, financial agreements are always concluded with a number of different banks.

Investment risk
To hedge medium-term investments the following instruments were used by external fund managers:

EUR 1,000	Nominal	Fair value
Stock index futures	10,868	51
Euro Bund futures	5,119	27

28 Fair value of financial items

Estimates of fair value at balance sheet date, discussed below, are normally based on the market information available. The fair value of other financial assets and securities and investments is calculated primarily on the basis of quoted market prices. Where no quoted price and no present value can be established, the determination of a fair value is not feasible.

The book values of accounts receivable and other assets and cash in hand, checks and cash at bank are reasonable estimates of their fair values, as the assets in question generally have maturities of less than 1 year.

The fair value of financial liabilities, for which market prices are not available, was established by discounting future cash flows using the interest rates prevailing at balance sheet date for similar liabilities with like maturities.

The carrying values of tax provisions and other current provisions is the same as their fair value. The fair value of non-current provisions is not considered to differ materially from their carrying value.

The carrying value of other liabilities is effectively the same as their fair value, because they are predominantly short-term.

The fair value of derivative financial instruments corresponds to their market value.

		2005		2004
Balance sheet presentation EUR 1,000	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Other financial assets	1,586,964	1,532,237	946,046	863,820
Estimate of fair value feasible	1,532,237	1,532,237	863,820	863,820
Not feasible	54,727	—	82,226	—
Receivables and other assets (not including derivatives)	2,338,112	2,338,112	2,084,675	2,084,675
Derivatives	1,369	1,369	1,190	1,190
Interest rate swaps	187	187	—	—
Forward exchange contracts	816	816	—	—
Put options	141	141	556	556
Refining margin swaps	—	—	634	634
Commodity swaps	225	225	—	—
Securities and investments	1,337	—	1,021	—
Estimate of fair value feasible	—	—	—	—
Not feasible	1,337	—	1,021	—
Cash in hand and cash at bank	1,951,262	1,951,262	1,466,532	1,466,532
Bonds and financial liabilities	1,826,555	—	2,160,004	2,237,047
Fixed rates	1,321,617	1,686,912	1,438,913	1,504,534
Variable rates	504,938	504,938	721,091	732,513
Tax and other provisions (not including other personnel provisions)	817,864	817,864	457,354	457,354
Other liabilities (not including derivatives)	2,324,769	2,324,769	2,066,440	2,066,440
Derivatives	5,574	5,574	38,526	38,526
Forward exchange contracts	49	49	114	114
Foreign currency swaps	—	—	981	981
Commodity futures	1,743	1,743	—	—
Commodity swaps	3,715	3,715	12,536	12,536
Currency swaptions	48	48	—	—
Interest rate swaps	19	19	—	—
Refining margin collars	—	—	24,895	24,895

On the basis of resolutions of the relevant Annual General Meetings the company has, starting in 2000, implemented long-term performance oriented compensation plans for the Executive Board and selected senior executives in the Group. The executives in question – provided they invest in OMV shares – are granted options entitling them to acquire OMV shares (or the monetary equivalent of such rights) on favorable terms as soon as the stock price has risen by at least 15%.

In following explanations the numbers of options and the values for the years 2001 to 2004 have been adjusted to the stock split by the ratio of 1:10 on July 11, 2005.

At the times the options were granted, details of the plans were as follows:

Main conditions	**2005 plan**	2004 plan	2003 plan	2002 plan	2001 plan
Start of plan	Sep. 1, 2005	Sep. 1, 2004	Sep. 1, 2003	Jul. 1, 2002	Jul. 1, 2001
End of plan	Aug. 31, 2012	Aug. 31, 2011	Aug. 31, 2008	Jun. 30, 2007	Jun. 30, 2006
Vesting period	2 years	2 years	2 years	2 years	2 years
Exercise price	EUR 34.70	EUR 16.37	EUR 10.40	EUR 10.09	EUR 10.39
Option entitlement per OMV share held	20	15	15	10	10
Qualifying own investment					
Executive Board	2,390 shares [1]	3,980 shares [1]	5,600 shares [1]	5,950 shares [1]	4,200 shares
Senior executives	800 shares [1]	1,330 shares [1]	1,860 shares [1]	1,990 shares [1]	1,400 shares
Options granted					
Executive Board members					
Davies	47,800	59,700	84,000	59,500	—
Langanger	47,800	59,700	84,000	44,600	—
Roiss	47,800	59,700	84,000	59,500	42,000
Ruttenstorfer	47,800	59,700	84,000	59,500	42,000
Total – Executive Board	**191,200**	**238,800**	**336,000**	**223,100**	**84,000**
Former Executive Board members					
Peyrer-Heimstätt	—	—	—	—	42,000
Schenz	—	—	—	—	42,000
Total – former Executive Board members	**—**	**—**	**—**	**—**	**84,000**
Other senior executives	532,000	504,300	286,050	134,300	252,000
Total options granted	**723,200**	**743,100**	**622,050**	**357,400**	**420,000**
Plan threshold – share price	EUR 39.91	EUR 18.82	EUR 11.96	EUR 11.60	EUR 11.95

[1] or 25%, 50%, or 75% thereof

At balance sheet date the plans 2001 and 2002 have been exercised completely and plan 2003 partly.
Participation in the stock option plans is subject also to the following terms and conditions:

1. Eligibility to participate in the stock option plans is conditional an investment by the participant, who must hold the shares at the start of the plan and throughout the entire period until exercise.
2. For all plans, the number of shares participants are required to hold is calculated by dividing the maximum permitted investment by the average quoted price of the stock in the month of May in the year of issue. Under the 2002, 2003, 2004 and 2005 plans, options may also be exercised at levels of 25%, 50% or 75% of the maximum holding.
3. In the event of participants' disposing of their underlying investments, the options are forfeited. The options are not transferable and expire if not exercised.
4. The exercise price for the 2000, 2001 and 2002 plans is the average price for the month of May in the year of issue, and for the 2003, 2004 and 2005 plans, and the average price for the period from May 20 to August 20.

5. Provided that the plan thresholds are attained, the options may be exercised in the exercise period for the 2001, 2002, 2003 and 2004 plans during the 20 trading days after publication of the quarterly reports (exercise window). There are no exercise windows or periods in which options may not be exercised for the 2005 plan subject to the following criteria:
   Options may not be exercised
   - if the participant is party to insider information
   - during the blackout period specified in the Issuers Compliance Regulation (six weeks before scheduled publication of the year end report, three weeks before publication of the quarterly report or any other restricted periods defined by compliance officers)
   - if the Executive Board forbids the exercise for a specific period
6. Evidence of the participant's underlying investment must be furnished when exercising an option. The options may be exercised by purchasing the shares or by having the difference between the current market price and the exercise price paid out in cash or in the form of shares, provided always that the market price of OMV stock at the time of exercise exceeds the exercise price by at least 15%.

Movements in options under the stock option plans for financial 2005 and 2004 were as follows:

	2005		2004	
	Options numbers	Weighted average exercise price in EUR	Options numbers	Weighted average exercise price in EUR
Outstanding options – January 1	**1,516,350**	**13.297**	**1,297,050**	**10.251**
Options granted	723,200	34.700	743,100	16.368
Options exercised	(479,400)	10.309	(523,800)	10.113
Options forfeited	—	—	—	—
Outstanding options – December 31	**1,760,150**	**22.904**	**1,516,350**	**13.297**
Options exercisable at year end	293,850	10.404	151,200	10.102

During 2005, 479,400 options granted under the 2001, 2002 and 2003 plans were exercised. In the case of 453,200 options the difference between the current share price and the exercise price was paid; the amount due in respect of 450 options was paid in shares. For 26,200 shares the options were exercised through the purchase of shares. The weighted average market price at the time of exercise in 2005 was EUR 43.18. The intrinsic value of the options exercisable at December 31, 2005 was EUR 11,488 thousand.

During 2004, 523,800 options granted under the 2000, 2001 and 2002 plans were exercised. In all cases the difference between the current share price and the exercise price was paid; the amount due in respect of 33,300 options was paid in shares. The weighted average market price at the time of exercise in 2004 was EUR 16.49 per share. The intrinsic value of the options exercisable at December 31, 2004 was EUR 1,825 thousand.

Exercise of options by plan participants:

	2005		2004	
	Options exercised	Average exercise price in EUR	Options exercised	Average exercise price in EUR
Executive Board members				
Davies	59,500	10.090	—	—
Langanger	—	—	44,600	10.090
Roiss	110,200	10.329	75,300	10.258
Ruttenstorfer	59,500	10.090	42,000	10.392
Total – Executive Board	**229,200**	**10.205**	**161,900**	**10.247**
Former Executive Board members				
Schenz	—	—	42,000	10.392
Total – former Executive Board members	**—**	**—**	**42,000**	**10.392**
Other senior executives	250,200	10.404	319,900	10.090
Total options exercised	**479,400**	**10.309**	**523,800**	**10.113**

Compensation expense arising from the exercise of options, which was reported under personnel expenses, amounted to EUR — (2004: EUR 415 thousand) for the 2000 plan, EUR 199 thousand (2004: EUR 1,135 thousand) for the 2001 plan, EUR 4,296 thousand (2004: EUR 1,784 thousand) for the 2002 plan and EUR 11,265 thousand (2004: EUR —) for the 2003 plan.

As of December 31, 2005 **outstanding options** under the various plans were as follows (Numbers for the years 2001 – 2004 have been adjusted to the stocksplit by the ratio of 1:10 in 2005):

Plan	Exercise price in EUR	Options outstanding	Remaining maturity (years)	Options exercisable at year end
2003	10.404	293,850	2.7	293,850
2004	16.368	743,100	5.7	—
2005	34.700	723,200	6.7	—
		1,760,150		**293,850**

The options are valued using the Black-Scholes model. The expected volatility of the shares has been calculated on the basis of the volatility of the past three years. The possibility of earlier exercise is reflected in the risk-free interest rate selected, based on rates prevailing at balance sheet date.

The fair value as of December 31, 2005 is calculated on the basis of the options still outstanding. Assuming that the conditions for exercise are fulfilled during the exercise period, the fair value of the stock option plans is as follows:

Valuation as of Dec. 31, 2005	**2005 plan**	2004 plan	2003 plan	2002 plan	2001 plan
Market value of plan EUR 1,000	**13,639**	**22,141**	**10,825**		
Calculation variables					
Market price of stock in EUR	49.50	49.50	49.50	Exercised	Exercised
Risk-free rate of return	3.270%	3.223%	3.009%		
Maturity of options (including vesting period)	6.7 years	5.7 years	2.7 years		
Average dividend yield	2.4%	2.4%	2.2%		
Share price volatility	30%	30%	30%		

Provision is made for the expected future cost of options based on fair values at balance sheet date. For new plans, the expense is spread over the two-year vesting period. At December 31, 2005 the provision was EUR 27,868 thousand (2004: EUR 7,264 thousand).

Segment reports

Business operations and key markets 30

OMV Group is divided into four operating segments: Exploration and Production (E&P), Refining and Marketing including petrochemicals (R&M), Gas and Chemicals. The operations of Petrom, acquired towards the end of 2004, are also treated as a business segment. Group management, financing activities and certain service functions are concentrated in the Corporate and Other (Co&O) segment. The sale of 50% of the shares in AMI Agrolinz Melamine International GmbH to International Petroleum Investment Company (IPIC), Abu Dhabi, has meant that Chemicals has ceased to be consolidated as of the end of the half-year.

The Group's involvement in the oil and gas industry, by its nature, exposes it to certain risks. These include political stability, economic conditions, changes in legislation or fiscal regimes, as well as other operating risks inherent in the industry. A variety of measures are used to manage these risks.

Apart from the integration of the Group's upstream and downstream operations, and the policy of maintaining a balanced portfolio of OECD and non-OECD assets in the E&P segment, the main instruments used are operational in nature. There is a Group-wide environmental risk reporting system in operation, designed to identify existing and potential obligations and to enable timely action to be taken. Insurance and taxation are also dealt with on a Group-wide basis. OMV maintains information on the political situation in all the countries in which it operates.

Regular surveys are undertaken across the Group to identify current litigation and pending court and administrative proceedings.

Business decisions of fundamental importance are made by the Executive Board of OMV. The business segments are independently managed, as each represents a strategic unit with different products and markets.

E&P activities are mainly focused on Albania, Australia, Austria, Iran, Ireland, Libya, New Zealand, Pakistan, Tunisia, the UK and Yemen. During 2005 assets in Australia were sold. Completion of the sales – for which the contracts have already been signed – of further E&P assets in Qatar and Ecuador is expected in 2006.

R&M operates two refineries, in Schwechat and Burghausen, and has a 45% interest in BAYERNOIL Raffinerie- gesellschaft mbH (third-party processing refineries). It is a powerful presence in the retail and commercial businesses in its main markets – Austria and Central and Eastern Europe. OMV and International Petroleum Investment Company (IPIC) have purchased 50% of the shares in Borealis A/S from Statoil, the Norwegian oil and gas company. OMV and IPIC are now 100% owners of Europe's second largest polyolefin producer, with OMV holding 35% and IPIC 65%. The 35% stake in Borealis A/S is consolidated at equity. In view of the acquisition of Petrom, OMV's 25% stake in the Romanian refinery, Rompetrol, has been disposed of, and the 100% subsidiary, Polyfelt, has been sold to Royal Ten Cate in the Netherlands.

The **Gas** segment is strongly established in the trans-European gas transit business and in gas importing and storage. OMV is the sole operator of long-distance gas transmission pipelines in Austria. EconGas GmbH is a joint venture with a number of regional gas distribution companies. It was launched in 2002 in response to gas market liberalization, and OMV Gas GmbH has a 50% interest in it. The participating companies have merged their gas wholesaling and distribution activities into EconGas GmbH which has been the first player in the European gas market to target business customers.

The newly established **Petrom** segment comprises the activities of Petrom Group. Similar to OMV, Petrom is a vertically integrated oil company, operating chiefly in Romania but also in Kazakhstan (upstream) and in Hungary and Moldova (downstream). Petrom is Romania's largest oil and gas company. Before 1990 the oil and gas industry was a state monopoly. Petrom came into being when the oil and gas industry was liberalized, and from September 3, 2001, it was listed on the Bucharest Stock Exchange as a partially privatized company. Petrom's operating activities are divided into two areas, exploration and production, and refining and marketing. It is planned to integrate Petrom's activities into OMV's operations starting in 2006. Petrom's gas activities which were reported in Exploration and Production in 2005, are to be included in OMV's Gas segment.

The key figure of operating performance for the Group is earnings before interest and tax (EBIT). In compiling the segment results, business activities with similar characteristics have been aggregated. Intra-Group sales and cost allocations by the parent company are determined in accordance with internal OMV policies. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices. Business transactions not attributable to operating segments are included in the results of the **Corporate and Other** segment.

OMV Group's **primary segment reporting** is based on business segments:

EUR mn		E&P	R&M	Gas	Chemicals	Petrom	Co&O	Total	Consolidation	**Consolidated total**
Sales [1]	**2005**	1,369.71	11,958.10	803.46	203.58	3,010.22	200.57	17,545.64	(1,965.94)	**15,579.70**
	2004	982.79	8,384.52	736.31	393.11	—	160.93	10,657.66	(828.87)	**9,828.79**
Intra-Group sales	**2005**	(973.98)	(482.79)	(7.41)	(0.52)	(309.28)	(191.96)	(1,965.94)	1,965.94	**—**
	2004	(658.92)	(6.32)	(9.91)	(0.86)	—	(152.86)	(828.87)	828.87	**—**
Sales with third parties	**2005**	395.73	11,475.31	796.05	203.06	2,700.94	8.61	15,579.70	—	**15,579.70**
	2004	323.87	8,378.20	726.40	392.25	—	8.07	9,828.79	—	**9,828.79**
EBIT [2]	**2005**	793.92	607.09	66.61	3.64	580.93	(99.03)	1,953.16	5.21	**1,958.37**
	2004	459.75	478.46	73.15	14.95	—	(32.46)	993.85	(18.88)	**974.97**
Assets	**2005**	1,525.77	4,843.23	467.74	—	4,002.24	85.23	10,924.21	—	**10,924.21**
	2004	1,428.29	4,212.36	333.24	543.17	3,561.20	76.87	10,155.13	—	**10,155.13**
Investments in PPE/IA	**2005**	313.41	459.69	30.17	9.86	465.20	17.18	1,295.51	—	**1,295.51**
	2004	171.74	465.04	19.15	63.42	1,504.85	19.93	2,244.13	—	**2,244.13**
Investments in associated companies	**2005**	—	676.38	125.72	—	17.91	61.69	881.70	—	**881.70**
	2004	—	478.23	110.02	—	15.39	—	603.64	—	**603.64**
Assets held for sale	**2005**	81.19	—	—	—	—	—	81.19	—	**81.19**
	2004	—	—	—	—	—	—	—	—	**—**
Liabilities	**2005**	837.58	2,083.58	429.73	—	1,675.67	367.32	5,393.88	—	**5,393.88**
	2004	760.72	1,801.12	274.84	174.40	1,441.18	428.62	4,880.88	—	**4,880.88**
Depreciation and amortization	**2005**	164.60	215.04	9.75	20.44	256.90	15.05	681.78	—	**681.78**
	2004	166.02	202.27	10.05	28.49	—	13.91	420.74	—	**420.74**
Impairment losses	**2005**	33.79	49.29	—	—	29.12	—	112.20	—	**112.20**
	2004	45.93	12.90	0.25	—	—	0.15	59.23	—	**59.23**
Result from associated companies [3]	**2005**	—	60.60	36.24	—	3.19	1.71	101.74	—	**101.74**
	2004	—	51.04	24.88	—	—	—	75.92	—	**75.92**
Net income from discontinued operations	**2005**	13.79	(1.79)	—	23.99	—	—	35.99	—	**35.99**
	2004	—	—	—	—	—	—	—	—	**—**

[1] Sales revenues excluding petroleum tax, including sales with other segments. [2] See consolidated income statement for reconciliation of EBIT to net income for the year. [3] see Note 8

Details of the **secondary segments** were as follows:

EUR mn		Austria	Germany	Rest of EU [3]	CEE [4]	Rest of Europe [5]	Rest of world [6]	Total	Consolidation	**Consolidated total**
Sales [1]	**2005**	5,463.68	3,611.79	2,913.99	3,978.07	823.20	754.91	17,545.64	(1,965.94)	**15,579.70**
	2004	4,439.52	3,005.48	2,115.25	533.09	151.15	413.17	10,657.66	(828.87)	**9,828.79**
Intra-Group sales	**2005**	(763.37)	—	—	(309.29)	(494.18)	(399.10)	(1,965.94)	1,965.94	**—**
	2004	(685.47)	—	(0.16)	—	(17.51)	(125.73)	(828.87)	828.87	**—**
Sales with third parties	**2005**	4,700.31	3,611.79	2,913.99	3,688.78	329.02	355.81	15,579.70	—	**15,579.70**
	2004	3,754.05	3,005.48	2,115.09	533.09	133.64	287.44	9,828.79	—	**9,828.79**
EBIT [2]	**2005**	527.43	284.58	99.65	584.42	(1.40)	458.48	1,953.16	5.21	**1,958.37**
	2004	471.37	167.24	62.48	(4.08)	9.26	287.58	993.85	(18.88)	**974.97**
Assets	**2005**	2,994.34	1,405.38	1,037.54	4,262.61	225.56	998.78	10,924.21	—	**10,924.21**
	2004	2,879.95	1,352.46	1,064.50	3,752.22	110.53	995.47	10,155.13	—	**10,155.13**
Investments in PPE/IA	**2005**	433.85	112.03	76.21	460.66	0.06	212.70	1,295.51	—	**1,295.51**
	2004	354.38	83.34	170.94	1,556.69	0.13	68.65	2,244.13	—	**2,244.13**

[1] Sales revenues excluding petroleum tax, including sales with other segments [2] See consolidated income statement for reconciliation of EBIT to net income for the year. [3] Rest of EU: Hungary, Czech Republic, Slovakia, Slovenia, UK, Ireland, Italy [4] CEE: Romania, Bulgaria, Croatia, Serbia-Montenegro, Bosnia and Herzegovina, Albania [5] Rest of Europe: Switzerland, Isle of Man [6] Rest of world consists mainly of Kazakhstan, Libya, Pakistan, Tunisia, Australia and New Zealand, Venezuela, Yemen, Iran.

Other information

32 Average number of employees

	2005	2004
OMV Group not including Petrom	6,090	6,232
Petrom	49,543	51,005
Total Group [1]	**55,633**	**57,237**

[1] The figure 2004 for Petrom refers to the status as of December 31, 2004.

33 Related parties

Under IAS 24, details of relationships with related parties and related enterprises not included in consolidation must be disclosed. Enterprises and individuals are considered to be related if one party is able to control or exercise significant influence over the business of the other. In 2005 there were material supplies of goods and services by the Group to associated companies Borealis A/S, Oberösterreichische Ferngas AG, EconGas GmbH, and AMI Agrolinz Melamine International GmbH.

Related enterprises	Sales		Receivables	
EUR mn	**2005**	2004	**2005**	2004
Borealis A/S	649.39	596.48	78.41	58.75
Oberösterreichische Ferngas AG	4.23	3.92	6.89	0.83
EconGas GmbH	99.04	51.59	194.59	104.46
AMI Agrolinz Melamine International GmbH	1.48	—	0.22	—
Total	**754.14**	**651.99**	**280.11**	**164.04**

At balance sheet date the liabilities from trade to BAYERNOIL Raffineriegesellschaft mbH were EUR 66.17 mn (2004: EUR 40.57 mn) and the total liabilities to GWH Gas- und Warenhandelsgesellschaft mbH were EUR 40.92 mn (2004: EUR 22.09 mn). As of December 2005 the liabilities to EconGas GmbH amounted to EUR 14.07 mn (2004: EUR 1.62 mn).

At balance sheet date there was a loan to IOB Holding A/S of EUR 73.45 mn outstanding (2004: EUR 71.95 mn), and to BAYERNOIL Raffineriegesellschaft mbH of EUR 54.00 mn (2004: EUR 54.00 mn).

In 2005 the **total remuneration of the Executive Board** of OMV Aktiengesellschaft amounted to EUR 11,233 thousand (2004: EUR 4,492 thousand), of which EUR 3,719 thousand (2004: EUR 3,191 thousand) represented basic remuneration, EUR 381 thousand (2004: EUR 294 thousand) pension contributions, benefits in kind and expenses, and EUR 7,132 thousand (2004: EUR 1,007 thousand) the costs of the exercise of stock options.
In 2005 performance-related compensation amounted to 435% (2004: 135%) of basic remuneration, and other compensation to 19% (2004: 16%).

The compensation (excluding benefits in kind, expenses, pension fund contributions and stock options) of individual Board members was as follows:

EUR 1,000	**2005**	2004
Davies	831	648
Langanger	847	768
Roiss	963	845
Ruttenstorfer	1,079	930

Compensation of former members of the Executive Board and their surviving dependants amounted to EUR 1,106 thousand (2004: EUR 1,249 thousand).

In 2005 the total remuneration of 30 senior executives (2004: 26) amounted to EUR 28,752 thousand (2004: EUR 13,036 thousand). Of which basic remuneration, such as salaries, provisions for unused vacation and bonuses was EUR 8,165 thousand (2004: EUR 6,996 thousand). The expenses for pension fund contributions for this group amounted to EUR 712 thousand (2004: EUR 659 thousand). The expenses for severance benefits were EUR 793 thousand (2004: EUR 1,095 thousand); the other long term expenses amounted to EUR 24 thousand (2004: EUR 659 thousand). Stock options to the value of EUR 8,629 thousand (2004: EUR 2,151 thousand) were exercised, and additions to provisions for stock option plans for the Executive Board and senior executives amounted to EUR 20,604 thousand (2004: EUR 5,936 thousand).

Members of the Supervisory Board received a total of EUR 517 thousand for their activities (2004: EUR 216 thousand).

Direct and indirect investments of OMV Aktiengesellschaft 34

	Parent company	Equity interest in %	Type of consolidation [1]
Exploration and Production			
OMV (ALBANIEN) Adriatic Sea Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (ALBANIEN) offshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (ALBANIEN) onshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV AUSTRALIA PTY LTD., Perth (OAUST)	OMV	100.00	C
OMV Austria Exploration & Production AG, Gänserndorf (OEPA)	OMVEP	100.00	C
OMV (BAYERN) Exploration GmbH, Vienna	OEPA	100.00	C
OMV (Bulgaria) Offshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV Exploration & Production GmbH, Vienna (OMVEP)	OMV	100.00	C
OMV EXPLORATION & PRODUCTION LIMITED, Douglas	OMVEP	100.00	C
OMV (FAROE ISLANDS) Exploration GmbH, Vienna	OMVEP	100,00	C
OMV (IRAN) onshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (IRELAND) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV New Zealand Ltd., Wellington (NZEA)	OMVEP	100.00	C
OMV (NORGE) AS, Oslo	OMVEP	100.00	NC
OMV OF LIBYA LIMITED, Douglas	OMVEP	100.00	C
OMV Oil and Gas Exploration GmbH, Vienna	OMVEP	100.00	C
OMV Oil Exploration GmbH, Vienna	OMVEP	100.00	C
OMV Oil Production GmbH, Vienna (OILP)	OMVEP	100.00	C
OMV (PAKISTAN) Exploration Gesellschaft m.b.H., Vienna	OMVEP	100.00	C
OMV Petroleum Exploration GmbH, Vienna	OMVEP	100.00	C
OMV Petroleum Pty Ltd., Perth	OAUST	100.00	C
OMV Proterra GmbH, Vienna	OEPA	100.00	C
OMV (RUSSLAND) Exploration & Production GmbH, Vienna	OMVEP	100.00	C
OMV (SUDAN BLOCK 5B) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (SUDAN) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (Tunesien) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (Tunesien) Production GmbH, Vienna (OTNPR)	OMVEP	100.00	C
OMV (U.K.) Limited, London	OMVEP	100.00	C
OMV (YEMEN) Al Mabar Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (Yemen Block S2) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (YEMEN) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (YEMEN) South Hood Exploration GmbH, Vienna	OMVEP	100.00	C
PEI 3 Verwaltungs GmbH i.L, Düsseldorf	OTNPR	100.00	NC
PEI Venezuela Gesellschaft mit beschränkter Haftung, Düsseldorf	OMVEP	100.00	C
Petroleum Infrastructure Limited, Wellington	NZEA	100.00	NC
Preussag Energie International GmbH, Lingen	OMVEP	100.00	C
Repsol Inco AG, Zug	OILP	30.00	NAE
van Sickle Gesellschaft m.b.H., Neusiedl/Zaya	OEPA	100.00	C
Refining and Marketing including petrochemicals			
Abu Dhabi Petroleum Investments LLC, Abu Dhabi	OMVRM	25.00	NAE
Adria-Wien Pipeline Gesellschaft m.b.H., Klagenfurt	OMVRM	69.50	C
Aircraft Refuelling Company GmbH, Vienna	OMVRM	33.33	NAE
AUSTRIA Mineralöl GmbH, Vienna (AUS)	OMVRM	100.00	C
Autobahn-Betriebe Gesellschaft m.b.H., Vienna	OMVRM	47.20	NAE
BAYERNOIL Raffineriegesellschaft mbH, Ingolstadt	OMVD	45.00	AC
Borealis A/S, Lyngby	BORA	100.00	AE
BSP Bratislava-Schwechat Pipeline GmbH, Vienna	OMVRM	26.00	NAE
Colpack Austria Brennstoffhandel GmbH, Vienna	OMVRM	50.00	AE
Deutsche Transalpine Oelleitung GmbH, Munich	OMVD	25.00	AE
DUNATAR Köolajtermék Tároló és Kereskedelmi Kft., Budapest	OHUN	48.28	NAE
Erdöl-Lagergesellschaft m.b.H., Lannach	OMVRM	55.60	AE[1]
GENOL Gesellschaft m.b.H., Vienna	OMVRM	29.00	NAE
GENOL Gesellschaft m.b.H. & Co, Vienna	OMVRM	29.00	AE
HOFER Mineralölvertrieb GmbH, Wilfersdorf	AUS	70.00	NC
INTEROIL d.o.o., Srebrenik	OMVRM	100.00	C
OMV Bayern GmbH, Burghausen	OMVD	100.00	C
OMV BiH Ltd. Trade in Oil and Gas Derivatives, Sarajevo	OMVRM	100.00	C
OMV Bulgarien EOOD Einmanngesellschaft mbH, Sofia	OMVRM	100.00	C
OMV Ceská republika, s.r.o., Prag	OMVRM	100.00	C
OMV Croatia d.o.o., Zagreb	OMVRM	100.00	C
OMV Deutschland GmbH, Burghausen (OMVD)	OMVRM	90.00	
	OMV	10.00	C
OMV Hungária Asványolaj Kft., Budapest (OHUN)	OMVRM	100.00	C
OMV – International Services Ges. m.b.H., Vienna	OMVRM	100.00	C
OMV Italia S.r.l., Verona	OMVRM	100.00	C
OMV – JUGOSLAVIJA d.o.o., Belgrade,	OMVRM	100.00	C
OMV Refining & Marketing GmbH, Vienna (OMVRM)	OMV	100.00	C
OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o., Koper	OMVRM	92.25	C

	Parent company	Equity interest in %	Type of consolidation [1]
OMV Slovensko, s.r.o., Bratislava (OSLO)	OMVRM	100.00	C
OMV Supply & Trading AG, Zug	OMVRM	100.00	C
OMV TRADING SERVICES LIMITED, London	OMVRM	100.00	NC
OMV Viva Kereskedelmi és Szolgàltatàsok Kft., Budapest	OHUN	96.67	NC
Petrochemie Holding GmbH, Vienna (BORH)	OMVRM	100.00	C
Petrochemie Sub-Holding GmbH, Vienna (BORA)	BORH	35.00	AE
Routex B.V., Amsterdam	OMVRM	26.67	NAE
SC OMV Romania Mineraloel s.r.l., Bucharest	OMVRM	100.00	C
Societa Italiana l'Oleodotto Transalpino S.p.A., Trieste	OMVRM	25.00	AE
SuperShop Marketing GmbH, Budapest	OHUN	50.00	NAE
TGN Tankdienst-Gesellschaft Nürnberg GbR, Nürnberg	OMVD	33.33	NAE
Transalpine Ölleitung in Österreich Gesellschaft m.b.H., Innsbruck	OMVRM	25.00	AE
VIVA International Marketing- und Handels GmbH, Vienna	OMVRM	100.00	C
WÄRME-ENERGIE VORARLBERG Beratung- und Handels GmbH, Lustenau	OMVRM	79.67	C
Gas			
ADRIA LNG STUDY COMPANY LIMITED, Valletta	OGG	28.37	NAE
AGCS Gas Clearing and Settlement AG, Vienna	OGG	23.13	
	OOEFG	5.63	NAE
AGGM Austrian Gas Grid Management AG, Vienna	OGG	100.00	C
Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H., Vienna	OGG	51.00	AE[1]
Central European Gas Hub GmbH, Vienna	OGG	100.00	C
Cogeneration-Kraftwerke Management Oberösterreich Gesellschaft m.b.H., Linz	COG	50.00	AE
EconGas GmbH, Vienna (ECON) [2]	OGG	50.00	
	OOEFG	15.55	AE[1]
Erdgas Oberösterreich GmbH, Linz	OOEFG	100.00	NAE
Erdgas Oberösterreich GmbH & Co KG, Linz	OOEFG	100.00	NAE
ENSERV Energieservice GmbH, Linz	OOEFG	37.00	NAE
ENSERV Energieservice GmbH & Co KG, Linz	OOEFG	37.00	NAE
Ferngas Beteiligungs-Aktiengesellschaft, Vienna (FBET)	OEBG	68.23	C
Ferngas Bohemia s.r.o., Budweis	OOEFG	100.00	NAE
Geothermie-Fördergesellschaft Simbach-Braunau mbH, Simbach am Inn	OOEFG	20.00	NAE
Geothermie-Wärmegesellschaft Braunau-Simbach mbH, Braunau am Inn	OOEFG	20.00	NAE
GWH Gas- und Warenhandelsgesellschaft m.b.H., Vienna	OGG	25.10	AE
Jihoceská plynárenská a.s., Budweis	OOEFG	39.16	NAE
NABUCCO Company Pipeline Study GmbH, Vienna	OGG	20.00	NAE
Oberösterreichische Ferngas AG, Linz (OOEFG) [2]	FBET	50.00	AE
OMV Cogeneration GmbH, Vienna (COG)	OGG	100.00	C
OMV Erdgas-Beteiligungsgesellschaft mbH, Vienna (OEBG)	OGG	100.00	C
OMV Gas Germany Ges. m.b.H. & Co KG, Burghausen	OGG	100.00	C
OMV Gas GmbH, Vienna (OGG)	OMV	100.00	C
OMV Gas International GmbH, Vienna	OMV	100.00	NC
Chemicals			
Agrolinz Ceské Budéjovice s.r.o., Budweis	LAT	100.00	NAE
Agrolinz INAE. i.L., Memphis	AMI	100.00	NAE
Agrolinz Melamine International Asia Pacific Pte. Ltd., Singapore	AMI	100.00	NAE
Agrolinz Melamine International Deutschland GmbH, Lutherstadt Wittenberg	AMI	100.00	AE
Agrolinz Melamine International Italia S.r.l., Castellanza	AMI	100.00	AE
Agrolinz Melamine International Magyarorszag Kft., Budapest	LAT	100.00	AE
Agrolinz Melamine International North America INAE., Chicago	AMI	100.00	NAE
Agrolinz Slovakia s.r.o., Chotin	LAT	100.00	NAE
AMI Agrolinz Melamine International GmbH, Linz (AMI)	OMV	50.00	AE
A.M.I. FINSERV LIMITED, Isle of Man	AMI	100.00	AE
Chemiepark Linz Betriebsfeuerwehr Gesellschaft m.b.H., Linz	AMI	47.50	NAE
GWCL Wohnungsgesellschaft m.b.H., Linz	AMI	100.00	NAE
LINZER AGRO TRADE d.o.o., Beograd	LAT	100.00	NAE
LINZER AGRO TRADE GmbH, Linz (LAT)	AMI	100.00	AE
LINZER AGRO TRADE S.r.l., Bucharest	LAT	100.00	NAE
Corporate and Other			
Amical Insurance Limited, Douglas (AMIC)	OMV	100.00	C
Diramic Insurance Limited, Gibraltar	AMIC	100.00	C
Kompetenz- und Informationszentrum für Humanvermögen und interdisziplinäre Arbeits- und Unternehmensforschung GmbH, Klosterneuburg	SNO	24.44	NAE
OMV Clearing und Treasury GmbH, Vienna	SNO	100.00	C
OMV FINANACE LIMITED, Douglas	OMV	100.00	C
OMV Insurance Broker GmbH, Vienna	OMV	100.00	C
OMV Solutions GmbH, Vienna (SNO)	OMV	100.00	C
VA OMV Personalholding GmbH, Linz	SNO	50.00	NAE

	Parent company	Equity interest in %	Type of consolidation [1]
Petrom			
Acetilena Brazi s.r.l., Brazi	PETROM	21.28	NAE
Beyfin Gaz s.r.l., Cluj – Napoca	PETROM	40.00	NAE
Brazi Oil & Angelescu Prod Com s.r.l., Brazi	PETROM	37.70	NAE
Bursa Maritima si de Marfuri, Constanta	PETROM	20.09	NAE
Congaz SA, Constanta	PETROM	28.59	AE
Deem Algocar SA, Buzias	PETROM	27.92	NAE
Doo Petrom YU, Belgrade	PETROM	100.00	NC
Fontegas – Peco SA, Simian	PETROM	37.40	NAE
FraNAEiza Pitesti, Pitesti	PETROM	40.00	NAE
Kom Munai, Almaty	PETROM	95.00	C
Linde Gaz Brazi s.r.l., Brazi	PETROM	49.00	AE
M-I Petrogas Services Romania s.r.l., Bucharest	PETROM	40.00	NAE
Oztyurk Munai, Aktobe	PETROM	95.00	C
Petrogas s.r.l., Bucharest	PETROM	100.00	NC
Petrom Aviation Otopeni-Ilfov SA, Otopeni	PETROM	48.50	ACE
Petrom Gas s.r.l., Bucharest	PETROM	100.00	C
Petrom Hungaria Kft., Telekgerendás	PETROM	100.00	C
Petrom Moldova, Chisinau	PETROM	65.00	C
Petrom Nadlac s.r.l., Nadlac	PETROM	98.51	NC
Poliflex Romania s.r.l., Brazi	PETROM	96.84	NC
Robiplast Co s.r.l., Bucharest	PETROM	45.00	NAE
SC Carpatina SA, Bucharest	PETROM	82.89	NC
Shell Gas Romania s.r.l., Bucharest	PETROM	44.47	AE
S.C. Petrom S.A., Bucharest (PETROM)	OMV	51.00	C
Soc Romana de Petrol, Bucharest	PETROM	49.00	NAE
Tasbulat Oil Corporation LLP., Aktau	PETROM	100.00	C
Transgas Services s.r.l., Bucharest	PETROM	20.00	NAE

[1] Accounting treatment:

C Consolidated subsidiary

AE Associated company, accounted for at equity

AE[1] Despite majority interest not consolidated due to absence of control

NC Non-consolidated subsidiary:
shell or distribution companies, of relative insignificance individually and collectively to the consolidated financial statements

NAE Other investment, recognized at acquisition cost:
associated companies, of relatively little importance to the assets and earnings of the consolidated financial statements.

[2] with deviating deadlines included

Most of the subsidiaries which are not consolidated either have low volumes of business or are distribution companies; the total sales, net income/losses and equity of such companies represent less than 2% of the consolidated totals.

Relevant oil and gas production joint ventures [1] of the OMV Group

Land	Field name	Licence/block	Participation in %
Pakistan	Miano		17.68
	Sawan		19.74
Qatar	Al Rayyan	Block 12	7.50
New Zealand	Maui	PML 381012	10.00
Australia	Jabiru/Challis	AC/L 1,2,3	18.75
UK	Schiehallion	204/25a	5.88
	Dunlin & Dunlin SW	211/24a	14.38
	Beryl	9/13a	5.00
	Nevis South	9/13a & 9/12a	3.25
	Nevis Central	9/13a	5.00
	Skene	9/19	3.49
	Buckland	9/18a	3.17
	Maclure	9/19	1.67
	Ness & Ness South	9/13a, 9/13b	5.00
	Howe	22/12a North	20.00
	Jade	30/2c	5.57
Libya	El Shararah	NAE 115	7.50
	Nafoora Augila Unit	C102	3.21
	Intisar	C103	12.25
	A Field	NAE 186	9.60
	D Field	NAE 186	9.60
	EPSA Fields	NAE 29, NAE 74	4.75
	Shatirah	NAE 163	17.85
Tunisia	Ashtart		50.00
	El Hajeb/Guebiba		49.00
	Cercina		49.00
	Rhemoura		49.00
	Gremda/El Ain		49.00
Ecuador		Block 7	25.00
		Block 21	17.50
Venezuela	Boqueron		30.00

[1] Exploration and discovered resource joint ventures were not considered in table.

Reconciliation from ACC to IFRS 35

Equity EUR 1,000	2004
Equity according to ACC	**5,380,832**
Fixed assets (change from straight-line depreciation to unit of production)	52,210
Securities (change from measurement at lower of cost or net realizable value to fair value)	256,480
Economic ownership	49,994
Decommissioning obligation (IFRIC 1)	52,586
Derivate instruments (fair value)	(17,679)
Employee benefits (measured at projected unit credit method)	(92,257)
Other provisions (release of provision for future storage costs for strategic crude oil and petroleum product reserves)	27,506
Measurement of inventories (change from LIFO)	77,205
Deferred taxes	(17,420)
Other	(7,666)
Equity according to IFRS	**5,761,791**

Net income EUR 1,000	2004
Net income according to ACC	**642,044**
Fixed assets (change from straight-line depreciation to unit of production)	6,679
Securities (change from measurement at lower of cost or net realizable value to fair value)	—
Economic ownership	(877)
Decommissioning obligation (IFRIC 1)	12,901
Derivate instruments (fair value)	(16,390)
Employee benefits (measured at projected unit credit method)	26,580
Other provisions (release of provision for future storage costs for strategic crude oil and petroleum product reserves)	(15,533)
Measurement of inventories (change from LIFO)	18,915
Deferred taxes	—
Other	16,744
Reconciliation EBIT	**49,019**
Reconciliation financial result	11,429
Reconciliation taxes	(12,079)
Net income according to IFRS	**690,412**

Supplementary oil and gas disclosures (unaudited) 36

The following tables provide supplemental information in respect of the group's oil and gas activities. In the absence of detailed disclosure rules in this area under IFRS, the Group has elected to voluntarily disclose the data that would have been required under SFAS 69, Disclosures about Oil and Gas Producing Activities. However, to the extent certain information in this Note represents historical cost financial statement data, such data has been extracted from the group's IFRS figures and has not been restated in accordance with US GAAP.

The geographical analysis is presented by area and not by individual country to better reflect how management analyses the business. These geographical areas consist of the following countries:

Petrom:	Romania, Kazakhstan (since 2004)	Middle East:	Iran, Qatar, Pakistan, Yemen
Rest of Europe:	Albania, Bulgaria, Germany, UK, Ireland	Southeast Asia:	Australia, New Zealand, Vietnam
Africa:	Libya, Sudan (sold 2004), Tunisia	South America:	Ecuador, Venezuela

As a result of OMV holding 51% of Petrom, it is fully consolidated. The subsequent tables may contain rounding errors.

a) Capitalized costs
Capitalized costs represent the sum of capitalized proved and unproved property costs, including support equipment and facilities, plus the accumulated depreciation.

2005

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Unproved oil and gas properties	26,863	26,076	38,101	11,825	20,516	4,562	—	**127,944**
Proved oil and gas properties	1,083,107	1,838,538	725,019	761,133	92,964	288,784	98,609	**4,888,154**
Total	**1,109,970**	**1,864,613**	**763,121**	**772,958**	**113,479**	**293,347**	**98,609**	**5,016,097**
Accumulated depreciation	(704,882)	(212,683)	(550,346)	(427,508)	(29,488)	(71,761)	(39,114)	**(2,035,782)**
Net capitalized costs [1]	**405,088**	**1,651,930**	**212,774**	**345,451**	**83,991**	**221,586**	**59,495**	**2,980,316**

2004

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Unproved oil and gas properties	—	—	47,265	—	11,192	198,104	—	**256,561**
Proved oil and gas properties	962,374	1,544,840	600,261	800,152	98,380	186,528	91,114	**4,283,649**
Total	**962,374**	**1,544,840**	**647,525**	**800,152**	**109,572**	**384,633**	**91,114**	**4,540,210**
Accumulated depreciation	(676,286)	—	(442,335)	(378,730)	(21,014)	(176,263)	(32,290)	**(1,726,919)**
Net capitalized costs	**286,087**	**1,544,840**	**205,190**	**421,422**	**88,558**	**208,370**	**58,825**	**2,813,291**

2003

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Unproved oil and gas properties	—	—	37,117	9,692	5,643	173,053	—	**225,505**
Proved oil and gas properties	928,764	—	622,518	658,010	95,178	189,052	87,394	**2,580,917**
Total	**928,764**	**—**	**659,635**	**667,702**	**100,821**	**362,105**	**87,394**	**2,806,422**
Accumulated depreciation	(651,605)	—	(446,916)	(300,293)	(9,477)	(126,388)	(2,488)	**(1,537,167)**
Net capitalized costs	**277,159**	**—**	**212,718**	**367,409**	**91,345**	**235,717**	**84,905**	**1,269,254**

[1] In 2005 capitalized costs include book values of assets held for sale in Ecuador of EUR 36 mn, in Qatar of EUR 7.6 mn and in the UK of EUR 7 mn.

b) Costs incurred

Costs incurred include all costs, capitalized or expensed, during the year in the Group's oil and gas property acquisition, exploration and development activities. Costs incurred in foreign ventures have been converted using the average exchange rate of the year of the functional currency.

2005

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Acquisition of proved properties	—	—	—	—	—	804	—	**804**
Acquisition of unproved properties	—	—	—	—	—	—	—	**—**
Decommissioning costs	6,851	8,827	—	43	—	—	—	**15,721**
Exploration costs	23,833	48,185	16,614	24,009	26,520	11,511	—	**150,671**
Development	64,259	159,221	26,896	55,094	4,665	60,318	10,878	**381,331**
Costs incurred	**94,942**	**216,233**	**43,510**	**79,146**	**31,185**	**72,632**	**10,878**	**548,526**

2004

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Acquisition of proved properties	—	1,544,840	—	—	—	—	—	**1,544,840**
Acquisition of unproved properties	—	—	—	—	—	(41)	—	**(41)**
Decommissioning costs	8,080	—	7,183	3,602	166	(2,190)	114	**16,955**
Exploration costs [2]	15,889	—	32,443	(87,470)	18,252	10,205	10	**(10,671)**
Development	56,786	—	29,982	40,464	7,125	28,301	3,448	**166,105**
Costs incurred	**80,755**	**1,544,840**	**69,607**	**(43,404)**	**25,543**	**36,275**	**3,572**	**1,717,189**

2003

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Acquisition of proved properties	—	—	7,000	84,000	7,000	—	70,000	**168,000**
Acquisition of unproved properties	—	—	—	—	3,000	93,495	—	**96,495**
Decommissioning costs	10,425	—	12,597	2,512	(59)	891	14	**26,381**
Exploration costs	23,111	—	26,012	23,204	11,258	6,707	190	**90,483**
Development	44,720	—	41,380	36,256	22,094	21,593	20,218	**186,262**
Costs incurred	**78,256**	**—**	**86,990**	**145,973**	**43,293**	**122,687**	**90,422**	**567,621**

[1] In 2005 development costs include EUR 5.5 mn from discontinued operations.
[2] Proceeds of the Sudan asset sale amounting to EUR 105.6 mn have been netted off against exploration costs. Actual past costs incurred in Sudan were EUR 57.2 mn.

c) Results of operations of oil and gas producing activities

The following table represents only those revenues and expenses which occur directly in connection with OMV´s oil and gas producing operations. The results of oil and gas activities should not be equated to net income since no deduction nor allocation is made for interest costs, general corporate overhead costs and other costs. Income tax is hypothetically calculated, based on the statutory tax rates and the effect of tax credits on investments and loss carry forwards.

2005

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Sales to unaffiliated parties	(1,359)	447,716	184,970	25,397	78,949	50,581	43,890	**830,144**
Intercompany sales and sales to affiliated parties	415,863	1,542,011	—	529,437	—	—	—	**2,487,312**
Result from asset sales [1]	(987)	(1,710)	—	(314)	—	839	—	**(2,171)**
	413,518	**1,988,017**	**184,970**	**554,521**	**78,949**	**51,420**	**43,890**	**3,315,284**
Production costs [2]	(87,217)	(837,069)	(29,027)	(42,472)	(6,804)	(16,731)	(18,038)	**(1,037,359)**
Royalties	(29,333)	(141,747)	—	(8,459)	(10,520)	(949)	—	**(191,007)**
Exploration expenses	(11,647)	(45,616)	(23,690)	(23,029)	(16,724)	(11,532)	—	**(132,238)**
Depreciation and non-scheduled depreciation [3]	(45,268)	(215,626)	(38,332)	(66,462)	(9,824)	(17,651)	(6,820)	**(399,985)**
Other costs	(7,738)	(11,770)	3,596	(2,380)	(944)	302	(6,106)	**(25,040)**
	(181,203)	**(1,251,828)**	**(87,453)**	**(142,802)**	**(44,816)**	**(46,561)**	**(30,964)**	**(1,785,628)**
Results before income tax	**232,315**	**736,188**	**97,517**	**411,718**	**34,133**	**4,859**	**12,926**	**1,529,657**
Income tax [4]	(62,696)	(116,876)	(47,541)	(131,163)	(1,342)	—	(4,580)	**(364,199)**
Results from oil and gas properties [5]	**169,619**	**619,312**	**49,976**	**280,556**	**32,791**	**4,859**	**8,346**	**1,165,458**
Storage fee [6]	36,546	—	—	—	—	—	—	**36,546**

2004

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Sales to unaffiliated parties	—	—	125,226	67,658	67,554	60,560	43,130	364,128
Intercompany sales and sales to affiliated parties	304,768	—	—	252,040	—	—	—	556,808
Result from asset sales [1]	—	—	—	96,724	—	652	(1,480)	95,896
	304,768	**—**	**125,226**	**416,422**	**67,554**	**61,211**	**41,650**	**1,016,831**
Production costs [2]	(87,671)	—	(19,552)	(46,206)	(8,053)	(17,802)	(17,052)	(196,337)
Royalties	(23,075)	—	—	(8,077)	(6,828)	(2,260)	—	(40,240)
Exploration expenses	(12,083)	—	(18,821)	(18,293)	(12,277)	(9,431)	(10)	(70,915)
Depreciation and non-scheduled depreciation [3]	(34,650)	—	(34,707)	(41,899)	(12,961)	(54,834)	(32,290)	(211,340)
Other costs	212	—	(4,084)	3,191	(1,221)	(3,844)	420	(5,325)
	(157,267)	**—**	**(77,164)**	**(111,283)**	**(41,341)**	**(88,171)**	**(48,932)**	**(524,158)**
Results before income tax	**147,501**	**—**	**48,063**	**305,140**	**26,213**	**(26,959)**	**(7,282)**	**492,674**
Income tax [4]	(50,143)	—	(21,024)	(71,400)	1,291	29	(5,571)	(146,818)
Results from oil and gas properties [5]	**97,357**	**—**	**27,038**	**233,740**	**27,504**	**(26,930)**	**(12,853)**	**345,856**
Storage fee [6]	43,779	—	—	—	—	—	—	43,779

2003

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Sales to unaffiliated parties	—	—	121,411	43,177	34,676	56,731	26,154	**282,148**
Intercompany sales and sales to affiliated parties	301,230	—	—	191,333	—	—	—	**492,563**
Result from asset sales [1]	—	—	—	278	—	2,640	—	**2,919**
	301,230	**—**	**121,411**	**234,788**	**34,676**	**59,371**	**26,154**	**777,630**
Production costs	(69,249)	—	(31,419)	(25,508)	(4,277)	(21,867)	(10,032)	**(162,354)**
Royalties	(22,396)	—	(460)	(9,507)	(3,453)	(1,932)	—	**(37,748)**
Exploration expenses	(15,470)	—	(23,264)	(15,162)	(9,200)	(6,861)	(190)	**(70,149)**
Depreciation and non-scheduled depreciation [3]	(20,989)	—	(47,320)	(33,507)	(6,547)	(32,276)	(2,488)	**(143,127)**
Other costs	(436)	—	(10,140)	(9,574)	(3,423)	(4,242)	81	**(27,735)**
	(128,541)	**—**	**(112,603)**	**(93,258)**	**(26,900)**	**(67,179)**	**(12,630)**	**(441,112)**
Results before income tax	**172,689**	**—**	**8,808**	**141,530**	**7,776**	**(7,808)**	**13,524**	**336,519**
Income tax [4]	(52,700)	—	(18,462)	(36,371)	(7,439)	—	(1,380)	**(116,352)**
Results from oil and gas properties [5]	**119,989**	**—**	**(9,654)**	**105,159**	**337**	**(7,808)**	**12,144**	**220,166**
Storage fee [6]	46,510	—	—	—	—	—	—	**46,510**

[1] The results from asset sales in 2003 were the net results of farm-outs made in offshore gas joint ventures in Australia and New Zealand. In 2004 this item contains the sale of the Sudan assets as well as the sale of the Venezuelan Cabimas field.
[2] As a result of new IFRS interpretations the reflection of the decommissioning provisions has been changed from 2004 onwards as follows: The unwinding of discount is no longer shown as an element of production costs, but is rather treated as a financial cost element.
[3] 2003: The Rest of Europe caption contains write-offs for fields in Ireland of about EUR 3 mn and in the Southeast Asia caption for fields in Australia of about EUR 5 mn. 2004: The South America and Southeast Asia captions contain write-offs in Ecuador (EUR 17 mn) and Australia (EUR 26 mn) respectively. 2005: The Africa caption contains a write-off in Tunisia of EUR 21 mn.
[4] Income tax does not include deferred taxes. Income tax in the Rest of Europe includes corporation tax and petroleum revenue tax (PRT). The PRT liability arises from the net cash flow of several producing fields in the United Kingdom. Income tax in Africa includes amounts payable under a tax-paid cost (TPC) system for certain OMV interests in Libya and field specific taxes in Tunisia, which are not fully related to profits.
[5] In 2005 results include EUR 13 mn from discontinued operations.
[6] Inter-segmental rental fee before taxes received from the Gas segment for providing cushion gas to gas storage reservoirs.

d) Oil and gas reserve quantities

Proved reserves are the estimated quantities of crude oil, including condensate and natural gas liquids, and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved developed reserves are proved reserves that can reasonably be expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves are expected to be recovered from undrilled production wells on exploration licenses.

Crude oil and NGL

in mn bbl	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Proved developed and undeveloped reserves as of January 1, 2003	**62.3**	**—**	**26.9**	**80.0**	**—**	**4.1**	**—**	**173.3**
Revisions of previous estimates	5.6	—	3.6	2.0	0.1	0.3	—	**11.6**
Purchases	—	—	0.1	28.5	2.1	—	43.0	**73.7**
Disposal	—	—	—	—	—	—	—	—
Extensions and discoveries	2.0	—	—	0.8	—	—	0.4	**3.2**
Production	(6.7)	—	(4.2)	(10.2)	(0.3)	(1.4)	(2.0)	**(24.8)**
Proved developed and undeveloped reserves as of December 31, 2003 [1]	**63.2**	**—**	**26.4**	**101.1**	**1.9**	**3.0**	**41.4**	**237.0**
Revisions of previous estimates	2.1	—	1.6	8.6	—	0.3	0.6	**13.2**
Purchases	—	616.8	—	—	—	—		**616.8**
Disposal	—	—	—	—	—	—	(20.3)	**(20.3)**
Extensions and discoveries	1.5	—	—	1.4	—	5.3	—	**8.2**
Production	(6.6)	—	(3.7)	(11.7)	(0.4)	(1.1)	(4.3)	**(27.7)**
Proved developed and undeveloped reserves as of December 31, 2004 [1]	**60.3**	**616.8**	**24.3**	**99.4**	**1.5**	**7.5**	**17.5**	**827.2**
Revisions of previous estimates	0.6	—	(1.0)	5.3	—	0.6	0.7	**6.3**
Purchases	—	—	—	—	—	—	—	**—**
Disposals	—	—	—	—	—	(0.8)	—	**(0.8)**
Extensions and discoveries	0.4	—	—	0.2	—	14.4	—	**15.0**
Production	(6.2)	(38.6)	(3.8)	(12.9)	(0.4)	(0.9)	(2.7)	**(65.6)**
Proved developed and undeveloped reserves as of December 31, 2005 [1]	**55.1**	**578.2**	**19.4**	**91.9**	**1.1**	**20.8**	**15.6**	**782.1**
Proved developed reserves								
as of December 31, 2003	50.2	—	21.6	88.2	1.9	2.6	40.7	**205.2**
as of December 31, 2004	50.4	432.6	21.5	85.3	1.5	1.9	15.6	**608.8**
as of December 31, 2005	45.8	394.0	19.1	84.5	1.1	0.9	13.7	**559.2**

[1] Includes 3.3 mn bbl in 2003 and in 2004 as well as 2.8 mn bbl in 2005 corresponding to the baseline production to be earned under an extraction service contract. 2005 includes 1.3 mn bbl in the UK, 1.1 mn bbl in Qatar and 6.5 mn bbl in Ecuador from discontinued operations.

Natural gas

in bcf	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	**Total**
Proved developed and undeveloped reserves as of January 1, 2003 [1]	**561.2**	**—**	**60.3**	**—**	**301.9**	**95.8**	**1,019.2**
Revisions of previous estimates	5.7	—	7.0	—	65.1	0.1	77.9
Purchases	—	—	—	19.6	—	—	19.6
Disposals	—	—	—	—	—	—	—
Extensions and discoveries	13.2	—	—	—	—	—	13.2
Production	(45.9)	—	(9.8)	—	(17.2)	(18.2)	(91.1)
Proved developed and undeveloped reserves as of December 31, 2003 [1]	**534.2**	**—**	**57.5**	**19.6**	**349.8**	**77.7**	**1,038.8**
Revisions of previous estimates	39.2	—	1.9	—	—	(3.4)	37.7
Purchases	—	2,446.4	—	—	—	—	2,446.4
Disposals	—	—	—	—	—	—	—
Extensions and discoveries	3.2	—	—	—	—	75.8	78.9
Production	(46.5)	—	(9.9)	—	(36.7)	(16.1)	(109.3)
Proved developed and undeveloped reserves as of December 31, 2004 [1]	**530.1**	**2,446.4**	**49.5**	**19.6**	**313.1**	**134.0**	**3,492.6**
Revisions of previous estimates	16.5	—	(0.4)	—	20.9	6.1	43.1
Purchases	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	(36.2)	(36.2)
Extensions and discoveries	70.2	—	—	—	—	—	70.2
Production	(44.7)	(218.4)	(9.1)	—	(39.4)	(10.8)	(322.4)
Proved developed and undeveloped reserves as of December 31, 2005 [1]	**572.0**	**2,228.0**	**40.0**	**19.6**	**294.5**	**93.1**	**3,247.3**
Proved developed reserves:							
as of December 31, 2003	436.9	—	45.8	—	280.8	67.4	830.9
as of December 31, 2004	444.9	2,167.4	42.9	—	244.0	50.7	2,950.0
as of December 31, 2005	404.3	1,949.0	38.2	—	222.8	10.5	2,624.8

[1] Including approximately 108 bcf of cushion gas held in storage reservoirs.

e) Standardized measure of discounted future net cash flows

The future net cash flow information is based on the assumption that the year-end economic and operating conditions will persist throughout the time during which proved reserves will be produced. Neither the effects of future pricing changes nor expected changes in technology and operating practices are considered.

Future cash inflows represent the revenues received from production of year-end proved reserve quantities, including cushion gas held in storage reservoirs – assuming that the future production is sold at year-end prices. Future production costs include the estimated expenditures for production of the proved reserves plus any production taxes without consideration of future inflation. Future development costs include the estimated costs of development drilling and installation of production facilities, plus the net costs associated with decommissioning wells and facilities – assuming year-end costs continue without consideration of inflation. Future income tax payments are calculated on the basis of the income tax rate applicable in each of the countries in which the Group operates. The present cash value results from the discounting of the future net cash flow at a discount rate of 10% per year.

The standardized measure does not purport to be an estimate of the fair value of the Group’s proved reserves. An estimate of fair value would also take into account, amongst many other factors, the expected recovery of reserves in excess of proved reserves, anticipated changes in future prices and costs as well as a discount factor representative of the risks inherent in the production of oil and gas.

2005

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Future cash inflows	5,053,600	31,010,646	981,520	4,184,085	582,348	1,173,066	385,832	**43,371,099**
Future production and decommissioning costs	(2,769,134)	(14,308,863)	(331,625)	(550,670)	(172,596)	(424,583)	(167,029)	**(18,724,500)**
Future development costs	(258,930)	(2,324,339)	(12,227)	(121,652)	(35,147)	(216,615)	(19,455)	**(2,988,365)**
Future net cash flows, before income taxes	**2,025,536**	**14,377,444**	**637,669**	**3,511,763**	**374,606**	**531,867**	**199,348**	**21,658,233**
Future income taxes	(621,722)	(1,207,193)	(268,942)	(633,333)	(81,938)	(104,491)	(17,317)	**(2,934,936)**
Future net cash flows, before discount	**1,403,814**	**13,170,251**	**368,727**	**2,878,430**	**292,668**	**427,377**	**182,031**	**18,723,298**
10% annual discount for estimated timing of cash flows	(448,620)	(6,603,850)	(67,442)	(943,645)	(95,461)	(189,033)	(60,710)	**(8,408,761)**
Standardized measure of discounted future net cash flows	**955,194**	**6,566,401**	**301,285**	**1,934,785**	**197,207**	**238,343**	**121,321**	**10,314,537**

2004

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Future cash inflows	3,432,525	20,410,892	861,265	2,816,848	554,545	588,899	273,066	**28,938,041**
Future production and decommissioning costs	(1,346,528)	(12,064,851)	(238,483)	(509,204)	(131,574)	(266,049)	(123,982)	**(14,680,672)**
Future development costs	(55,969)	(2,141,292)	(40,841)	(134,486)	(3,209)	(101,559)	(6,604)	**(2,483,960)**
Future net cash flows, before income taxes	**2,030,028**	**6,204,749**	**581,941**	**2,173,158**	**419,762**	**221,291**	**142,481**	**11,773,410**
Future income taxes	(507,507)	(938,376)	(223,320)	(403,326)	(70,706)	(76,698)	(8,796)	**(2,228,728)**
Future net cash flows, before discount	**1,522,521**	**5,266,372**	**358,621**	**1,769,832**	**349,056**	**144,593**	**133,685**	**9,544,681**
10% annual discount for estimated timing of cash flows	(667,734)	(2,405,415)	(81,777)	(607,434)	(120,432)	(61,958)	(46,006)	**(3,990,756)**
Standardized measure of discounted future net cash flows	**854,787**	**2,860,957**	**276,844**	**1,162,398**	**228,624**	**82,635**	**87,680**	**5,553,925**

2003

EUR 1,000	Austria	Petrom	Rest of Europe	Africa	Middle East	Southeast Asia	South America	**Total**
Future cash inflows	3,426,719	—	670,640	2,256,201	597,310	149,058	299,947	**7,399,875**
Future production and decommissioning costs	(1,452,557)	—	(188,062)	(652,387)	(170,541)	(133,055)	(216,673)	**(2,813,275)**
Future development costs	(84,413)	—	(51,231)	(102,277)	(19,610)	(31,783)	(11,172)	**(300,486)**
Future net cash flows, before income taxes	**1,889,749**	**—**	**431,347**	**1,501,537**	**407,159**	**(15,780)**	**72,102**	**4,286,114**
Future income taxes	(453,713)	—	(135,486)	(172,077)	(50,955)	—	(5,832)	**(818,063)**
Future net cash flows, before discount	**1,436,036**	**—**	**295,861**	**1,329,460**	**356,204**	**(15,780)**	**66,270**	**3,468,051**
10% annual discount for estimated timing of cash flows	(669,223)	—	(80,054)	(455,203)	(117,170)	25,765	(17,921)	**(1,313,806)**
Standardized measure of discounted future net cash flows	**766,813**	**—**	**215,807**	**874,257**	**239,034**	**9,985**	**48,349**	**2,154,245**

f) Changes in the standardized measure of discounted future net cash flows

EUR 1,000	**2005**	2004	2003
January 1	**5,553,925**	**2,154,245**	**1,976,309**
Oil and gas sales and transfers produced, net of production costs	(1,690,827)	(614,640)	(566,701)
Net change in prices and production costs	5,676,142	929,977	50,536
Net change due to purchases and sales of minerals in place	(30,211)	3,372,407	139,846
Net change due to extensions and discoveries	235,318	131,311	73,217
Development and decommissioning costs incurred during the period	327,942	105,415	180,529
Changes in estimated future development and decommissioning costs	(262,277)	(34,220)	(16,153)
Revisions of previous reserve estimates	104,049	221,429	309,236
Accretion of discount	530,658	187,663	165,985
Net change in income taxes	(407,201)	(816,963)	26,086
Other [1]	277,018	(82,698)	(184,645)
December 31 [2]	**10,314,537**	**5,553,925**	**2,154,245**

[1] The caption Other represents the impact of movements in exchange rates versus the euro.
[2] In 2005 EUR 51.6 mn are included from discontinued operations.

Vienna, March 8, 2006

The Executive Board

Auditors’ report

We have audited the consolidated financial statements of OMV Aktiengesellschaft, Vienna, for the fiscal year from January 1 to December 31, 2005. Management is responsible for the preparation and the content of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and for the preparation of the Directors’ report in accordance with Austrian regulations. Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to state whether the Directors’ report is in accordance with the consolidated financial statements.

We conducted our audit in accordance with Austrian Standards on Auditing and the applicable Austrian laws and regulations and International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement and whether we can state that the Directors’ report is in accordance with the consolidated financial statements. In determining the audit procedures we considered our knowledge of the business activity, the economic and legal environment of the Group and expectations about potential errors. An audit involves procedures to obtain evidence about amounts and disclosures in the consolidated financial statements predominantly on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections. In our opinion the consolidated financial statements, as shown on pages 67 to 117, are in accordance with legal requirements and present fairly, in all material respects the financial position of the company as of December 31, 2005 and of the results of its operations and its cash flows for the fiscal year from January 1 to December 31, 2005 in accordance with IFRS as adopted by the EU. The Directors’ report is in accordance with the consolidated financial statements.

Vienna, March 8, 2006

Deloitte Wirtschaftsprüfungs GmbH

Michael SCHOBER

Walter MÜLLER

Certified Public Accountants

Abbreviations and definitions

ACC Austrian Commercial Code

bbl, bbl/d barrels (1 barrel equals approximately 159 liters), barrels per day

bn billion

boe, boe/d barrels of oil equivalent, boe per day

bcf, bcm billion standard cubic feet (60 °F/16 °C), billion cubic meters (32 °F/0 °C)

CAPEX capital expenditure

capital employed equity including minorities plus net debt and provisions for pensions, less securities used for asset coverage of pension provisions

cbm, cf standard cubic meters, standard cubic feet

CFP cash flow from operating activities per share

Co&O Corporate and Other

EBIT earnings before interest and tax

equity ratio stockholders' equity divided by balance sheet total expressed as a percentage

EU European Union

EUR euro

EPS earnings per share

E&P Exploration and Production

finding cost total exploration expenses divided by changes in proved reserves (extensions, discoveries and revisions of previous estimates)

gearing ratio net debt divided by stockholders' equity expressed as a percentage

IAS, IFRS International Accounting Standards, International Financial Reporting Standards

mn million

monomers collective term for ethylene and propylene

net debt bank debt less liquid funds (cash and cash equivalents)

net income net operating profit after interest, tax and extraordinary items

NOPAT net operating profit after tax; profit on ordinary activities after taxes plus net interest on net borrowings and interest on pensions, less extraordinary result plus/minus tax effect of adjustments

NGL natural gas liquids; natural gas which is extracted in liquid form during the production of hydrocarbons
payout ratio total dividend payment divided by net income after minorities expressed as a percentage

PCF, price cash flow ratio; share price divided by cash flow from operating activities per share

production cost cost of material and personnel during production excluding royalties (OPEX)

PRT, PRRT Petroleum Revenue Tax, Petroleum Resource Rent Tax

ROfA, return on fixed assets; EBIT divided by average intangible and tangible assets expressed as a percentage

ROACE, return on average capital employed; NOPAT divided by average capital employed expressed as a percentage

ROE, return on equity; net income for the year divided by average stockholders' equity expressed as a percentage

R&M Refining and Marketing including petrochemicals

SEC United States Securities and Exchange Commission

SFAS Statement on Financial Accounting Standards

t, toe metric ton, ton of oil equivalent

USD US dollar

WACC weighted average cost of capital

For more abbreviations and definitions please visit www.omv.com > Communication > Glossary.

Five-year summary

EUR mn	**2005**	2004	2003	2002	2001
Sales (excluding excise petroleum tax)	15,580	9,829	7,644	7,079	7,736
Earnings before interest and tax (EBIT)	1,958	975	644	495	610
Income from ordinary activities	1,948	1,015	596	474	570
Taxes on income	(488)	(324)	(203)	(152)	(188)
Net income for the year	1,496	690	393	322	382
Net income for the year after minorities	1,256	689	392	319	379
Clean EBIT	2,305	1,008	705	502	702
Clean net income for the year after minorities	1,391	711	432	325	441
Balance sheet total	15,451	13,236	7,517	6,149	5,772
Equity	7,694	5,762	2,685	2,411	2,248
Net debt	(126)	692	1,081	478	386
Average capital employed [1]	7,495	4,670	3,751	3,182	2,991
Cash flow from operations	2,108	1,039	939	581	786
Capital expenditure	1,439	2,297	1,381	675	452
Depreciation	794	480	435	347	338
EBITD	2,752	1,454	1,076	834	944
Net operating profit after tax (NOPAT)	1,492	718	435	345	410
in %					
Return on average capital employed (ROACE) [1]	20	15	12	11	14
Return on equity (ROE) [1]	22	19	15	14	18
Stockholders´ equity to total assets	50	44	36	39	39
Gearing ratio	(2)	12	40	20	17
EUR					
Dividend per share [2 3]	0.90	0.44	0.40	0.35	0.43
Earnings per share [2]	4.21	2.55	1.46	1.18	1.41
Clean earnings per share [2]	4.66	2.64	1.61	1.21	1.64
Employees as of December 31	49,919	57,480	6,137	5,828	5,659

Figures 2004-2005 according to IFRS, 2001-2003 according to ACC

[1] 2004: adjusted for impact of Petrom acquisition

[2] Figures adopted according to stock split by the ratio of 1:10; 2001 base dividend of EUR 0.30 per share and bonus dividend of EUR 0.13

[3] Proposal to the Annual General Meeting for 2005

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