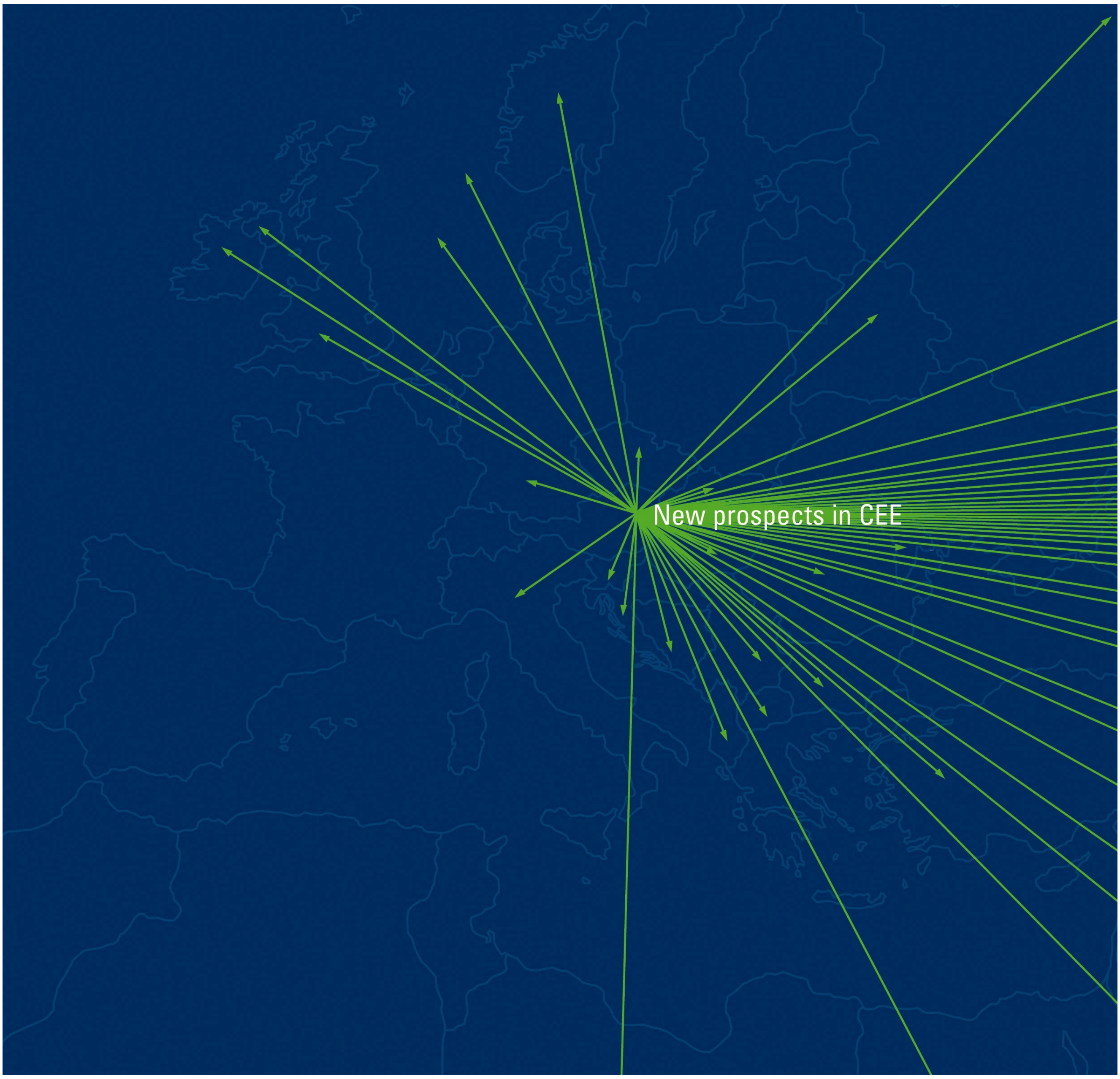
Annual Financial Report 2007



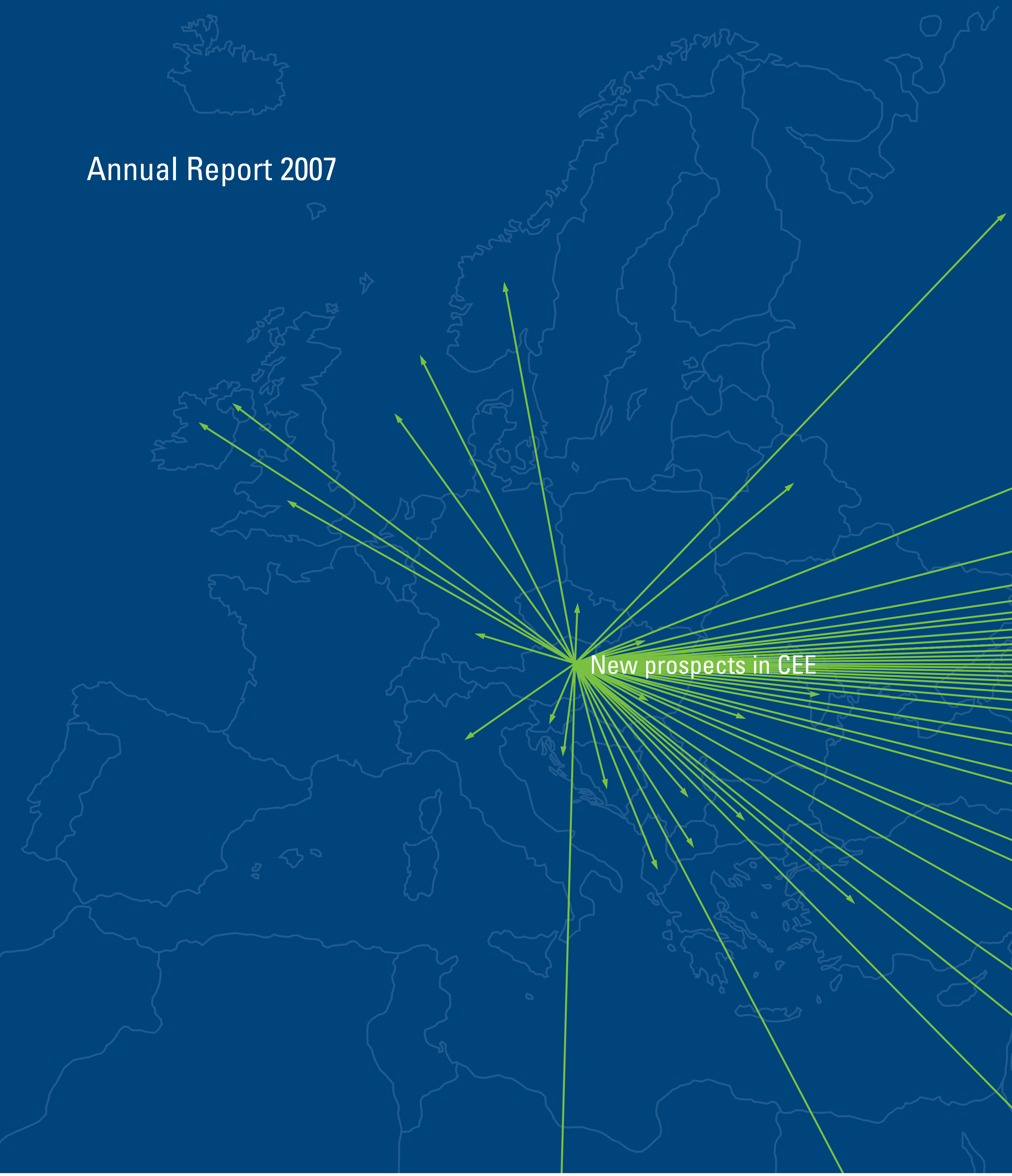
Part 1: Annual Report including Group director's report and consolidated financial statements

Part 2: Separate financial statements of OMV Aktiengesellschaft

Part 3: Declaration of the Executive Board according to § 82 (4) (3) BörseG

Move & More. OMV

Annual Report 2007

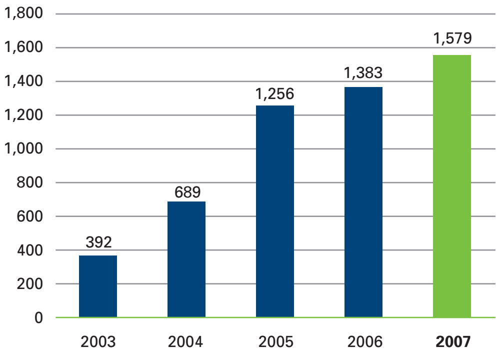


Move & More. OMV

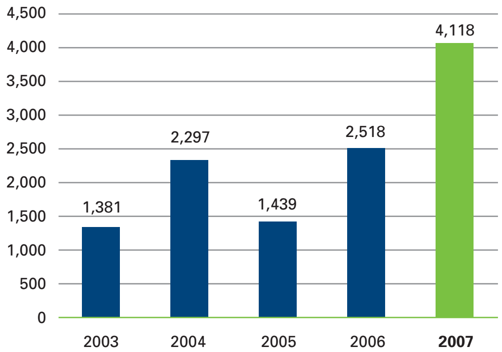
At a glance

EUR mn	2007	2006	Δ
Sales	20,042	18,970	6%
EBIT	2,184	2,061	6%
Net income after minorities	1,579	1,383	14%
Clean EBIT	2,377	2,257	5%
Clean net income after minorities	1,649	1,521	8%
Cash flow from operating activities	2,066	2,027	2%
Capital expenditure	4,118	2,518	64%
EUR			
Earnings per share	5.29	4.64	14%
Clean earnings per share	5.52	5.10	8%
Cash flow per share	6.92	6.80	2%
Dividend per share	1.25	1.05	19%
%			
Return on average capital employed (ROACE)	16	18	(14)%
Return on equity (ROE)	19	20	(4)%

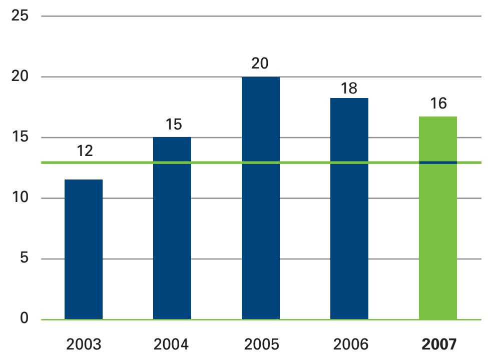
Net income after minorities in EUR mn



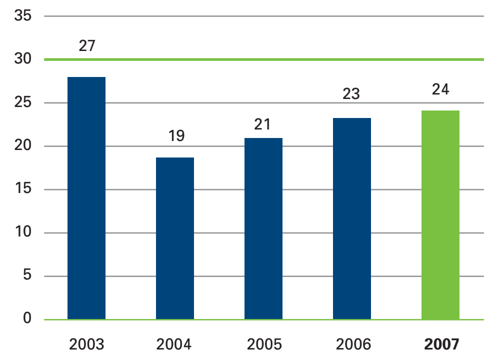
Capital expenditure in EUR mn



ROACE in % (Target: 13%)

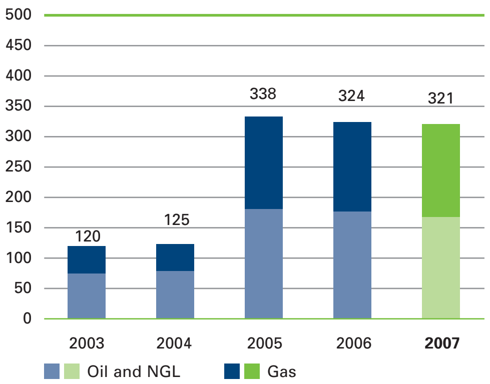


Payout ratio (Target: 30%)

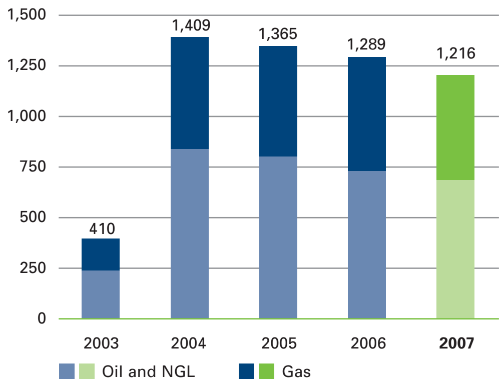


Exploration and Production

Production in 1,000 boe/d (Target: 500,000 boe/d)

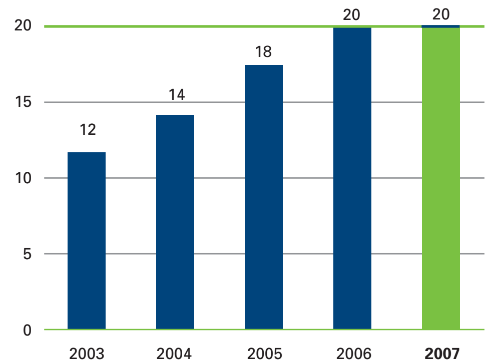


Proved reserves in mn boe

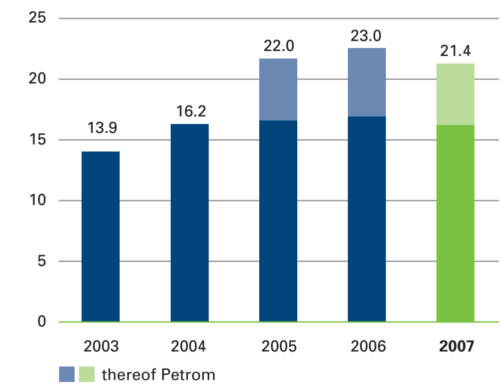


Refining and Marketing

Marketing market share in % (Target: 20%)

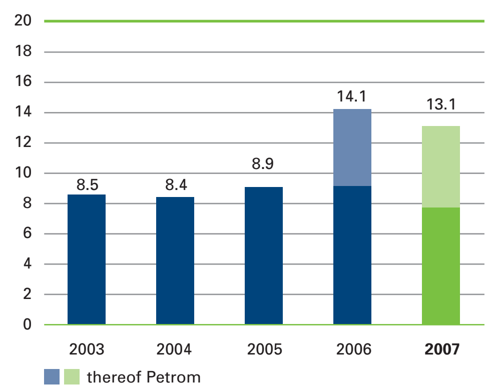


Refining sales volumes in mn t

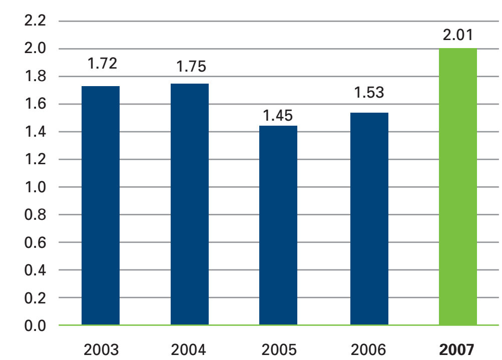


Gas

Gas sales in bcm (Target: 20 bcm)



Contracted gas storage volume for third parties in bcm



Contents

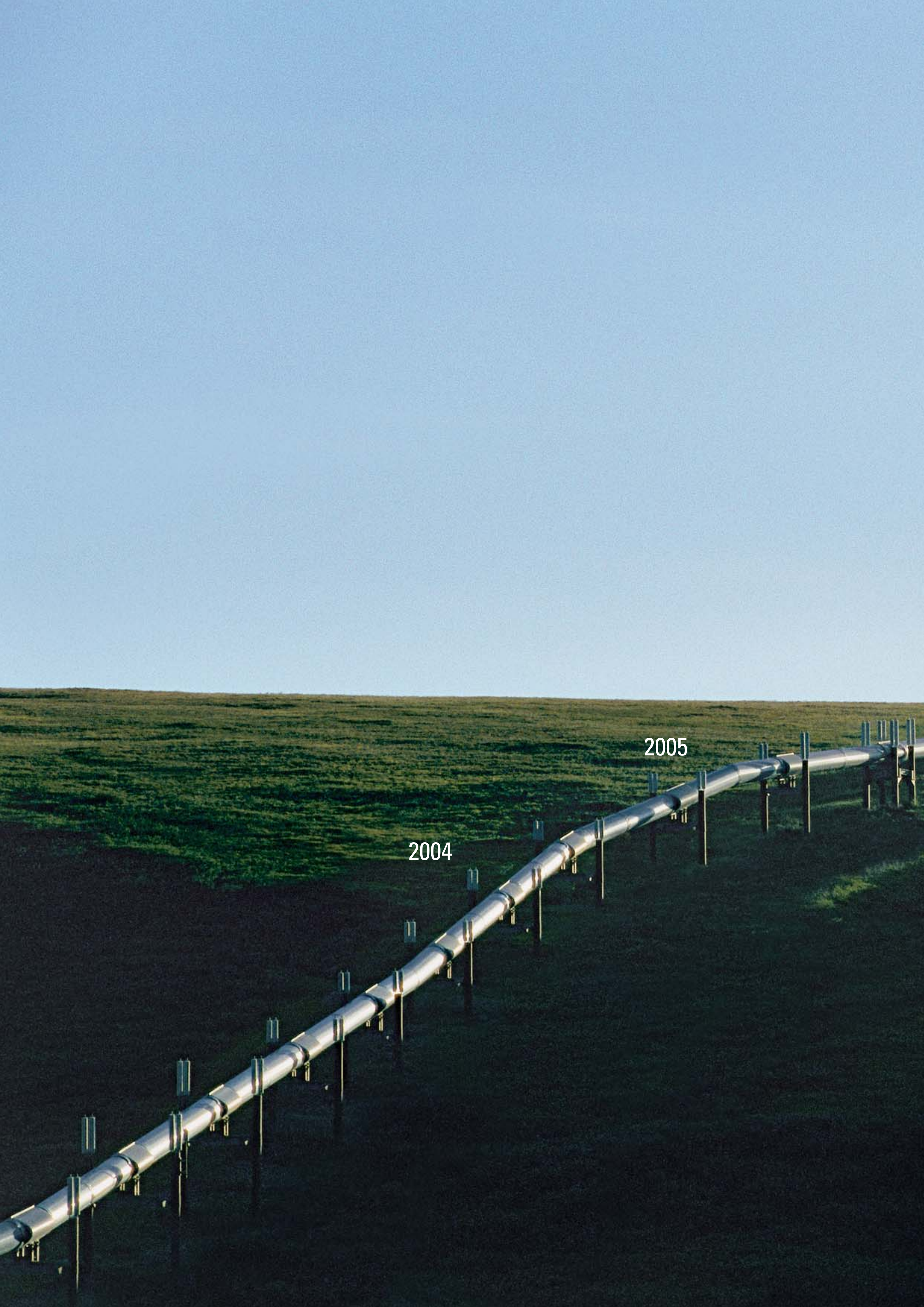
We get people on the move

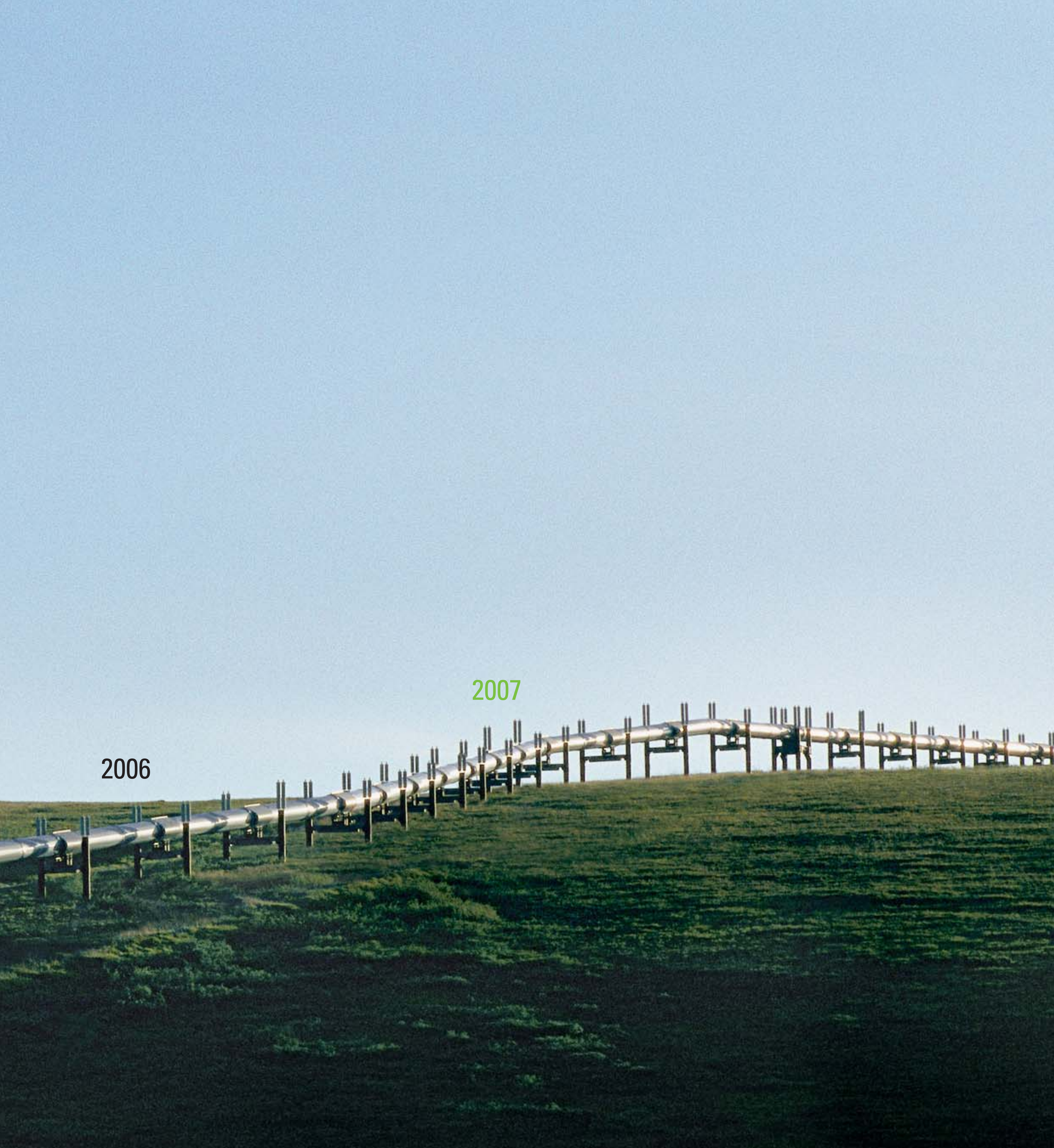
As an integrated European oil and gas group OMV has become Central Europe's leading oil and gas company over the last 10 years. We get people on the move. OMV explores, discovers and extracts oil and natural gas on five continents. We supply energy and heating as well as day-to-day products and services to millions of people.

OMV works energetically to improve people's mobility and quality of life. We assess the quality of our performance by the success in the market and for our shareholders. We direct our work towards our responsibility to society, the environment and technical progress. We are open-minded and decisive in recognizing and seizing opportunities.

In 2007, we have reinforced our commitments: The OMV Driving Values for sustainable growth.

Pioneers – Spirit of change for continuous development
Professionals – Professional excellence for lasting
Partners – Responsible relationships for mutual benefit


2005
2004



Our growth Over the past years, OMV has grown substantially and has developed into an international company operating in 27 countries on five continents. When a company grows as strongly as OMV has done, we have to think about what our driving forces are and what unites us, in the past and in the future. Our success is based on professional and dedicated employees who strive for continuous development. Being aware of our social responsibility we evaluate all options to secure long-term and sustainable value growth for the Group.


2004
2005

Our employees

A professional organization was driving the substantial growth of OMV in the past years. Our people make the difference. Continuous learning, high performance and personal commitment are the sources for our competence. We strive to achieve excellence in professional expertise, processes and leadership. We focus on our goals and try to find synergies to achieve a leading position in the market. Our aim is to foster professional development for long-term profitability.

Our success 2007 was the fifth consecutive year of record results for OMV. This success is based on strong earnings growth in all business segments resulting from the consistent implementation of our growth strategy. We perceive ourselves as pioneers: A proactive approach, mobility and openness to change are the basis for our success. Through new ideas, successful technologies and profitable growth we explore the development potential and take courageous decisions to create business opportunities in our selected markets. Our focus is on the combination of economic success with the best energy solutions for today and tomorrow.

2004

Our responsibility The successful implementation of our growth strategy was based on responsible partnerships for the mutual benefit. Fairness, responsibility and respect are the core of our relationships with all our partners such as customers, employees, shareholders, and the society in general. We seek lasting co-operation and gain trust through open communication, reliability and respect between different cultures. Our aim is to create an environment of mutual benefit through social and economic partnerships taking into account the ecological issues of our times.

Executive Board

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

Wolfgang Ruttenstorfer (*1950)
As of January 1, 2002, Chairman and Chief Executive Officer. Mr Ruttenstorfer 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, with responsibility for Finance and the Gas segment.

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

Werner Auli (*1960)
As of January 1, 2007, member of the Executive Board; responsible for Gas and Power. After graduating from the Technical University in Vienna, Mr Auli started his career with OMV in 1987. From 2002 to 2004 he worked as general manager of the 50% OMV subsidiary EconGas GmbH. In 2004 he became the general manager of OMV Gas GmbH and since 2006 he has been the head of OMV Gas International GmbH.

David C. Davies (*1955)
As of April 1, 2002, Chief Financial Officer. Mr Davies graduated from the University of Liverpool (UK) in economics in 1978 and began his career as a chartered accountant. He subsequently held positions in international companies in the beverage, food and health industries. Before joining OMV he was finance director of a number of UK companies.

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

The terms of office of the Board members run until the end of March 2010 (Werner Auli until the end of December 2009). 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, Wiener Städtische Wechselseitige Versicherungsanstalt and F. Hoffmann-La Roche AG); Roiss (member of the Supervisory Board of Österreichische Post AG); Langanger (member of the Supervisory Board of Schoeller-Bleckmann Oilfield Equipment AG).

Statement of the Chairman of the Executive Board

Dear shareholders,
If you asked me to give a brief account of your Company's performance last year, I would highlight three aspects:

- 2007 was the fifth successive year of record results
- 2007 saw another increase in your dividend, this time by 19%
- 2007 was a year of preparing ourselves for the challenges ahead

Another record financial performance
Despite high oil prices, our industry faced a harsher operating environment. Competition for resources, soaring prices for oilfield services and USD weakness weighted on our results. In spite of this, relentless adherence to our strategy brought us record results for the fifth year in a row. EBIT was up by 6% to some EUR 2.2 bn, and net income for the year was EUR 1.6 bn – a rise of 14%. These results, together with robust cash flow from operating activities of EUR 2.1 bn, are further proof of your Company's financial strength. This not only means that we will be able to continue to make the necessary investments in future growth, and we have a large war chest for acquisitions, but I am glad to say that we are also in a position to propose an increase in the dividend by 19%, to EUR 1.25. A steadily rising payout ratio, which has now reached 24%, takes us another step towards our 30% target.

Business segments´ highlights
OMV's success in increasing its size and improving its strategic alignment over the past few years has won us international recognition. Now our aim is to capitalize on this potential by continuing to grow our profitability, and to enable our shareholders to reap sustainable rewards from the value we have created. In other words, we must seek to generate strong earnings, and to build an assured future for our Group. These tasks were central to our business segments' activities in 2007.

In **Exploration and Production**, high priority was given to field developments in Austria, Kazakhstan, New Zealand and Yemen. We can take pride in the strong growth of our offshore portfolio – up by 70% compared to 2002, to 138 blocks. It is gratifying to report that we hold the operatorships on 48 of these blocks – recognition of our management capabilities. During the year under review we made new discoveries in Libya, Romania and Pakistan.

Strong growth in the offshore portfolio

The **Refining and Marketing** segment completed the consolidation of the chemical activities by transferring the ownership of AMI to Borealis, thereby tightening its focus on core operations. The competitiveness of the petrochemicals business was significantly enhanced by expanding the capacity of the ethylene cracker in Burghausen by 71% to 890,000 t. Meanwhile, R&M's work processes were systematically harmonized, so as to simplify and standardize them, and make them easier to manage and more cost efficient.

Expansion of petrochemicals

The **Gas** segment made good progress with the expansion of its international business, and with addressing key success factors such as supply security, transportation and storage capacity, and the development of the gas trading platform Central European Gas Hub. EconGas had a particularly successful year.

Successful EconGas

First fruits of restructuring at Petrom
We made significant strides with the organizational, administrative and technical modernization of Petrom in 2007, and the results are starting to feed through.

Progress at Petrom

Thanks to the deployment of modern technologies, oil production in Romania stabilized after long years of decline. Following initial exploration successes, there is every reason to hope that Petrom will be able to tap new resources in coming years. The acquisition of the oil service activities of Petromservice gave us operational control over them, marking a major advance towards speeding up modernization and cutting costs.

The Romanian refineries' yield structure was improved, and increased diesel fractions achieved. In marketing we expanded the premium retail segment and upped filling station throughput.

Improved product slate

Entry into power business

The decision to build a gas-fired power plant marks Petrom's entry into the electricity generation market. New gas-fired power plants are increasingly meeting growing electricity demand in Europe, and replacing obsolete facilities. Thanks to its integrated gas business, the OMV Group is well placed to seize this opportunity, and open up a sustainable growth path in the form of gas-fired power generation.

Successful growth

Preparedness for new challenges

Your Company has recorded rapid growth, created value and translated it into profits. We intend to apply the same mixture of ambition, knowledge and experience to implementing our strategy 2010, thereby ensuring that OMV retains its attractions for new and existing investors.

Challenges

To remain a good investment, we will need to pay special attention to three big challenges:

- Security of supply
- Further consolidation in the Central European oil industry
- Climate change

Focus on security of supply

Supply security is becoming an increasingly important issue, because energy demand is rising just as competition for resources sharpens. A large part of the world's undeveloped resources are concentrated in a small number of politically troubled regions. OMV is facing up to this challenge, and is acting as the lead company in the Nabucco project, which is aimed at satisfying Europe's growing gas demand by providing access to reserves in the Caspian region and the Middle East. This is also the rationale for developing the gas trading platform in Baumgarten in cooperation with Gazprom. Together, the volumes delivered via the Nabucco pipeline and the Russian supplies should be sufficient to create an unrivaled trading hub which would enhance security of supply.

Some 80% of our oil and gas production is located in the OECD area and the EU – a strategic advantage in today's operating environment. However, we have launched a number of initiatives aimed at carefully preparing to extend our portfolio outside the EU and OECD and develop resources in the Middle East and the Caspian region.

It is precisely because of these challenges that I anticipate a further round of consolidation in our industry in Central Europe. To be well placed for this situation, OMV is pursuing a merger with Hungary's MOL. We are convinced that an alliance of this kind would be a unique chance to build a leading, integrated European oil and gas group focused on the fast growing markets of Central and Southeastern Europe. In our opinion the company created by such a merger would be better placed to take advantage of the present growth opportunities, and would significantly enhance shareholder value by optimizing the parties' joint activities. Our core shareholders, the Supervisory Board, and the capital markets share our belief in the strategic advantages of a merger – even if the European Commission were to impose antitrust conditions. We will therefore continue to work towards this goal proactively, by clarifying the competition law issues and attempting to remove the obstacles which have been put in the way of the transaction in contravention of Community law. After EU enlargement, the time has surely come to look beyond narrow national interests and redouble efforts to seek sustainable international solutions.

Both in general and for our industry, climate change is a central short-term and strategic issue, which we too must confront. In order to tackle the immediate tasks at hand, we have put in place a corporate carbon management system. This is aimed at raising awareness, optimizing our response across the Group, and identifying promising greenhouse gas mitigation projects. We will implement systems designed to take account of climate change considerations in our business processes and investment decisions.

In addition, we have set up the OMV Future Energy Fund as a central clearing house and funding mechanism for research and development projects related to renewables, emissions reduction and energy efficiency.

This will enable OMV to make the transition from a pure-play oil and natural gas business to an energy group with renewable energy sources in its business portfolio.

Corporate social responsibility

As a company pledged to sustainable business practices, we are committed to pursuing our ambitious targets without compromising our high ethical standards, and to fulfilling our social, health, safety, and environmental responsibilities. In 2007, we tightened up our business ethics code and adopted a human rights policy. For us, concern for the environment, health, safety, and human rights goes beyond legal compliance and philanthropic sponsoring activities. It is a cornerstone of the sustainability on which our success is founded. OMV has won a number of awards for good corporate governance.

New values

In my opinion our continued success depends on paying greater attention to soft values in the battle for market shares, ideas and talent – and this applies to everything we do. In a process that lasted throughout 2007, we reformulated the values that are to shape OMV's corporate culture. We want to be:

- Pioneers who explore, move and grow
- Professionals who learn, perform and succed
- Partners who respect, connect and care

These basic values will motivate us, help us to keep our bearings – especially in times of rapid change – and ultimately define the corporate identity that differentiates us from others.

Ready for the future

I believe that our financial strength, our clear strategy combined with a wide portfolio of projects and investment opportunities, and strict cost management will together enable us to continue to generate profitable, sustainable growth for our owners.

Profitable, sustainable growth

Wolfgang Ruttenstorfer

Highlights 2007

January

- Total gas sales increased in the Sawan gas field in Pakistan due to plant modifications and the drilling of further wells

February

- Redemption of the outstanding convertible bonds and prevention from dilution of existing shareholder base through simultaneous share buyback program
- Two new exploration licenses awarded in Norway and in the UK

March

April

- 50% participation in an Irish offshore exploration license
- Signing of Heads of Agreement for participation in the Iranian South Pars gas field and Iran LNG project

May

- New oil discoveries in Libya
- Acquisition of a new exploration license in New Zealand
- OMV and Gazprom step up cooperation in gas business
- AGM approves a dividend of EUR 1.05 per share for 2006

June

- OMV increases its stake in MOL to 18.6% to be better positioned for the expected consolidation in Central Europe
- New gas discovery in Pakistan confirms the significant potential of the region
- Petrom decides to build a gas-fired power plant in Romania
- Two additional exploration licenses awarded in Norway

Highlights 2007

July

- Further growth in New Zealand with three new offshore exploration licenses
- Successful oil production testing in the Faroe-Shetland Channel

August

- OMV and IPIC incorporate their shares of AMI Agrolinz Melamine (each held 50% of AMI) into their joint subsidiary Borealis
- Successful oil production testing of offshore discovery Rosebank in the UK
- Four new exploration licenses in Australia

September

- OMV increases its stake in MOL to 20.2% and publishes a Declaration of Intent to combine OMV and MOL
- Petrom reports first exploration successes based on 3D seismic in Romania
- Petrom acquires the oil services business of Petromservice

October

November

- OMV and IPIC sign Memorandum of Understanding for joint E&P projects
- Acquisition of two exploration blocks in the Kurdistan Region of Iraq
- OMV secures long-term oil production in Libya via new agreements

December

- Two exploration licenses in Slovakia acquired
- OMV participates in planned LNG terminal Gate in Rotterdam and EconGas signs LNG throughput agreement


Company

OMV Group objectives and strategy

Where we are in 2007

Core business segments E&P, R&M and G&P

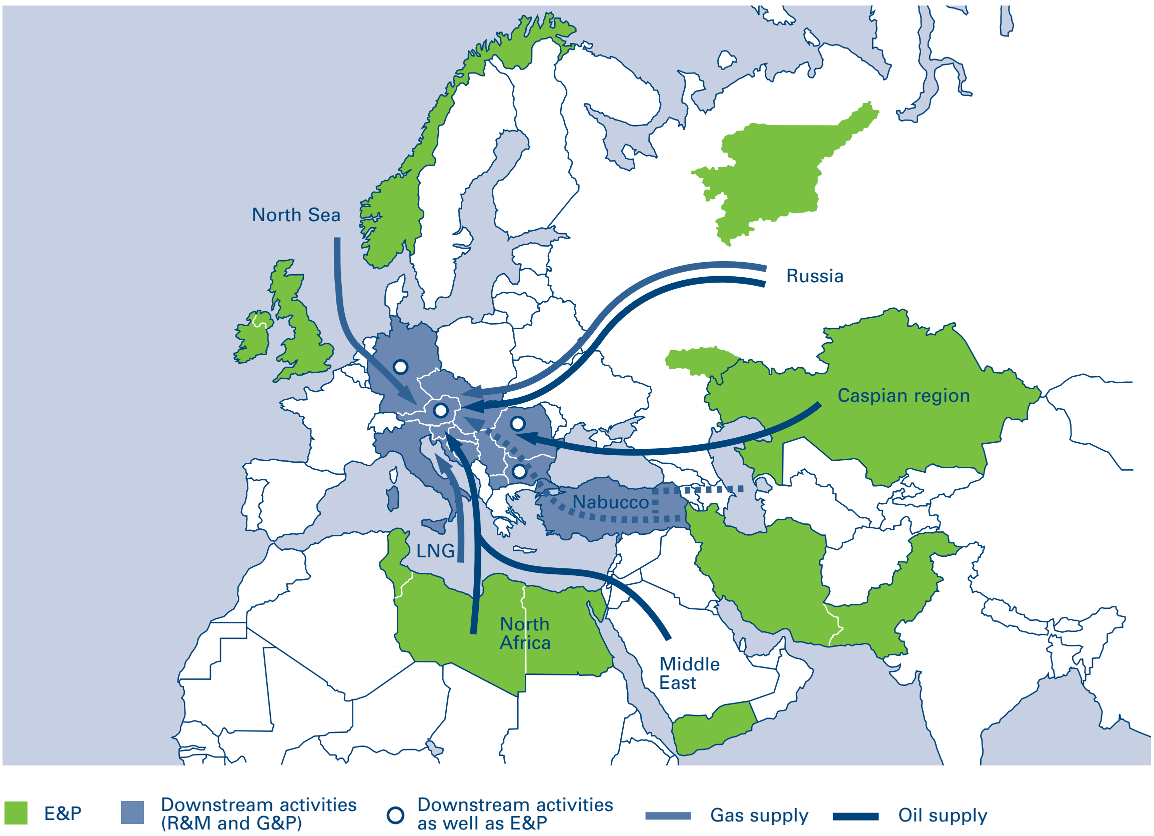
OMV is the leading oil and gas group in Central Europe. Our core business segments are Exploration and Production, Refining and Marketing including petrochemicals, as well as Gas and Power. We produce 321,000 boe/d of oil and gas, and our proved reserves are approximately 1.2 bn boe. Our refining capacity is 26.4 mn t, and we operate a network of 2,538 filling stations in 13 Central and Southeastern European countries. OMV transports some 52 bcm per year of natural gas to Western Europe, and also operates gas storage facilities. Our gas sales total over 13 bcm per year.

Strong strategic positioning

Apart from our wholly owned subsidiaries, OMV Exploration & Production, OMV Refining & Marketing, OMV Gas, OMV Solutions and OMV Future Energy Fund, we own interests of 51% in the Romanian oil and gas company Petrom, 50% in the gas marketing company EconGas, 45% in the refinery network Bayernoil, and 40% in the leading oil marketing company in Turkey, Petrol Ofisi. In 2007, we raised our stake in the Hungarian oil company MOL from 10% to 20.2% in order to position ourselves to play a role in the expected next wave of consolidation in the Central European oil and gas industry.

During the year under review, we completed the consolidation of our chemical operations in Borealis. Our interest in Borealis is now 36%, while our core shareholder, Abu Dhabi based International Petroleum Investment Company (IPIC) holds the other 64%. Borealis is among the world's leading producers of melamine and polyolefins.

Balanced integration across businesses and markets



Our strategy

Unrivaled number one in Central Europe
Our goal remains the relentless pursuit of profitable growth. As a financially strong, integrated oil and gas company, we are ideally placed for this. Increasing the security of supply of our Central European core region is a key component of our strategy. We are committed to organic growth, supported by acquisitions.

We are pressing ahead with the development of the six core regions in our Exploration and Production segment. In the Gas and Power segment, our international activities are being systematically expanded, while in Refining and Marketing we plan to reinforce our market leadership in the European "growth belt", stretching from Southern Germany and Austria along the Danube river to Romania and Turkey.

Realizing synergies through integration
We aim to become the world's best mid-sized integrated oil and gas company. We plan to reach sufficient crude oil and gas output to run at least 50% of our refining capacity. In the gas business, we will be looking to source at least one-third of our sales volume from own production. In this way, we will reduce our dependence on the commodity markets and tap the higher value added to be gained from internal primary production.

Continued focus on growth

Our targets for 2010

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

Our objectives
- Increase our oil and gas production to 500,000 boe/d (400,000 boe/d from existing fields and 100,000 boe/d from acquisitions)
- Increase our annual refining capacity to up to 50 mn t by taking opportunities for acquisitions
- Build on the strong position of our marketing business with its 20% market share in Central Europe
- Grow gas sales to 20 bcm/year
- Develop a profitable power generation business
- Deliver a ROACE of 13% under mid-cycle market conditions
- Stand out clearly from our regional peer group in terms of our market capitalization

Sustainability is an important topic

Sustainability

Working for sustainability on three fronts
- Commercial sustainability
- Social sustainability
- Environmental sustainability

The growth of our business is underpinned by a strong financial position. We maintain the sustainable growth of our E&P business by targeting a minimum reserves replacement rate of 90% from existing fields, as well as adding to our reserves by acquiring high quality assets.

Good corporate governance and high standards of social responsibility are the cornerstones of our culture of social sustainability. In the interest of environmental sustainability, we are working through the OMV Future Energy Fund to support a slate of projects aimed at enabling a sustainable business model and making progress towards its implementation, thereby safeguarding our profitability and the continued existence of our Group far into the future.

Exploration and Production

Our well-balanced international E&P portfolio, spread across 21 countries, is grouped into six core regions: Central and Eastern Europe, North Africa, Northwestern Europe, Middle East, Australia/New Zealand, as well as Russia/Caspian region. Daily production is about 321,000 boe, and proved oil and gas reserves are 1.2 bn boe.

Several new exploration licenses

Our achievements in 2007

- Additional exploration license awards in Australia, Egypt, UK, Ireland, the Kurdistan Region of Iraq, New Zealand, Norway, Russia and Slovakia
- Agreement to the redevelopment of producing fields as well as the expansion of exploration activities in Libya
- Discoveries in Romania, Libya and Pakistan
- Successful appraisal drilling in the offshore oil field Rosebank (UK)
- Considerable increase in volumes from the gas fields Sawan (Pakistan) and Pohokura (New Zealand) as well as from the oil field Habban (Yemen)
- Start of a modernization initiative of oil and gas production systems in Austria
- Major expansion in exploration activities and ongoing optimization of production operations in Romania

Strong organic growth expected

Our strategy

- Build a strong market position by producing 400,000 boe/d from existing fields and acquiring assets with an additional output of 100,000 boe/d by 2010
- Focus our portfolio development on six core regions
- Implement state-of-the-art exploration technologies
- Achieve world-class performance in enhanced oil recovery and operating mature fields
- Strengthen the development of our offshore expertise
- Act as operator on most of our assets
- Achieve top quartile in HSE and CSR benchmark performance

Our competitive advantages

- Strong track record in optimizing recovery from complex onshore structures
- Use of state-of-the-art seismic technologies and exploration techniques
- Outstanding expertise in building and operating sour gas production systems
- Experience in developing and operating fields in politically and environmentally sensitive areas
- Balanced risk profile of an asset portfolio spread across six core regions
- Synergies open to an integrated oil and gas company

Our objectives for 2010

We are targeting an increase in production to 500,000 boe/d by 2010. We are aiming for an average annual organic growth of about 7.5% to reach 400,000 boe/d, with the remaining volume resulting from carefully selected acquisitions.

Refining and Marketing including petrochemicals

We operate refineries in Schwechat, Austria, and Burghausen, Southern Germany, both with integrated petrochemical complexes. Together with the Petrobrazi and Arpechim plants in Romania and our 45% stake in Bayernoil, Southern Germany, we have a total capacity of 26.4 mn t/year (540,000 bbl/d). Our network of 2,538 filling stations and an efficient commercial business spanning 13 Central and Eastern European countries underpin our market leadership and give us a strong platform for profitable growth.

Our achievements in 2007

- Commissioning of the cracker expansion and metathesis plant at the Burghausen refinery
- Commencement of construction of a thermal cracker at the Schwechat refinery in order to enable it to run more heavy crude
- Consolidation of the chemical operations in the Borealis subsidiary
- Commencement of work on the new ethylene pipeline in Southern Germany
- Strengthening of the non-oil business thanks to the successful relaunch of the VIVA retail brand

Our strategy

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

Our competitive advantages

- 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 thanks to the Petrom acquisition – a major advance towards profitable growth
- Strong brand positioning and an innovative approach to the non-oil business
- High product quality and environmental standards

Strong positioning in CEE

Our objectives for 2010

We have already hit our target of a 20% share of the retail and commercial market in the Danube region ahead of time. We want to increase our annual refining capacity to up to 50 mn t by taking opportunities for acquisitions. During the period through 2010 we will be looking to grow profitably by leveraging our market leadership in the 13 Central and Eastern European countries we already serve, and taking opportunities for acquisitions outside our core markets, in the European growth belt.

Gas and Power

Our Gas and Power segment has significant growth potential, as natural gas will be one of the key energy sources of the future. We operate across the entire gas value chain. We import large amounts of natural gas to Austria mainly from Russia and Norway and also have domestic reserves. We play a key role in gas transit, with about one-third of all Russian gas exports to Western Europe running through the pipeline turntable in Baumgarten. Our 2,000 km pipeline network and our gas storage facilities make a major contribution to security of supply in Austria and beyond. We plan to extend the value chain by developing our power generation business, thereby capitalizing on synergies with the gas business.

Progress in several projects

Our achievements in 2007

- Opening of an office in Baku and closer business relations with Azerbaijan
- Implementation of the Nabucco pipeline project on schedule
- Formation of a joint venture company to build the Adria LNG terminal in Croatia together with four partners
- Launch of "Click & Store" – an innovative online tool for gas storage customers
- Expansion of the CNG filling station network
- Completion of the feasibility study for the 860 MW gas-fired power station in Petrobrazi (Romania)

Further growth planned

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 gas turntable and the Nabucco pipeline
- Turn Central European Gas Hub in Baumgarten into the top gas trading hub in continental Europe
- Establish EconGas as a major Central European gas supplier
- Grow Petrom's market leading gas business
- Develop a profitable power generation business

Our competitive advantages

- Availability of self-produced gas through the physical integration of the G&P and E&P segments
- Long-term relationships and contracts with major gas suppliers
- Highly competitive storage and transportation costs
- Key turntable function in the European gas transit system
- Strong position in Austria through our EconGas marketing subsidiary, providing a springboard for expansion into neighboring countries

Our objectives for 2010

We aim to strengthen our position in Central and Eastern Europe. To this end, we intend to raise annual gas sales to 20 bcm, and transit volume to 56 bcm by 2010. One-third of the gas sold will be sourced from own production. In addition, we plan to build a further 80 CNG outlets in Austria.

Petrom

Petrom is the leading oil and gas company in Southeastern Europe. Its three core business segments are Exploration and Production, Refining and Marketing, and Gas and Power. Production is about 197,000 boe/d, and proved reserves are around 894 mn boe. Petrom has a refining capacity of 8 mn t/year and operates 807 filling stations. As Petrom's results are consolidated in those of the OMV Group's E&P, R&M and G&P segments, its output is included in the latter's targets.

Our achievements in 2007
- Successful stabilization of oil production in Romania
- Exploration successes in Romania through the use of modern 3D seismic technology
- Successful tests at first offshore discovery for eight years
- Signing of contract for the acquisition of the oil service activities of Petromservice
- Opening of 27 new filling stations in Romania, with another 44 under construction
- Progress with the modernization of Petrobrazi refinery
- Important restructuring actions: Spin-off of the petrochemicals activities into the newly founded Petrochemicals Arges and of the gas system operational business into Petrom Distributie Gaze SRL
- Establishment of a Gas and Power segment, and decision to build an 860 MW gas power plant in Petrobrazi

Our strategy
- Achieve sustainable and profitable growth through operational improvements and investments in growth markets outside Romania
- Continuing the optimization of the recovery of oil and gas fields due to the use of modern production technologies
- Grow the gas business by optimizing upstream supply and storage capacity
- Increase Petrom's retail market share by providing top-class customer service and increasing efficiency
- Produce EU-compliant products and cut costs at the refineries
- Develop a Romanian power generation business based on fossil fuel and renewable energy sources

Operational improvements, sustainable growth

Our competitive advantages
- Significant oil and gas reserves enable a substantial oil and gas production
- One of the top two players in the Romanian upstream and retail gas markets
- Role as the Group center of expertise for marketing in Southeastern Europe, and for E&P in Romania, Russia and the Caspian region

Strong reserves position

Our objectives for 2010
- Stabilize Romanian oil and gas production at 210,000 boe/d
- Significantly reduce production costs and increase reserve replacement rate in Romania
- Expand international operations, especially in the Caspian region
- Sell 7 bcm/year of gas, for a 35% share of the Romanian market
- Maintain average filling station throughput at over 3 mn liters/year, and increase number of PetromV filling stations to 250
- Expand capacity at Petrobrazi refinery to 6 mn t and improve the cost base
- Commission the Petrobrazi gas-fired power plant

Statement by the Chairman of the Supervisory Board

Record year 2007

Dear shareholders,
The 2007 financial year brought another record profit, and featured major projects and initiatives aimed at keeping OMV on its course of profitable growth. At this particularly challenging time in the history of our industry, we need to position OMV to play a lasting role in the consolidation of the international oil and energy sectors, without losing sight of our environmental and social responsibilities. I see it as the task of the Supervisory Board to assist the Executive Board in developing the Group's strategy, and to exercise sufficient control to balance its risks and opportunities so as to ensure that shareholders continue to receive an appropriate return.

Corporate governance, good teamwork on the Supervisory Board, close cooperation with the Executive Board, and regular, timely and comprehensive information create a sound basis for us to perform this role.

Meeting topics

The following key issues were discussed at Supervisory Board meetings:

- The integration of Petrom, and its acquisition of the oil service activities of Petromservice in order to gain operational control of them.
- Strengthening the gas business through projects related to supply source diversification, and the transportation and liquefaction of natural gas.
- Expanding cooperation with IPIC – notably through the transfer of its interests in AMI Agrolinz Melamine International to Borealis. Here, particular importance was attached to obtaining two fairness opinions, and to IPIC's abstention from the discussion and the vote on the transaction.
- The Declaration of Intent regarding the combination of OMV and MOL, including the procedure, financing, strategic and value creation aspects. The Supervisory Board believes this combination should be pursued energetically, and is supporting the Executive Board in this difficult process.

A Supervisory Board meeting was again devoted exclusively to strategy, so as to be in a position to monitor implementation on the basis of goals formulated jointly with the Executive Board. Among other matters, the Board's committees dealt with selected areas of control such as risk management and internal audit reports. In the course of committee meetings we were also able to reassure ourselves that comprehensive employee development, succession planning arrangements, and a functioning issuer compliance system are in place.

In 2007, the Supervisory Board carried out a self-evaluation in accordance with international standards. This was aimed at continuously improving our working methods so as to ensure that we are capable of continuing to fulfill our responsibilities to shareholders and all stakeholders.

Annual financial statements and dividend
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 Stock Corporation Act, and the Company's financial statements for 2007, which were thereby adopted under section 125 (2) of the Act. The Board also approved the consolidated financial statements and the Group Directors' report.

The Supervisory Board has approved the Executive Board's proposal to pay a dividend of EUR 1.25 per share and to carry forward the remaining EUR 81,138.38 to new account.

Finally, I should like to congratulate the Executive Board and the entire workforce on these results, and thank them for their dedication to OMV.

Vienna, March 26, 2008

Rainer Wieltsch
Chairman of the Supervisory Board

Members of the Supervisory Board

Rainer Wieltsch (*1944), Chairman
First elected at the AGM held on May 24, 2002
Member of the Supervisory Boards of: Austrian Airlines Österreichische Luftverkehrs AG, Österreichische Post AG, Telekom Austria AG

Mohamed Nasser Al Khaily (*1966), Deputy Chairman [1]; First elected at the AGM held on June 7, 1995; Managing Director of IPIC until May 28, 2007; Member of the Supervisory Board of: Compañía Española Petroleos S.A.

Peter Michaelis (*1946), Deputy Chairman
First elected at the AGM held on May 23, 2001; Member of the Management Board of ÖIAG, Member of the Supervisory Boards of: Austrian Airlines Österreichische Luftverkehrs AG (Chairman), Österreichische Post AG (Chairman), Telekom Austria AG (Chairman)

Murtadha Mohammed Al Hashemi (*1966)
First elected at the AGM held on May 18, 1999; Division Manager/Finance of IPIC, Member of the Supervisory Board of: Compañía Española Petroleos S.A.

Helmut Draxler (*1950)
First elected at the AGM held on October 16, 1990; until January 12, 2007 Chairman of the Management Board of RHI AG; Member of the Supervisory Board of: RHI AG

Wolfram Littich (*1959)
First elected at the AGM held on May 23, 2001
Chairman of the Management Board of Allianz Elementar Versicherungs-AG

Gerhard Mayr (*1946)
First elected at the AGM held on May 24, 2002
Member of the Supervisory Boards of: Lonza Group Ltd, UCB S.A., Alcon

Herbert Stepic (*1946)
First elected at the AGM held on May 18, 2004
Deputy Chairman of the Management Board of Raiffeisen Zentralbank Österreich AG

Herbert Werner (*1948)
First elected at the AGM held on June 4, 1996
Member of the Supervisory Boards of: Innstadt Brauerei AG (Chairman), Ottakringer Brauerei AG

Norbert Zimmermann (*1947)
First elected at the AGM held on May 23, 2001
Chairman of the Management Board of Berndorf AG; Member of the Supervisory Boards of: Schoeller-Bleckmann Oilfield Equipment AG (Chairman), Bene AG, Oberbank AG

Delegated by the Group Works Council:
Leopold Abraham, Wolfgang Baumann, Franz Kaba, Ferdinand Nemesch, Wolfgang Weigert (until February 23, 2007), Markus Simonovsky (since February 23, 2007)

These disclosures comprise all seats on Supervisory Boards and comparable functions in Austrian or foreign listed companies. The terms of all the members of the Supervisory Board run until the AGM in 2009. Members delegated by the Group Works Council may be recalled at any time.

Presidential and Nomination Committee:
Wieltsch (Chairman), Al Khaily (Deputy Chairman), Michaelis (Deputy Chairman), Al Hashemi, Abraham, Baumann

Audit Committee:
Wieltsch (Chairman), Al Khaily (Deputy Chairman), Michaelis (Deputy Chairman), Littich, Draxler, Werner, Abraham, Baumann, Nemesch

Project Committee:
Wieltsch (Chairman), Al Khaily (Deputy Chairman), Michaelis (Deputy Chairman), Al Hashemi, Littich, Zimmermann, Abraham, Kaba, Nemesch

Remuneration Committee:
Wieltsch (Chairman), Al Khaily, Michaelis

Number of meetings:
Five Supervisory Board meetings took place, thereof one strategic meeting. Furthermore, the Audit and Remuneration Committee met twice, the Project Committee as well as the Presidential and Nomination Committee each held a meeting once.

All the shareholder representatives have declared their independence from the Company and its Executive Board during the 2007 financial year and up to the time of making such declaration (Rule 53 ACCG). Under Rule 54 ACCG, Supervisory Board members Draxler, Littich, Mayr, Stepic, Werner and Zimmermann have made a declaration stating that they had no connections to any major shareholders during the 2007 financial year and up to the time of making such declaration. Under the articles of incorporation, the Annual General Meeting (AGM) resolves the remuneration of the elected members of the Supervisory Board for the past financial year. The following remuneration for the 2006 financial year was approved at the AGM 2007:

EUR 29,200 for the Chairman
EUR 21,900 for the Deputy Chairmen
EUR 14,600 for the ordinary members
EUR 12,000 for the Committee Chairmen
EUR 10,000 for the Committee Deputy Chairmen
EUR 8,000 for Committee members

[1] Al Khaily attended less than 50% of the Supervisory Board and Committee meetings.

Corporate governance

Purchasing shares is a matter of trust. Maximum transparency in management and financial control structures helps to create and consolidate shareholder confidence. OMV has therefore always attached great importance to exemplary and transparent corporate governance to provide stakeholder confidence.

Commitment to Austrian Code of Corporate Governance

Declaration of commitment and evaluation

This report commits OMV to compliance with the Austrian Code of Corporate Governance, and continued adherence to the "comply or explain" principle. Petrom has likewise adopted a corporate governance policy, setting out the main elements of its management and control systems in accordance with the regulatory framework in Romania. OMV commissions annual compliance evaluations posting the findings on www.omv.com.

High level of transparency for Executive Board remuneration

Compensation of the Executive Board

OMV regularly publishes details of individual Executive Board members' compensation packages. Board members' remuneration is disclosed in Note 32, and the details of the various stock option plans are discussed in Note 28. All relevant stock transactions can be found on www.omv.com, under Directors' Dealing. Details of share ownership by members of the Executive Board and the Supervisory board are posted under Directors' Holding. Petrom has also adopted an issuer compliance regulation.

The principles applied to the OMV Executive Board's compensation are as follows: Remuneration is at competitive market levels for the relevant employment constituency, and has a strong performance-related component. Achieving market rates is maintained by regular benchmarking against relevant Austrian industrial companies and the European peer group. The short- and long-term elements of the performance-related components are monitored. The short-term incentives are bonus agreements based on earnings, profitability and growth targets; objectives are agreed for specific projects related to the implementation of OMV's growth strategy. The long-term incentives are provided by stock option plans, which are on a par with those of companies of comparable size. The payment of an occupational pension is conditional on the attainment of a given age, usually the statutory retirement age, though there is also the possibility of early retirement on a reduced pension. The principles governing the level of retirement benefits are along similar lines to those for other company employees. The rules for severance payments due upon termination of Board members' employment contracts are based on the length of employment; there are no other termination entitlements.

Audit and supervisory director independence

A central issue for all audit bodies is their independence. In 2007, the auditing firm Deloitte Wirtschaftsprüfungs GmbH received EUR 0.48 mn in fees for other engagements; this was less than 21% of the fees paid for the Group audit. In the interests of transparency and independence from the Company, the Supervisory Board has adopted independence criteria, based on Commission Recommendation 2005/162/EG and the 2006 Austrian Code of Corporate Governance, which can be found at www.omv.com. All the members of the Supervisory Board have declared themselves to be independent according to these yardsticks. The majority (six out of ten) of the Supervisory Board members elected at the Annual General Meeting have no connection to core shareholders. The rules for transactions requiring approval apply to all Group subsidiaries including Petrom. In 2007, transactions with the Raiffeisen Banking Group (OMV Supervisory Board member Herbert Stepic is a member of the Raiffeisen Zentralbank Executive Board) totaled approx. EUR 1.14 bn. This is less than 1% of the total assets of the Raiffeisen banking group.

Corporate social responsibility

Corporate social responsibility (CSR) is an indispensable element of OMV's management philosophy. Our approach to CSR takes account of the environmental and social aspects of management. This means that we are committed to the principle of the triple bottom line – sustainable economic, environmental and social performance.

Embedding CSR within our corporate strategy

The OMV Group's CSR activities are designed to yield both social and commercial benefits. CSR is firmly embedded within the Group's corporate strategy, and CSR objectives and indicators are included in the Balanced Scorecard as well as annual plans. CSR officers, responsible for implementation of the Code of Conduct in accordance with the corporate directive and for supporting line management on related issues, are appointed at both the holding company and business segment level.

We have underlined our commitment to the UN Global Compact (UNGC), and spelled out the meaning of this pledge in our Code of Conduct, which catalogues our corporate values and standards of behavior.

We want to meet the increasing expectations of the public and the capital markets. Furthermore, we believe that accepting our social responsibilities has positive effects in terms of our corporate culture, risk minimization and the competitive advantages conferred by our license to operate. These benefits add up to a strong business case for pursuing CSR-based policies.

OMV stakeholders' forum

Regular stakeholder dialogue is central to making CSR a reality. In fall of 2007, the annual OMV stakeholders' forum, held in Vienna, brought together the Executive Board with representatives of Non Governmental Organizations (NGOs), political parties and interest groups from civil society. We regularly engage in structured stakeholder consultation with communities in areas affected by our activities. For detailed information visit www.omv.com > OMV Holding > Our Commitment > Corporate Social Responsibility.

OMV CSR Performance Report

New CSR performance report published

Our report on CSR performance in 2005 and 2006, entitled "OMV in Dialogue" was published in 2007; it complies with the Global Reporting Initiative (GRI) guidelines. The report also covers part of 2007.

Commitment to social responsibility

The CSR report examines our track record on health, safety, climate change, and respect for human rights to the extent that these lie within our sphere of influence. Social responsibility is closely related to respecting and protecting human rights and to support the fulfilment. OMV has therefore adopted a human rights policy and moreover developed a matrix, in which our responsibility for the areas of human rights was defined. In 2007, a start was made with focused on-the-spot analysis aimed at identifying existing activities and formulating action plans designed to close any gaps. We are following through on our commitment to social responsibility and increased stakeholder engagement by basing our local CSR activities on social impact assessments.

Project in Pakistan awarded

The OMV Community Development Program in Pakistan has been extended to include a hepatitis prevention program. A total of 9,000 mothers and children are being inoculated. This project, for wich OMV received the Austrian TRIGOS CSR award in 2007, is backed by an awareness program. The project was launched in 2006 and is due for completion in 2008.

OMV Future Energy Fund

OMV believes the next few decades will see growing global demand for renewable energy. The OMV Future Energy Fund, established in 2006, therefore works to identify new technologies capable of meeting the demand for clean and safe energy sources, and enables OMV's business segments to invest in them.

Several projects supported

Since its set up in June 2006 and the end of 2007, the OMV Future Energy Fund has provided some EUR 5 mn in support of 15 projects, leveraging total spending of about EUR 10 mn by the Group's business segments. Together with funding from external project partners, the total invested was about EUR 25 mn. The focus has been on projects related to second-generation biofuels, biogas, hydrogen, nanotechnology and energy efficient office buildings, as well as carbon capture and storage and zero emission power plants.

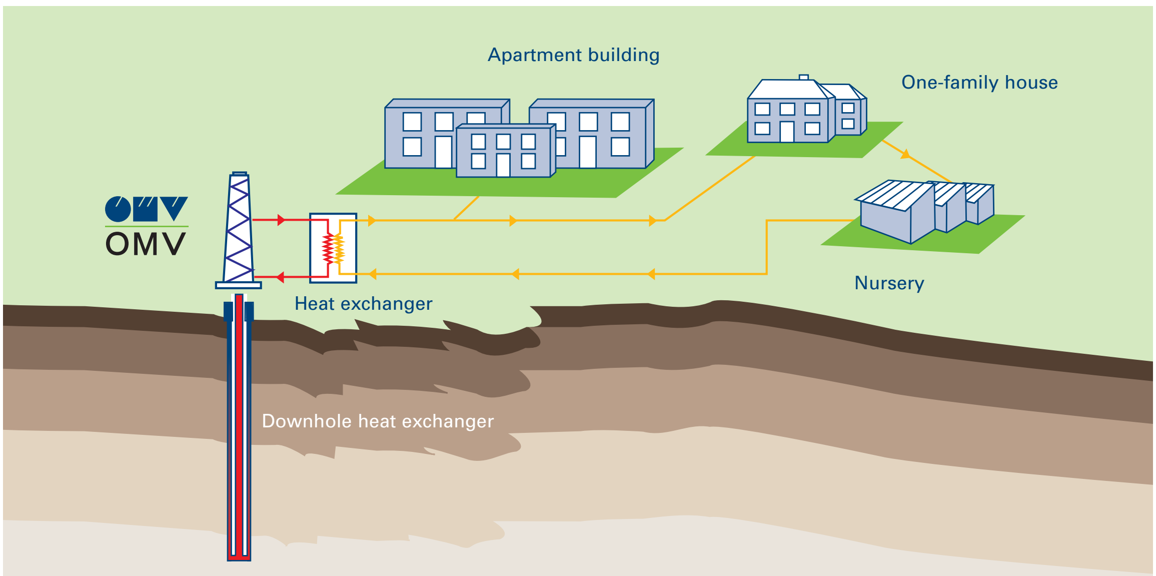
Geothermal energy is an important topic

A number of OMV Future Energy Fund projects focus on the commercial use of geothermal energy. One of the options being examined is the use of depleted oil and gas wells to collect geothermal energy; the aim is to improve the efficiency of existing systems. There are currently about 1,000 oil and gas wells in operation in Austria, and these will have to be decommissioned when production out of these wells ceases. Every year, about 30 of these wells, with depths of between 300 m and 6,000 m, reach the end of their useful lives. Together, OMV and OMV Future Energy Fund will invest EUR 0.5 mn in testing the post-use of selected wells by converting them into pilot geothermal boreholes by 2009. Downhole heat exchanger systems are employed to collect heat from water that is heated by pumping it into the well and then returned to the surface. This energy can be used for district heating or to supply households with hot water.

OMV future energy fund

For more information on the OMV Future Energy Fund visit:
www.omvfutureenergyfund.com

Geothermal energy transfer to customers



Research and development

The research and development (R&D) effort in the OMV Group is focused on innovation, and on putting into practice ideas that will bring benefits to customers, the environment and the Group itself. The R&D function helps our business segments extend their core expertise and achieve high product quality and service standards. OMV collaborates closely with universities, other research institutions and numerous industrial partners, and is an active member of many technology networks. Group R&D spending totaled EUR 15 mn in 2007 (2006: EUR 13 mn).

Research projects in the **Exploration and Production** segment were aimed at higher recovery rates under difficult production conditions. Innovative geological, petrophysical and geophysical methods were evaluated and further improved. Among other things, mathematical simulations were used to investigate the injection of various gases and polymers into reservoirs in order to increase production. The development and evaluation of new techniques, e.g. for produced water treatment, and the use of state-of-the-art materials and additives is also playing a major role in the rapid modernization of Petrom's production systems.

One of the priorities for **Refining and Marketing** was the admixture of biofuels. As a result of the EU directive requiring the blending of all gasoline and diesel sold on the market with biofuels, the mandatory biofuel fraction will rise sharply over the next few years. At present, the share of the most widely used biofuels, ethanol and FAME (biodiesel), is limited to 5% for quality reasons. The drive to evaluate new processes and means of raising the biofuel fractions of gasoline and diesel continued during the year. The hydration of native oils and fats is a potential route to producing biofuels at refineries. A feasibility study on the construction of a large biofuel production facility at Schwechat refinery is in progress.

Automotive fuel research centered on future fuels and combustion systems. R&M looked at additional environmentally and economically viable fuels, from second-generation biofuels through to hydrogen.

New product quality of heating oil

Heating oil development work included completing the selection of the components and additives for the Vitatherm product launch, ahead of trial marketing in Upper Austria. Tests showed that this new grade cuts fine particulate emissions by up to three hundred times as compared to today's best available biomass combustion technologies.

New generation of engine oils

R&D in OMV's lubricants business was again driven by its goal of being one of the top three suppliers in Central Europe. The year saw the successful launch of a new generation of engine oils that reduce fuel consumption and CO_2 emissions by up to 7% as compared to older products, and perform particularly well on short runs. Work continued on investigating the potential impact of future biofuels on the quality and longevity of modern engine oils. A second thrust was the development of modern lubricants for stationary gas engines powered by biogas.

Feeding of purified biogas into the natural gas grid

The main R&D issues for the Gas segment were increasing energy efficiency and decreasing greenhouse gas emissions. One project involved purifying biogas generated from agricultural by-products and feeding it into the natural gas grid.

Human resources

The success of our employee development initiatives is pivotal to our growth strategy. OMV has a broad-based human resources (HR) development effort covering every aspect of needs-based HR management, from succession planning through to management training, and career development for high potential individuals in every country in which we operate. In 2007, the main HR priorities were internationalization, the delivery of development programs for executives and experts in all countries, and the reorganization and integration of Petrom.

Focus on internationality

Internationalization drive

At the end of 2007, 368 employees were on international assignments – a 20% rise year-on-year. The increasingly international character of our human resources approach was also reflected in our management training activities. One third of the participants of both the Power2Manage middle management training program, based at IMD in Switzerland and the Power2Lead advanced management program at the Ashridge Business School, near London were non-Austrian employees.

Positive overall result for employee survey

Employee survey extended to Petrom

A key integration tool at OMV is the Human Capital Management employee survey. This was conducted at Petrom for the first time in 2007. While the entire workforce of the other Group operations is included in the survey, a total of 3,343 Petrom employees took part in the pilot project. There were slight improvements at most organizational units, and the positive overall result was maintained. The response rate was very high at 81%. The response rate of 52% at Petrom represents a good result given that the survey was carried out for the first time. We expect them to improve as the program is extended over the next few years and an improved management system is put in place.

Reorganization at Petrom

Further progress was made with the reorganization of Petrom. This was accompanied by an intensive training program. As part of the program, employees made redundant in recent years were retrained at 15 labor foundations (transition centers) for new positions outside of Petrom. Over 8,000 employees have taken part in these programs since the centers were opened during the summer of 2006. Other organizational measures taken in Romania included the introduction of a computerized payroll system (SAP-HR).

Promoting expert careers

In addition, we began addressing the issue of expert careers. In the R&M segment, the successful Talent Challenge program continued, and was joined by some 60 new participants. The Gas segment responded to the strong growth in its operations by launching its own induction program.

A new collective agreement was signed on July 1, 2007. This was the first time in the history of Austrian collective bargaining that blue- and white-collar employees have been brought together under a single labor contract. A total of 125 apprentices are currently receiving training in chemical process, process control, electrical and mechanical engineering.

Headcount as of December 31

	2007	2006	2005	2004	2003
OMV Group employees	**33,665**	**40,993**	**49,919**	**57,480**	**6,137**
thereof: OMV excluding Petrom	5,432	5,180	5,226	6,475	6,137
Petrom	28,233	35,813	44,693	51,005	–

Health, safety, security and environment

The success of OMV's growth strategy over the past few years has brought new health, safety, security and environment (HSE) challenges. We have responded with a broad range of initiatives, aimed at positioning OMV among the best mid-sized, integrated oil and gas companies in terms of HSE standards by 2010. These focus on issues such as health care in remote areas, greenhouse gas emissions management and process safety.

Training in HSE awareness

The HSE management system became even more firmly embedded in our organization during 2007. One of the key goals was to raise awareness of HSE issues among Petrom employees. Over 330,000 training hours were recorded – more than two-thirds of them in Romania. A major communication program at Petrom focused on environmental protection. The "think:ahead and talk about it" safety campaign won us the Petroleum Economist award.

International health programs

Detailed, structured instructions for medical personnel were drawn up in 2007 in order to implement the health care standards developed and adopted during 2006. These are aimed at providing all OMV and Petrom employees with quality assured occupational and preventive medical care throughout the world. Broad-based preventative programs were implemented in order to identify persons at risk of vascular diseases such as strokes, metabolic complaints and heart attacks in good time.

Strong focus on safety

Despite progress in embedding a strong safety culture in our working practices and cutting the number of workplace accidents there were once again fatalities in 2007. Three Petrom employees and eight contractors (five of them in Petrom) died at work during the year. These tragic events were all the more reason to press ahead with the "think:ahead – discover safety" campaign. The number of safety audits and near-miss and hazard reports increased during 2007. Process safety at the refineries is among the issues currently being targeted by a multi-year program, based on internal and external studies.

Safety culture: Safety audits and near-miss and hazard reports

Environmental investments

Less emissions, higher energy efficiency

During the year under review a new SNOx unit was commissioned at Schwechat refinery. This EUR 150 mn investment reduces annual SO_2 emissions by over 2,400 t and NOx emissions by more than 1,400 t. Investment spending at the Petrom refineries focused on improving energy efficiency, cutting greenhouse gas emissions, enhancing product quality and biofuels. The key environmental issue for the Exploration and Production and Gas segments was scaling back flaring and venting.

Combating climate change

Promotion of projects towards greenhouse gas reduction

The OMV Carbon Management program identifies and promotes greenhouse gas reduction projects across the Group. In 2007, OMV (excluding Petrom) emitted more CO_2 than was covered by the allowances allocated to it under the EU Emission Trading Scheme (ETS), and purchased the difference on the market. The published planned allocations for an additional 19 installations operated by Petrom, which have been subject to the ETS since the start of 2007, were adequate.

Value management

In order to sustainably maximize the long-term enterprise value, it is crucial to run the Company on a strict cost and project management system and to assess investment decisions on the basis of profitability benchmarks. Value management is therefore an integral feature of the OMV Group's management system, to which great importance is attached at the highest levels.

Value management crucial to planning and decision-making

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

- Growth in the stock market and enterprise value of the Group
- Competitive returns for shareholders
- Competitive key performance indicator system

Tight cost management

Consistent adherence to this approach results in different target systems depending on the perspective taken. While some short-term discrepancies between these target systems might occur, it is crucial that, over the long-term, all three above mentioned targets are fulfilled. In all investment decisions, achieving a given hurdle rate (minimum rate of return), derived from the cost of capital (which is impacted by the level of risk), is an essential requirement. Together with our high focus on a strict cost and project management system, this is crucial for meeting our target of a 13% ROACE over the course of the business cycle, based on our mid-cycle assumptions.

During the annual strategic planning process a corporate value analysis is performed. This involves a critical examination of the success of the current strategy in achieving the Group's value enhancement targets.

A part of the management tools is the Balanced Scorecard (BSC), which exists for the Group as a whole and separately for all of its business segments. An essential part of our BSC is the definition of strategic cost targets; furthermore, the BSC is enabling us to increase the focus on non-financial metrics – such as internal business processes, customers, market, learning and growth targets – that make the achievement of strategic objectives measurable.

While implementing the strategy for 2010, the changes in the Group's structure and further improvements in operational performance should create an attractive value growth potential for investors.

Ratios %

	Targets 2010 [1]	**2007**	2006	2005	2004	2003
Return on average capital employed (ROACE)	13	16	18	20	15 [2]	12
Return on equity (ROE)	16–18	19	20	22	19 [2]	15
Gearing ratio	≤ 30	24	7	(2)	12	40
Payout ratio	30	24	23	21	19	27

Figures 2003 according to ACC, thereafter IFRS.
[1] Targets based on mid-cycle assumptions.
[2] Adjusted for Petrom acquisition.

OMV shares and bonds

2007 was another excellent year for OMV in business terms, and this was reflected in our share price, which despite being volatile, put in a very strong showing to end 2007 up by 29%. With the Austrian Traded Index (ATX) of leading shares gaining only 1%, our share price outperformed the Vienna Stock Exchange by an impressive margin. All of the convertible bonds outstanding from the 2004 issue were redeemed in February 2007, thus preventing dilution of existing shareholdings.

Volatile year

2007 was a rollercoaster ride for stock markets around the world. Although the oil and gas sector shared the general market trend towards growing volatility, driven by swings in oil prices and refining margins, it significantly outperformed overall markets due to the strong run-up in the oil price. The FTSE Global Energy Index (comprising the 40 largest oil and gas companies in the world) climbed by 30% in 2007. Most of the major indices posted at least slight gains (DAX up 22%; CAC 40 up 1%; FTSE Eurotop 100 up 2%; Dow Jones up 6%; Nikkei down 11%). However, the Vienna Stock Exchange was unable to extend three successive years of surging stock prices into 2007, and the ATX edged up by just 1% on the year.

Share price performance and volume

Strong share price development

In 2007, our share resumed its long run of outperformance, interrupted in 2006, and put on 29%. Taking the EUR 1.05 per share dividend paid on May 31, 2007 into account, shareholders enjoyed a total shareholder return of 31% in 2007.

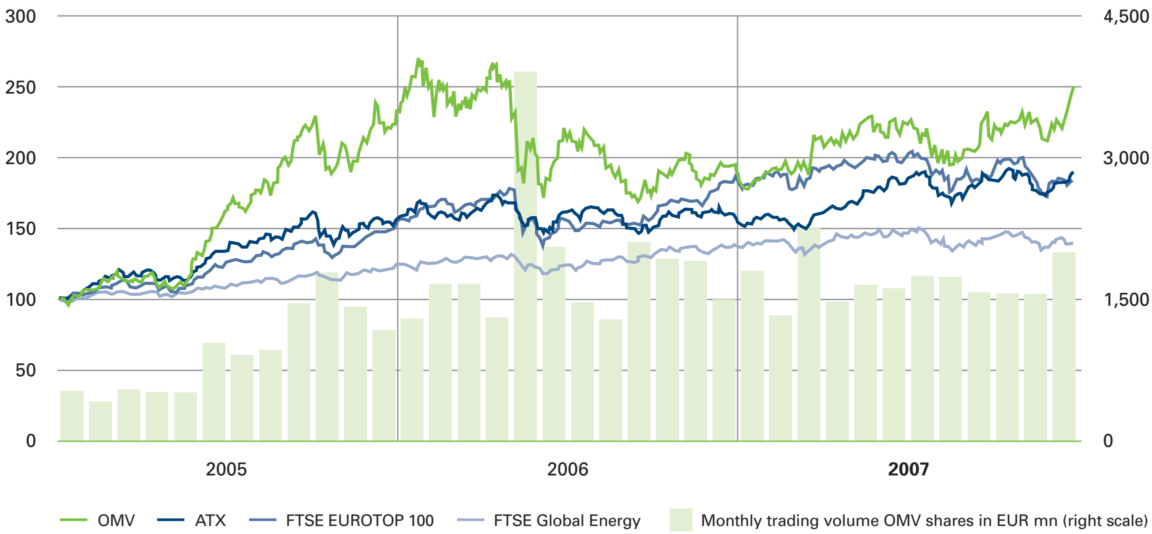
EUR 17 bn market capitalization

Our market capitalization was EUR 17 bn at the year-end, while the total capitalization of all Austrian shares listed on the Vienna Stock Exchange rose by 7% to EUR 157 bn.

High turnovers on the Vienna Stock Exchange

The mildly positive market climate, new listings and follow-on offerings together led to a marked rise in trading on the Vienna Stock Exchange. Volume grew by some 40% to EUR 176 bn, with the OMV share accounting for 11% of the total. The volume of OMV shares traded fell by 12% to EUR 20 bn.

Share price development (rebased to 100)



OMV share	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, 1 ADR represents 1 share
Depositary	JPMorgan ADR Group 4 New York Plaza, 13th Floor New York, NY 10004, USA
Custodian	Bank Austria Creditanstalt AG, Julius-Tandler-Platz 3, 1090 Wien
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%

Approvals by the Annual General Meeting

Results of the Annual General Meeting

The main items dealt with by the Annual General Meeting (AGM) on May 24, 2007 were approvals of a dividend of EUR 1.05 per share for 2006 and of a new share buyback program authorizing the repurchase of up to 10% of the shares at issue. The existing authorization to increase the Company's capital stock by up to 36,350,000 shares was extended until May 23, 2012. In addition, the AGM empowered the Company to issue up to EUR 3 bn of convertible bonds within the limits of the authorized capital.

Stock option program continued

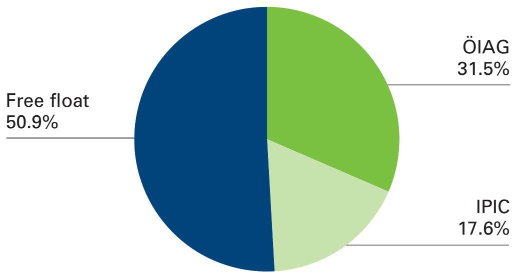
The buyback program was prompted by the intention to continue the stock option program. The latter is designed to align management's interests with those of shareholders by giving it a substantial long-term stake in the success of the Company. During the year, some 21,000 treasury shares were again resold to satisfy options exercised under existing plans (for details of the stock option plan see Note 28 or visit www.omv.com). At year-end 2007, OMV held in treasury a total of 1,269,066 own shares, or 0.42% of the capital stock as a result of the buyback programs of the last years. The number of shares in circulation was thus 298,730,934. Since the withdrawal of 2,400 shares in May 2007, the capital stock of OMV Aktiengesellschaft has been exactly EUR 300 mn, divided into 300 mn bearer shares.

Under a further employee stock ownership plan, implemented in autumn 2007, employees received one free share for every three purchased, subject to a two-year holding period.

The Executive Board will propose a dividend of EUR 1.25 per share at the next Annual General Meeting, to be held on May 14, 2008. This will represent a payout ratio of some 24%, resulting in a dividend yield, based on the closing price on the last trading day of 2007, of approximately 2.3%.

Shareholder structure

OMV's shareholder structure comprises 50.9% free float, 31.5% ÖIAG and 17.6% IPIC, Abu Dhabi. Our capital stock consists entirely of common shares, and due to the application of the one-share, one-vote principle there are no classes of shares that bear special rights. A consortium agreement concluded by the two major shareholders (IPIC and ÖIAG) provides for their coordinated behavior and for restrictions on transfers of shareholdings.



Convertible bonds

The convertible bonds issued in December 2004 are no longer in circulation. In January 2007, OMV announced its intention to redeem the remaining outstanding bonds, which had been made possible by undershooting of the 10% threshold of outstanding convertible bonds. This led to numerous conversions, and the last outstanding convertible bonds were redeemed in February 2007.

OMV shares mark 20th anniversary of listing

In 1987, ÖIAG opened the way for the initial public offering by selling 15% of OMV. The initial listing of our stock on the Vienna Stock Exchange took place on December 3, 1987. By year-end 2007, investors who had purchased OMV shares on that date and held them ever since had seen the price rise by 2,571% (based under the assumption of reinvestment of dividends).

Investor relations activities

During the year, the Executive Board and the Investor Relations team conducted numerous roadshows in Europe and the US in order to maintain and deepen relationships with analysts and investors. A total of over 350 one-on-one meetings and presentations were held, attracting about 1,200 people. Executive Board members devoted some 320 hours to face-to-face conversations with investors and analysts. In the interests of transparency and timeliness, all important information and news for shareholders, analysts and bond investors is posted on our corporate website at www.omv.com.

Financial calendar	Date [1]
Q4 2007 trading statement	January 25, 2008
Results for January–December and Q4 2007	February 26, 2008
Q1 2008 trading statement	April 18, 2008
Results for January–March 2008	May 7, 2008
Record date [2]	May 7, 2008
Annual General Meeting [3]	May 14, 2008
Ex dividend date	May 19, 2008
Dividend payment date	May 20, 2008
Q2 2008 trading statement	July 18, 2008
Results for January–June and Q2 2008	August 6, 2008
Q3 2008 trading statement	October 20, 2008
Results for January–September and Q3 2008	November 6, 2008
Results for January–December and Q4 2008	February 2009

[1] Subject to final confirmation.
[2] Attendance of the AGM is conditional on the deposit of shares.
[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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To obtain quarterly and annual reports, please contact us or use the ordering service at www.omv.com.

At a glance — in EUR

	2007	2006	2005	2004 [1]	2003 [1]
Number of outstanding shares in mn [2]	298.73	298.71	298.68	298.65	268.76
Market capitalization in EUR bn [2]	16.56	12.84	14.78	6.62	3.17
Volume traded on the Vienna Stock Exchange in EUR bn	19.84	22.59	11.49	4.29	2.09
Year's high	55.42	59.86	52.89	22.45	12.28
Year's low	39.10	37.20	20.93	11.93	9.20
Year end [2]	55.42	42.99	49.50	22.17	11.81
Earnings per share [3]	5.29	4.64	4.21	2.55	1.46
Book value per share [3]	27.24	23.36	19.73	14.29	9.89
Cash flow [4] per share [3]	6.92	6.80	7.06	3.86	3.50
Dividend per share	1.25 [5]	1.05	0.90	0.44	0.40
Payout ratio in % [3]	24	23	21	19	27
Dividend yield in % [2]	2.26	2.44	1.82	1.96	3.39
Total shareholder return in % [6]	31	(11)	125	91	30

[1] Adjusted to ten-to-one stock split. [2] As of December 31. [3] Figures 2003 according to ACC, thereafter IFRS.
[4] Net cash provided by operating activities. [5] Proposed dividend. [6] Assuming no reinvestment of dividend.

Business environment

5% world economic growth in 2007

Despite a gathering slowdown emanating from the USA, the **world economy** attained a real growth rate of almost 5% in 2007. The strong run-up in commodity prices continued, with energy prices leading the way, and world trade expanded by about 7% in volume terms.

Above-average growth in new EU countries

Within the OECD, the **EU** registered GDP growth of barely 3%, significantly outperforming the USA and Japanese noticeably decelerating economies. Growth in the Eurozone was close to previous year's level, at 2.7%. However, it was negatively impacted by declining personal consumption due to the value added tax increase in Germany. **Austria** recorded real GDP growth of 3.4%. The main contributor was an 8% increase in exports, while personal consumption was again subdued; investment remained strong. Real GDP growth in the twelve new **EU member states** averaged 6%.

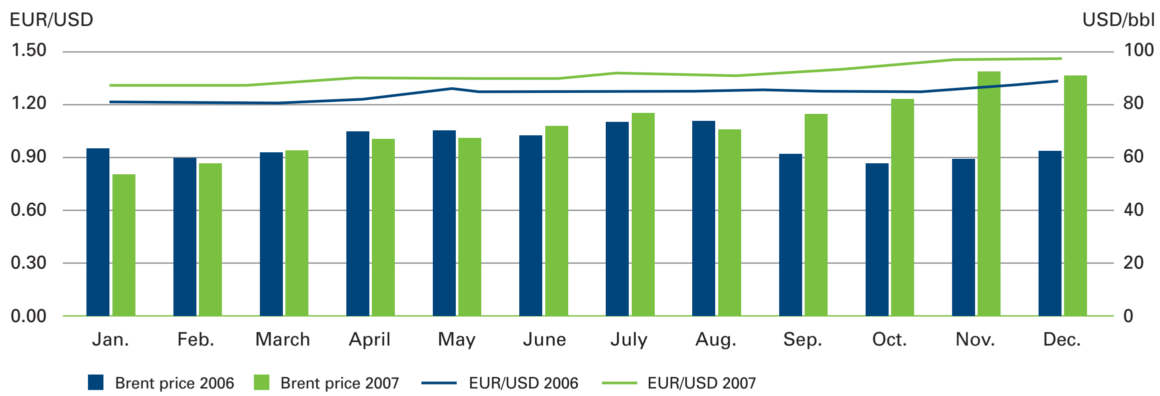
The **Romanian** economy expanded by around 6% as well. With domestic demand growth topping 10%, imports surged and the trade balance deteriorated. Investment in construction and infrastructure increased sharply, but industrial investment rose only moderately. The **Turkish** economy grew by about more than 4% despite exchange rate instability and unstable political background.

World crude demand rose by 1.1% to 85.8 mn bbl/d in 2007 according to International Energy Agency statistics. Growth was mainly propelled by Asian and non-OECD countries, while OECD demand contracted. **World crude oil production** was only marginally up year-on-year, at 85.6 mn bbl/d. OPEC output was 30.7 mn bbl/d plus 4.8 mn bbl/d of NGLs, for a market share of 41%. OECD crude production edged down. Russia, the Caspian region and Canada posted significant output gains.

The **crude oil price** for the benchmark Brent grade climbed by 63% in the course of 2007 to hit an annual high of USD 96.02/bbl at year-end. Prices were driven by the geopolitical situation and uncertainties in some producing countries, as well as steadily mounting demand and delays in major exploration projects. In 2007, the average Brent price increased by 11% to USD 72.39/bbl. Average prices on the **Rotterdam product market** based on EUR-terms firmed by 1% to 7%. The level of refining margins was nearly unchanged compared to 2006. The **EUR/USD exchange rate** based on an annual average was at USD 1.37.

First trends indicate a decrease in energy consumption in Austria by 3% to approximately 1,400 petajoule. **Domestic gas consumption** fell by 5% compared to 2006, to below 8.4 bcm. Gas production climbed by 2% to over 1.8 bcm, and net imports decreased by 11%. The gas storage facilities continued to be refilled. As a result, inventories held in Austrian gas storage facilities increased to 2.9 bcm as of December 31.

Crude price (Brent) and EUR/USD exchange rate



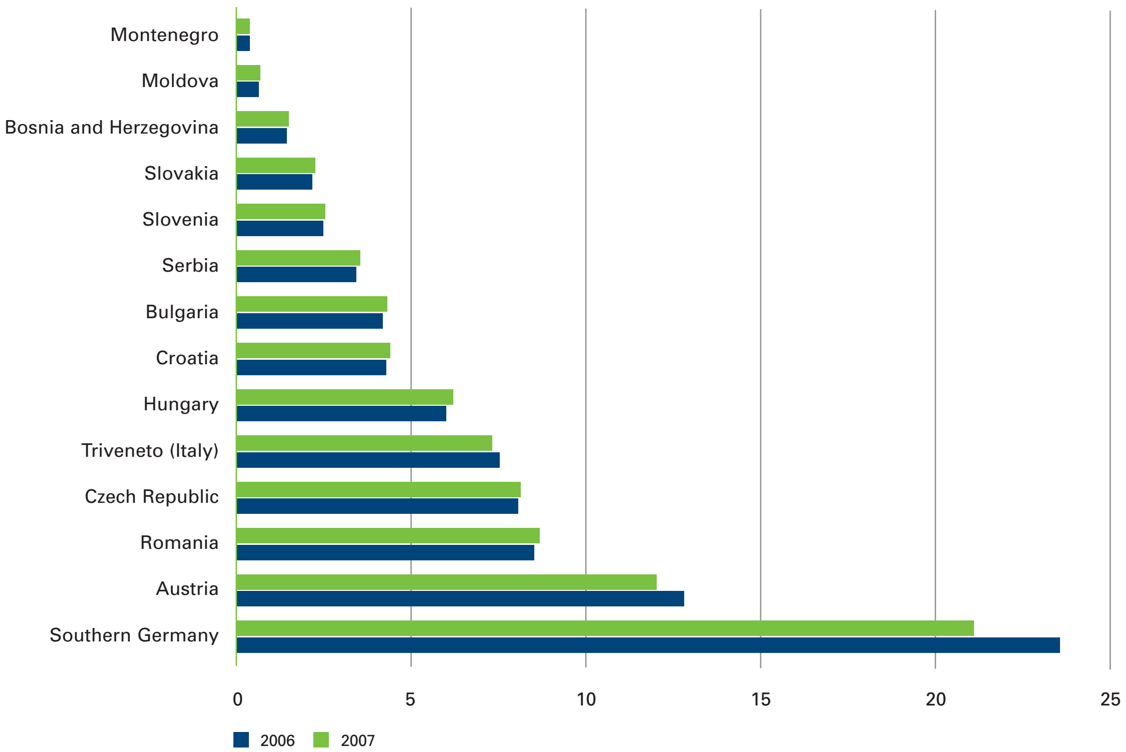
Total **petroleum product sales volumes** in markets served by OMV dropped by 2.5 mn t to some 82.5 mn t. This was mainly a result of lower space heating demand for light and extra light heating oil. Due to mild weather and relatively high market prices, sales of heating oil extra light and heating oil light fell by 29%. By contrast, diesel consumption rose by 5%, taking the share of total demand accounted for by automotive fuels to 67%. Gasoline sales shrank by 2%. The growth of international aviation lifted aviation fuel sales by nearly 9%, while bitumen demand dropped by 6%. Oil product use was different in OMV's three market regions. The decline in the Danube West region was about 6%, with particularly sharp falls in Germany and Austria which could not be compensated for by the increase in Hungary, the Czech Republic and Slovakia. Sales increased by approximately 3% in the Danube East region. In the largest market in the region, Romania, a marked drop in heavy heating oil sales volume was more than offset by higher automotive fuel sales, for an overall gain of almost 2%. Product sales in the Adriatic region stagnated, though robust growth was recorded in Croatia, Bosnia-Herzegovina and Montenegro.

Declining demand especially in Austria and Germany

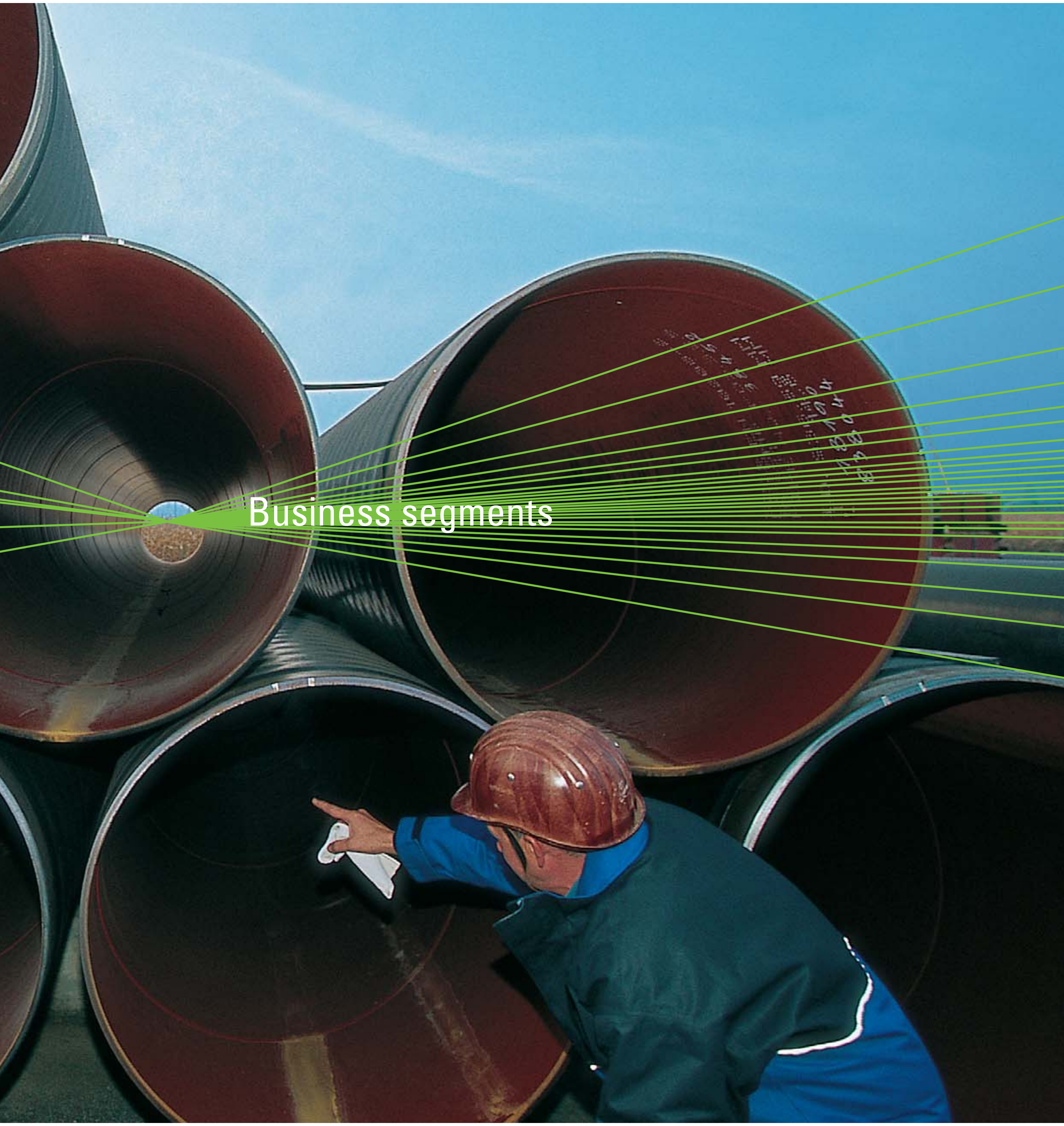
European **polyolefin** producers upped their polyethylene sales volume by about 2%, and polypropylene sales by almost 3%. Margins held at around previous year's levels.

Increasing polyolefin sales

Consumption of oil products mn t



Business segments



Exploration and Production

The Exploration and Production (E&P) segment benefited from the favorable oil and gas price environment in 2007. This more than compensated for the adverse impact of slightly lower production volumes in Romania due to natural decline, which however was arrested in the course of the year. A number of discoveries in Libya, Pakistan and Romania and the significant expansion of exploration acreage strengthened the E&P portfolio.

Record results due to high prices

Strong results due to high price levels

EBIT increased by 1% to EUR 1,933 mn (thereof Petrom: EUR 806 mn) with higher oil and gas prices compensating for rising costs and slightly lower production levels. The Group's average realized oil price increased by 14% in USD and the average realized gas price in EUR rose by 15%. Special items mainly related to write-offs, personnel restructuring and litigation provision. Excluding special items, clean EBIT remained almost at last year's level at EUR 1,978 mn (thereof Petrom: EUR 826 mn).

Production slightly below previous year

Production of hydrocarbons slightly decreased compared to 2006, by 1% to 117.2 mn boe (thereof Petrom: 72.0 mn boe) or 321,000 boe/d (thereof Petrom: 197,000 boe/d). Lower production volumes in Romania and the UK were compensated by the oil production ramp-up in Yemen and the full year production from the Pohokura gas field in New Zealand.

Cost inflation burdened

Production costs excluding royalties (OPEX) increased by 18% to USD 13.19/boe (2006: USD 11.15/boe). Three-year average finding costs rose to USD 4.7/boe (2006: USD 2.3/boe) due to industry-wide cost inflation and adverse exchange rate movements.

Exploration portfolio expanded

OMV recorded another year of **exploration successes** with discoveries in Romania, Pakistan and Libya. Of the 34 exploration and 26 appraisal wells drilled, 28 led to discoveries, equating to a success rate of 47%. The acquisitions of exploration acreage in Australia, Egypt, UK, Ireland, the Kurdistan Region of Iraq, New Zealand, Norway, Slovakia and Russia significantly strengthened the E&P portfolio.

Proved hydrocarbon reserves as of December 31, 2007 were 1,216 mn boe (thereof Petrom: 894 mn boe) and the proved and probable oil and gas reserves amounted to 2,036 mn boe (thereof Petrom: 1,435 mn boe). With 2007 Petrom reserves are now included in the Group´s reserves for three full years. This has led to a significant reduction of the reserves replacement rate, which is calculated as a three-year average, to 46% in 2007 (2006: 406%).

Solid basis for organic growth

In **Austria**, production increased to 39,200 boe/d (2006: 38,400 boe/d). The refurbishment and capacity increase of the Aderklaa sour gas processing plant is on schedule. Major projects such as reducing complexity of the Matzen oil field and the modernization of the tank farm in Auersthal are aimed at improving the infrastructure and reducing operating costs. The revamp of the gas storage facility in Schönkirchen/Reyersdorf as well as the 3D seismic campaign in Marchfeld were successfully completed. Gas was recorded at the exploration

At a glance

	2007	2006	Δ
Segment sales in EUR mn	4,247	3,968	7%
Earnings before interest and taxes (EBIT) in EUR mn	1,933	1,908	1%
Capital expenditure in EUR mn	1,364	732	88%
Production in mn boe	117.2	118.4	(1)%
Proved reserves as of December 31 in mn boe	1,216	1,289	(6)%

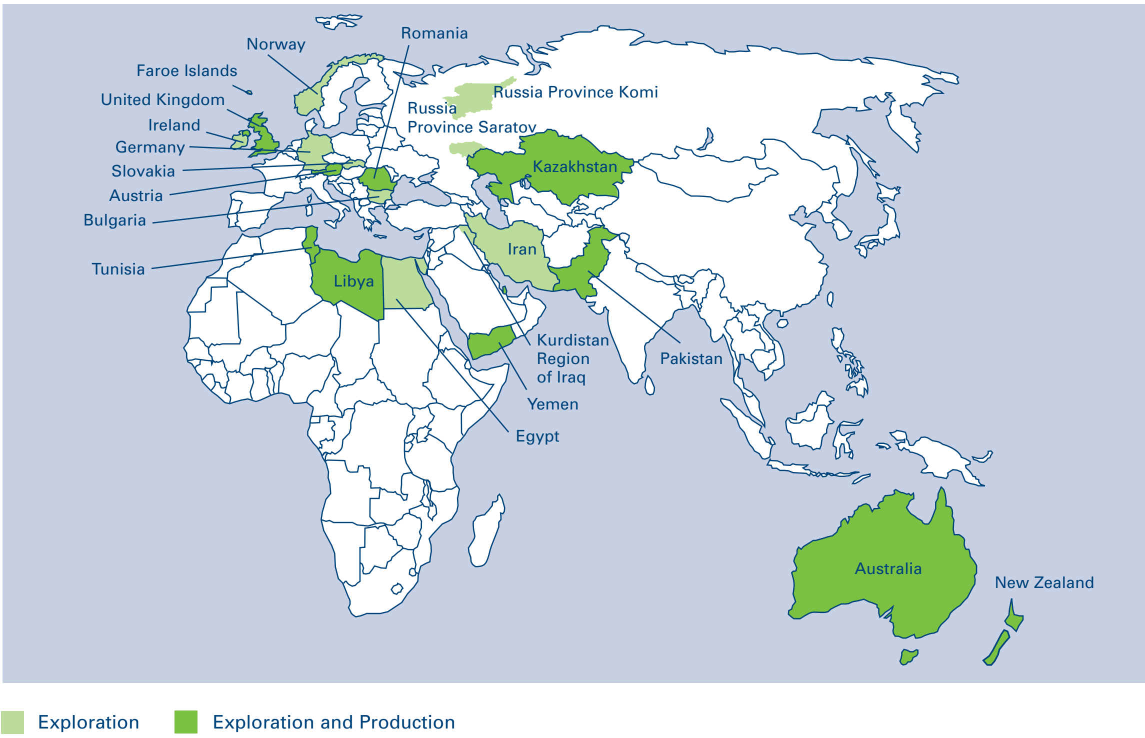
well Kempten-1 in **Bavaria**, though not yet in commercial quantities. In the **Slovakian** part of the Vienna Basin OMV cooperated in two exploration licenses with the Slovakian oil and gas company NAFTA. These two exploration licenses cover an area of approximately 1,400 km^2.

In the **United Kingdom**, production decreased to 10,500 boe/d (2006: 13,100 boe/d) due to operational problems at the Schiehallion oil field and the shut-in of the gas field Jade caused by damage to the CATS pipeline. The appraisal drilling at Rosebank/Lochnagar was successful and will be continued in 2008. Additionally, OMV was awarded two operated exploration licenses in the Atlantic Margin and substantially increased its interests in appraisal projects in the Beryl Area and in two further blocks in the Central North Sea. In **Norway**, OMV was awarded two more exploration licenses under the APA (Awards in Predefined Areas) licensing round; it now holds four licenses of which three are OMV operated. Work has begun with the acquisition of seismic.

Increased production volumes in North Africa

In **Libya**, production increased to 32,000 bbl/d (2006: 28,600 bbl/d). A development plan for the NC186 I/NC115 R field was approved by the Libyan National Oil Corporation (NOC) while the field development plans for discoveries were submitted to NOC for approval. In November, OMV signed Heads of Agreement with NOC and Occidental Petroleum regarding the redevelopment of the Nafoora-Augila field and also extending the contract term of its current assets in the prolific Sirte Basin by 30 years.
In **Tunisia**, production rose to 8,100 boe/d (2006: 7,800 boe/d). The revamp of the Ashtart field was approved by the authorities. In the Jenein Sud block, under OMV's operatorship, preparations for a multi-well drilling campaign were completed. The divestment of the Chergui field, undertaken as part of the portfolio rationalization program, was completed.
In **Egypt** we commenced exploration activities

Worldwide exploration and production portfolio



in the offshore Block 11 (Obayeid), situated in the Eastern Mediterranean Basin.

New gas discoveries in Pakistan

In **Pakistan**, production amounted to 18,300 boe/d (2006: 18,400 boe/d). Two OMV operated gas discoveries were made in the Latif and Gambat blocks and appraisal programs are being prepared. In the **Kurdistan** Region of Iraq, OMV as operator signed production-sharing contracts for two exploration blocks which hold significant oil exploration potential. In **Yemen**, daily gross production of the Habban oil field increased to 6,000 bbl/d (net to OMV: 1,700 bbl/d) due to the start-up of several development wells. In **Iran**, OMV is preparing a development plan for the oil discovery in the Mehr block and is negotiating a service contract with the national oil company NIOC. In April, OMV signed Heads of Agreement with NIOC concerning a participation in the development of the gas field South Pars Phase 12 in the Persian Gulf.

Significant increase in volumes in New Zealand

In **Australia**, OMV managed to substantially increase its exploration acreage, in particular by acquiring interests in four large offshore blocks located in the prospective Carnarvon Basin. In **New Zealand**, production almost doubled to 13,400 boe/d due to the Pohokura gas field (2006: 7,000 boe/d). The Maari oil field development is progressing to plan and is scheduled to come on-stream in the second half of 2008. OMV was awarded three operated offshore exploration licenses in the Great South Basin off the South Coast of New Zealand.

First exploration successes in Romania

In **Romania**, Petrom holds exploration licenses for 17 onshore and two offshore blocks with a combined area of 59,450 km² and operates 280 commercial oil and gas fields, producing a combined volume of 192,500 boe/d (2006: 200,200 boe/d). One of the major achievements was arresting the oil production decline in the course of 2007. Existing exploration areas were reviewed and most exploration licenses extended by three years until September 2011. Six new fields were discovered as a result of 2D and 3D seismic interpretation in the past three years. First exploration successes and the application of modern reservoir management techniques resulted in a triplication of the reserve replacement rate in Romania to 38% for 2007 (2006: 13%). The well modernization program was accelerated with more than 2,100 wells recompleted with the aim of reducing well intervention frequencies from an average of 20 per well and year to three. In September, Petrom signed a contract for the acquisition of the oil services activities of Petromservice at a price of EUR 328.5 mn. This acquisition and subsequent integration into Petrom will support two strategic objectives: The stabilization of oil and gas production volumes and the reduction of production costs.

In **Kazakhstan**, production increased slightly to 4,600 boe/d (2006: 4,400 boe/d), despite the sale of the Sinelnikov oil field. In 2007, OMV started to develop the Komsomolskoe oil field; infrastructure was installed and plant and pipeline construction undertaken. A pilot production phase for two discoveries in the Jusaly exploration block was agreed upon with the Kazakh authorities. In **Russia**, the total number of licenses increased to nine in the Saratov province and two in the Komi province. An exploration well in the Saratov province, was successful; three more exploration wells were spudded in late 2007.

The contract for the Boqueron field in **Venezuela** has been converted into a joint venture with the national company PdVSA and the dividend for 2006 was received.

Outlook for 2008

The award of several exploration licenses has strengthened our E&P portfolio and we will commence seismic acquisition in these new blocks. In the UK, the first OMV operated offshore well will be drilled. In total, we plan to drill 80 exploration and appraisal wells and 370 production wells in 2008 (thereof Romania: 30 and 240 respectively). Additionally, over 200 development wells are planned in Romania and Austria which will contribute significantly to the overall reserve replacement.

Development activities for the Habban field will proceed, with additional wells planned.

Production of supplementary gas from the fields Strasshof and Ebenthal as well as the production start-up at the Komsomolskoe field and the Maari field are scheduled for the second half of 2008.

In Petrom, the comprehensive turnaround program to increase production levels will continue, focusing on de-bottlenecking of the gas distribution system, redeveloping major fields, and fast-tracking new field developments. Furthermore, in 2008, we will prioritize process optimization, tight cost control and the integration of the recently acquired oil service activities of Petromservice in order to enhance Petrom's operational efficiency.

Focus on cost control

Production in 2007

	Oil and NGL		Natural gas		Oil equivalent
	mn t	mn bbl	bcf	mn boe	mn boe
Austria	0.8	6.2	48.9	8.2	14.3
Petrom	4.7	34.0	205.2	38.0	72.0
Northwestern Europe	0.3	2.6	7.1	1.2	3.8
North Africa	1.9	14.6	–	–	14.6
Middle East	0.1	0.6	40.1	6.7	7.3
Australia/New Zealand	0.2	1.8	20.3	3.4	5.1
Total	**8.1**	**59.8**	**321.6**	**57.4**	**117.2**

Proved reserves as of December 31, 2007

	Oil and NGL		Natural gas		Oil equivalent
	mn t	mn bbl	bcf	mn boe	mn boe
Austria	7.9	55.9	520.8	86.8	142.7
Petrom	70.5	508.3	2,083.5	385.3	893.6
Northwestern Europe	2.0	14.8	30.5	5.1	19.9
North Africa	11.7	88.5	–	–	88.5
Middle East	1.2	9.3	139.0	23.2	32.5
Australia/New Zealand	2.9	21.4	104.3	17.4	38.8
Total	**96.2**	**698.3**	**2,878.0**	**517.7**	**1,216.0**

Refining and Marketing including petrochemicals

The results of the Refining and Marketing including petrochemicals (R&M) segment were impacted by low refinery capacity utilization due to scheduled turnarounds and – as in 2006 – high crude prices. Despite operating in a fiercely competitive market, the filling station business posted improved earnings, aided by higher efficiency. A slight reduction in own energy consumption at the Romanian refineries, the expansion of petrochemical capacity at Burghausen and the changeover of the Romanian filling stations to a full agency system marked major strategic advances.

High special charges in 2007

Earnings impacted by refinery turnarounds

Several scheduled refinery turnarounds, a marked setback for petrochemical earnings and, in particular, increased net special charges weighed on EBIT, which fell by 30% to EUR 84 mn (Petrom: negative EUR 274 mn). However, clean EBIT rose by EUR 5 mn to EUR 224 mn (Petrom: negative EUR 173 mn). This figure excludes net special charges arising mainly from personnel restructuring programs in Austria and at Petrom, as well as provisions for expenses related to filling station network optimization.

Lower volumes due to shutdowns

Despite overall higher refining margins, earnings in refining decreased, mainly as a result of lower output due to refinery shutdowns. Refinery utilization (7% points down on 2006 at 85%) and, in consequence, sales volume were severely impacted by several scheduled turnarounds. During the second quarter, the distillation unit at the Schwechat refinery was repaired (rectification of damage remaining from the fire incidents in 2006), a compressor forming part of the steam cracker at Burghausen was temporarily shut down, and there was a scheduled maintenance turnaround at the Arpechim refinery. Maintenance turnarounds at the Burghausen and Petrobrazi refineries followed during the fourth quarter. Petrochemical capacity at Burghausen was increased by the integration of a metathesis unit, and a desulfurization unit was brought onstream at the Petrobrazi refinery. Prices below the quotations for heating oil and other products – especially prevalent in Germany but also encountered in Austria – likewise squeezed earnings, though inventory gains counteracted this trend.

Although the EBIT contribution from Petrom's refining business remained in negative territory, it improved markedly as a result of lower own energy consumption (down from 13% in 2006 to 12.5%), a slightly better product yield (a higher diesel fraction) and positive inventory effects. However, high crude prices remain a particularly heavy burden for the Petrom refineries as own energy use still represents a significantly higher proportion of total input than with modern, western refineries.

The EBIT contribution of the petrochemicals west (excluding Petrom) halved from the outstanding result recorded in 2006, reflecting lower petrochemical output due to the Burghausen turnaround, as well as lower margins.

At a glance

	2007	2006	Δ
Segment sales in EUR mn	16,312	17,253	(5)%
Earnings before interest and taxes (EBIT) in EUR mn	84	121	(30)%
Capital expenditure in EUR mn	1,284	1,648	(22)%
Product sales by refining business in mn t	21.42	22.97	(7)%
Marketing sales volumes in mn t	17.09	18.53	(8)%

Markets served by Refining and Marketing

Marketing posted a sharp year-on-year increase in clean EBIT. The success of restructuring at Petrom is now becoming apparent, with annual throughput per retail station up to 3.2 mn liters – already ahead of our 3 mn liter target for 2010. While retail margins were slightly up on 2006, this was not the case in the commercial business. Thanks to the roll-out of the new VIVA store concept, non-oil business made a significant earnings contribution. Increased filling station throughput failed to compensate for lower volumes in the commercial business due to the shutdowns, resulting in an overall 8% decline in Marketing's sales volumes.

Petrom benefiting from restructuring progress

The integration and restructuring of Petrom was again the main focus of segment activities in 2007. On the marketing side, all 477 Romanian filling stations were converted to a full agency system. The resultant gain in service quality in turn boosted sales volumes by 22% as compared to 2006. The number of premium PetromV stations with VIVA stores reached 100. The storage tank rationalization program is proceeding on schedule. By the end of 2007, the number of storages had been trimmed from 146 to 35, and secondary logistics had been outsourced.

Petrom filling stations converted to a full agency system

A start was made with implementing the restructuring plan for the Petrobrazi refinery. A new desulfurization unit was brought online, and work began on a new fluid catalytic cracker (FCC) unit. Meanwhile, a new hydrogen unit was commissioned at the Arpechim refinery. In addition, loss-making petrochemical units were closed, and the remaining petrochemical

New desulfurization unit in Petrobrazi

business was spun off into a separate company. Negotiations on the sale of this operation have begun. Following the takeover of the maintenance companies at the two refineries in 2006, these firms were restructured in 2007 and the business outsourced to international contractors.

Optimization of western refineries

Expansion of petrochemicals in Burghausen

In December, the metathesis unit at Burghausen was commissioned during a general turnaround. This investment raised annual petrochemical capacity at the refinery by 370,000 t to 890,000 t.

Modernization of Bayernoil

Restructuring work at the refinery network Bayernoil went ahead according to plan in 2007. The Ingolstadt facility will be closed while capacity of the Neustadt refinery will be extended in the course of 2008. These modernization measures will respond to the growing demand for middle distillates and will have a positive impact on efficiency.

Investments in Schwechat

In Schwechat, a flue gas de-NOx unit at the heating station was commissioned in 2007. Another major investment was the construction of a thermal cracker in order to increase residue conversion. This will make it possible to run heavier crudes whilst also increasing the stake of higher quality products in the output mix.

Annual refining capacities

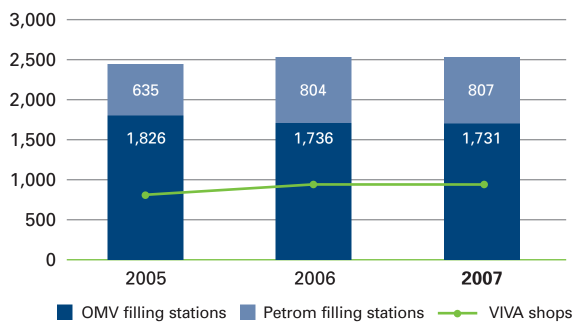
	mn t
Western refineries	
Schwechat	9.6
Burghausen	3.4
Bayernoil	5.4
Eastern refineries	
Petrobrazi	4.5
Arpechim	3.5
Total	**26.4**

Efficiency of marketing business increasing

Following the acquisitions of the past few years, the emphasis in the filling station business is now on increasing efficiency by cutting costs and optimizing the network. This involves the closure of some stations. The overall number of Group filling stations was nearly unchanged at the previous year's level of 2,538. Shop sales revenues climbed by 18%. While the number of VIVA shops at Petrom stations rose due to the implementation of the store concept, elsewhere it fell – especially in Austria and Germany – because an aspect of the new network segmentation policy is selective deployment of the brand.

Marketing is working to increase the profitability of some sites by introducing new approaches to forecourt services such as the Service Corners. OMV has lived up to its role as an environmental pioneer by launching superethanol E85 – a blend of super gasoline and up to 85% bioethanol – at selected filling stations.

Number of filling stations and VIVA shops



Further restructuring progress and bundling of chemical operations at Borealis

Borealis is a leading provider of innovative, value-creating plastics solutions, which is wholly owned by OMV and its strategic partner IPIC. In 2007, Borealis announced the decision to move its marketing department from Mechelen, Belgium, to the corporate headquarters in Vienna, in its effort to strengthen coordination and strategy execution.

During the third quarter, the European antitrust authorities cleared the disposal of Borealis' Norwegian polyolefin operation and its share in the Noretyl cracker – a further step towards increased competitiveness in Europe. The high average level of polyolefin margins over the year, together with the sale of the Norwegian assets, led to record profits in 2007.

Borealis' growth in the Middle East and Asia is being driven ahead by Borouge, a 40:60 joint venture between Borealis und the Abu Dhabi National Oil Company (ADNOC). During the year, major contracts for the Borouge 2 expansion in Ruwais, Abu Dhabi, were signed. The project aims at tripling annual production capacity to 2 mn t of polyolefins by 2010.

The transfer of our stake in AMI Agrolinz Melamine International GmbH (AMI) to Borealis was completed at the start of August 2007. This changed the ownership structure of Borealis, in which IPIC now holds 64% (previously 65%) and OMV 36% (previously 35%). AMI is now being run as a subsidiary of Borealis, and together with the existing phenol operation forms part of the latter's strategy of building a base chemicals business.

Record results for Petrol Ofisi due to good market conditions in Turkey

During 2007, OMV raised its stake in Petrol Ofisi – the Turkish filling station and commercial market leader – to 39.58%. Thanks to a strong operating result driven by above-average margins in its filling station and commercial businesses, as well as the positive impact of the revaluation of the Turkish lira against the USD, Petrol Ofisi's contribution to OMV Group's financial income rose sharply in 2007.

Outlook for 2008

The Bayernoil refinery network restructuring program is scheduled for completion in 2008. This will involve a one-month shutdown at the Neustadt plant during the summer and the closure of the Ingolstadt site during the third quarter, reducing Bayernoil's refining capacity from 12 mn t to 10.5 mn t per year (thereof OMV share 45%).

Completion of the thermal gasoil unit towards the end of 2008 will enable our Schwechat plant to run more heavy crude, as well as cutting the sulfur content of extra light heating oil to 10 ppm.

The desulfurization unit in Burghausen is being rebuilt to the same specification. The key project at the Burghausen petrochemical complex is the construction of the Ethylen Pipeline Süd in Southern Germany, which will give the facility access to the world market.

Increasing marketing volumes expected

In marketing, margins are expected to be slightly up on 2007. Demand is likely to continue to grow especially in East European EU member states. This and the steady upgrading of our filling station network should lead to a slight increase in sales volumes in the marketing business.

Gas

In 2007, the Gas segment consolidated its position as one of OMV Group's three core businesses. During the year, the growing importance of the gas business was recognized by the appointment of an additional member in the Executive Board. The year brought outstanding overall segment results thanks to the full consolidation of EconGas and a strong performance of the transportation and storage business. Following the creation of the marketing and trading, and logistics businesses at the start of 2007, a power unit is being established.

Strong financial year

The 81% jump in EBIT to EUR 244 mn (thereof Petrom: EUR 49 mn) was principally due to the consolidation of EconGas starting with the fourth quarter of 2006. The operating subsidiaries in the marketing and trading business kept up their international growth momentum despite challenging market conditions. The logistics business recorded a gratifying increase in earnings due to high transportation and storage capacity utilization, and to the consolidation of Baumgarten-Oberkappel Gasleitungsgesellschaft mbH in the fourth quarter of 2007.

Entry into the power business

New organizational structure

The importance of the natural gas business to OMV was reflected in our organizational structures by the appointment of an Executive Board member with sole responsibility for the Gas segment. Werner Auli joined the Board on January 1, 2007, and is working to drive forward the international expansion of the gas business. The opening of offices in Turkey, Bulgaria and Azerbaijan marked further significant steps in this direction. In addition to the marketing and trading, and logistics businesses set up at the start of 2007, the power business is being established in 2008, which will bring together all of OMV's activities related to power. The first move to break into the electricity generation business was the go-ahead for the construction of a gas-fired power plant in Romania. This will meet Petrom's needs, and the surplus power will be marketed.

Marketing and trading

The trading activities of our 50% owned subsidiary EconGas, and of Petrom and its marketing subsidiary unit Petrom Gas s.r.l. are now grouped in marketing and trading, so as to exploit the potential synergies between their operations.

Continued success for EconGas in 2007

EconGas – Austria's largest supplier of natural gas to distributors and business customers – continued to build on the success of its expansion strategy. In 2007, the first year of full consolidation, it sold 7.4 bcm of natural gas. Due to the unusually warm first quarter in Western Europe, sales volume was about 3% down on 2006. However, the company's expanded trading activities made up most of the lost ground. Despite challenging market conditions, EconGas again succeeded in growing its sales abroad, which accounted for 31% of total volume in the year under review. It gained a strong foothold in its foreign markets, posting a remarkable gain of 40% in foreign sales. In January 2007, EconGas continued the roll-out of its international expansion strategy by setting up a third subsidiary in Hungary, besides its existing German and Italian units.

At a glance

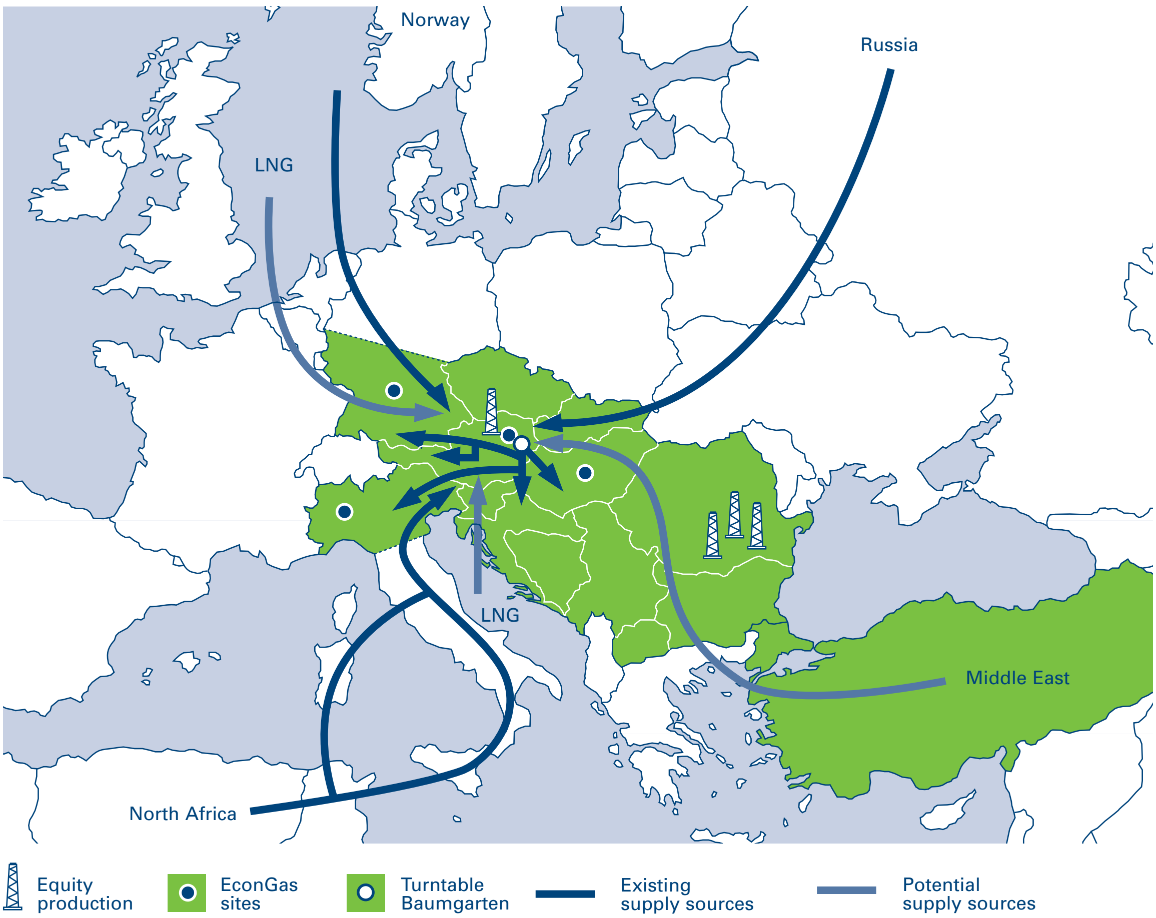
	2007	2006	Δ
Segment sales in EUR mn	3,096	2,071	50%
Earnings before interest and taxes (EBIT) in EUR mn	244	135	81%
Capital expenditure in EUR mn	155	36	328%
Natural gas sold in bcm	13	14	(7)%
Transportation capacity sold in bcm	52	47	11%
Storage capacity sold in mn cbm	2,006	1,534	31%

Extension of the market position in Romania

Petrom's Gas segment, established in 2006, is now well positioned in its market. Working through its wholly owned marketing subsidiary Petrom Gas s.r.l., it serves every segment of the market, from residential to small business and large-scale consumers. In 2007, the largest customer segment again consisted of gas distributors and state-owned power generators. Due to the gas industry unbundling the natural gas distribution activities were spun off from the production business due to gas industry unbundling were concentrated in a new wholly owned subsidiary, Petrom Distributie Gaze s.r.l. This company supplies over 14,000 residential and small business consumers via its pipeline network. Total gas consumption in Romania fell to 16.4 bcm from 17.3 bcm in 2006. However, Petrom's sales climbed to 5.3 bcm in 2007 (2006: 5.0 bcm), lifting its domestic market share to around 32%. Meanwhile, Petrom Gas s.r.l. made further inroads, particularly in the industrial segment, and upped its total sales volume to 1.16 bcm. Although all Romanian consumers have been free to choose their suppliers and renegotiate their contracts since July 2007, gas prices are still regulated, and are still well below international prices. Between the fourth quarter of 2006 and the corresponding period in 2007, the regulator raised the natural gas price for producers from RON 381/1,000 cbm (USD 141/1,000 cbm) to RON 470/1,000 cbm (USD 197/1,000 cbm) – still far below import price levels.

Romanian gas prices still regulated

Strong position of the Gas segment in the European growth belt



Major projects in logistics

Logistics working for European supply security

Our logistics business is not only responsible for our longstanding Austrian transportation and storage operations, but is also making a key contribution to European security of supply by participating in two large international projects – the Nabucco gas pipeline and the Adria LNG terminal. According to some forecasts by international energy agencies, European natural gas consumption is set to grow rapidly. The European Union therefore strongly supports new infrastructure projects aimed at increasing Europe's gas supplies.

Progress in Nabucco project

Nabucco gas pipeline project

The Nabucco pipeline is one of the most important European energy infrastructure projects under way at present. The project is aimed at broadening Europe's long-term supply base by creating a link with the world's largest gas reserves; the 3,300 km pipeline should transport natural gas from the Caspian region, the Middle East and North Africa to Europe. Nabucco is currently at the project development phase, during which the technical, legal, business and financial issues are being resolved. The commencement of work is scheduled for 2010, and commissioning for 2013. Due to the importance of the project, in September 2007, the EU appointed a coordinator to speed up the process, a significant step by the EU to emphasize on the Nabucco project. The owner's engineer who will oversee the detail engineering work was appointed in late December 2007. Discussions with potential transportation customers were intensified during the year. The next big milestone for the project will be obtaining exemptions under the EU Gas Directive from the national regulators in the Nabucco transit countries and from the European Commission, so as to establish a stable and predictable tariff setting method. In 2007, the Austrian regulator E-Control was the first to grant an exemption, and its counterparts in the other countries are expected to follow suit during 2008. Marketing of the transportation capacity, by way of an open season process, is also scheduled for 2008.

LNG business

As a first definite move towards setting up a LNG (liquefied natural gas) business, in December 2007, OMV took a 5% stake in the planned LNG terminal Gate in Rotterdam. At the same time, EconGas signed a contract with the promoters of the planned Gate terminal for the regasification of an annual 3 bcm of gas from the second half of 2011 onwards. The final decisions on, first, the siting of the planned Adria LNG terminal, second, bringing Croatian consortium members on board and, third, the ownership shares, will be taken in 2008, while commissioning of the terminal is scheduled for 2012.

Long-term security for Austrian transportation and storage business

2007 was a successful year for the wholly owned subsidiary OMV Gas GmbH. The volume of gas transportation capacity sold rose by 11% to 52 bcm. Among the factors behind this strong performance were the on-time completion and commissioning of the TAG Loop 2, the Kirchberg compressor station on the West-Austria Gasleitung (WAG), as well as the completion of new contracts for gas transportation on the East-West pipeline system (the WAG, HAG and Penta West lines). During the year under review, Baumgarten-Oberkappel Gasleitungs-gesellschaft mbh (BOG), the marketing company for the WAG capacities was restructured in order to meet the unbundling requirements for transmission system operators under the EU Directive 2003/55/EC. These modifications to the rights of the majority owner, OMV Gas GmbH, opened the way for BOG's full consolidation in OMV Group in the fourth quarter of 2007.

The persistently strong demand for storage services caused widespread concern about security of supply in Europe. The shift towards contracts with long durations continued in 2007 – an indication of customers' desire to lock in the limited capacity in good time. This resulted in an increase of 31% in storage capacity sales to 2,006 mn cbm. We plan to respond to growing gas demand by implementing new storage capacity expansion projects.

Entry to the power business

In 2007, we acted to extend our supply chain from gas to electricity by pressing ahead rapidly with the Petrobrazi gas-fired power plant project in Romania, and the way is now open for construction to begin in 2008. Other power station projects, including one for a facility near the Burghausen refinery, are on the drawing board. OMV Power International GmbH – a wholly owned subsidiary of OMV Gas International GmbH – is responsible for our entry into the electricity business. Our competitive advantage lies in our end-to-end supply chain integration, from the natural gas production stage onwards. This gives us a great deal of flexibility in terms of our gas supply, and future power generation, supply and trading activities in CEE growth markets. The new power business will focus on markets with high demand growth rates, and with good potential for integration with other OMV operations – especially Austria, Germany and Romania. The Gas segment has been renamed Gas and Power (G&P) to reflect this extension of its activities.

CEGH: Number 3 in continental Europe

In 2007, we also made rapid progress towards developing the services provided by Central European Gas Hub GmbH (CEGH) at the Baumgarten hub into an international gas exchange. The number of traders registered with CEGH rose from 37 to 60, and trading volume more than doubled, to 17.75 bcm. Although it was not alone in recording strong growth, CEGH easily defended its third place in continental Europe in terms of trading volume and customer numbers. The fifth auction held on behalf of EconGas, under the gas release program, was successful, with 250 mn cbm of natural gas sold, and large numbers of domestic and foreign bidders. A cooperation agreement signed in January 2008, under which Gazprom will invest in the Baumgarten trading platform, represents a major breakthrough for CEGH. This deal will help towards meeting our target of making CEGH the largest natural gas trading hub in continental Europe.

Outlook for 2008

International growth

Marketing and trading will continue to focus on international growth, so as to build an enduring position for OMV's gas business in Europe's increasingly liberalized markets. Therefore the operating subsidiaries will be expected not only to maintain their presence in the main European trading centers and to expand their trading activities, but also to consolidate their positions in international direct marketing by offering an extended portfolio of services. In Romania, it remains to be seen whether the government will accede to EU demands to equalize local gas prices with international levels. Also in Romania, managerial responsibility for the Doljchim fertilizer plant will pass from E&P to G&P in 2008; the main reason for the transfer is the fact that the facility is a large-scale natural gas consumer.

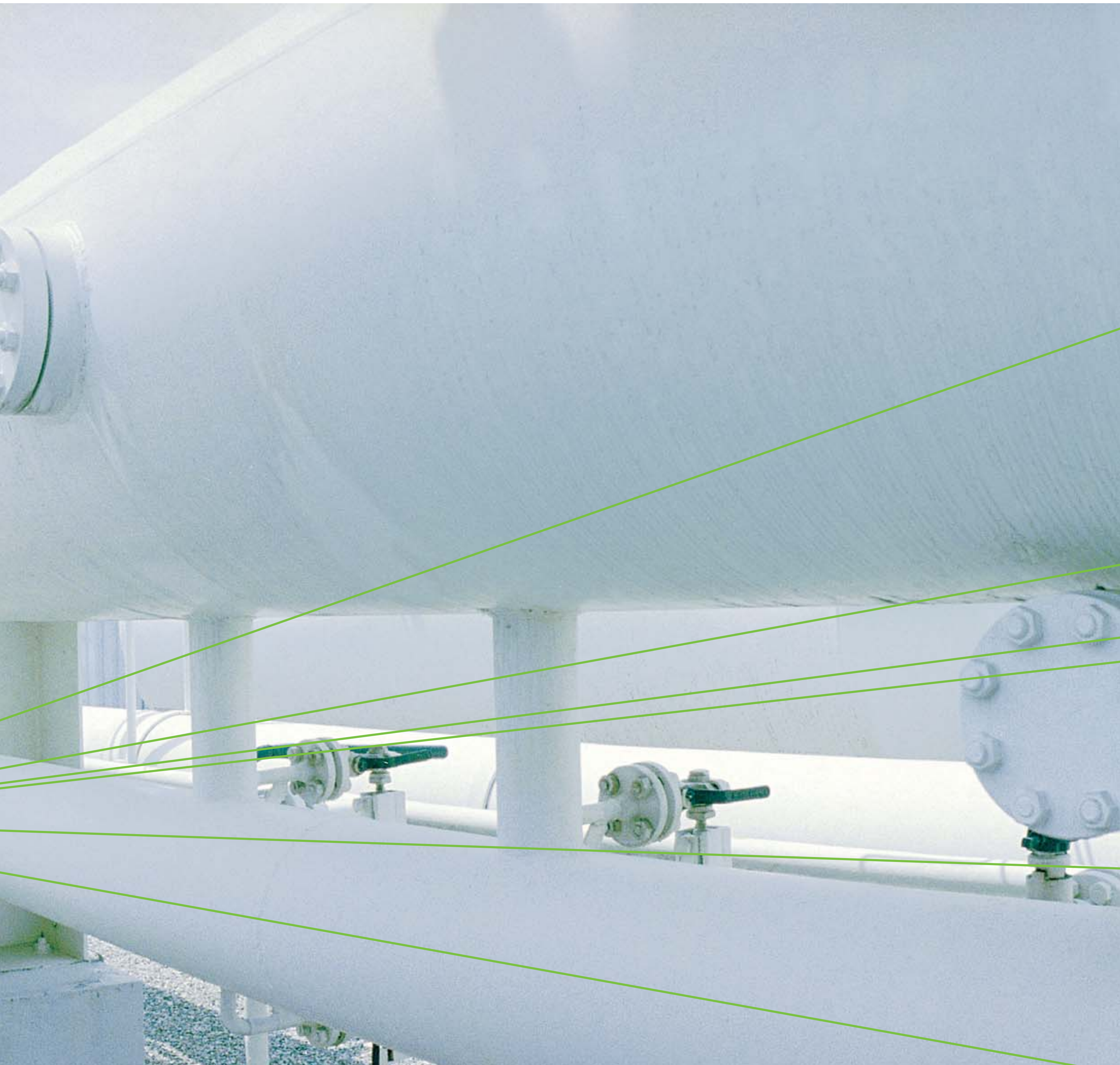
RWE as sixth Nabucco partner

The international projects being managed by logistics have now reached a watershed. The inclusion of RWE as a sixth member of the Nabucco Gas Pipeline international consortium, and the open season process will lay the basis for the final investment decision for the project. Likewise, in 2008, we will lay all the groundwork for a decision on the investment in the Croatian LNG project. In addition, we plan to take an important step towards investment in a liquefaction terminal. In Austria, the TAG and WAG expansion schemes, aimed at boosting transit capacity to 56 bcm by 2010, will continue.

Start of the construction of a power plant in Romania

In the power business, the commencement of construction of the Petrobrazi gas-fired power plant in Romania and the completion of feasibility studies on power plant projects in Germany will be major landmarks of 2008.


Directors' report



Directors' report

Group financials			EUR mn
	2007	2006	Δ
Sales revenues	20,042	18,970	6%
Earnings before interest and taxes (EBIT)	2,184	2,061	6%
Net income before minorities	1,843	1,658	11%
Net income after minorities	1,579	1,383	14%
Cash flow from operating activities	2,066	2,027	2%
Capital expenditure [1]	4,118	2,518	64%
Employees as of December 31	33,665	40,993	(18)%

[1] Includes acquisitions as well as investments in associated companies and other interests; adjusted for additions which by definition are not considered as capital expenditure.

Again a record financial year 2007

OMV again delivered a record financial result in 2007 with a strong underlying operating performance across all businesses. Compared to 2006, EBIT increased by 6% to EUR 2,184 mn, net income including minorities was up by 11% to EUR 1,843 mn, and net income after minorities rose by 14% to EUR 1,579 mn. High crude oil prices and the results of EconGas, which has been fully consolidated since the fourth quarter of 2006, more than compensated the negative effects of the significantly weaker USD against the EUR, the slightly lower production volumes in Exploration and Production (E&P) – due to the streamlining of OMV's E&P portfolio as well as the natural decline – and the industry-wide cost inflation. Enhanced investment expenditure driven by OMV's ambitious growth strategy and the ongoing Petrom modernization efforts caused a decrease in the Group's financial performance ratios despite increased earnings. Return on average capital employed (ROACE) declined from 18% to 16%, return on fixed assets (ROfA) fell from 27% to 25%, and return on equity (ROE) also decreased from 20% to 19%. For definitions of these ratios readers are referred to the abbreviations and definitions on page 147 which are an integral part of the Directors' report.

Progress in modernization of Petrom

Management's main focus has been the further integration of **Petrom** into the OMV Group. The modernization efforts aimed at increasing Petrom's competitiveness are steadily progressing. The main focus in E&P is the recompletion of oil producing wells and the modernization of production facilities in Romania. Progress was made in arresting the natural decline in Romanian oil production in the course of 2007, and for 2008 we expect an increase in production volumes. Another success were the first discoveries made based on state-of-the-art 3D seismic technology. In the Romanian refineries a comprehensive modernization program is gradually being implemented; however, it is likely that larger earnings improvements will not become visible until the completion of extensive investments in 2011. In the Arpechim refinery a new hydrogen plant started operation, a new desulfurization unit was brought on stream in Petrobrazi, and the construction of a new FCC plant (fluid catalytic cracker) has started in Petrobrazi. The modernization process in Marketing was largely completed in 2007. Throughput per station increased to 3.2 mn liters per year, exceeding our target for 2010 of 3 mn liters. Furthermore, all stations in Romania are now operated under a dealer system.

Alongside these important restructuring efforts at Petrom, major progress was made towards achieving further growth. In the **Exploration and Production (E&P)** segment, the exploration portfolio was strengthened considerably by new exploration licenses in Australia, Egypt, Ireland, the Kurdistan Region of Iraq, New Zealand, Norway, Russia, Slovakia and the UK. Exploration activities comprising 34 exploration and 26 appraisal wells resulted in significant discoveries in Romania, Pakistan and Libya. The Maari oil field in New Zealand and the Komsomolskoe oil field in Kazakhstan were successfully developed in 2007, and first production volumes are expected for the second half of 2008. The oil field development of Habban in Yemen also made substantial progress in 2007. In November 2007, Heads of Agreement was signed with the Libyan NOC relating to the development of producing fields and also extending the contract term of the current assets in the Sirte Basin.

In the segment **Refining and Marketing including petrochemicals (R&M)**, the ethylene production facility at the Burghausen refinery in Germany was extended in the course of a maintenance shutdown, and a new metathesis plant was brought into operation at the same time. These investments increased the petrochemical capacity at Burghausen by 370,000 t to 890,000 t. In 2007, restructuring activities in the Bayernoil refinery network (OMV share: 45%) proceeded according to plan. As part of these restructuring activities, the capacity at the Neustadt refinery will be extended and the Ingolstadt site will be shut down in 2008, leading to a reduction of the annual refinery capacity in Bayernoil from 12 mn t to 10.5 mn t. These measures will enhance efficiency and keep pace with growing demand for middle distillates. The main focus of investments at the Schwechat refinery was the construction of a thermo cracker to extend residual conversion. This will enable the use of heavier crude oil and the production of higher quality products. Furthermore, an exhaust gas denitrogenization unit for the cogeneration plant was brought into operation.

Consistent implementation of growth strategy

OMV's entry into the Turkish market in 2006 by investing in Petrol Ofisi, Turkey's leading company in the retail and commercial business, was a logical step in the implementation of our growth strategy along the European growth belt. In 2007, the stake held in Petrol Ofisi was increased by a further 5.6% points to 39.6%.

Several projects in Gas segment

In the **Gas** segment, a new compressor station in Kirchberg at the West Austria gas pipeline was completed and brought into operation according to plan, leading to an increased gas transportation capacity. In December 2007, an important step was taken towards establishing an LNG (liquefied natural gas) business by the acquisition of a 5% stake in the planned LNG terminal Gate in Rotterdam. Concurrently, EconGas signed a 3 bcm regasification contract with the Gate terminal, starting in the second half of 2011. In Romania, preparation works for the first OMV gas-fired power plant started at the Petrobrazi refinery.

Nabucco project is in development phase

The Nabucco gas pipeline project is in the development phase in which all technical, legal, economic and financial issues are assessed. One important step is the foundation of national Nabucco companies. These national companies were established in Austria, Hungary, Romania and Bulgaria in 2007, and the foundation of the company in Turkey is planned for the beginning of 2008.

Earnings before interest and taxes (EBIT) [1] — **EUR mn**

	2007	2006	Δ
Exploration and Production (E&P)	1,933	1,908	1%
Refining and Marketing incl. petrochemicals (R&M)	84	121	(31)%
Gas	244	135	81%
Corporate and Other (Co&O)	(77)	(103)	(25)%
OMV Group	**2,184**	**2,061**	**6%**

[1] Consolidation adjustments as disclosed in the segment report of the Notes have been allocated to the segments.

E&P benefits from high price level

Increased operating results

In **E&P,** EBIT increased slightly year-on-year by 1% to EUR 1,933 mn. Oil, NGL and gas production decreased by 1% to 321,000 boe/d due to lower volumes in Petrom, which could not be compensated by increased production in New Zealand and Libya. Driven by higher oil and gas prices, the 2006 results were exceeded in spite of the USD depreciation against the EUR and increasing exploration expenses. In 2007, non-recurring net expenses of EUR 45 mn were reported, mainly related to restructuring expenses in Petrom and impairments in Russia and the UK.

R&M burdened by refinery shutdowns

EBIT in the **R&M** segment declined by 30% to EUR 84 mn. The result was heavily burdened by non-recurring net expenses of EUR 140 mn, mainly related to restructuring expenses and impairments. The stronger margin environment as well as positive inventory effects due to the high crude oil prices were partly offset by the resulting higher costs of own energy consumption as well as by reduced refinery utilization due to shutdowns and lower market demand. Adverse effects of the very competitive environment in the commercial business were compensated by better results in the retail business.

In the **Gas** segment, EBIT nearly doubled to EUR 244 mn compared to 2006, including full year results of EconGas, which has been fully consolidated since the fourth quarter of 2006. Better results in Petrom and the strong logistics business, which was favored by increased storage utilization and higher transportation capacity sold, also positively impacted the results in 2007. Furthermore, Baumgarten-Oberkappel Gasleitungsgesellschaft was fully consolidated for the first time in the fourth quarter of 2007. In the Gas segment, non-recurring net expenses of EUR 7 mn were recognized, mainly related to impairments and restructuring expenses.

Expenses in the **Corporate and Other (Co&O)** segment decreased by 26% to EUR 77 mn in 2007. This mainly reflects lower one-time charges related to insurances.

Summarized statement of income			**EUR mn**
	2007	2006	Δ
Sales revenues	20,042	18,970	6%
Direct selling expenses	(216)	(222)	(3)%
Cost of sales	(15,953)	(15,021)	6%
Other operating income	212	266	(20)%
Selling and administrative expenses	(1,224)	(1,211)	1%
Exploration, research and development expenses	(237)	(184)	29%
Other operating expenses	(439)	(537)	(18)%
Earnings before interest and taxes (EBIT)	**2,184**	**2,061**	**6%**
Net financial result	228	95	139%
Profit from ordinary activities	**2,412**	**2,156**	**12%**
Taxes on income	(569)	(506)	12%
Profit from ordinary activities post tax	**1,843**	**1,650**	**12%**
Result from discontinued operations net of tax	—	8	n.a.
Net income before minorities	**1,843**	**1,658**	**11%**
Thereof attributable to minority interests	264	276	(4)%
Net income after minorities	**1,579**	**1,383**	**14%**

Notes to the statement of income

OMV is an integrated oil and gas company. As oil produced by the E&P segment is either processed at Group refineries or – in large part – marketed by R&M (Supply and Trading), the R&M business segment represents the largest share of the Group's consolidated sales. The results of the R&M business are strongly influenced by the development of margins. The wide fluctuations in the main determinants of earnings – crude oil prices and the USD exchange rate – may cause large swings in sales and cost of sales, and the impacts on earnings are thus difficult to predict. The order backlog is of relatively low relevance in the oil business.

Compared to 2006, **consolidated sales** revenues progressed by 6% to EUR 20,042 mn, mainly driven by the full-year consolidation of EconGas. Sales of the E&P segment increased by 7% to EUR 4,247 mn as a result of higher oil and gas prices. After the elimination of intra-group transactions (mainly crude oil, partly gas) of EUR 3,394 mn, the contribution of the E&P segment to consolidated sales revenues was EUR 853 mn or about 4% (2006: EUR 782 mn or 4%). Consolidated sales in the R&M segment amounted to EUR 16,285 mn or 81% of total sales (2006: EUR 16,197 mn or 85%). Gas sales increased significantly to EUR 3,096 mn (2006: EUR 2,071 mn), mainly caused by the full consolidation of EconGas and a higher contribution from Petrom. After elimination of intra-group sales to refineries, the Gas segment's contribution was EUR 2,896 mn or approximately 14% of total sales (2006: EUR 1,948 mn or 10%).

Austria retained its position as the most important of the **Group's geographical markets** with sales revenues of EUR 6,896 mn or 34% of the Group total (2006: EUR 6,399 mn or 34%). Sales revenues in Germany increased from EUR 3,681 in 2006 to EUR 3,845 mn in 2007, which corresponded to a 19% share in total sales in both years. In Romania, sales revenues also increased, amounting to EUR 3,154 mn or 16% of total sales (2006: EUR 2,860 mn or 15%). In view of the significance of the Central and Eastern European market, this region is now presented separately from Rest of Europe; prior year figures have been adapted accordingly. Sales revenues in Rest of Central and Eastern Europe were EUR 3,339 mn or 17% of Group sales (2006: EUR 3,390 mn or 18%), Rest of Europe accounted for EUR 2,022 mn or 10% (2006: EUR 2,083 mn or 11%). Mainly driven by increased activities in New Zealand and Libya, sales revenues in Rest of the World rose to EUR 787 mn, representing 4% of total sales (2006: EUR 556 mn or 3%).

One third of sales in Romania and the rest of CEE

Direct selling expenses slightly decreased by 3% to EUR 216 mn and mainly consisted of third-party freight-out expenses. **Cost of sales**, which included variable and fixed production costs as well as costs of goods and materials employed, increased by 6% to EUR 15,953 mn, mainly reflecting the fact that in 2006 EconGas had been fully consolidated only from the fourth quarter onwards. **Other operating income** declined by 20% to EUR 212 mn. This item mainly comprised gains on the disposal of assets, exchange gains, income from insurance indemnifications, subsidies, and licenses. **Selling expenses** of EUR 900 mn largely remained at last year's level, while **administrative expenses** increased by 9% to EUR 324 mn.

Exploration costs were up by 29% to EUR 221 mn, mainly due to increased exploration activities at Petrom.

Exploration expenses rose by 29%

Research and development (R&D) expenses of EUR 15 mn were up by 17% compared to the previous year and chiefly related to the R&M segment. R&D efforts in the OMV Group are focused on technological and process innovation that will benefit customers, the environment and the Group itself. The R&D function helps our business segments to extend their core competences and achieve high product quality and service standards. OMV collaborates closely with universities, other research institutions and numerous industrial partners, and is an active member of many technology networks. Furthermore, the OMV Future Energy Fund, established in 2006, aims at identifying new technologies capable of meeting the demand for clean and safe energy

Search for new technologies

sources. The focus of the fund is on projects related to second-generation biofuels, biogas, hydrogen, nanotechnology and energy efficient office buildings, as well as carbon capture and storage and emission-free power plants.

Other operating expenses were down by 18% compared to 2006, amounting to EUR 439 mn and mainly reflecting restructuring costs, foreign exchange losses, costs for consultancy services, litigation provisions and losses on the disposal of assets.

Strong results of Petrol Ofisi and Borealis

The breakdown of the **net financial result** has been changed in the course of the first-time application of IFRS 7; prior year figures were adapted accordingly. In total, net financial result showed a net income of EUR 228 mn (2006: EUR 95 mn). This improvement of EUR 132 mn was mainly due to an excellent income from associated companies (up by EUR 113 mn). Other financial income developed positively as well (increase by EUR 77 mn), while net interest income fell by EUR 66 mn. **Income from associated companies** amounted to EUR 298 mn (2006: EUR 185 mn), with the recognized share of the Borealis group result accounting for EUR 186 mn (2006: EUR 114 mn) and the pro-rata result of the Turkish marketing company Petrol Ofisi accounting for EUR 104 mn (2006: EUR 47 mn). **Net interest income** showed an expense balance of EUR 127 mn (2006: EUR 61 mn), the increase compared to the previous year being due to the higher gearing ratio. Interest expenses include EUR 49 mn (2006: EUR 49 mn) relating to the interest component of pension obligations as well as the interest component of decommissioning and restoration obligations amounting to EUR 69 mn (2006: EUR 60 mn). The improvement of other financial income to an income of EUR 4 mn (2006: expense of EUR 73 mn) is largely attributable to the positive development of foreign exchange gains and losses.

Taxes on income increased by EUR 63 mn to EUR 569 mn compared to 2006. Current taxes on income were up by EUR 66 mn to EUR 556 mn as a result of the Group's strong profit performance. In 2007, **deferred tax expense** of EUR 13 mn (2006: EUR 16 mn) was recognized. The Group's **effective tax rate** increased by 0.1% point to 23.6% compared to 2006. This slight increase was attributable to three main effects which partly offset each other. On the one hand, a significant increase was due to the phasing out of a special fiscal allowance (geological quota) for Petrom in Romania; on the other hand, the strong profit contribution from at-equity investments shown net of tax and the one-off effect caused by the change of the corporate tax rate in Germany, lowered the effective tax rate of the OMV Group.

Capital expenditure [1]			EUR mn
	2007	2006	Δ
Exploration and Production	1,364	732	86%
Refining and Marketing incl. petrochemicals	1,284	1,648	(22)%
Gas	155	36	331%
Corporate and Other	1,316	102	n.m.
Total capital expenditure	**4,118**	**2,518**	**64%**
+/– Changes in the consolidated Group and other adjustments	59	(218)	n.m.
– Investments in financial assets	(1,314)	(825)	59%
Additions according to statement of non-current assets (intangible and tangible assets)	**2,864**	**1,475**	**94%**
+/– Non-cash changes	(546)	(99)	453%
Cash outflow due to investments in intangible and tangible assets	**2,318**	**1,376**	**68%**
+ Cash outflow due to investments in securities, loans and other financial assets	1,419	961	48%
Investments as shown in the cash flow statement	**3,737**	**2,338**	**60%**

[1] Includes acquisitions as well as investments in associated companies and other interests; adjusted for additions which by definition are not considered as capital expenditure.

Investments for further growth

Capital expenditure increased significantly to EUR 4,118 mn (2006: EUR 2,518 mn), as this year's figure includes major investments in property, plant and equipment (amongst others modernization of Petrom and extension of petrochemical facilities in Germany) as well as field developments. The acquisition of an additional stake in the Hungarian oil and gas company MOL was another major investment.

E&P invested EUR 1,364 mn (2006: EUR 732 mn) mainly in developing fields in Romania, Austria, Kazakhstan, New Zealand, and the UK. Capital expenditure in the **R&M** segment amounted to EUR 1,284 mn (2006: EUR 1,648 mn), mainly related to investments in petrochemical projects in Burghausen and Schwechat as well as quality enhancement projects. R&M investments also included the purchase of a further 5.6% stake in Petrol Ofisi, bringing OMV's stake to 39.6% at the end of December 2007. The main focus of investment in the **Gas** segment (2007: EUR 155 mn; 2006: EUR 36 mn) was the WAG expansion project. The bulk of the EUR 1,316 mn invested by **Co&O** was attributable to the increase of OMV's share in the Hungarian oil and gas company MOL from 10% to 20.2%.

The reconciliation of total capital expenditure to additions according to the statement of non-current assets (intangible and tangible) mainly relates to investments in financial assets, changes in the consolidated Group and additions which by definition are not considered as capital expenditure. The difference between the additions shown in the statement of non-current assets and the investments reported in the cash flow statement partly arise from investments in intangible and tangible assets that did not affect cash flows during the period (including liabilities arising from investments and capitalized borrowing costs). In addition, cash outflows due to investments in financial assets are included in the overall investments shown in the cash flow statement.

Share in MOL increased from 10% to 20.2%

Summarized balance sheet				EUR mn
	2007	%	2006	%
Assets				
Non-current assets	14,760	69	11,720	66
Intangible assets and property, plant and equipment	9,450	44	7,928	45
Investments in associated companies	2,126	10	1,786	10
Other non-current assets	3,184	15	2,006	11
Deferred tax assets	56	0	60	0
Current assets	6,434	30	6,024	34
Inventories	2,444	12	2,029	11
Trade receivables	2,409	11	1,922	11
Other current assets	1,581	7	2,073	12
Equity and liabilities				
Equity	10,340	49	9,176	52
Non-current liabilities	3,781	18	3,694	21
Pensions and similar obligations	923	4	952	5
Bonds and interest-bearing debts	916	4	981	6
Decommissioning and restoration obligations	1,556	7	1,489	8
Provisions and other liabilities	386	2	271	2
Deferred tax liabilities	308	1	287	2
Current liabilities	6,822	32	4,647	26
Trade payables	2,196	10	1,602	9
Bonds and interest-bearing debts	2,515	12	1,312	7
Other provisions and liabilities	2,111	10	1,732	10
Total assets/liabilities	**21,250**	**100**	**17,804**	**100**

Total assets increased by 19%

Notes to the balance sheet

Total assets grew by EUR 3,445 mn or 19% to EUR 21,250 mn. The increase in non-current assets was primarily related to capital expenditure. Current assets rose by EUR 410 mn, mainly due to an increased working capital, which in turn was caused by high price levels.

Non-current assets grew by EUR 3,040 mn to EUR 14,760 mn, with an amount of EUR 1,522 mn related to the increase of **intangible assets and property, plant and equipment**. High additions to intangible assets and property, plant and equipment (EUR 2,864 mn) exceeded the total of depreciation and amortization as well as disposals by EUR 1,981 mn. The ratio of intangible assets and property, plant and equipment to total assets remained nearly unchanged at 44%.

Investments in associated companies rose by a total of EUR 339 mn, in large part due to the good result from associated companies – mainly from Borealis and Petrol Ofisi – as well as the acquisition of additional shares in Petrol Ofisi. **Other non-current assets**, which primarily comprise financial investments, securities and non-current receivables, increased by EUR 1,178 mn, with the acquisition of additional shares in MOL being the most important factor.

Inventories increased by EUR 416 mn, primarily reflecting higher cost of goods purchased. The rise in **current trade receivables** of EUR 487 mn was offset by an increase in current trade payables of EUR 594 mn. The reduction of **other current assets** by EUR 492 mn reflects, inter alia, the decline in liquid funds.

Notwithstanding the rise in **equity** of EUR 1,163 mn, the equity ratio decreased from 52% as of December 31, 2006 to 49% at the balance sheet date.

While **pensions and similar obligations** declined by EUR 29 mn, the non-current decommissioning and restoration obligations rose by EUR 67 mn.

Parameter changes and discount unwinding effects were the major factors responsible for this increase, which was partly offset by foreign currency translation effects.

Changes in **financing structure**, derived from a higher level of capital expenditure, led to a net growth of financial liabilities by EUR 1,137 mn. While bonds amounting to EUR 72 mn were redeemed, other current and non-current interest-bearing debts rose by EUR 1,209 mn, with the largest part of additional debt being short-term liabilities.

Other provisions and liabilities went up by EUR 493 mn (of which EUR 378 mn were non-current).

Gearing ratio

High capital expenditure (mainly driven by the acquisition of further shares in MOL and substantial investments in property, plant and equipment) exceeded self-financing in 2007, leading to an increase in bank liabilities.

As of December 31, 2007, short- and long-term borrowings and bonds amounted to EUR 3,431 mn (2006: EUR 2,294 mn) while cash and cash equivalents as well as current securities accounted for EUR 978 mn (2006: EUR 1,664 mn) in total. **Net debt** thus increased by EUR 1,823 mn to EUR 2,453 mn (2006: EUR 630 mn). As of December 31, 2007, the **gearing ratio**, defined as net debt divided by equity, was 24% (2006: 7%).

It should be noted that the majority of the Group's liquidity is in Petrom Group (net cash incl. current securities of EUR 643 mn). Furthermore, the 49% minority interests in Petrom (EUR 2,131 mn) enlarge the equity capital basis for the calculation of the gearing ratio.

Cash flow

The Group's cash flow statement is prepared using the indirect method, whereby adjustments are made for changes in the consolidated Group, foreign exchange differences, and other non-cash transactions.

Again strong cash flow

Cash flow from operating activities increased by EUR 39 mn or 2% from EUR 2,027 mn to EUR 2,066 mn. The reconciliation of net income for the year to cash flow from operating activities (before changes in working capital) resulted in a net upward adjustment of EUR 828 mn for 2007 (2006: EUR 561 mn). Depreciation and amortization added EUR 977 mn (2006: EUR 810 mn), and deferred taxes provided another EUR 23 mn (2006: EUR 19 mn) to the cash flow. Higher long-term provisions (including employee benefits, and decommissioning and restoration obligations) resulted in an increase of EUR 31 mn (2006: decrease by EUR 37 mn). Further increases were due to losses from the disposal of non-current assets of EUR 17 mn (2006: gains of EUR 69 mn). Write-ups of fixed assets and other non-cash items resulted in a decrease of EUR 220 mn (2006: EUR 162 mn). Other non-cash items mainly relate to shares of associates' results (less dividend payments), which amounted to EUR 208 mn (2006: EUR 109 mn).

Funds invested in net working capital as of December 31, 2007 increased to EUR 605 mn (2006: EUR 192 mn). Increases in receivables and inventories led to the outflow of EUR 1,256 mn (2006: cash inflow of EUR 94 mn), whereas increases in liabilities and short-term provisions released funds amounting to EUR 651 mn (2006: tie-up of EUR 286 mn due to the reduction of liabilities and short-term provisions).

Higher assets commitment to short-term net assets

Investment cash outflows for non-current assets of EUR 3,737 mn (2006: EUR 2,338 mn) were partly offset by inflows of proceeds from the sale of non-current assets amounting to EUR 126 mn (2006: EUR 322 mn). Acquisitions of consolidated subsidiaries less cash acquired caused cash outflows of EUR 4 mn, whereby purchase price payments for acquisitions and increases in interests of EUR 41 mn were partly offset by cash inflows due to the full consolidation of two subsidiaries formerly accounted for at-equity (2006: cash outflows of EUR 162 mn). Proceeds from the sale of Group companies less cash and cash equivalents held were EUR 16 mn (2006: EUR 1 mn). **Net cash**

outflow from investment activities totaled EUR 3,573 mn (2006: EUR 2,226 mn).

Convertible bonds repurchased

In 2007, EUR 1 mn were used for the repurchase of OMV convertible bonds (2006: EUR 525 mn). Additionally, the Company repurchased own shares to be used for serving convertible bonds, which led to a cash outflow of EUR 65 mn (2006: EUR 202 mn). The Group received EUR 1,212 mn from the net increase of short-term and long-term borrowings (2006: EUR 831 mn). Cash outflows for dividend payments amounted to EUR 487 mn (2006: EUR 378 mn), of which EUR 312 mn (2006: EUR 269 mn) was paid to OMV shareholders and EUR 175 mn (2006: EUR 109 mn) to minority shareholders of subsidiaries. Net cash inflow from financing activities amounted to EUR 660 mn (2006: EUR 273 mn).

Improvement of risk awareness and targeted risk control

Risk management

OMV is an integrated multinational oil and gas Group. Its operations extend from hydrocarbon exploration and production (E&P), and processing (Refining) through to trading and marketing of mineral products and gas. In common with the entire oil and gas industry, OMV is exposed to a variety of risks – mainly market, but also operational, strategic, regulatory, political, as well as hazard risks. OMV takes the view that due to its substantial diversification and the embedded, although unpredictable internal hedge quality, overall risk is significantly reduced. In particular, risks in the R&M business are naturally hedged by opposing trends in oil and gas production. However, the balancing effects of opposing industry risks embedded due to the high level of integration often lag or are weakened. Therefore, OMV's risk management activities focus on the specific group-wide net risk exposure of the existing and future portfolio. Risk management is coordinated centrally by Group Treasury.

The main purpose of the Enterprise Wide Risk Management (EWRM) is to enhance risk awareness and risk governance. The right assessment of risk should enable the exploitation of business opportunities in a systematic manner in order to grow OMV's value sustainably. Since 2003, the EWRM system has helped enhance risk awareness and risk management skills (Group Directive) across the entire organization, including subsidiaries in approximately 20 different countries. At Petrom, the EWRM has been fully applied since 2006. An electronic risk monitoring system is used to assess, prioritize and monitor all significant risks, and the potential impact of key risks. Additionally, the system is used to record recent developments and actions taken. Overall risk is computed with the aid of a simulation model, the results of which are compared to internal credit rating targets. Reports on the findings of the EWRM process, together with risk reports from material associated companies, are submitted to the Executive Board twice a year. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the EWRM system is evaluated by the auditor on an annual basis. The key risks identified in respect of OMV's mid-term plan are: Market price risks, certain legal and compliance risks, contract risks, development and production cost risks, foreign exchange risks (particularly relating to the USD, RON, and TRY), as well as hazard risks.

Although OMV has long experience with the political environment in Central and Eastern Europe, and in its core oil and gas production areas, political developments in all markets where OMV operates are kept under constant observation. Furthermore, country-specific risks are assessed before entering new countries. A group-wide environmental risk reporting system is used to evaluate existing and potential obligations. Risks related to the EU Emission Trading Scheme are separately recorded, aggregated for the Group as a whole, and monitored by a joint operating committee (Carbon Steering Committee) on an ongoing basis. Climate change risks formed a focal point in the last EWRM monitoring. The assessment of respective risks is evaluated in the business units and the Group portfolio built and assessed by Corporate Carbon Management. Through systematic staff succession and development planning, Corporate Human Resources plans for suitable managerial staff to meet future growth requirements.

The control and mitigation of identified and assessed risks take place at all organizational levels using clearly defined risk policies and responsibilities. Most risks are managed locally in the business units. However, the management of some key risks is governed by Corporate Directives, for example those relating to health, safety, security and environment, legal matters and compliance, human resources, corporate social responsibility and the management of insurable risks.

The analysis and management of the financial risks arising from foreign currencies, interest rates, commodity prices, counterparties, pensions and emissions are undertaken centrally in Group Treasury. The overall objectives are to safeguard the cash flows required by the Group for growth and to maintain a strong investment grade credit profile.

The key foreign currency risks are associated with the fluctuations of the USD against the EUR and RON. Their effects on cash flow and/or the balance sheet (translation risk), as well as the relation to the oil price are regularly analyzed in consideration of the positions of Petrom. However, the net long USD position identified and to a certain degree counterbalanced in the currency translation was not hedged, because of the rather favorable overall economic and financial conditions and the resulting lower cash flow risk for growth.

To balance the Group's interest rate portfolio, some USD and EUR denominated loans were converted from fixed to variable rates, according to predefined rules. The credit risk associated with the Group's principal counterparties continues to be managed on the basis of country and bank limits.

Strategic management of commodity price risk – the main risk category which cannot be influenced by the Group – is aimed at maintaining a strong investment grade credit profile and sufficient cash flow to fund planned investments and is evaluated by the business-at-risk model. In 2007, no hedging was concluded to ensure against commodity price risk, given the strong cash flow performance. However, a put option program covering 31% of oil (not gas) production was initiated for 2008. The Executive Board takes hedging decisions based on recommendations by the Operating Committee, which comprises personnel nominated by the business segments, Group Controlling and Group Treasury.

The objective is to maintain a good investment grade credit profile

Health, safety, security and environment

The health, safety, security and environment (HSE) management system was further consolidated in 2007. Enhancing HSE awareness, especially at Petrom, was a top priority. Over 330,000 hours of HSE training were given, more than two-thirds of them in Romania. Petrom also conducted a widespread internal communication campaign, focused on environmental issues.

Increase HSE awareness through training at Petrom

Compared to 2006, the lost time incident rate (LTIR) was decreased considerably, reaching 0.65 per million hours for own employees and 1.24 for contractors. Especially in Petrom, the number of fatalities and lost time incidents could be decreased significantly by 41%. The total recordable incident rate (TRIR) was 1.56 per million hours worked for own employees and 2.05 for contractors in 2007. Three Petrom employees and eight contractors (five of them in Petrom) died at work in 2007. The Group fatal accident rate was 4.54 per 100 million hours worked for own employees and 9.22 for contractors. OMV as a whole and particularly Petrom continue to place a focus on the improvement of process safety and the reduction of the number of accidents at work.

Considerable decline of LTIR

The Group recorded a total of 14 significant hydrocarbon spills and 870 minor releases during the year (2006: 15 and 2,767 respectively). In 2007, several major investment projects aimed at raising environmental standards were in progress. OMV's carbon management was further enhanced in order to promote greenhouse gas reduction projects across the Group. Petrom continued to focus on compliance with national and EU regulations.

Strengthen OMV's carbon management

Information according to § 243a Unternehmensgesetzbuch (Austrian Company Code)

1. The capital stock is EUR 300,000,000 and is divided into 300,000,000 bearer shares of no par value. There is only one class of shares.

2. There is a consortium agreement between the two core shareholders International Petroleum Investment Company (IPIC) and Österreichische Industrieholding Aktiengesellschaft (ÖIAG) which provides for coordinated behavior and certain limitations to transfers of stockholdings.

3. ÖIAG holds 31.5% and IPIC holds 17.6% of the capital stock.

4. All shares have the same control rights.

5. Employees who are shareholders directly exercise their voting right at the Annual General Meeting.

6. The Company's Executive Board must consist of two to six members. Candidates who would complete their final term of office after reaching the age of 65 must not be appointed. The Company's Supervisory Board must consist of at least six members elected by the Annual General Meeting and of the members nominated under section 110 (1) Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). Members of the Supervisory Board must not be over 65 years of age at the time of their election. To approve capital increases pursuant to section 149 Austrian Stock Corporation Act and alterations of the articles of association (except those concerning the Company's objects), simple majorities of the votes and capital represented in the taking of the resolution is sufficient.

7. a) The Executive Board has been authorized by resolution of the Annual General Meeting held on May 24, 2007, to increase, subject to the consent of the Supervisory Board, the capital stock of the Company by May 23, 2012, in one or more tranches, by an aggregate amount not exceeding EUR 36.35 mn by issuance of up to 36,350,000 new common shares in bearer form against cash or contributions in kind, also to the exclusion of shareholders' rights of subscription in the event of contributions in kind and, subject to the consent of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital).

b) The capital stock has been conditionally increased by EUR 36.35 mn under section 159 (2) (1) Austrian Stock Corporation Act by issuance of up to 36,350,000 common shares in bearer form (conditional capital). The conditional capital increase will only be carried out if holders of the convertible bonds issued on the basis of the Annual General Meeting resolution held on May 24, 2007, exercise their right to convert them into the Company's stock.

c) The total number of new shares currently or potentially to be issued under the terms of the convertible bonds and the number of shares to be issued from the authorized capital may not exceed 36,350,000 (amount-related determination of authorizations in accordance with paragraph a and b), whereby the conversion right of the holders of the convertible bonds must be granted in every case.

d) The Annual General Meeting on May 24, 2007 authorized the Executive Board to repurchase own shares up to the maximum legally permitted (currently 10% of capital stock), during a period of 18 months from the day of the resolution in question. Own shares can be used to satisfy stock option plans and convertible bonds. Furthermore, the capital stock can be decreased by cancelling own shares without a further shareholders' resolution. Own shares can be sold at any time via the stock exchange or by way of public offering.

8. According to the shareholders' agreement between OMV and Dogan Sirketler Grubu Holding A.S. (Dogan) regarding Petrol Ofisi A.S., the respective other party is, in the event of a change of control either in OMV or in Dogan to defined strategic acquirers (i.e. if the acquirer has to fully consolidate OMV or Dogan according to IFRS or exercises control by means of equal rights jointly with a third party) up to May 16, 2016, entitled to acquire 34% of the shares of Petrol Ofisi at a price based on an agreed formula, thus terminating the shareholders' agreement.

9. There are no agreements between the Company and members of the Executive Board and Supervisory Board or employees regarding the payment of compensation in the event of a public takeover bid.

Significant events after the balance sheet date

Petrom closed the transaction for the acquisition of the oil service activities of Petromservice related to exploration and production, effective February 1, 2008. As a result, Petrom took over related oil service assets and 9,775 employees and will integrate them into the Petrom E&P segment. The acquisition price was EUR 328.5 mn.

Outlook 2008

The main focus in 2008 will be group-wide cost saving programs and the continuing restructuring and modernization of Petrom. The first results of the modernization efforts in E&P are now visible and we expect Romanian production volumes to increase in 2008. In the Petrom refineries, gradual improvements due to the current restructuring investments are expected; however, it is likely that larger earnings improvements will not become visible until after the completion of the large investments in 2011.

Volatile environment expected

We expect the main market drivers (crude price, refining margins and the USD/EUR exchange rate) to remain highly volatile throughout 2008. Average crude prices and the spread between Brent and Urals are expected to be at similar levels as in 2007, although with considerable short-term fluctuations. The average USD/EUR exchange rate for 2008 is estimated to be around the 2007 year-end level, while the RON is expected to depreciate against the EUR and the USD. We foresee refining margins slightly below the 2007 level.

Increase in production in E&P

E&P volumes, after a slight production decrease in 2007, are expected to rise above last year's level. The development focus will be on New Zealand (Maari), Kazakhstan (Komsomolskoe), Yemen (Habban), Austria (Ebenthal and Strasshof) and Libya (several recent discoveries). In Romania, the modernization program for production equipment will continue, as will the efforts to further enhance production efficiency. Therefore, growth in oil and gas production will mainly come from production start-ups in New Zealand and Kazakhstan in the second half of 2008 as well as increasing production performances in Yemen and Romania. One of the key initiatives in 2008 will be the integration of the recently acquired oil service business of Petromservice. Petrom is now in a position to directly control the modernization process of this business in order to increase quality and efficiency of the operations and to support the reduction of production costs. Overall industry cost inflation is expected to continue in a high oil price environment. However, actions to tighten cost control, the modernization program at Petrom and higher production quantities shall help to improve production costs in terms of cost per unit.

Restructuring in Bayernoil

In **R&M**, the restructuring of the Bayernoil refinery network is scheduled to be finalized in 2008. The refinery location Neustadt will be shut down in the summer for approximately one month and the site in Ingolstadt will be permanently closed in the third quarter 2008, leading to a reduction of the annual refinery capacity in Bayernoil from 12 mn t to 10.5 mn t (thereof OMV share: 45%). The efficiency of the Bayernoil refinery network will be increased through the installation of a new hydrocracker which will enable an increase in the share of heavy crude input and at the same time an improvement of the product yield by increasing middle distillates. By the end of 2008, the share of heavy crude oil input in the Schwechat refinery should increase upon completion of the thermal gasoil unit. Additionally, a further reduction of sulfur content in heating oil extra light down to 10 ppm will be achieved. Also in Burghausen the desulfurization unit will be rebuilt to achieve the same results. In order to strengthen the petrochemical location Burghausen in the long term, the construction of the Ethylene Pipeline Süd in Southern Germany will continue. In marketing, we expect a slightly better margin environment than in 2007. A continuously increasing demand for fuel is to be expected especially in the eastern EU countries, which should lead, in addition to the ongoing quality improvement of the filling station network, to increased sales and increasing non-oil business contribution.

Start of construction of a gas-fired power plant in Romania

In the **Gas** segment, the internationalization of the business activities will be further pursued. The focus will be on the extension of trading activities at international hubs and on promoting the direct sales business. A further entry to new sales and trading markets within the European growth belt is being evaluated. This development is expected to be strengthened by the local presence of EconGas in Austria, Germany, Italy and Hungary as well as by the growth of Petrom's gas business in Romania. To satisfy the need for security of supply and also to support our growth strategy, we will continue to diversify our supply base with LNG projects and our international logistic projects. In the logistics business, Austria's significance as one of the major Central European gas turntables is underpinned by the extension of transit pipelines, the rapid growth of the Central European Gas Hub (CEGH) and the planned storage projects. The Nabucco project, which is one of the key European energy infrastructure projects, further increases the importance of this turntable position. This pipeline aims at securing alternative natural gas supply to Europe via a connection to the Caspian region and to the Middle East. An approval of the exemption – applied for at the national regulatory authorities as well as the European Commission – at terms and conditions acceptable for the Nabucco consortium and a successful open season together with resulting first transport contracts will be the basis for the final investment decision. Furthermore, the feasibility studies for the Adria LNG project are expected to be completed in the course of 2008. One of the major drivers of the strong growth in gas demand in Europe are gas-fired power plants. We believe that additional value can be generated through the expansion of the gas value chain in the downstream business, and power projects are being pursued in Romania and in Germany to supply our refineries. The beginning of the construction of the power plant in Romania at Petrobrazi will be a milestone in 2008. To reflect these power activities, the Gas business segment will be renamed to **Gas and Power (G&P)**.

The activities and costs of Petrom's corporate functions and services were analyzed in 2007 – with the target of reducing complexity as well as cost. The internal service center Petrom Solutions, established in 2006, has been integrated into OMV Global Solutions, a group-wide service center. Activities performed through this service company will continue to be charged to the businesses. The costs that relate to pure corporate functions which are carried out at Petrom will now be reported separately in the **Corporate and Other** line starting with 2008, and will no longer be absorbed by the businesses.

Driven by our challenging growth targets, the continuing modernization of Petrom's operations and the general trend of increasing costs in the oil industry, average annual **investments** of approximately EUR 3 bn are planned until 2010. All investment decisions are taken on a value-based approach, which is essential if we are to meet our target of a 13% ROACE over the course of the business cycle, given average market indicators.

Vienna, March 26, 2008

The Executive Board

Wolfgang Ruttenstorfer
Chairman

Gerhard Roiss
Deputy Chairman

Werner Auli

David C. Davies

Helmut Langanger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300
250
200
150
2006
FTSE Global Ene

Financial statements

Auditors' report (report on the consolidated financial statements)

We have audited the accompanying consolidated financial statements of OMV Aktiengesellschaft, Vienna, for the financial year from January 1, 2007, to December 31, 2007. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2007, and the consolidated income statement, statement of changes in stockholders' equity and cash flow statement for the year ended December 31, 2007, and a summary of significant accounting policies and other explanatory notes except for Note 34 "Supplementary oil and gas disclosures (unaudited)".

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the EU. This responsibility includes: Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. Based on the results of our audit, in our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2007, and of its financial performance and its cash flows for the financial year from January 1, 2007, to December 31, 2007, in accordance with International Financial Reporting Standards as endorsed by the EU.

Report on other legal and regulatory requirements

Laws and regulations applicable in Austria require us to perform audit procedures to determine whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the Group. In our opinion, the consolidated management report for the Group is consistent with the consolidated financial statements.

Vienna, March 26, 2008

Deloitte Wirtschaftsprüfungs GmbH

Walter Müller m.p.
Certified Public Accountant

Bernhard Vanas m.p.
Certified Public Accountant

Consolidated income statement for 2007

Consolidated income statement			EUR 1,000
	Note	2007	2006
Sales revenues		**20,042,036**	**18,970,368**
Direct selling expenses		(216,168)	(221,843)
Costs of sales		(15,953,347)	(15,021,255)
Gross profit		**3,872,521**	**3,727,270**
Other operating income	6	211,928	265,866
Selling expenses		(900,197)	(913,858)
Administrative expenses		(323,791)	(297,093)
Exploration expenses		(221,197)	(170,907)
Research and development expenses		(15,457)	(13,241)
Other operating expenses	7	(439,318)	(537,015)
Earnings before interest and taxes (EBIT)		**2,184,489**	**2,061,022**
Income from associated companies	8	297,999	184,652
Dividend income [1]		53,230	45,260
Net interest income [1]	8	(127,427)	(61,424)
Other financial income and expenses [1]	8	3,844	(73,283)
Net financial result		**227,647**	**95,204**
Profit from ordinary activities		**2,412,136**	**2,156,226**
Taxes on income	9	(569,340)	(506,283)
Profit from ordinary activities post taxes		**1,842,796**	**1,649,943**
Result from discontinued operations net of taxes	10	–	8,298
Net income for the year		**1,842,796**	**1,658,241**
thereof attributable to own shareholders		**1,578,836**	**1,382,602**
thereof attributable to minority interests		263,959	275,639
Basic earnings per share from continuing operations in EUR		5.29	4.61
Diluted earnings per share from continuing operations in EUR		5.28	4.41
Basic earnings per share from discontinued operations in EUR		–	0.03
Diluted earnings per share from discontinued operations in EUR		–	0.03
Basic earnings per share in EUR	11	**5.29**	**4.64**
Diluted earnings per share in EUR	11	5.28	4.44
Weighted average number of shares		298,651,826	298,234,439
Adjusted weighted average number of shares		299,193,681	312,252,651
Proposed dividend		374,506	312,882
Proposed dividend per share in EUR		**1.25**	**1.05**

[1] Due to reclassifications in the course of the first-time adoption of IFRS 7, prior year's figures have been adjusted: for more detailed information, refer to Note 8.

Consolidated balance sheet as of December 31, 2007

Assets			EUR 1,000
	Note	2007	2006
Non-current assets			
Intangible assets	12	236,809	195,808
Property, plant and equipment	13	9,213,158	7,732,130
Investments in associated companies	14	2,125,635	1,786,141
Other financial assets [1]	17	3,167,745	1,987,359
Other assets [1]	18	16,501	18,747
		14,759,848	**11,720,185**
Deferred taxes	23	**55,534**	**60,423**
Current assets			
Inventories	15	2,444,171	2,028,576
Trade receivables	16	2,409,204	1,922,102
Other financial assets [1]	17	594,043	379,887
Income tax receivables		61,833	46,097
Other assets [1]	18	193,981	58,306
Cash and cash equivalents		699,564	1,564,259
Non-current assets held for sale	19	31,336	24,183
		6,434,131	**6,023,410**
Total assets		**21,249,512**	**17,804,018**

[1] Due to reclassifications in the course of the first-time adoption of IFRS 7, prior year's figures have been adjusted: for more detailed information, refer to the relevant Notes.

Equity and liabilities EUR 1,000

	Note	2007	2006
Equity	20		
Capital stock		300,000	300,003
Reserves		7,838,687	6,679,048
Stockholders' equity		**8,138,687**	**6,979,051**
Minority interests		2,200,833	2,197,209
		10,339,520	**9,176,260**
Non-current liabilities			
Provisions for pensions and similar obligations	21	923,060	951,716
Bonds	22	466,990	491,436
Interest-bearing debts	22	448,806	489,959
Provisions for decommissioning and restoration obligations	21	1,555,952	1,489,244
Other provisions	21	276,218	190,478
Other financial liabilities [1]	22	93,063	60,861
Other liabilities [1]	22	16,418	20,014
		3,780,507	**3,693,708**
Deferred taxes	23	**307,820**	**287,319**
Current liabilities			
Trade payables [1]	22	2,195,621	1,601,775
Bonds	22	—	47,785
Interest-bearing debts	22	2,514,827	1,264,452
Provisions for income taxes [1]	21	85,370	63,632
Other provisions [1]	21	422,931	483,862
Other financial liabilities [1]	22	694,986	439,149
Other liabilities [1]	22	880,366	745,594
Liabilities associated with assets held for sale	19	27,564	482
		6,821,666	**4,646,731**
Total equity and liabilities		**21,249,512**	**17,804,018**

[1] Due to reclassifications in the course of the first-time adoption of IFRS 7, prior year's figures have been adjusted: for more detailed information, refer to the relevant Notes.

Changes in stockholders' equity

Changes in stockholders' equity in 2007 [1] — **EUR 1,000**

	Share capital	Capital reserves	Revenue reserves	Other reserves	Treasury shares	OMV stock-holders	Minority interests	Stock-holders' equity
January 1, 2007	**300,003**	**795,298**	**5,042,902**	**854,989**	**(14,141)**	**6,979,051**	**2,197,209**	**9,176,260**
Unrealized gains/(losses) on revaluation of securities								
Profit/(loss) for the year before taxes on income	—	—	—	(13,995)	—	(13,995)	(4,541)	(18,536)
Income taxes	—	—	—	2,577	—	2,577	727	3,304
Realized gains/(losses) recognized in income statement before taxes on income	—	—	—	1,587	—	1,587	1,680	3,267
Income taxes	—	—	—	(241)	—	(241)	(270)	(510)
Unrealized gains/(losses) on revaluation of hedges								
Profit/(loss) for the year before taxes on income	—	—	—	17,927	—	17,927	18,322	36,249
Income taxes	—	—	—	(6,610)	—	(6,610)	(4,677)	(11,287)
Realized gains/(losses) recognized in income statement before taxes on income	—	—	—	2,670	—	2,670	8,351	11,021
Income taxes	—	—	—	491	—	491	(1,489)	(998)
Transfer to acquisition costs	—	—	—	(9,204)	—	(9,204)	6,131	(3,073)
Income taxes	—	—	—	4,901	—	4,901	(981)	3,920
Exchange differences from translation of foreign operations	—	—	—	(103,523)	—	(103,523)	(123,552)	(227,075)
Gains/(losses) recognized directly in equity, resulting from a company consolidated at-equity	—	—	—	374	—	374	—	374
Gains/(losses) recognized directly in equity, net of taxes on income	**—**	**—**	**—**	**(103,046)**	**—**	**(103,046)**	**(100,299)**	**(203,345)**
Net income for the year	—	—	1,578,836	—	—	1,578,836	263,959	1,842,796
Total gains/(losses) for the year	**—**	**—**	**1,578,836**	**(103,046)**	**—**	**1,475,790**	**163,660**	**1,639,450**
Dividend distribution	—	—	(311,940)	—	—	(311,940)	(175,265)	(487,205)
Repurchase of own shares	—	—	—	—	(64,861)	(64,861)	—	(64,861)
Repurchase of convertible bonds	—	(255)	—	—	—	(255)	—	(255)
Sale of own shares	—	711	—	—	247	958	—	958
Conversion of convertible bonds	—	(13,366)	—	—	64,727	51,361	—	51,361
Redemption of convertible bonds	—	(6)	—	—	—	(6)	—	(6)
Capital decrease	(3)	3	(99)	—	99	—	—	—
Effects from business combinations in stages	—	—	8,231	—	—	8,231	15,587	23,818
Increase/(decrease) in minority interests	—	—	358	—	—	358	(358)	—
December 31, 2007	**300,000**	**782,385**	**6,318,288**	**751,943**	**(13,929)**	**8,138,687**	**2,200,833**	**10,339,520**

Changes in stockholders' equity in 2006 [1] **EUR 1,000**

	Share capital	Capital reserves	Revenue reserves	Other reserves	Treasury shares	OMV stock-holders	Minority interests	Stock-holders' equity
January 1, 2006	**300,001**	**993,299**	**3,941,566**	**671,196**	**(14,470)**	**5,891,592**	**1,801,928**	**7,693,520**
Unrealized gains/(losses) on revaluation of securities								
Profit/(loss) for the year before taxes on income	—	—	—	64,865	—	64,865	952	65,817
Income taxes	—	—	—	2,637	—	2,637	(151)	2,486
Realized gains/(losses) recognized in income statement before taxes on income	—	—	—	(403)	—	(403)	(302)	(705)
Income taxes	—	—	—	50	—	50	49	99
Unrealized gains/(losses) on revaluation of hedges								
Profit/(loss) for the year before taxes on income	—	—	—	(15,098)	—	(15,098)	(11,403)	(26,501)
Income taxes	—	—	—	2,665	—	2,665	2,396	5,061
Realized gains/(losses) recognized in income statement before taxes on income	—	—	—	6,590	—	6,590	7,038	13,628
Income taxes	—	—	—	(884)	—	(884)	(1,126)	(2,010)
Transfer to acquisition costs	—	—	—	2,824	—	2,824	2,734	5,558
Income taxes	—	—	—	(369)	—	(369)	(354)	(723)
Exchange differences from translation of foreign operations	—	—	—	119,866	—	119,866	153,724	273,590
Gains/(losses) recognized directly in equity, resulting from a company consolidated at-equity	—	—	—	1,050	—	1,050	—	1,050
Gains/(losses) recognized directly in equity, net of taxes on income	—	—	—	**183,793**	—	**183,793**	**153,557**	**337,350**
Net income for the year	—	—	1,382,602	—	—	1,382,602	275,639	1,658,241
Total gains/(losses) for the year	—	—	**1,382,602**	**183,793**	—	**1,566,395**	**429,196**	**1,995,591**
Dividend distribution	—	—	(268,813)	—	—	(268,813)	(108,810)	(377,623)
Repurchase of own shares	—	—	—	—	(201,793)	(201,793)	—	(201,793)
Repurchase of convertible bonds	—	(149,333)	—	—	—	(149,333)	—	(149,333)
Sale of own shares	—	925	—	—	329	1,254	—	1,254
Capital increase from conversion of bonds	2	(49,593)	—	—	201,793	152,202	—	152,202
Increase/(decrease) in minority interests	—	—	(12,453)	—	—	(12,453)	74,895	62,442
December 31, 2006	**300,003**	**795,298**	**5,042,902**	**854,989**	**(14,141)**	**6,979,051**	**2,197,209**	**9,176,260**

[1] See Note 20.

Consolidated cash flow statement

Consolidated cash flow statement [1]			EUR 1,000
	2007	2006	Δ
Net income	**1,842,796**	**1,658,241**	**184,555**
Depreciation and amortization	977,456	809,553	167,903
Write-ups of fixed assets	(5,689)	(5,628)	(61)
Deferred taxes	22,967	19,028	3,939
(Gains)/losses from disposal of non-current assets	17,433	(68,871)	86,304
Increase/(decrease) in provisions for pensions and severance payments	(58,295)	3,735	(62,030)
Increase/(decrease) in long-term provisions	89,098	(40,532)	129,630
Other non-cash (income)/expenses	(214,791)	(155,907)	(58,884)
	2,670,975	**2,219,619**	**451,356**
Decrease/(increase) in inventories	(500,174)	21,340	(521,514)
Decrease/(increase) in receivables	(755,668)	72,198	(827,866)
Increase/(decrease) in liabilities	553,007	(173,129)	726,136
Increase/(decrease) in short-term provisions	98,111	(112,822)	210,933
Cash flow from operating activities	**2,066,251**	**2,027,206**	**39,045**
Investments			
Intangible assets and property, plant and equipment	(2,317,824)	(1,376,468)	(941,356)
Investments, loans and other financial assets	(1,419,337)	(961,302)	(458,035)
Acquisitions of subsidiaries net of cash acquired	(3,977)	(161,922)	157,945
Increase/(decrease) in short-term financial investments	26,227	(48,817)	75,044
Disposals			
Proceeds from the sale of property, plant and equipment	125,732	321,635	(195,903)
Proceeds from the sale of Group companies less cash and cash equivalents	15,762	1,003	14,759
Cash flow from investment activities	**(3,573,416)**	**(2,225,871)**	**(1,347,545)**
Increase in long-term borrowings	23,189	275,845	(252,656)
Repayments of long-term borrowings	(232,053)	(141,097)	(90,956)
Repurchase of convertible bonds	(1,119)	(525,113)	523,994
Repurchase of own shares	(64,861)	(201,793)	136,932
Increase/(decrease) in short-term borrowings	1,421,340	696,561	724,779
Dividends paid	(487,205)	(377,623)	(109,582)
Increase in capital including sale of treasury stock	958	491	467
Cash flow from financing activities	**660,249**	**(272,729)**	**932,978**
Effect of foreign exchange rate changes on cash and cash equivalents	(17,779)	84,391	(102,170)
Net (decrease)/increase in cash and cash equivalents	**(864,695)**	**(387,003)**	**(477,692)**
Cash and cash equivalents at beginning of year	1,564,259	1,951,262	(387,003)
Cash and cash equivalents at end of year	**699,564**	**1,564,259**	**(864,695)**

[1] See Note 24.

Notes: Accounting principles and policies

1 Legal principles and general accounting policies

OMV Aktiengesellschaft (registered in the Austrian Register of Companies with its office based at 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), and Gas.

These financial statements have been prepared **in compliance with all IFRSs** and interpretations the application of which was mandatory in the EU at the time of preparation. All IFRSs issued by the International Accounting Standards Board (IASB) which were effective at the time of preparing the consolidated financial statements, and which are applicable to OMV, have been endorsed for use in the EU by the European Commission. The consolidated financial statements of OMV therefore comply with IFRSs as published by the IASB and already in force. The financial year corresponds to the calendar year.

IAS 16 and IAS 36 do not apply to exploration and development of oil and gas fields and extraction from them. The recognized US GAAP industry standards (in particular Statement of Financial Accounting Standard (SFAS) 19 and SFAS 69) are applied in the preparation of the consolidated financial statements to the extent that these are compatible with IFRS 6 and other IFRSs.

The **supplementary information on Exploration and Production (E&P)** in Note 34 does not form part of the Notes to the consolidated financial statements. This information has been prepared in accordance with SFAS 69 (Disclosures about Oil and Gas Producing Activities).

The consolidated financial statements for 2007 have been prepared in thousands of euro. 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, and income and expenses, as well as the amounts disclosed in the Notes. Actual outcomes 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, provisions for restoration costs and interest rates. Reserves are estimated by the Group's own engineers. The estimates are audited externally every two years. Property, plant and equipment as of December 31, 2007, include oil and gas reserves of EUR 3,930,560 thousand (2006: EUR 3,601,509 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 1,561,174 thousand (2006: EUR 1,499,240 thousand). Provisions for restoration costs and impairment losses require estimates of interest rates. These estimates have a material effect on the amount of the provisions.

As of December 31, 2007, risk assessments were required in respect of the following:

OMV holds a 39.58% interest in **Petrol Ofisi A.S.**, Turkey's leading filling station operator and retailer. At balance sheet date there was a major court case pending in the relevant Turkish courts.

On August 31, 2006, the Turkish Energy Market Regulatory Authority (EMRA) imposed fines totaling New Turkish lira (TRY) 1.6 bn (EUR 0.9 bn) on 28 of Turkey's 30 distribution companies in respect of litigation with reference to the supply of unlicensed distributors during the transition period following the introduction of the new Turkish Petroleum Act at the beginning of 2005. The fine imposed on Petrol Ofisi A.S. and its subsidiary ERK Petrol Yatirimlari A.S. amounted to some TRY 600 mn (EUR 349 mn). Petrol Ofisi A.S. has appealed to the Supreme Court and the Administrative Court of Appeal for cancellation of the fine and applied for stay of payment until the case is settled. On January 31, 2007, the Supreme Court granted the application for stay of payment until settlement of the case. On the basis of the Supreme Court's decision, no provision has been made, as in 2006.

2 Consolidation

The financial statements of all consolidated companies have been prepared with a balance sheet date of December 31 and in accordance with uniform group-wide standards. As the EconGas GmbH financial year was different to that of OMV Group until 2006, interim financial statements for the company for the same period and as of the same date as the consolidated financial statements for the Group were used in consolidation. In 2007, the financial year of EconGas GmbH was changed to correspond to the calendar year.

Assets and liabilities of subsidiaries acquired are included at their fair values at the time of acquisition. Where the costs of acquisition exceed the fair values of the identifiable assets and liabilities (including contingent liabilities) acquired, the difference is disclosed as goodwill. Negative differences between acquisition costs and the identifiable assets and liabilities (including contingent liabilities) acquired, are charged against income in the period of acquisition. Minority interests are disclosed at the fair value of the recognized assets and liabilities. Goodwill is recognized as an asset, and reviewed for impairment at least once a year. All impairments are immediately charged against income, and there are no subsequent write-backs of impairment losses.

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.

A summary of Group companies, companies included at-equity and other investments is included under Note 33.

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

Number of consolidated companies

		2007		2006
	Full consolidation	Equity consolidation	Full consolidation	Equity consolidation
At beginning of year	**93**	**18**	**75**	**19**
Included for the first time	3	2	20	1
Merged	(2)	(2)	(2)	—
Previously included at-equity, now consolidated	2	(2)	1	(2)
Deconsolidated during year	(4)	(2)	(1)	—
At end of year	**92**	**14**	**93**	**18**
[thereof domiciled and operating abroad]	[48]	[7]	[48]	[8]
[thereof domiciled and operating in Austria, and operating abroad]	[21]	[—]	[22]	[—]

In **Exploration and Production (E&P)**, "Oil Company 'Renata'" LLC, another subsidiary of Ring Oil Holding & Trading LTD, was acquired and included in consolidation for the first time in March 2007.

Consolidated companies Oztyurk Munai and Ekologicheskaya Tekhnika LLC were disposed of in April 2007; Claire Nafta LTD was sold in December 2007.

In **Refining and Marketing including petrochemicals (R&M)**, the remaining 50% interest in Colpack Austria Brennstoffhandel GmbH was acquired as of January 1, 2007; once included in consolidation, the company was merged into OMV Wärme VertriebsgmbH with effect from January 1, 2007.

Consolidated company Petrochemie Holding GmbH was merged into OMV Refining & Marketing GmbH as of July 28, 2007. The interest in AMI Agrolinz Melamine International GmbH, which had hitherto been included in the financial statements at-equity, was merged into Borealis AG (also included at-equity) as of July 31, 2007; up to that point, Borealis AG had been a private limited company (GmbH). This merger increased OMV's interest in Borealis AG from 35% to 36%.

The acquisition of Esso Austria's 6.5% interest in Adria-Wien Pipeline GmbH increased the Group's holding to 76%.

Petrom Distributie Gaze SRL and Petrom LPG SA (formerly S.C. Shell Gas Romania SRL and included at-equity), have been included in consolidation starting in the fourth quarter of 2007.

Heating Innovations Austria GmbH, formed in 2007 and in which OMV has a 50% interest, and the 21.95% interest in EPS Ethylen-Pipeline-Süd GmbH & Co KG have been included at-equity since the second and fourth quarter of 2007 respectively.

The 34% interest in Petrol Ofisi A.S. acquired in 2006 was increased to 39.58% due to further acquisitions in the course of 2007. Petrol Ofisi A.S. is included in the consolidated financial statements at-equity. The capital stock of Petrol Ofisi A.S. consists of 492,000,000 shares with a nominal value of 1 New Turkish lira (TRY) per share; as of December 31, 2007, the stock market price was TRY 6.05 per share.

In **Gas,** consolidated Group company OMV Erdgas-Beteiligungsgesellschaft m.b.H. was merged into OMV Gas GmbH as of July 18, 2007.

EconGas Hungária Földgázkereskedelmi Kft. was included in consolidation for the first time in the third quarter of 2007.

The interest in S.C. Linde Gaz Brazi SRL which had been included in the financial statements at-equity was sold in the third quarter of 2007.

The at-equity interest in GWH Gas- und Warenhandelsgesellschaft m.b.H. was disposed of in December 2007.

Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H. changed from inclusion at-equity to full consolidation as the result of transfer of control (change in the articles of incorporation) in the fourth quarter of 2007.

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

With effect from February 1, 2008, Petrom SA finalized the acquisition of oil service activities from Petromservice SA. Under the terms of the acquisition, Petrom SA takes over the related assets and 9,775 employees of Petromservice SA. The purchase price for this business, which will be integrated into Petrom SA's E&P segment, amounted to EUR 328.5 mn.

The effect on the Group's assets and liabilities and the consolidated statement of cash flows of the acquisition of "Oil Company 'Renata'" LLC, the inclusion of EconGas Hungária Földgázkereskedelmi Kft. (from the third quarter of 2007) and the inclusion of Petrom Distributie Gaze SRL, Petrom LPG SA and Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H. (from the fourth quarter of 2007) is shown below. The figures for 2006 reflect the acquisitions of Rafiserv Arpechim SA, Rafiserv Petrobrazi SA, Aviation Petroleum SRL, M.P. Petroleum Distributie SRL, OMV PLUS CR a.s. and Ring Oil Holding & Trading LTD (including eight subsidiaries) and the inclusion in consolidation of EconGas GmbH, EconGas Deutschland GmbH and EconGas Italia S.r.l. with effect from October 1, 2006.

Net cash outflows for businesses acquired		EUR 1,000
	2007	2006
Intangible assets and property, plant and equipment	63,187	215,919
Financial assets	562	55,360
Current assets	69,390	786,033
Payables and other liabilities	(61,746)	(732,850)
Net assets	**71,393**	**324,462**
Cash outflows for businesses acquired	**41,108**	**245,222**
Cash and cash equivalents acquired with businesses	(798)	(83,300)
Cash and cash equivalents from changes in method of consolidation	(36,333)	—
Net cash outflows for businesses acquired	**3,977**	**161,922**

In accounting for the acquisitions the purchase method was applied, and amounts in accordance with IFRS were determined for the first time; carrying amounts in accordance with IFRS immediately before the acquisitions were not available.

"Oil Company 'Renata'" LLC, EconGas Hungária Földgázkereskedelmi Kft., Petrom Distributie Gaze SRL, Petrom LPG SA and Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H. contributed losses of EUR 1,834 thousand to the consolidated net income from the dates of their respective inclusions in OMV Group. In 2006, from the dates of their respective inclusion, Rafiserv Arpechim SA, Rafiserv Petrobrazi SA, Aviation Petroleum SRL, and M.P. Petroleum Distributie SRL contributed losses of EUR 3,755 thousand to OMV Group's net income, while since their full consolidation with effect from October 1, 2006, EconGas GmbH, EconGas Deutschland GmbH and EconGas Italia S.r.l. contributed profits of EUR 12,236 thousand.

3 Accounting and valuation principles

a) Revenue recognition
In general, revenues are realized when goods or services are supplied, and the amount receivable is fixed or determinable, and collection is probable. In E&P, revenues are recognized when products are delivered and risk and ownership have 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 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 E&P 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, legal and consulting costs in connection with exploration. They also include all impairments on exploration wells where no proved reserves could be demonstrated. Depreciation of economically successful exploration wells forms part of costs of sales.

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) Exploration and production sharing agreements
Exploration and production sharing agreements (EPSAs) are a form of contract for oil and gas concessions in which production is shared between one or more oil companies and the host country in defined proportions. The taxes payable under certain EPSA agreements in the form of deliveries of crude are disclosed as taxes on income from the fourth quarter of 2006, so that revenues are not reduced by netting.

e) Intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are recognized at costs 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 held for sale are disclosed at the lower of carrying amount and fair value less costs to sell. Non-current assets and groups of assets are classified as held for sale if their carrying amount is to be realized by sale and not by continued use. For assets to be so classified, the sale must be estimated as highly probable, and 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 intangible assets with uncertain useful lives and for goodwill, impairment tests are carried out annually. This applies even where there are no indications of impairment. Where the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to reduce the asset to its lower recoverable amount. Except in the case of goodwill, where in subsequent periods the reasons for recognition of an impairment loss disappear, the asset’s value is written back up to its amortized cost, and the difference is disclosed under other operating income.

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

Scheduled depreciation and amortization is generally calculated on a straight-line basis and is largely based on the useful lives shown in the table below.

The accounting and valuation treatment of exploration and extraction of oil and gas fields follows IFRS 6 and – wherever this is not applicable – the relevant US GAAP industry standards, which are recognized internationally as an industry standard.

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 wells	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	20–30
Chemicals	Corrosion resistant plant	8–20
Other property, plant and equipment		
Production and office buildings		20 or 40–50
Other technical plant and equipment		10–20
Fixtures and fittings		5–10

E&P activities are valued using the successful efforts method: The acquisition costs of geological and geophysical studies before the discovery of proved reserves form part of expenses for the period. The costs of wells are capitalized until the existence or absence of potentially commercially viable oil or gas reserves is established. Wells which are not commercially viable are expensed. The costs of exploration wells whose commercial viability has not yet been determined continue to be capitalized as long as the following conditions are satisfied:

1. Sufficient oil and gas reserves have been discovered to justify completion as a production well.

2. Sufficient progress is being made in assessing the economic and technical feasibility to justify beginning field development in the near future.

Capitalized exploration and development costs and support equipment are generally depreciated on a unit-of-production and proved developed reserves basis, with the exception of capitalized exploration rights and 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 depreciated 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 the fair value – and then depreciated over their expected useful lives 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.

f) Financial assets

Shares in Group companies not consolidated 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 where there is impairment which is expected to be permanent. Associated companies are recognized at the proportionate share of equity.

Available-for-sale securities are recognized at fair value. Unrealized gains and losses are disclosed separately under equity net of any attributable deferred taxes. Where there is objective evidence of permanent impairment, write-downs are charged against income. Where the reason for the recognition of an impairment loss subsequently ceases to exist, the amount of the reversal up to amortized costs is taken to equity in the case of equity instruments, and in the case of other financial instruments is included as income.

Held-to-maturity securities are carried at amortized cost (subject to permanent impairment).

Securities at fair value through profit or loss are recognized in the income statement for the period at fair value including gains and losses.

Securities 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 regular way purchases and sales of securities.

Interest-bearing loans are disclosed at nominal value, interest-free loans and loans at low rates of interest at present value. 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 disclosed at carrying amounts. 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 provision is made for all recognizable risks.

g) Derivative instruments

Derivative instruments are used to hedge risks resulting from changes in interest rates, currency exchange rates and commodity prices. Derivative instruments are recognized at fair value, which reflects the estimated amounts that OMV would pay or receive if the positions were closed at balance sheet date. Quotations from banks or appropriate pricing models have been used to estimate the fair value of financial instruments at balance sheet date.

Unrealized gains and losses are as a general rule recognized as income or expense, except where the requirements for hedge accounting are met. For hedge accounting to be applied, the hedging relationship must be regularly documented and actual hedge effectiveness must be in the range 80%–125%.

In the case of fair value hedges, changes in the fair value resulting from the risk being hedged for both the hedged item and the hedging instrument are recognized as income or expense.

For cash flow hedges, the effective part of the changes in fair value is recognized directly in equity, while the ineffective 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.

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

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalized until the assets are substantially ready for their intended use or sale. In connection with international E&P activities, all interest incurred which is directly attributable to the purchase and development of a field is capitalized. All other costs of borrowing are expensed in the period in which they are incurred.

i) Government grants

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 conditions reduce the acquisition costs of the related assets.

j) Inventories
Inventories are recognized at costs 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 costs 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. The 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, product-related production costs per product group are recognized. In this carrying capacity approach the allocation of production costs is based on the current market values of the product groups produced.

k) Provisions
Provisions are normally set up for all present obligations to third parties where it is probable that the obligation will be settled and the amount of the obligation can be estimated reliably. Provisions for individual obligations are 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 principally 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 amount of long-lived assets. As a general rule, the obligation is calculated on the basis of best estimates. The capitalized asset is depreciated on a straight-line basis in R&M and using the unit-of-production method in E&P, 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 be estimated reliably.

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. In contrast, participants in defined benefit plans 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 modifications to employees' remuneration arrangements are recognized if the employees concerned have accepted the employing 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.

The Group makes provision for the shortfall in emissions allowances on the basis of the European Union Emissions Trading Scheme for greenhouse gas emissions allowances (see Note 21).

l) 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 amount 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 loans 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 liability into equity, which is disclosed as equity. Where convertible bonds are repurchased, the amount in excess of the outstanding debt component valued at fair value is set off against revenue reserves without effect on income or expense. Differences between the fair values of the liability at the time of repurchase and the carrying amounts are recognized as part of financial income or expense.

m) 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), charges under the tax paid cost system (TPC) in Libya and certain EPSAs (see Note 3 d). Provision is made for deferred taxes on all temporary differences (differences between Group carrying amounts and tax bases which reverse in subsequent years). Tax loss carryforwards 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 set-off 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 made. Where unrealized intra-group profits contained in inventories are eliminated, deferred taxes are recognized.

n) Stock option plans
Stock option plans (see Note 28) 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 at the time of issue and as of subsequent balance sheet dates using the Black-Scholes model. 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.

o) First-time adoption of new or revised standards and interpretations
In 2007, IFRS 7: Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures were applied for the first time, resulting in extended Notes on financial instruments and related risks. The related changes in the presentation of balance sheet and income statement items are explained in the respective Notes.

In addition, the following interpretations were applied for the first time in 2007, without having a material influence on the Group's financial statements:

- IFRIC 7: Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (irrelevant to OMV)
- IFRIC 8: Scope of IFRS 2 (irrelevant to OMV)
- IFRIC 9: Reassessment of Embedded Derivatives
- IFRIC 10: Interim Financial Reporting and Impairment

IFRS 8: Operating Segments was endorsed by the EU on November 21, 2007. OMV has decided against early application. This standard replaces IAS 14. It requires that the information contained in segment reports be presented in the same way as it is internally reported to the entity's senior operating decision makers for use as a basis for decisions on the performance of the enterprise and resource allocations (management approach). Application of the standard will be mandatory for periods beginning on or after January 1, 2009. OMV expects no material impact on the results, or the financial position of the Group.

IFRIC 11: IFRS 2 – Group and Treasury Share Transactions was endorsed by the EU on June 1, 2007. This interpretation will be applied from the 2008 financial year onwards. It is unlikely to have a significant influence on the consolidated financial statements.

p) Major standards and interpretations issued but not yet endorsed by the EU
At the time of clearance of these financial statements for publication, the following revisions and interpretations had already been published, but their application was not yet mandatory and they had not yet been endorsed by the EU:

- Amendment to IAS 23: Borrowing Costs (to be applied in connection with qualifying assets recognized on or after January 1, 2009). The main change is that the previous benchmark treatment will no longer be permitted. In other words, it will no longer be possible to recognize borrowing costs as an expense in the period in which they are incurred regardless of how the funds are applied. The amdendment will have no impact on the Group's accounting and valuation methods, as it has already been the Group's policy before to capitalize borrowing costs attributable to qualifying assets.

- Amendments to IAS 1: Presentation of Financial Statements (applicable to financial years beginning on or after January 1, 2009). These amendments largely concern formal aspects of IAS 1. It is the outcome of the first phase of the IASB-FASB convergence project aimed at improving and harmonizing the presentation of financial information.

- Revised versions of IFRS 3: Business Combinations and IAS 27: Consolidated and Separate Financial Statements (both applicable to financial years beginning on or after January 1, 2009). The main changes relate to acquisitions of some, but not all (i.e. not 100%) of the equity interests in a subsidiary (e.g. new approach to the accounting presentation of minority interests, remeasurement of existing equity interests through income or expense when control is obtained, and income-neutral accounting for changes in ownership interests in a subsidiary without loss of control).

- Amendments to IFRS 2: Share-based Payment (applicable to financial years beginning on or after January 1, 2009). The amendments essentially concern the clarification of the terms vesting conditions and cancellations.

- IFRIC 12: Service Concession Arrangements (applicable to financial years beginning on or after January 1, 2008). This interpretation gives guidance on accounting for agreements under which a government or other institution contracts private operators to provide public services.

- IFRIC 13: Customer Loyalty Programmes (applicable to financial years beginning on or after July 1, 2008). This interpretation deals with accounting by companies that grant loyalty award credits (loyalty points or air miles) to their customers, who can redeem them when purchasing other goods or services.

- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applicable to financial years beginning on or after January 1, 2008): The main issue addressed by this interpretation is the interaction between an obligation existing at balance sheet date to make additional contributions to a pension plan, and the limit on the measurement of a surplus of plan assets over a defined benefit obligation under IAS 19.

Early application of the above revised versions and interpretations is permitted. However, as they have not yet been endorsed by the EU they are not being applied by OMV yet. Management does not believe that their application will have a significant influence on the consolidated financial statements in the years of first-time adoption.

4 Foreign currency translation

Monetary foreign currency balances are disclosed at closing rates, and 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 transaction rates.

The financial statements of Group companies where the functional currency differs from the Group currency are translated using the closing rate method. Differences arising between balance sheet items translated at closing and historical rates are disclosed in changes in stockholders' equity. 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. The functional currency of OMV Slovenija trgovina z nafto in naftnimi derivati, d.o.o. has been changed from SIT to EUR, as a result of the introduction of the EUR in Slovenia on January 1, 2007.

The main rates applied in translating currencies to EUR were as follows:

Foreign currency translation

	2007		2006	
	Balance sheet date	Average	Balance sheet date	Average
Australian dollar (AUD)	1.678	1.635	1.669	1.667
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
New Romanian leu (RON)	3.608	3.335	3.384	3.526
New Zealand dollar (NZD)	1.902	1.863	1.873	1.937
Pound sterling (GBP)	0.733	0.684	0.672	0.682
Slovak crown (SKK)	33.583	33.775	34.435	37.234
Czech crown (CZK)	26.628	27.766	27.485	28.342
New Turkish lira (TRY)	1.717	1.787	1.864	1.913
Hungarian forint (HUF)	253.730	251.350	251.770	264.260
US dollar (USD)	1.472	1.371	1.317	1.256

Notes to the income statement

5 Total cost information

The positions of the income statement contain the following **personnel expenses**:

Personnel expenses		EUR 1,000
	2007	2006
Wages and salaries	832,199	775,981
Costs of defined benefit plans	29,108	38,099
Costs of defined contribution plans (pension fund contributions)	11,094	9,937
Net expenses of restructuring separations	79,406	143,130
Other employee benefits	87,795	90,414
Total	**1,039,602**	**1,057,561**

Personnel expenses include expenses for severance payments of EUR 16,866 thousand (2006: EUR 23,444 thousand) and for pensions of EUR 53,763 thousand (2006: EUR 34,113 thousand).

Depreciation and amortization of intangible assets and property, plant and equipment consisted of:

Depreciation and amortization		EUR 1,000
	2007	2006
Depreciation and amortization	789,601	694,147
Impairment losses	187,349	111,120
Total	**976,951**	**805,267**

The bulk of impairment losses in 2007 consisted of EUR 97,619 thousand at Petrom SA (mainly exploration wells, filling stations and petrochemical units). Other major impairment losses chiefly relate to two exploration licenses in Russia (Zavolzky and Karamansky, EUR 24,222 thousand), the Suilven field in the UK (EUR 20,873 thousand), goodwill for OMV Ceská republika, s.r.o. (EUR 12,272 thousand) and fillings stations of OMV Deutschland GmbH (EUR 8,682 thousand).

In 2006, the principal impairment losses were for Petrom SA (EUR 48,324 thousand), the Kazakh E&P company Oztyurk Munai (EUR 27,018 thousand), which was sold in April 2007, and the Boquerón joint venture in Venezuela (EUR 22,949 thousand).

In the consolidated income statement the impairment losses are disclosed as follows: EUR 58,098 thousand (2006: EUR 56,449 thousand) under costs of sales, EUR 63,917 thousand (2006: EUR 24,531 thousand) under exploration costs, EUR 44,431 thousand (2006: EUR 18,258 thousand) under distribution costs and EUR 20,902 thousand (2006: EUR 22,972 thousand) as part of other expenses.

6 Other operating income

Other operating income		EUR 1,000
	2007	2006
Other operating income	**211,928**	**265,866**
[thereof gains on the disposal and write-up of non-current assets not including financial assets]	[45,041]	[78,743]
[thereof exchange gains from operating activities]	[62,661]	[57,256]

7 Other operating expenses

Other operating expenses	EUR 1,000	
	2007	2006
Other operating expenses	**439,318**	**537,015**
[thereof expenses on disposal of non-current assets not including financial assets]	[45,987]	[6,602]
[thereof exchange losses from operating activities]	[68,523]	[81,363]

Other operating expenses included net expenses for restructuring separations in Group companies of EUR 79,406 thousand (2006: EUR 143,130 thousand).

8 Net financial result

Income from associated companies included income of EUR 318,680 thousand (2006: EUR 207,200 thousand) and expenses of EUR 20,681 thousand (2006: EUR 22,548 thousand).

Net interest income	EUR 1,000	
	2007	2006
Interest income from available-for-sale financial instruments	4,122	4,270
Interest income from loans and receivables	75,848	111,460
Interest expense on financial liabilities measured at amortized cost	(99,304)	(77,043)
Other interest income and expense	(108,094)	(100,111)
Net interest income	**(127,427)**	**(61,424)**

In 2007, interest on borrowings amounting to EUR 23,928 thousand (2006: EUR 5,898 thousand) was capitalized.

Other interest income and expense consisted in the main of interest accrued on pension provisions of EUR 48,909 thousand (2006: EUR 49,147 thousand), the interest component accrued on the provision for severance payments and the net provision for decommissioning and restoration obligations of EUR 5,776 thousand and EUR 69,270 thousand respectively (2006: EUR 6,779 thousand and EUR 59,943 thousand respectively). Interest income on pension plan assets in 2007 amounted to EUR 22,446 thousand (2006: EUR 21,962 thousand).

Other financial income and expenses for the year included net foreign exchange gains on financial instruments amounting to EUR 4,003 thousand (2006: net losses of EUR 67,598 thousand).

As a consequence of the first-time application of IFRS 7, the breakdown of the net financial result has been changed. The analysis presented in the financial statements for 2006 has been adjusted as follows: Income from other investments has been split and reclassified as dividend income and other financial income and expenses, and part of interest result has been reclassified as dividend income and other financial income and expenses, respectively.

9 Taxes on income

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

Taxes on income		EUR 1,000
	2007	2006
Profit from ordinary activities		
Austria	927,629	619,735
Foreign	1,484,507	1,536,491
Total	**2,412,136**	**2,156,226**
Taxes on income		
Austria	122,654	108,174
Foreign	433,052	381,869
Deferred taxes	13,635	16,240
Taxes on income	**569,340**	**506,283**

The reconciliation of deferred taxes was as follows:

Changes in deferred taxes [1]		EUR 1,000
	2007	2006
Deferred taxes January 1	(226,896)	(195,646)
Deferred taxes December 31	(243,610)	(226,896)
Changes in deferred taxes	**(16,714)**	**(31,250)**
Deferred taxes on revaluation of securities and hedges taken directly to equity	420	15,171
Changes in consolidated Group, exchange differences	2,659	(161)
Deferred taxes per income statement	**(13,635)**	**(16,240)**
The deferred tax balance was made up as follows:		
Change in tax rate	(37,627)	6,491
Elimination of unrealized intra-group profits	(2,003)	2,317
Release and creation of provisions for deferred taxes	(11,409)	(7,329)
Loss carryforwards not recognized in prior years	(6,855)	216
Reversal of temporary differences, including additions to and use of loss carryforwards	44,260	(17,935)

[1] Including deferred taxes for assets held for sale.

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

Tax rates

	2007	2006
		%
Austrian corporate income tax rate	**25.0**	**25.0**
Tax effect of:		
Differing foreign tax rates	7.2	5.6
Non-deductible expenses	3.3	3.3
Non-taxable income	(8.7)	(11.0)
Change in tax rate	(1.6)	0.3
Lapsed tax loss carryforwards	0.1	0.6
Write-down on investments at parent company level	(0.1)	(1.0)
Change in valuation allowance for deferred taxes	(0.5)	(0.3)
Other	(1.1)	1.0
Effective Group income tax rate	**23.6**	**23.5**

OMV Aktiengesellschaft is building a tax group with its major subsidiaries in Austria in accordance with section 9 Austrian Corporate Income Tax Act 1988 (KStG). Taxable profits and losses of all the Group's main subsidiaries in Austria and two foreign subsidiaries (OMV Australia Pty Ltd. and 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 liability to tax at the level of the Austrian parent company.

Taxes on income charged directly to equity totaled EUR 5,571 thousand (2006: tax credited EUR 4,913 thousand). In 2007, tax loss carryforwards of EUR 104,577 thousand (2006: EUR 68,119 thousand) were used; the associated deferred taxation was EUR 30,552 thousand (2006: EUR 20,486 thousand).

10 Result from discontinued operations

The result from discontinued operations in 2006 consists mainly of gains on the disposal of investments in Ecuador and Qatar. There was no profit or loss on discontinued operations in 2007.

Result from discontinued operations — EUR 1,000

	2007	2006
Sales revenues of discontinued operations	—	43,441
Expenses of discontinued operations	—	(78,713)
Current taxation of discontinued operations	—	(3,580)
Current result from discontinued operations	**—**	**(38,852)**
Profit on disposals	—	47,150
Current taxes on profit on disposals	—	—
Deferred taxes on profit on disposals	—	—
Result from disposal of discontinued operations	**—**	**47,150**
Result from discontinued operations after tax	**—**	**8,298**

11 Earnings per share

Earnings per share (EPS)

			2007	2006
	EUR 1,000	Number of shares	EPS EUR	EPS EUR
Basic earnings from continuing operations	1,578,836	298,651,826	5.29	4.61
Basic earnings from discontinued operations	—	—	—	0.03
Total basic earnings	**1,578,836**	**298,651,826**	**5.29**	**4.64**
Diluted earnings per share from continuing operations	1,578,836	299,193,681	5.28	4.41
Diluted earnings from discontinued operations	—	—	—	0.03
Total diluted earnings	**1,578,836**	**299,193,681**	**5.28**	**4.44**

The calculation of diluted earnings per share takes into account the weighted average number of ordinary shares in issue following the conversion of all potentially diluting ordinary shares. This includes all the options outstanding at December 31, 2007, under the stock option plans for 2003 to 2006, which provide for the acquisition of a total of 401,097 shares on favorable terms (payment of the difference between the share prices at the time the options were granted and the time of exercise in the form of shares) together with the weighted average of 140,758 potential shares from the exercise of the conversion option on the convertible bonds outstanding up until notice of redemption on February 21, 2007 (see Note 22).

Notes to the balance sheet

12 Intangible assets

Intangible assets — EUR 1,000

2007	Concessions, licenses, rights	Goodwill	Payments in advance	Total
Costs of acquisition and production				
January 1, 2007	**337,225**	**33,650**	**1,558**	**372,433**
Exchange differences	(6,585)	(1,252)	(2,588)	**(10,425)**
Changes in consolidated Group	873	—	—	**873**
Additions	65,257	1,265	40,031	**106,553**
Transfers	7,932	(9)	(975)	**6,948**
Disposals	(6,614)	(72)	(38)	**(6,724)**
December 31, 2007	**398,088**	**33,582**	**37,988**	**469,658**
Development of amortization				
January 1, 2007	**176,625**	—	—	**176,625**
Exchange differences	(2,091)	—	—	**(2,091)**
Changes in consolidated Group	773	—	—	**773**
Amortization	45,166	—	—	**45,166**
Impairment	1,640	15,277	—	**16,917**
Transfers	(60)	—	—	**(60)**
Disposals	(3,963)	—	—	**(3,963)**
Write-ups	(518)	—	—	**(518)**
December 31, 2007	**217,572**	**15,277**	—	**232,849**
Carrying amount January 1, 2007	160,600	33,650	1,558	**195,808**
Carrying amount December 31, 2007	**180,516**	**18,305**	**37,988**	**236,809**
2006				
Costs of acquisition and production				
January 1, 2006	**247,721**	**32,494**	**1,233**	**281,448**
Exchange differences	4,294	1,291	—	**5,585**
Changes in consolidated Group	6,636	—	310	**6,946**
Additions	76,745	682	925	**78,352**
Transfers	11,397	(817)	(900)	**9,680**
Assets held for sale	(10)	—	—	**(10)**
Disposals	(9,558)	—	(10)	**(9,568)**
December 31, 2006	**337,225**	**33,650**	**1,558**	**372,433**
Development of amortization				
January 1, 2006	**137,866**	—	—	**137,866**
Exchange differences	1,148	—	—	**1,148**
Changes in consolidated Group	6,123	—	—	**6,123**
Amortization	34,695	—	—	**34,695**
Impairment	4,175	—	—	**4,175**
Transfers	(6,033)	—	—	**(6,033)**
Assets held for sale	(11)	—	—	**(11)**
Disposals	(1,283)	—	—	**(1,283)**
Write-ups	(55)	—	—	**(55)**
December 31, 2006	**176,625**	—	—	**176,625**
Carrying amount January 1, 2006	109,855	32,494	1,233	**143,582**
Carrying amount December 31, 2006	**160,600**	**33,650**	**1,558**	**195,808**

13 Property, plant and equipment

Property, plant and equipment — EUR 1,000

	Land, land rights and buildings, including buildings on third-party property	Oil and gas assets with proved reserves	Oil and gas assets with unproved reserves	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Payments in advance	**Total**
Costs of acquisition and construction								
January 1, 2007	**2,266,287**	**5,359,024**	**260,229**	**3,800,544**	**1,346,378**	**861,334**	**67,257**	**13,961,053**
Exchange differences	(20,387)	(311,408)	(20,256)	(19,882)	(7,029)	(61,469)	(8,819)	**(449,250)**
Changes in consolidated Group	23,224	—	4,887	29,625	1,921	1,437	101	**61,195**
Additions	86,432	649,999	260,565	542,346	143,202	972,993	101,421	**2,756,958**
Transfers	116,752	189,289	(14,619)	314,046	70,921	(651,117)	(31,608)	**(6,336)**
Assets held for sale	—	(14,646)	—	—	—	—	—	**(14,646)**
Disposals	(70,143)	(29,711)	(8,047)	(79,818)	(51,795)	(2,707)	(1,701)	**(243,922)**
December 31, 2007	**2,402,165**	**5,842,547**	**482,759**	**4,586,861**	**1,503,598**	**1,120,471**	**126,651**	**16,065,052**
Development of depreciation								
January 1, 2007	**750,009**	**2,008,277**	**9,467**	**2,515,088**	**892,500**	**45,783**	**7,799**	**6,228,923**
Exchange differences	(2,025)	(116,862)	(6,228)	(6,960)	(2,981)	(1,490)	(475)	**(137,020)**
Changes in consolidated Group	1,588	—	—	—	738	—	—	**2,326**
Depreciation	81,514	403,736	849	157,061	100,629	646	—	**744,435**
Impairment	36,517	6,904	80,106	24,571	3,652	18,614	67	**170,431**
Transfers	(632)	896	22,022	5,285	981	(27,880)	—	**672**
Assets held for sale	(38)	—	—	—	—	—	—	**(38)**
Disposals	(30,826)	(6,414)	(8,007)	(66,279)	(42,472)	(17)	(1)	**(154,017)**
Write-ups	(767)	—	—	(141)	(782)	(2,128)	—	**(3,818)**
December 31, 2007	**835,340**	**2,296,537**	**98,209**	**2,628,625**	**952,265**	**33,528**	**7,390**	**6,851,894**
Carrying amount January 1, 2007	1,516,278	3,350,747	250,762	1,285,456	453,878	815,551	59,458	**7,732,130**
Carrying amount December 31, 2007	**1,566,825**	**3,546,010**	**384,550**	**1,958,236**	**551,333**	**1,086,943**	**119,261**	**9,213,158**

Property, plant and equipment EUR 1,000

	Land, land rights and buildings, including buildings on third-party property	Oil and gas assets with proved reserves	Oil and gas assets with unproved reserves	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Payments in advance	**Total**
Costs of acquisition and construction								
January 1, 2006	**2,119,302**	**4,839,929**	**124,591**	**3,651,205**	**1,283,678**	**485,207**	**26,307**	**12,530,219**
Exchange differences	69,937	59,326	(7,144)	26,562	12,284	22,022	2,454	**185,441**
Changes in consolidated Group	126,360	—	71,043	8,505	5,940	439	169	**212,456**
Additions	30,534	293,436	84,003	68,751	58,071	824,371	37,204	**1,396,370**
Transfers	(30,814)	301,529	(9,208)	114,371	47,066	(433,788)	1,473	**(9,371)**
Assets held for sale	(13,221)	(25,190)	(1,442)	(8,569)	(583)	(21,021)	—	**(70,026)**
Disposals	(35,811)	(110,006)	(1,614)	(60,281)	(60,078)	(15,896)	(350)	**(284,036)**
December 31, 2006	**2,266,287**	**5,359,024**	**260,229**	**3,800,544**	**1,346,378**	**861,334**	**67,257**	**13,961,053**
Development of depreciation								
January 1, 2006	**817,543**	**1,572,673**	**6,822**	**2,430,673**	**838,045**	**26,290**	**58**	**5,692,104**
Exchange differences	17,693	(62,218)	(433)	9,317	5,866	2,496	301	**(26,978)**
Changes in consolidated Group	(735)	—	—	(3,805)	2,461	—	—	**(2,079)**
Depreciation	77,503	343,244	316	142,284	95,938	167	—	**659,452**
Impairment	6,525	30,348	4,204	20,045	2,411	43,377	35	**106,945**
Transfers	(149,902)	193,785	—	(41,495)	(1,216)	(2,240)	7,411	**6,343**
Assets held for sale	(7,210)	(21,320)	(1,442)	(4,587)	(583)	(21,021)	—	**(56,163)**
Disposals	(10,015)	(48,235)	—	(36,665)	(49,870)	(605)	(6)	**(145,396)**
Write-ups	(1,393)	—	—	(679)	(552)	(2,681)	—	**(5,305)**
December 31, 2006	**750,009**	**2,008,277**	**9,467**	**2,515,088**	**892,500**	**45,783**	**7,799**	**6,228,923**
Carrying amount January 1, 2006	1,301,759	3,267,256	117,769	1,220,532	445,633	458,917	26,249	**6,838,115**
Carrying amount December 31, 2006	**1,516,278**	**3,350,747**	**250,762**	**1,285,456**	**453,878**	**815,551**	**59,458**	**7,732,130**

Land, land rights, buildings and buildings on third-party property include land to the value of EUR 512,771 thousand (2006: EUR 475,943 thousand).

Oil and gas assets with unproved reserves consist of capitalized exploration and evaluation costs and exploration licenses.

Property, plant and equipment with a total carrying amount of EUR 14,608 thousand was transferred to **assets held for sale**; this relates to the Dunlin joint venture of OMV (U.K.) Limited exclusively.

Sales of assets held for sale in 2006, a 49% interest in the Chergui field in Tunisia held by OMV (Tunesien) Production GmbH and a drilling rig belonging to Oztyurk Munai, Kazakhstan, were completed in 2007.

In connection with the construction of property, plant and equipment, **interest on borrowings** of EUR 23,928 thousand has been capitalized in 2007 (2006: EUR 5,898 thousand). It was largely not related to borrowings taken up specifically for the purpose, but was calculated using a special financing interest rate of 4.5% (2006: 4.3%). At balance sheet date, there were contractual obligations for the acquisition of property, plant and equipment amounting to EUR 867,668 thousand.

Leasing and rental agreements
Property, plant and equipment include assets being used under finance leasing agreements. Finance leasing is used inter alia by OMV (U.K.) Limited for a gas processing plant, by OMV Slovensko s.r.o. and OMV Ceská republika, s.r.o. for filling stations and land, by OMV Gas International GmbH for natural gas filling stations, by OMV Deutschland GmbH for land and buildings, by OMV Hungária Ásványolaj Kft. and Petrom LPG SA for fleet vehicles, and by OMV Solutions GmbH, OMV Deutschland GmbH und OMV Bulgaria LTD for IT and telecommunications equipment.

Leasing and rental agreements **EUR 1,000**

			2007			2006
	Acquisition cost	Accumulated depreciation	Carrying amount	Acquisition cost	Accumulated depreciation	Carrying amount
Land, land rights and buildings, including buildings on third-party property	23,534	5,898	17,636	17,548	4,996	12,552
Plant and machinery	30,924	25,096	5,828	35,813	28,557	7,256
Other fixtures and fittings, tools and equipment	6,414	6,414	0	7,200	6,847	353
Total	**60,872**	**37,408**	**23,463**	**60,561**	**40,400**	**20,161**

In 2007, conditional lease payments under finance leasing agreements amounted to EUR 18 thousand (2006: EUR 2,731 thousand).

Commitments under finance leases as of December 31, 2007 **EUR 1,000**

			2007			2006
	≤1 year	1–5 years	>5 years	≤1 year	1–5 years	>5 years
Total future minimum lease commitments	2,340	7,079	12,131	1,659	4,427	6,299
[thereof interest component]	[1,027]	[2,712]	[3,153]	[469]	[1,408]	[2,213]
Present value of minimum lease payments	**1,313**	**4,367**	**8,978**	**1,190**	**3,019**	**4,086**

OMV also makes use of operating leases, mainly to finance the use of filling station sites, IT equipment and vehicle fleets. In 2007, these expenses amounted to EUR 65,535 thousand (2006: EUR 56,494 thousand).

Future **leasing commitments** were as follows:

Future leasing commitments **EUR 1,000**

Payable within 1 year	58,917
Payable between 1 and 5 years	166,442
Payable after more than 5 years	199,032
Total future minimum leasing commitments	**424,391**

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

14 Investments in associated companies

Associated companies		EUR 1,000
Carrying amount	**2007**	2006
January 1	**1,786,141**	**881,703**
Exchange differences	78,477	863
Changes in consolidated Group	(3,968)	(27,065)
Additions and increases in value	350,517	1,044,698
Disposals	(85,533)	(114,058)
December 31	**2,125,635**	**1,786,141**

Summarized balance sheet and income statement information for companies accounted for at-equity was as follows:

Summarized information for companies accounted for at-equity		EUR 1,000
	2007	2006
Current assets	3,685,636	3,673,676
Non-current assets	7,222,162	6,740,629
Liabilities	5,359,717	5,388,543
Net sales	15,485,113	14,625,072
Earnings before interest and taxes (EBIT)	719,270	618,618
Net income for the year	673,533	535,991

15 Inventories

During the year inventories increased by EUR 415,595 thousand or 20.5% to EUR 2,444,171 thousand. Inventories at balance sheet date were as follows:

Inventories		EUR 1,000
	2007	2006
Crude oil	674,423	434,693
Other raw materials	308,333	236,412
Work in progress: petroleum products	219,997	187,847
Other work in progress	3,862	18,943
Finished petroleum products	783,999	606,761
Other finished products	434,257	527,007
Prepayments	19,300	16,913
Total	**2,444,171**	**2,028,576**

Inventories of crude oil and petroleum products rose by 36.5% to EUR 1,678,419 thousand (2006: EUR 1,229,301 thousand).

In 2007, the costs of raw materials included in production costs were EUR 13,134,433 thousand (2006: EUR 12,694,748 thousand).

Valuation allowances against inventories amounted to EUR 45,052 thousand (2006: EUR 52,284 thousand).

16 Trade receivables

Trade receivables (carrying amounts)	EUR 1,000	
	2007	2006
Receivables from third parties	2,343,311	1,857,152
Receivables from companies with which a participating relationship exists	65,561	64,538
Receivables from not-consolidated subsidiaries	332	412
Total	**2,409,204**	**1,922,102**

The carrying amounts of trade receivables approximate their fair values.

Valuation allowances for trade receivables were as follows:

Valuation allowances for trade receivables	EUR 1,000	
	2007	2006
January 1	**100,480**	**162,079**
Additions/(releases)	5,419	(26,259)
Disposals	(20,752)	(47,504)
Foreign exchange rate differences and changes in consolidated Group	2,396	12,164
December 31	**87,544**	**100,480**

Carrying amount of trade receivables	EUR 1,000	
	2007	2006
Before impairments	231,277	209,466
Net of impairments	143,733	108,986

The ageing of trade receivables which were past due but not impaired was as follows:

Carrying amounts of trade receivables past due but not impaired	EUR 1,000	
	2007	2006
Up to 60 days overdue	157,201	125,250
61 to 120 days overdue	270	1,396
More than 120 days overdue	3,985	3,287
Total	**161,455**	**129,933**

The carrying amount of **other financial assets** was as follows:

17 Other financial assets

Other financial assets (carrying amounts after valuation) — **EUR 1,000**

	Valued at fair value through profit or loss	Valued at fair value through equity	Valued at amortized cost	**Total carrying amount**	[thereof short-term]	[thereof long-term]
December 31, 2007						
Investments in not-consolidated companies	—	2,141,532	57,124	**2,198,656**	[—]	[2,198,556]
Investment funds	278,279	189,904	—	**468,183**	[278,279]	[189,904]
Bonds	—	55,717	—	**55,717**	[—]	[55,717]
Derivatives designated and effective as hedging instruments	1,581	74,807	—	**76,388**	[53,657]	[22,731]
Other derivatives	4,389	—	—	**4,389**	[4,389]	[—]
Loans	—	—	206,317	**206,317**	[2,370]	[203,948]
Other receivables from not-consolidated subsidiaries	—	—	5,047	**5,047**	[1,801]	[3,246]
Other receivables from associated companies	—	—	3,724	**3,724**	[3,724]	[—]
Other receivables from companies with which a participating relationship exists	—	—	3,696	**3,696**	[3,696]	[—]
Other sundry receivables	—	—	739,671	**739,671**	[246,128]	[493,544]
Total	**284,249**	**2,461,960**	**1,015,579**	**3,761,788**	**[594,043]**	**[3,167,745]**
December 31, 2006						
Investments in not-consolidated companies	—	938,227	49,764	**987,991**	[—]	[987,991]
Investment funds	99,312	407,216	—	**506,528**	[99,312]	[407,216]
Bonds	—	61,880	—	**61,880**	[—]	[61,880]
Derivatives designated and effective as hedging instruments	1,156	91,879	—	**93,035**	[82,866]	[10,169]
Other derivatives	7,391	—	—	**7,391**	[7,391]	[—]
Loans	—	—	141,377	**141,377**	[—]	[141,377]
Other receivables from not-consolidated subsidiaries	—	—	1,994	**1,994**	[1,994]	[—]
Other receivables from associated companies	—	—	22,820	**22,820**	[22,815]	[5]
Other receivables from companies with which a participating relationship exists	—	—	5,311	**5,311**	[5,311]	[—]
Other sundry receivables	—	—	538,919	**538,919**	[160,198]	[378,721]
Total	**107,859**	**1,499,202**	**760,185**	**2,367,246**	**[379,887]**	**[1,987,359]**

With the exception of investments in not-consolidated companies valued at cost, for which there are no stock exchange or market prices, the carrying amounts are the fair values of other financial assets.

The carrying amounts of financial assets at fair value through profit or loss (excluding derivatives designated and effective as hedging instruments, which are not classified as financial assets at fair value through profit or loss according to IAS 39.9) at December 31, 2007, were EUR 282,668 thousand (2006: EUR 106,703 thousand). These consist exclusively of financial assets held for trading. The carrying amounts of available-for-sale financial assets at December 31, 2007, were EUR 2,444,277 thousand (2006: EUR 1,457,087 thousand). There were no held-to-maturity financial assets at either December 31, 2006, or December 31, 2007.

Investments in not-consolidated companies valued at fair value through equity consist exclusively of the 20.2% interest in the Hungarian oil and gas company MOL and include positive fair value adjustments of EUR 704,122 thousand (2006: EUR 706,131 thousand). The provision in MOL's articles of incorporation limiting the voting rights of any single shareholder to 10% means that OMV does not exercise a significant influence over the company's business.

The loans include interest-bearing shareholder loans to IOB Holdings A/S and Erdöl-Lagergesellschaft m.b.H. totaling EUR 42,775 thousand (2006: EUR 78,750 thousand) with an average interest rate of 4.73% in 2007, and an interest-free shareholder loan of EUR 159,750 thousand (2006: EUR 60,750 thousand) to Bayernoil Raffineriegesellschaft mbH.

As a consequence of the first-time application of IFRS 7, the presentation of the balance sheet has been changed, and the comparative figures for 2006 have been adjusted. The amounts included under other financial assets for 2006 include the balance sheet items other financial assets together with securities and investments, as shown in the 2006 financial statements, and the financial part of the balance sheet item other receivables and assets.

The **amortized costs of securities** were as follows:

Amortized costs of securities		**EUR 1,000**
	2007	2006
Investments in not-consolidated companies at fair value	1,437,410	232,096
Investments in not-consolidated companies at cost	57,124	49,764
Investment funds at fair value through profit or loss	276,020	99,312
Available-for-sale investment funds	212,646	418,523
Bonds	57,543	61,952

Valuation allowances for other financial receivables were as follows:

Valuation allowances for other financial receivables		**EUR 1,000**
	2007	2006
January 1	**122,574**	**55,865**
Additions/(releases)	(398)	59,425
Disposals	(9,042)	—
Foreign exchange rate differences and changes in consolidated Group	(6,436)	7,283
December 31	**106,697**	**122,574**

Carrying amount of other financial receivables		EUR 1,000
	2007	2006
Before impairments	107,521	122,696
Net of impairments	825	123

The ageing of other financial receivables which were past due but not impaired was as follows:

Carrying amount of other financial receivables past due but not impaired		EUR 1,000
	2007	2006
Up to 60 days overdue	1,523	1,714
61 to 120 days overdue	1,647	258
More than 120 days overdue	2,567	74
Total	**5,737**	**2,046**

18 Other assets

Other assets were made up as follows:

Other assets				EUR 1,000
		2007		2006
	Short-term	Long-term	Short-term	Long-term
Receivables from companies with which a participating relationship exists	—	—	4,599	—
Rental and lease prepayments	7,394	12,231	4,092	13,237
Other payments made in advance	54,769	4,270	16,118	5,510
Other sundry receivables	131,818	—	33,497	—
Other assets	**193,981**	**16,501**	**58,306**	**18,747**

As a consequence of the first-time application of IFRS 7, the presentation of the balance sheet has been changed, and the comparative figures for 2006 have been adjusted. The amounts included under other financial assets for 2006 include the non-financial part of other receivables and assets, as shown in the 2006 financial statements, with the exception of receivables for current taxes, which are now disclosed as a separate balance sheet item.

19 Assets and liabilities held for sale

The principle assets and liabilities held for sale consist of land owned by OMV Aktiengesellschaft, which is intended to be sold in 2008, and the producing joint venture Dunlin belonging to OMV (U.K.) Limited.

The Chergui field in Tunisia was sold in 2007. As the decommissioning and restoration obligations prescribed by the regulations prevented the disposal of Dunlin from being completed in 2005, Dunlin was removed from assets held for sale in 2006. In 2007, OMV and its Dunlin partners decided to dispose of Dunlin. As the transaction is scheduled for completion in the first quarter of 2008, the Dunlin field is once again included under assets held for sale.

Assets and liabilities held for sale		EUR 1,000
	2007	2006
Property, plant and equipment	20,644	20,443
Current assets and deferred taxes	10,692	3,740
Assets held for sale	**31,336**	**24,183**
Provisions	25,549	345
Liabilities	2,015	137
Liabilities associated with assets held for sale	**27,564**	**482**

20 Stockholders' equity

The **capital stock** of OMV Aktiengesellschaft consists of 300,000,000 (2006: 300,002,400) fully paid no par value shares with a total nominal value of EUR 300,000 thousand (2006: EUR 300,002 thousand). In 2007, 2,400 shares were cancelled, to decrease the capital by EUR 2 thousand. There are no different classes of shares, and no shares with special rights of control. All shares are entitled to dividends for financial 2007, with the exception of the treasury shares held by OMV Aktiengesellschaft.

In accordance with section 159 (2) (1) Stock Corporation Act (AktG), the capital stock is conditionally increased by approximately EUR 29,998 thousand by the issue of up to 29,997,600 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. Since the number of convertible bonds still outstanding at December 31, 2006, represented less than 10% of the original bonds issued in December 2004, the bonds still outstanding on February 21, 2007, were completely repaid on that date. As a consequence, a capital increase based on the conversion of convertible bonds issued in December 2004, is no longer possible.

As of December 22, 2004, a total of 1,793,868 convertible bonds were issued; holders were entitled to convert the bonds into common stock at par (10-for-1 since the 2005 stock 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 bonds, amounting to EUR 35,921 thousand, is disclosed under capital reserves (for further information on the convertible bond, see Note 22). As of December 31, 2006, a total of 469,780 convertible bonds had been converted into 4,697,800 shares, and 1,158,629 convertible bonds had been repurchased by the Company. For 240 convertible bonds (of which 70 in 2005) conversion was effected from conditional capital, increasing share capital by EUR 2,400. All other bonds converted were served by treasury shares. In 2007, a further 162,413 bonds were converted using treasury shares, 2,720 were repurchased by the Group and the remaining 326 were redeemed.

The authorization granted to the Executive Board by the 2004 Annual General Meeting to increase the capital stock of OMV Aktiengesellschaft with the approval of the Supervisory Board by up to EUR 36,350 thousand by the issue of up to 36,350,000 no par value shares before May 17, 2009, (authorized capital) was extended until May 23, 2012, in the 2007 Annual General Meeting.

The Annual General Meeting of May 24, 2007, authorized the Executive Board for a period of 18 months after the date of the authorization to purchase the Company's stock up to the maximum amount permissible by law (currently 10% of the authorized share capital). Repurchased shares may be used to service the stock option plans or to cover conversions of convertible bonds. The Company's authorized capital can also be reduced by retirement of treasury shares without addition authorization of the Annual General Meeting, or the shares can at any time be sold through the stock exchange or by means of a public offer.

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

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

The **gains or losses recognized directly in consolidated equity** at balance sheet date shown under other reserves were as follows:

Gains/(losses) recognized directly in equity — **EUR 1,000**

	December 31, 2007			December 31, 2006		
	Gross	Taxes	Net	Gross	Taxes	Net
Foreign exchange differences	104,058	—	104,058	207,581	—	207,581
Unrealized gains/(losses) on securities	680,253	5,796	686,049	692,661	3,460	696,121
Change in equity of company included at-equity not affecting income or expense	(26,576)	—	(26,576)	(26,950)	—	(26,950)
Unrealized gains/(losses) on hedges	(15,083)	3,495	(11,588)	(26,476)	4,713	(21,763)
Gains/(losses) recognized directly in equity	**742,652**	**9,291**	**751,943**	**846,816**	**8,173**	**854,989**

In January 2005, cash flow hedges totaling EUR 410 mn were taken out to protect against foreign currency fluctuations on investments to be made by Petrom SA in EUR. Of this amount, EUR 300 mn has been invested in investment funds. EUR 40 mn of the remaining EUR 110 mn had been used for investments in property, plant and equipment in Marketing and E&P by the end of 2006. The related amount taken directly to equity was applied in its entirety in accordance with the original intentions during 2007 (2006: negative EUR 24,317 thousand, including minorities).

For 2006, OMV Aktiengesellschaft proposed a dividend of EUR 1.05 per eligible share. This dividend was paid in May 2007.

For 2007, OMV Aktiengesellschaft proposes a dividend of EUR 1.25 per eligible share.

The Annual General Meetings for the years 2000 to 2007 approved the repurchase of own shares (treasury shares) in connection with the provision of stock option plans. The costs of repurchased shares have been reflected in a reduction in equity. 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** were as follows:

Treasury shares

	Number of shares	Repurchase cost EUR 1,000
January 1, 2006	**1,319,606**	**14,470**
Additions	4,695,400	201,793
Disposals	(4,725,400)	(202,122)
December 31, 2006	**1,289,606**	**14,141**
Additions	1,627,390	64,861
Disposals	(1,647,930)	(65,072)
December 31, 2007	**1,269,066**	**13,930**

Capital reserves include a gain on sale of treasury shares of EUR 711 thousand from 2007 (2006: EUR 925 thousand).

The **number of shares in issue** was as follows:

Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
January 1, 2006	**300,000,700**	**1,319,606**	**298,681,094**
Purchase of own shares	—	4,695,400	(4,695,400)
Used to cover conversions and stock options	—	(4,725,400)	4,725,400
Capital increase due to conversion	1,700	—	1,700
December 31, 2006	**300,002,400**	**1,289,606**	**298,712,794**
Capital decrease	(2,400)	(2,400)	—
Purchase of own shares	—	1,627,390	(1,627,390)
Used to cover conversions and stock options	—	(1,645,130)	1,645,130
Sale of own shares	—	(400)	400
December 31, 2007	**300,000,000**	**1,269,066**	**298,730,934**

21 Provisions

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

Provisions EUR 1,000

	Pensions and similar obligations	Current taxes [1]	Decom-missioning and restoration [2]	Other provisions [3]	**Total**
January 1, 2007	**951,716**	**63,632**	**1,489,244**	**674,340**	**3,178,932**
Exchange differences	(3,536)	(2,747)	(87,880)	(26,149)	**(120,312)**
Changes in consolidated Group	620	3,208	—	1,740	**5,568**
Used	(66,975)	(108,792)	(13,642)	(282,723)	**(472,132)**
Payments to funds	(4,860)	—	—	—	**(4,860)**
Allocations	80,443	130,069	195,673	299,796	**705,981**
Transfers	(34,347)	—	—	33,825	**(522)**
Liabilities associated with assets held for sale	—	—	(27,443)	(1,679)	**(29,122)**
December 31, 2007	**923,060**	**85,370**	**1,555,952**	**699,150**	**3,263,532**
[thereof short-term]	[—]	[85,370]	[—]	[422,931]	**[508,302]**

[1] In 2006, this item was referred to as Provision for taxes and at December 31, 2006, besides the provision for current taxes of EUR 63,632 thousand, it included provisions for other taxes of EUR 3,590 thousand. These have now been reclassified to Other provisions.

[2] The short-term portion of the decommissioning and restoration provision, amounting to EUR 5,221 thousand (2006: EUR 9,996 thousand), is included under Other provisions.

[3] In 2006, this item included accruals of EUR 201,755 thousand for outstanding invoices for goods and services not yet invoiced; starting in 2007, these are included under Other financial liabilities (see Note 22). The comparative figure for 2006 has been adjusted to reflect this change. It has also been increased by EUR 3,590 thousand resulting from a provision for other taxes (see footnote 1 above).

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 indexed **pension commitments** in respect of currently active employees of OMV Aktiengesellschaft were transferred to an external pension fund managed by APK-Pensionskasse AG in earlier 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. These pension plans are non-contributory. For the defined contribution plans, the reported expense corresponds to the contributions payable for the period.

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.

Defined benefit pension obligations were as follows:

Defined benefit pension plans				**EUR 1,000**
	2007	2006	2005	2004
Present value of obligations financed through funds	551,603	539,403	525,873	473,205
Market value of plan assets [1]	(381,439)	(382,386)	(366,003)	(347,153)
Unrecognized actuarial gains/(losses)	(72,315)	(65,075)	(75,303)	(41,932)
Provision for obligations financed through funds	**97,849**	**91,942**	**84,567**	**84,120**
Present value of obligations not financed through funds	560,277	578,398	598,230	606,917
Unrecognized actuarial gains/(losses)	(21,451)	(19,316)	(18,915)	6,002
Provision for obligations not financed through funds	**538,826**	**559,082**	**579,315**	**612,919**
Provision for defined benefit pension obligations	**636,675**	**651,024**	**663,882**	**697,039**

[1] In 2007, this item included EUR 770 thousand in respect of qualified insurance contracts.

Changes in the provisions for **severance payments, jubilee payments and personnel reduction schemes** were as follows:

Severance payments, jubilee payments and personnel reduction schemes				**EUR 1,000**
	2007	2006	2005	2004
Present value of obligations	442,024	496,157	463,075	414,674
Unrecognized actuarial gains/(losses)	(12,953)	(6,182)	(12,114)	1,329
Provision for obligations	**429,071**	**489,975**	**450,961**	**416,003**

Changes in **provisions and expenses** were as follows:

Provisions and expenses **EUR 1,000**

	2007		2006	
	Pensions	Severance and jubilee entitlements, and personnel reduction schemes	Pensions	Severance and jubilee entitlements, and personnel reduction schemes
Provision January 1	**651,024**	**489,975**	**663,882**	**450,961**
Expense for the year	38,084	91,978	40,969	147,865
Allocation to funds	(5,195)	—	(5,713)	—
Benefits paid	(47,565)	(143,188)	(48,114)	(134,615)
Exchange translation difference	—	(9,987)	—	14,891
Transfers	—	—	—	69
Liabilities taken over as a result of mergers	327	293	—	10,804
Provision December 31	**636,675**	**429,071**	**651,024**	**489,975**
Current service cost	6,597	75,877	6,802	130,657
Interest cost	48,909	15,684	49,147	17,065
Expected return on plan assets	(22,446)	—	(21,962)	—
Amortized actuarial (gains)/losses	4,679	417	5,835	143
Past service cost	345	—	1,147	—
Expenses of defined benefit plans for the year	**38,084**	**91,978**	**40,969**	**147,865**

Expenses for interest accrued on personnel reduction schemes of EUR 5,776 thousand (2006: EUR 6,779 thousand) have been included under interest expense.

Severance and jubilee entitlements and personnel reduction schemes include provisions of EUR 142,687 thousand (2006: EUR 189,283 thousand) for the costs of personnel reduction schemes disclosed under other short-term provisions.

Underlying assumptions for calculating pension expense and expected defined benefit entitlements as of December 31

	2007		2006	
	Pensions	Severance, jubilees	Pensions	Severance, jubilees
Capital market interest rate	4.50%	4.50%	4.50%	4.50%
Future increases in salaries	3.85%	3.85%	3.85%	3.85%
Inflation	1.90%	—	1.90%	—
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 4.34% (2006: 5.58%) and an inflation rate of 3.00% (2006: 4.24%) have been used.

Plan assets as of December 31

		2007		2006
	VRG IV	VRG VI	VRG IV	VRG VI
Asset category				
Equity securities	37.9%	42.1%	38.3%	52.0%
Debt securities	54.8%	45.9%	58.8%	42.2%
Other	7.3%	12.0%	2.9%	5.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The **market value of plan assets** for defined benefit pension obligations financed through funds was as follows:

Market value of plan assets **EUR 1,000**

		2007		2006
	VRG IV	VRG VI	VRG IV	VRG VI
Asset category				
Market value of plan assets January 1	**172,417**	**209,969**	**157,780**	**208,223**
Expected return on plan assets	10,290	12,138	9,469	12,493
Allocation to funds	5,195	—	5,713	—
Withdrawals from funds	—	—	—	—
Benefits paid	(2,187)	(16,086)	(1,694)	(14,563)
Transfers of funds assets	1,043	(1,043)	605	(605)
Actuarial gains/(losses) on pension plan assets for the year	(6,262)	(4,805)	544	4,421
Market value of plan assets December 31	**180,496**	**200,173**	**172,417**	**209,969**

Investment policies aim to achieve an optimal investment portfolio structure and to ensure that existing entitlements are covered at all times. The investment of plan assets is governed by section 25 Austrian Pension Fund Act and the Investment Fund Act. In addition to these regulations, the investment guidelines of APK-Pensionskasse 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-Pensionskasse AG management board. Diversification is global for both equity and debt securities; however, the bulk of the debt securities are EUR-denominated.

The funds of the asset allocation and risk group (VRG) IV are invested in EUR-denominated bond funds and international equity funds. As part of the policy of risk diversification, in selecting the asset managers, their different management styles and investment approaches have been taken into account. As of December 31, 2007, the VRG IV portfolio was 37.9% invested in equities and 54.8% in bonds.

In 2005, the investment management policy for the funds of VRG VI was changed 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, 2007, the fund was 42.1% invested in equities and 45.9% in bonds.

Favorable or adverse variances in the performance of individual VRGs compared with target returns on plan assets exist, due to their different maturities and to different developments in the capital markets.

For 2008, defined benefit related contributions to APK-Pensionskasse AG of EUR 4.5 mn are planned.

Projected **payments to beneficiaries of pension plans** for 2008–2017 are as follows:

Projected payments to beneficiaries — EUR 1,000

	Pensions
2008	67,474
2009	67,956
2010	68,340
2011	68,536
2012	69,350
2013–2017	356,146

Provisions for decommissioning and restoration obligations
Changes in capitalized decommissioning costs and provisions for decommissioning and restoration obligations are shown in the table below. In the event of changes in estimated restoration costs, only the effect of the change in present value of the change is recognized in the period concerned. If the value increases, the increase is written off over the remaining useful life of the asset, and if it decreases, the decrease is deducted from capitalized asset value.

Capitalized decommissioning costs and provisions for decommissioning and restoration obligations — EUR 1,000

	Acquisition cost	Depreciation	Carrying amount
Capitalized decommissioning costs			
January 1, 2007	**250,883**	**124,516**	**126,367**
Exchange differences	3,019	(3,273)	6,292
New obligations	2,269	–	2,269
Acquisitions and disposals	–	–	–
Assets held for sale [1]	(13,087)	(2,099)	(10,988)
Increase arising from revisions in estimates	17,746	–	17,746
Depreciation	–	19,293	(19,293)
Disposal (decommissioning)	(1,180)	(227)	(953)
Reduction arising from revisions in estimates	(19,241)	–	(19,241)
December 31, 2007	**240,409**	**138,210**	**102,199**
Decommissioning and restoration obligations [2]			
January 1, 2007	–	–	**1,499,240**
Exchange differences	–	–	(90,540)
New obligations	–	–	2,352
Acquisitions and disposals	–	–	–
Liabilities associated with assets held for sale [1]	–	–	(27,443)
Increase arising from revisions in estimates [3]	–	–	119,097
Reduction arising from revisions in estimates	–	–	(21,099)
Accrued discounting	–	–	98,460
Repayments	–	–	(18,893)
December 31, 2007	–	–	**1,561,174**

[1] The assets and liabilities held for sale refer to the reclassification of OMV UK's Dunlin joint venture, using average foreign exchange rates.
[2] The short-term portion of this item at December 31, 2007, amounting to EUR 5,221 thousand (2006: EUR 9,996 thousand), is included under Other provisions.
[3] This item includes an increase in provision of EUR 101,291 thousand based on changes in the estimates for Petrom SA.

The provision for restoration costs includes obligations in respect of Petrom SA amounting to EUR 1,194,654 thousand (2006: EUR 1,101,592 thousand). There is a corresponding claim against the Romanian state of

EUR 473,363 thousand (2006: EUR 367,721 thousand), which is disclosed as a non-current asset under Other financial assets.

Other provisions **EUR 1,000**

	2007		2006	
	Short-term	Long-term	Short-term	Long-term
Environmental costs	1,589	110,484	464	72,429
Other personnel provisions	199,632	286	238,600	350
Other	221,711	165,448	244,798	117,699
Other provisions	**422,931**	**276,218**	**483,862** [1]	**190,478**

[1] In 2006, this item included accruals for goods and services not yet invoiced of EUR 201,755 thousand. Together with changes in classification to comply with IFRS 7, these accruals in 2007 have been reclassified under Other financial liabilities (see Note 22) to reflect the economic reality. The comparative figure for 2006 has also been adjusted by EUR 3,590 thousand; this is the provision for other taxes, which previously formed part of the provision for taxes.

Other personnel provisions include short-term costs of staff reductions amounting to EUR 142,687 thousand (2006: EUR 189,283 thousand) and provisions for unused vacation of EUR 31,227 thousand (2006: EUR 26,513 thousand). Other provisions contain current provisions for restoration costs of EUR 5,221 thousand (2006: EUR 9,996 thousand).

Emissions certificates

Directive 2003/87/EC of the European Parliament and of the European Council established a greenhouse gas emissions trading scheme, requiring member states to draw up national plans to allocate emissions certificates. Under this scheme, affected OMV Group companies (with the exception of Petrom SA) received a total of 11,281,130 free emissions certificates for the first period, 2005–2007. Romania was admitted to the scheme in January 2007, when it joined the EU. It has, however, contested the European Commission's decision on its national allocation plan, so that as of December 31, 2007, there was no definitive ruling on allocations to individual plants.

Total emissions for 2006 came to 3,867,453 t (2005: 3,851,722 t). OMV surrendered certificates for this amount to the relevant national emissions trading registries in April 2007, and April 2006, respectively.

As of December 31, 2007, OMV Group held 3,901,955 emissions certificates to cover its emissions for 2007.

Emissions certificates

			Used for emissions from 2005 and 2006		Emissions certificates as of December 31, 2007	
	Number of certificates	EUR 1,000	Number of certificates	EUR 1,000	Number of certificates	EUR 1,000
Allocation for 2005, 2006 and 2007	11,281,130	–	(7,379,175)	–	3,901,955	–
Purchases in 2006 and 2007	340,000	4,526	(340,000)	(4,526)	–	–
Total			**(7,719,175)**		**3,901,955**	–

As of December 31, 2007, there was no shortfall in certificates for the OMV Group. Provision was made in individual subsidiaries' accounts for the shortfall in certificates in 2006. Based on the market value of the certificates at December 31, 2006, the amount of the provision was EUR 245 thousand in 2006.

22 Liabilities

Liabilities EUR 1,000

	2007 Total	2007 Short-term	2007 Long-term	2006 Total	2006 Short-term	2006 Long-term
Bonds	**466,990**	–	466,990	**539,221**	47,785	491,436
Interest-bearing financial liabilities	**2,963,633**	2,514,827	448,806	**1,754,411**	1,264,452	489,959
[thereof to banks] [1]	**[2,963,633]**	[2,514,827]	[448,806]	**[1,754,411]**	[1,264,452]	[489,959]
Trade payables (short-term)	**2,195,621**	2,195,621	–	**1,601,775**	1,601,775	–
[thereof to Group companies]	**[695]**	[695]	[–]	**[15]**	[15]	[–]
[thereof to companies with which a participating relationship exists]	**[3,223]**	[3,223]	[–]	**[1,770]**	[1,770]	[–]
[thereof to associated companies]	**[56,048]**	[56,048]	[–]	**[64,254]**	[64,254]	[–]
Other financial liabilities	**788,049**	694,986	93,063	**500,010**	439,149	60,862
Other liabilities	**896,784**	880,366	16,418	**765,608**	745,594	20,014
Liabilities associated with assets held for sale	**27,564**	27,564	–	**482**	482	–
Total	**7,338,640**	**6,313,364**	**1,025,276**	**5,161,507**	**4,099,237**	**1,062,270**

[1] Amounts due to banks are secured by pledged securities of OMV Refining & Marketing GmbH amounting to EUR 4,718 thousand (2006: OMV Aktiengesellschaft and OMV Refining & Marketing GmbH, EUR 13,057 thousand).

Bonds

Bonds issued

	Nominal	Coupon	Repayment	2007 Carrying amount December 31 EUR 1,000	2006 Carrying amount December 31 EUR 1,000
Domestic corporate bond [1]	EUR 250,000,000	3.75% fixed	30.6.2010	248,613	248,936
US private placement [1]	USD 182,000,000	4.73% fixed	27.6.2013	123,633	138,193
	USD 138,000,000	4.88% fixed	27.6.2015	94,744	104,307
Convertible bonds	EUR 550,000,000	1.50% fixed	21.2.2007	–	47,785
Total				**466,990**	**539,221**

[1] In part, derivatives (interest swaps) were used to convert the interest rates from fixed to floating.

During 2004, 1,793,868 convertible bonds maturing on November 19, 2008, with a coupon of 1.5% were issued. As of December 31, 2006, 1,158,629 convertible bonds had been repurchased by the Company, 469,540 bonds were converted using treasury shares and 240 bonds were converted by the issue of new shares. This left 165,459 convertible bonds in circulation as of December 31, 2006. Since this represented less than 10% of the original amount issued, under the terms and conditions of the issue the remaining convertible bonds in circulation were redeemed as of February 21, 2007. By this date, 2,720 of the convertible bonds still in issue at the end of 2006 had been repurchased and 162,413 had been converted in exchange for treasury shares.

The issuing price (conversion price) in 2004 was EUR 306.60, resulting in total issue proceeds of EUR 550,000 thousand. The effective interest rate on the convertible bond in 2007 was 4.50% (2006: 4.58%). The average repurchase price of the convertible bonds repurchased was EUR 453.72. Repurchases resulted in interest savings of EUR 18 thousand (2006: EUR 6,461 thousand), which were taken to income.

Interest-bearing financial liabilities and bonds

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

Interest-bearing debts and bonds have the following maturities:

Interest-bearing debts and bonds EUR 1,000

	2007	2006
Short-term loan financing	2,474,703	1,023,290
Short-term component of long-term financing	40,125	288,947
Total short-term	**2,514,827**	**1,312,237**
Maturities of long-term financing		
2008/2007 (short-term component of long-term financing)	40,125	288,947
2009/2008	37,549	80,215
2010/2009	248,613	—
2011/2010	154,675	354,479
2012/2011	90,081	70,400
2013/2012 and subsequent years	384,877	476,301
Total for 2009/2008 onwards	**915,796**	**981,395**

Breakdown of interest-bearing debts and bonds by currency and interest rate EUR 1,000

			2007 Weighted average interest rate		2006 Weighted average interest rate
Long-term interest-bearing debt [1]					
Fixed rates	EUR	528,738	3.55%	589,444	3.40%
	USD	218,377	4.79%	242,500	4.79%
Total		**747,115**		**831,944**	
Variable rates	AUD	40,854	7.46%	18,789	6.72%
	EUR	70,700	5.39%	294,706	4.11%
	NZD	53,844	9.06%	85,679	7.99%
	USD	43,408	5.23%	39,224	5.71%
Total		**208,806**		**438,398**	
Short-term interest-bearing debt [2]					
BGN		—	—	11,404	4.27%
CZK		—	—	50,937	2.70%
EUR		2,264,066	4.61%	923,580	3.77%
HRK		285	8.95%	—	—
HUF		111,866	7.67%	31,315	8.11%
MDL		342	17.50%	—	—
SKK		4,694	4.45%	1,476	4.94%
USD		93,450	6.15%	4,578	10.50%
Total		**2,474,703**		**1,023,290**	

[1] Including short-term components of long-term debt.
[2] Short-term interest-bearing debt in 2007 included fixed interest liabilities amounting to EUR 6,470 thousand, of which EUR 6,128 thousand represented USD liabilities and EUR 342 thousand liabilities in Moldovan lei (MDL). All other short-term interest-bearing debt in 2007 and all short-term interest-bearing debt in 2006 were floating rate debt.

Interest-bearing debts and bonds amounting to EUR 3,430,623 thousand (2006: EUR 2,293,632 thousand) are valued at amortized cost. The estimated fair value of these liabilities was EUR 3,403,237 thousand (2006: EUR 2,296,207 thousand), of which EUR 726,198 thousand (2006: EUR 834,519 thousand) was at fixed rates and EUR 2,677,039 thousand (2006: EUR 1,461,688 thousand) was at floating rates. The fair value of financial liabilities for which market prices were not available was established by discounting future cash flows using interest rates prevailing at balance sheet date for similar liabilities with similar maturities.

Other financial liabilities

Other financial liabilities were as follows:

Other financial liabilities — **EUR 1,000**

	Total	Short-term	Long-term
2007			
Trade payables (long-term)	**40,588**	–	40,588
Accruals for goods and services not yet invoiced [1]	**377,425**	377,425	–
Liabilities to Group companies	**418**	418	–
Liabilities to companies with which a participating relationship exists	**6**	6	–
Liabilities to associated companies	**6,811**	11	6,800
Liabilities on derivatives designated and effective as hedging instruments	**102,997**	87,777	15,220
Liabilities on other derivatives	**8,202**	8,202	–
Other sundry financial liabilities	**251,602**	221,147	30,455
Total	**788,049**	**694,986**	**93,063**
2006			
Trade payables (long-term)	**29,861**	–	29,861
Accruals for goods and services not yet invoiced [1]	**201,755**	201,755	–
Liabilities to companies with which a participating relationship exists	**6**	6	–
Liabilities to associated companies	**7,350**	550	6,800
Liabilities on derivatives designated and effective as hedging instruments	**90,963**	76,253	14,710
Liabilities on other derivatives	**11,982**	11,982	–
Other sundry financial liabilities	**158,093**	148,603	9,490
Total	**500,010**	**439,149**	**60,862**

[1] Shown in 2006 under other provisions (see Note 21).

The carrying amount of liabilities on derivatives corresponds to the fair value. Liabilities on derivatives designated and effective as hedging instruments contain liabilities on fair value hedges of EUR 46,088 thousand (2006: EUR 972 thousand) whose fair value adjustments have been recognized through profit or loss. Fair value adjustments on other liabilities on derivatives designated and effective as hedging instruments have been recognized through equity. The liabilities on other derivatives are financial liabilities at fair value through profit or loss. All other items are liabilities to be classified as measured at amortized cost.

Other liabilities
Other liabilities were as follows:

Other liabilities			EUR 1,000
	Total	Short-term	Long-term
2007			
Other taxes	**589,725**	589,725	–
Other social security liabilities	**13,785**	13,780	4
Payments received in advance	**205,285**	188,872	16,413
Other sundry liabilities	**87,989**	87,989	–
Total	**896,784**	**880,366**	**16,418**
2006			
Other taxes	**455,573**	455,573	–
Other social security liabilities	**19,364**	19,359	5
Payments received in advance	**229,797**	209,788	20,009
Other sundry liabilities	**60,875**	60,875	–
Total	**765,608**	**745,594**	**20,014**

As a consequence of the first-time application of IFRS 7, the presentation of the balance sheet has been changed, and the comparative figures for 2006 have been adjusted. The financial part of the other liabilities disclosed in the 2006 financial statements is now disclosed as other financial liabilities, the non-financial part as other liabilities.

23 Deferred taxes

Deferred taxes				EUR 1,000
	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
2007				
Intangible assets	19,714	–	19,714	2,798
Property, plant and equipment	113,128	–	113,128	463,971
Other financial assets	26,670	5	26,665	1,376
Accrued Petroleum Revenue Tax (PRT)	2,171	–	2,171	1,086
Inventories	10,298	130	10,169	58,440
Receivables and other assets	44,929	17,860	27,069	49,006
Untaxed reserves	20	–	20	25,190
Provisions for pensions and severance payments	101,156	–	101,156	13
Other provisions	231,170	4,894	226,276	24,396
Liabilities	101,568	752	100,816	182,483
Other deferred taxes not associated with balance sheet items	–	–	–	90,846
Tax loss carryforwards	69,067	40,255	28,812	–
Total	**719,890**	**63,896**	**655,994**	**899,604**
Netting (same tax jurisdictions)			(591,448)	(591,448)
Deferred taxes associated with assets held for sale			(9,012)	(336)
Deferred taxes per balance sheet			**55,534**	**307,820**

Deferred taxes				EUR 1,000
	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
2006				
Intangible assets	13,468	–	13,468	2,716
Property, plant and equipment	98,538	7,009	91,529	464,753
Other financial assets	63,049	6,830	56,219	3,000
Accrued Petroleum Revenue Tax (PRT)	–	–	–	4,998
Inventories	16,358	–	16,358	54,442
Receivables and other assets	20,768	18,207	2,561	37,331
Untaxed reserves	–	–	–	27,160
Provisions for pensions and severance payments	110,866	–	110,866	–
Other provisions	240,134	6,509	233,625	16,531
Liabilities	86,853	–	86,853	172,746
Other deferred taxes not associated with balance sheet items	–	–	–	99,319
Tax loss carryforwards	77,384	32,763	44,621	–
Total	**727,418**	**71,318**	**656,100**	**882,996**
Netting (same tax jurisdictions)			(595,677)	(595,677)
Deferred taxes per balance sheet			**60,423**	**287,319**

Deferred taxes on the retained earnings of Group companies are generally only recognized where there is no possibility of tax-free transfers to the parent company or where there is no future tax income or expense associated with consolidation entries.

As of December 31, 2007, OMV had **tax loss carryforwards** of EUR 234,321 thousand (2006: EUR 265,641 thousand). Eligibility of losses for carryforward expires as follows:

Losses for carryforward		EUR 1,000
	2007	2006
2007	–	11,115
2008	7,057	10,708
2009	1,229	1,729
2010	9,277	1,738
2011	14,021	22,214
2012	6,727	–
After 2012/2011	26,983	31,414
Unlimited	169,027	186,723
Total	**234,321**	**265,641**

Supplementary information on the financial position

24 Cash flow statement

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. The cash balances of Amical Insurance Limited amounting to EUR 30,887 thousand (2006: EUR 28,336 thousand) are not freely disposable, as a result of the statutory regulations governing insurance.

Cash flow statement		**EUR 1,000**
	2007	2006
Interest payments	(122,058)	(109,720)
Income tax payments	(546,244)	(758,244)
Dividend payments by associated companies	37,604	75,977

In 2006, cash flow from operating activities included cash flows from discontinued operations of EUR 23,800 thousand, while cash flow from investment activities included cash flows from discontinued operations of EUR 47,150 thousand. There were no discontinued operations in 2007.

25 Contingent liabilities

OMV forms provisions for litigation where the litigation is likely to result in obligations. Management 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. Management 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 near future.

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 of balance sheet date, no claims had arisen in consequence of the above disposals.

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

As part of the agreement for the disposal of AMI Agrolinz Melamine International GmbH (AMI) and Polyfelt GmbH (PFG) liabilities up to a maximum of EUR 67,500 thousand (AMI) and EUR 20,000 thousand (PFG) were assumed, in particular, for any environmental risks and any costs of ongoing litigation. The period of liability (with some exceptions) is limited to 60 months for AMI and 36 months for PFG, in both cases from the date the transactions were closed.

Letters of comfort for EUR 24,345 thousand were issued for AMI as security for a bank loan.

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

26 Risk management

Liquidity risk
For the purpose of assessing liquidity risk, budgeted operating and financial cash inflows and outflows throughout the Group are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This is then compared with current money market deposits and existing loans as well as maturities of the current portfolio, and the available liquidity reserves. This analysis provides the basis for financing decisions and capital commitments.

To ensure that OMV Group remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in form of committed credit lines are maintained.

The operational liquidity management includes a cash concentration process to pool liquid funds. It enables the management of surplus liquidity and liquidity requirements to the best advantage of individual companies and the Group as a whole.

Details of OMV Group's financial liabilities are shown in Note 22.

Capital risk
Capital risk management at OMV Group is part of value management and is based on two key performance measures, ROACE (return on average capital employed) and the gearing ratio. Based on its mid-term planning assumptions, OMV targets a ROACE of 13% over the business cycle and a long-term gearing ratio of up to 30%.

Market risk
Derivative and non-derivative instruments are used as required to manage market risks resulting from changes in interest rates, foreign exchange rates and commodity prices which could have a negative effect on assets, liabilities or expected future cash flows. The fundamental rule is that derivatives are used for the purpose of hedging risks on underlying transactions. Derivative instruments are contracts whose value is derived from one or more underlying financial instruments, indices or prices that are defined in the contract. The initial recognition of derivatives takes place as soon as the contracts 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 where appropriate to hedge the main industry risks associated with price volatility, such as the highly negative impact of low oil prices on cash flow, in accordance with an internal corporate guideline on the management of commodities risk.

OMV uses a portfolio model for **strategic risk management for commodities** to ensure that sufficient cash flow is available to finance the Group's growth and maintain its investment grade credit profile. In 2007, OMV purchased put options for this purpose: They provide a hedge against a heavy fall in prices in 2008 – in the E&P segment around 18% of total production is hedged. The hedges are over-the-counter (OTC) contracts with first class banks. In 2006, there were no open hedging contracts in strategic commodities risk management.

In **operational Refining and Marketing risk management**, limited use is made of derivative instruments both as earnings hedges on selected product sales and to minimize exposure to price risks on inventory fluctuations. Crude oil and product swaps are used to hedge the refining margin (crack spread) – the difference between crude oil prices and bulk product prices. Gains and losses on hedging transactions are included in costs of sales.

Exchange-traded oil futures as well as OTC contracts (contracts for difference and swaps) are used in supply and trading to hedge short-term market price risks on purchases and sales. Gains and losses on hedging transactions are allocated to R&M, and are calculated using fair values.

In the **Gas** business, OTC swaps and options are used to hedge future cash flows. The aim is to hedge the price risk on inventory fluctuations and the differences in terms and conditions of purchases and sales.

Swaps do not involve an investment at the time the contracts are concluded; settlement normally takes place at the end of the quarter or month. 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 commodity contracts as of December 31, 2007 were as follows:

Nominal and fair value of open contracts — **EUR 1,000**

		2007		2006
	Nominal	Fair value	Nominal	Fair value
Strategic risk management				
E&P				
Commodity put options	1,372,693	248	–	–
Operational risk management				
R&M				
Commodity futures	125,858	(73)	92,515	660
Commodity swaps	1,274,257	(41,403)	711,926	12,524
Commodity options	1,724	101	–	–
Gas				
Gas swaps	771,027	12,143	232,717	(17,449)
Gas options	43,266	193	21,735	3,828

The fair values at balance sheet date were as follows:

Fair values — **EUR 1,000**

			2007			2006
	Nominal	Fair value assets	Fair value liabilities	Nominal	Fair value assets	Fair value liabilities
Cash flow hedges						
R&M swaps	478,353	22,010	(24,536)	639,375	57,832	(41,410)
Gas swaps	723,078	54,330	(33,522)	222,244	33,779	(50,525)
Fair value hedges						
R&M swaps	99,998	–	(35,624)	–	–	–
Gas swaps	33,806	557	(8,993)	10,473	268	(972)
Gas options	11,050	–	–	10,473	888	–
Derivatives held for trading						
E&P options	1,372,693	248	–	–	–	–
R&M futures	125,858	–	(73)	92,515	2,000	(1,341)
R&M swaps	695,906	4,750	(8,003)	72,551	2,880	(6,779)
R&M options	1,724	101	–	–	–	–
Gas swaps	14,144	853	(1,081)	–	–	–
Gas options	32,216	193	–	11,262	3,549	(609)

Cash flow hedging for commodities

Cash flow hedging for commodities				EUR 1,000
	Period of expected cash flows for cash flow hedges	Valuation adjustments taken directly to equity	Transfer from equity disclosed in income statement	Transfer from equity against original costs of acquisition
2007				
R&M price risk hedge				
Swaps fix to floating – Brent	2008	56,648	54,971	–
Swaps fix to floating – products	2008	(76,903)	(61,004)	(15,585)
Gas price risk hedge				
Swaps fix to floating	until Q1/2011	18,619	(255)	–
2006				
R&M price risk hedge				
Swaps fix to floating – Brent	2007	(40,524)	(2,454)	–
Swaps fix to floating – products	2007	57,832	1,719	–
Gas price risk hedge				
Swaps fix to floating	until Q4/2011	(8,196)	–	521

In R&M, crude oil on the purchase side and products on the sales side are hedged separately, with the aim of protecting future margins.

Crude is hedged by buying on a fixed and selling on a floating rate basis, and products are hedged by selling fixed and buying floating.

The hedging of future cash flows is accounted for as a cash flow hedge, and the effective part of the change in value of the derivative is taken directly to equity. When the transaction crystallizes, the amounts previously taken to equity are released to profit and loss. The ineffective part of the cash flow hedge, amounting to a negative EUR 313 thousand (2006: negative EUR 1,240 thousand) was recognized in profit and loss.

Fair value hedges for commodities
For fair value hedges, both the changes in value of the underlyings and the countervailing changes in value of the hedges are recognized through profit or loss. The differences are measures of hedging ineffectiveness.

Fair value hedges for commodities		EUR 1,000
	2007	2006
Changes on underlyings	51,972	182
Changes on hedges	(52,866)	(184)

Sensitivity analysis

For open hedging contracts of the kinds discussed above, sensitivity analysis is performed to determine the effect of market price fluctuations (+/–10%) on market value. The sensitivity of OMV Group's overall earnings differs from the sensitivity shown below, since the contracts concluded are used to hedge operational exposures.

The effect of market price fluctuations on earnings or equity depends on the type of derivative used, and on whether hedge accounting is applied. Market price sensitivity for derivatives to which cash flow hedge accounting may be applied is shown in the sensitivity table for equity. Sensitivity to market price fluctuations for all other open derivatives is shown in the sensitivity table for earnings.

The market value sensitivities of open derivatives are currently as follows:

Sensitivity analysis for open derivatives affecting earnings before taxes — **EUR 1,000**

		2007		2006
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%
Strategic risk management				
Commodity put options	(24)	127	–	–
Operational risk management				
R&M				
Commodity futures	(325)	325	(66)	66
Commodity swaps	(15,359)	15,359	(13,350)	13,350
Commodity options	118	(67)	–	–
Gas				
Gas swaps	(2,661)	2,661	(305)	305
Gas options	(99)	406	(1,613)	1,613

Sensitivity analysis for open derivatives affecting equity — **EUR 1,000**

		2007		2006
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%
Strategic risk management				
Commodity put options	–	–	–	–
Operational risk management				
R&M				
Commodity futures	–	–	–	–
Commodity swaps	(3,564)	3,564	(5,161)	5,161
Commodity options	–	–	–	–
Gas				
Gas swaps	11,608	(11,608)	10,460	(10,460)
Gas options	–	–	–	–

Foreign exchange risk management
OMV operates in many countries and currencies, therefore industry-specific activities and the corresponding exchange risks need to be precisely analyzed. The USD represents OMV's greatest risk exposure, in the 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 on an ongoing basis. The Group's long/short net position is reviewed at least annually and the sensitivity is calculated: OMV has a USD long position in its E&P segment and a comparatively smaller USD short position in its refining business. OMV has a netted USD long position as the USD position from operating business of the segments E&P and R&M are offsetting only to a small extent. This analysis provides the basis for management of transaction risks on currencies.

As of December 31, 2007, the nominal value of transactions hedging USD receivables risk and transactions used to manage liquidity was as follows:

Transactions used to manage liquidity — **EUR 1,000**

		2007		2006
	Nominal	Fair value	Nominal	Fair value
Currency forwards	343,636	(1,158)	234,802	(540)
Currency swaps	12,085	(87)	—	—

Translation risk is also monitored on an ongoing basis at Group level, and the risk position is evaluated. Translation risk arises on the consolidation of subsidiaries preparing their financial statements in currencies other than in EUR. The largest exposures result from changes in the value of the RON and the USD against the EUR. The long-term foreign exchange rate risk on investments in subsidiaries not preparing financial statements in EUR is calculated and appraised on a regular basis. The RON-EUR translation risk on the cash and cash equivalents held by Petrom SA are hedged.

A foreign exchange rate hedge contract was concluded in April 2006 to hedge the USD exchange rate risk on the acquisition of the interest in Petrol Ofisi A.S. In the financial statements it was treated as a cash flow hedge and covered 50% of the purchase price.

Derivatives shown under foreign exchange risk management are used exclusively to hedge foreign exchange rate risks on outstanding receivables and payables. The instruments consist of forward exchange contracts or foreign currency swaps. The market value of these instruments will move in the opposite direction to the value of the corresponding receivable or liability if the relevant foreign exchange rate changes.

For financial instruments, sensitivity analysis is performed for changes in foreign exchange rates, and the sensitivity of the principle currency exposures is as follows: The main exposures as of December 31, 2007, were to the EUR-HUF, EUR-RON and EUR-USD exchange rates. For the EUR-RON sensitivity analysis there are not only EUR net exposures but also USD net exposures for Petrom SA to be taken into account. The sensitivity of Petrom SA's USD position therefore also includes its sensitivity to the EUR-USD exchange rate.

Sensitivity analysis for financial instruments affecting earnings before taxes [1] — **EUR 1,000**

		2007		2006
	10% appreciation of the EUR	10% depreciation of the EUR	10% appreciation of the EUR	10% depreciation of the EUR
EUR-RON	32,309	(32,309)	35,349	(35,349)
EUR-USD	(13,258)	13,258	(8,955)	8,955

[1] Refers only to financial instruments and is not the same as the Group's overall foreign exchange rate sensitivity for EBIT.

Sensitivity analysis for financial instruments affecting equity — EUR 1,000

	2007 10% appreciation of the EUR	2007 10% depreciation of the EUR	2006 10% appreciation of the EUR	2006 10% depreciation of the EUR
EUR-HUF	(214,153)	214,153	(93,823)	93,823

Interest rate management
To facilitate management of interest rate risk, OMV's liabilities are analyzed in terms of fixed and floating rate borrowings, currencies and maturities. Appropriate ratios for the various categories are established, and where necessary derivative instruments are used to hedge fluctuations outside predetermined ranges.

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

As of December 31, 2007, open positions were as follows:

Open positions — EUR 1,000

	2007 Nominal	2007 Fair value	2006 Nominal	2006 Fair value
Interest rate swaps	133,965	(387)	137,965	(1,540)

Interest rate swaps were used to hedge the fair value of bonds (fair value hedges) issued by OMV Group (see Note 22) are treated as fully effective.

Interest sensitivities
The open interest swaps shown above have been used to convert fixed interest rates to floating to hedge the fair value of the bond, and are classified as a fair value hedge. The effect of an interest rate increase of 0.5% points as of December 31, 2007, would have been a EUR 2.0 mn reduction in market value (2006: EUR 2.0 mn). The effect of an interest rate decrease of 0.5% points as of December 31, 2007, would have been a EUR 2.0 mn increase in market value (2006: EUR 2.0 mn).

Petrom SA holds financial assets whose market value would be affected by changes in interest rates. The effect of an interest rate increase of 0.5% points as of December 31, 2007, would have been a EUR 1.0 mn reduction in the market value of these financial assets (2006: EUR 2.0 mn). A 0.5% points fall in the interest rate as of December 31, 2007, would have led to an increase in market value of EUR 1.0 mn (2006: EUR 2.0 mn).

OMV also carries out regular analysis of the impact of interest rate changes on interest income and expense on floating rate deposits and borrowings. The effects of changes in interest rate are not at present thought to constitute a material risk.

On the Group's floating rate net indebtedness as of December 31, 2007, net interest expense would rise or fall by EUR 10.5 mn if interest rates rose or fell by 0.5% points. As of December 31, 2006, the same change in interest rate would have meant a rise or a fall in net interest income of EUR 0.2 mn.

Credit risk management
The main counterparty credit risks are assessed and monitored at Group level using predetermined limits for specific countries, banks and business partners. On the basis of creditworthiness, customers are assigned maximum permitted exposures in terms of amounts and maturities, and the creditworthiness assessments are reviewed at least annually. The procedures are governed by guidelines, both at OMV and at Petrom SA. 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 spread between a number of different banks.

Credit risk in strategic risk management, foreign exchange rate risk management and interest rate risk management amounted to a maximum of EUR 93.6 mn as of December 31, 2007 (2006: EUR 133.0 mn). Credit risk in operational risk management in the refinery business amounted to a maximum of EUR 574.8 mn (2006: EUR 342.2 mn).

Investment risk

To hedge medium-term investments in external funds, the following instruments were used by the Group's external fund managers:

Instruments				EUR 1,000
		2007		2006
	Nominal	Fair value	Nominal	Fair value
Index futures	15,847	236	23,856	249
Interest rate futures	879,266	(179)	807,846	(271)

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

27 Result on financial instruments

Result on financial instruments		EUR 1,000
	2007	2006
Result on financial instruments at fair value through profit or loss	4,393	–
Result on available-for-sale financial instruments	34,413	32,400
Result on held-to-maturity financial instruments	–	–
Result on loans and receivables	56,525	43,120
Result on financial liabilities measured at amortized cost	(68,197)	(55,887)
Total	**27,135**	**19,633**

The result on financial instruments includes dividend income (excluding associated companies), interest income and expense, foreign exchange gains and losses, gains and losses on the disposal of financial assets, impairment losses and write-ups of financial assets, and fair value adjustments to financial instruments at fair value through profit or loss. Income or expenses on derivative instruments used to hedge operational risks and set off by opposed expenses or income in costs of sales or sales revenues are not included in the result on financial instruments. The result on financial instruments at fair value through profit or loss consists exclusively of the result on held-for-trading financial instruments.

In the income statement, a negative EUR 10,884 thousand (2006: positive EUR 593 thousand) of the result on financial instruments forms part of operating profit (EBIT) and a positive EUR 38,019 thousand (2006: positive EUR 19,040 thousand) forms part of the net financial result.

The result on available-for-sale financial instruments in 2007 includes an amount of EUR 22,743 thousand (2006: EUR 13,659 thousand) removed from equity during the period under review and recognized as expense in the income statement. In addition to the result on available-for-sale financial instruments shown in the table, in 2007 a loss of EUR 18,536 thousand (2006: profit of EUR 66,144 thousand) was recognized directly in equity.

The result for available-for-sale financial instruments includes impairment losses of EUR 154 thousand (2006: EUR 905 thousand). Write-ups of available-for-sale financial instruments amount to EUR 1,353 thousand (2006: EUR 269 thousand).The result for loans and receivables includes impairment losses of EUR 47,460 thousand (2006: EUR 25,143 thousand). Write-ups of loans and receivables amount to EUR 42,107 thousand (2006: EUR 46,525 thousand).

28 Stock option plan

On the basis of resolutions of the relevant Annual General Meetings, OMV 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 themselves invest in OMV shares – are granted options entitling them to acquire OMV shares (or their monetary equivalents) on favorable terms if the stock price has risen by at least 15%.

In the explanations that follow, the numbers of options and the values have been adjusted for the 10-for-1 stock split on July 11, 2005.

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

Main conditions

	2007 plan	2006 plan	2005 plan	2004 plan	2003 plan
Start of plan	1.9.2007	1.9.2006	1.9.2005	1.9.2004	1.9.2003
End of plan	31.8.2014	31.8.2013	31.8.2012	31.8.2011	31.8.2008
Vesting period	2 years	2 years	2 years	2 years	2 years
Exercise price	EUR 47.850	EUR 45.190	EUR 34.700	EUR 16.368	EUR 10.404
Option entitlement per OMV share held	20	20	20	15	15
Qualifying own investment					
Executive Board	1,230 shares [1]	1,242 shares [1]	2,390 shares [1]	3,980 shares [1]	5,600 shares [1]
Senior executives	410 shares [1]	414 shares [1]	800 shares [1]	1,330 shares [1]	1,860 shares [1]
Options granted					
Executive Board members					
Auli [2]	24,600	8,280	–	19,950	–
Davies	24,600	24,840	47,800	59,700	84,000
Langanger	24,600	24,840	47,800	59,700	84,000
Roiss	24,600	24,840	47,800	59,700	84,000
Ruttenstorfer	24,600	24,840	47,800	59,700	84,000
Total – Executive Board	**123,000**	**107,640**	**191,200**	**258,750**	**336,000**
Other senior executives	471,520	360,220	532,000	484,350	286,050
Total options granted	**594,520**	**467,860**	**723,200**	**743,100**	**622,050**
Plan threshold: share price	**EUR 55.030**	**EUR 51.970**	**EUR 39.910**	**EUR 18.823**	**EUR 11.965**

[1] Or 25%, 50%, or 75% thereof.
[2] Member of the Executive Board since January 1, 2007.

At balance sheet date, some of the options for the 2003, 2004 and 2005 plans were exercised. As of December 31, 2006, all options for the 2002 plan and some of the options for the 2003 and 2004 plans were exercised.

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 on investment by the participant, who must hold the shares at the start of the plan and for 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. 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 2003, 2004, 2005, 2006 and 2007 plans is 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 2003 and 2004 plans during the 20 trading days after publication of the quarterly reports (exercise window). For the 2005, 2006 and 2007 plans exercise windows are periods where exercise is not prohibited according to the following criteria. Options may not be exercised:
   - When the plan participant is party to insider information
   - During the blackout period specified in the Issuers Compliance Regulation (six weeks before scheduled publication of the annual results, three weeks before publication of the quarterly results 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%.

In 2007 and 2006 movements in options under the stock option plans were as follows:

Stock option plans

	2007 Number of options	**2007** Weighted average exercise price EUR	2006 Number of options	2006 Weighted average exercise price EUR
Outstanding options as of January 1	**2,085,585**	**28.529**	**1,760,150**	**22.904**
Options granted	563,760	47.850	467,860	45.190
Options exercised	(743,495)	21.048	(142,425)	13.752
Options forfeited	—	—	—	—
Outstanding options as of December 31	**1,905,850**	**37.163**	**2,085,585**	**28.529**
Options exercisable at year end	**874,230**	**25.974**	**894,525**	**14.825**

During 2007, a total of 743,495 options granted under the 2003, 2004 and 2005 plans were exercised. For 722,495 options the difference between the current share price and the exercise price was paid; the amount due in respect of all options was settled in cash. For 21,000 options, the options were exercised through the purchase of shares. The weighted average market price at the time of exercise in 2007 was EUR 50.087. The intrinsic value of the options exercisable as of December 31, 2007 was EUR 25,742 thousand.

During 2006, 142,425 options granted under the 2003 and 2004 plans were exercised. For 112,425 options the difference between the current share price and the exercise price was paid; the amount due in respect of all options was settled in cash. For 30,000 options, the options were exercised through the purchase of shares. The weighted average market price at the time of exercise in 2006 was EUR 43.061. The intrinsic value of the options exercisable as of December 31, 2006 was EUR 25,194 thousand.

Exercise of options by plan participants was as follows:

Options exercised

		2007		2006
	Options exercised	Weighted average exercise price EUR	Options exercised	Weighted average exercise price EUR
Executive Board members				
Auli	–	–	–	–
Davies	84,000	10.404	–	–
Langanger	71,850	12.882	–	–
Roiss	–	–	30,000	16.368
Ruttenstorfer	42,000	10.404	42,000	10.404
Total – Executive Board	**197,850**	**11.304**	**72,000**	**12.889**
Other senior executives	545,645	24.581	70,425	14.634
Total options exercised	**743,495**	**21.048**	**142,425**	**13.752**

Compensation expense arising from the exercise of options reflects the value of the options exercised at the date of exercise and amounted as follows:

Compensation expense **EUR 1,000**

	2007	2006
2003 plan	6,722	2,198
2004 plan	10,694	1,976
2005 plan	4,174	–
Total	**21,590**	**4,174**

Of this amount, EUR 7,447 thousand (2006: EUR 2,155 thousand) was attributable to Executive Board members and EUR 14,143 thousand (2006: EUR 2,019 thousand) to other senior executives.

As of December 31, 2007, **outstanding options** under the various plans (adjusting for the 2005 10-for-1 stock split) were as follows:

Outstanding options

Plan	Exercise price EUR	Options outstanding	Remaining maturity in years	Options exercisable at year end
2003	10.404	52,500	0.7	52,500
2004	16.368	346,530	3.7	346,530
2005	34.700	475,200	4.7	475,200
2006	45.190	467,860	5.7	—
2007	47.850	563,760	6.7	—
Total		**1,905,850**		**874,230**

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

The fair value as of December 31, 2007 is calculated on the basis of the options still outstanding, while the fair value as of the time of award is based on the total options granted. 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 December 31, 2007

	2007 plan	2006 plan	2005 plan	2004 plan	2003 plan
Market value of plan (EUR 1,000)	11,214	9,375	11,604	12,930	2,323
Calculation variables					
Market price of stock (EUR)	55.42	55.42	55.42	55.42	55.42
Risk-free rate of return	4.598%	4.570%	4.557%	4.544%	4.658%
Maturity of options (including vesting period)	6.7 years	5.7 years	4.7 years	3.7 years	0.7 years
Average dividend yield	2.2%	2.2%	2.1%	2.1%	2.0%
Share price volatility	30%	30%	30%	30%	30%

Provision is made for the expected future costs of options unexercised at balance sheet date based on fair values. For new plans, the expense is spread over the two-year vesting period. As of December 31, 2007, the provision amounted to EUR 34,976 thousand (2006: EUR 30,717 thousand), and the net increase was EUR 4,259 thousand (2006: EUR 2,849 thousand).

Segment reporting

OMV Group is divided into three operating segments: Exploration and Production (E&P), Refining and Marketing including petrochemicals (R&M) and Gas. Group management, financing activities and certain service functions are concentrated in the Corporate and Other (Co&O) segment.

29 Business operations and key markets

The Group's involvement in the oil and gas industry, by its nature, exposes the Group to certain risks: These include political instability, deteriorating economic conditions, changes in legislation or fiscal regimes, as well as other operating risks inherent in the industry, such as the high volatility of crude oil prices and the USD. 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. 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's activities focus on six core regions. In 2007, the existing exploration portfolio was expanded with new exploration licenses in the core regions Northwestern Europe, Australia/New Zealand, North Africa, and Central and Eastern Europe. In 2008, the main focus of development activities will be on Austria, Kazakhstan, New Zealand, Yemen and Libya.

R&M operates two refineries, in Schwechat and Burghausen, and further two refineries in Romania. It also has a 45% interest in Bayernoil Raffineriegesellschaft mbH (third-party processing refineries). It has a powerful presence in the filling station and wholesale businesses in its main markets – Austria, and Central and Eastern Europe. On May 16, 2006, OMV completed the purchase of a 34% interest in Petrol Ofisi A.S., Turkey's leading filling station operator and retailer. OMV's entry into the Turkish market is in line with its strategy for 2010, and strengthens its position in Europe's growth belt. OMV's interest in Petrol Ofisi was increased to 39.58% during 2007.

The **Gas** segment is of major significance in gas transport in Austria, the gas transit business and in gas importing. OMV is the sole operator of long-distance gas transmission pipelines in Austria. Previously included at-equity, Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H. has been fully consolidated since the fourth quarter of 2007. EconGas GmbH, in which OMV has a 50% interest, has been fully consolidated since the fourth quarter of 2006. Together with Petrom's gas operations, it is responsible for gas wholesaling and distribution activities.

The key measure of operating performance for the Group is earnings before interest and taxes (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 Co&O segment.

30 Segment reporting

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

Primary segment reporting **EUR mn**

	E&P	R&M	Gas	Co&O	**Total**	Consolidation	Consolidated total
2007							
Sales [1]	4,247.42	16,311.91	3,096.32	260.78	**23,916.44**	(3,874.41)	20,042.04
Intra-group sales	(3,393.99)	(26.57)	(199.95)	(253.90)	**(3,874.41)**	3,874.41	—
External sales	853.43	16,285.35	2,896.37	6.89	**20,042.04**	—	20,042.04
EBIT [2]	1,967.71	84.31	243.59	(76.61)	**2,219.00**	(34.51)	2,184.49
Total assets [3]	5,758.11	8,072.58	1,130.39	447.49	**15,408.57**	—	15,408.57
Investments in PPE/IA	1,460.65	1,143.68	149.32	109.86	**2,863.51**	—	2,863.51
Investments in associated companies	—	874.77	90.58	1,160.28	**2,125.63**	—	2,125.63
Assets held for sale	22.65	—	—	8.69	**31.34**	—	31.34
Liabilities [4]	2,567.48	3,177.36	618.45	684.53	**7,047.83**	—	7,047.83
Depreciation and amortization	424.52	307.17	20.77	37.14	**789.60**	—	789.60
Impairment losses	100.16	83.10	4.48	0.11	**187.85**	—	187.85
Income from associated companies [5]	—	164.64	26.29	107.07	**298.00**	—	298.00
Net income from discontinued operations	—	—	—	—	**—**	—	—
2006							
Sales [1]	3,968.04	17,253.18	2,070.90	256.58	**23,548.70**	(4,578.33)	18,970.37
Intra-group sales	(3,186.02)	(1,055.95)	(122.63)	(213.73)	**(4,578.33)**	4,578.33	—
External sales	782.02	16,197.23	1,948.27	42.85	**18,970.37**	—	18,970.37
EBIT [2]	1,873.31	121.09	134.87	(103.37)	**2,025.90**	35.12	2,061.02
Total assets [3]	5,036.63	6,610.19	921.67	102.75	**12,671.24**	—	12,671.24
Investments in PPE/IA	679.01	658.45	35.39	101.87	**1,474.72**	—	1,474.72
Investments in associated companies	—	773.05	101.23	911.86	**1,786.14**	—	1,786.14
Assets held for sale	15.63	—	—	8.55	**24.18**	—	24.18
Liabilities [4]	2,581.95	2,398.49	587.47	411.20	**5,979.11**	—	5,979.11
Depreciation and amortization	369.83	294.45	12.19	17.68	**694.15**	—	694.15
Impairment losses	85.81	29.54	—	0.06	**115.41**	—	115.41
Income from associated companies [5]	—	112.29	41.68	30.68	**184.65**	—	184.65
Net income from discontinued operations	9.21	—	—	(0.91)	**8.30**	—	8.30

[1] Including intra-group sales.
[2] See consolidated income statement for reconciliation of EBIT to net income for the year.
[3] Including intangible assets (IA), property, plant and equipment (PPE), inventories, trade receivables, receivables from associated companies and companies with which a participating relationship exists, and other receivables and assets.
[4] Including trade payables, provisions for pensions and similar obligations, provisions for decommissioning and restoration obligations, other provisions excluding provisions for other taxes amounting to EUR 10.79 mn (2006: EUR 3.59 mn), other financial liabilities and other liabilities.
[5] See Note 8.

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

Secondary segment reporting — **EUR mn**

	Austria	Germany	Romania	Rest of CEE	Rest of Europe	Rest of world [4]	Total	Consoli-dation	Consoli-dated total
2007									
Sales [1]	7,743.92	3,846.14	5,434.40	3,339.25	2,076.48	1,476.26	**23,916.44**	(3,874.41)	20,042.04
Intra-group sales	(847.80)	(1.20)	(2,280.34)	(0.65)	(54.92)	(689.50)	**(3,874.41)**	3,874.41	—
External sales	6,896.12	3,844.94	3,154.06	3,338.60	2,021.56	786.76	**20,042.04**	—	—
EBIT [2]	602.47	81.43	600.74	20.79	93.14	820.43	**2,219.00**	(34.51)	2,184.49
Total assets [3]	4,276.62	2,245.86	5,352.76	1,552.28	751.96	1,229.09	**15,408.57**	—	15,408.57
Investments in PPE/IA	708.09	408.69	1,188.12	137.07	79.90	341.64	**2,863.51**	—	2,863.51
2006									
Sales [1]	7,168.72	3,681.68	6,091.31	3,390.78	2,083.03	1,133.17	**23,548.70**	(4,578.33)	18,970.37
Intra-group sales	(769.28)	(0.19)	(3,231.43)	(0.44)	(0.30)	(576.69)	**(4,578.33)**	4,578.33	—
External sales	6,399.44	3,681.49	2,859.88	3,390.34	2,082.73	556.48	**18,970.37**	—	18,970.37
EBIT [2]	527.82	177.08	659.26	23.39	104.84	533.51	**2,025.90**	35.12	2,061.02
Total assets [3]	3,650.84	1,657.01	4,483.17	1,328.54	438.85	1,112.83	**12,671.24**	—	12,671.24
Investments in PPE/IA	304.20	187.55	556.62	127.84	70.64	227.87	**1,474.72**	—	1,474.72

[1] Including intra-group sales.
[2] See consolidated income statement for reconciliation of EBIT to net income for the year.
[3] Including intangible assets (IA), property, plant and equipment (PPE), inventories, trade receivables, receivables from associated companies and companies with which a participating relationship exists, and other receivables and assets.
[4] Rest of world: principally Australia, Iran, Kazakhstan, Libya, New Zealand, Pakistan, Tunisia, Venezuela, Yemen.

Other information

31 Average number of employees

Average number of employees

	2007	2006
OMV Group excluding Petrom group	5,349	5,130
Petrom group	32,028	40,067
Total Group	**37,377**	**45,197**

32 Related parties

Under IAS 24, details of relationships with related parties and related enterprises not included in consolidation (related parties) 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 2007, there were arm's-length supplies of goods and services between the Group and the following companies included at-equity: Borealis AG, Oberösterreichische Ferngas AG and AMI Agrolinz Melamine International GmbH (included at-equity from January 1 until its merger into Borealis AG as of July 31, 2007).

Related enterprises — **EUR 1,000**

	2007		2006	
	Sales	Receivables	Sales	Receivables
Borealis AG	1,004,642	95,351	1,073,550	106,770
Oberösterreichische Ferngas AG	3,294	320	3,495	21,336
EconGas GmbH [1]	—	—	126,323	—
AMI Agrolinz Melamine International GmbH [2]	—	—	3,199	75
Petrol Ofisi A.S.	34,510	2,953	—	—
Total	**1,042,446**	**98,624**	**1,206,567**	**128,181**

[1] EconGas GmbH was included at-equity until September 30, 2006.

[2] AMI Agrolinz Melamine International GmbH was included at-equity from January 1, 2007, until its merger into Borealis AG as of July 31, 2007.

At balance sheet date, there were trade payables to Bayernoil Raffineriegesellschaft mbH of EUR 54,216 thousand (2006: EUR 57,990 thousand).

At balance sheet date, there was a loan to IOB Holding A/S of EUR 35,975 thousand outstanding (2006: EUR 71,950 thousand), and one to Bayernoil Raffineriegesellschaft mbH of EUR 159,750 thousand (2006: EUR 60,750 thousand).

Total **remuneration** of the Executive Board was made up as follows:

Remuneration of the Executive Board — **EUR 1,000**

2007	Auli	Davies	Langanger	Roiss	Ruttenstorfer	**Total**
Fixed	350	525	460	530	600	**2,465**
Variable	68	1,105	1,105	1,273	1,442	**4,993**
Pension fund contributions	72	208	129	99	145	**653**
Benefits in kind (company car, accident insurance) and reimbursed expenses	8	9	8	8	8	**42**
Total	**498**	**1,847**	**1,702**	**1,910**	**2,195**	**8,153**

Remuneration of the Executive Board					**EUR 1,000**
2006	Davies	Langanger	Roiss	Ruttenstorfer	**Total**
Fixed	525	460	530	600	**2,115**
Variable	1,067	1,067	1,227	1,387	**4,748**
Pension fund contributions	208	129	99	145	**581**
Benefits in kind (company car, accident insurance) and reimbursed expenses	9	8	8	8	**33**
Total	**1,809**	**1,664**	**1,864**	**2,140**	**7,477**

Details of stock option plans are shown in Note 28.

The members of the Executive Board are covered by directors and officers liability insurance (D&O) and legal costs insurance. A large number of other OMV employees also benefit from these two forms of insurance, and the insurers levy lump-sum premiums, which are not specifically attributed to the Board members.

Compensation of former members of the Executive Board and their surviving dependants amounted to EUR 1,043 thousand (2006: EUR 1,117 thousand).

In 2007, the total remuneration (excluding stock option plans) of 39 top executives (2006: 32) amounted to EUR 10,707 thousand (2006: EUR 9,960 thousand), of which basic remuneration, such as salaries, provisions for unused vacation and bonuses was EUR 8,997 thousand (2006: EUR 8,641 thousand) and EUR 1,250 thousand (2006: EUR 839 thousand) were expenses for pension fund contributions. The expenses for severance benefits were EUR 437 thousand (2006: EUR 409 thousand), and other long-term benefits amounted to EUR 23 thousand (2006: EUR 71 thousand). See Note 28 for details of stock option plans.

In 2007, remuneration expenses for the Supervisory Board amounted to EUR 374 thousand, including a EUR 5 thousand decrease in provisions (2006: EUR 418 thousand, thereof EUR 34 thousand increase in provisions).

Raiffeisen Zentralbank Österreich AG is one of the enterprises in which a member of the Supervisory Board has a material financial interest (section 95 (5) (12) Austrian Companies Act (AktG)); the Bank is one of OMV Group’s most important banking partners, but not leading in terms of volume of business.

33 Direct and indirect investments of OMV Aktiengesellschaft

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20%

	Parent company	Equity interest in %	Type of consolidation [1]
Exploration and Production			
"Artamira" LLC, Saratov	RING	100.00	C
"CARneft" OJSC, Saratov	RING	100.00	C
"Chalykneft" OJSC, Saratov	RING	100.00	C
KOM MUNAI LLP, Almaty	PETROM	95.00	C
"Management Company 'CorSarNeft' " LLC, Moscow	RING	100.00	C
"Neftepoisk" LLC, Saratov	RING	100.00	C
"Oil Company 'RENATA' " LLC, Usinsk	RING	100.00	C
OMV (ALBANIEN) Adriatic Sea Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (ALBANIEN) onshore Exploration GmbH (in liquidation), Vienna	OMVEP	100.00	C
OMV AUSTRALIA PTY LTD, Perth	OMV AG	100.00	C
OMV Austria Exploration & Production GmbH, Vienna (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 (EGYPT) Exploration GmbH, Vienna	OMVEP	100.00	NC
OMV Exploration & Production GmbH, Vienna (OMVEP)	OMV AG	100.00	C
OMV EXPLORATION & PRODUCTION LIMITED, Douglas	OMVEP	100.00	C
OMV (FAROE ISLANDS) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV Global Oil & Gas GmbH, Vienna	OMVEP	100.00	NC
OMV (IRAN) onshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (IRELAND) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (IRELAND) Killala Exploration GmbH, Vienna	OMVEP	100.00	NC
OMV New Zealand Limited, Wellington (NZEA)	OMVEP	100.00	C
OMV (NORGE) AS, Stavanger	OMVEP	100.00	C
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 (OILP)	OMVEP	100.00	C
OMV Oil Production GmbH, Vienna	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 Proterra GmbH, Vienna	OEPA	100.00	C
OMV (RUSSLAND) Exploration & Production GmbH, Vienna	OMVEP	100.00	C
OMV (SLOVAKIA) Exploration GmbH, Vienna	OEPA	100.00	NC
OMV (SUDAN BLOCK 5B) Exploration GmbH (in liquidation), Vienna	OMVEP	100.00	C
OMV (SUDAN) Exploration GmbH (in liquidation), 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
OMV (YEMEN) South Sanau Exploration GmbH, Vienna	OMVEP	100.00	NC

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% (continued)

	Parent company	Equity interest in %	Type of consolidation [1]
PEI 3 Verwaltungs GmbH, Düsseldorf	OTNPR	100.00	NC
PEI Venezuela Gesellschaft mit beschränkter Haftung, Düsseldorf	OMVEP	100.00	C
Petroleum Infrastructure Limited, Wellington	NZEA	100.00	C
PETROM EXPLORATION & PRODUCTION LIMITED, Douglas	PETROM	100.00	NC
Preussag Energie International GmbH, Burghausen	OMVEP	100.00	C
Repsol Inco AG, Zug	OILP	30.00	NAE
RING OIL HOLDING & TRADING LTD, Limassol (RING)	PETROM	74.90	C
"Saratovneftedobycha" CJSC, Saratov	RING	100.00	C
Société de Recherches et d'Exploitation des Pétroles en Tunisie, Tunis	OTNPR	50.00	NAE
TASBULAT OIL CORPORATION LLP, Aktau	PETROM	100.00	C
van Sickle Gesellschaft m.b.H., Vienna	OEPA	100.00	C
Refining and Marketing including petrochemicals			
Abu Dhabi Petroleum Investments LLC, Abu Dhabi	OMVRM	25.00	NAE
Adria-Wien Pipeline GmbH, Klagenfurt	OMVRM	76.00	C
Aircraft Refuelling Company GmbH, Vienna	OMVRM	33.33	NAE
Autobahn-Betriebe Gesellschaft m.b.H., Vienna	OMVRM	47.20	NAE
Avanti d.o.o., Zagreb	OHRVAT	29.93	NAE
AVIATION PETROLEUM SRL, Bucharest	PETROM	95.00	
	ROMAN	5.00	C
BAYERNOIL Raffineriegesellschaft mbH, Vohburg	OMVD	45.00	AE
BEYFIN GAZ SRL, Cluj-Napoca	PETROM	40.00	NAE
Borealis AG, Vienna (BORA)	OMVRM	32.67	
	OMV AG	3.33	AE
BRAZI OIL & ANGHELESCU PROD COM SRL, Brazi	PETROM	37.70	NAE
BSP Bratislava-Schwechat Pipeline GmbH, Vienna	OMVRM	26.00	NAE
D.E.E.M. ALGOCAR SA, Buzias	PETROM	27.92	NAE
Deutsche Transalpine Oelleitung GmbH, Munich	OMVD	25.00	AE
DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft., Budapest	OHUN	48.28	NAE
EPS Ethylen-Pipeline-Süd GmbH & Co KG, Munich	OMVD	21.95	AE
Erdöl-Lagergesellschaft m.b.H., Lannach	OMVRM	55.60	AE [1]
FONTEGAS PECO MEHEDINTI SA, Simian	PETROM	37.40	NAE
FRANCIZA PITESTI SRL, Pitesti	PETROM	40.00	NAE
GENOL Gesellschaft m.b.H., Vienna	OMVRM	29.00	NAE
GENOL Gesellschaft m.b.H. & Co, Vienna	OMVRM	29.00	AE
Heating Innovations Austria GmbH, Vienna	OMVRM	50.00	AE
ICS PETROM MOLDOVA SA, Chisinau	PETROM	65.00	C
M.P. PETROLEUM DISTIBUTIE SRL, Bucharest	PETROM	95.00	
	ROMAN	5.00	C
OMV Bayern GmbH, Burghausen	OMVD	100.00	C
OMV BH d.o.o., Sarajevo	OMVRM	100.00	C
OMV BULGARIA LTD, Sofia	PETROM	99.90	
	OMVRM	0.10	C
OMV Croatia d.o.o., Zagreb (OHRVAT)	OMVRM	100.00	C
OMV Deutschland GmbH, Burghausen (OMVD)	OMVRM	90.00	
	OMV AG	10.00	C

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% (continued)

	Parent company	Equity interest in %	Type of consolidation [1]
OMV Hungária Ásványolaj Korlátolt Felelösségü Társaság, 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 Refining & Marketing GmbH, Vienna (OMVRM)	OMV AG	100.00	C
OMV ROMANIA MINERALOEL SRL, Bucharest (ROMAN)	PETROM	99.90	
	OMVRM	0.10	C
OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o., Koper	OMVRM	92.25	C
OMV Slovensko s.r.o., Bratislava	OMVRM	100.00	C
OMV SRBIJA d.o.o., Belgrade	PETROM	99.90	
	OMVRM	0.10	C
OMV Supply & Trading AG, Zug	OMVRM	100.00	C
OMV TRADING SERVICES LIMITED, London	OMVRM	100.00	NC
OMV Ceská republika, s.r.o., Prague	OMVRM	100.00	C
OMV-VIVA Kereskedelmi és Szolgáltatató Korlátolt Felelösségü Társaság, Budapest	OHUN	96.67	NC
OMV Wärme VertriebsgmbH, Vienna	OMVRM	100.00	C
PASR Achtundzwanzigste Beteiligungsverwaltung GmbH, Vienna	PETROM	100.00	NC
PETROCHEMICALS ARGES SRL, Pitesti	PETROM	95.00	NC
Petrol Ofisi A.S., Istanbul	OMV AG	39.58	AE
PETROM LPG SA, Bucharest	PETROM	99.99	C
PETROM NADLAC SRL, Nadlac	PETROM	98.51	NC
RAFISERV ARPECHIM SA, Pitesti	PETROM	99.78	C
RAFISERV PETROBRAZI SA, Brazi	PETROM	99.94	C
Routex B.V., Amsterdam	OMVRM	26.67	NAE
SIOT Società Italiana per l'Oleodotto Transalpino S.p.A., Trieste	OMVRM	25.00	AE
SOCIETATEA COMERCIALA PETROM AVIATION SA, Otopeni	PETROM	48.50	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., Matrei in East Tyrol	OMVRM	25.00	AE
TRANS GAS SERVICES SRL, Bucharest	PETROM	80.00	NC
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 d.o.o., Zagreb	OGI	25.58	NAE
ADRIA LNG STUDY COMPANY LIMITED, Valetta	OGI	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	C
Central European Gas Hub GmbH, Vienna	OGI	100.00	C
Cogeneration-Kraftwerke Management Oberösterreich GmbH, Linz	OPI	50.00	AE
CONGAZ SA, Constanta	PETROM	28.59	AE
EconGas Deutschland GmbH, Regensburg [2]	ECOGAS	100.00	C
EconGas GmbH, Vienna (ECOGAS)	OGI	50.00	
	OOEFG	15.55	C

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% (continued)

	Parent company	Equity interest in %	Type of consolidation [1]
EconGas Hungária Földgázkereskedelmi Kft., Budapest	ECOGAS	100.00	C
EconGas Italia S.r.l, Milan	ECOGAS	100.00	C
Ferngas Beteiligungs-Aktiengesellschaft, Vienna (FBET)	OGG	68.23	C
NABUCCO Gas Pipeline International GmbH, Vienna	OGI	20.00	NAE
Oberösterreichische Ferngas Aktiengesellschaft, Linz [2] (OOEFG)	FBET	50.00	AE
OMV Gas Adria d.o.o., Zagreb	OGI	100.00	NC
OMV Gas Germany GmbH, Düsseldorf	OGG	100.00	C
OMV Gas GmbH, Vienna (OGG)	OGI	99.99	
	OMV AG	0.01	C
OMV Gas International GmbH, Vienna (OGI)	OMV AG	100.00	C
OMV Gaz Ve Enerji Limited Şirketi, Istanbul	OGI	99.00	
	OPI	1.00	NC
OMV Power International GmbH, Vienna (OPI)	OGI	100.00	C
PETROM DISTRIBUTIE GAZE SRL, Bucharest	PETROM	99.99	C
PETROM GAS SRL, Bucharest	PETROM	100.00	C
POLIFLEX SRL, Brazi	PETROM	96.84	NC
ROBIPLAST COMPANY SRL, Bucharest	PETROM	45.00	NAE
SOCIETATEA ROMANA DE PETROL SA, Bucharest	PETROM	49.00	NAE
Corporate and Other			
Amical Insurance Limited, Douglas (AMIC)	OMV AG	100.00	C
ASOCIATIA ROMANA PENTRU RELATIA CU INVESTITORII, Bucharest	PETROM	20.00	NAE
BURSA MARITIMA SI DE MARFURI SA, Constanta	PETROM	20.09	NAE
Diramic Insurance Limited, Gibraltar	AMIC	100.00	C
Kompetenz- und Informationszentrum für Humanvermögen und interdisziplinäre Arbeits- und Unternehmensforschung GmbH, Klosterneuburg	SNO	24.44	NAE
MOL Hungarian Oil and Gas Plc., Budapest	OCTS	20.20	NAE
OMV Clearing und Treasury GmbH, Vienna (OCTS)	SNO	100.00	C
OMV FINANCE LIMITED, Douglas	OMV AG	100.00	C
OMV Future Energy Fund GmbH, Vienna	OMV AG	100.00	C
OMV Insurance Broker GmbH, Vienna	OMV AG	100.00	C
OMV Solutions GmbH, Vienna (SNO)	OMV AG	100.00	C
PETROMED SOLUTION SRL, Bucharest	PETROM	99.99	NC
VA OMV Personalholding GmbH, Linz	SNO	50.00	NAE
Petrom			
PETROM SA, Bucharest (PETROM) [3]	OMV AG	51.01	C

[1] Type of consolidation:
- C Consolidated subsidiary
- AE Associated company, accounted for at-equity
- AE [1] Despite majority interest not consolidated due to absence of control
- NC Not-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] Included with different balance sheet dates. In 2007, EconGas GmbH financial year changed to the group-wide standard balance sheet date of December 31.

[3] Petrom is assigned to the relevant segments in the segment reporting.

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

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

Country	Field name	License/block	Participation in %
Australia	Jabiru/Challis	AC/L 1, 2, 3	18.75
Libya	El Shararah	NC 115	7.50
Libya	Nafoora Augila Unit	C102	3.21
Libya	Intisar	C103	12.25
Libya	A Field	NC 186	9.60
Libya	B Field	NC 186	9.60
Libya	D Field	NC 186	9.60
Libya	H Field	NC 186	9.60
Libya	EPSA Fields	NC 29, NC 74	4.75
Libya	Shatirah	NC 163	17.85
New Zealand	Maui	PML 381012	10.00
New Zealand	Pohokura	PMP 38154	26.00
Pakistan	Miano		17.68
Pakistan	Sawan		19.74
Tunisia	Ashtart		50.00
Tunisia	El Hajeb/Guebiba		49.00
Tunisia	Cercina		49.00
Tunisia	Rhemoura		49.00
Tunisia	Gremda/El Ain		49.00
UK	Schiehallion	204/25a	5.88
UK	Beryl	9/13a	5.00
UK	Nevis South	9/13a, 9/12a	3.25
UK	Nevis Central	9/13a	5.00
UK	Skene	9/19	3.49
UK	Buckland	9/18a	3.17
UK	Maclure	9/19	1.67
UK	Ness & Ness South	9/13a, 9/13b	5.00
UK	Howe	22/12a North	20.00
UK	Jade	30/2c	5.57

[1] Exploration and discovered resource joint ventures are not included in this table.

Capital obligations of Exploration and Production joint ventures

Country	Field name	License/block	Participation in %	Liability 2008 in USD	Liability 2009–2011 in USD	Liability 2012–2016 in USD
Australia		AC/P 4	35.00	200,000	–	–
Australia		AC/P 17	35.00	200,000	–	–
Australia		AC/P 24	60.00	100,000	3,940,000	–
Australia		AC/RL 4 & 5	35.00	920,000	–	–
Australia		AC/RL 6	35.00	790,000	–	–
Australia		EP-409	50.00	20,000	740,000	–
Australia		WA-290-P	40.00	120,000	2,950,000	–
Australia		WA-320-P	66.67	380,000	–	–
Australia		WA-345-P	66.67	140,000	–	–
Australia		WA-358-P	25.00	40,000	–	–
Australia		WA-362-P	30.00	890,000	–	–
Australia		WA-363-P	30.00	890,000	–	–
Australia		WA-386-P	30.00	920,000	–	–
Australia		WA-387-P	30.00	920,000	–	–
Faroe Islands		6103/16, 21, 26 & 6104/25, 39	10.00	30,000	100,000	–
Ireland		2/94	10.00	7,800,000	30,000	–
Ireland		2/05	10.00	10,000	30,000	–
Ireland		3/05	50.00	10,000,000	30,000	–
Libya	Package 1	NC 199-204	40.00	–	12,000,000	–
New Zealand	Maari	PML 38413	69.00	13,300,000	–	–
New Zealand	Western Platform	PEP 38481	25.00	100,000	–	–
New Zealand	Tangaroa	PEP 38485	33.33	270,000	–	–
New Zealand	Northland Base	PEP 38618	50.00	330,000	–	–
New Zealand	Northland Base	PEP 38619	50.00	330,000	–	–
New Zealand		PEP 50119	36.00	3,900,000	–	–
New Zealand		PEP 50120	36.00	2,100,000	–	–
New Zealand		PEP 50121	36.00	3,400,000	–	–
Norway	Barents Sea	PL 449	70.00	3,500,000	–	–
Pakistan	Gambat		35.00	6,100,000	–	–
Pakistan	Latif		33.40	2,030,000	9,680,000	–
Pakistan	South-West Miano II		33.40	4,600,000	–	–
Pakistan	Zamurdan		30.00	1,400,000	–	–
Pakistan	Sari South		20.00	2,000,000	–	–
Tunisia	Ashtart		50.00	19,000,000	–	–
Tunisia	Jenein Sud		100.00	10,000,000	–	–
UK	Central North Sea	19/3, 4 P1097	20.00	4,000,000	–	–
UK	West of Shetland	204/13 P1190	50.00	50,000	–	–
UK	West of Shetland	204/14a	32.50	50,000	–	–
Yemen	Al Mabar	Block 2	87.50	13,289,000	8,000,000	–

Joint ventures
Summarized balance sheet and income statement information for companies consisting predominantly of joint ventures:

Summary information for joint ventures included in consolidation		EUR 1,000
	2007	2006
Current assets	721,785	677,036
Non-current assets	1,192,773	1,169,016
Current liabilities	777,285	720,987
Non-current liabilities	737,679	758,564
Net sales	1,342,880	1,056,070
Earnings before interest and taxes (EBIT)	821,821	686,569
Net income for year	478,430	424,797

Supplementary oil and gas disclosures (unaudited)

34 Supplementary oil and gas disclosures (unaudited)

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 the US Statement of Financial Accounting Standard (SFAS) 69 (Disclosures about Oil and Gas producing Activities) as if it was reporting under US GAAP. However, to the extent certain of the information in this Note represents historical cost financial statement data, such data has been based on the Group's IFRS figures and has not been restated in accordance with US GAAP.

The individual countries are summarized in areas; these areas include the following countries:

Petrom: Romania, Kazakhstan, Russia (since 2006)

Rest of Europe: Albania, Bulgaria, Faroer Islands, Germany, Ireland, Norway (since 2006), United Kingdom

Africa: Libya, Tunisia

Middle East: Iran, Kurdistan Region of Iraq (since 2007), Qatar (sold 2006), Pakistan, Yemen

Oceania: Australia, New Zealand

South America: Ecuador (sold 2006), Venezuela

As a result of OMV holding 51% of Petrom, it is fully consolidated; figures for Petrom therefore include 100% of Petrom assets.

a) Capitalized costs

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

Capitalized costs — EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America [1]	**Total**
2007								
Unproved oil and gas properties	111,994	166,951	87,798	47,516	48,689	17,033	–	**479,981**
Proved oil and gas properties	1,238,101	2,627,585	552,814	772,110	117,749	434,699	–	**5,743,058**
Total	**1,350,095**	**2,794,536**	**640,612**	**819,626**	**166,438**	**451,732**	**–**	**6,223,039**
Accumulated depreciation	(776,411)	(654,554)	(437,604)	(468,656)	(53,034)	(128,133)	–	**(2,518,392)**
Net capitalized costs [2]	**573,684**	**2,139,982**	**203,007**	**350,970**	**113,404**	**323,600**	**–**	**3,704,647**
2006								
Unproved oil and gas properties	62,336	91,792	44,022	39,496	22,675	4,250	–	**264,571**
Proved oil and gas properties	1,102,419	2,289,452	609,192	754,680	88,427	353,273	–	**5,197,443**
Total	**1,164,755**	**2,381,244**	**653,214**	**794,176**	**111,102**	**357,523**	**–**	**5,462,014**
Accumulated depreciation	(734,667)	(436,842)	(439,452)	(435,577)	(35,623)	(81,950)	–	**(2,164,112)**
Net capitalized costs [2]	**430,088**	**1,944,402**	**213,762**	**358,599**	**75,479**	**275,572**	**–**	**3,297,902**

Capitalized costs EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America [1]	**Total**
2005								
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 [2]	**405,088**	**1,651,930**	**212,774**	**345,451**	**83,991**	**221,586**	**59,495**	**2,980,316**

[1] In 2006, the assets in Ecuador have been sold and the assets in Venezuela have been written off.
[2] In 2007, capitalized costs include EUR 14 mn for assets held for sale in the UK. In 2006, capitalized costs include carrying amounts of assets held for sale in Tunisia of EUR 10 mn. The field Dunlin in the UK has been reclassified from assets held for sale. In 2005, capitalized costs include carrying amounts of assets held for sale in Ecuador of EUR 36 mn, in Qatar of EUR 8 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 currencies have been converted using the average foreign exchange rate of the year.

Costs incurred EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	**Total**
2007								
Acquisition of proved properties	—	—	—	—	—	—	—	**—**
Acquisition of unproved properties	—	—	—	—	—	—	—	**—**
Decommissioning costs	7,480	—	—	234	—	—	—	**7,714**
Exploration costs	13,527	160,218	54,189	17,093	53,401	32,862	—	**331,289**
Development costs [1]	214,979	782,839	66,470	58,872	30,376	92,346	—	**1,245,883**
Costs incurred	**235,987**	**943,057**	**120,659**	**76,199**	**83,777**	**125,208**	**—**	**1,584,887**
2006								
Acquisition of proved properties	—	—	—	—	—	(561)	—	**(561)**
Acquisition of unproved properties [2]	—	53,250	—	—	—	—	—	**53,250**
Decommissioning costs	7,000	3,290	—	43	—	—	—	**10,333**
Exploration costs	34,612	57,951	30,160	61,544	11,930	4,282	—	**200,479**
Development costs	94,656	334,574	46,098	41,146	23,715	86,320	12,053	**638,561**
Costs incurred	**136,268**	**449,065**	**76,258**	**102,733**	**35,645**	**90,042**	**12,053**	**902,062**

Costs incurred EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	**Total**
2005								
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 costs [1]	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**

[1] In 2007, development costs include EUR 7 mn from assets held for sale in the UK. In 2005, development costs include EUR 5.5 mn from discontinued operations.
[2] The amount is disclosed net of attributed deferred taxes of EUR 16,816 thousand.

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 taxes are hypothetically calculated, based on the statutory tax rates and the effect of tax credits on investments and loss carryforwards.

Results of operations of oil and gas producing activities EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	**Total**
2007								
Sales to unaffiliated parties	(1,280)	142,341	165,298	138,301	81,918	169,676	—	**696,255**
Intercompany sales and sales to affiliated parties	535,693	2,115,987	—	649,725	26,963	—	—	**3,328,368**
Result from asset sales [1]	50	113	—	13,758	4	(2)	—	**13,923**
	534,463	**2,258,441**	**165,298**	**801,784**	**108,886**	**169,674**	**—**	**4,038,545**
Production costs	(97,367)	(903,964)	(28,877)	(58,255)	(13,865)	(26,146)	—	**(1,128,474)**
Royalties	(62,958)	(159,195)	—	(7,413)	(10,841)	(7,430)	—	**(247,836)**
Exploration expenses	(13,527)	(116,943)	(44,427)	(11,580)	(15,018)	(19,702)	—	**(221,197)**
Depreciation and non-scheduled depreciation [2]	(48,191)	(219,048)	(48,206)	(54,905)	(19,656)	(48,203)	—	**(438,210)**
Other costs	(342)	132	(3,299)	(1,400)	827	45	(847)	**(4,886)**
	(222,385)	**(1,399,018)**	**(124,809)**	**(133,553)**	**(58,553)**	**(101,437)**	**(847)**	**(2,040,602)**
Results before income taxes	**312,077**	**859,424**	**40,488**	**668,231**	**50,333**	**68,237**	**(847)**	**1,997,944**
Income taxes [3]	(80,503)	(135,491)	(25,287)	(280,538)	(16,913)	(808)	—	**(539,541)**
Results from oil and gas properties [4]	**231,574**	**723,933**	**15,201**	**387,693**	**33,420**	**67,429**	**(847)**	**1,458,403**
Storage fee [5]	40,556	—	—	—	—	—	—	**40,556**

Results of operations of oil and gas producing activities — EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	Total
2006								
Sales to unaffiliated parties	(63)	264,638	184,695	26,939	84,680	78,491	47,531	**686,912**
Intercompany sales and sales to affiliated parties	532,438	1,925,398	—	607,401	—	—	—	**3,065,237**
Result from asset sales [1]	1,886	57,700	—	8,345	1,872	2,376	(13,525)	**58,654**
	534,262	**2,247,736**	**184,695**	**642,685**	**86,552**	**80,867**	**34,006**	**3,810,803**
Production costs	(96,264)	(831,620)	(29,355)	(52,227)	(7,665)	(18,648)	(15,486)	**(1,051,265)**
Royalties	(70,090)	(158,370)	—	(8,324)	(11,316)	(2,802)	—	**(250,902)**
Exploration expenses	(32,683)	(49,624)	(36,888)	(36,940)	(10,490)	(4,282)	—	**(170,908)**
Depreciation and non-scheduled depreciation [2]	(42,381)	(230,101)	(40,202)	(52,164)	(11,078)	(15,646)	(26,019)	**(417,590)**
Other costs	91	(16,627)	4,304	(4,236)	(1,052)	557	(5,420)	**(22,382)**
	(241,327)	**(1,286,342)**	**(102,142)**	**(153,891)**	**(41,601)**	**(40,821)**	**(46,925)**	**(1,913,048)**
Results before income taxes	**292,935**	**961,394**	**82,553**	**488,794**	**44,952**	**40,046**	**(12,919)**	**1,897,755**
Income taxes [3]	(84,844)	(157,213)	(49,649)	(149,338)	(11,975)	—	(3,883)	**(456,902)**
Results from oil and gas properties [4]	**208,091**	**804,181**	**32,905**	**339,455**	**32,977**	**40,046**	**(16,802)**	**1,440,853**
Storage fee [5]	42,228	—	—	—	—	—	—	**42,228**
2005								
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	(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 [2]	(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 taxes	**232,315**	**736,188**	**97,517**	**411,718**	**34,133**	**4,859**	**12,926**	**1,529,657**
Income taxes [3]	(62,696)	(116,876)	(47,541)	(131,163)	(1,342)	—	(4,580)	**(364,199)**
Results from oil and gas properties [4]	**169,619**	**619,312**	**49,976**	**280,556**	**32,791**	**4,859**	**8,346**	**1,165,458**
Storage fee [5]	36,546	—	—	—	—	—	—	**36,546**

1 In 2007, the asset Chergui (Tunisia) was sold. In 2006, the sales of Ecuador, Qatar and Halk el Menzel (Tunisia) were included in this item.
2 2007: The Rest of Europe caption contains a write-off in the UK (Suilven, EUR 21 mn).
2006: The Petrom caption includes write-offs in Kazakhstan (Sinelnikove, EUR 27 mn), the South America caption contains the write-off of Venezuela (EUR 25 mn).
2005: The Africa caption contains a write-off in Tunisia of EUR 21 mn.
3 Income taxes do not include deferred taxes. Income taxes in the Rest of Europe include corporation tax and Petroleum Revenue Tax (PRT). The PRT liability arises from the net cash flow of several producing fields in the UK. 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.
4 In 2007, EUR 3 mn are included from assets held for sale in the UK. In 2006, results include EUR 9 mn from discontinued operations in Ecuador and Qatar. The 2005 results include EUR 13 mn from discontinued operations.
5 Inter-segmental rental fees before taxes received from the Gas segment for providing gas storage capacities.

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 — **mn bbl**

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	**Total**
Proved developed and undeveloped reserves as of January 1, 2005	**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	—	—	—	—	—	—	—	**—**
Disposal	—	—	—	—	—	(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**
Revisions of previous estimates	6.8	(12.3)	0.9	7.8	—	1.5	—	**4.8**
Purchases	—	—	—	—	—	—	—	**—**
Disposal	—	—	—	—	(1.0)	—	(13.5)	**(14.6)**
Extensions and discoveries	0.3	13.8	—	5.5	8.0	—	—	**27.6**
Production	(6.3)	(35.6)	(3.3)	(13.3)	(0.1)	(1.0)	(2.0)	**(61.6)**
Proved developed and undeveloped reserves as of December 31, 2006	**56.0**	**544.1**	**17.0**	**92.0**	**8.0**	**21.3**	**—**	**738.4**
Revisions of previous estimates	5.9	(4.3)	—	10.8	2.0	1.9	—	**16.2**
Purchases	—	—	—	—	—	—	—	**—**
Disposal	—	—	—	(0.1)	—	—	—	**(0.1)**
Extensions and discoveries	0.2	2.6	0.5	0.3	—	—	—	**3.6**
Production	(6.2)	(34.0)	(2.6)	(14.6)	(0.6)	(1.8)	—	**(59.8)**
Proved developed and undeveloped reserves as of December 31, 2007 [1]	**55.9**	**508.3**	**14.8**	**88.5**	**9.3**	**21.4**	**—**	**698.3**
Proved developed reserves								
as of December 31, 2005	45.8	394.0	19.1	84.5	1.1	0.9	13.7	**559.2**
as of December 31, 2006	49.2	410.4	15.9	80.4	2.7	4.4	—	**563.0**
as of December 31, 2007	49.1	374.3	13.4	78.0	9.3	6.0	—	**530.3**

[1] In 2007, 0.6 mn bbl are included from assets held for sale in the UK. In 2005, 2.8 mn bbl are included corresponding to the baseline production to be earned under an extraction service contract as well as reserves of 1.3 mn bbl in the UK, 1.1 mn bbl in Qatar and 6.5 mn bbl in Ecuador from discontinued operations.

Gas	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	Total (bcf)
Proved developed and undeveloped reserves as of January 1, 2005 [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**
Revisions of previous estimates	18.7	92.4	6.1	—	(29.1)	18.5	**106.6**
Purchases	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	—	—
Extensions and discoveries	0.2	34.6	—	—	—	—	**34.9**
Production	(46.6)	(211.0)	(8.8)	—	(40.3)	(10.9)	**(317.6)**
Proved developed and undeveloped reserves as of December 31, 2006 [1]	**544.4**	**2,144.0**	**37.3**	**19.6**	**225.2**	**100.6**	**3,071.1**
Revisions of previous estimates	24.3	133.0	0.3	—	(46.1)	24.0	**135.5**
Purchases	—	—	—	—	—	—	—
Disposals	—	—	—	(19.6)	—	—	**(19.6)**
Extensions and discoveries	1.0	11.7	—	—	—	—	**12.7**
Production	(48.9)	(205.2)	(7.1)	—	(40.1)	(20.3)	**(321.6)**
Proved developed and undeveloped reserves as of December 31, 2007 [1]	**520.8**	**2,083.5**	**30.5**	**—**	**139.0**	**104.3**	**2,878.2**
Proved developed reserves							
as of December 31, 2005	404.3	1,949.0	38.2	—	222.8	10.5	**2,624.8**
as of December 31, 2006	276.8	1,595.3	37.1	—	156.2	63.6	**2,129.0**
as of December 31, 2007	328.3	1,529.3	29.9	—	78.8	89.7	**2,056.0**

[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 volumes, 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.

Standardized measure of discounted future net cash flows **EUR 1,000**

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	**Total**
2007								
Future cash inflows	6,284,329	36,445,869	1,108,131	5,565,030	868,509	1,770,763	—	**52,042,630**
Future production and decommissioning costs	(2,380,752)	(18,821,248)	(420,009)	(705,241)	(322,482)	(794,393)	—	**(23,444,125)**
Future development costs	(622,068)	(904,277)	(21,083)	(146,872)	(36,473)	(302,228)	—	**(2,033,000)**
Future net cash flows, before income taxes	**3,281,508**	**16,720,344**	**667,039**	**4,712,917**	**509,554**	**674,142**	—	**26,565,505**
Future income taxes	(1,376,479)	(4,335,324)	(374,132)	(1,411,543)	(148,640)	(231,403)	—	**(7,877,521)**
Future net cash flows, before discount	**1,905,029**	**12,385,020**	**292,908**	**3,301,374**	**360,914**	**442,739**	—	**18,687,984**
10% annual discount for estimated timing of cash flows	(668,956)	(6,411,501)	(63,622)	(915,073)	(109,309)	(88,102)	—	**(8,256,562)**
Standardized measure of discounted future net cash flows	**1,236,073**	**5,973,519**	**229,286**	**2,386,300**	**251,606**	**354,638**	—	**10,431,421**
2006								
Future cash inflows	4,639,631	29,095,765	935,614	4,198,394	835,999	1,454,787	—	**41,160,190**
Future production and decommissioning costs	(2,490,016)	(15,332,722)	(332,875)	(484,657)	(197,088)	(568,787)	—	**(19,406,145)**
Future development costs	(459,765)	(1,108,118)	(52,719)	(223,062)	(67,268)	(422,250)	—	**(2,333,182)**
Future net cash flows, before income taxes	**1,689,851**	**12,654,925**	**550,020**	**3,490,675**	**571,643**	**463,750**	—	**19,420,863**
Future income taxes	(486,938)	(2,164,681)	(290,061)	(952,256)	(247,692)	(129,882)	—	**(4,271,511)**
Future net cash flows, before discount	**1,202,912**	**10,490,244**	**259,959**	**2,538,419**	**323,951**	**333,868**	—	**15,149,353**
10% annual discount for estimated timing of cash flows	(500,108)	(5,675,407)	(67,320)	(778,940)	(100,280)	(112,568)	—	**(7,234,624)**
Standardized measure of discounted future net cash flows	**702,804**	**4,814,838**	**192,638**	**1,759,478**	**223,670**	**221,300**	—	**7,914,729**

Standardized measure of discounted future net cash flows — EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	**Total**
2005								
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**

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

Changes in the standardized measure of discounted future net cash flows — EUR 1,000

	2007	2006	2005
Beginning of year	**7,914,729**	**10,314,537**	**5,553,925**
Oil and gas sales and transfers produced, net of production costs	(1,979,051)	(2,619,572)	(1,690,827)
Net change in prices and production costs	4,443,856	(1,098,128)	5,676,142
Net change due to purchases and sales of minerals in place	13,764	(134,000)	(30,211)
Net change due to extensions and discoveries	107,541	840,511	235,318
Development and decommissioning costs incurred during the period	844,777	299,411	327,942
Changes in estimated future development and decommissioning costs	(336,137)	(1,270,019)	(262,277)
Revisions of previous reserve estimates	738,436	559,439	104,049
Accretion of discount	725,496	976,589	530,658
Net change in income taxes	(1,682,083)	(412,926)	(407,201)
Other [1]	(359,907)	458,886	277,018
End of year [2]	**10,431,421**	**7,914,729**	**10,314,537**

[1] The caption Other represents the impact of movements in foreign exchange rates versus the EUR.
[2] In 2007, EUR 5 mn are included from assets held for sale in the UK. In 2005, EUR 52 mn were included from discontinued operations.

Vienna, March 26, 2008

The Executieve Board

Abbreviations and definitions

ACC Austrian Company Code

ACCG Austrian Code of Corporate Governance

AGM Annual General Meeting

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

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

Bitumen is produced when high grade crude oil is distilled. It is used to surface roads, and in roofing and insulation materials.

bn, mn billion, million

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

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

CFPS cash flow from operating activities per share

Co&O Corporate and Other

EBIT earnings before interest and taxes

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

EU, EUR European Union, euro

EPS earnings per share

EPSA Exploration and Production Sharing Agreement

E&P Exploration and Production

G&P Gas and Power

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

HSE Health, Safety, Security and Environment

IASs, IFRSs International Accounting Standards, International Financial Reporting Standards

LTIR lost time incident rate

monomers collective term for ethylene and propylene

MW megawatt

n.a., n.m. not available, not meaningful

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

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

NGL natural gas liquids; natural gas which is extracted in liquid form during the production of hydrocarbons

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 +/– tax effect of adjustments

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

PRT, PRRT Petroleum Revenue Tax, Petroleum Resource Rent Tax – these taxes exist in the UK and Australia

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

RON New Romanian Leu

R&M Refining and Marketing including petrochemicals

sales revenues sales excluding petroleum excise tax

SEC United States Securities and Exchange Commission

SFAS Statement on Financial Accounting Standards

t, toe metric ton, ton of oil equivalent

TRIR total recordable incident rate

USD US dollar

WACC weighted average cost of capital

For more abbreviations and definitions please visit www.omv.com

Five-year summary

Five-year summary **EUR mn**

	2007	2006	2005	2004	2003
Sales	20,042	18,970	15,580	9,829	7,644
Earnings before interest and taxes (EBIT)	2,184	2,061	1,958	975	644
Income from ordinary activities	2,412	2,156	1,948	1,015	596
Taxes on income	(569)	(506)	(488)	(324)	(203)
Net income before minorities	1,843	1,658	1,496	690	393
Net income after minorities	1,579	1,383	1,256	689	392
Clean EBIT	2,377	2,257	2,305	1,008	705
Clean net income after minorities	1,649	1,521	1,391	711	432
Balance sheet total	21,250	17,804	15,451	13,236	7,517
Equity	10,340	9,176	7,694	5,762	2,685
Net debt	2,453	630	(126)	692	1,081
Average capital employed [1]	11,735	9,120	7,495	4,670	3,751
Cash flow from operations	2,066	2,027	2,108	1,039	939
Capital expenditure	4,118	2,518	1,439	2,297	1,381
Depreciation	977	810	794	480	435
Earnings before interest, taxes and depreciation (EBITD)	3,161	2,877	2,752	1,454	1,076
Net operating profit after tax (NOPAT)	1,869	1,682	1,492	718	435
Return on average capital employed (ROACE) [1]	16%	18%	20%	15%	12%
Return on equity (ROE) [1]	19%	20%	22%	19%	15%
Stockholders' equity to total assets	49%	52%	50%	44%	36%
Gearing ratio	24%	7%	(2)%	12%	40%
Dividend per share [2, 3] in EUR	1.25	1.05	0.90	0.44	0.40
Earnings per share [2] in EUR	5.29	4.64	4.21	2.55	1.46
Clean earnings per share [2] in EUR	5.52	5.10	4.66	2.64	1.61
Employees as of December 31	33,665	40,993	49,919	57,480	6,137

Figures 2004–2007 according to IFRS, 2003 according to ACC.

[1] 2004: Adjusted for impact of Petrom acquisition.

[2] Figures for 2003 and 2004 adopted according to stock split by the ratio of 1:10.

[3] Proposal to the Annual General Meeting for 2007.

Move & More. OMV

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In the interest of a fluid style, which is easy to read, non-gender specific terms have been used throughout the annual report. For the production of this report we used environmentally-friendly products.

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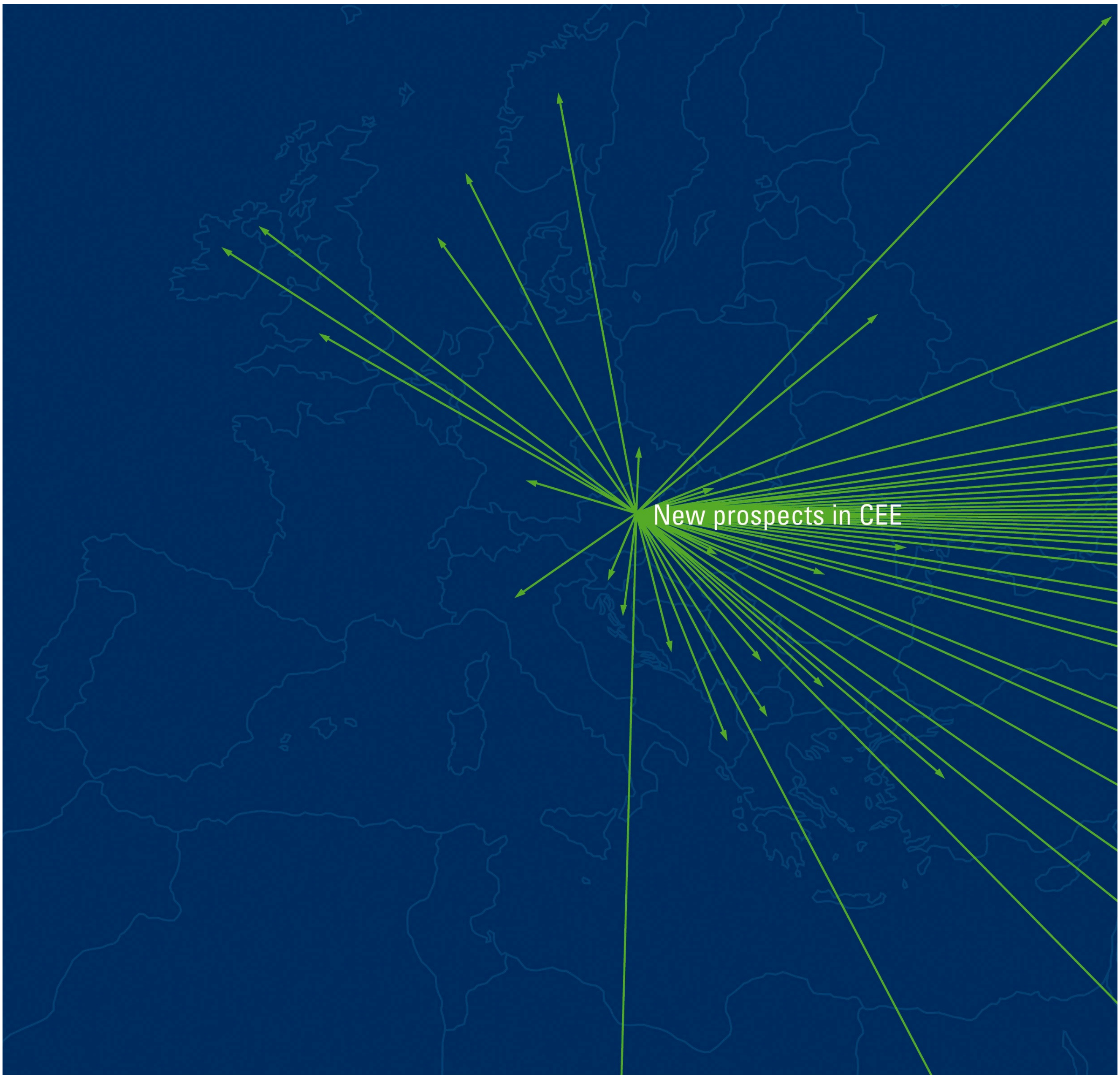

Move and More

OMV

Annual Report 2007 of OMV Aktiengesellschaft

Executive Board

Wolfgang Ruttenstorfer (*1950)
As of January 1, 2002, Chairman and Chief Executive Officer. Mr Ruttenstorfer 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, with responsibility for Finance and the Gas segment.

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

Werner Auli (*1960)
As of January 1, 2007, member of the Executive Board; responsible for Gas and Power. After graduating from the Technical University in Vienna, Mr Auli started his career with OMV in 1987. From 2002 to 2004 he worked as general manager of the 50% OMV subsidiary EconGas GmbH. In 2004 he became the general manager of OMV Gas GmbH and since 2006 he has been the head of OMV Gas International GmbH.

David C. Davies (*1955)
As of April 1, 2002, Chief Financial Officer. Mr Davies graduated from the University of Liverpool (UK) in economics in 1978 and began his career as a chartered accountant. He subsequently held positions in international companies in the beverage, food and health industries. Before joining OMV he was finance director of a number of UK companies.

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

The terms of office of the Board members run until the end of March 2010 (Werner Auli until the end of December 2009). 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, Wiener Städtische Wechselseitige Versicherungsanstalt and F. Hoffmann-La Roche AG); Roiss (member of the Supervisory Board of Österreichische Post AG); Langanger (member of the Supervisory Board of Schoeller-Bleckmann Oilfield Equipment AG)..

Statement by the Chairman of the Supervisory Board

Dear shareholders,

The 2007 financial year brought another record profit, and featured major projects and initiatives aimed at keeping OMV on its course of profitable growth. At this particularly challenging time in the history of our industry, we need to position OMV to play a lasting role in the consolidation of the international oil and energy sectors, without losing sight of our environmental and social responsibilities. I see it as the task of the Supervisory Board to assist the Executive Board in developing the Group's strategy, and to exercise sufficient control to balance its risks and opportunities so as to ensure that shareholders continue to receive an appropriate return.

Corporate governance, good teamwork on the Supervisory Board, close cooperation with the Executive Board, and regular, timely and comprehensive information create a sound basis for us to perform this role.

The following key issues were discussed at Supervisory Board meetings:

- The integration of Petrom, and its acquisition of the oil service activities of Petromservice in order to gain operational control of them.
- Strengthening the gas business through projects related to supply source diversification, and the transportation and liquefaction of natural gas.
- Expanding cooperation with IPIC – notably through the transfer of its interests in AMI Agrolinz Melamine International to Borealis. Here, particular importance was attached to obtaining two fairness opinions, and to IPIC's abstention from the discussion and the vote on the transaction.
- The Declaration of Intent regarding the combination of OMV and MOL, including the procedure, financing, strategic and value creation aspects. The Supervisory Board believes this combination should be pursued energetically, and is supporting the Executive Board in this difficult process.

A Supervisory Board meeting was again devoted exclusively to strategy, so as to be in a position to monitor implementation on the basis of goals formulated jointly with the Executive Board. Among other matters, the Board's committees dealt with selected areas of control such as risk management and internal audit reports. In the course of committee meetings we were also able to reassure ourselves that comprehensive employee development, succession planning arrangements, and a functioning issuer compliance system are in place.

In 2007, the Supervisory Board carried out a self-evaluation in accordance with international standards. This was aimed at continuously improving our working methods so as to ensure that we are capable of continuing to fulfil our responsibilities to shareholders and all stakeholders.

Annual financial statements and dividend
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 Stock Corporation Act, and the Company's financial statements for 2007, which were thereby adopted under section 125 (2) of the Act. The Board also approved the consolidated financial statements and the Group Directors' report.

The Supervisory Board has approved the Executive Board's proposal to pay a dividend of EUR 1.25 per share and to carry forward the remaining EUR 81,138.38 to new account.

Finally, I should like to congratulate the Executive Board and the entire workforce on these results, and thank them for their dedication to OMV.

Vienna, March 26, 2008

Rainer Wieltsch
Chairman of the Supervisory Board

Members of the Supervisory Board

Rainer Wieltsch (*1944), Chairman
First elected at the AGM held on May 24, 2002
Member of the Supervisory Boards of: Austrian Airlines Österreichische Luftverkehrs AG, Österreichische Post AG, Telekom Austria AG

Mohamed Nasser Al Khaily (*1966), Deputy Chairman [1]; First elected at the AGM held on June 7, 1995; Managing Director of IPIC until May 28, 2007; Member of the Supervisory Board of: Compañía Española Petroleos S.A.

Peter Michaelis (*1946), Deputy Chairman, First elected at the AGM held on May 23, 2001; Member of the Management Board of ÖIAG, Member of the Supervisory Boards of: Austrian Airlines Österreichische Luftverkehrs AG (Chairman), Österreichische Post AG (Chairman), Telekom Austria AG (Chairman)

Murtadha Mohammed Al Hashemi (*1966)
First elected at the AGM held on May 18, 1999; Division Manager/Finance of IPIC, Member of the Supervisory Board of: Compañía Española Petroleos S.A.

Helmut Draxler (*1950); First elected at the AGM held on October 16, 1990; until January 12, 2007 Chairman of the Management Board of RHI AG; Member of the Supervisory Board of: RHI AG

Wolfram Littich (*1959); First elected at the AGM held on May 23, 2001 Chairman of the Management Board of Allianz Elementar Versicherungs-AG

Gerhard Mayr (*1946); First elected at the AGM held on May 24, 2002 Member of the Supervisory Boards of: Lonza Group Ltd, UCB S.A., Alcon

Herbert Stepic (*1946); First elected at the AGM held on May 18, 2004 Deputy Chairman of the Management Board of Raiffeisen Zentralbank Österreich AG

Herbert Werner (*1948); First elected at the AGM held on June 4, 1996 Member of the Supervisory Boards of: Innstadt Brauerei AG (Chairman), Ottakringer Brauerei AG

Norbert Zimmermann (*1947); First elected at the AGM held on May 23, 2001 Chairman of the Management Board of Berndorf AG; Member of the Supervisory Boards of: Schoeller- Bleckmann Oilfield Equipment AG (Chairman), Bene AG, Oberbank AG

Delegated by the Group Works Council:
Leopold Abraham, Wolfgang Baumann, Franz Kaba, Ferdinand Nemesch, Wolfgang Weigert (until February 23, 2007), Markus Simonovsky (since February 23, 2007)

These disclosures comprise all seats on Supervisory Boards and comparable functions in Austrian or foreign listed companies. The terms of all the members of the Supervisory Board run until the AGM in 2009. Members delegated by the Group Works Council may be recalled at any time.

Presidential and Nomination Committee: Wieltsch (Chairman), Al Khaily (Deputy Chairman), Michaelis (Deputy Chairman), Al Hashemi, Abraham, Baumann

Audit Committee: Wieltsch (Chairman), Al Khaily (Deputy Chairman), Michaelis (Deputy Chairman), Littich, Draxler, Werner, Abraham, Baumann, Nemesch

Project Committee: Wieltsch (Chairman), Al Khaily (Deputy Chairman), Michaelis (Deputy Chairman), Al Hashemi, Littich, Zimmermann, Abraham, Kaba, Nemesch

Remuneration Committee: Wieltsch (Chairman), Al Khaily, Michaelis

Number of meetings: Five Supervisory Board meetings took place, thereof one strategic meeting. Furthermore, the Audit and Remuneration Committee met twice, the Project Committee as well as the Presidential and Nomination Committee each held a meeting once.

All the shareholder representatives have declared their independence from the Company and its Executive Board during the 2007 financial year and up to the time of making such declaration (Rule 53 ACCG). Under Rule 54 ACCG, Supervisory Board members Draxler, Littich, Mayr, Stepic, Werner and Zimmermann have made a declaration stating that they had no connections to any major shareholders during the 2007 financial year and up to the time of making such declaration. Under the articles of incorporation, the Annual General Meeting (AGM) resolves the remuneration of the elected members of the Supervisory Board for the past financial year. The following remuneration for the 2006 financial year was approved at the AGM 2007:

EUR 29,200 for the Chairman
EUR 21,900 for the Deputy Chairmen
EUR 14,600 for the ordinary members
EUR 12,000 for the Committee Chairmen
EUR 10,000 for the Committee Deputy Chairmen
EUR 8,000 for Committee members

[1] Al Khaily attended less than 50% of the Supervisory Board and Committee meetings.

Directors' report

Business developments in 2007

Sales for the 2007 financial year were EUR 74.44 mn (2006: EUR 91.94 mn). As OMV Aktiengesellschaft is a pure holding company, most of the sales consist of corporate service charges billed to the successor companies.

The decline in **EBIT** is largely a reflection of increased expenses arising from the stock option program, and of the harmonization of the method of calculating the provisions for the program with the IFRS treatment. EBIT was negative by EUR 41.61 mn (2006: negative EUR 25.21 mn).

The **financial result** in 2007 was EUR 1,121.57 mn (2006: EUR 1,210.66 mn).

Owing to the fact that OMV Aktiengesellschaft acts as a pure holding company the financial items chiefly relate to dividend payments and income from tax pooling agreements. **Income from equity interests** was well up on the previous year at EUR 1,106.83 mn (2006: EUR 886.47 mn). Dividends from Petrom increased markedly on 2006, to EUR 155.22 mn (2006: EUR 108.94 mn), mainly as a result of higher crude oil prices.

The contribution of the **Exploration and Production** (E&P) segment excluding Petrom to income from equity interests rose sharply to EUR 614.99 mn, buoyed by higher crude oil and gas prices.

Investment income from the **Refining and Marketing** (R&M) segment excluding Petrom advanced to EUR 185.71 mn. The main factor behind the upturn was a higher dividend from OMV Deutschland.

Investment income from the **Gas** segment excluding Petrom jumped to EUR 130.59 mn. This improvement was mainly driven by a pick-up in storage business and the expansion of transit system capacity.

Investment expenditure
The largest investment in 2007 was the increase in the holding in Petrol Ofisi – the Turkish retail and commercial market leader – from 34% to 39.58%. Petrol Ofisi has about 3,600 outlets, and is the only operator in Turkey with a nationwide retail network.

During the second half of 2007, OMV Aktiengesellschaft's 50% holding in AMI Agrolinz Melamine International GmbH – a leading melamine and fertilizer producer – was transferred to Borealis. The transaction changed the ownership structure of Borealis, in which IPIC now holds 64% (previously 65%) and OMV 36% (formerly 35%). OMV Aktiengesellschaft holds 3.33% of Borealis directly, and 32.67% through OMV Refining & Marketing.

Convertible bonds
In 2004, OMV Aktiengesellschaft floated a EUR 550 mn convertible bond issue to part-finance the acquisition of the Romanian company, Petrom. Owing to our strong cash flow in 2006 and 2007, and our desire to avoid diluting existing shareholders we redeemed the convertible bonds in 2007. We repurchased convertible bonds worth EUR 499.27 mn in 2006, and the remaining EUR 50.73 mn in 2007. Because of the sharp run-up in our stock and bond prices, the buyback resulted in a loss of EUR 0.32 mn which was recognized as expense (2006: EUR 191.20 mn). Other conversions, using own shares, took place during the year, giving rise to EUR 17.82 mn in expense. The remaining 326 bonds were redeemed at a cost of EUR 6 thousand.

Cash flows from operating activities for financial 2007 were positive by EUR 1,101.18 mn (2006: EUR 754.10 mn), and cash flows from investing activities by EUR 49.27 mn (2006: EUR negative by 824.52 mn), while cash flows from financing activities turned negative by EUR 1,193.53 mn (2006: positive by EUR 24.19 mn). The principal financing activities items were the convertible bond buyback, a dividend payment of EUR 311,940 thousand, and borrowing of EUR 594,714 thousand via OMV Clearing und Treasury GmbH to cover external financing of OMV Aktiengesellschaft. The main investing activities items were the acquisition of an additional interest of about 6% in Petrol Ofisi and repayments of long-term receivables.

Net income for the year was EUR 1,078.32 mn (2006: EUR 1,262.87 mn).

Total assets rose to EUR 8,049.73 mn (2006: EUR 7,454.77 mn).

At balance sheet date **stockholders' equity** including untaxed reserves was EUR 6,174.89 mn (2006: EUR 5,408.61 mn). The equity ratio as of December 31, 2007 was 76.71% (2006: 72.55%).

The ratio of **fixed assets** to total assets was 57.04% at balance sheet date (2006: 62.26%). Fixed assets were 65.43% (2006: 73.87%) covered by equity and long-term borrowings.

Return on equity (**ROE**), i.e. net income for the year/average stockholders' equity) was 19% (2006: 26%).

In 2007, the average number of **employees** at the holding company was 113 (2006: 100).

Disclosure in accordance with section 243a Austrian Business Code (ABC)

1. The capital stock is EUR 300,000,000, divided into 300,000,000 bearer shares of no par value. There is only one class of share.

2. There is a consortium agreement between the core stockholders, International Petroleum Investment Company (IPIC) and Österreichische Industrieholding Aktiengesellschaft (ÖIAG) which provides for block voting and certain limitations to transfers of stockholdings.

3. ÖIAG holds 31.5% and IPIC 17.6% of the capital stock.

4. There are no shares conferring special rights of control.

5. Employee stockholders can exercise their voting rights directly at the Annual General Meeting.

6. The Company's Executive Board must consist of between two and six members. Candidates who would complete their final term of office after reaching the age of 66 may not be appointed. The Company's Supervisory Board must consist of at least six members elected by the General Meeting and of the members nominated under Section 110 (1) Arbeitsverfassungsgesetz (Austrian Labor Relations Act). Members of the Supervisory Board may not be over 65 years of age at the time of their election. For capital increases under section 149 AktG (Austrian Stock Corporation Act) and amendments to the articles of incorporation (other than changes in the company’s objects) a simple majority of the votes cast and of the capital represented at the meeting is sufficient.

7. a) The Executive Board was authorized by resolution of the Annual General Meeting held on May 24, 2007, subject to the consent of the Supervisory Board, to increase the capital stock of the company by May 23, 2012, in one or more tranches, by an aggregate amount not exceeding EUR 36.35 mn, by issuance of up to 36,350,000 new shares of no par value in bearer form against cash or contributions in kind, but excluding shareholders' rights of subscription in the event of contributions in kind and, subject to the consent of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital).

   b) The capital stock has been conditionally increased by up to EUR 36.35 mn under section 159 (2) (1) Austrian Stock Corporation Act by issuance of up to 36,350,000 shares of no par value in bearer form (conditional capital).The conditional capital increase may only be effected if holders of the convertible bonds issued on the basis of the resolution of the General Meeting held on May 24, 2007 exercise their right to convert them into the Company’s stock.

   c) The total number of new shares actually or potentially to be issued under the terms and conditions of the convertible bonds, and the number of shares to be issued from the authorized capital may not exceed 36,350,000 (determination of the amounts of the authorizations in accordance with clauses a) and b)); the conversion rights of the holders of the convertible bonds must under all circumstances be granted.

   d) The Annual General Meeting held on May 24, 2007 authorized the Executive Board for a period of 18 months from the date of the resolution to purchase the Company's stock up to the legal limit (currently 10% of the capital stock). The treasury shares can be used to satisfy the stock option plans and convertible bonds. The Company’s capital stock may also be reduced by retiring treasury shares without further resolution of the Annual General Meeting, and the treasury shares may sold on the stock market or by means of a pubic offering.

8. Under the terms of the agreement between OMV and Dogan Şirketler Grubu Holding A.S. (Dogan) regarding Petrol Ofisi A.S., in the event of a transfer of control at either OMV or Dogan to a strategic acquirer (i.e. an acquirers that includes OMV or Dogan in IFRS consolidation or enjoys equal rights of joint control with a third party), the other party is entitled to acquire a 34% interest in Petrol Ofisi A.S. until May 16, 2016 according to an agreed price formula, thereby terminating the partnership agreement.

9. There are no agreements between the Company and members of the Executive and Supervisory Boards or employees regarding the payment of compensation in the event of a public takeover bid.

Risk management

Risk management is a Group-wide integrated function embedded in Group Treasury at OMV Aktiengesellschaft. The Group-wide risk identification and assessment process is coordinated by the department and the risk of the entire portfolio is aggregated as a net position. A variety of risk management measures are taken on the basis of this position (which is mitigated by diversification effects), as part of the overall risk avoidance strategy. This concerns, in particular, direct financial risks including interest rate, foreign exchange, liquidity and pension risk. Group Treasury is also responsible for analyzing strategic price risk. In addition, OMV Aktiengesellschaft monitors the Group's exposure to investment risk (value at risk), as well as the transaction risks associated with major investments.

Interest rate and liquidity risk are managed by imposing limits. Derivatives (swaps) may be employed by Group Treasury for risk management purposes. Parts of the existing debt portfolio have been converted from fixed to variable interest rates.

Price hedges are proposed to the Executive Board by an operating committee, and are centrally managed and monitored. No strategic hedging of risks pertaining to 2007 was undertaken during the year. However, about 18% of the output of the E&P segment was hedged against the risk of a sharp price decline in 2008, by means of over-the-counter (OTC) transactions with top rated banks.

Foreign exchange risk management activities did not involve the use of derivatives to hedge long USD positions against transaction risks in 2007. The currency risk associated with investments (translation risk) – i.e. the impact on the income statement and balance sheet – is centrally monitored.

The fact that Group financing is highly centralized means that OMV Aktiengesellschaft is necessarily obliged to assume the default risk on behalf of Group companies. Frequent reviews of corporate intrayear liquidity planning permit constant monitoring of Group companies' status, and enable countermeasures to be taken where necessary.

The investments are regularly tested for impairment, using generally accepted valuation methods. Valuation adjustments are made as necessary.

Health, safety, security and environment (HSE)

OMV Aktiengesellschaft plays a dual role in HSE management, performing a strategic management function for the Group as a whole whilst also implementing these policies internally. Group directives and targets are also applied to the holding company. The focus of operational HSE activities is on health and safety. In 2007, there was one road accident. Apart from mounting a number of preventive health programs, during the year we set up a health circle to enable employees to voice their health concerns and make suggestions. Awareness of health, safety and environmental issues was raised through role descriptions, training courses and information events.

Outlook for 2008

We expect the main market parameters, including crude prices, refining margins and the USD exchange rate to remain highly volatile. We see the average crude price and USD exchange rate remaining at 2007 levels, despite high short-term volatility. We anticipate a slight decline in refining margins.

Vienna, March 26, 2008

The Executive Board

Balance sheet as of December 31, 2007

Assets	Note	2007	2006
			EUR 1,000
Fixed assets	1		
Intangible assets		0	0
Tangible assets		9,446	9,565
Financial assets		4,582,274	4,631,798
		4,591,720	**4,641,363**
Current assets			
Inventories			
Services not yet invoiced		0	6
Payments on account		16	–
		16	**6**
Accounts receivable and other assets	2		
Receivables from trade		0	506
Receivables from affiliated companies		3,368,908	2,652,190
Receivables from associated companies		0	4
Other receivables and other assets		36,692	51,481
		3,405,600	**2,704,181**
Own shares		13,930	14,141
Cash in hand, checks, and cash at bank		19,986	63,071
		3,439,532	**2,781,399**
Deferred taxes		**17,263**	**27,720**
Prepaid expenses and deferred charges		**1,213**	**4,289**
		8,049,728	**7,454,771**

Liabilities EUR 1,000

	Note	2007	2006
Stockholders' equity	3		
Capital stock		300,000	300,002
Capital reserves			
appropriate		1,006,610	1,006,608
unappropriated		334	334
Revenue reserves		4,473,961	3,766,848
Treasury stock		13,930	14,141
Unappropriated income thereof income brought forward in 2007: 3,268 (2006: 335)		374,587	315,208
		6,169,422	**5,403,141**
Untaxed reserves	4		
Valuation reserve for special depreciation allowances		5,464	5,464
Provisions	5		
Provisions for severance payments		6,694	5,798
Provisions for pensions		8,043	7,525
Provisions for taxes		21,550	–
Other provisions		83,369	76,673
		119,656	**89,996**
Liabilities	6		
Bonds		250,000	300,730
Amounts due to banks		941,662	1,080,465
Accounts payable from trade		11,825	9,854
Accounts payable to affiliated companies		317,202	378,408
Other liabilities		234,497	186,713
		1,755,186	**1,956,170**
		8,049,728	**7,454,771**
Contingent liabilities	7	1,529,414	533,870

Statement of income

		Note	2007	2006
				EUR 1,000
1.	**Sales**	8	**74,436**	**91,943**
2.	Changes in inventories of finished products, work in progress, and services not yet invoiced		(6)	4
3.	Other operating income	9	6,907	2,742
4.	Cost of materials and services	10	(2,954)	(3,448)
5a.	Personnel expenses	11	(60,874)	(30,806)
5b.	Expenses for severance payments and pensions	12	(4,295)	(3,809)
6.	Depreciation and amortization		(426)	(506)
7.	Other operating expenses	13	(54,402)	(81,326)
8.	**Subtotal of items 1 to 7 (Earnings before interest and tax)**		**(41,614)**	**(25,206)**
9.	Income from equity interests thereof affiliated companies: 1,105,989 [2006: 873,193]	14	1,106,815	886,471
10.	Income from other securities and Loans shown under financial assets thereof affiliated companies: 9,436 [2006: 8,033]		15,386	14,751
11.	Other interest and similar income thereof affiliated companies 94,506 [2006: 44,188]		106,711	61,130
12.	Income from the disposal and write-up of financial assets and securities held as current assets		715	611,079
13.	Expenses arising from financial investments and securities held as current assets		(3,881)	(4,732)
14.	Interest and similar expenses thereof affiliated companies 21,972 [2006: 43,042]		(104,176)	(358,044)
15.	**Subtotal of items 9 to 14 (Financial items)**		**1,121,570**	**1,210,655**
16.	**Income from ordinary activities**		**1,079,956**	**1,185,449**
17.	Taxes on income	15	(1,637)	77,424
18.	**Net income for the year**		**1,078,319**	**1,262,873**
19.	Reversal of untaxed reserves		—	—
20.	Allocation to revenue reserves		(707,000)	(948,000)
21.	Income brought forward		3,268	335
22.	**Unappropriated income**		**374,587**	**315,208**

Statement of untaxed reserves

	As of Jan. 1, 2007	Additions/ Consump-tions	Transfer	EUR 1,000 As of Dec. 31, 2007
Valuation reserve for special depreciation allowances				
I. Tangible assets				
1. Land and buildings	5,464	—	—	5,464
	5,464	—	—	**5,464**

Statement of fixed assets under section 226 para 1 ACC

	As of Jan. 1, 2007	Additions
I. Intangible assets		
1. Concessions, patents similar rights and licenses	4	–
	4	**–**
II. Tangible assets		
1. Land and leasehold rights and buildings, including buildings on third-party land	20,636	–
2. Plant and equipment	1,029	–
3. Other fixed assets, tools and equipment	4,958	307
	26,623	**307**
III. Financial assets		
1. Investments in affiliated companies	3,535,318	–
2. Loans to affiliated companies	169,702	130,440
3. Investments	945,881	34,602
4. Securities (loan stock rights) of fixed assets	104,427	–
5. Other loans	78,961	–
	4,834,289	**165,042**
	4,860,916	**165,349**

EUR 1,000

Transfer	Disposals	As of Dec. 31, 2007	Depreciation (cumulative)	Net book value as of Dec. 31, 2007	Net book value as of Dec. 31, 2006	Depreciation	Write-ups 2007
—	—	4	4	—	—	—	—
—	**—**	**4**	**4**	**—**	**—**	**—**	**—**
—	—	20,636	11,736	8,900	9,027	127	—
—	—	1,029	1,019	10	10	—	—
—	297	4,968	4,432	536	528	299	—
—	**297**	**26,633**	**17,187**	**9,446**	**9,565**	**426**	**—**
5,321 [1]	—	3,540,639	87,066	3,453,573	3,448,252	—	—
(5,498) [1]	155,732	138,912	16,396	122,516	158,494	—	—
(95,279) [2]	—	885,204	—	885,204	850,602	—	—
—	14,724	89,703	11,654	78,049	95,537	2,953	—
—	35,985	42,976	44	42,932	78,913	—	4
(95,456)	**206,441**	**4,697,434**	**115,160**	**4,582,274**	**4,631,798**	**2,953**	**4**
(95,456)	**206,738**	**4,724,071**	**132,351**	**4,591,720**	**4,641,363**	**3,379**	**4**

1 Deviation due to exchange rates.
2 AMI merged into Borealis AG.

Notes

The accounts of **OMV Aktiengesellschaft**, 1090 Vienna, Austria, as of December 31, 2007 have been drawn up in accordance with the Austrian Business Code (ABC) as amended. As the parent company of the OMV Group, OMV Aktiengesellschaft also prepares separate consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

In the interests of clear presentation, some items of the balance sheet and income statement have been aggregated. The detailed disclosures are shown in the notes to the accounts. The total cost format is used for the presentation of the income statement.

The annual financial statements were prepared in euro (EUR). The presentation is in units of one thousand euro (EUR 1,000; EUR thousand). This may result in rounding differences.

Accounting and valuation principles

Intangible assets and **tangible fixed assets** are capitalized at cost and amortized/depreciated on a straight-line basis.

Depreciation is based on the following useful economic lives:

Category	Useful life
Buildings	10–50 years
Plant and equipment	4–20 years
Other fixtures and fittings, tools and equipment	4–25 years

In accordance with the relevant fiscal law provisions, a whole year's depreciation is recognized for **additions** in the first half of the year, and half a year's depreciation for additions in the second half.

Sustained and material **impairments** of fixed assets in excess of scheduled depreciation are recognized by writedowns.

Low value assets up to EUR 400 are capitalized and fully written off in the year of acquisition, and are shown as additions and disposals in the statement of fixed assets.

Investments are carried at acquisition cost less any permanent, material impairment. Securities held as fixed assets are carried at the lower of cost or market value at the last trade date of the year.

In 2007, OMV Aktiengesellschaft transferred its 50% interest in AMI Agrolinz Melamine GmbH to Borealis AG, receiving an interest of 3.33% of the latter entity in consideration.

In order to gain a presence in Turkey, one of Europe's largest growth markets, OMV acquired a 34% interest in Petrol Ofisi – the leader in the country's filling station and commercial segments – from Dogan Holding on May 16, 2006. OMV built up its interest in Petrol Ofisi during the year under review, and held 39.58% at balance sheet date.

On August 31, 2006, the Turkish Energy Market Regulatory Authority (EMRA) imposed fines totaling TRY 1.6 billion (EUR 0.9 billion) on 28 of Turkey's 30 oil distribution companies arising from litigation relating to the supply of unlicensed distributors during the transition period following the introduction of the new Petroleum Act at the beginning of 2005.

The fine imposed on Petrol Ofisi A.S. and its subsidiary ERK Petrol Yatirimlari A.S. amounted to some TRY 600 mn (approximately EUR 349 mn). Petrol Ofisi has appealed the fine in the Supreme Court and the Administrative Court, and has applied for its suspension until the end of the proceedings. On January 31, 2007, the Supreme Court upheld the application for suspensive effect until the end of the proceedings. Due to the court's ruling, as in the previous year no provision was made for this contingency in 2007.

On February 7, 2006, Petrol Ofisi received a notice of assessment from the Turkish tax authorities. The notice contains tax demands for 2004 and 2005 including penalties in connection with a transaction in 2002 (merger of IS-Dogan with Petrol Ofisi). Dogan, Petrol Ofisi's largest shareholder and the seller of the 34% interest acquired by OMV, agreed to indemnify OMV for these tax-related losses from the period prior to the sale. The payment in question, amounting to TRY 275 mn, was made to the Turkish Finance Ministry on June 11, 2007. As agreed, OMV was indemnified by Dogan by means of a compensation payment.

Accounts receivable and other assets are stated at cost. Non-interest bearing receivables with maturities of over one year are discounted. Foreign currency receivables are stated at the lower of acquisition cost or the European Central Bank (ECB) exchange rate at balance sheet date. All recognizable risks are accounted for by valuation allowances.

In the year under review deferred taxes arising from temporary differences were recognized pursuant to section 198(9–10) ABC. Current deferred taxes are reported under the Taxes on income item. In the 2005 financial year, OMV Aktiengesellschaft began charging tax contributions to Group companies due to the formation of a tax group under section 9 Corporate Tax Act. OMV Aktiengesellschaft retains the profits and losses of its successor companies under a profit and loss pooling agreement.

OMV Aktiengesellschaft has both defined contribution and defined benefit pension plans. In the case of the defined contribution plans, the Company no longer has any obligations beyond payment of the agreed premiums, and hence no provision is recognized. By contrast, in the case of the defined benefit plans commitments are made to participants to pay specific pensions, and the related risk is borne by the Company.

Provisions for pensions, severance payments and jubilee payments are calculated using the projected unit credit method, which spreads the estimated benefit payments over the entire duration of employment, and hence takes future salary increases into account. In calculating pension and severance payment provisions, 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 period – are not recognized. Actuarial gains and losses falling outside this corridor are amortized over the average remaining years of service of the participants in the plan. Interest expense accruing on pension provisions and returns on plan assets are disclosed under the financial items.

The Company's pension obligations are partly funded by payments to an external pension fund. These are reported as expenses for pensions.

Liabilities arising from personnel separations are recognized if the amounts are fixed and a detailed plan, approved by management, is in existence before the balance sheet date, and is irrevocable.

All risks recognizable in the light of sound commercial judgement and contingent liabilities are provided for.

Liabilities are stated at the higher of nominal value or the amount repayable. Foreign currency liabilities are stated at the higher of cost or the ECB exchange rate at balance sheet date.

Stock option plan

On the basis of resolutions of the respective Annual General Meetings, since 2000 the Company has operated long-term performance related remuneration plans for the Executive Board and certain senior executives of Group companies. Under these plans the above persons are granted options to acquire OMV stock (or the monetary equivalent of such rights) at preferential terms, subject to own investments, on condition that the Company's stock price rises by at least 15%.

The numbers of options and the values shown in the tables below have been adjusted for the ten-for-one stock split effected on July 11, 2005.

At the times of award the plans were as follows:

Main conditions

	2007 plan	2006 plan	2005 plan	2004 plan	2003 plan
Plan commencement	1.9.2007	1.9.2006	1.9.2005	1.9.2004	1.9.2003
Plan expiration	31.8.2014	31.8.2013	31.8.2012	31.8.2011	31.8.2008
Blocking period	2 years	2 years	2 years	2 years	2 years
Exercise price	EUR 47.850	EUR 45.190	EUR 34.700	EUR 16.368	EUR 10.404
Number of options per own share held	20	20	20	15	15
Eligibility conditions					
Own investment: Executive Board	1,230 shares [1]	1,242 shares [1]	2,390 shares [1]	3,980 shares [1]	5,600 shares [1]
Own investment: Other senior executives	410 shares [1]	414 shares [1]	800 shares [1]	1,330 shares [1]	1,860 shares [1]
Number of options granted					
Executive Board members					
Auli [2]	24,600	8,280	–	19,950	–
Davies	24,600	24,840	47,800	59,700	84,000
Langanger	24,600	24,840	47,800	59,700	84,000
Roiss	24,600	24,840	47,800	59,700	84,000
Ruttenstorfer	24,600	24,840	47,800	59,700	84,000
Total – Executive Board	**123,000**	**107,640**	**191,200**	**258,750**	**336,000**
Total – other senior executives	471,520	360,220	532,000	484,350	286,050
Total number of options granted	**594,520**	**467,860**	**723,200**	**743,100**	**622,050**
Plan threshold: share price of	**EUR 55.030**	**EUR 51.970**	**EUR 39.910**	**EUR 18.823**	**EUR 11.965**

[1] Or 25%, 50% or 75% thereof.
[2] Member of the Executive Board since January 1, 2007.

As of the balance sheet date some of the options under the 2003, 2004 and 2005 plans had been exercised. As of December 31, 2006, all of the options under the 2002 plan and some of those under the 2003 and 2004 plans had been exercised.

Participation in the stock option plans is subject to the following conditions:

1. Eligibility requires an investment by the participant, who must hold the shares at the start of the plan and for the entire period until exercise.

2. For all plans, the number of shares that participants are required to hold is calculated by dividing the maximum permitted own investment by the average price of the stock in the month of May in the year of issue. The exercise of options on 25%, 50% or 75% of the maximum holding is also permitted.

3. In the event of participants' disposing of their own investments, the options are forfeited. The options are not transferable and lapse if not exercised.

4. The exercise price for the 2003, 2004, 2005, 2006 and 2007 plans is 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 periods for the 2003 and 2004 plans during the 20 trading days after publication of the quarterly reports (exercise window). For the 2005, 2006 and 2007 plans the exercise windows are the periods during which exercise in accordance with the rules set out below is permitted. Options may not be exercised:

   - If the holder of the option is a party to insider information;

- During the blocking periods specified by the Issuer Compliance Order (six weeks before the scheduled publication of annual results, three weeks before the publication of quarterly results or any other blocking periods established by compliance officers on a case-by-case basis);

- If the Executive Board prohibits exercise for the duration of a period explicitly determined by the Board.

6. Evidence of the participant's own investment in the Company must be furnished when exercising an option. The options may be exercised by purchasing the shares, by requesting payment of the difference between the current share price and the exercise price in cash, or by requesting payment in the form of shares, if OMV's share price is at least 15% higher than the exercise price at the time of exercise.

Movements in options under the stock option plans during the 2007 and 2006 financial years were as follows:

Stock option plans

		2007		2006
	Number of options	Weighted average exercise price EUR	Number of options	Weighted average exercise price EUR
Outstanding options as of January 1	**2,085,585**	**28.529**	**1,760,150**	**22.904**
Options granted	563,760	47.850	467,860	45.190
Options exercised	(743,495)	21.048	(142,425)	13.752
Lapsed options	—	—	—	—
Outstanding options as of December 31	**1,905,850**	**37.163**	**2,085,585**	**28.529**
Exercisable at year end	**874,230**	**25.974**	**894,525**	**14.825**

During the year under review, 743,495 options granted under the 2003, 2004 and 2005 plans were exercised. In the case of 722,495 options the difference between the current share price and the exercise price was paid; in all cases the amount due was paid in cash. The exercise of 21,000 options took the form of the purchase of stock. In 2007, the weighted average stock price at the time of exercise was EUR 50.087. The intrinsic value of the shares available for exercise as of December 31, 2007 was EUR 25,742 thousand.

Some 142,425 options granted under the 2003 and 2004 plans were exercised in 2006. In the case of 112,425 options the difference between the current share price and the exercise price was paid; in all cases the amount due was paid in cash. The exercise of 30,000 options took the form of the purchase of stock. In 2006, the weighted average stock price at the time of exercise was EUR 43.061. The intrinsic value of the shares available for exercise as of December 31, 2006 was EUR 25,194 thousand.

The breakdown of options exercised by plan participants was as follows:

Options exercised

	Options exercised	**2007** Weighted average exercise price in EUR	Options exercised	2006 Weighted average exercise price in EUR
Executive Board members				
Auli	–	–	–	–
Davies	84,000	10.404	–	–
Langanger	71,850	12.882	–	–
Roiss	–	–	30,000	16.368
Ruttenstorfer	42,000	10.404	42,000	10.404
Total – Executive Board	**197,850**	**11.304**	**72,000**	**12.889**
Total – other senior executives	545,645	24.581	70,425	14.634
Total options exercised	**743,495**	**21.048**	**142,425**	**13.752**

The amount of compensation in the form of the exercise of options, which corresponds to the value of the options exercised during the year under review at the time of exercise, was as follows:

Compensation **EUR 1,000**

	2007	2006
2003 plan	6,722	2,198
2004 plan	10,694	1,976
2005 plan	4,174	–
Total	**21,590**	**4,174**

Of the above remuneration in 2007, payments to members of the Executive Board accounted for EUR 7,447 thousand (2006: EUR 2,155 thousand) and payments to other senior executives for EUR 14,143 thousand (2006: EUR 2,019 thousand).

As of December 31, 2007, **outstanding options** under the various plans (adjusted for the 2005 ten-for-one stock split) were as follows:

Outstanding options

Plan	Exercise price in EUR	Number of options outstanding	Maturities in years	Exercisable options at year end
2003	10.404	52,500	0.7	52,500
2004	16.368	346,530	3.7	346,530
2005	34.700	475,200	4.7	475,200
2006	45.190	467,860	5.7	–
2007	47.850	563,760	6.7	–
Total		**1,905,850**		**874,230**

Valuation of the options is according to the Black-Scholes model. The expected average stock price volatility was calculated on the basis of the volatility exhibited by the price over the previous five years. The possibility of premature exercise was accounted for by determining the risk-free interest rate on the basis of market rates at balance sheet date.

Fair value at balance sheet date was calculated on the basis of the outstanding options, while the fair value as of the time of award is based on the total number of options granted. 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 December 31, 2007

	2007 plan	2006 plan	2005 plan	2004 plan	2003 plan
Fair value of plan in EUR 1,000	11,214	9,375	11,604	12,930	2,323
Calculation variables					
Market price of stock in EUR	55.42	55.42	55.42	55.42	55.42
Risk-free rate	4.598%	4.570%	4.557%	4.544%	4.658%
Remaining term of options (including blocking period)	6.7 years	5.7 years	4.7 years	3.7 years	0.7 years
Average dividend yield	2.2%	2.2%	2.1%	2.1%	2.0%
Share price volatility	30%	30%	30%	30%	30%

Provision is made for the expected future cost of unexercised options on the basis of the fair values at balance sheet date. The expense of new plans is spread over the two-year blocking period. As of December 31, 2007, the provision amounted to EUR 34,976 thousand (2006: EUR 11,724 thousand). The net allocation during the year under review was EUR 23,252 thousand (2006: EUR 4,749 thousand).

Notes to the balance sheet

1 Fixed assets

In the year under review, fixed tangible assets were itemized in accordance with minimum statutory requirements. Movements in fixed assets in 2007 are presented in the statement of fixed assets.

The Land and buildings item includes land valued at EUR 5,901 thousand (2006: EUR 5,901 thousand).

Liabilities arising from the use of off-balance sheet fixed assets were as follows:

EUR 1,000

	2007	2006
Maturing in one year	1,293	1,204
Maturing within the next five years	2,089	1,562
Total	**3,382**	**2,766**

Loans with maturities of up to one year amounted to EUR 9 thousand (2006: EUR 9 thousand). All the loans to affiliated companies have maturities of over one year. During the year under review, OMV Aktiengesellschaft waived an amount of HUF 1,350,000,000 (EUR 5,321 thousand) due from OMV Hungaria Kft., a subsidiary of OMV Refining & Marketing GmbH, thereby increasing its equity interest in OMV Refining & Marketing GmbH.

In 2007, the Company acquired an additional interest of EUR 86,856 thousand (5.58%) in Petrol Ofisi A.S. In June 2007, Dogan Holding A.S. refunded an amount equivalent to EUR 52,254 thousand paid by Petrol Ofisi to the Turkish tax authorities. During the year, a capital increase from own resources increased Petrol Ofisi's capital stock by TRY 74,550 thousand.

2 Accounts receivable and other assets

EUR 1,000

	2007		2006	
	≤ 1 year	> 1 year	≤ 1 year	> 1 year
Receivables from trade	–	–	506	–
Receivables from affiliated companies	3,368,908	–	2,652,190	–
[whereof trade]	[7,552]	[–]	[1,522]	[–]
Receivables from associated companies	–	–	4	–
[whereof trade]	[–]	[–]	[4]	[–]
Other receivables and assets	36,692	–	51,481	–
Total	**3,405,600**	–	**2,704,181**	–

Other receivables and assets include interest on securities and receivable from banks amounting to EUR 2,178 thousand (2006: EUR 2,270 thousand) due after balance sheet date, and an outstanding tax credit of EUR 28,652 thousand (2006: EUR 45,000 thousand) consisting of corporate income tax prepayments.

3 Stockholders' equity

The Company's **capital stock** consists of 300,000,000 (2006: 300,002,400) fully paid-up shares of no par value with a total value of EUR 300,000 thousand (2006: EUR 300,002 thousand). The reduction of EUR 2 thousand in the Company's capital during the year under review was effected by retiring 2,400 treasury shares. There is only one class of share, and there are no shares conferring special rights of control. All shares are entitled to dividends for the 2007 financial year, with the exception of own shares held by the Company.

A conditional increase of EUR 29,998 thousand in the capital stock by the issuance of up to 29,997,600 common shares in bearer form was authorized under section 159(2) (1) AktG (Stock Corporation Act). This capital increase was conditional upon the bearers of convertible bonds issued on the basis of the Annual General Meeting resolution of May 18, 2004 making use of their right to convert bonds into the Company's shares. As of December 31, 2006, the number of outstanding convertible bonds represented less than 10% of those originally issued in December 2004, and all of the convertible bonds still outstanding on February 21, 2007 were therefore redeemed on that date. In consequence, a conditional capital increase by way of the convertible bonds issued in December 2004 is no longer possible.

A total of 1,793,868 convertible bonds were issued on December 22, 2004. Bearers were entitled to convert the bonds into common stock at par (ten for one since the 2005 share split) between January 1, 2005 and November 19, 2008. The issuing price was EUR 306.60, bringing the Company total proceeds of EUR 550,000 thousand. The equity component of the convertible bonds, amounting to EUR 35,921 thousand, is disclosed under the capital reserves. By December 31, 2006, a total of 469,780 convertible bonds had been converted into 4,697,800 treasury shares, and 1,158,629 convertible bonds had been repurchased by the Company. The conversion of some 240 bonds (70 of them in 2005) was satisfied by conditional capital, increasing the capital stock by EUR 2,400. All the other bonds converted were satisfied by treasury shares. In 2007, a further 162,413 convertible bonds were satisfied by treasury shares, 2,720 were repurchased by the Company, and the remaining 326 were redeemed.

The authorization granted to the Executive Board by the 2004 Annual General Meeting, subject to the approval of the Supervisory Board, to increase the Company's capital stock by up to EUR 36,350 thousand by issuance of up to 36,350,000 no par value shares not later than May 17, 2009 (authorized capital) was extended until May 23, 2012 by the 2007 Annual General Meeting.

The Annual General Meeting held on May 24, 2007 authorized the Executive Board for a period of 18 months from the date of the resolution to purchase the Company's stock up to the legal limit (currently 10% of the capital stock). The treasury shares can be used to satisfy the stock option plans and convertible bonds. The Company's capital stock may also be reduced by retiring treasury shares without further resolution of the Annual General Meeting, and the treasury shares may sold on the stock market or by means of a pubic offering.

OMV Aktiengesellschaft proposed the payment of a dividend of EUR 1.05 per eligible share for the 2006 financial year, and this was paid in May 2007.

OMV Aktiengesellschaft is proposing the payment of a dividend of EUR 1.25 per eligible share for the 2007 financial year.

The 2000–2007 Annual General Meetings approved stock repurchases in connection with the approval of stock option plans.

Movements in holdings of treasury shares (adjusted for the 2005 split) were as follows:

Own shares

	No par shares	Repurchase cost EUR 1,000
January 1, 2006	**1,319,606**	**14,470**
Additions	4,695,400	201,793
Disposals	(4,725,400)	(202,122)
December 31, 2006	**1,289,606**	**14,141**
Additions	1,627,390	64,861
Disposals	(1,647,930)	(65,072)
December 31, 2007	**1,269,066**	**13,930**

Movements in the **number of shares in circulation** were as follows:

	Shares	Treasury stock	Shares in circulation
January 1, 2006	**300,000,700**	**1,319,606**	**298,681,094**
Purchase of own shares	—	4,695,400	(4,695,400)
Satisfaction of conversions and stock options	—	(4,725,400)	4,725,400
Capital increase from conversion	1,700	—	1,700
December 31, 2006	**300,002,400**	**1,289,606**	**298,712,794**
Capital reduction	(2,400)	(2,400)	—
Purchase of own shares	—	1,627,390	(1,627,390)
Satisfaction of conversions and stock options	—	(1,645,130)	1,645,130
Sale of own shares	—	(400)	400
December 31, 2007	**300,000,000**	**1,269,066**	**298,730,934**

4 Untaxed reserves

The **untaxed reserves** relate to valuation reserves with respect to undeveloped and developed land, amounting to EUR 5,464 thousand (2006: EUR 5,464 thousand).

5 Provisions

Provisions for employee benefits are recognized in accordance with IAS 19. The indexed pension commitments have been transferred to an external pension fund managed by APK-Pensionskasse AG. The entitlements under defined benefit plans are generally based on years of service and the employee's average compensation over the last five calendar years of employment.

These pension plans are non-contributory. Changes in the funding of defined benefit plans, and in provisions for jubilee payments were as follows:

EUR 1,000

	2007 Pensions	Severance payments	Jubilee payments	2006 Pensions	Severance payments	Jubilee payments
Present value of obligations funded by contributions to an external fund	23,140	—	—	21,738	—	—
Fair value of plan assets	(12,242)	—	—	(11,045)	—	—
Unrecognized actuarial gains/(losses)	(2,855)	—	—	(3,168)	—	—
Provision for benefit obligation funded by contributions to an external fund	**8,043**	—	—	**7,525**	—	—
Present value of benefit obligation not funded through an external fund	—	7,485	409	—	6,854	417
Unrecognized actuarial gains/(losses)	—	(790)	—	—	(1,056)	—
Provision for benefit obligation not funded by contributions to an external fund	—	**6,695**	**409**	—	**5,798**	**417**
Provision at January 1	**7,525**	**5,798**	**417**	**5,851**	**5,276**	**439**
Expense for the period	1,238	918	32	2,369	616	28
Allocation to the fund	(720)	—	—	(695)	—	—
Disbursements	—	—	(5)	—	(93)	(77)
Group transfer	—	(21)	(35)	—	(1)	27
Provision at December 31	**8,043**	**6,695**	**409**	**7,525**	**5,798**	**417**
Interest expense	979	292	19	869	219	18
Expense due to employee service in current period	638	626	13	601	397	10
Service expense not relating to period	—	—	—	1,147	—	—
Expected return on plan assets	(663)	—	—	(590)	—	—
Recognized actuarial gains/(losses)	284	—	—	342	—	—
Expense for the period	**1,238**	**918**	**32**	**2,369**	**616**	**28**

Assumptions made in calculating pension expense and projected defined benefit entitlements as of December 31, 2007:

	2007 Pensions	Severance and jubilee payments	2006 Pensions	Severance and jubilee payments
Market interest rate	4.50%	4.50%	4.50%	4.50%
Future salary increases	3.85%	3.85%	3.85%	3.85%
Inflation rate	1.90%	—	1.90%	—
Long-term return on plan assets	6.00%	—	6.00%	—

At balance sheet date, plan assets were invested as follows:

	2007		2006	
	VRG IV	VRG VI	VRG IV	VRG VI
Asset category				
Equity	37.9%	42.1%	38.3%	52.0%
Bonds	54.8%	45.9%	58.8%	42.2%
Other	7.3%	12.0%	2.9%	5.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Investment policies are aimed at an optimum portfolio structure and funding of existing entitlements at all times. The investment of plan assets is governed by section 25 Pension Fund Act and the Investment Fund Act. Beyond these legal requirements, the investment guidelines of APK-Pensionskasse AG determine the breadth of asset allocation, the use of umbrella funds and the selection of fund managers. Any use of new instruments or widening of the range of funds employed requires the approval of the APK-Pensionskasse AG management board. Diversification of both the equity and debt securities is global though most of the bonds are denominated in euro.

The assets of the VRG (investment and risk pool) IV fund are invested in euro denominated bond funds and international equity funds. Risk diversification efforts led to attention being paid to management and investment styles in the selection of the asset managers. As of December 31, 2007, the VRG IV portfolio was 37.9% invested in equities and 54.8% in bonds.

In 2005, the VRG VI fund switched to an investment strategy emphasizing value maintenance. This involves investing in European equities and other, lower risk assets. A predefined value floor at a given date may not be undershot, but the opportunity of benefiting from positive stock market trends is left open. As of December 31, 2007, the fund was 42.1% invested in equities and 45.9% in bonds.

Due to varying maturities and market developments, the various investment and risk pools may experience positive or negative deviations from the expected returns on plan assets.

Contributions of EUR 4.5 mn to APK-Pensionskasse AG for defined benefit plans are planned for 2008.

Other provisions largely consisted of the following:

EUR 1,000

	2007	2006
Personnel provisions	44,066	19,280
Sundry provisions	39,303	57,393
Total	**83,369**	**76,673**

Personnel provisions include a provision for share options granted, amounting to EUR 34,976 thousand (2006: EUR 11,724 thousand). During the year under review, the valuation of stock options was harmonized with that according to IFRS due to early adoption of the recommendations made by the AFRAC position paper “The treatment of share-based payment in ABC financial statements”. The resultant negative income effect was EUR 23,252 thousand, which was recognized as salary expense. Other provisions include reinsurance amounting to EUR 35,047 thousand (2006: EUR 53,157 thousand) and a long-term provision of EUR 1,679 thousand (2006: EUR 1,500 thousand) for dismantling and removing costs.

6 Liabilities

EUR 1,000

	2007 ≤1 year	2007 > 1 year	2006 ≤1 year	2006 > 1 year
Bonds	–	250,000	50,730	250,000
Bank borrowings	661,662	280,000	760,340	320,125
Accounts payable from trade	5,017	6,808	3,054	6,800
Accounts payable to affiliated companies	40,074	277,128	101,280	277,128
[whereof trade]	[118]	[–]	[1,284]	[–]
Other liabilities	228,216	6,280	181,545	5,168
[whereof taxes]	[218,211]	[–]	[175,305]	[–]
[whereof social security expenses]	[167]	[–]	[154]	[–]
Total	**934,969**	**820,216**	**1,096,949**	**859,221**

Other liabilities include personnel separation expenses and interest expense of which EUR 6,692 thousand are due after balance sheet date (2006: EUR 6,469 thousand), A prepayment of EUR 4,750 thousand arising from the disposal of fixed assets was recognized in 2006.

Liabilities with maturities of more than five years totaled EUR 160,000 thousand (2006: EUR 224,000 thousand); all of these related to borrowings from banks. The liabilities arising from the convertible bond were repaid in 2007 (see Note 3).

7 Contingent liabilities under section 199 ABC

Contingent liabilities are as follows:

EUR 1,000

	2007	2006
Garanties	**1,529,414**	**533,870**
[whereof in favor of affiliated companies]	[1,529,414]	[533,870]

The increase in contingent liabilities reflects a EUR 1,000 mn guarantee given by OMV Aktiengesellschaft in 2007 as short-term finance for a subsidiary.

During the year under review, OMV Aktiengesellschaft extended a guarantee of EUR 30,000 thousand in connection with the construction of a central office building.

OMV Aktiengesellschaft is liable for the redemption of the USD 320 mn (EUR 217,376 thousand) US bond issue by OMV (U.K.) Limited.

The following **other financial commitments** are not reported under liabilities or contingent liabilities:

OMV Aktiengesellschaft has given an undertaking to OMV Clearing und Treasury GmbH, which runs the Group's clearing operations, to maintain its liquidity for the duration of its membership of the Group.

The disposal of companies in past years (Chemie Linz GmbH and PCD Polymere GmbH) has led to the Company's assuming contingent environmental liabilities. The total amount of the contingent liabilities in question is limited to EUR 101.74 mn. As of the balance sheet date the Company was not aware of any liabilities arising from the above disposals.

Various liabilities were assumed – in particular, for all environmental risks and pending litigation – in connection with the disposal of the Company's interest in AMI Agrolinz Melamine International GmbH (AMI), up to a limit of EUR 67,500 thousand. With only a few exceptions, the liability periods are 60 months from the closing of the transaction.

Letters of comfort for a total amount of EUR 24,345 thousand were issued on behalf of AMI as collateral for bank loans.

In 2005, OMV Aktiengesellschaft assumed liability on behalf of OMV Finance Ltd for a EUR 850 mn multicurrency revolving credit facility. As of the balance sheet date, this credit facility had not been utilized.

OMV Aktiengesellschaft has issued guarantees and letters of comfort on behalf of certain exploration, production and distribution companies in respect of the fulfillment of concession and license agreements, and of various other agreements of indeterminate amount. In connection with the disposal of PCD Polymere GmbH (PCD), OMV Aktiengesellschaft has taken out an option to acquire real estate owned by PCD in Schwechat.

OMV Aktiengesellschaft is liable in the event of default by its successor companies on pensions, additional contributions to rectify shortfalls in the funding of obligations transferred to external pension funds, and bridging payments to separated employees.

Notes to the statement of income

8 Sales

EUR 1,000	2007	2006
Domestic	65,229	81,355
Foreign	9,207	10,588
Total	**74,436**	**91,943**

As OMV Aktiengesellschaft has been operating as a holding company since January 1, 2004, most of the sales consist of corporate service charges paid by the successor companies. During the year under review, intragroup payments were significantly lower than in 2006. The reason for this was the previous year's catch-up payments in connection with stock option plans.

9 Other operating income

EUR 1,000	2007	2006
Gains on the disposal of fixed assets other than financial assets	51	1,438
Income from the reversal of provisions	5,749	–
Other	1,107	1,304
Total	**6,907**	**2,742**

Income from the reversal of provisions results from a reinsurance contract.

In 2007, the guarantee provision, recognized in an amount of EUR 814 thousand, was stated as a financial item (2006: EUR 550 thousand, reported under Other operating income; the comparative figure was not adjusted).

10 Cost of materials and services

EUR 1,000	2007	2006
Cost of materials	213	827
Cost of services	2,741	2,621
Total	**2,954**	**3,448**

The main components of Cost of materials and services are expenses for temporary labor and other third-party services.

11 Personnel expenses

EUR 1,000	2007	2006
Salaries	56,957	27,634
Statutory social security contributions, and pay-related levies and compulsory contributions	3,548	2,586
Other expenses for employee benefits	369	586
Total	**60,874**	**30,806**

The main reason for the increase in this item was a change of EUR 23,252 thousand in the valuation of stock options due to the adoption of the IFRS treatment (see Note 5).

12 Expenses for severance payments and pensions

EUR 1,000	2007	2006
Expenses for severance payments	918	616
Payments to employee benefit funds	48	31
Defined contribution pension expense	722	587
Defined benefit personnel expense	2,607	2,575
Total	**4,295**	**3,809**

Expenses for pension payments and pension fund contributions include EUR 1,292 thousand in provisions for personnel reduction programs (2006: EUR 44 thousand).

The breakdown of expenses for severance payments and pensions is as follows:

EUR 1,000	2007		2006	
	Severance payments	Pensions	Severance payments	Pensions
Executive Board	268	611	149	1,648
Senior executives	90	294	74	253
Other employees	608	2,424	424	1,261

13 Other operating expenses

EUR 1,000	2007	2006
Taxes not shown under item 17	854	1,040
Other	53,548	80,286
Total	**54,402**	**81,326**

Other expenses include: EUR 15,364 thousand in insurance expense (2006: EUR 14,006 thousand), EUR 15,364 thousand in legal and consultancy fees (2006: EUR 14,006 thousand), EUR 13,007 thousand in advertising expenditure (2006: EUR 12,264 thousand), and EUR 13,603 thousand in services (2006: EUR 12,899 thousand).

14 Financial items

Income from equity interests amounting to EUR 1,106,815 thousand (2006: EUR 886,471 thousand) include EUR 941,918 thousand (2006: EUR 764,256 thousand) in income from profit pooling arrangements, EUR 164,071 thousand (2006: EUR 108,937 thousand) in income from investments in affiliated companies and EUR 826 thousand (2006: EUR 13,278 thousand) in other income from investments.

These items also include EUR 585 thousand in expenses arising from profit pooling arrangements (2006: EUR 878 thousand), as well as EUR 2,953 thousand in writedowns (2006: EUR 3,854 thousand). During the year under review the disposal of securities held as fixed assets resulted in a loss of EUR 344 thousand.

Interest and similar expenses includes expenses of EUR 18,145 thousand (2006: EUR 257,390 thousand) arising from the repurchase of convertible bonds and satisfaction thereof with treasury shares.

15 Taxes on income

EUR 1,000	2007	2006
Current taxes	(8,814)	(77,454)
Deferred taxes	10,451	30
Total	**1,637**	**(77,424)**

Current taxes comprise EUR 1,131 thousand in deferred tax credits, as well as the portion of the corporate income tax attributable to the top-tier corporation in consequence of the formation of a tax group under section 9 KStG (Corporate Tax Act) (EUR 13,084 thousand), and the recognition of a provision of EUR 5,400 thousand. The increase in deferred tax chiefly reflects the provision for sEnergy and the utilization of one-seventh of the impairments recognized in previous years.

Interest rate risk management and derivatives

The profile of our liabilities in terms of fixed and variable interest rates, currencies and maturities is analyzed in order to achieve balanced interest rate risk exposure. Target ratios are set, and derivatives used to adjust exposure where bands were transgressed. For instance, fixed interest can be converted into variable interest loans or vice versa by means of interest rate swaps. Thus, swaps were used to convert EUR 100 mn and USD 50 mn of fixed interest debt into variable interest debt during the fourth quarter of 2005. The interest rate difference between a swap and a loan is recognized as an adjustment to interest expense.

EUR 1.000

				2007			2006
		Nominal value	Fair value	Carrying value	Nominal value	Fair value	Carrying value
IRS, Societe Generale	EUR	50,000	(755)	(755)	50,000	(629)	(629)
IRS, Barclays	EUR	50,000	(631)	(631)	50,000	(436)	(435)
IRS, ÖVAG	USD	33,965	1,000	—	37,965	(476)	(476)
FX Swap EUR/HRK	HRK	6,821	(86)	(86)	—	—	—

Where necessary, the Company hedges its own and Group companies' foreign currency risks. At balance sheet date there were no open positions relating to foreign currency hedges.

Governing bodies and employees

The average number of employees was:

	2007	2006
Salaried employees	113	100
Total	**113**	**100**

The breakdown of the **remuneration of the Executive Board** of OMV Aktiengesellschaft is follows:

Remuneration of the Executive Board						**EUR 1,000**
2007	Auli	Davies	Langanger	Roiss	Ruttenstorfer	**Total**
Fixed	350	525	460	530	600	**2,465**
Variable	68	1,105	1,105	1,273	1,442	**4,993**
Pension fund contributions	72	208	129	99	145	**653**
Benefits in kind (car and accident insurance) and expenses	8	9	8	8	8	**42**
Total	**498**	**1,847**	**1,702**	**1,910**	**2,195**	**8,153**

Remuneration of the Executive Board					**EUR 1,000**
2006	Davies	Langanger	Roiss	Ruttenstorfer	Total
Fixed	525	460	530	600	2,115
Variable	1,067	1,067	1,227	1,387	4,748
Pension fund contributions	208	129	99	145	581
Benefits in kind (car and accident insurance) and expenses	9	8	8	8	33
Total	**1,809**	**1,664**	**1,864**	**2,140**	**7,477**

Directors' and officers' (D&O) liability insurance and legal insurance cover are taken out for the members of the Executive Board. In both cases, a large number of other OMV employees are also insured, and as group premiums are paid to the insurers it is not possible to determine the costs attributable to individual board members.

Payments to former members of the Executive Board and their surviving dependents amounted to EUR 1,043 thousand (2006: EUR 1,117 thousand).

The total expenses (excluding stock option plans) occasioned by 39 Group executives (2006: 32) were EUR 10,707 thousand (2006: EUR 9,960 thousand). Short-term benefits such as salaries, provisions for unconsumed vacation and bonuses accounted for EUR 8,997 thousand (2006: EUR 8,641 thousand) and pension expenses for EUR 1,250 thousand (2006: EUR 839 thousand) of this amount. Payments related to the termination of employment were EUR 437 thousand (2006: EUR 409 thousand), and other long-term benefits EUR 23 thousand (2006: EUR 71 thousand). The Note Stock option plans gives details of these plans.

The remuneration of the Supervisory Board totaled EUR 374 thousand in 2007. This includes a provision reversal of EUR 5 thousand (2006: EUR 418 thousand, including an increase in provisions of EUR 34 thousand).

During the year under review a provision of EUR 34,976 thousand was recognized for stock options granted to members of the Executive Board and senior executives (2006: EUR 11,724 thousand). The additional allocation, made to bring the provision up to the level required by IFRS, gave rise to a negative income effect of EUR 23,253 thousand.

Dividend recommendation

Unappropriated income for the 2007 financial year amounted to EUR 374,587 thousand (2006: EUR 315,208 thousand).

We recommend payment of a dividend of EUR 1.25 per share (excluding treasury stock) for the 2007 financial year, and carrying forward of the remainder.

Investments
of OMV Aktiengesellschaft with an interest of at least 20%

EUR 1,000

	Equity interest in %		Equity/(loss) as at December 31, 2007	Net income/(loss) for the year 2007
Domestic				
OMV Gas International GmbH, Vienna [1]	100.00		81,086	130,587
OMV Exploration & Production GmbH, Vienna [1]	100.00		253,947	614,985
OMV Future Energy Fund GmbH, Vienna [1]	100.00		35	(585)
OMV Insurance Broker GmbH, Vienna [1]	100.00		35	2,043
OMV Refining & Marketing GmbH, Vienna [1]	100.00		699,980	184,930
OMV Solutions GmbH, Vienna [1]	100.00		845,958	8,593
Non-domestic				
Amical Insurance Limited, Douglas	100.00	EUR	25,477	8,196
OMV AUSTRALIA PTY LTD., Perth [1]	100.00	AUD	(2,787)	3,111
OMV FINANCE LIMITED, Douglas	100.00	EUR	297	341
Petrol Ofisi A.S, Istanbul [2]	39.58	TRY	2,645,927	301,708
Petrom S.A., Bukarest	51.01	RON	13,184,121	1,778,048

[1] Team member according to § 9 KStG.
[2] Estimated figures 2007.

Vienna, March 26, 2008

The Executive Board

Wolfgang Ruttenstorfer
Chairman

Gerhard Roiss
Deputy-Chairman

Werner Auli

David C. Davies

Helmut Langanger

Auditors' Report

We have audited the financial statements, including the accounting records of **OMV Aktiengesellschaft, Vienna** for the fiscal year from January 1 to December 31, 2007. Management is responsible for the preparation and content of the financial statements and the accounting records and the directors' report in accordance with Austrian regulations. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report is in accordance with the financial statements.

We conducted our audit in accordance with Austrian Standards on Auditing and the applicable Austrian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement and whether we can state that the management report is in accordance with the financial statements. In determining audit procedures we considered our knowledge of the business activity, the economic and legal environment of the company and expectations about potential errors.

The audit involves procedures to obtain evidence about amounts and disclosures in the 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 financial statements are in accordance with legal requirements and present fairly in all material respects, the financial position of the **OMV Aktiengesellschaft** as of December 31, 2007 and of the results of its operations and its cash-flows for the fiscal year from January 1, 2007 to December 31, 2007 in accordance with Austrian generally accepted accounting principles. The management report is in accordance with the financial statements.

Vienna, March 26, 2008

Deloitte Wirtschaftsprüfungs GmbH

Mag. Walter Müller

Dr. Bernhard Vanas

Certified Public Accountants

Abbreviations and definitions

ACC Austrian Company Code

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

bitumen is produced when high grade crude oil is distilled. It is used to surface roads, and in roofing and insulation materials.

bn, mn billion, million

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

CFPS 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, EUR European Union, euro

EPS earnings per share

EPSA Exploration and Production Sharing Agreement

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

HSE Health, safety, security and environment

IASs, IFRSs International Accounting Standards, International Financial Reporting Standards

LTIR, TRIR lost time incident rate, total recordable incident rate

monomers collective term for ethylene and propylene

n.a., n.m. not available, not meaningful

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

RON New Romanian Leu

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

Declaration according to § 82 (4) (3) BörseG

Statement of all Members of the Executive Board
We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group directors' report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the directors' report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, March 26, 2008

Wolfgang Ruttenstorfer

Chief Executive Officer and Chairman
of the Executive Board

Gerhard Roiss

Deputy Chairman
of the Executive Board

Werner Auli

Member of the Executive Board

David C. Davies

Member of the Executive Board

Helmut Langanger

Member of the Executive Board