Annual Report 2006

Growth

in the Central European oil and gas industry.

Move & More. OMV

At a glance

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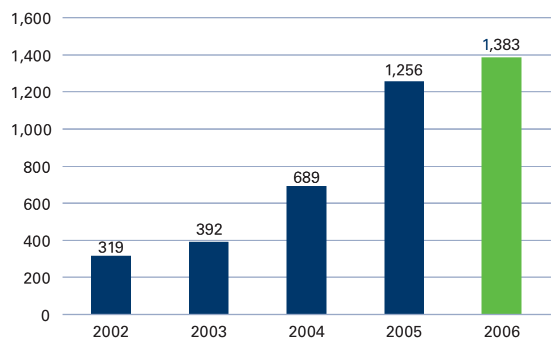
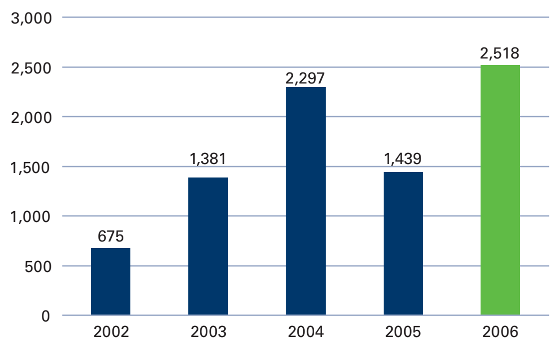
At a glance

	2006	2005	Δ
in EUR mn			
Sales	18,970	15,580	22%
EBIT	2,061	1,958	5%
Net income	1,658	1,496	11%
Net income after minorities	1,383	1,256	10%
Clean EBIT	2,257	2,305	(2)%
Clean net income after minorities	1,521	1,391	9%
Cash flow from operating activities	2,027	2,108	(4)%
Capital expenditure	2,518	1,439	75%
in EUR			
Earnings per share	4.64	4.21	10%
Clean earnings per share	5.10	4.66	9%
Cash flow per share	6.80	7.06	(4)%
Dividend per share	1.05	0.90	17%
in %			
Return on average capital employed (ROACE)	18	20	(6)%
Return on equity (ROE)	20	22	(12)%

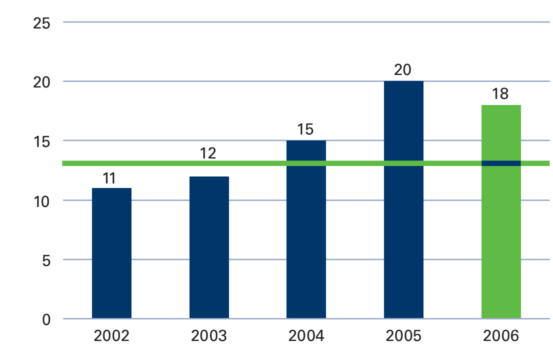
Net income after minorities EUR mn



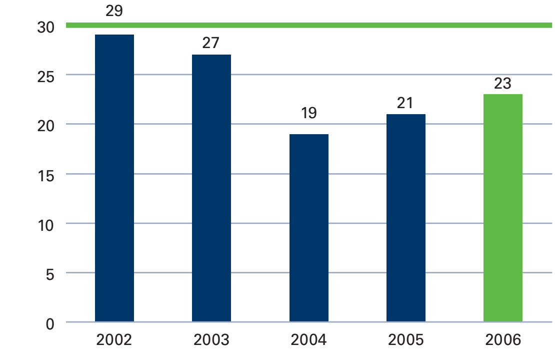
Capital expenditure EUR mn



ROACE in % Target: 13%

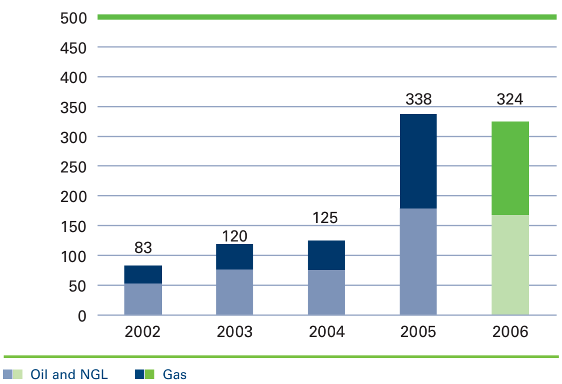


Payout ratio Target: 30%

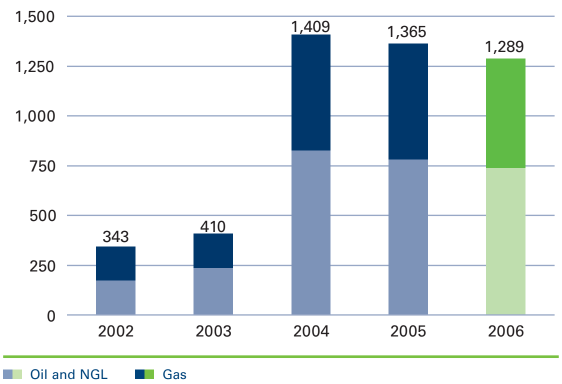


Exploration and Production

Production in 1,000 boe/d Target: 500.000 boe/d

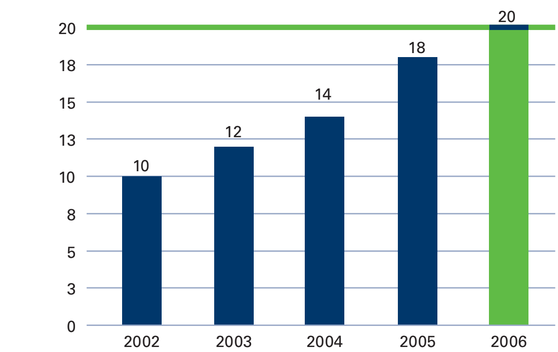


Reserves mn boe

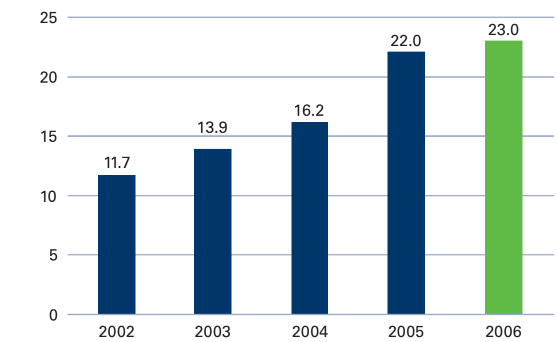


Refining and Marketing

Marketing market share in % Target: 20%

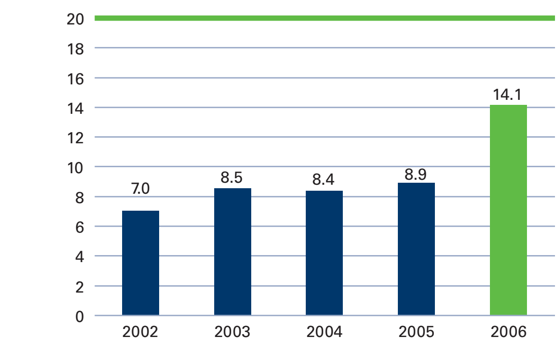


Refining sales volumes mn t

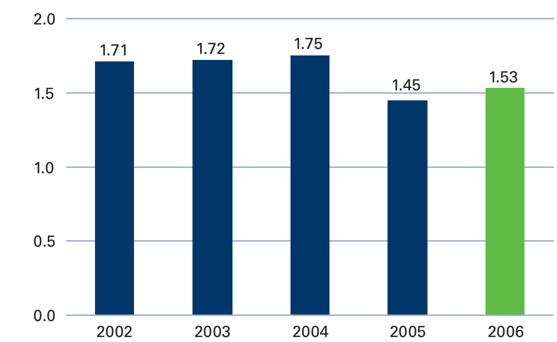


Gas

Gas sales in bcm Target: 20 bcm



Contracted gas storage volume for third parties bcm



Move & More

Over the past few years, OMV has grown to become the leading integrated oil and gas group in Central and Southeastern Europe by consistently implementing its growth strategy. To us, integration means interlinking our business operations along the value chain – we produce, transport and process petroleum products and natural gas, and supply them to our customers. We have set ambitious but achievable targets for each of our business segments, and are systematically working towards them. We once again delivered record earnings in 2006, and every link in the value chain contributed to them.

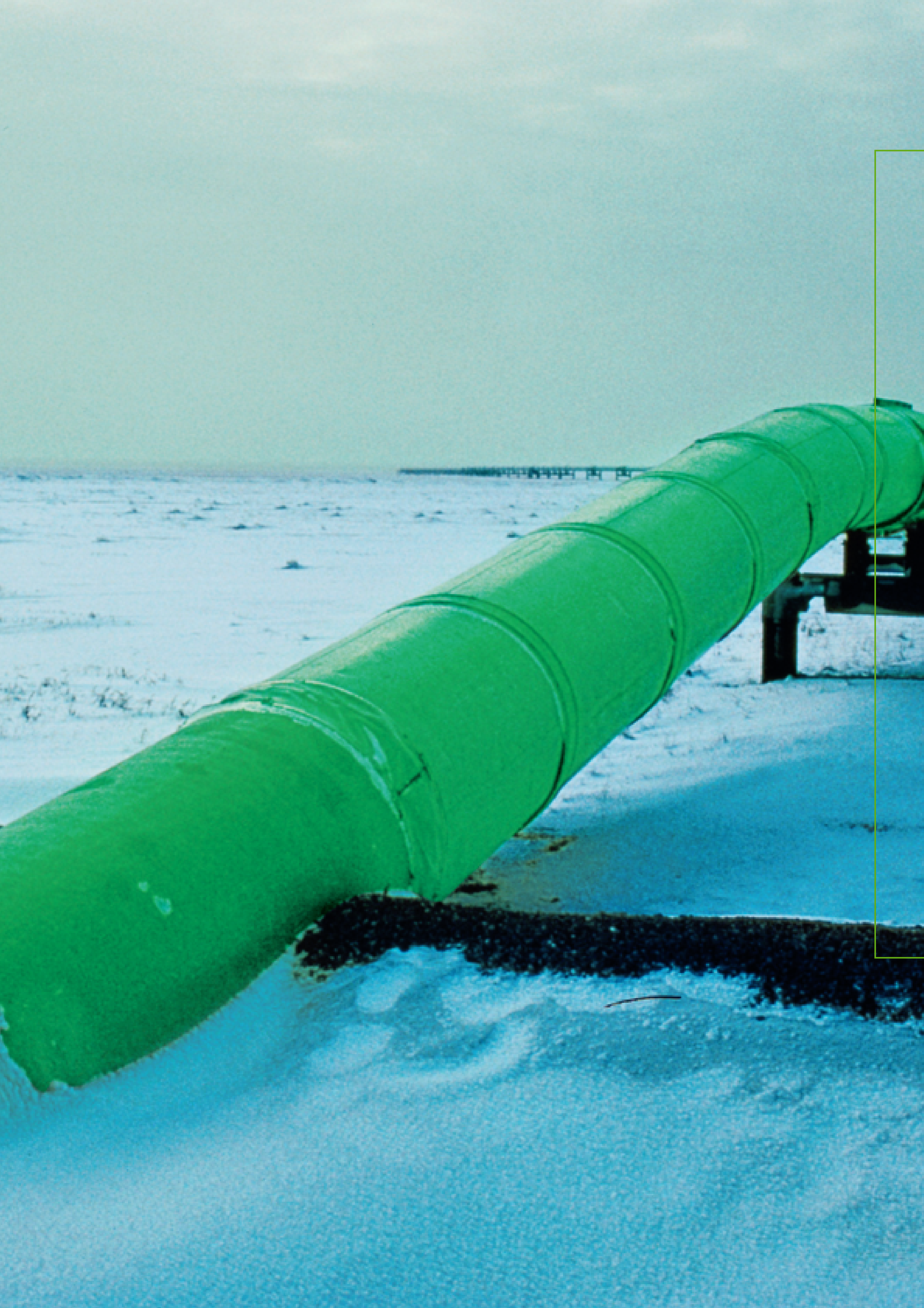
The integration of our businesses and our strong footprint along the European “growth belt” are key competitive advantages that have been driving the improvement in our profitability – and they create the conditions for continued growth.

This annual report shows how our Group is exploiting these competitive advantages. We are growing as an integrated oil and gas group, from the wellhead to the filling station. Another key success factor is the integration of our workforce – people who dedicate all their talents and expertise to the profitable growth of the OMV Group.

1

We produce

Our products have a long way to travel from the rocks where they lie buried, far below the earth's surface, to your gas stove or the fuel tank of your car. OMV is a global group that produces 324,000 barrels of oil equivalent per day (boe/d) in six core regions. We have set ourselves the strategic objective of boosting our oil and gas output to 500,000 boe/d by 2010. We are relentlessly pursuing this goal by means of production optimization, field developments, continued exploration and selective asset acquisitions. Fundamental to our growth is our core expertise in the operation of mature fields – particularly in Romania. We maximize recovery and work to squeeze the last drops of oil out of existing fields whilst still producing profitably.



We transport

The oil and gas resources we exploit are often far removed from our processing plants and our customers. Bridging these distances efficiently is crucial to our success. OMV transports energy via pipelines, marine tankers, road and rail. OMV was the first western company to conclude a natural gas supply contract with Russia, almost 40 years ago. And our key role in the transit business keeps growing. About one-third of all Russian natural gas exports to Western Europe pass through the Baumgarten gas hub and our 2,000 km pipeline network.

2

We process

Our Schwechat, Burghausen, Petrobrazi and Arpechim refineries and our 45% stake in the refining network Bayernoil give us a total oil processing capacity of 26.4 million tons per year. In order to continue to enhance product quality and productivity, we invest heavily in modernization, and in improving energy efficiency and product yield – particularly at the Romanian plants. We also plan to make environmental investments aimed at combating climate change by reducing CO_2 emissions from our refineries.

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4

We supply

At the end of the value chain are over 100 million consumers – the people we supply with natural gas, automotive fuels, heating oil and other quality oil products. OMV is the market leader in the Danube region, where it operates 2,540 filling stations and holds a market share of 20%. We are conscious of our responsibility for security of supply of this region. The steady expansion of our oil and gas production, and the extension of our gas supply contracts with Russia until 2027 will make it easier to fulfill this mission. And projects such as the planned Nabucco pipeline and the LNG terminal in Croatia will also help underpin energy supply security in the countries we serve.


OMV

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. He was appointed to the OMV Executive Board in 1997. 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 responsible for Natural Gas. 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 and Wiener Städtische Wechselseitige Versicherungsanstalt); Langanger (member of the Supervisory Board of Schoeller-Bleckmann Oilfield Equipment AG).

Statement of the Chairman of the Executive Board

Dear shareholders,

2006 brought more record results for your company. Increases of 5% in EBIT to EUR 2 bn and of 10% in net income for the year after minorities to EUR 1.4 bn, combined with EUR 2 bn in cash flow from operating activities are testimony to a strong financial performance. We achieved this success in an environment not just of high oil prices, but also of significantly lower refining margins. Due to this good earnings performance we are naturally proposing a further dividend increase – by 17% to EUR 1.05 per share – to the Annual General Meeting, so that you may share the rewards.

Our strong profits have not only permitted gratifying dividend growth, and the repurchase of shares and convertible bonds, but have also enabled us to make substantial investments. Of the EUR 2.5 bn in capital expenditure, 70% has gone to growth projects. This shows that your company remains on track for further profitable growth. In keeping with our strategy 2010, these investments are designed to bring sustainable value growth, so as to strengthen our competitive position and attain our profitability target of a 13% ROACE over the business cycle (given average market conditions).

Staying on track

The cornerstones of OMV's strategy 2010 are:

- Maintaining our focus on sustainable, profitable growth
- Extending our leadership in Central and Southeastern Europe
- Growing our oil and gas production to 500,000 boe/d
- Expanding our gas business

How did we pursue these goals in 2006?

20% market share in Danube region achieved

The acquisition of a 34% interest in Petrol Ofisi, the leading oil marketing company in Turkey, was a major strategic breakthrough, as it brought us entry to one of Europe's largest growth markets. This investment builds a bridge between our strong position in Central and Southeastern Europe, and the Caspian and Middle East regions, which are of special interest to us because of their oil and gas reserves, and the planned Nabucco pipeline. We have already hit our target of a 20% overall market share in the Danube region.

Market entry into Russia

During the year, our E&P segment commenced operations in Russia – a challenging but promising environment. At the same time, we rationalized our asset portfolio by divesting interests in Ecuador and Qatar. Striking exploration successes paved the way for expansion of our existing activities in Libya and Tunisia, and we have won licenses in new countries including Egypt and Norway. Proved reserves were 1.3 bn boe at year end. Our reserves were evaluated and confirmed by a highly respected independent auditing firm during the summer of 2006.

Success in the Gas business

The international expansion of our Gas business took place through Petrom and EconGas, now a fully consolidated subsidiary. Sales of gas transportation and storage capacity rose sharply. The extension of the gas supply contracts with Gazprom export until 2027 was a landmark for energy supply security. The year under review also witnessed significant progress with respect to the planning of the Nabucco gas pipeline from the Caspian region to Europe via Turkey – a vital project for Europe's energy supplies – as well as a liquefied natural gas terminal in Croatia.

Petrom restructuring on track

The restructuring of Petrom is proceeding according to schedule. Modernization initiatives across all the Company's divisions have already made a major impact. This is reflected in the encouraging result from Petrom, which contributed 36% of consolidated EBIT.

Merger talks with Verbund in May were aimed at creating an integrated energy group, which would have exploited synergies between natural gas and electricity, and would have introduced a significant proportion of renewable energy in the form of hydro power to our product mix. This was admittedly a novel idea, but one that other oil and gas companies are also increasingly considering. It was not possible to create the legal conditions for the transaction at the time. In the light of this experience a merger of Verbund and OMV is now out of the question, as I see it.

High commitment of employees

We are all proud of the OMV Group's progress over the past few years. This rapid growth, coupled with strong results, could not have been achieved without the full commitment and capabilities of all our people – often demonstrated under difficult conditions. I would like to take this opportunity of thanking them for their contribution. Developing the talents, abilities and leadership qualities that our growing Group needs will continue to be a major challenge as we move ahead. These efforts will be critical to the implementation of our strategy, and we have therefore put appropriate programs in place.

Social responsibility

Future Energy Fund founded

Another big test for any oil and gas company will be satisfying growing energy demand whilst reducing CO_2 emissions in order to combat global warming. In response to this challenge OMV founded the Future Energy Fund in 2006. The mission of the Fund, supported by an independent advisory board, is to stimulate and support energy alternatives and energy saving. The Fund will identify suitable projects floated forward within OMV, assist in their implementation and provide EUR 100 mn in financial support. Its goal will be to build commercially viable renewable energy forms into our core business operations.

Importance of corporate social responsibility

We have set ourselves clear financial goals. But we are also committed to attaining these objectives in a value-based culture that makes corporate social responsibility (CSR) central to our decisions and our daily behavior. We see no conflict between CSR, profitability and growth. On the contrary, we regard it as an essential management tool, because we cannot achieve sustainable business success without heed for the environment, health and safety, consumers and our neighbors in areas affected by our operations.

Capitalizing on our potential

In 2007, the restructuring process at Petrom and implementation of our expansion strategy will again be to the fore. We are confident that we will make further palpable progress towards these objectives. Due to our assessment of market conditions and intensifying competition, we will be paying close attention to cost management. We will continue to sharpen our profile, so as to position the Group in a manner that differentiates us clearly from our competitors.

We want OMV:

- To be the energy group that makes the best job capitalizing on the opportunities offered by the European "growth belt"
- To be hallmarked by balanced integration in terms of its business segments and geographical markets
- To stand out for its commitment to economic, environmental and social values

We hope that our success drivers, our financial strength, and our unique positioning will cement and increase your confidence in us.

Wolfgang Ruttenstorfer

Highlights of 2006

January

- Acquisition of 70 filling stations brings market leadership in the Czech Republic
- OMV transfers marketing operations in Bulgaria, Romania and Serbia-Montenegro to Petrom

February

- OMV wins two exploration licenses in New Zealand
- Significant oil discovery in Libya

March

- Asset portfolio rationalized by disposal of the E&P activities in Qatar
- OMV enters the growing Turkish market by acquiring a 34% stake in Petrol Ofisi
- Oil and gas discovery on the Jenein Sud block in Tunisia

May

- OMV and Verbund announce merger plans, but these do not come to fruition
- Annual General Meeting approves a dividend of EUR 0.90 per share for 2005

June

- Share buyback program launched to satisfy bond conversions
- OMV Future Energy Fund formed
- OMV starts exploring on Block 2 in Yemen
- OMV attains 20% market share in the Danube region through efficiencies and organic growth

July

- Another oil and gas discovery made on the Jenein Sud block in Tunisia
- Fire incident at Schwechat refinery

September

- Go-ahead for Komsomolskoe oil field development in Kazakhstan
- OMV enters the strategically important Russian market
- Austrian supply security is enhanced by extension of the Russian gas supply agreements until 2027

October

- Pohokura gas field in New Zealand comes onstream
- Divestment of E&P interests in Ecuador completed

November

- TAG pipeline expansion completed
- OMV wins an Egyptian exploration license

December

- Oil production started up in Yemen and acquisition of a new exploration license

„Competent and committed employees are crucial to the implementation of OMV's growth strategy. Since OMV is active on a global scale, the successful integration of our international teams is a key success factor."

Friederike Stern
(Department manager Recruting Services, Vienna)

OMV Group objectives and strategy

Market leader in Central Europe

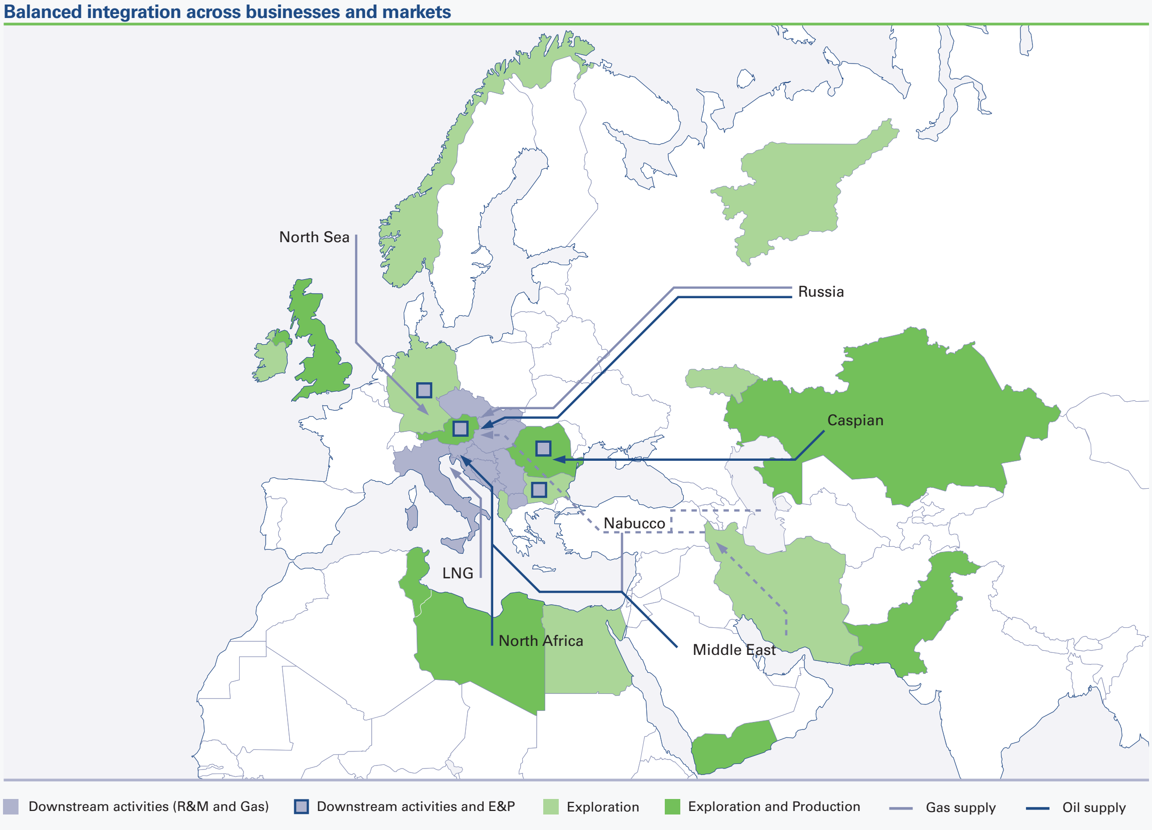
Where we are in 2006

OMV is the leading oil and gas group in Central Europe. Our core business segments are Exploration and Production, Refining and Marketing including petrochemicals, and Gas. We produce about 324,000 boe/d, and our proved reserves are approximately 1.3 bn boe. Our refining capacity is 26.4 mn t, and we operate a network of 2,540 filling stations in 13 countries. OMV transports approximately 47 bcm gas to Western Europe per year and operates gas storage facilities. Our gas sales volume is 14.1 bcm.

Apart from our wholly owned subsidiaries OMV Exploration & Production, OMV Refining & Marketing and OMV Gas, we own a 51% stake in Petrom, a 50% stake in the gas marketing company EconGas, 45% of refinery network Bayernoil and a 10% stake in the Hungarian oil company MOL. In 2006, we acquired a 34% stake in Petrol Ofisi, the leading marketing company in Turkey. In June 2006, we founded the OMV Future Energy Fund, which should support sustainable energy projects.

To bundle our Chemicals segment, we plan to incorporate our 50% stake in AMI Agrolinz Melamine International into Borealis. Our stake in Borealis is currently at 35%, while our core shareholder International Petroleum Investment Company (IPIC) holds the remaining 65%. AMI as well as Borealis are among the world's leading producers of melamine and polyolefins, respectively.

Balanced integration across businesses and markets



Our strategy

Undisputed number one in Central Europe

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

In our Exploration and Production segment, we will focus on the six core regions. In our Refining and Marketing segment, we plan to further strengthen our leadership in the European "growth belt".

Realization of synergies by integration

We intend to become the best integrated mid-sized oil and gas company in international comparison. We aim to have oil and gas production amounting to at least 50% of our refining capacity. In the Gas business more than one-third of the gas we sell should come from our own production. In this way, we will reduce our dependence on commodity markets and benefit from the high value added to be gained from internal primary production.

Sustainability

Our goal is sustainability across the Triple Bottom Line:

- Business sustainability
- Social sustainability
- Environmental sustainability

Our business growth is underpinned by a strong financial position. The targeted reserves replacement ratio of at least 160% assures the sustainable growth of our E&P business.

Good corporate governance and social responsibility are the cornerstones of our culture of social sustainability. We will outline the framework for a sustainable, ecological business model and act to put it into practice, thereby safeguarding our profitability and the continued existence of our Group far into the future.

Focus on sustainability to increase profitability

Our objectives for 2010

We want to be the oil and gas company that profits most from the opportunities presented by the European "growth belt" created by the EU enlargement, and to secure future supply through a strong position in Exploration and Production.

We are aiming:

- To increase our oil and gas production to 500,000 boe/d
- To raise our refining capacity to up to 50 mn t by taking opportunities for acquisitions
- To capitalize on our position in Marketing with a market share of 20% in Central Europe
- To reach gas sales of 20 bcm per year
- To achieve a ROACE of 13%, given mid-cycle market conditions
- To stand out from our regional peer group in terms of our market capitalization

Exploration and Production

Strong portfolio, high growth potential

Following the acquisition of a majority of the Romanian oil and gas company Petrom, Romania and Austria are the main sources of our oil and gas production, and together account for about 75% of our output of 324,000 boe/d. We also have strong asset portfolios in Libya and Pakistan, which are making steadily growing contributions to our production. With significant extension and development projects but also with the market entry into Russia and Norway we have built the basis for further future growth.

Our achievements in 2006

- Successful market entries into Russia, Egypt and Norway
- New exploration license awards in Romania, New Zealand, and Yemen
- Significant oil and gas discoveries in Libya and Tunisia
- Start of gas deliveries in Pohokura (New Zealand) and start of oil production in Habban (Yemen)
- Successful portfolio rationalization: sale of assets in Ecuador and Qatar

Our strategy

- Achieve world class performance in optimizing oil recovery and operating mature onshore fields
- Consolidate our position as a second-tier player by lifting production to 500,000 boe/d
- Focus our portfolio on a small number of core regions
- Maintain stable production in Austria and Romania
- Achieve significant output growth in New Zealand, North Africa, the Middle East, the Caspian region and in the North Sea in the Atlantic Margin
- Build a strong portfolio in Russia
- Act as operator on most of our assets
- Strengthen the integration with the downstream oil and gas business in Europe with the neighboring regions

Our strengths

- Successful optimization of production in complex onshore structures
- Enhanced oil and gas recovery (EOR) from mature fields
- Use and analysis of the latest seismic and exploration technologies
- Outstanding expertise in building and operating sour gas production facilities
- Experience in developing and operating fields in politically and environmentally sensitive areas

Our objectives for 2010

Our objective is to increase production to 500,000 boe/d by 2010. Via an average growth of approximately 5.5% per year we want to produce around 400,000 boe/d organically, while the remaining volumes should come from selective acquisitions.

Refining and Marketing including petrochemicals

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

Strong position in Refining, market leader in Marketing

Our achievements in 2006

- Entry into the growth market of Turkey via acquisition of a 34% stake in Petrol Ofisi
- The strategic objective of a 20% market share in Marketing in Central Europe has been achieved ahead of schedule
- Successful implementation of the new OMV EuroTruck brand as part of the new Commercial Road Transport (CRT) concept
- Successful restructuring of Petrom's Marketing activities and positioning of the premium brand PetromV on the basis of uniform OMV standards
- Adoption of the restructuring program for the Romanian refineries with an investment volume of EUR 1 bn mainly for Petrobrazi

Our strategy

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

Our strengths

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

Our objectives for 2010

We have already reached our goal of a 20% market share in Marketing in the Danube region ahead of schedule. During the period through 2010 we will be looking to grow profitably by leveraging our market leadership in the 13 Central European countries we serve, and appraising opportunities for acquisitions also outside our core region, in the European "growth belt".

Gas

Improved international position

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

Our achievements in 2006

- New gas delivery contract signed with Gazprom export to ensure gas supply from Russia until 2027
- Strong international growth of trading subsidiary EconGas
- Strong development of the Baumgarten gas hub
- Extension of the Trans-Austria-Gasleitung (TAG) for additional gas capacity from Baumgarten to Italy
- Nabucco project on schedule; final decision on construction is planned to be made at the end of 2007/beginning of 2008
- Start of project for the Adria LNG terminal in Croatia
- Set up of gas business in Romania

Our strategy

- Achieve closer physical integration of own production and Gas business
- 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 hub and the Nabucco pipeline
- Establish EconGas as one of Central Europe's main gas suppliers

Our strengths

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

Our objectives for 2010

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

Petrom

Petrom is the leading oil and gas company in Southeastern Europe. The core business segments are Exploration and Production, Refining and Marketing, and Gas. Production is about 204,000 boe/d, and proved reserves are 940 mn boe. Petrom has a refining capacity of 8 mn t and operates 804 filling stations. Petrom has been integrated in the OMV Group's E&P, R&M and Gas segments, starting in 2006. Because of this, its output is already included in the segment targets for 2010.

Petrom results included in Group segments

Our achievements in 2006

- Continuation of Petrom integration into OMV Group as scheduled
- Acquisition of eight exploration licenses and one exploration and production license in Russia
- Implementation of new franchise system at 350 filling stations, and 43 filling stations are already branded PetromV
- Adoption of the restructuring program for the Romanian refineries with an investment volume of EUR 1 bn mainly for Petrobrazi
- Establishment of the gas business as an independent business segment in Petrom
- Decision to undertake a feasibility study for the construction of a power plant in Romania

Our strategy

- Sustainable profitable growth by operational improvements and by an engagement in the growth markets also outside Romania
- Deploy OMV Group expertise to achieve a consistently high level of production at reduced cost
- Grow the gas business by optimizing upstream supply and storage capacity
- Increase market share in marketing business by providing top-class customer service and increased efficiency
- Produce EU-compliant products and cut costs at the refineries

Our strengths

- Substantial oil and gas reserves, sufficient for several decades' sustainable production
- One of the two leading gas producers and marketers in Romania
- Role as the Group center of expertise for Marketing in South-Eastern Europe and for Exploration and Production in Romania and in the Caspian Region

Our objectives for 2010

- Stabilize oil and gas production in Romania at 210.000 boe/d, as well as growth in the Caspian region and Russia
- Achieve a 70% reserve replacement ratio, and cut production costs to an average of USD 9/boe
- Sell an annual 7 bcm of gas and reach a 35% share of the Romanian market
- Boost average filling station throughput to 3 mn liters per year, and open 250 new PetromV filling stations
- Expand Petrobrazi refining capacity to 6 mn t and improve the cost position

Statement of the Chairman of the Supervisory Board

Dear shareholders,

The OMV Group had another successful year in 2006. This was attributable to the outstanding efforts of the workforce and management, though they were assisted by a very positive business environment in certain segments during the year.

The move into Turkey, and the Exploration and Production segment's expansion into Russia were of particular strategic significance. Petrom again delivered excellent results, making a major contribution to OMV's overall earnings. I regret that the merger with Verbund did not come about, despite the thorough preparations made. Unfortunately, the political situation was not conducive to providing the necessary legal framework.

Evaluation of sustainable value enhancement and control of systems

The Supervisory Board and its committees undertook an extensive work program to further sustainable long-term value growth. There were seven meetings of the Supervisory Board, two meetings of the Audit and Remuneration Committees, respectively, and one session of the Presidential and Nomination Committee. At the Audit Committee meetings, central aspects of the annual audit were discussed with the auditors during the audit process. The committee also considered the reserves estimates and the internal audit report.

Due to the increased importance of the Gas business, and the fact that it is now operating on an international scale, the Supervisory Board decided to appoint a new member of the Executive Board to head up this business segment. After compiling a candidate specification and carrying out the established appointment procedure, we appointed Werner Auli, who has a long and distinguished record as a senior Group executive, to the Executive Board. His previous position was general manager of OMV Gas GmbH and OMV Gas International GmbH where he laid the foundations of a successful gas business.

We had thorough and open discussions of upcoming projects with the Executive Board. I would emphasize that the confidentiality of these deliberations was professionally maintained.

The Supervisory Board again attached importance to monitoring the action taken to continue the integration of Petrom.

We dedicated a special meeting of the Board to the consideration of strategy development and implementation. Among other things, we subjected the expansion moves in Russia and Turkey to intense scrutiny. It was particularly vital here to investigate and assess the risks involved. The Board recognizes the general importance of risk management, and pays close attention to it. The effectiveness of the Group's risk management system is a regular Audit Committee and plenary agenda item. One of the issues raised during my regular one-to-one discussions with all Executive and Supervisory Board members, as well as our meetings, is the efficiency of our operation and how it can be continuously improved.

I should not omit to mention the early extension of the consortium agreement between IPIC and ÖIAG for further ten years, which reflects the good climate of cooperation between them and underpins the stability of our shareholder structure.

Annual financial statements and dividend

Following thorough examination and discussions with the auditors at 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 2006 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 accepted the Executive Board's proposal to pay a dividend of EUR 1.05 per share and to carry forward the remaining EUR 2,325,493 to new account.

Vienna, March 27, 2007

Rainer Wieltsch
Chairman of the Supervisory Board

Members of the Supervisory Board

Rainer Wieltsch (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 and Telekom Austria AG

Mohamed Nasser Al Khaily (Deputy Chairman)
First elected at the AGM held on June 7, 1995
Managing Director of IPIC; Member of the Supervisory Board of: Compania Espanola Petroleos S.A.

Peter Michaelis (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) and Telekom Austria AG (Chairman)

Murtadha Mohammed Al Hashemi
First elected at the AGM held on May 18, 1999
Division Manager/Finance, IPIC; Member of the Supervisory Board of: Compania Espanola Petroleos S.A.

Helmut Draxler
First elected at the AGM held on October 16, 1990
Chairman of the Management Board of RHI AG until January 12, 2007

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

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

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

Herbert Werner
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
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) and Oberbank AG

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.

Delegated by the Group Works Council:
Leopold Abraham, Wolfgang Baumann, Franz Kaba, Ferdinand Nemesch, Wolfgang Weigert until 23. 2. 2007, Markus Simonovsky as of 23. 2. 2007

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

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

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

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

All the shareholder representatives have declared their independence from the Company and its Executive Board during the 2006 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 2006 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 was resolved for the 2005 financial year:

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

Corporate governance

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

Commitment to ACCG

Declaration of commitment and evaluation

It thus goes without saying that this report again commits OMV to observance of the Austrian Code of Corporate Governance (ACCG), 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 legal position in Romania. OMV commissions annual external evaluations of compliance with the Code and posts the findings on each rule on www.omv.com.

Transparency on management board remuneration

Compensation of the Executive Board

OMV publishes details of individual Executive Board members' compensation packages at regular intervals. Board members' remuneration is disclosed in Note 33, and the details of the various stock option plans are discussed in Note 29. All relevant stock transactions are posted on www.omv.com, under Directors' Dealing. Petrom observes the local issuer compliance regulations. The principles applied to the OMV Executive Board's compensation are as follows. Remuneration is at competitive market levels for the relevant employment market, and has a strong performance related component. Conformity with market rates is maintained by regular external benchmarking against relevant Austrian industrial companies and the European peer group. The long-term and short-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 which is normally the statutory retirement age, though there is also a possibility of early retirement on a reduced pension. The principles governing the amount of retirement benefits are along similar lines to those for other employees of the Company. The rules for severance payments due upon termination of Board members' employment contracts are based on the previous legal situation in Austria; there are no other termination entitlements. There are no agreements regarding compensation in the event of a change of control.

Audit and supervisory director independence

A central issue for all audit bodies is their independence. In 2006, the auditors appointed by the last Annual General Meeting, Deloitte Wirtschaftsprüfungs GmbH, received EUR 0.31 mn in fees for other engagements; this was less than 20% of the fees paid for the Group audit. In the interests of transparency and independence, the Supervisory Board has adopted independence criteria, based on Commission Recommendation 2005/162/EC and the 2006 Austrian Code of Corporate Governance, which are posted on the OMV corporate website. All the members of the Supervisory Board have declared themselves to be independent according to these yardsticks. The number of Supervisory Board members elected at the Annual General Meeting who are independent of OMV's core stockholders is six, meaning that a majority of the members have no connection to core stockholders. The rules for transactions requiring approval apply to all Group subsidiaries including Petrom. In 2006, transactions with the Raiffeisen banking group (OMV Supervisory Board member Herbert Stepic is a member of the Raiffeisen Zentralbank Managing Board) totaled approx. EUR 6.7 bn (EUR 4.1 bn related to Petrom). This is less than 5% of the total assets of the Raiffeisen banking group.

Corporate social responsibility

To OMV, profitable growth and increase in value are not in conflict with social responsibility. We see corporate social responsibility (CSR) as a means of gaining competitive advantage, promoting innovation, enhancing our Group's reputation, minimizing risk, and shaping our identity and culture. We regard CSR as a meaningful concept which is indispensable to professional management, and believe that our long-term business success is intimately connected with stakeholders' confidence.

The elements of CSR are embedded in our strategy and our Balanced Scorecard methodology. We aim for sustainability across the Triple Bottom Line, i.e. in terms of economic, environmental and social values. This implies making a responsible approach to our employees, the environment and society an integral part of our business activities. At holding company level, CSR issues are the responsibility of senior executives who report directly to the Executive Board. And at business segment level employees were nominated to serve as CSR officers.

Stakeholder engagement

OMV is an active member of the UN Global Compact (UNGC), and takes this commitment very seriously. Our behavior is guided by the OMV Code of Conduct, which is based on the UNGC. Our CSR activities are likewise rooted in the Ten Principles of this global UN initiative. In some cases it is necessary for undertakings to abide by sustainable business practices and the UNGC are a condition of entering into new business ventures. In 2006, OMV set up a regular stakeholder forum, in which the entire Executive Board takes part. Through our commitment to CSR and our dialog with stakeholders we aim to gain a competitive advantage that will commend itself to our customers and employees, and to the capital markets. We also see sustainable business practices as an innovation driver. Accordingly, in 2006 we founded the OMV Future Energy Fund, which backs climate change and renewable energy projects in consultation with stakeholders.

Integration of Petrom

Increased CSR awareness at Petrom

The investment program at Petrom is focused on modernizing existing facilities and improving environmental performance and energy efficiency. In 2006, a CSR awareness program for executives was launched. CSR structures were established, and the following issues prioritized: employees; education and sport; the environment; community involvement; and quality. The aim is to make Petrom a model of Romanian integration in the EU. Unfortunately, the restructuring and modernization of Petrom has involved a substantial amount of redundancies. These have been carried out in consultation with the unions, and steps have been taken to assist those affected and their families.

Support of social projects

High standards at human rights policy

OMV has adopted a human rights policy, and has subjected its operations to a comprehensive human rights analysis. We have established standards for our behavior with regard to the human rights that are relevant to our business environment. This process will be carried forward into a gradual implementation phase in 2007. We are also supporting a large number of social projects. These include: A hepatitis prevention program forming part of our community development initiative in Pakistan; the joint foundation of an education fund with SOS Children's Village; a Red Cross relief program for flood victims in Romania; and Caritas and UNICEF educational projects. We have also extended our preventive measures against prohibited child labor and forced labor in our supply chain. Since 2006, FAIRTRADE products have been on sale at OMV filling stations in Austria.

Working for people and the environment

Minimizing the safety hazards to which our employees, contractors and customers are exposed is a central plank of our HSE policy. Major steps towards the implementation of our sustainability strategy taken during the year were the introduction of a carbon management system, a drive to promote biogas and natural gas use, and a large-scale particulate emission reduction investment program.

OMV Future Energy Fund

The OMV Future Energy Fund is a subsidiary of OMV Aktiengesellschaft, which was set up in 2006 in order to bundle and fund projects relating to alternative energy forms. The formation of the company demonstrates the Group's commitment to renewables. The first projects were launched at the end of 2006.

New challenges for energy companies

As an energy company, OMV must respond to the challenges presented by rising energy demand, finite fossil fuel reserves and climate change. Therefore, OMV is committed to identifying opportunities in the renewable energy field, which can be integrated into the Group's core business activities. The target is to establish a profitable, high-growth renewable energy business over the next few decades.

Future Energy Fund founded in 2006

Therefore, OMV Future Energy Fund was founded in June 2006. It has the task of identifying, supporting and financing projects involving renewables and emission reduction within the OMV Group.

EUR 100 mn start up capital

OMV Future Energy Fund has a start up capital of EUR 100 mn. This amount constitutes that portion of investments that is necessary for the economic efficiency of projects. This contribution is meant as a "kick off" for research or pilot projects to help them to become economically viable. The percentage share of this support on the total investment costs of a project of this kind varies case-by-case. It is the aim to generate an overall volume of more than EUR 500 mn within the three OMV business segments (E&P, R&M, Gas).

With the OMV Future Energy Fund, it is OMV's intention to promote the transition from a pure oil and natural gas group into an energy group whose portfolio includes renewable energies.

The Future Energy Fund backs technologies and applications designed to:

- Produce energy from renewable sources, e.g. production of biofuels and biogas and support research projects on hydrogen
- Reduce greenhouse gas emissions arising from energy generation from fossil fuels, e.g. through carbon capture and storage, emission free power stations, etc.
- Conserve resources through increased energy efficiency, e.g. the utilization of waste heat from industrial processes
- Reduce greenhouse gas emissions from industrial processes, e.g. by installing catalyzers

At year-end 2006, first projects were already initialized: The independent advisory board, which consists of four international scientists with high reputation as well as three representatives of the three OMV business segments, has chosen six projects, which were affirmed by the OMV Executive Board. The total amount invested is EUR 20.4 mn, with the OMV Future Energy Fund contributing EUR 3.4 mn in these projects while the three OMV business segments are investing EUR 6.8 mn and a further EUR 10.2 mn will come from external project partners. These are specific projects regarding second generation biodiesel, biogas, a hydrogen filling station in Stuttgart, another hydrogen filling station as well as a research facility in the Hydrogen Center Austria in Graz, injection of CO_2 during natural gas production and injection of CO_2 during oil production.

More information on OMV Future Energy Fund is available under: www.omvfutureenergyfund.com

Research and development

OMV's research and development (R&D) function centers on innovation and putting ideas into practice that will benefit customers, the environment and the Group itself. These activities help our business segments to extend their core expertise and achieve high product quality and service standards. Group R&D spending totaled EUR 13 mn in 2006 (2005: EUR 12 mn).

In **Exploration and Production**, research projects evaluated, improved and deployed techniques for increasing the exploration success rate and recovery rates. The main R&D focus was on seismic and petrophysical methods, and secondary and tertiary recovery methods. Research into seismic methods centered on their usability in very deep and complex carbonate reservoirs such as the basement of the Vienna Basin, and in heavily faulted reservoirs in crystalline basements (Yemen).

Special laboratory tests and mathematical simulations of production curves were employed to evaluate new enhanced recovery techniques that are particularly promising for very mature fields such as those in Austria, Romania and Tunisia. Many of the findings have already been successfully field tested, and the technology is now being rolled out across the Group. Most of the research projects were carried out in cooperation with university institutes.

In **Refining and Marketing**, one of the priorities was in assessing the feasibility of increasing the biofuel fractions in gasoline and diesel. The aim is to develop new processes that permit the use of a wide range of raw materials whilst achieving biofuel quality comparable to, or even exceeding that of conventional fuels. At present the additive mixture of the most widely used biofuels, ethanol and fatty acid methyl ester (FAME, otherwise known as biodiesel), is limited to 5% for quality reasons.

The development of new biofuels is essential if the ambitious national usage targets, which at present differ from country to country, are to be met. Another important aspect, apart from quality, is CO_2 avoidance. The hydration of native oils and fats is potentially suitable for producing biofuels at refineries. The end product is a significantimprovement on conventional diesel in terms of its engine performance characteristics. A feasibility study on the construction of a large biofuel unit at Schwechat refinery was initiated during the year.

Biofuels taking off

Fuel research, conducted in cooperation with universities and numerous industrial partners, concentrated on future fuels and combustion systems. Collaborative research projects like this, which are crucial to the attainment of our strategic objectives, give us access to know-how on state-of-the-art engine technologies that will be the key to compliance with coming emission limits.

The main thrust of heating oil R&D was work on the use of FAME based biogenic components in extra light heating oil. A project mounted in collaboration with industrial and university partners, successfully concluded during the year, developed a method for testing the usability of extra light heating oil with low concentrations of FAME components.

Engine oils: Positioning in the premium segment

OMV is aiming to become one of the three leading lubricant suppliers in Central Europe. A new generation of engine oils has been developed to help take us closer to this goal. These lubricants cut fuel consumption as well as CO_2 emissions, especially short-run operation, by up to 7% compared to previous generations of lubricants. All the formulations use state-of-the-art additives and meet the most expecting demands of cutting edge engine technology. The broad product range is marketed under the OMV BIXXOL umbrella brand, and clearly positions our lubricants in the premium segment.

Human resources

The success of our employee development effort is crucial to our growth strategy. Our wide-ranging human resources program extends from succession planning through to management training, and career development for high potential candidates, and encompasses every area of needs based human resources management. In 2006, the focus was again on internationalizing employee deployment, preparing for further expansion stages, and progressing the integration of Petrom.

High mobility within the Group

Group-wide internationalization

As of year end, 309 OMV Group employees were on foreign assignments. Some 120 expatriate employees are at work at Petrom alone, and a further 20 traveling expats based elsewhere spent most of their time in Romania. We are proud of the fact that only half of these people are from Austria, and the rest are natives of Australia, Bulgaria, Germany, Hungary, Pakistan, Serbia and the UK. At the same time, 79 Petrom employees are on duty outside Romania.

We attach great importance to internationalizing our management training. During the year, the Power2Manage program for middle management was developed in cooperation with the renowned Swiss business school IMD, and the Power2Lead program for employees with senior management potential was launched in conjunction with a well-known British business school, Ashridge.

Systematic personnel planning

Employee development for growth

Because of the importance to keeping OMV's growth strategy on track, timely employee development and long-term succession planning are central to our human resources policy. The Next Generation Forum was developed in response to these needs. During the summer, a large workshop in Vienna, at which Executive Board members were present, brought together 165 up and coming executives to develop and present their vision of the Group's future.

The sixth Human Capital Management (HCM) job satisfaction survey was conducted in 2006. Improvements were made in all areas employees were asked about, and a benchmarking study ranked OMV's performance in the top quartile of a sample of similar companies. A study on intercultural cooperation with Petrom was carried out in the run-up to the HCM exercise. This brought encouraging results, but found room for improvement on some issues such as communication, language skills and goal orientation.

Reorganization at Petrom

There was no alternative but to press ahead with the reorganization of Petrom. These actions were carried out in close consultation with employee representatives, and a social plan is in place. A total of 15 transition centers, opened across the country in mid-2006, are offering employment counseling and retraining, and are assisting ex-employees who are interested in setting up their own businesses. For the first time in the company's history, the Petrom collective agreement for 2006 provides for a performance related salary increase.

The Group's internal service company, OMV Solutions provides the business segments with recruitment, apprentice training, administrative and expat services as well as training and development support. Due to the extensive activities in Romania, the OMV Solutions Service Center was set up in Bucharest in 2006.

Headcount as of December 31

	2006	2005	2004	2003	2002
Employees (excluding Petrom)	5,180	5,226	6,475	6,137	5,828
thereof in Austria	3,372	3,314	4,285	4,316	4,345
Rest of Europe	1,018	1,390	1,712	1,357	1,218
Overseas	790	522	478	464	265
Petrom employees	35,813	44,693	51,005	–	–
OMV Group	**40,993**	**49,919**	**57,480**	**6,137**	**5,828**

Health, safety, security and environment

OMV is aiming to be one of the best mid-sized, integrated oil and gas companies in terms of its health, safety, security and environment (HSE) performance by 2010. Because of this, a major drive is under way to implement HSE programs, and environmental and safety related investments at Petrom. Nevertheless, 2006 was overshadowed by fatal accidents in Romania.

Campaign for safety at work

HSE awareness drive

In 2006, our HSE management system was reshaped and was extended to Petrom. Our HSE policy was revised, and a security dimension included. High priority was given to raising awareness of health, safety, security and environmental issues among Petrom employees. Over 300,000 training hours were recorded – more than two-thirds of them in Romania.

International health programs

The adoption of a new health standard laid the groundwork for international quality assurance across all of the Group's occupational health and first aid services. A planned occupational health center will provide first-class health services for employees at all the Romanian sites. Apart from general and legally mandatory examinations, site-specific preventive examinations were carried out, and action plans based on the results were implemented. Training and awareness-raising events on topics such as health and travel, and keeping fit in computer workplaces were staged at a number of sites. High priority was again given to exercise and nutrition awareness programs. In addition, new standards for Group-wide preventive measures were implemented in response to the threat of an avian flu pandemic.

Safety

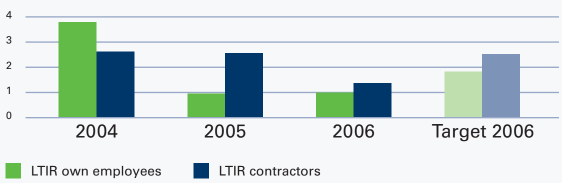
2006 was overshadowed by several fatal accidents in Romania. We deeply regret to report that six of our employees and eight contractors died at work. There were five fatalities due to car accidents in Romania. Petrom has paid great attention to road safety since joining the OMV Group. New cars have been purchased, safety belt use strictly enforced, phoning at the wheel prohibited, and intensive courses in defensive driving held. In response to the workplace accidents we stepped up the "think:ahead – discover safety" campaign, and the reporting of unsafe conditions and actions across the Group, and began investigating incidents even more intensively by using outside experts. Special attention is also being paid to training contractors and ensuring that they have the necessary skills. During the year, process safety especially at Petrom, was reviewed. Processes were audited and risk evaluations performed.

Investments into environmental protection

Milestones in environmental protection

During the year we made groundbreaking progress towards improved environmental management. In E&P, action was initiated to put a stop to virtually all associated gas flaring by 2010, and Petrom invested in replacing pipelines. At Schwechat refinery, the decision was taken to invest in a SNOx unit. At the Petrom refineries, investment was mostly channeled into improving energy efficiency, reducing greenhouse gas emissions, improving product quality and introducing biofuels. The OMV carbon management program began funding greenhouse gas reduction projects across the Group. In 2006, OMV emitted about 156,000 tons of CO_2 more than the emission allowances allocated to it, and purchased the difference on the market. Preparations were made at Petrom to start emission trading in 2007.

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



Value management

Assessing investment decisions on the basis of profitability benchmarks is crucial for the long-term maximization of enterprise value. Value management is therefore a key feature of the OMV Group's management system, and great importance is attached to it at the highest levels.

Assessing investments on the basis of profitability benchmarks

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

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

Growth and profitability are not necessarily in conflict

Consistent adherence to this approach results in different target systems, depending on the perspective taken. Some short-term discrepancies between these target systems are acceptable, nevertheless 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 in the business concerned, is an essential requirement. Beyond this narrow perspective, major projects such as acquisitions and other large investments are carefully assessed in terms of their impact on the most important value growth ratio, the return on average capital employed (ROACE).

During the annual strategic planning process a corporate value analysis is performed. This involves a critical examination of the conformity of the current strategy to 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. This enables increased prominence to be given to non-financial metrics – such as internal business process, customer, learning and growth targets – that make the achievement of strategic objectives measurable.

The action taken to implement the strategy for 2010, the changes in the Group's structure and further improvements in performance should create value growth potential that will be attractive to investors.

Definitions

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

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

Profit from ordinary activities after tax
– interest income
+ interest expense arising from financial liabilities and pension provisions
± extraordinary items
± effect of tax on the adjustments
= Net operating profit after tax (NOPAT)

Ratios %

	Targets 2010 [1]	**2006**	2005	2004	2003	2002
Return on average capital employed (ROACE)	13	18	20	15 [2]	12	11
Return on equity (ROE)	16–18	20	22	19 [2]	15	14
Total shareholder return (TSR) [3]	13	(11)	125	91	30	4
Gearing ratio	30	7	(2)	12	40	20
Payout ratio	30	23	21	19	27	29

Figures up to 2003 according to ACC, thereafter IFRS.
[1] Targets based on mid-cycle assumptions: Exchange rates: EUR/USD 1 : 1.2; RON/USD 3.3 : 1; oil price (Brent) USD 30/bbl, refining margin USD 4.80/bbl
[2] Adjusted for Petrom acquisition.
[3] Excluding reinvestment of dividends.

OMV shares and bonds

Although 2006 was another highly successful year for OMV in business terms, our share price reflected a market environment that was volatile at times. It entered 2006 at EUR 49.50, hit a high of EUR 59.86 on January 30, and was quoted at EUR 42.99 at year end. Viewed over the year this was a decline of 13%.

Switchback ride

2006 was a year of advancing equity prices throughout the world. However, oil and gas stocks displayed growing volatility, driven by fluctuating oil prices and falling refining margins, and were significant underperformers as a result. The FTSE Global Energy Index (comprising the 30 largest oil and gas companies in the world) put on 5% in 2006 while most of the larger market indices posted considerably larger gains (Nikkei 5%; DAX 22%; CAC 40 18%; FTSE Eurotop 100 12%; NASDAQ 100 7%; and Dow Jones 16%). The Vienna Stock Exchange was again among the top performers, as in 2004 and 2005, and the Austrian Traded Index (ATX) was up by 22% in the year.

OMV's share price underperformed the FTSE Global Energy Index in 2006, ending a long run of outperformance, and retreated in absolute terms by 13%. Taking the EUR 0.90 per share dividend paid on May 31, 2006 into account, shareholders suffered a decline in value of 11% in 2006.

Despite OMV shares underperforming in relative terms and declining in absolute terms in 2006, on a long-term basis they clearly outperformed the relevant indices as share price increased in average by 54% per year over the last three years.

Share price performance and turnover

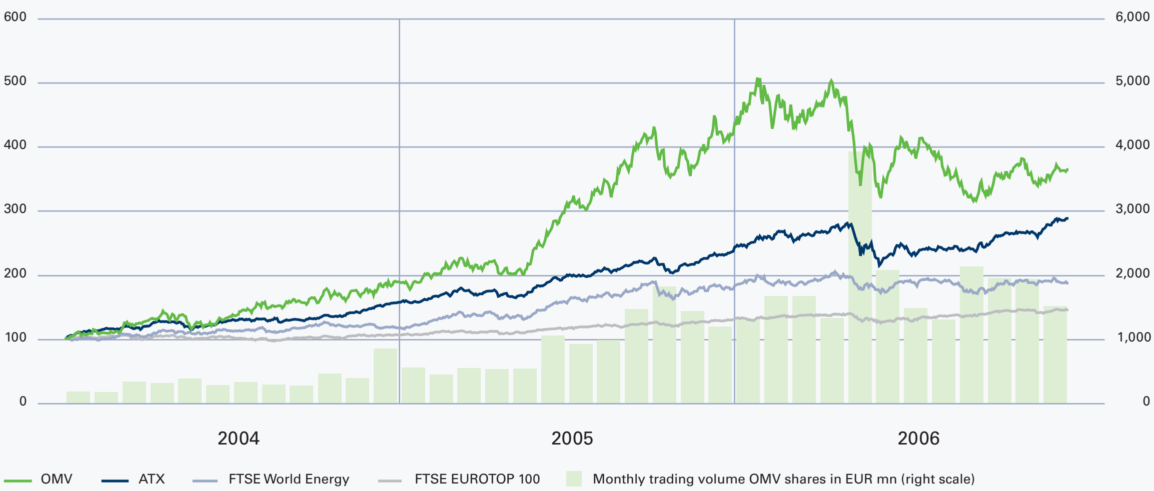
Market capitalization of EUR 13 bn

Our **market capitalization** was EUR 12.98 bn at year end. The total capitalization of all Austrian shares listed on the Vienna Stock Exchange rose by 36% to EUR 146.2 bn.

Strong increase in turnover

Trading volume rose by 97% to EUR 22.59 bn. The generally bullish tone, new listings and secondary offerings buoyed overall volume on the Vienna Stock Exchange, which grew by about 68% to EUR 125.66 bn. The volume of OMV stock traded thus increased to 18% of the total.

Share price development



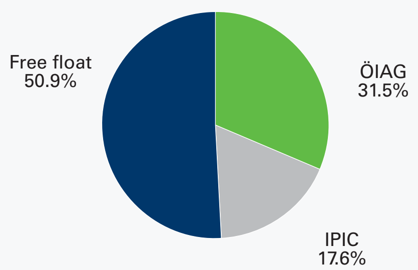
OMV share	ISIN: AT0000743059
Listings	Vienna, USA (ADR Level I)
Symbols	Vienna Stock Exchange: OMV Reuters: OMV.VI Bloomberg: OMV AV
ADR information	Sponsored Level I and Rule 144A, 1 ADR represents 1 share
Depositary	JPMorgan ADR Group 4 New York Plaza, 13th Floor New York, NY 10004, USA
Custodian	Bank 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%
OMV convertible bond	ISIN: AT0000342647
Duration, coupon	2004 to Dec. 1, 2008; 1.5%

Decision on dividend and share buyback program at the AGM

Results of the Annual General Meeting

The main items dealt with by the Annual General Meeting on May 24, 2006 were approval of a dividend of EUR 0.90 per share for 2005 and of a new share buyback program authorizing the repurchase of up to 10% of the shares at issue. The background to the buyback program was the intention to continue the stock option program and the need for own shares to enable holders of convertible bonds to convert them. The use of treasury shares to satisfy conversions has protected existing shareholders from the dilution that would otherwise have resulted from the issue of new shares. The aim of the stock option program is to align management's interests with those of stockholders by giving it a substantial long-term stake in the success of the Company. Some 30,000 shares were resold to satisfy options exercised under existing plans (for further details on the stock option plan see Note 29 or visit www.omv.com). At year-end 2006, OMV held a total of 1,289,606 treasury shares, or 0.43% of the capital stock as a result of the six buyback programs launched between 2001 and 2006. The number of shares in circulation was thus 298,712,794, as 170 convertible bonds were converted into 1,700 new shares in 2006. Under a further employee stock ownership plan, operated in the fall of 2006, employees received one free share for every three purchased; there is a two-year holding period. Around 30% of the workforce participated. The Executive Board will be proposing a dividend of EUR 1.05 per share at the next Annual General Meeting, scheduled for May 24, 2007. This equates to a payout ratio of approximately 23%, resulting in a dividend yield, based on the closing price on the last trading day of 2006, of about 2.4%.

OMV shareholder structure



Shareholder structure

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

Convertible bonds

Of the convertible bonds issued in December 2004, 65% were repurchased and 26% converted in 2006. The number of outstanding convertible bonds had thus fallen to less than 10% of those issued by the end of 2006. In January 2007, OMV announced its intention to redeem the remaining outstanding bonds as this had become possible due to undershooting the 10%

minimum. This led to numerous conversions, and the last outstanding bonds were redeemed in February 2007. A total of 2,400 new shares were issued in connection with the convertible bonds (2005 and 2006). Due to the 2006 buyback program, the other conversions were satisfied with treasury shares, meaning that dilution of existing shareholdings was largely prevented.

Investor Relations activities

The Executive Board and Investor Relations staged a large number of roadshows in Europe and the US, in order to maintain contacts with analysts and investors. In all, there were about 320 one-on-one meetings and presentations, attended by over 1,400 people. Members of the Executive Board devoted some 280 hours to one-on-ones 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]
Trading statement Q4 2006	January 26, 2007
Results for January – December and Q4 2006	March 6, 2007
Trading statement Q1 2007	April, 20 2007
Results for January – March 2007	May 16, 2007
Record date [2]	May 18, 2007
Annual General Meeting [3]	May 24, 2007
Dividend ex date	May 30, 2007
Dividend payment date	May 31, 2007
Trading statement Q2 2007	July 19, 2007
Results for January – June and Q2 2007	August 16, 2007
Trading statement Q3 2007	October 18, 2007
Results for January – September and Q3 2007	November 15, 2007
Results for January – December and Q4 for 2007	March 2008

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

Contact at Investor Relations

Ana-Barbara Kuncic
OMV Aktiengesellschaft
Otto-Wagner-Platz 5, 1090 Vienna
Phone: +43 (01) 40 440-21600
Fax: +43 (01) 40 440-29496
E-mail: investor.relations@omv.com

Order service

To obtain quarterly and annual reports in German and English, please contact us or use the ordering service under www.omv.com.

At a glance EUR

	2006	2005	2004 [1]	2003 [1]	2002 [1]
Number of shares in mn [2]	298.71	298.68	298.65	268.76	268.70
Market capitalization in EUR bn [2]	12.98	14.78	6.62	3.17	2.51
Volume traded on the Vienna Stock Exchange in EUR bn	22.59	11.494	4.292	2.087	1.583
Year's high	59.86	52.89	22.45	12.28	11.09
Year's low	37.20	20.93	11.93	9.20	8.22
Year end [2]	42.99	49.50	22.17	11.81	9.36
Earnings per share [3]	4.64	4.21	2.55	1.46	1.18
Book value per share [3]	23.36	19.73	14.29	9.89	8.87
Cash flow [4] per share [3]	6.80	7.06	3.86	3.50	2.16
Dividend per share	1.05 [5]	0.90	0.44	0.40	0.35
Payout ratio in % [3]	23	21	19	27	29
Dividend yield in % [2]	2.44	1.82	1.96	3.39	3.74
Total shareholder return in % [6]	11	125	91	30	4

[1] Adjusted for ten-to-one stock split
[2] as of December 31
[3] figures up to 2003 according to ACC, thereafter IFRS
[4] net cash provided by operating activities
[5] proposed dividend
[6] assuming no reinvestment of dividend

Business environment

Dynamic growth...

The **world economy** continued to expand rapidly, recording a real GDP growth rate of about 5% in 2006. Surging raw material and energy prices did little to hold back growth momentum, and world trade rose by almost 10%. GDP growth in developing and newly industrialized countries was 7%, leaving the 3% performance of advanced industrialized economies in its wake.

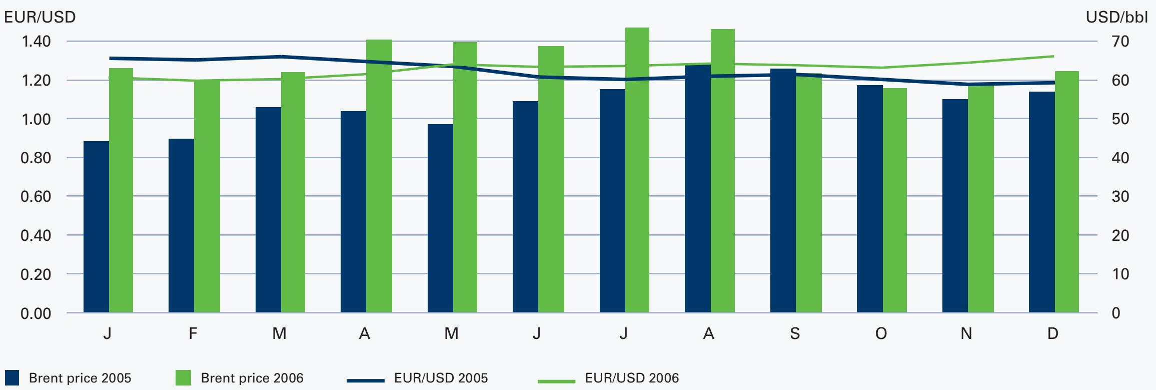
...especially in the new EU member states

The upturn in the enlarged **EU** gathered pace, lifting the GDP growth rate to 2.8%. The positive trend in export demand fed through to investment. GDP growth in the Eurozone doubled to 2.7%, owing much to a strong pick-up in economic activity in Germany. In **Austria** GDP increased by 3.2% in real terms. While personal consumption remained subdued, export demand climbed by almost 9% and investment was again robust. The economies of the ten new EU member states again outgrew the Eurozone by a wide margin. Their convergence and integration process continued apace, and real GDP growth averaged 6.3%. GDP growth ranged between 3.9% and 8.3% in the five Central European accession states – the Czech Republic, Hungary, Poland, Slovakia and Slovenia. In Bulgaria and **Romania** impending accession buoyed economic activity, resulting in GDP growth performances of 6.2% and 7.7%, respectively. The **Turkish** economy grew by 5% despite temporary exchange rate turbulences and the loss of market share in tourism.

World crude oil demand rose by 1% to 84.5 mn bbl/d, according to the International Energy Agency statistics. The increase was mainly driven by Asia and the Middle East, while demand contracted in the OECD area. **World oil production** exceeded both the previous year's level and global demand by 0.9%, resulting in further inventory build-up. OPEC crude oil output was flat, and the organization's market share was 40%. Among the non-OPEC suppliers, Russia, the Caspian states, and North and South America registered rapid production growth. The proportion of global oil supply accounted for by ethanol and biodiesel moved up from 0.8% to 1%.

The **crude oil price** (for the benchmark Brent grade) gained almost 20% over the year to average USD 65.14/bbl. The Lebanon conflict, concerns over Iran's nuclear program and worries about another destructive hurricane season in the Gulf of Mexico caused a strong run-up in the summer. Prices broke through the USD 70/bbl barrier for the first time in mid-April, and Brent hit a new all-time high of USD 78.69/bbl on August 8. After traders concluded that their fears had been overdone and that stocks were adequate the price shed about 25% to end the year on USD 58.93/bbl – not much higher than it had begun. The rapid price slide in September and October prompted OPEC to cut its production ceiling by 1.2 mn bbl/d in November. On the **Rotterdam product market** the prices of the main oil products firmed by

Crude price (Brent) and EUR/USD exchange rate



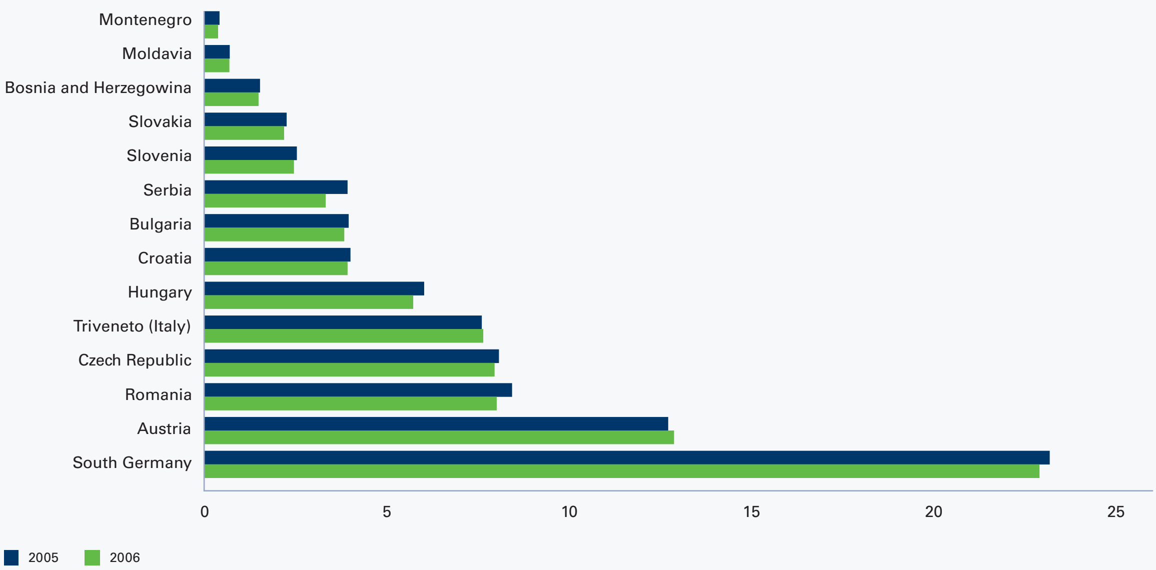
Increasing demand for petroleum products

10% to 15%. Refining capacity tightness eased, increasing the pressure of refining margins, especially in the second half of the year. The **euro/dollar exchange rate** was at USD 1.256.

Austrian natural gas demand fell by 6% from the record level seen in 2005, to stand at 8.9 bcm, owing to unusually mild weather. Domestic natural gas production expanded by 11% to 1.8 bcm while net imports shrank. Gas inventories were replenished, and the volume in storage ended the year 34% higher at almost 3 bcm.

Total **petroleum product sales volume** on markets served by OMV increased by 2 mn t to nearly 85 mn t. Demand growth was mainly driven by the continuing trend towards diesel fuel (up by 4%), which reached a 65% share of the automotive fuel market; meanwhile, gasoline sales declined by 1%. Aviation growth brought a 6% increase in aviation fuel sales, while the expansion of road infrastructure boosted bitumen demand by 13%. Heating oil sales stagnated. Overall petroleum product demand rose in all of OMV's market regions. In the Danube West region, it was about 1% up, with Bavaria, Hungary and Slovakia being the main contributors, while sales volume retreated by 1% in Austria. Volume also gained 1% in the Adriatic region, but growth rates in the Balkan countries were well above this average. Romania and Serbia accounted for most of the 7% growth in our Danube East region. Romania – the largest sales territory in this region – registered overall market growth of about 5%.

Consumption of oil products mn t



Polyolefin demand increased by about 2% in Western Europe. Margins were roughly the same as in 2005, as selling prices tracked feedstock prices, which firmed on scheduled plant turnarounds and high oil prices.

„OMV's businesses are strongly integrated along the supply chain. We explore for oil and gas around the world. The significant discoveries and field developments of the past few years underpin OMV's sustainable growth and ability to maintain security of supply."

Eliza Larratt
(Senior Explorationist, E&P, Vienna)

Business segments

Exploration and Production

In 2006, the Exploration and Production (E&P) segment benefited from sharp increases in crude oil and natural gas prices, which more than compensated for lower volumes due to declining production in Romania and portfolio rationalization elsewhere. Significant oil and gas discoveries in Libya and Tunisia, numerous exploration license awards, and successful appraisal well drills give us a strong platform for continued growth.

High oil price, EBIT at record level

Strong performance due to high price realizations
EBIT rose by 20% to EUR 1,908 mn (Petrom: EUR 972 mn), mainly reflecting higher oil and gas prices. Average oil realizations were 17% up from their – already high – level in 2005, and average gas realizations climbed by 25% due to increased prices in Austria and abroad.

In 2006, special items chiefly related to the recognition of impairments in Venezuela and Kazakhstan, and to personnel reduction expenses in Romania. Clean EBIT was 15% up year on year at EUR 1,974 mn (Petrom: EUR 1,020 mn).

4% decline in production volumes

Production of crude oil, NGL and natural gas decreased by 4% year on year to 118.4 mn boe (Petrom: 74.6 mn boe) or 324,000 boe/d (Petrom: 204,000 boe/d). The decline in production was principally due to lower output in Romania, the divestment of the assets in Qatar and Ecuador, and the change in the conract in Venezuela.

High costs, but successful exploration activities

Production costs excluding royalties (OPEX) increased by 6.5% to USD 11.10/boe (2005: USD 10.50/boe), largely as a result of the somewhat lower output volume and high cost inflation in the oil industry especially in the oil services sector. OMV recorded another year of exploration success due to discoveries in Libya and Tunisia. Of the 27 exploration and 18 appraisal wells drilled, 22 led to discoveries, resulting in a success rate of 49%.

Exploration expense climbed by 33% to EUR 200 mn owing to increased activity. Three-year average finding costs rose to USD 2.30/boe (2005: USD 1.80/boe).

Proved hydrocarbon reserves as of December 31, 2006 were 1,289 mn boe (Petrom: 940 mn boe) resulting in a three-year average reserve replacement rate (RRR) of 406%. The RRR takes account of all revisions of previous estimates, discoveries, acquisitions and divestments over the past three years.

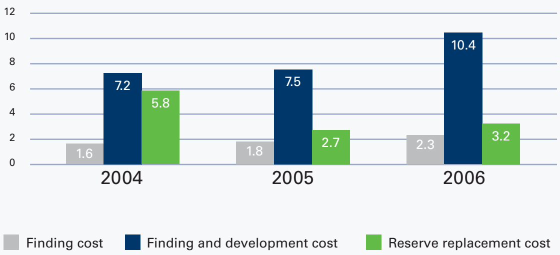
In **Austria**, average production advanced to 38,400 boe/d (2005: 37,400 boe/d). A second survey extending the 3D seismic acquired in the Hohenau area, and a 2D seismic test above the Strasshof Tief structure were completed during the year. During the fall of 2006, the acquisition of 200 sq km of 3D seismic began in Marchfeld. We commenced appraisal and development work at the Strasshof sour gas field, which is expected to produce over 2 mn cbm/d in its final development stage in 2010. The Strasshof-T5a appraisal well tested at a stable rate of 0.5 mn cbm/d. Output from the Ebenthal Tief gas field, currently under development, is projected to produce in 2008 around 1 mn cbm/d. The Ebenthal-T1 tested at a stable rate of over 0.5 mn cbm/d. Some existing oil field infrastructure is being modernized in order to streamline and automate processes, with completion scheduled for 2010.

At a glance

	2006	2005	Δ
Segment sales in EUR mn	3,968	3,444	15%
Earnings before interest and taxes (EBIT) in EUR mn	1,908	1,594	20%
Capital expenditure in EUR mn	732	526	39%
Production in mn boe	118.4	123.3	(4)%
Proved reserves as of December 31 in mn boe	1,289	1,365	(6)%

Since 2006 Petrom's E&P results have been included in those of the Group. The figures for 2005 have been adjusted accordingly.

Unit cost development (3-year average) **USD/boe**



Lower production in the UK...

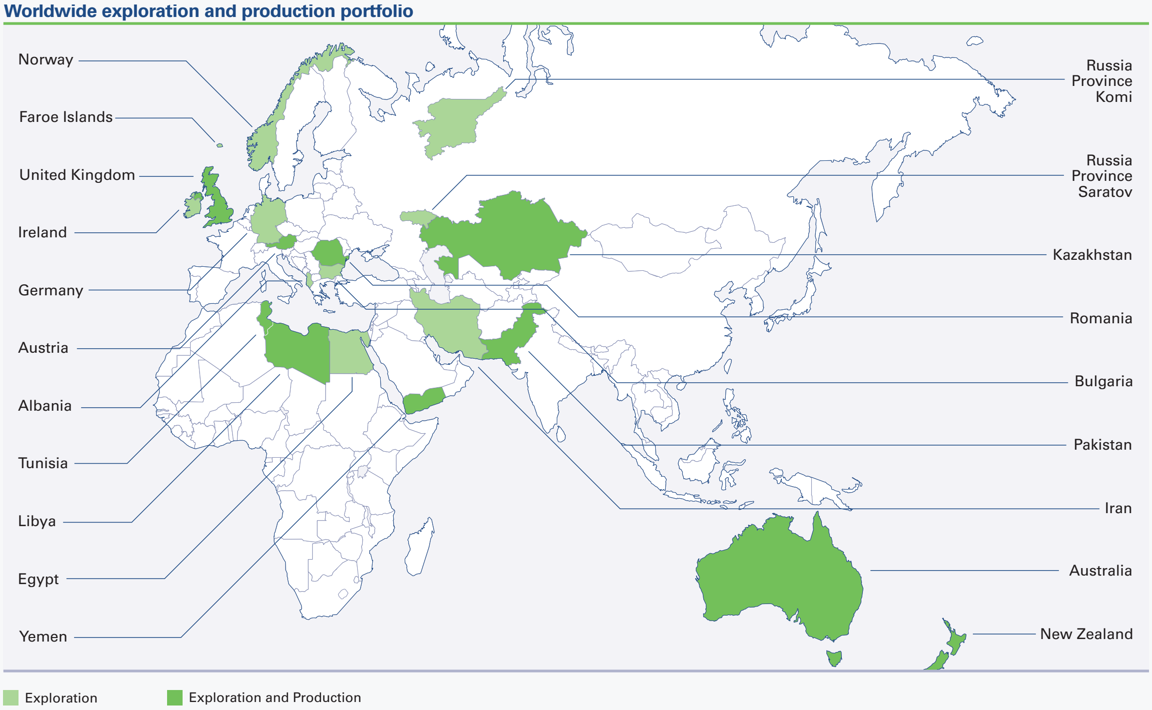
In the **United Kingdom**, output fell because of problems with the floating production, storage and offloading (FPSO) vessel at the Schiehallion field, and the scheduled reduction in production at the Howe field to 13,100 boe/d (2005:14,600 boe/d). OMV had an interest in an exploration well drilled during the year, launched an extension drilling project on the Rosebank/ Lochnagar block, and acquired interests in two more licenses in the Central Graben. An office has been opened in **Norway** and in early 2007 we were awarded operating licenses for two blocks.

The Kempten-1 drill site in **Bavaria** was completed, and the rig transferred there in mid-December. The entire work obligations for the Blocks 4 and 5 (onshore) in **Albania** were fulfilled; the license expired in February 2007. We decided to divest OMV's interest in the offshore Durresi Block in the course of 2007. In **Bulgaria**, OMV is the operator and sole licensee of the Varna Deep Sea block. In 2006, we acquired 600 sq km of 3D seismic and began processing the data.

...but significant increase in Libya

In **Libya**, production rose again to 28,600 boe/d (2005: 26,900 boe/d). The impact of lower OPEC quotas, and reduced equity entitlements according the contract triggered by higher oil prices was more than offset by increased production at the A and D fields on Block NC186. We received permission to develop the B and H fields on Block NC186, and brought both onstream in 2006. A development plan for the NC186 I/NC115 R field was submitted during the year.

Worldwide exploration and production portfolio



Core region North Africa expanded through market entry into Egypt

In **Tunisia**, average production dipped to 7,800 boe/d (2005: 8,500 boe/d), due to technical problems at the offshore Ashtart field, and interruptions to power supplies to the onshore fields in the Sfax region. Upgrading of the production facilities at the Ashtart platform is planned in due course. In particular, in 2007 the oil processing equipment is to be improved and new wells to be drilled in order to enhance production safety and efficiency. In 2006, we drilled three extension wells as well as two successful exploration wells on the Jenein Sud block. During the year, we negotiated improved terms for Ashtart with the Tunisian authorities. We divested the undeveloped Halk-el-Menzel field as part of the portfolio rationalization exercise. We extended our presence in our North African core region by winning an operating license for an exploration block in **Egypt**.

OMV delivers 16% of the gas supply in Pakistan

OMV is the largest foreign operator of gas production in **Pakistan** and met 16% of the country's gas demand in 2006. Our equity share of production averaged 18,400 boe/d (2005: 18,000 boe/d). In **Yemen**, the oil field on Block S2 (Al Uqlah), operated by OMV, came onstream in December 2006. Following ratification of the production sharing agreement for Block 2 (Al Mabar) in May, we commenced exploration activities as operator. In December 2006, OMV was awarded the exploration license as operator of Block 29 in the Jeza-Qamar Basin. In **Iran**, the national oil company NIOC declared the Mehr block commercial in February 2007. A further exploration well is planned for the first half of the year. OMV divested its 1,100 boe/d share of the production from Blocks 12 and 13 (Al Rayyan) in **Qatar**, pursuant to portfolio rationalization.

In **Australia**, exploration activity proceeded in the offshore acreage in the Timor Sea and the Carnarvon Basin. Further 3D seismic surveys are planned for 2007. OMV became the third-ranking gas producer in **New Zealand** when Pohokura – the country's second-largest gas field – came onstream in the third quarter of 2006. Output at Pohokura will peak at 40,000 boe/d – enough to meet about 40% of New Zealand's gas demand. OMV's equity share of the production is 26%. The largest unexploited oil field in New Zealand, Maari (OMV share: 69%) is currently being developed under OMV's operatorship, and is due to come onstream in 2008. In 2006, we were granted two further exploration licenses in the offshore Northland Basin, southwest of Auckland.

The sale of interest in both properties in **Ecuador**, undertaken as part of the portfolio rationalization program, was completed in October as planned. The conversion of the operating terms of the Boqueron field in **Venezuela** into a joint venture with the national oil company has resulted in a reduction in OMV's interest from 30% to 13.33%.

Petrom holds licenses for 17 onshore and two offshore exploration blocks in **Romania** with a combined area of 67,200 sq km. In 2006, average production in Romania was 200,200 boe/d (2005: 213,600 boe/d). The reasons for low output were natural decline, interruptions to production due to flooding in the spring, and a drop in gas sales in the summer caused by weak demand. Petrom produced a total of 34.4 mn bbl (2005: 37.5 mn bbl) of crude oil and NGL, and 5.9 bcm (2005: 6.2 bcm) of natural gas in 2006. During the year, action was taken to retain the core exploration areas, for which the licenses are due to expire in 2008. Petrom signed contracts for three additional exploration licenses in August 2006 and their ratification is expected for early 2007. Thanks to the use of state-of-the-art technology, 50% of the exploration and appraisal wells drilled during the year were successful. A pilot project involving the use of significantly improved well installations cut the frequency of workovers by 85%. Two gas dehydration plants were constructed and commissioned, raising the proportion of dry gas from 46% to 92%. After Petrom requested its contractors to upgrade their rigs to the current state-of-the-art, a drilling campaign with an average of 16 rigs at work was launched during the summer of 2006. The company drilled 178 wells of which 163 were completed in 2006.

Petrom upped average production in **Kazakhstan** to 4,400 boe/d (2005: 3,100 boe/d) by employing modern well stimulation techniques. The company sunk an exploration well and carried out a 2D seismic survey on the Jusaly block. After completing 3D seismic in 2005, and interpreting the data, Petrom submitted a development plan for the Komsomolskoe oil field, which was approved in September 2006. The field is scheduled to come onstream at the end of 2008.

Petrom extended its presence to **Russia** by acquiring Ringoil (Petrom interest 75% minus one share), which holds eight exploration licenses, and one exploration and production license in the Komi Republic. Petrom plans to drill the first wells in the Saratov region in 2007. In addition, it is currently examining investment opportunities in the West Siberia, Volga-Urals and Timan Pechora regions.

Outlook for 2007

The award of two operatorships offshore Norway and the UK, respectively, has strengthened our position in Northwestern Europe. We will be commencing exploration of these blocks in 2007. Substantial investments in Kazakhstan, New Zealand, Romania and Yemen are also planned. A start will be made with the Komsomolskoe field development in 2007. We are planning to complete the offshore development work at the Pohokura field in New Zealand in 2007. This will involve, among other things, drilling six production wells. Development activities on Block S2 in Yemen will proceed, with additional wells and 3D seismic planned. Eight 3D seismic projects and some 30 exploration wells are planned for Romania in 2007. Plans also call for 15 rigs to drill production wells simultaneously. The implementation of improved oil recovery (IOR) projects and constant efforts to increase production efficiency by extending the working life of production systems and other investments are key objectives for 2007.

Numerous growth projects and restructuring in Romania

Production in 2006

	Oil and NGL		Natural gas		Oil equivalent
	mn t	mn bbl	bcf	mn boe	mn boe
Austria	0.9	6.3	46.6	7.8	14.0
Petrom	4.9	35.6	211.0	39.0	74.6
Northwestern Europe	0.4	3.3	8.8	1.5	4.8
North Africa	1.8	13.3	–	–	13.3
Middle East	0.0	0.1	40.3	6.7	6.8
Oceania	0.1	1.0	10.9	1.8	2.9
South America	0.3	2.0	–	–	2.0
Total	**8.4**	**61.6**	**317.6**	**56.8**	**118.4**

Proved reserves as of December 31, 2006

	Oil and NGL		Natural gas		Oil equivalent
	mn t	mn bbl	bcf	mn boe	mn boe
Austria	8.0	56.0	544.4	90.7	146.8
Petrom	75.5	544.1	2,144.0	396.3	940.4
Northwestern Europe	2.3	17.0	37.3	6.2	23.2
North Africa	12.2	92.0	19.6	3.3	95.3
Middle East	0.0	8.0	225.2	37.5	45.5
Oceania	2.8	21.3	100.6	16.8	38.0
Total	**100.8**	**738.4**	**3,071.1**	**550.9**	**1,289.3**

Refining and Marketing including petrochemicals

The results of Refining and Marketing including petrochemicals (R&M) were impacted by weak refining margins and high energy costs. Petrom was particularly hard hit. The petrochemicals business made a strong earnings contribution thanks to good margins and increased capacity due to the Schwechat expansion in 2005. Marketing continued its successful expansion drive and hit its strategic target of a 20% market share within the Danube region.

Weak refining margins but strong petrochemicals

Earnings squeezed by low margins and high oil prices

Strong earnings from the petrochemicals business and improved results from Marketing were not enough to outweigh the impact of a significant worsening of market conditions in Refining and of adverse inventory effects as compared to 2005. EBIT was 71% down on 2005 at EUR 121 mn.

Sharp decline in EBIT

Clean EBIT fell by 64%. This figure excludes EUR 98 mn of special items, which mainly relate to restructuring expenses at Petrom. High crude costs and substantially lower margins hit Petrom especially hard. Despite first restructuring successes, high energy consumption in Romania and the adverse product yield had an above-average burdening effect on the R&M result. The negative earnings contribution from Petrom's marketing business decreased by 34% year on year. Nevertheless, Petrom's R&M EBIT deteriorated markedly and was negative by EUR 338 mn compared to a negative EUR 208 mn in 2005.

The average refining margin slipped by USD 1.57/bbl to USD 4.47/bbl. The difference between the prices of light, low-sulfur crudes and the heavy grades that Petrom mainly runs, measured by the Brent-Urals spread, increased slightly to about USD 4/bbl.

Operations in Schwechat were disrupted by two fire incidents, in March and July. A brief shutdown at the Petrobrazi plant in November did not have any significant impact on throughput because of low capacity utilization at the time. The amount of crude run at all Group refineries rose by some 0.7 mn t or 3% from 2005 (turnarounds at the Schwechat and Petrobrazi refineries), though throughput at the West European plants was roughly constant. The overall refinery utilization rate was 92%.

Margins in the **petrochemical business** improved by about 15%, mainly as a result of declining naphtha prices in the second half of the year. Another factor contributing to improved earnings was full operation of the OMV and Borealis plants expanded in 2005. Closures of uneconomic and environmentally hazardous petrochemical facilities cut output at Petrom.

The earnings contribution from **Marketing** improved substantially, largely as a result of lower special expenses at Petrom, most of which relate to restructuring. There was further slight erosion of filling station margins, as the retail businesses – especially Petrom – were unable to pass on high product prices in full. The margin situation remained particularly difficult in Germany.

Restructuring progress at Petrom

The main focus of our activities was the integration and restructuring of Petrom. A strategy for the realignment of the refining

At a glance

	2006	2005	Δ
Segment sales in EUR mn	17,253	15,081	14%
Earnings before interest and taxes (EBIT) in EUR mn	121	411	(71)%
Capital expenditure in EUR mn	1,648	855	93%
Product sales by refining business in mn t	22.97	22.00	4%
Market share of marketing business in %	20	18	9%

Since 2006 Petrom's R&M results have been included in those of the Group. The figures for 2005 have been adjusted accordingly.

business was developed and implementation initiated. This calls for upgrading of the Petrobrazi refinery to western standards in order to underpin its long-term competitiveness.

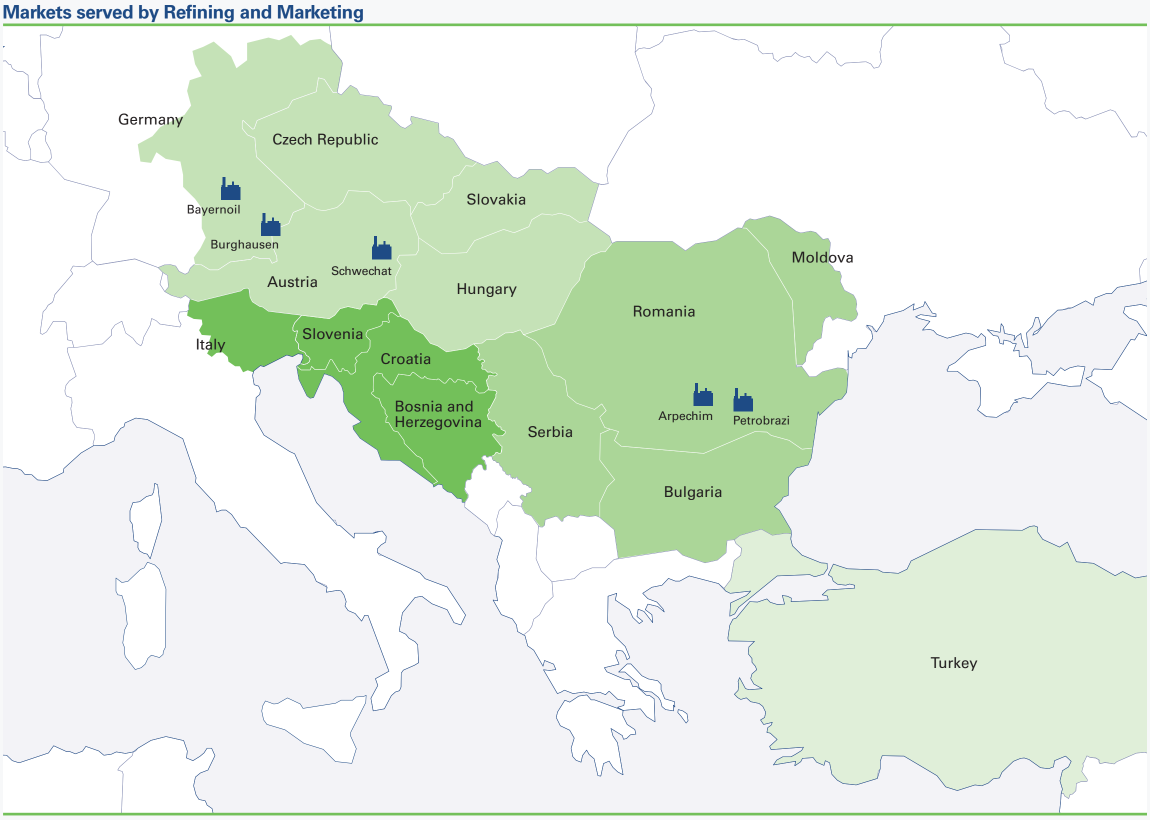
A number of projects aimed at increasing energy efficiency and improving product yield were successfully executed at the Romanian refineries in 2006. The proportion of residual in the refined barrel was reduced by 2% points, while that of diesel raised by 2% points. The two Romanian plants now produce diesel fuels that conform to the EU standard (50 ppm). Utilization of the Romanian refineries rose to almost 86% (2005: 80%). It was mainly determined by the availability of domestic crude and the economics of refining imported grades.

In the marketing business, the top restructuring priority was on working towards a more competitive filling station network. Petrom concluded 350 agency agreements that turned filling station managers into independent dealers. The new PetromV concept, featuring VIVA convenience stores, was applied to 43 new or refurbished filling stations, resulting in a step change in quality. The year also saw closures of loss-making outlets. Market coverage was further improved by the acquisition of 30 stations in Romania. Logistics quality and efficiency were enhanced by closing some storage facilities and outsourcing secondary logistics.

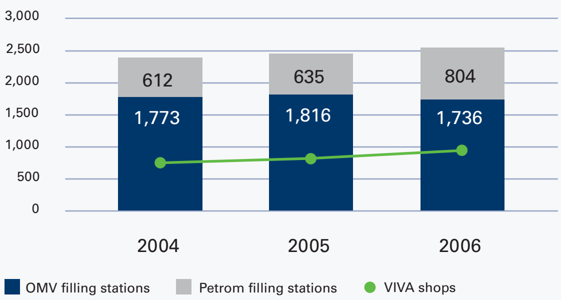
By integrating into Petrom OMV´s marketing business in Bulgaria in the first, and in Romania and Serbia in the fourth quarter of 2006, we were able to exploit synergies and increase the efficiency of our marketing business in Southeastern Europe.

Successful reorganization at Petrom

Markets served by Refining and Marketing



Filling stations and VIVA shops



Significant investment program in Bavaria

Optimization projects at the West European refineries

The previous year's cracker and petrochemical expansions at Schwechat were followed by investments in the petrochemical operations at Burghausen refinery in 2006, which will expand capacity in 2007. Another development that will help underpin the long-term viability of the Burghausen site was the go-ahead for the construction of an ethylene pipeline running southwards from Münchsmünster to Ludwigshafen.

During the year, a restructuring project was launched at the plants of the refining network Bayernoil. This will enable them to run more heavy crudes whilst also increasing output of middle distillates. Capacity at the Neustadt refinery will be expanded, and the Ingolstadt facility closed. The main investment at the Schwechat site in 2006 was the installation of a deNOx unit at the heating station.

We made a detailed analysis of process safety in response to the fires at Schwechat refinery. In spite of these incidents utilization of the Austrian and German refineries was only slightly down at 94% (2005: 95%).

20% market share target in Danube region achieved

Market share target attained

Marketing grew sales volumes by more than 6%, to 18.5 mn t. Volume growth was driven by successful customer loyalty programs, improvements to the product range and product quality, and filling station modernization programs. We slightly exceeded our 20% strategic target for market share in the Danube region.

The Group filling station network totaled 2,540 outlets at year end. Most of the 4% increase came from an acquisition in the Czech Republic, which brought OMV market leadership with a share of over 14%. While Petrom shut down unprofitable filling stations, we recorded organic growth elsewhere – notably in the rapidly expanding Bulgarian, Croatian and Serbian markets. Modernization of the Petrom chain and action to optimize the OMV network resulted in a 10% gain in retail sales volume in 2006.

In 2006, we began progressively rolling out the new VIVA shop concept, unveiled in December 2005, at selected sites in all the countries where we operate. The redesign, the improved product range and the completely revamped catering area brought an increase in non-oil sales. Sales revenues at our shops and restaurants rose again by 20%. The number of VIVA shops was up by 16% to 944, mainly reflecting the introduction of the brand at Petrom filling stations.

The commercial business posted a 5% increase in sales volume. Petrom and the West European markets recorded similar growth rates. A new profit center based organizational structure, introduced during the year, is aimed at gaining new customer segments so as to keep the commercial business growing despite the downward trend in heating oil sales.

Increased Austrian presence for Borealis

Borealis – a leading provider of innovative, value creating plastics solutions wholly owned by OMV and the strategic partner IPIC – decided to develop its Linz site into the hub of its international research activities in cooperation with the Upper Austrian provincial government and independent research institutions. At the start of July, Borealis moved its head office from Copenhagen to Vienna.

During the fourth quarter, Borealis closed an HDPE unit in Norway, which had ceased to be competitive due to its scale, configuration and geographical location. This will be balanced by expanding the group's Middle Eastern plants, thus capitalizing on the location and cost advantages that the region offers because of its proximity to the Chinese growth market.

Persistently high margins and increased sales volume brought Borealis excellent results for 2006. Net profit including the income contribution from the Borouge plant – a 40 : 60 joint venture with ADNOC in Abu Dhabi – was EUR 327 mn (2005: EUR 226 mn), meaning that Borealis made an equity contribution to OMV's financial income of EUR 114 mn. This was the highest profit in Borealis' history.

Entry to the Turkish market through Petrol Ofisi

During the year, OMV acquired a 34% interest in Petrol Ofisi from Dogan Holding for EUR 848 mn in order to gain access to one of the largest growth markets in Europe – Turkey. Following the transaction, Dogan Holding held 52.7% of Petrol Ofisi, and the remaining 13.3% were listed on the Istanbul Stock Exchange. Dogan and OMV will run the company as equal partners.

In 2006, the Turkish filling station and commercial business stood out for the unusually high margins and growing diesel sales.

At the start of 2007, Petrol Ofisi received a tax assessment including a claim connected with a transaction in 2002 (merger of IS-Dogan and Petrol Ofisi). Under the sale agreement, Dogan undertook to indemnify OMV for any tax related losses dating back to before the acquisition. In light of independent legal opinions, Petrol Ofisi is highly optimistic about its prospects of successfully contesting the demand in the courts.

Outlook for 2007

Three major refinery shutdowns in 2007

Three major refinery turnarounds are scheduled for 2007. During the second quarter, the Arpechim plant is due for a one-month shutdown – which will lengthen the intervals between turnarounds from two to four years – and the distillation unit at Schwechat is scheduled for an overhaul lasting about one month. There will be a six-week total shutdown at the Burghausen refinery in the fourth quarter, which will result in the extension of the intervals between turnarounds by one-and-a-half to seven years. During the work in Burghausen the petrochemical expansion will be commissioned. Owing to these scheduled turnarounds, the Group's overall refinery utilization rate will be below the 2006 level.

Expansion of the non-oil business

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

Priority in environmental protection

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

Gas

The impact of the Gas segment's increased international focus, reinforced by a new organizational structure, the creation of a separate gas business at Petrom, and the full consolidation of EconGas was seen in the segmental performance indicators for the first time in 2006. The extension of the Russian import contracts locks in most of our gas supplies for long periods. We posted further increases in sales of transportation capacity and storage volume, and also succeeded in concluding more long-term contracts. And we also made a concerted effort to move ongoing logistics projects ahead.

Strong Gas result also due to Petrom and EconGas

The 98% surge in EBIT mainly reflects the consolidation of Petrom's natural gas activities (EUR 44 mn) and the full consolidation of EconGas from the fourth quarter onwards (EUR 17 mn). The logistics business also put in a strong performance, recording a 5% gain in transportation capacity sales, and a 6% increase in sales of storage capacity.

Russian gas import contracts extended

OMV became one of the first West European companies to extend its gas supply contracts with Gazprom export – a wholly owned subsidiary of Russia's Gazprom – up to 2027, underpinning Austria's long-term supply security. The previous agreements would have expired in 2012.

OMV Gas International established as lead company

New organizational structure

With the objective of accelerating the internationalization of our Gas business, OMV Gas International was formed as the sub-group holding company for all our gas activities. The activities of our 50% subsidiary EconGas and Petrom's gas operations have been brought together in the Marketing and Trading business unit. The Logistics business unit, consisting of the transportation and storage businesses, comprises the OMV Gas GmbH subsidiary, and the international logistics projects in which OMV has significant interests – Nabucco and the Adria LNG terminal. In order to reinforce this new structure and maintain a strict dividing line between the merchant and logistics functions, the new Russian supply contracts were directly concluded by EconGas, meaning that it replaced OMV Gas International as Gazprom export's contractual partner.

International expansion drive by EconGas

EconGas – Austria's largest natural gas supplier to European distributors and business consumers – continued to expand rapidly. Total gas sales rose by almost 8% to 7.7 bcm. The company generated over half of its sales growth abroad despite challenging market conditions. The formation of subsidiaries in South Germany (a market of 28 bcm or three times gas demand in Austria) and Northern Italy (six times as large as the Austrian market at 55 bcm) established EconGas as an international supplier.

Establishment of a separate gas business at Petrom

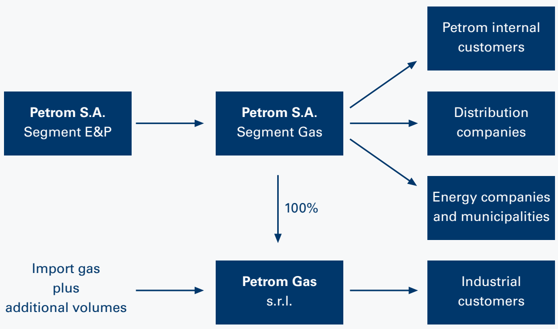
Petrom is a fully integrated company, and its operations span the entire supply chain from

At a glance

	2006	2005	Δ
Segment sales in EUR mn	2,071	803	158%
Earnings before interest and taxes (EBIT) in EUR mn	135	68	98%
Capital expenditure in EUR mn	36	30	20%
Natural gas sold in bcm	14	9	58%
Transportation capacity sold in bcm	47	45	5%
Storage volume sold in mn cbm	1,534	1,450	6%

The results of Petrom's gas division, established in 2006, are reported under those of the Group Gas segment.

Business structure of Petrom

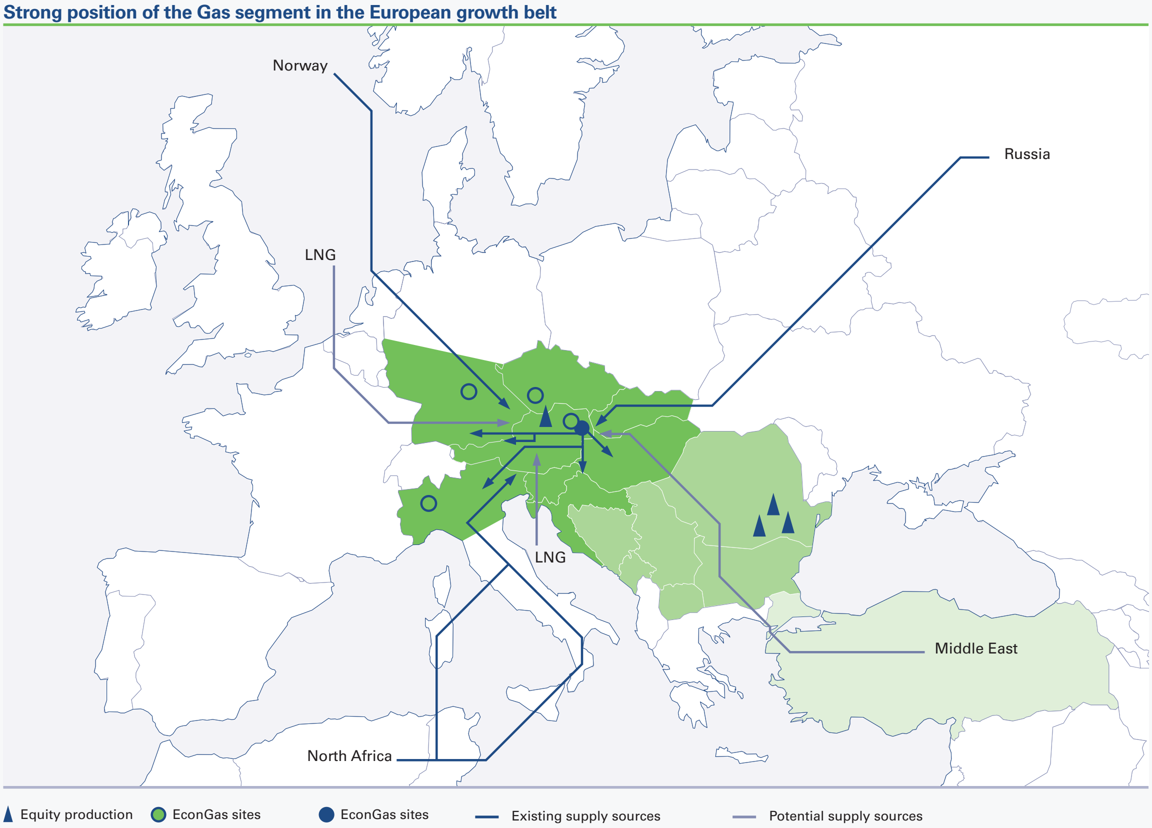


natural gas production through to delivery to end-users. The organizational unbundling of the gas marketing and production functions, and the establishment of two separate distribution channels for different consumer groups significantly strengthened Petrom's competitiveness in an increasingly fiercely contested market. The structure of the new Gas division, formed in 2006, has thus helped the company meet the challenges of a market, which is currently in the process of liberalization. Petrom's gas division serves large consumers – mainly gas distribution companies and state-owned power generators – and is also in charge of logistics, as well as supplying intra-group customers. The wholly owned Petrom Gas s.r.l. subsidiary focuses on industrial consumers.

Continious growth at Petrom

Petrom's gas sales (excluding own use by E&P) were 5.0 bcm, compared with 5.3 bcm in 2005. The company's share of the Romanian gas market was about 29%. Petrom Gas increased its sales from 0.9 bcm to 1.2 bcm and doubled its customer base in the promising industrial consumer segment. An attractive range of services, supported by effective marketing, should maintain the growth momentum in this demanding market.

Strong position of the Gas segment in the European growth belt



The revenue realized in Romania from domestically produced natural gas sales continues to be unsatisfactory in view of international price levels. Due to the fact that prices for residential consumers are regulated, and are below international levels, and to the mandatory admixture of high-priced imported gas, the regulated gas price for producers remained virtually unchanged at RON 330/1,000 cbm (USD 118/1,000 cbm) over the first three quarters of 2006. In November, the gas regulator permitted an increase to RON 397.50/1,000 cbm (USD 147/1,000 cbm).

Strong increase in trading volume

Central European Gas Hub

The strong commitment of Central European Gas Hub (CEGH) to internationalizing its business and enhancing the range of services offered in Baumgarten brought rapid growth. The number of traders rose from 15 to 37, and trading volume more than trebled to 8.9 bcm, lifting CEGH from fifth to third place in continental Europe in terms of both trading volume and the number of customers. The EconGas gas release program, under which 250 mn cbm of natural gas were auctioned, was again an important feature of the year. The 27 bidders were from eight different countries, including Austria. A measure of the interest attracted by the auction was the fact that the first round was eight times oversubscribed. The five successful bidders, from Italy, Netherlands and the UK, purchased an amount of gas equal to the annual demand of 135,000 households. Other milestones of the year were the implementation of an online bulletin board and the development of an online platform for physical trading.

Increase of the transportation and storage business

Growing transportation and storage business

Reorganization has given OMV Gas GmbH a clear focus on the Austrian transportation and storage business, and on initiatives of strategic expansion. Contracted transportation capacity rose by 5% to 46.9 bcm in 2006. This increase was due to commissioning of an additional compressor station in Rainbach and to the conclusion of new contracts for transportation capacity on the east-west system (the WAG, HAG and Penta West pipelines). Further action to expand the capacity of the Trans-Austria-Gasleitung (TAG) pipeline is planned. The completion of the third leg of the TAG Loop II line in December 2006 raised the annual technical capacity from 37 bcm to about 41 bcm.

A tariff review procedure analyzing the regulated domestic transportation market took place in 2006. After extended negotiations with the regulator, E-Control, cost increases were recognized and reflected in OMV Gas GmbH´s system charges. The outcome of this review was enacted in the Gas System Charges Order 2006 (Amendment), which came into force on January 1, 2007. The order is posted on the E-Control website.

What is particularly true in liberalized natural gas markets is that security of supply is the main measure of quality and the key differentiator among suppliers other than price. The many inquiries from potential customers all over Europe show the growing demand for OMV Gas GmbH´s storage services. The storage volume sold climbed by 6% to 1,534 bcm in 2006, and there was a further significant increase in the number of long-term contracts. In response to the growth in demand, OMV Gas GmbH is looking at expanding its storage capacity, both domestically and abroad, over the next few years.

Nabucco pipeline project

The Nabucco gas pipeline project, aimed at giving Europe access to gas reserves in the Caspian region as well as those of the Middle East – the world's largest – won strong political and media backing throughout Europe. At a conference held in Vienna on June 26, 2006 at the invitation of the Austrian Minister of Economics and Labor, the energy ministers of the Nabucco partner countries, EU energy commissioner Andris Piebalgs, the CEOs of the Nabucco shareholders OMV, MOL, Transgaz, Bulgargaz and BOTAS, and representatives of European banks expressed full support for the project. Efforts are being made to resolve the political, regulatory, legal and economic issues surrounding the project quickly by mutual agreement, so that construction can go ahead smoothly. Work is due to begin in 2008, after the technical detail planning, and environmental and social impact assessments have been completed. Talks with other potential project partners entered their final stages near the end of 2006, and are expected to be completed in 2007. Intensive negotiations on gas transmission contracts are already under way with potential transportation customers all over Europe and in the producing regions. An application for an exemption from tariff regulation has been submitted to the European Commission, and the project promoters are optimistic that this will be approved in 2007.

LNG terminal in Croatia

The planned liquefied natural gas (LNG) regasification terminal in Croatia – Adria LNG, a project in which OMV is playing a leading role – is important to our strategy of developing an LNG supply chain. In September, E.ON Ruhrgas and the project consortium signed a cooperation agreement marking progress towards establishing the definitive ownership structure. During the year, the project partners also worked on finalizing the detailed feasibility study. Construction is scheduled to begin in 2008, after the detail planning has been completed.

Outlook for 2007

The progress made by the Gas segment was underlined by the appointment of an Executive Board member to head up the business. As of January 1, 2007 Werner Auli takes over responsibility for the Gas segment from Wolfgang Ruttenstorfer. He will be working to internationalize the segment's operations, and to build it up as OMV's third core business. A major step towards these objectives is the establishment of local subsidiaries in target markets. For instance, OMV Gas Adria was registered in Zagreb in December 2006.

The Marketing and Trading business units will be working towards further sales volume growth. EconGas will be focusing on growing its high-margin international business. The company plans to form a subsidiary in Hungary in 2007. In Romania, the reintroduction of import obligations for distributors presents a challenge, which is to be met by offering end-users value added services and thereby increasing margins. The Romanian gas distribution networks are to be spun off from the production operations, and will become an independent business within the Gas division, thus becoming compliant with the unbundling requirements. In the interest of forward integration of Petrom's gas division, a feasibility study is being conducted on the construction of a gas power plant in Petrobrazi – the site of one of the Petrom refineries – to provide electricity for own use and to improve security of electricity supplies in Romania.

Increasing international growth at EconGas

In the Austrian logistics business, the expansion of the TAG and WAG systems will continue, and total transit capacity is set to reach 56 bcm by 2010. The Baumgarten gas hub will make a start with the systematic creation of exchange trading functions, in order to advance CEGH further towards becoming a genuine gas exchange.

Expansion of CNG stations network

In addition, we will continue to roll out our compressed natural gas (CNG) refueling infrastructure, and plan to be operating at least 80 CNG filling stations in Austria by 2010 as well as facilities in other markets. And we will be promoting the use of biogas as an automotive fuel, following the launch of biogas refueling at an OMV filling station in 2006.

„Our business activities in Romania are completely physically integrated. The crude we produce is refined at the Petrobrazi and Arpechim plants. At the Petrom and OMV filling stations, customers get top product quality and excellent service as well as attractive catering."

Vlad Seitan
(Retail manager, Bucharest)

Directors' report

Directors’ report

Group financials			EUR mn
	2006	2005	Δ
Sales revenues (excluding petroleum excise tax)	18,970	15,580	22%
Earnings before interest and taxes (EBIT)	2,061	1,958	5%
Net income for the year	1,658	1,496	11%
Cash flow from operating activities	2,027	2,108	(4)%
Capital expenditure [1]	2,518	1,439	75%
Employees as of December 31	40,993	49,919	(18)%

[1] Includes acquisitions and investments in associated companies.

Again record results

Although there was a surge in growth in 2005 due to the integration of the Romanian oil and gas company Petrom, OMV was able to once again exceed last year’s excellent result in 2006. EBIT was up by 5% to EUR 2,061 mn, and net income for the year by 11% to EUR 1,658 mn. These improvements were attributable primarily to higher crude oil and gas prices which more than compensated for slightly declining production volumes in E&P – due to the streamlining of OMV’s E&P portfolio – and for the significantly weaker refining margins in 2006.

Due to heavy capital expenditure in 2006 the Group’s financial performance ratios decreased in spite of the earnings growth. Return on average capital employed (ROACE) declined from 20% to 18%, and return on fixed assets (ROfA) from 29% to 27%. Return on equity (ROE) also decreased by 2% points to 20%. For definitions of these ratios readers are referred to the glossary of abbreviations and definitions on page 143 which is an integral part of the Directors’ report.

Further restructuring progress at Petrom

Main focus for management was the further integration of **Petrom** into the OMV Group. Based on the first restructuring efforts of the last year additional far-reaching measures were taken to further increase Petrom’s competitiveness. The main focus area remains the replacing of obsolete equipment and technologies with new, modern plants and processes. The main focus in E&P is recompletion of oil producing wells and the modernization of production facilities in Romania in order to stem the natural decline in production and to significantly reduce the currently very high maintenance costs. 3D seismic programs, which started in 2005 and were extended significantly in 2006, will give a better picture of the further potential of the oil and gas fields. In 2006, a comprehensive modernization program was adopted for the Romanian refinery Petrobrazi. With investments of approximately EUR 1 bn by 2011, capacity should be extended to 6 mn t per year. The main aim of this program is to improve energy efficiency and the product slate in order to significantly enhance profitability. In the second half of 2006, a new SAP IT-system was put into operation and by mid 2007, the Petrom-wide implementation of SAP systems should be finalized in order to replace all old IT operations.

Alongside these important restructuring efforts at Petrom, major progress was made towards achieving **further growth**: In the E&P segment the gas field Pohokura in New Zealand and the oil field Habban in Yemen started production according to plan at the end of the year. Furthermore, we made significant new oil and gas discoveries in Libya and Tunisia. The Russian market was entered via the acquisition of a 74.9% stake in Ringoil Holding & Trading Ltd. In the R&M segment the German refinery Burghausen has been given the go-ahead to upgrade its petrochemical business, and the structural enhancement project in Bayernoil has been promoted. A strategically important step was the acquisition of a 34% stake in the marketing company Petrol Ofisi, enabling us to enter the Turkish market, one of the largest growth markets in Europe. In the Gas segment, gas supply contracts with Russian Gazprom export were extended successfully until 2027, and the Nabucco pipeline project was further advanced.

The **streamlining of the E&P portfolio** was continued with the successful divesture of activities in Qatar, Ecuador and Tunisia. The nationalization of our activities in Venezuela forced us to impair our stake. From now onwards, we show our share in this field only as a financial asset, in the form of a 13.33% share in a Venezuelan company.

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

	2006	2005	Δ
Exploration and Production	1,908	1,594	20%
Refining and Marketing incl. petrochemicals	121	411	(71)%
Gas	135	68	98%
Chemicals	—	6	—
Corporate and Other	(103)	(121)	(14)%
OMV Group	**2,061**	**1,958**	**5%**

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

Strong E&P result, but R&M burdened by weak margins

Starting from the financial year 2006, Petrom is no longer reported as a separate segment. Therefore prior-year figures have been adapted accordingly.

Exploration and Production (E&P) registered a strong year-on-year increase in EBIT by 20% to EUR 1,908 mn. Oil, NGL and gas production decreased by 4% due to the disposals of oil fields and the natural decline of maturing fields (especially at Petrom), however higher oil prices, which were 20% above the level of 2005, and increased gas prices meant that the outstanding result of 2005 was clearly exceeded. In 2006, non-recurring net expenses of EUR 66 mn were recognized, mainly related to restructuring expenses (in particular at Petrom) and impairments in Kazakhstan and Venezuela.

EBIT in the segment **Refining and Marketing including petrochemicals (R&M)** declined by 71% to EUR 121 mn. This was largely driven by significantly weaker refining margins, which had – driven by damage at refineries in the USA due to hurricanes – reached an all-time high in 2005, and was also impacted by high oil prices. The latter represented a burden especially for the Petrom refineries, because own consumption and losses are clearly above modern western refineries. Additionally, there were two fire accidents in Schwechat which impacted the result negatively. The petrochemical business (excl. Petrom) profited from higher monomer prices and higher sales volumes due to the cracker expansion in the Schwechat refinery in 2005.

Similar to 2005, the retail business faced very low margins due to high international petroleum product prices and fierce competition. Results in the R&M segment included EUR 98 mn for impairments and restructuring expenses (mainly in Petrom).

Petrom and EconGas boosted Gas segment result

In the **Gas** segment, EBIT nearly doubled compared to 2005 to EUR 135 mn. This was mainly driven by the first time inclusion of Petrom's gas sales activities in the Group's Gas segment (2005: part of E&P segment) and the first-time full consolidation of the gas marketing company EconGas GmbH in the fourth quarter of 2006, which had been consolidated at equity before. Delivery bottlenecks of Russian gas at the beginning of 2006 and the consequent issues regarding the security of supply led to a significant increase in demand for storage capacity, contributing positively to our result.

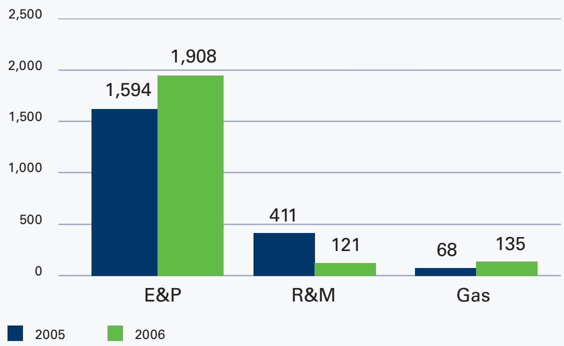
Due to the sale of a 50% stake in AMI Agrolinz Melamine International GmbH to International Petroleum Investment Company (IPIC) in 2005, the **Chemicals** segment is no longer shown separately.

Lower expenses at Co&O

The expenses in the **Corporate and Other (Co&O)** segment decreased by 14% to EUR 103 mn in 2006. This largely reflects lower non-recurring insurance costs than in 2005. Operating expenses for Group functions were at a similar level as in 2005.

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 business segment R&M has the largest share in 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 US dollar exchange rate – may cause large swings in sales and cost of sales, and the impacts on earnings are thus difficult to predict. In comparison to many other industries the order backlog in the oil business is of less relevance.

EBIT by segments EUR mn



Summarized consolidated statement of income EUR mn

	2006	2005	Δ
Sales revenues (excluding petroleum excise tax)	18,970	15,580	22%
Direct selling expenses	(222)	(201)	10%
Cost of sales	(15,021)	(11,941)	26%
Other operating income	266	457	(42)%
Selling and administrative expenses	(1,211)	(1,213)	0%
Exploration, and research and development expenses	(184)	(144)	28%
Other operating expenses	(537)	(579)	(7)%
Earnings before interest and taxes (EBIT)	**2,061**	**1,958**	**5%**
Net finance cost	95	(11)	—
Profit from ordinary activities	2,156	1,948	11%
Taxes on income	(506)	(488)	4%
Profit from ordinary activities post tax	1,650	1,460	13%
Result from discontinued operations net of tax	8	36	(77)%
Net income for the year	**1,658**	**1,496**	**11%**
Thereof attributable to minority interests	276	240	15%
Net income for the year after minorities	**1,383**	**1,256**	**10%**

Consolidated sales revenues excluding petroleum excise tax progressed by 22% to EUR 18,970 mn. This improvement was caused by the full consolidation of EconGas GmbH as of the fourth quarter of 2006 and a sharp rise in petroleum product prices. Sales of the **E&P** segment increased by 15% to EUR 3,968 mn. This is mainly due to higher oil and gas prices. After the elimination of intra-group transactions (crude oil and partly gas) of EUR 3,186 mn, E&P's contribution to consolidated sales revenues was EUR 782 mn or about 4% (2005: EUR 938 mn or 6%). Sales in the **R&M** segment amounted to EUR 16,197 mn or 85% of total sales (2005: EUR 13,634 mn or 88%). **Gas** sales increased significantly to EUR 2,071 mn (2005: EUR 803 mn). This is mainly caused by the inclusion of Petrom's gas activities, the full consolidation of EconGas GmbH and increased gas prices. After elimination of sales to intra-group refineries, the Gas segment's contribution was EUR 1,948 mn or approximately 10% of total sales (2005: EUR 796 mn or 5%).

Austria retained its position as the largest of the Group's **geographical markets** with sales of EUR 6,399 mn or 34% (2005: EUR 4,700 mn or 30%). Sales revenues in Germany increased slightly to EUR 3,681 mn (2005: EUR 3,612 mn) representing a revenue contribution of 19% (2005: 23%). Because of the significance of Petrom for the Group as a whole, Romania is reported separately while other European countries are included in Rest of Europe (figures of the prior year have been adapted accordingly). In Romania, sales revenues amounted to EUR 2,860 mn or 15% of total sales (2005: EUR 2,539 mn or 16%). Sales revenues in Rest of Europe were EUR 5,473 mn or 29%, largely driven by higher sales volumes especially in the Marketing business (2005: EUR 4,373 mn or 28% of total sales). Sales to the Rest of the world increased significantly to EUR 556 mn, which corresponds to a share of 3% of total sales (2005: EUR 356 mn or 2%).

Direct selling expenses, which mainly consisted of third-party freight-out expenses, increased by 10% to EUR 222 mn as a result of increased volumes. **Cost of sales**, which included fixed and variable production costs as well as merchandise, increased by 26% to EUR 15,021 mn, due to high crude oil prices and the full consolidation of EconGas GmbH. **Other operating income** declined by 42% to EUR 266 mn. This item included gains on the disposal of assets, exchange gains, income from subsidies, discounts and licenses. **Selling expenses** of EUR 914 mn remained at the same level as last year, with Petrom accounting for nearly one-third of the total as in 2005. **Administrative expenses** decreased by 2% to EUR 297 mn.

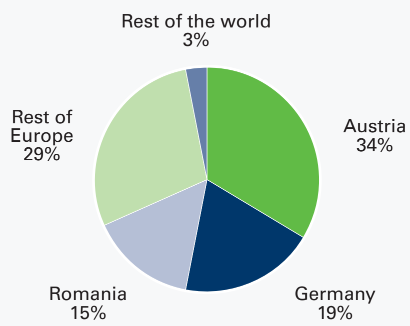
Increase in exploration expenses

Exploration and **research and development expenses** were up by EUR 40 mn to EUR 184 mn. This increase was due to 29% higher exploration expenses (EUR 171 mn). Research and development costs of EUR 13 mn remained at the same level as in the previous year and chiefly related to the R&M segment.

Other operating expenses were down by 7% to EUR 537 mn. The main items here were restructuring costs, foreign exchange losses, costs for consultancy services, insurance costs and losses on the disposal of assets.

Net finance costs showed net income of EUR 95 mn (2005: net expense of EUR 11 mn). This improvement of EUR 106 mn was due to excellent **income from investments** (increased by EUR 97 mn) and lower net interest expenses (decreased by EUR 15 mn), while other financial expenses deteriorated by EUR 6 mn. The income from investments amounted to EUR 210 mn (2005: EUR 114 mn) including EUR 185 mn

Group sales by regions



Excellent income from investments

(2005: EUR 102 mn) from the investments valued at equity. The main contribution came from the Borealis group (EUR 114 mn; 2005: EUR 62 mn) and from the Turkish marketing company Petrol Ofisi (EUR 47 mn), which has been acquired in May 2006. The **net interest position** improved showing an expense balance of EUR 109 mn (2005: expense of EUR 124 mn). Interest expenses include the interest component of pension obligations with an amount of EUR 49 mn (2005: EUR 50 mn), as well as the interest component of decommissioning and restoration obligations amounting to EUR 60 mn (2005: EUR 74 mn). **Taxes on income** increased by EUR 18 mn to EUR 506 mn. Current taxes on income were up by EUR 29 mn on 2005 at EUR 490 mn as a result of the Group's strong financial performance. In 2006, a **deferred tax expense** of EUR 16 mn (2005: EUR 27 mn) was recognized. The Group's **effective tax rate** declined by 1.5% points to 23.5% compared to 2005. This decrease is attributable to the strong tax-exempt income from investments, on the one hand, and a result of higher tax deductibility of Petrom expenses, on the other. This reduction is partly offset by the stronger profit contribution from E&P companies, which tend to be subject to higher taxes.

Capital expenditure [1] EUR mn

	2006	2005	Δ
Exploration and Production	732	526	39%
Refining and Marketing incl. petrochemicals	1,648	855	93%
Gas	36	30	20%
Chemicals	–	10	–
Corporate and Other	102	18	476%
Total capital expenditure	**2,518**	**1,439**	**75%**
± Changes in the consolidated Group, results of associates accounted for by the equity method and restructuring	3	138	(98)%
+ Increase in securities and loans	179	722	(75)%
Additions to and increases in value of non-current assets as shown in the statement of non-current assets	**2,700**	**2,299**	**17%**
± Currency translation, fair value adjustments and other adjustments	(361)	(464)	(22)%
Investments in non-current assets as shown in the cash flow statement	**2,338**	**1,835**	**27%**

[1] Includes acquisitions and investments in associated companies.

Capital expenditure increased significantly to EUR 2,518 mn (2005: EUR 1,439 mn), as this year’s figure includes major acquisitions: The acquisition of a 34% stake in the Turkish marketing company Petrol Ofisi (EUR 848 mn incl. currency hedge), the purchase of a filling station chain in the Czech Republic and the acquisition of E&P assets in Russia.

E&P invested EUR 732 mn (2005: EUR 526 mn) mainly in developing fields in Austria, New Zealand, Romania and Kazakhstan. More than half of the capital expenditure in **R&M**, amounting to EUR 1,648 mn (2005: EUR 855 mn), related to the above-mentioned two R&M acquisitions. Furthermore there were investments in petrochemical projects in Burghausen as well as quality enhancement and restructuring projects mainly in Romania. As in 2005, R&M also invested in acquiring filling stations, and in expanding and modernizing existing retail networks.

The main focus of investment in the **Gas** segment (EUR 36 mn) was centered on the West-Austria gas pipeline (WAG) expansion project.

The bulk of the EUR 102 mn invested by **Co&O** went to IT projects and infrastructure mainly at Petrom.

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

Summarized balance sheet — EUR mn

	2006	%	2005	%
Assets				
Non-current assets				
Fixed assets	11,313	64	9,450	61
Other receivables and assets	408	2	351	2
Deferred tax assets	60	0	25	0
Current assets				
Inventories	2,029	11	1,603	10
Receivables and other assets	2,307	13	1,988	13
Securities and investments, cash and cash equivalents	1,664	9	1,953	13
Non-current assets held for sale	24	0	81	1
Equity and liabilities				
Equity	9,176	52	7,694	50
Non-current liabilities				
Pensions and similar obligations	952	5	1,011	7
Bonds and interest-bearing debts	981	6	1,249	8
Decommissioning and restoration obligations	1,489	8	1,358	9
Provisions and other liabilities	271	2	360	2
Deferred taxes	287	2	220	1
Current liabilities				
Trade payables	1,602	9	1,472	9
Bonds and interest-bearing debts	1,312	7	577	4
Other provisions and liabilities	1,732	10	1,479	10
Liabilities associated with assets held for sale	0	0	32	0
Total assets/liabilities	**17,804**	**100**	**15,451**	**100**

Increase in total assets due to acquisitions

Total assets grew by EUR 2,353 mn or 15% to EUR 17,804 mn. The increase in fixed assets mainly related to acquisitions and the full consolidation of EconGas GmbH. Current assets increased by EUR 398 mn, mainly as a result of higher inventories. The ratio of fixed assets to total assets increased from 61% to 64%. The equity to fixed assets ratio – including long-term borrowings – was down from 126% to 116%, where as the ratio of fixed assets to equity remained at the high level of the previous year, at 81%.

Increase in fixed assets

Fixed assets rose by EUR 1,862 mn to EUR 11,313 mn, with EUR 946 mn of the increase derived from intangible and tangible assets. Additions to intangible assets and property, plant and equipment (EUR 1,475 mn) exceeded the total of depreciation and amortization as well as disposals by EUR 634 mn.

Total financial assets grew by EUR 916 mn, most of the increase resulting from the acquisition of Petrol Ofisi A.S. This plus the strong result from associated companies, mainly of Borealis and Petrol Ofisi, caused an increase of the carrying value of associated companies by EUR 904 mn. Foreign currency translation gains increased total fixed assets by EUR 221 mn (2005: EUR 224 mn) and related primarily to Petrom.

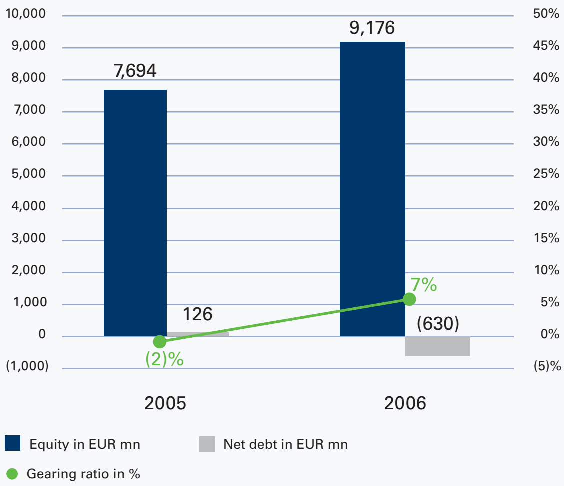
Higher inventories due to full consolidation of EconGas

Inventories increased by EUR 425 mn, which is primarily due to the first-time full consolidation of EconGas GmbH. Moreover inventories were built up because of higher mandatory stock reserves and preparation for maintenance work at Schwechat refinery planned for the second quarter in 2007. The rise in **current receivables and other assets** of EUR 319 mn was offset by an increase in **current liabilities** (excluding financing) of EUR 352 mn.

While **pensions and similar obligations** declined by EUR 59 mn, the non-current **decommissioning and restoration obligations** increased by EUR 132 mn. This increase was primarily due to discount unwinding and foreign currency translation effects.

The changes in **financing structure** stem from the Group's high capital expenditure in 2006, leading to a net growth of financial liabilities by EUR 476 mn. Whilst bonds amounting to EUR 636 mn were redeemed, other current and non-current interest-bearing debts rose by EUR 1,103 mn. A large part of the additional debt was contracted by OMV Aktiengesellschaft.

Gearing ratio



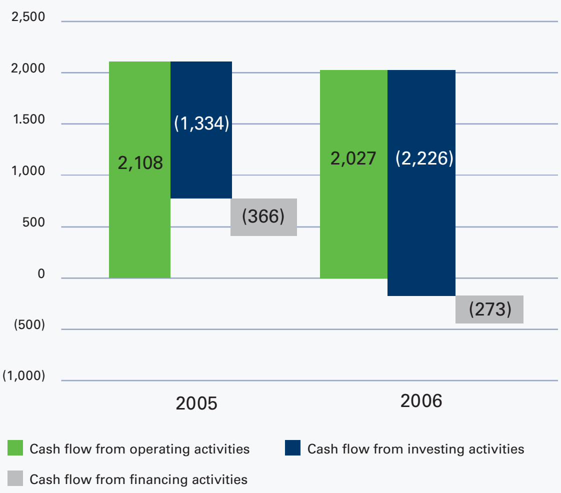
Gearing ratio

High capital expenditure due to acquisitions in 2006 exceeded self-financing, leading to an increase in bank liabilities.

As of December 31, 2006 long-term and short-term borrowings and bonds amounted to EUR 2,294 mn (2005: EUR 1,827 mn) while cash and cash equivalents as well as current securities and investments) accounted for EUR 1,664 mn (2005: EUR 1,953 mn) in total. **Net debt** thus increased by EUR 756 mn to EUR 630 mn (2005: net cash EUR 126 mn). As of December 31, 2006 the **gearing ratio**, defined as net debt divided by equity, was 7% (2005: (2)%).

It should be noted that the majority of the Group's liquidity is in Petrom (net cash of EUR 1,158 mn). Furthermore, there are 49% minority interests in Petrom (EUR 2,165 mn), which enlarge the equity capital basis for the calculation of the gearing ratio.

Cash flow EUR mn



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.

Net cash from operating activities fell by EUR 81 mn or 4% from EUR 2,108 mn to EUR 2,027 mn. The reconciliation of net income for the year to net cash from operating activities (before changes in working capital) resulted in a net upward adjustment of EUR 561 mn for 2006 (2005: EUR 751 mn). Depreciation and amortization added EUR 810 mn (2005: EUR 794 mn), and deferred taxes provided another EUR 19 mn (2005: EUR 18 mn) to the cash flow.

Lower long-term provisions (including employee benefits, and decommissioning and restoration obligations) resulted in a decrease of EUR 37 mn (2005: EUR 3 mn). Further reductions were due to gains from the disposal of non-current assets of EUR 69 mn (2005: losses of EUR 11 mn) as well as due to write-ups of fixed assets, and other non-cash items in total of EUR 162 mn (2005: EUR 68 mn).

Other non-cash items mainly relate to shares of associates' results (less dividend payments) which amounted to EUR 109 mn (2005: EUR 54 mn).

Funds invested in working capital as of December 31, 2006 increased by EUR 192 mn (2005: increase of EUR 139 mn). Decreases in receivables and inventories led to the release of EUR 94 mn (2005: cash outflow of EUR 760 mn), whereas reductions of liabilities and short-term provisions tied-up funds amounting to EUR 286 mn (2005: tie-up of EUR 571 mn).

Inventories decreased mainly due to the seasonal reduction of stocks at EconGas GmbH (between first-time full consolidation and year end), which was only partly offset by inventory build-ups, mainly at the refineries.

CAPEX 2006: EUR 2.3 bn

Investment outflows for non-current assets of EUR 2,338 mn (2005: EUR 1,835 mn) were partly offset by inflows of proceeds from the sale of non-current assets amounting to EUR 322 mn (2005: EUR 149 mn).

Acquisitions of consolidated subsidiaries caused cash outflows of EUR 162 mn, whereby cash acquired was netted with the purchase prices for the acquisitions and increases in interests in the Czech Republic, Russia, Romania, and Austria, respectively, whereas in 2005 a company previously accounted for by the equity method added EUR 6 mn to cash flow.

Proceeds from the sale of Group companies less cash and cash equivalents held were EUR 1 mn (2005: EUR 358 mn taking account of repayments of intra-group loans).
Net cash outflow from investment activities totaled EUR 2,226 mn (2005: EUR 1,334 mn).

Share buyback prevented dilution

In 2006, EUR 525 mn were used for the repurchase of OMV convertible bonds (2005: no repurchases). Additionally the Company repurchased own shares to be used for serving convertible bonds, which led to a cash outflow of EUR 202 mn (2005: no repurchases).

The Group received EUR 831 mn from the net increase of long-term and short-term borrowings, whereas in 2005 net repayments of EUR 232 mn were made. Cash outflows for dividend payments amounted to EUR 378 mn (2005: EUR 134 mn), of which EUR 269 mn

(2005: EUR 131 mn) was paid to OMV shareholders and EUR 109 mn (2005: EUR 3 mn) to minority shareholders of subsidiaries. **Cash outflows from financing activities** amounted to EUR 273 mn (2005: EUR 366 mn).

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 (Marketing and Gas). In common with the entire oil and gas industry, OMV is exposed to a variety of risks, mainly market, but also operational, regulatory and political risks. OMV takes the view that in the long-term some of the risks in the R&M business are naturally hedged by opposite trends in the oil and gas production. However, the balancing effects of opposing industry risks often lag or are mitigated due to the high level of integration. Because of this, 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 system (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 EWRM helped enhance risk awareness and risk management skills (Group Directive) across the entire organization, including subsidiaries in approximately 20 different countries. The EWRM was also fully introduced at Petrom in 2006.

An electronic risk monitoring system is used to monitor and prioritize all significant risks, and to assess the potential impact of key risks. Overall risk is computed with the aid of a simulation model, the results of which are compared to internal credit rating targets. The system is also used to record recent developments and actions taken. Reports on the findings yielded by 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 forecast EBIT are: Market price risks, certain legal and compliance risks, development and production cost risks, foreign exchange risks (particularly arising from the USD), and hazard risks.

Although OMV has long experience of the political environment in Central and Eastern Europe, and in its core oil and gas production areas, political developments in all of the 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. Emission risks are separately monitored, aggregated for the Group as a whole, and monitored by a joint operating committee on an ongoing basis. 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 takes place at all organizational levels by using clearly defined risk policies and responsibilities. The main risk management process is decentralized, and is located in the business units. However, the management of some key risks is governed by Corporate Directives, e.g. those relating to health, safety and the environment, legal matters and compliance, human resources, corporate social responsibility and the management of insurable risks.

Management of the financial risks arising from foreign currencies, interest rates, commodity prices, counterparties, pensions and emissions is centralized in Group Treasury. The overall objective is to safeguard the cash flows required by the Group for growth and to maintain a good creditworthiness. These risks are measured on a value-at-risk basis.

Petrom's foreign currency risk, especially the risks associated with the USD/EUR exchange rate and its effects on cash flow and/or the balance sheet (translation risk), has been assessed, however the net long USD position identified was not hedged.

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 risk management

Strategic management of commodity price risk – the main risk category which cannot be influenced by the Group – is aimed at maintaining sufficient cash flow to fund planned investments, and is based on a business-at-risk model. The Executive Board takes hedging decisions based on recommendations by the Operating Committee, which comprises personnel nominated by the business segments and Group Treasury. Due to the strong cash generation in the Group, no additional steps were taken in 2006 to hedge against this risk.

Health, safety, security and environment (HSE)

The health, safety, security and environment (HSE) management system was updated and extended to Petrom in 2006. The HSE policy was revised, and security included. The guidance document Environmental Management Accounting by IFAC (International Federation of Accountants) was implemented as the Group-wide standard for the reporting of environmental costs. In 2006, one of the top priorities was enhancing HSE awareness, especially at Petrom. Over 300,000 hours of HSE training were given – more than two-thirds of them in Romania.

Reduction of incident rate important

After steadily declining for some years, the lost time incident rate (LTIR) rose slightly in 2006 to reach 0.98 per million hours for own employees and 1.36 for contractors. The total recordable incident rate (TRIR) was 1.33 per million hours worked for own employees and 2.16 for contractors in 2006. There were five fatalities among Petrom employees as a result of car accidents in Romania, and one employee and eight contractors died at work.

The Group fatal accident rate was 7.5 per 100 million hours worked for own employees and 14.3 for contractors. OMV as a whole and particularly Petrom place a focus on the reduction of the number of accidents at work and improvement of process safety.

Higher environmental standards

The Group recorded a total of 15 significant hydrocarbon spills (in excess of 1,000 liters) and 2,767 minor releases during the year. In 2006, several major investments aimed at raising environmental standards were approved. A carbon management program was set up to promote greenhouse gas reduction projects across the Group. In 2006, Petrom also prepared to meet the new legal requirements related to Romania’s accession to the EU on January 1, 2007.

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

1. The capital stock is EUR 300,002,400 and is divided into 300,002,400 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 block voting 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 between two and six members. Candidates who would complete their final term of office after reaching the age of 65 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 Constitution Act). Members of the Supervisory Board may 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 majority of the votes and capital represented in the taking of the resolution is sufficient.

7. The Executive Board has been authorized by resolution of the Annual General Meeting held on May 18, 2004 to increase, subject to the consent of the Supervisory Board, the capital stock of the Company by May 17, 2009 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, 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).

The capital stock has been conditionally increased by approximately EUR 29,998 thousand under section 159 (2) (1) Austrian Stock Corporation Act by issuance of up to 29,997,600 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 18, 2004 exercise their right to convert them into the Company's stock. As of December 31, 2006 the number of bonds outstanding was less than 10% of the bonds originally issued in December 2004. Therefore, OMV redeemed the outstanding convertible bonds on February 21, 2007 and a conditional capital increase according to the convertible bond issued in December 2004 is no longer possible.

The Annual General Meeting on May 24, 2006 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 canceling own shares without further stockholders' 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 case 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 A.S. 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

On February 7, 2007, Petrol Ofisi A.S. received a tax assessment from the Turkish tax authorities. The assessment contains tax demands for 2004 and 2005 amounting to TRY 435 mn (EUR 239 mn), 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, has agreed to indemnify OMV for these tax-related damages and losses from the period prior to the sale. Petrol Ofisi, on the basis of independent legal advice, estimates the probability of success in any legal proceedings as extremely high; therefore, no provision has been made in the 2006 accounts.

Modernization program at Petrom continued

Outlook for 2007

The focus in 2007 will remain on further driving the restructuring program of **Petrom** as well as its integration into the OMV Group. The main effort of the modernization process in E&P will be the re-completion of oil producing wells, which started with a test phase in 2006. It is scheduled to complete this program until the end of 2008, with first successes becoming already apparent towards the end of 2007.

In the Petrom refineries gradual improvements due to the current restructuring investments are expected, but it is estimated that larger earnings improvements will not become visible until after the completion of the large investments in 2011.

A major step forward will be made in 2007 through the full implementation of the SAP IT-system in Petrom. We managed to implement OMV standard-processes in Petrom and modernized the complete IT-landscape of Petrom in less than three years.

Decline in oil price expected

We expect the main market drivers (crude price, refining margins and the US dollar exchange rate) to remain highly volatile in 2007. We expect average **crude prices** in 2007 to be at lower levels than 2006, although with considerable short-term fluctuations. In 2007 the spread between Brent and Urals prices, which has been unusually wide for the last two years, is expected to be slightly below the 2006 levels. Regarding the **USD exchange rate**, we expect the dollar to weaken slightly in comparison to last year. We foresee **refining margins** on a similar level to 2006.

Slight increase in production volumes expected

In **E&P** we expect a slight increase after the declining production in 2006, supported by the start of production of fields in New Zealand and Yemen at the end of 2006. The investment priorities for 2007 will be the development of the Strasshof gas field (Austria), of oil fields Maari (New Zealand), of the Komsomolskoe oil field (Kazakhstan) and of the oil field in Block S2 (Yemen) as well as the final works for the gas field Pohokura (New Zealand).

In Romania, high investments in the modernization of the production facilities in order to substantially enhance the efficiency of the production process and to decrease production costs will continue.

The environment for further acquisitions is very challenging and competitive due to high oil price levels; however, we are continuously evaluating possible projects.

In the **R&M** segment, three major refinery shutdowns are planned in 2007: A one-month standstill in Arpechim (extension of the interval between the standstills from two to four years) and a standstill for maintenance of the distillation plant in Schwechat, lasting for approximately one month, in the second quarter. In the fourth quarter the complete site at Burghausen will be shut down for a turnaround lasting six weeks. Due to this shutdown the interval between the shutdowns will be prolonged by 1.5 years to as much as seven years. In the course of these works, the petrochemical capacity expansion will also be put into operation. Due to the planned shutdowns, the Group's total utilization rate will be below the level of 2006.

The focus of investment in the refineries in 2007 will be the modernization of the Petrobrazi refinery, the completion of the cracker extension in Burghausen and the construction of a thermal cracker in Schwechat in order to be able to use more heavy crude oil and at the same time to reduce the amount of heavy fuel oil in the product slate.

At Bayernoil an extensive restructuring program will be implemented, which will lead to the closure of the site in Ingolstadt in order to implement an improved structure and secure the refinery network on a long-term basis. Furthermore, preparatory work for the construction of the ethylene pipeline in southern Germany will be undertaken.

We do not foresee improved margins in Marketing in 2007. Due to the further expansion of the filling station network in the European growth markets and a modernization of Petrom's filling stations, sales volumes in Marketing should increase slightly.

In the **Gas** segment, the internationalization will be consistently further implemented in 2007. The

Marketing and Trading business is expected to be strengthened further by the presence of the sales and trading subsidiary EconGas GmbH in Germany and Italy as well as by the growth of Petrom's gas business in Romania.

In the Logistics business Austria's significance as one of the central European gas turntables is further increased by the extension of transit pipelines, the fast growth of the gas hub in Baumgarten and the planned storage projects. The Nabucco project, which is now one of the key European infrastructure projects, further increases the importance of this hub. This pipeline aims at securing an alternative natural gas supply to Europe via a connection to the Caspian region. The project is still in the development phase, during which all technical, legal, commercial and financial issues are being investigated.

Feasibility studies are scheduled for 2007 for the Adria LNG project and plans of building a gas power plant in Romania. An entry in new sales and trading markets within Europe's growth belt is evaluated.

CAPEX per annum planned at EUR 2 bn

Annual average **investments** of approximately EUR 2 bn, of which around EUR 900 mn are dedicated to Petrom, are planned over the next few years in order to maintain growth momentum and continue the modernization of Petrom's operations. Major acquisitions are not included in this figure. 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 1, 2007

The Executive Board

Wolfgang Ruttenstorfer
Chairman

Gerhard Roiss
Deputy Chairman

Werner Auli

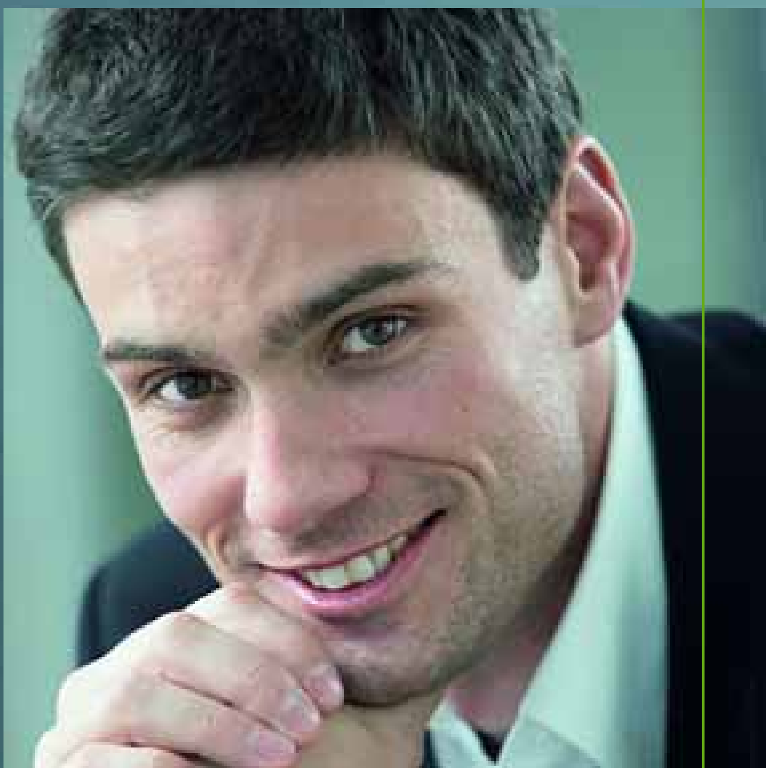
David Davies

Helmut Langanger

„Not only does our professionalism in marketing underpin the profitable growth of our business activities, but our integrated approach and comprehensive accounting, treasury, fiscal and risk management expertise ensures that we make a maximum earnings contribution to the Group."

Nenad Kosorok
(Head of Finance & Services, R&M Adriatic cluster, Zagreb)

Financial statements



Group financial statements 2006 according to International Financial Reporting Standards (IFRS)

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Consolidated statement of income for 2006

Consolidated statement of income			EUR 1,000
	Note	**2006**	2005
Sales including petroleum excise tax		23,642,528	19,849,438
Petroleum excise tax		(4,672,160)	(4,269,742)
Sales revenues		**18,970,368**	**15,579,696**
Direct selling expenses		(221,843)	(200,921)
Costs of sales		(15,021,255)	(11,940,750)
Gross profit		**3,727,270**	**3,438,025**
Other operating income	6	265,866	456,687
Selling expenses		(913,858)	(910,075)
Administrative expenses		(297,093)	(303,322)
Exploration expenses		(170,907)	(132,212)
Research and development expenses		(13,241)	(12,193)
Other operating expenses	7	(537,015)	(578,543)
Earnings before interest and taxes (EBIT)		**2,061,022**	**1,958,367**
Income from associated companies	8	184,652	101,736
Income from other investments	8	25,761	11,974
Interest expenses	9	(108,757)	(124,043)
Other financial expenses	10	(6,452)	(338)
Net finance cost		**95,204**	**(10,671)**
Profit from ordinary activities		**2,156,226**	**1,947,696**
Taxes on income	11	(506,283)	(487,814)
Profit from ordinary activities post tax		**1,649,943**	**1,459,882**
Result from discontinued operations net of tax	12	8,298	35,990
Net income for the year		**1,658,241**	**1,495,872**
thereof attributable to own shareholders		**1,382,602**	**1,256,127**
thereof attributable to minority interests		275,639	239,745
Basic earnings per share continuing operations in EUR	13	4.61	4.09
Diluted earnings per share continuing operations in EUR	13	4.41	3.89
Basic earnings per share discontinued operations in EUR		0.03	0.12
Diluted earnings per share discontinued operations in EUR		0.03	0.11
Basic earnings per share in EUR		**4.64**	**4.21**
Diluted earnings per share in EUR		4.44	4.00
Weighted-average shares		298,234,439	298,673,355
Adjusted weighted-average shares		312,252,651	317,232,814
Proposed dividend		312,882	268,813
Proposed dividend per share in EUR		**1.05**	**0.90**

Consolidated balance sheet as of December 31, 2006

Assets			EUR 1,000
	Note	**2006**	2005
Non-current assets			
Intangible assets	14	195,808	143,582
Property, plant and equipment	15	7,732,130	6,838,115
Associated companies	16	1,786,141	881,703
Other financial assets	16	1,598,464	1,586,964
Fixed assets		**11,312,543**	**9,450,364**
Other receivables and assets	18	407,642	351,220
		11,720,185	**9,801,584**
Deferred tax assets	24	**60,423**	**24,671**
Current assets			
Inventories	17	2,028,576	1,603,324
Trade receivables	18	1,922,102	1,753,085
Receivables and assets	18	384,978	234,887
Securities and investments	19	99,312	1,337
Cash and cash equivalents		1,564,259	1,951,262
Non current assets held for sale	20	24,183	81,188
		6,023,410	**5,625,083**
Total assets		**17,804,018**	**15,451,338**

Equity and liabilities **EUR 1,000**

	Note	2006	2005
Equity	21		
Capital stock		300,003	300,001
Reserves		6,679,048	5,591,591
Stockholders' equity		**6,979,051**	**5,891,592**
Minority interests		2,197,209	1,801,928
		9,176,260	**7,693,520**
Non-current liabilities			
Pensions and similar obligations	22	951,716	1,010,797
Bonds	23	491,436	1,039,480
Interest-bearing debts	23	489,959	209,714
Decommissioning and restoration obligations	22	1,489,244	1,357,539
Provisions	22	190,478	288,076
Other liabilities	23	80,875	71,766
		3,693,708	**3,977,372**
Deferred taxes	24	**287,319**	**220,317**
Current liabilities			
Trade payables	23	1,601,775	1,471,610
Bonds	23	47,785	136,148
Interest-bearing debts	23	1,264,452	441,214
Provisions for taxes	22	67,222	285,186
Other provisions	22	682,027	407,460
Other liabilities	23	982,988	786,628
Liabilities associated with assets held for sale	20	482	31,883
		4,646,731	**3,560,129**
Total equity and liabilities		**17,804,018**	**15,451,338**

Changes in stockholders' equity

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)
Recycling 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 bond	—	(149,333)	—	—		(149,333)	—	(149,333)
Sale of own shares	—	925	—	—	329	1,254	—	1,254
Capital increase from convertible bond	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**

Changes in stockholders' equity in 2005 [1] — **EUR 1,000**

	Share capital	Capital reserves	Revenue reserves	Other reserves	Treasury shares	OMV stock-holders	Minority interests	Stock-holders' equity
January 1, 2005	**218,100**	**1,074,778**	**2,816,854**	**172,965**	**(14,761)**	**4,267,936**	**1,493,854**	**5,761,790**
Unrealized gains/(losses) on revaluation of securities								
Profit/(loss) for the year before taxes on income	—	—	—	297,295	—	297,295	1,418	298,713
Income taxes	—	—	—	83,512	—	83,512	(227)	83,285
Realized gains/(losses) recognized in income statement before taxes on income	—	—	—	117	—	117	(160)	(43)
Income taxes	—	—	—	(44)	—	(44)	26	(18)
Unrealized gains/(losses) on revaluation of hedges								
Profit/(loss) for the year before taxes on income	—	—	—	(20,792)	—	(20,792)	(19,952)	(40,744)
Income taxes	—	—	—	3,301	—	3,301	3,172	6,473
Exchange differences from translation of foreign operations	—	—	—	160,310	—	160,310	89,097	249,407
Realized gains/(losses) recognized in income statement	—	—	—	2,532	—	2,532	—	2,532
Gains/(losses) recognized directly in equity resulting from a company consolidated at equity	—	—	—	(28,000)	—	(28,000)	—	(28,000)
Gains/(losses) recognized directly in equity, net of taxes on income	**—**	**—**	**—**	**498,231**	**—**	**498,231**	**73,373**	**571,604**
Net income for the year	—	—	1,256,126	—	—	1,256,126	239,745	1,495,871
Total gains/(losses) for the year	**—**	**—**	**1,256,126**	**498,231**	**—**	**1,754,357**	**313,118**	**2,067,475**
Dividend distribution	—	—	(131,414)	—	—	(131,414)	(2,551)	(133,965)
Sale of own shares	—	401	—	—	291	692	—	692
Capital increase from convertible bond	1	20	—	—	—	21	—	21
Capital increase by transfer of company's funds	81,900	(81,900)	—	—	—	—	—	—
Increase/(decrease) in minority interests	—	—	—	—	—	—	(2,493)	(2,493)
December 31, 2005	**300,001**	**993,299**	**3,941,566**	**671,196**	**(14,470)**	**5,891,592**	**1,801,928**	**7,693,520**

[1] see Note 21

Consolidated cash flow statement

Cash flow statement EUR 1,000

	2006	2005	Δ
Net income	**1,658,241**	**1,495,872**	**162,369**
Depreciation and amortization	809,553	793,983	15,570
Write-ups of fixed assets	(5,628)	(2,711)	(2,917)
Deferred taxes	19,028	17,861	1,167
(Gains)/losses from the disposal of non-current assets	(68,871)	10,986	(79,857)
Increase/(decrease) in provisions for pensions and severance payments	3,735	39,428	(35,693)
Increase/(decrease) in long-term provisions	(40,532)	(42,657)	2,125
Other non-cash (income)/expenses	(155,907)	(65,768)	(90,139)
	2,219,619	**2,246,994**	**(27,375)**
Decrease/(increase) in inventories	21,340	(385,909)	407,249
Decrease/(increase) in receivables	72,198	(374,327)	446,525
Increase/(decrease) in liabilities	(173,129)	322,624	(495,753)
Increase/(decrease) in short-term provisions	(112,822)	248,719	(361,541)
Other	—	49,896	(49,896)
Net cash from operating activities	**2,027,206**	**2,107,997**	**(80,791)**
Investments			
Intangible assets and property, plant and equipment	(1,376,468)	(1,213,859)	(162,609)
Investments, loans and other financial assets	(961,302)	(621,631)	(339,671)
Acquisitions of subsidiaries net of cash acquired	(161,922)	5,587	(167,509)
Increase/(decrease) in short-term financial investments	(48,817)	(11,612)	(37,205)
Disposals			
Proceeds from the sale of property, plant and equipment	321,635	149,283	172,352
Proceeds from the sale of Group companies less cash and cash equivalents	1,003	358,101	(357,098)
Net cash from investment activities	**(2,225,871)**	**(1,334,131)**	**(891,740)**
Increase in long-term borrowings	275,845	90,477	185,368
Repayments of long-term borrowings	(141,097)	(352,030)	210,933
Repurchase of convertible bonds	(525,113)	—	(525,113)
Repurchase of own shares	(201,793)	—	(201,793)
Increase/(decrease) in short-term borrowings	696,561	29,588	666,973
Dividends paid	(377,623)	(133,965)	(243,658)
Increase in capital including sale of treasury stock	491	422	69
Net cash from financing activities	**(272,729)**	**(365,508)**	**92,779**
Effect of exchange rate changes on cash and cash equivalents	84,391	76,372	8,019
Net (decrease)/increase in cash and cash equivalents	**(387,003)**	**484,730**	**(871,733)**
Cash and cash equivalents at beginning of year	1,951,262	1,466,532	484,730
Cash and cash equivalents at end of year	**1,564,259**	**1,951,262**	**(387,003)**

Notes: Accounting principles and policies

1 Legal principles and general accounting policies

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

These financial statements have been prepared **in compliance with all IFRSs** the application of which was mandatory in the EU at the time of preparation.

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

The **supplementary information on Exploration and Production (E&P)** in Note 35 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 2006 have been prepared in euro and rounded to thousands. There may be rounding differences as a result.

Preparation of the consolidated financial statements requires management to make **estimates and assumptions** that affect the amounts reported for assets, liabilities, income and expenses, as well as 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 at December 31, 2006 includes oil reserves and related assets of EUR 3,601,509 thousand. (2005: EUR 3,385,025 thousand). Estimates of future restoration costs are also based on reports by Group engineers and on past experience. The resulting provision for restoration costs amounts to EUR 1,499,240 thousand (2005: EUR 1,370,904 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.

The following risk assessments were required as at December 31, 2006:

Petrol Ofisi

In order to gain access to one of the largest growth markets in Europe, on May 16, 2006, OMV acquired a 34% interest in Petrol Ofisi A.S., Turkey's leading filling station operator and retailer, from Dogan Holding. At balance sheet date there were 2 major court cases pending in the relevant Turkish courts.

On August 31, 2006, the Turkish Energy Market Regulatory Authority (EMRA) imposed fines totaling 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 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 320 mn). Petrol Ofisi 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 in 2006.

On February 7, 2007, Petrol Ofisi A.S. received a tax assessment from the Turkish tax authorities. The assessment contains tax demands for 2004 and 2005 amounting to TRY 435 mn (EUR 239 mn), 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, has agreed to indemnify OMV for these tax-related damages and losses from the period prior to the sale. Petrol Ofisi A.S., on the basis on an independent legal opinion, estimates the probability of success in any legal proceedings as extremely high; in the light of this, no provision has been made.

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, with the exception of EconGas GmbH. As the EconGas GmbH financial year is different to that of OMV Group, interim financial statements for the company for the same period and as of the same date as the consolidated financial statements for the Group are used in consolidation.

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 amortized costs.

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 34, Direct and indirect investments of OMV Aktiengesellschaft.

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

Number of consolidated companies

	Full consolidation		Equity consolidation	
	2006	2005	**2006**	2005
At beginning of year	**75**	**75**	**19**	**19**
Included for the first time	20	10	1	2
Merged	(2)	(3)	—	—
Previously included at equity, now consolidated	1	—	(2)	—
Disposed of	(1)	(7)	—	(2)
At end of year	**93**	**75**	**18**	**19**
[thereof domiciled and operating abroad]	[48]	[32]	[8]	[7]
[thereof domiciled and operating in Austria, and operating abroad]	[22]	[22]	[—]	[—]

In **Refining and Marketing including petrochemicals (R&M)**, 4 acquisitions, Rafiserv Arpechim S.A., Rafiserv Petrobrazi S.A. (each as of January 1, 2006), as well as S.C. Aviation Petroleum S.r.l. and S.C. MP Petroleum Distributie S.r.l. (each as of November 1, 2006) have been included in consolidation for the first time. Petrom Hungaria Kft., a wholly owned subsidiary of Petrom S.A., was sold in the fourth quarter of 2006 and no longer forms part of the consolidated Group.

OMV PLUS CR, a.s. (formerly Aral CR, a.s.) which was acquired as of January 1, 2006, was merged into OMV Ceská republika, s.r.o., Prague, in the third quarter of 2006. On April 1, 2006 OMV BiH d.o.o. was merged into OMV BH d.o.o. (former INTEROIL d.o.o.).

The acquisition of Shell's 14.5% interest in Adria-Wien-Pipeline GmbH increased the Group's holding to 69.5%.

Petrom S.A. acquired OMV Refining & Marketing GmbH's interest in S.C. OMV Romania Mineraloel s.r.l., OMV Bulgaria Ltd. and OMV – JUGOSLAVIJA d.o.o (each 99.9%). The remainder is still held by OMV Refining & Marketing GmbH.

On May 16, 2006, OMV acquired a 34% interest in Petrol Ofisi A.S., Turkey's leading filling station operator and retailer, which is included in the consolidated financial statements at equity. The share capital of the company consists of 417.450.000 shares with a nominal value of 1 Turkish lira (TRY); the quoted market price as of December 31, 2006 amounted to TRY 4.58 per share.

In **Exploration and Production (E&P)**, 2 exploration companies were included in consolidation for the first time, Petroleum Infrastructure Limited, New Zealand and OMV (NORGE) AS. The former was included in consolidation as a separate company for the first time in the third quarter of 2006 (included in the financial statements of OMV New Zealand Pty Ltd. until the end of the second quarter of 2006).

E&P investments in Qatar and Ecuador acquired as part of the Preussag Energie International GmbH acquisition were disposed of. The agreements were signed in 2005, and the contracts were completed on March 8, 2006 and October 4, 2006 respectively.

The agreements for the acquisition by Petrom S.A. of a 74.9% interest in Ringoil Holding & Trading Ltd. (including 8 subsidiaries) in Cyprus were signed on September 25, 2006. The management of these Russian companies is headquartered in Moscow (KorSarNeft LLC). The acquisitions were completed on December 19, 2006, and included in consolidation in the fourth quarter of 2006. Claire Nafta Ltd., a wholly owned subsidiary of Ringoil Holding & Trading Ltd. registered in the British Virgin Islands, was also included in consolidation in the fourth quarter of 2006.

In **Gas**, OMV Energiebevorratungs GmbH in 2005 was renamed OMV Gas International GmbH and as of January 1, 2006 included in consolidation as part of the implementation of a new holding structure.

EconGas GmbH changed from inclusion at equity to full consolidation as of October 1, 2006, and its wholly owned subsidiaries EconGas Deutschland GmbH, Regensburg, and EconGas Italia S.r.l., Milan were also included in consolidation for the first time.

In **Corporate and Other (Co&O)**, newly formed OMV Future Energy Fund GmbH was included in consolidation for the first time in the fourth quarter of 2006. The objects of this company are to bring together inside OMV Group and financially support research and projects in renewable energy and to reduce emissions.

The remaining interest in Colpack Austria Brennstoffhandel GmbH, Vienna, will be acquired in 2007; the company was consolidated at equity so far and will be included in consolidation from the first quarter 2007 on.

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

The acquisitions of Rafiserv Arpechim S.A., Rafiserv Petrobrazi S.A., S.C. Aviation Petroleum S.r.l., S.C. MP Petroleum Distributie S.r.l., OMV PLUS CR a.s. and Ringoil Holding & Trading Ltd. (including 8 subsidiaries) as well as the full consolidation of EconGas GmbH, EconGas Deutschland GmbH und EconGas Italia S.r.l. starting with October 1, 2006 had the following effect on the Group assets and liabilities and the consolidated statement of cash flows:

Net cash outflows for businesses acquired EUR 1,000

	2006	2005
Intangible assets and property, plant and equipment	215,919	–
Financial assets	55,360	–
Current assets	786,033	–
Payables and other liabilities	732,850	–
Net assets	**324,462**	**–**
Consolidation (including goodwill)	(22,344)	–
Minority interests	(56,896)	–
Cash outflows for businesses acquired	**245,222**	**–**
Cash and cash equivalents acquired with businesses	(83,300)	–
Net cash outflows for businesses acquired	**161,922**	**–**

For the acquisitions amounts in accordance with IFRS were determined for the first time in the course of applying the purchase method; therefore carrying amounts in accordance with IFRS immediately before the combination are not available.

Since their inclusion Rafiserv Arpechim S.A., Rafiserv Petrobrazi S.A., S.C. Aviation Petroleum S.r.l., and S.C. MP Petroleum Distributie S.r.l. contributed EUR (3,755) thousand to the net income of OMV Group while since their full consolidation starting with October 1, 2006 EconGas GmbH, EconGas Deutschland GmbH und EconGas Italia S.r.l. contributed EUR 12,236 to the net income of OMV Group. For the period January 1, to December 31, 2006 EconGas GmbH realized sales of EUR 1,933,693 thousand and a net income of EUR 62,504 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 has passed to the customer. In the retail business, revenues from the Group's own filling stations are recognized when products are supplied to the customers. In the case of non-Group filling stations, revenues are recognized when products are delivered to the stations. In 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 and legal and consulting costs in connection with exploration. They also include all impairment write-downs on exploration wells where no proved reserves could be demonstrated. Depreciation of economically successful exploration wells forms part of production costs.

c) Research and development expenses

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

d) Exploration and production sharing agreement

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. An agreement in Libya was the first EPSA to be included in the accounts – in the fourth quarter of 2006. The taxes payable in the form of crude deliveries under certain EPSA are disclosed as taxes on income, 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 cost of acquisition or construction and – to the extent depreciable – net of accumulated depreciation and amortization and impairment losses. Depreciation and amortization is calculated on a straight-line basis, except for E&P activities, where the successful efforts method is used.

Non-current assets classified as available for sale are disclosed at the lower of carrying amount and fair value net of any disposal costs. Non-current assets and groups of assets are classified as available for sale if their carrying amount can better be realized by sale than by continued use. For assets to be so classified, the sale must be estimated as extremely 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 undetermined useful lives and for goodwill, impairment loss tests are carried out annually. This applies even where there are no indications of impairment. Where the carrying amount of an asset exceeds either the present value of the estimated future cash flows or the net realizable value, an impairment loss is recognized to reduce the asset to its lower recoverable amount. Where in subsequent periods the reasons for recognition of an impairment loss disappear, the asset's value is written back up to its depreciated cost, and the difference is disclosed under other operating income.

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

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

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

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

The accounting and valuation treatment of development and extraction costs 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. Under IFRS 6 oil and gas assets, both proved and unproved reserves, are disclosed separately under property, plant and equipment.

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, which are older than 12 months and for which commercial viability has not been determined yet, are expensed, with the following exceptions:

1. where sufficient oil and gas reserves have been discovered, and local conditions require large-scale investment, and further exploration or evaluation activity is in progress or planned in the near future, or
2. in the case of proved reserves, which are recognized within 12 months of completion of exploration wells.

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

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

Property, plant and equipment contains assets being used under finance leases: Since the Group enjoys the economic benefits of ownership, the assets must be capitalized – at the lower of the present value of the minimum lease obligation and fair value – and then depreciated over their expected useful 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. Interest-bearing loans are disclosed at nominal value; interest-free loans and loans at low rates of interest are disclosed at present value.

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

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

Securities designated as assets 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 financial assets.

g) Interest on borrowings
Interest on borrowings arising directly from the acquisition, construction or manufacture of qualified assets is capitalized until the assets are effectively ready for their intended usage or for sale. In connection with international E&P activities, all interest incurred which is directly attributable to the purchase and subsequent development of a field is capitalized. All other costs of borrowing are expensed in the period in which they are incurred.

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

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

Under the Austrian Oil Stockholding Act (1982), OMV is obliged to maintain stocks of both crude oil and oil products. 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, in 2005 the calculation of cost of production in Austria was changed from graduated transfer of costs per production facility to product-related production costs per product group. In this carrying capacity approach the allocation of production costs is based on the current market values of the products produced. At the same time, the cost of crude oil used in production was adjusted from a 4-month average to the actual cost of crude oil for the period. The adjustment resulted in additional income of EUR 12,825 thousand in 2005.

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

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

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

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

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

Provisions for voluntary and involuntary separations under restructuring programs are recognized if a detailed plan has been approved by management prior to balance sheet date, and an irrevocable commitment is thereby established. Voluntary 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.

For shortfalls related to the emissions trading scheme within the European Union provisions are made in the amount of the shortfall within the Group (see Note 22).

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 debt 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 3d).

A 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 carry-forwards are taken into account in calculating deferred tax assets. Deferred tax assets and liabilities at Group level are shown netted where there is a right of setoff and the taxes relate to matters subject to the same tax jurisdiction. If the probability of deferred tax assets being realized is greater than 50%, then the values are retained. Otherwise, a provision 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 29) approved by resolutions of Annual General Meetings are provided for executive board members and senior executives. These entitlements can be enjoyed in the form of the award of shares at a fixed exercise price or as payment in the form of money or shares of the difference between the market value of the stock on the exercise date and the exercise price. The fair values for the stock options issued are calculated 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) Derivative instruments
Derivative instruments are used to hedge risks resulting from changes in interest rates, currency exchange rates and commodity prices. Valuation is at market value (fair value).

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

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

That part of the change in fair value of derivative financial instruments that serves to hedge future cash flows is recognized directly in equity, and the remainder 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, or included in the initial cost or the carrying amount of assets or liabilities.

p) Major standards and interpretations issued but not yet effective
IFRS 7 "Financial Instruments: Disclosures" comes into effect as of January 1, 2007; this standard extends the existing disclosure requirements for financial instruments under IAS 32, replaces the current disclosure requirements under IAS 30 and consolidates all the disclosure requirements for financial instruments. OMV will apply this standard starting in financial year 2007.

Application of IFRS 8, "Operating Segments" will become mandatory for financial years beginning on or after January 1, 2009; it will replace IAS 14, and will require enterprises to provide financial and descriptive information for its reportable segments. This standard has yet to be adopted into EU law, and OMV does not yet apply it.

IFRIC 11 "IFRS 2: Group and Treasury Share Transactions" applies to financial years beginning on or after March 1, 2007, and provides guidance on how to apply IFRS 2. This interpretation has also yet to be adopted into EU law, and OMV does not yet apply it.

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 as a separate balancing item directly in changes in stockholders' equity (foreign exchange differences). The functional currency of OMV (YEMEN Block S2) Exploration GmbH has been changed from EUR to USD. 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 main rates applied in translating currencies were as follows:

Foreign currency translation

Currency	2006 Balance sheet date	2006 Average	2005 Balance sheet date	2005 Average
Australian dollar (AUD)	1.669	1.667	1.611	1.632
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
New Romanian leu (RON)	3.384	3.526	3.680	3.621
New Zealand dollar (NZD)	1.873	1.937	1.727	1.766
Pound sterling (GBP)	0.672	0.682	0.685	0.684
Slovak crown (SKK)	34.435	37.234	37.880	38.599
Czech crown (CZK)	27.485	28.342	29.000	29.782
Turkish lira (TRY)	1.864	1.913	1.592	1.677
Hungarian forint (HUF)	251.770	264.260	252.870	248.050
US dollar (USD)	1.317	1.256	1.180	1.244

Notes to the income statement

5 Production cost of sales

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

Personnel expenses		EUR 1,000
	2006	2005
Wages and salaries	775,981	791,349
Costs of defined benefit plans	38,099	30,657
Costs of defined contribution plans (pension fund contributions)	9,937	11,238
Net expenses of restructuring separations	143,130	126,450
Other employee benefits	90,414	127,657
Total	**1,057,561**	**1,087,351**

Personnel expenses include expenses for severance payments of EUR 23,444 thousand (2005: EUR 24,617 thousand) and for pensions of EUR 34,113 thousand (2005: EUR 17,279 thousand).

Depreciation and amortization consists of:

Depreciation and amortization		EUR 1,000
	2006	2005
Depreciation and amortization	694,147	681,782
Impairment losses	111,120	110,803
Total	**805,267**	**792,585**

The bulk of impairment losses in 2006 consisted of EUR 48,324 thousand on Petrom S.A. (principally exploration wells, IT hardware and filling stations). Other major impairment losses chiefly relate to property, plant and equipment at Kazakh E&P company Oztyurk Munai (EUR 27,018 thousand; sales negotiations began in 2006, but no conclusion is currently in sight) and production plant and equipment of the Boqueron joint venture in Venezuela (EUR 22,949 thousand).

There were further impairment losses on property, plant and equipment, mainly at Petrom Hungaria Kft. (EUR 4,309 thousand), which was sold in December 2006, and at Tasbulat Oil Corporation (EUR 4,133 thousand) in Kazakhstan.

In 2005 the principal impairment losses were at Petrom S.A. (EUR 27,785 thousand), OMV Refining & Marketing GmbH (EUR 21,619 thousand), OMV (Tunesien) Production GmbH (EUR 21,320 thousand), OMV (ALBANIEN) onshore Exploration GmbH (EUR 10,791 thousand), OMV Deutschland GmbH (EUR 9,219 thousand) and OMV Slovensko, s.r.o. (EUR 9,160 thousand).

In the consolidated income statement the impairment losses are disclosed as follows: EUR 56,449 thousand under production costs, EUR 24,531 thousand under exploration costs, EUR 18,258 thousand as part of distribution expenses and other expenses EUR 22,972 thousand.

6 Other operating income

Other operating income		EUR 1,000
	2006	2005
Other operating income	265,866	456,687
[thereof gains on the disposal and write-up of non-current assets not including financial assets]	[78,743]	[8,106]
[thereof exchange gains from operating activities]	[57,256]	[116,139]

7 Other operating expenses

Other operating expenses		EUR 1,000
	2006	2005
Other operating expenses	537,015	578,543
[thereof expenses on disposal of non-current assets not including financial assets]	[6,602]	[13,150]
[thereof exchange losses from operating activities]	[81,363]	[60,992]

Other operating expenses included net expenses for restructuring separations in Group companies of EUR 143,130 thousand (2005: EUR 126,450 thousand). In 2005 there were also expenses of EUR 51,860 thousand for personnel restructuring for companies not included in consolidation.

8 Income from associated companies and other investments

Income from associated companies and other investments		EUR 1,000
	2006	2005
Income from associated companies	207,200	107,581
Other investment income	25,193	16,166
Income from disposal of investments	1,661	3
Income from write-ups	68	—
Total income	**234,122**	**123,751**
Expenses for associated companies	22,548	5,845
Expenses for other investments	905	2
Expenses for disposal of investments	256	4,194
Total expenses	**23,709**	**10,041**
Income from associated companies and other investments	**210,413**	**113,710**

9 Interest income and expenses

Interest income and expenses		EUR 1,000
	2006	2005
Interest and similar income	214,122	170,206
Income from other non-current financial assets	20,266	11,194
Interest and similar expense	(343,145)	(305,443)
Interest income and expense	**(108,757)**	**(124,043)**

Interest income on pension plan assets in 2006 amounted to EUR 21,962 thousand (2005: EUR 20,830 thousand).

Interest accrued on pension provisions was EUR 49,147 thousand (2005: EUR 50,095 thousand). In 2006 interest on borrowings amounting to EUR 5,898 thousand (2005: EUR 3,578 thousand) was capitalized, resulting in a reduction in interest expense.

In 2006 the interest component accrued on the provision for severance expenses was EUR 6,779 thousand and on the net provision for decommissioning and restoration obligations EUR 59,943 thousand (2005: EUR 7,570 thousand and EUR 74,288 thousand respectively). These items were included in financial expense.

10 Other financial income and expenses

Other financial income and expenses		EUR 1,000
	2006	2005
Income from disposal of financial assets (excluding investments)	2,113	490
Income from disposal of securities and investments held as current assets	—	2
Total income	**2,113**	**492**
Expenses on securities and investments held as current assets and other financial assets	(3,317)	—
Expenses on disposal of financial assets (excluding investments)	(1,430)	(830)
Expenses on disposal of securities and investments held as current assets	(3,818)	—
Total expenses	**(8,565)**	**(830)**
Other financial income and expenses	**(6,452)**	**(338)**

11 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
	2006	2005
Profit from ordinary activities		
Austria	619,735	538,749
Foreign	1,536,491	1,408,947
Total	**2,156,226**	**1,947,696**
Taxes on income		
Austria	108,174	124,890
Foreign	381,869	335,798
Deferred taxes	16,240	27,126
Taxes on income	**506,283**	**487,814**

The **reconciliation** of deferred taxes is as follows:

Reconciliation of deferred taxes		EUR 1,000
	2006	2005
Deferred taxes January 1	(195,646)	(274,640)
Deferred taxes December 31	(226,896)	(195,646)
Changes in deferred taxes	**(31,250)**	**78,994**
Deferred taxes on revaluation of securities and hedges taken directly to equity	15,171	(89,740)
Changes in consolidated Group, exchange differences and similar items	(161)	(16,380)
Deferred taxes per income statement	**(16,240)**	**(27,126)**
The deferred tax balance was made up as follows:		
Change in tax rate	6,491	2,958
Elimination of unrealized intra-group profits	2,317	1,043
Release and creation of provisions for deferred taxes	(7,329)	(26,463)
Loss carry-forwards not recognized in prior years	216	10,583
Reversal of temporary differences, including additions to and use of loss carry-forwards	(17,935)	(15,247)

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

Tax rates %

	2006	2005
Austrian corporate income tax rate	**25.0**	**25.0**
Tax effect of:		
Differing foreign tax rates	5.6	4.9
Non-deductible expenses	3.3	2.7
Non-taxable income	(11.0)	(8.7)
Change in tax rate	0.3	(0.2)
Lapsed tax loss carry-forwards	0.6	—
Partial write-down at parent company level	(1.0)	(0.8)
Change in provision for deferred taxes	(0.3)	1.4
Other	1.0	0.7
Effective Group income tax rate	**23.5**	**25.0**

Historically, OMV Aktiengesellschaft had tax pooling arrangements with its major subsidiaries in Austria. In accordance with section 9 Austrian Corporate Income Tax Act 1988 (KStG), the tax pooling group was converted into a tax group within which taxable profits and losses of all the Group's main subsidiaries in Austria and 2 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 credited or charged directly to equity totaled EUR (4,913) thousand (2005: EUR 89,740 thousand).

In 2006 tax loss carry-forwards of EUR 68,119 thousand (2005: EUR 40,605 thousand) were used; and the associated deferred taxation was EUR 20,486 thousand (2005: EUR 8,522 thousand).

Taxes on discontinued operations included current taxes of EUR 3,580 thousand (2005: EUR 15,814 thousand) and no deferred taxes (2005: EUR 9,625 thousand).

12 Profits on discontinued operations

Profits on discontinued operations in 2006 consist mainly of gains on the disposal of investments in Ecuador and Qatar.

In 2005 contracts for the sale of the interests in Ecuador and Qatar (acquired as part of Preussag Energie International GmbH) were signed on August 22, 2005 and September 7, 2005 respectively. The results of operations after these dates are disclosed in the income statement as profits from discontinued operations.

This item also included the profits on the sale of 50% of AMI Agrolinz Melamine International GmbH and 100% of Polyfelt Group and ALTEC Umwelttechnik GmbH in 2005.

Profits on discontinued operations EUR 1,000

	2006	2005
Sales revenues of discontinued operations	43,441	24,725
Expenses of discontinued operations	(78,713)	(8,994)
Current taxation of discontinued operations	(3,580)	(2,305)
	(38,852)	**13,426**
Profit on disposals	47,150	26,808
Current taxes on profit on disposals	—	(13,509)
Deferred taxes on profit on disposals	—	9,265
	47,150	**22,564**
Profit on discontinued operations after tax	**8,298**	**35,990**

13 Earnings per share

Earnings per share (EPS)

	2006 in EUR 1,000	2006 Number of shares	2006 EPS in EUR	2005 EPS in EUR
Basic earnings from continuing operations	1,374,304	298,234,439	4.61	4.09
Basic earnings from discontinued operations	8,298	298,234,439	0.03	0.12
Total basic earnings	**1,382,602**	**298,234,439**	**4.64**	**4.21**
Diluted earnings from continuing operations	1,377,274	312,252,651	4.41	3.89
Diluted earnings from discontinued operations	8,298	312,252,651	0.03	0.11
Total diluted earnings	**1,385,572**	**312,252,651**	**4.44**	**4.00**

In calculating **diluted earnings**, interest after tax on the convertible bond relating to potential ordinary shares amounting to EUR 2,971 thousand was taken into account.

The calculation of **diluted earnings per share** also takes into account the weighted average number of ordinary shares in issue following the conversion of all potentially diluting ordinary shares. This includes all 811,539 options outstanding under the stock options plans and 13,206,673 potential ordinary shares from the exercise of the conversion rights on the convertible bond issued pursuant to a resolution of the Annual General Meeting of May 18, 2004.

Notes to the balance sheet

14 Intangible assets

Intangible assets EUR 1,000

	Concessions, licenses, rights	Goodwill	Payments in advance	Total
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**

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

[1] Applying IFRS 3 as of January 1, 2005, resulted in the netting of the historical costs of acquisition and the accumulated amortization.

15 Property, plant and equipment

Property, plant and equipment EUR 1,000

	Land, land rights and buildings, incl. 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
Cost 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 disposal	(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 disposal	(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 475,943 thousand (2005: EUR 397,753 thousand).

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

Property, plant and equipment with a total carrying amount of EUR 20,443 thousand was transferred to **assets held for sale**. Of this, EUR 9,414 thousand represented the 49% interest of OMV (Tunesien) Production GmbH in the Chergui field, EUR 7,047 thousand land belonging to OMV Aktiengesellschaft and EUR 3,982 thousand a drilling rig belonging to Oztyurk Munai.

In contrast, property, plant and equipment to the value of EUR 6,579 thousand was reinstated in the appropriate categories: This was mainly the OMV (U.K.) Limited joint venture Dunlin, using average foreign exchange rates; the disposal of which was planned last year but could not be effected.

The sale of assets held for sale in 2005 (investments in Ecuador and Qatar), was completed in the course of 2006.

Property, plant and equipment (continued) **EUR 1,000**

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

In connection with the construction of property, plant and equipment, in 2006 interest on borrowings of EUR 5,898 thousand (2005: EUR 3,578 thousand) was capitalized. It was not related to borrowings taken up specifically for the purpose, but was calculated using a special financing interest rate of 4.3% (2005: 4.0%). The total carrying amount was EUR 20,864 thousand (2005: EUR 20,136 thousand).

At balance sheet date there were contractual obligations for the acquisition of property, plant and equipment amounting to EUR 731,084 thousand.

Leasing and rental agreements

Property, plant and equipment includes assets being used under finance leasing agreements entered into by, e.g., 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 and by OMV Solutions GmbH and OMV Deutschland GmbH for IT and telecommunications equipment.

Leasing and rental agreements EUR 1,000

	2006 Acquisition cost	2006 Accumulated depreciation	2006 Carrying amount	2005 Acquisition cost	2005 Accumulated depreciation	2005 Carrying amount
Land, land rights and buildings, including buildings on third-party property	17,548	4,996	12,552	7,246	1,922	5,324
Plant and machinery	35,813	28,557	7,256	45,364	30,632	14,732
Other fixtures and fittings, tools and equipment	7,200	6,847	353	14,594	7,413	7,181
Total	**60,561**	**40,400**	**20,161**	**67,204**	**39,967**	**27,237**

In 2006 conditional lease payments for finance leasing agreements amounted to EUR 2,731 thousand (2005: EUR 102 thousand).

Commitments under finance leases as of December 31, 2006 EUR 1,000

	≤ 1 year	1–5 years	> 5 years
Total future minimum lease commitments	1,659	4,427	6,299
[thereof interest charge]	[469]	[1,408]	[2,213]
Present value of minimum lease payments	**1,190**	**3,019**	**4,086**

Commitments under finance leases as of December 31, 2005 EUR 1,000

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

OMV also makes use of operating leases, mainly to finance the use of filling station sites, IT equipment and vehicle fleets. In 2006 these expenses amounted to EUR 56,494 thousand (2005: EUR 60,206 thousand). Future **leasing commitments** were as follows:

Future leasing commitments EUR 1,000

Payable within 1 year	54,649
Payable between 1 and 5 years	168,830
Payable after more than 5 years	193,515
Total future minimum lease commitments	**416,994**

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

16 Investments in associated companies and other financial assets

Investments and financial assets EUR 1,000

	Group companies	Associated companies	Available-for-sale securities	Loans	Pre-payments	Total
Value before depreciation						
January 1, 2006	**17,635**	**881,703**	**1,453,748**	**150,345**	**12,458**	**2,515,889**
Exchange differences	1,219	863	4,251	402	—	6,735
Changes in consolidated Group	(48)	(27,065)	102	10	(12,458)	(39,459)
Additions and increases in value	38	1,044,698	172,424	7,066	—	1,224,226
Transfers	511	—	46	—	—	557
Disposals	(7,181)	(114,058)	(137,078)	(12,030)	—	(270,347)
December 31, 2006	**12,174**	**1,786,141**	**1,493,493**	**145,793**	**—**	**3,437,601**
Development of depreciation						
January 1, 2006	**8,722**	**—**	**37,270**	**1,230**	**—**	**47,222**
Exchange differences	677	—	1,575	219	—	2,471
Changes in consolidated Group	—	—	3	—	—	3
Impairment	815	—	241	3,230	—	4,286
Transfers	511	—	45	—	—	556
Disposals	(2,833)	—	1,622	(63)	—	(1,274)
Write-ups	(37)	—	(31)	(200)	—	(268)
December 31, 2006	**7,855**	**—**	**40,725**	**4,416**	**—**	**52,996**
Carrying amount January 1, 2006	8,913	881,703	1,416,478	149,115	12,458	2,468,667
Carrying amount December 31, 2006	**4,319**	**1,786,141**	**1,452,768**	**141,377**	**—**	**3,384,605**
Value before depreciation						
January 1, 2005	**36,217**	**603,638**	**813,221**	**153,540**	**—**	**1,606,616**
Exchange differences	338	16,035	(233)	240	—	16,380
Changes in consolidated Group	(19,452)	56,310	25,404	(1,464)	—	60,798
Additions and increases in value	532	268,461	716,284	6,204	12,458	1,003,939
Discontinued operations	—	—	(3,364)	—	—	(3,364)
Disposals	—	(62,741)	(97,564)	(8,175)	—	(168,480)
December 31, 2005	**17,635**	**881,703**	**1,453,748**	**150,345**	**12,458**	**2,515,889**
Development of depreciation						
January 1, 2005	**16,879**	**—**	**19,306**	**1,409**	**—**	**37,594**
Exchange differences	(143)	—	(297)	(17)	—	(457)
Changes in consolidated Group	(7,827)	—	34,031	—	—	26,204
Impairment	106	—	169	1,123	—	1,398
Disposals	—	—	(14,937)	(1,281)	—	(16,218)
Write-ups	(293)	—	(1,002)	(4)	—	(1,299)
December 31, 2005	**8,722**	**—**	**37,270**	**1,230**	**—**	**47,222**
Carrying amount January 1, 2005	19,338	603,638	793,915	152,131	—	1,569,022
Carrying amount December 31, 2005	**8,913**	**881,703**	**1,416,478**	**149,115**	**12,458**	**2,468,667**

Loans

Loans with maturities of up to one year amounted to EUR 256 thousand (2005: EUR 606 thousand); in 2006 there were no loans to Group companies (2005: EUR 3,272 thousand).

The loans included interest-bearing intercompany loans to Borealis A/S and Erdöl-Lagergesellschaft m.b.H. totaling EUR 78,750 thousand with an average interest rate of 3.48%, and an interest-free intercompany loan of EUR 60,750 thousand to BAYERNOIL Raffineriegesellschaft mbH.

Associated companies

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

Summarized balance sheet and income statement information — EUR 1,000

	2006	2005
Current assets	3,673,676	2,413,706
Non-current assets	6,740,629	3,559,422
Liabilities	5,388,543	3,661,033
Net sales	14,625,072	8,095,825
Earnings before interest and taxes	618,618	352,635
Net income for year	535,991	329,428

Available-for-sale securities

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

Available-for-sale securities — EUR 1,000

	Acquisition costs	Unrealized gains/ losses	Fair value
December 31, 2006			
Other investments	232,096	706,131	938,227
Investment funds	418,523	(11,307)	407,216
Austrian government bonds	955	(72)	883
Foreign bonds	60,997	–	60,997
Shares (without exchange/market prices)	45,445	–	45,445
Total	**758,016**	**694,752**	**1,452,768**
December 31, 2005			
Other investments	229,465	630,562	860,027
Investment funds	511,164	(1,445)	509,719
Austrian government bonds	955	(35)	920
Shares (without exchange/market prices)	45,812	–	45,812
Total	**787,396**	**629,082**	**1,416,478**

The unrealized gains on other investments of EUR 706,131 thousand (2005: EUR 630,562 thousand) relate to the 10% holding in the oil and gas company MOL, Hungary.

17 Inventories

During the year inventories increased by EUR 425,252 thousand or 26.5% to EUR 2,028,576 thousand. Inventories at balance sheet date were as follows:

Inventories at balance sheet date — EUR 1,000

	2006	2005
Crude oil	434,693	356,326
Other raw materials	236,412	210,219
Work in progress: petroleum products	187,847	174,887
Other work in progress	18,943	5,173
Finished petroleum products	606,761	559,132
Other finished products	527,007	274,761
Prepayments	16,913	22,826
Total	**2,028,576**	**1,603,324**

Inventories of crude oil and petroleum products rose by 12.7% to EUR 1,229,301 thousand (2005: EUR 1,090,345 thousand). The increase in inventories was chiefly the result of higher obligatory emergency reserves and of preparations for maintenance work at Schwechat refinery planned for 2007.

Other work in progress included inventories of EUR 330,390 thousand held by EconGas GmbH, which has been included in consolidation since October 1, 2006.

The cost of raw materials included in production costs in 2006 was EUR 12,694,748 thousand (2005: EUR 9,810,144 thousand).

Valuation allowances against inventories charged as expense in 2006 amounted to EUR 52,284 thousand (2005: EUR 33,282 thousand).

The carrying amount of the inventories carried at fair value less costs to sell amounted to EUR 425,136 thousand.

18 Receivables

Receivables — EUR 1,000

	2006		2005	
	≤ 1 year	> 1 year	≤ 1 year	> 1 year
Other receivables and assets	384,978	407,642	234,887	351,220
Trade receivables	1,922,102	—	1,753,085	—
[thereof from companies with which a participating relationship exists]	[64,538]	[—]	[261,378]	[—]
[thereof to Group companies]	[412]	[—]	[529]	[—]
Total	**2,307,080**	**407,642**	**1,987,972**	**351,220**

Details of **Other receivables and assets** were as follows:

Other receivables and assets EUR 1,000

	2006		2005	
	≤ 1 year	> 1 year	≤ 1 year	> 1 year
Receivables from Group companies	1,994	—	1,799	—
Receivables from companies with which a participating relationship exists	9,910	—	14,999	—
Income taxes refundable	46,097	—	383	—
Derivatives receivable	90,257	10,169	—	—
Rental and lease prepayments	4,092	13,237	1,776	8,526
Other payments made in advance	16,118	5,510	20,141	5,593
Receivables from associated companies	22,815	5	20,372	—
Other sundry receivables	193,695	378,721	175,417	337,101
Total	**384,978**	**407,642**	**234,887**	**351,220**

Write-downs netted off receivables were as follows:

Write-downs netted off receivables EUR 1,000

	January 1	Additions/ (releases)	Disposals	Exchange differences and changes in consolidated Group	December 31
2006					
Trade receivables	161,750	(26,250)	(47,504)	12,155	100,151
Receivables from other Group companies	111	(9)	—	9	111
Receivables from companies with which a participating relationship exists	218	—	—	—	218
Other receivables and assets	55,865	59,425	—	7,284	122,574
Total	**217,944**	**33,166**	**(47,504)**	**19,448**	**223,054**
2005					
Trade receivables	140,994	2,434	(11,029)	29,351	161,750
Receivables from other Group companies	3,916	113	—	(3,918)	111
Receivables from companies with which a participating relationship exists	—	218	—	—	218
Other receivables and assets	18,981	22,531	(5,294)	19,647	55,865
Total	**163,891**	**25,296**	**(16,323)**	**45,080**	**217,944**

19 Securities and investments

Securities held as short-term assets	2006	2005
EUR 1,000		
Group companies	—	56
Securities at fair value through profit or loss	99,312	—
Shares without stock exchange or market prices	—	1,281
Securities and investments	99,312	1,337

The acquisition cost of securities at fair value through profit or loss amounted to EUR 97,501 thousand, and the gains from fair value adjustments were EUR 1,811 thousand.

20 Assets and liabilities held for sale

The principle item under assets and liabilities held for sale consists of land owned by OMV Aktiengesellschaft, which is intended to be sold in 2008, and the Chergui field in Tunisia.

The sale of the investments in Qatar and Ecuador was completed in 2006. The sale of OMV (U.K.) Limited's production joint venture Dunlin planned in 2005 could not be completed, and no further attempts will be made to dispose of the asset.

Assets and liabilities held for sale	2006	Reclassification Dunlin 2006	2005
EUR 1,000			
Property, plant and equipment	20,443	5,285	49,549
Financial assets	—	—	3,260
Current assets and deferred taxes	3,740	9,550	28,379
Assets held for sale	**24,183**	**14,835**	**81,188**
Provisions	345	18,807	31,611
Liabilities	137	—	272
Liabilities associated with assets held for sale	**482**	**18,807**	**31,883**

21 Stockholders' equity

The **capital stock** of OMV Aktiengesellschaft consists of 300,002,400 (2005: 300,000,700) fully paid no par value shares with a total nominal value of EUR 300,002 thousand (2005: EUR 300,001 thousand). There are no different classes of shares, and no shares with special rights of control. All shares are entitled to dividends for financial year 2006, with the exception of treasury shares held by the Company and the shares used between December 18, 2006 and February 14, 2007 to cover conversion of bonds under the terms of the convertible bond (ISIN: AT0000743026).

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

In accordance with section 159 para 2 no 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 amount of bonds issued in December 2004, the bonds still outstanding on February 21, 2007, were repaid on that date. As a consequence a conditional capital increase based on the issue of convertible bonds of December 2004 is not possible anymore.

As of December 22, 2004 a total of 1,793,868 convertible bonds were issued; holders are 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 bonds, see Note 23). 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.

The 2004 Annual General Meeting authorized the Executive Board, subject to the approval of the Supervisory Board, to increase the authorized share capital of OMV Aktiengesellschaft by up to EUR 36,350 thousand by the issue of an additional 36,350,000 no par value shares before May 17, 2009.

The Annual General Meeting of May 24, 2006, authorized the Executive Board for a period of 18 months 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 additional 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 direct **adjustments to consolidated equity** at balance sheet date shown under other reserves were as follows:

Direct adjustments to consolidated equity — **EUR 1,000**

	December 31, 2006			December 31, 2005		
	Gross	Taxes	Net	Gross	Taxes	Net
Exchange differences	207,581	—	207,581	87,715	—	87,715
Unrealized gains/losses on securities	692,661	3,460	696,121	628,199	773	628,972
Change in equity in company included at equity not affecting income or expense	(26,950)	—	(26,950)	(28,000)	—	(28,000)
Unrealized gains/losses on hedges	(26,476)	4,713	(21,763)	(20,792)	3,301	(17,491)
Gains/losses recognized directly in equity	**846,816**	**8,173**	**854,989**	**667,122**	**4,074**	**671,196**

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 in euro. Of this amount, EUR 300 mn have already been invested in investment funds. EUR 40 mn out of the remaining EUR 110 mn have already been used for investments in property, plant and equipment in Marketing and E&P by the end of 2006. Further projects are scheduled to be put into effect in 2007 and 2008. The related accumulated unrealized losses charged directly to equity amount to EUR (24,317) thousand at the end of 2006 (including minorities, 2005: EUR (33,983) thousand).

For 2005 OMV Aktiengesellschaft proposed a dividend of EUR 0.90 per eligible share. The dividend of this amount for 2005 was paid in May 2006.

For 2006 OMV Aktiengesellschaft proposes a dividend of EUR 1.05 per eligible share.

The Annual General Meetings for the years 2000 to 2006 approved the repurchase of own shares (treasury shares) in connection with the provision of stock option plans. The cost of repurchased shares was 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** in 2005 and 2006 were as follows:

Treasury shares

	Number of shares	Acquisition cost in EUR 1,000
January 1, 2005	**1,346,150**	**14,761**
Disposals	(26,544)	(291)
December 31, 2005	**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**

Capital reserves include 2006 a gain from the sale of treasury shares amounting to EUR 925 thousand (2005: EUR 402 thousand).

The **number of shares in issue** in 2005 and 2006 was as follows:

Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
January 1, 2005	**30,000,000**	**134,615**	**29,865,385**
Stock split	270,000,000	1,211,535	268,788,465
Sale of own shares	—	(26,544)	26,544
Capital increase due to conversion	700	—	700
December 31, 2005	**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**

22 Provisions

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

Provisions — EUR 1,000

	Pensions and similar obligations	Taxes	Decom-missioning and restoration	Other provisions	Total
January 1, 2006	**1,010,797**	**285,186**	**1,357,539**	**695,536**	**3,349,058**
Exchange differences	4,257	813	80,513	32,826	118,409
Changes in consolidated Group	3,601	28,374	873	29,860	62,708
Used	(103,983)	(220,204)	(17,892)	(236,859)	(578,938)
Paid to funds	(5,713)	—	—	—	(5,713)
Allocations	76,252	(27,566)	48,822	317,647	415,155
Transfers	(33,495)		—	33,495	—
Liabilities associated with assets held for sale	—	619	19,389	—	20,008
December 31, 2006	**951,716**	**67,222**	**1,489,244**	**872,505**	**3,380,687**
[thereof short-term]	[—]	[67,222]	[—]	[682,027]	[749,249]

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. In 2005 the reduction in the discount rate from 4.8% to 4.5% together with the changes in the General Social Insurance Act (ASVG) resulted in an increase in the projected present value of the obligation of EUR 6,624 thousand. There were no changes in 2006.

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 5 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. In 2005 changes arising from revisions of estimates and pension reform resulted in increases in pension obligations of EUR 57,696 thousand. This was partly offset by reductions of EUR 35,283 thousand in severance payments. There were no revisions of estimates in 2006.

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:

Benefit pension obligations — EUR 1,000

	2006	2005	2004
Present value of obligations financed through funds	539,403	525,873	473,205
Market value of plan assets	(382,386)	(366,003)	(347,153)
Unrecognized actuarial gains/(losses)	(65,075)	(75,303)	(41,932)
Provision for obligations financed through funds	**91,942**	**84,567**	**84,120**
Present value of obligations not financed through funds	578,398	598,230	606,917
Unrecognized actuarial gains/(losses)	(19,316)	(18,915)	6,002
Provision for obligations not financed through funds	**559,082**	**579,315**	**612,919**
Provision for defined obligation pension benefits	**651,024**	**663,882**	**697,039**

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

Provisions for severance payments, jubilee payments and personnel reduction schemes — EUR 1,000

	2006	2005	2004
Present value of obligations	496,157	463,075	414,674
Unrecognized actuarial gains/(losses)	(6,182)	(12,114)	1,329
Provision for obligations	**489,975**	**450,961**	**416,003**

Changes in **provisions and expenses** in 2006 were as follows:

Provisions and expenses — EUR 1,000

	Pensions		Severance and jubilee payments and personnel reduction schemes	
	2006	2005	**2006**	2005
Provision January 1	**663,882**	**697,039**	**450,961**	**416,003**
Expense for the year	40,969	35,774	147,865	164,293
Allocation to funds	(5,713)	(5,519)	—	—
Benefits paid	(48,114)	(48,755)	(134,615)	(102,101)
Translation difference	—	—	14,891	140
Transfers	—	—	69	1,475
Liabilities taken over as a result of mergers	—	(14,657)	10,804	(28,849)
Provision December 31	**651,024**	**663,882**	**489,975**	**450,961**
Current service cost	6,802	6,374	130,657	147,056
Interest cost	49,147	50,095	17,065	16,737
Expected return on plan assets	(21,962)	(20,830)	—	—
Amortized actuarial (gains)/losses	5,835	135	143	(19)
Voluntary payments	—	—	—	519
Past service cost	1,147	—	—	—
Expenses of defined benefit plans for the year	**40,969**	**35,774**	**147,865**	**164,293**

Expenses for interest accrued on personnel reduction schemes of EUR 6,779 thousand (2005: EUR 7,570 thousand) have been included under financial expense.

Severance and jubilee entitlements and personnel reduction schemes include provisions of EUR 189,283 thousand (2005: EUR 104,046 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, 2006

		Pensions		Severance, jubilees
	2006	2005	**2006**	2005
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 5.58% (2005: 6.27%) and an inflation rate of 4.24% (2005: 5.21%) were used.

Plan assets as of December 31

		2006		2005
Asset category	VRG IV	VRG VI	VRG IV	VRG VI
Equity securities	38,3%	52,0%	35,8%	44,7%
Debt securities	58,8%	42,2%	62,1%	51,2%
Other	2,9%	5,8%	2,1%	4,1%
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**

		2006		2005
Asset category	VRG IV	VRG VI	VRG IV	VRG VI
Market value of plan assets as of January 1	**157,780**	**208,223**	**140,753**	**206,400**
Expected return on plan assets	9,469	12,493	8,446	12,384
Allocation to funds	5,713	—	6,479	—
Withdrawals from funds	—	—	—	(960)
Benefits paid	(1,694)	(14,563)	(1,287)	(13,338)
Transfers of funds assets	605	(605)	—	—
Actuarial gains/(losses) on pension plan assets for the year	544	4,421	3,389	3,737
Market value of plan assets as of December 31	**172,417**	**209,969**	**157,780**	**208,223**

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 provisions, the investment guidelines of APK-Pensionskassen AG regulate the spread of asset allocation, the use of funds of funds and the selection of fund managers. New categories of investments, or the employment of a wider range of funds, require the approval of the APK management board. Diversification is global for both equity and debt securities, however the bulk of the debt securities are euro-denominated.

The funds of the asset allocation and risk group (VRG) IV are invested in euro-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 were taken into account. As of December 31, 2006, the VRG IV portfolio was 38.3% invested in equities and 58.8% 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, 2006, the fund was 52.0% invested in equities and 42.2% in bonds.

This asset allocation approach has in general enabled the funds – except in years of extreme capital markets volatility – to achieve the target rates of return for the VRGs.

For 2007, defined benefit related contributions to the pension fund of EUR 5.1 mn are planned.

Projected **payments to beneficiaries** of defined benefit plans for 2007–2016 are as follows:

Payments to beneficiaries	EUR 1,000
	Pensions
2007	65,580
2008	66,629
2009	67,321
2010	67,632
2011	68,082
2012–2016	318,487

Provisions for decommissioning and restoration

Changes in provisions for decommissioning and restoration and in capitalized decommissioning costs are shown in the table below. In the event of 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			EUR 1,000
	Acquisition cost	Depreciation	Carrying amount
Capitalized decommissioning costs			
January 1, 2006	**241,608**	**94,982**	**146,626**
Exchange differences	(4,753)	(2,744)	(2,009)
New obligations	2,357	—	2,357
Acquisitions and disposals	562	—	562
Assets held for sale [1]	13,498	11,200	2,298
Increase arising from revisions in estimates	23,782	—	23,782
Depreciation	—	21,419	(21,419)
Disposals (decommissioning)	(931)	(341)	(590)
Reduction arising from revisions in estimates	(25,240)	—	(25,240)
December 31, 2006	**250,883**	**124,516**	**126,367**
Decommissioning and restoration			
January 1, 2006	**—**	**—**	**1,370,904**
Exchange differences	—	—	88,495
New obligations	—	—	2,379
Acquisitions and disposals	—	—	577
Assets held for sale [1]	—	—	19,727
Increase arising from revisions in estimates	—	—	23,782
Reduction arising from revisions in estimates	—	—	(74,939)
Accrued discounting	—	—	83,868
Repayments	—	—	(15,553)
December 31, 2006	**—**	**—**	**1,499,240**

[1] The assets and liabilities held for sale are in respect of the reclassification of OMV (U.K.) Limited's Dunlin joint venture, using average foreign exchange rates.

The provision for restoration costs includes Petrom obligations of EUR 1,101,592 thousand (2005: EUR 997,121 thousand). There is a corresponding claim against the Romanian State of EUR 367,721 thousand (2005: EUR 327,445 thousand), which is disclosed as a non-current asset, under other receivables and assets.

Other provisions				EUR 1,000
		2006		2005
	≤ 1 year	> 1 year	≤ 1 year	> 1 year
Environmental costs	464	72,429	401	92,396
Other personnel provisions	238,600	350	148,088	1,407
Accruals for goods and services not yet invoiced	201,755	—	99,701	—
Other	241,208	117,699	159,270	194,273
Other provisions	**682,027**	**190,478**	**407,460**	**288,076**

Other personnel provisions include short-term costs of staff reductions amounting to EUR 189,283 thousand (2005: EUR 104,046 thousand) and provisions for unused vacation of EUR 26,513 thousand (2005: EUR 26,095 thousand). The item Other contains current provisions for restoration costs of EUR 9,996 thousand (2005: EUR 13,365 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 allowances. Under this scheme, affected OMV Group companies received a total of 11,129,259 free emissions certificates for the first period, 2005–2007. Total emissions for 2005 came to 3,851,722 tons, and in April 2006, OMV surrendered certificates for this amount (valued on a LIFO basis) to the relevant national emissions trading registries.

At December 31, 2006, OMV Group holds 3,890,868 emissions certificates to cover its emissions for 2006. Changes in **emission certificates** held were as follows:

Emission certificates

			Used for emissions in 2005		Emissions certificates December 31, 2006	
	Number of certificates	EUR 1,000	Number of certificates	EUR 1,000	Number of certificates	EUR 1,000
Allocation for 2005 and 2006	7,422,590	—	(3,531,722)	—	3,890,868	—
Purchases in 2006	320,000	4,462	(320,000)	(4,462)	—	—
Total		**4,462**	**(3,851,722)**	**(4,462)**	**3,890,868**	**—**

A provision has been made in individual subsidiaries' accounts for the shortfall in certificates as at December 31, 2006. Based on the market value of the certificates at that date, the amount of the provision was EUR 245 thousand (2005: EUR 3,082 thousand).

23 Liabilities

Liabilities EUR 1,000

	Total	Short-term	Long-term
2006			
Bonds	539,221	47,785	491,436
Interest-bearing financial liabilities	1,754,411	1,264,452	489,959
[thereof to banks] [1]	[1,754,411]	[1,264,452]	[489,959]
Trade payables (short-term)	1,601,775	1,601,775	—
[thereof to Group companies]	[15]	[15]	[—]
[thereof to companies with which a participating relationship exists]	[1,770]	[1,770]	[—]
[thereof to associated companies]	[64,254]	[64,254]	[—]
Other liabilities	1,063,863	982,988	80,875
Liabilities associated with assets held for sale	482	482	—
Total	**4,959,752**	**3,897,482**	**1,062,270**
2005			
Bonds	1,175,628	136,148	1,039,480
Interest-bearing financial liabilities	650,928	441,214	209,714
[thereof to non-banks]	[2,306]	[2,306]	[—]
[thereof to banks] [1]	[648,621]	[438,907]	[209,714]
Trade payables (short-term)	1,471,610	1,471,610	—
[thereof to Group companies]	[513]	[513]	[—]
[thereof to companies with which a participating relationship exists]	[546]	[546]	[—]
[thereof to associated companies]	[125,448]	[125,448]	[—]
Other liabilities	858,394	786,628	71,766
Liabilities associated with assets held for sale	31,883	31,883	—
Total	**4,188,443**	**2,867,483**	**1,320,960**

[1] Amounts due to banks are secured by pledged securities of OMV Aktiengesellschaft and OMV Refining & Marketing GmbH amounting to EUR 13,057 thousand (2005: EUR 16,333 thousand).

Bonds

Bonds issued

	Nominal	Coupon	Repayment	**2006** Carrying amount Dec. 31, in EUR 1,000	2005 Carrying amount Dec. 31, in EUR 1,000
Domestic corporate bond [1]	EUR 250,000,000	3.75% fixed	Jun. 30, 2010	248,936	250,143
US private placement [1]	USD 182,000,000	4.73% fixed	Jun. 27, 2013	138,193	154,277
	USD 138,000,000	4.88% fixed	Jun. 27, 2015	104,307	117,003
Convertible bond [2]	EUR 550,000,000	1.50% fixed	Nov. 19, 2008	47,785	518,057
Petrom eurobond	EUR 125,000,000	11.63% fixed	Oct. 2, 2006	—	136,148
Total				**539,221**	**1,175,628**

[1] In part, derivatives (interest swaps) were used to convert the interest rates from fixed to variable.
[2] The bonds were redeemed on February 21, 2007, since at December 31, 2006, less than 10% of the original bonds were still outstanding.

During 2004, 1,793,868 convertible bonds maturing on November 19, 2008 with a coupon of 1.5% were issued. In 2006 1,158,629 convertible bonds were repurchased by the Company, 469,540 bonds were converted using treasury shares and 170 bonds were converted by the issue of new shares (2005: 70), leaving 165,459 convertible bonds in circulation at December 31, 2006. Since this represented less than 10% of the original amount issued, under the terms and conditions the remaining convertible bonds in circulation were redeemed in 2007.

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 2006 was 4.58% (2005: 3.08%). The average repurchase price of the convertible bonds repurchased was EUR 453.83. Repurchases resulted in interest savings of EUR 6,461 thousand, which were taken to income.

Interest-bearing financial liabilities

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 – including bonds – have the following maturities:

Interest-bearing debts EUR 1,000

	2006	2005
Short-term loan financing	1,023,290	193,545
Short-term component of long-term loans	288,947	383,817
Total short-term	**1,312,237**	**577,362**
Maturities of long-term loan financing		
2007/2006	288,947	383,817
2008/2007	80,215	21,311
2009/2008	—	520,838
2010/2009	354,479	51,221
2011/2010	70,400	264,543
2012/2011 and subsequent years	476,301	391,280
Total for 2007/2006 onwards	**981,395**	**1,249,193**

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

		2006	2006 Weighted average interest rate	2005	2005 Weighted average interest rate
Long-term interest bearing debt [1]					
Fixed rates	EUR	589,444	3.40%	1,050,337	3.64%
	USD	242,500	4.79%	271,280	4.79%
Total		**831,944**		**1,321,617**	
Variable rates	AUD	18,789	6.72%	—	—
	EUR	294,706	4.11%	217,883	3.02%
	GBP	—	—	560	8.30%
	NZD	85,679	7.99%	67,419	7.96%
	USD	39,224	5.71%	25,531	4.72%
Total		**438,398**		**311,393**	
Short-term interest bearing debt					
BGN		11,404	4.27%	—	—
CZK		50,937	2.70%	1,231	2.36%
EUR		923,580	3.77%	171,323	2.44%
HRK		—	—	4,953	5.26%
HUF		31,315	8.11%	18	6.23%
SIT		—	—	11,566	4.14%
SKK		1,476	4.94%	—	—
USD		4,578	10.50%	4,454	8.04%
Total		**1,023,290**		**193,545**	

[1] Including short-term component of long-term debt.

At December 31, 2006, OMV had unused short-term credit lines of EUR 203,660 thousand (2005: EUR 159,000 thousand) and unused long-term credit lines of EUR 938,630 thousand (2005: EUR 951,000 thousand).

Other liabilities EUR 1,000

	Total	Short-term	Long-term
2006			
Trade payables (long-term)	29,861	—	29,861
Liabilities to companies with which a participating relationship exists	6	6	—
Liabilities to associated companies	7,350	550	6,800
Other taxes	455,573	455,573	—
Other social security liabilities	19,364	19,359	5
Liabilities from fair value recognition of derivatives	102,945	88,235	14,710
Payments received in advance	229,797	209,788	20,009
Other sundry liabilities	218,967	209,477	9,490
Total	**1,063,863**	**982,988**	**80,875**
2005			
Trade payables (long-term)	28,552	—	28,552
Liabilities to Group companies	27	27	—
Liabilities to companies with which a participating relationship exists	2,653	2,653	—
Liabilities to associated companies	9,400	2,600	6,800
Other taxes	534,485	534,485	—
Other social security liabilities	18,240	18,237	3
Liabilities from fair value recognition of derivatives	5,574	5,574	—
Payments received in advance	49,392	25,120	24,272
Other sundry liabilities	210,071	197,932	12,139
Total	**858,394**	**786,628**	**71,766**

24 Deferred taxes

Deferred taxes EUR 1,000

	Deferred tax assets without 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
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 carry-forwards	77,384	32,763	44,621	—
Total	**727,418**	**71,318**	**656,100**	**882,996**
Netting (same tax jurisdictions)			**(595,677)**	**(595,677)**
			60,423	**287,319**

Deferred taxes (continued) **EUR 1,000**

	Deferred tax assets without allowances	Allow-ances	Net deferred tax assets	Deferred tax lia-bilities
2005				
Intangible assets	16,862	—	16,862	2,910
Property, plant and equipment	100,322	6,087	94,235	424,782
Financial assets	23,245	—	23,245	9,174
Accrued Petroleum Revenue Tax (PRT)	—	—	—	82
Inventories	4,044	1	4,043	51,521
Receivables and other assets	33,392	10,019	23,373	16,696
Untaxed reserves	—	—	—	30,055
Provisions for pensions and severance payments	83,430	5,007	78,423	771
Other provisions	141,506	27,733	113,773	4,797
Liabilities	160,899	1	160,898	1,708
Other deferred taxes not associated with balance sheet items	44,464	1,291	43,173	276,337
Tax loss carry-forwards	109,090	43,928	65,162	—
Total	**717,254**	**94,067**	**623,187**	**818,833**
Netting (same tax jurisdictions)			**(598,516)**	**(598,516)**
			24,671	**220,317**

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.

Deferred tax assets and liabilities in the same tax jurisdictions amounting to EUR 595,677 thousand (2005: EUR 598,516 thousand) are netted in the balance sheet.

At the end of 2006 OMV had **tax loss carry-forwards** of EUR 265,641 thousand (2005: EUR 357,107 thousand). Eligibility of losses for carry-forward expires as follows:

Losses for carry-forward **EUR 1,000**

	2006	2005
2006	—	1,657
2007	11,115	23,071
2008	10,708	25,775
2009	1,729	1,214
2010	1,738	1,234
2011	22,214	—
After 2010 [1]/2011 [2]	31,414	10,730
Unlimited	186,723	293,426
Total	**265,641**	**357,107**

[1] 2005
[2] 2006

Supplementary information on the financial position

25 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. Additions to cash and cash equivalents of EUR 1,064,095 thousand acquired as part of Petrom in 2004 are, under the terms of the purchase agreement, mainly earmarked for investment in that company. The cash balances of Amical Insurance Limited amounting to EUR 28,336 thousand (2005: EUR 17,508 thousand) are not freely disposable, as a result of the statutory provisions governing insurance.

Cash flow statement — **EUR 1,000**

	2006	2005
Interest payments	(109,720)	(95,205)
Income tax payments/credits	(758,244)	(333,921)
Dividend payments by associated companies	75,977	42,074

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

In 2006 cash flow from operating activities includes cash flows from discontinued operations in an amount of EUR 23.800 thousand while cash flow from investment activities includes cash flows from discontinued operations with an amount of EUR 47.150 thousand.

26 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 next 3 years.

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

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

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 disposals were completed. A parent guarantee amounting to EUR 36,345 thousand has been issued for securing bank loans of AMI.

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.

Regarding contingent liabilities of Petrol Ofisi A.S. see Note 1.

27 Derivative instruments and hedge accounting

Derivative instruments are used from time to time to manage market risks resulting from changes in interest rates, exchange rates and commodity prices and could have an adverse effect on the Group's financial assets, liabilities or expected future cash flows.

Derivatives 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 agreements become contractually binding, i.e., when the rights and obligations arise. They are derecognized when the contractual rights and obligations lapse or are transferred.

Commodity price risk management

Financial instruments are used 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 **risk management for strategic commodities** to ensure that sufficient cash flow is available to finance the Group's growth and maintain its investment grade credit rating.

In 2006 OMV used put options to hedge E&P earnings for roughly 8% of total production; the agreements were concluded in 2005 with top quality banks on an over-the-counter (OTC) basis. The hedges expired at the end of 2006, and no further hedge agreements in respect of strategic commodities risk management were concluded.

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

Exchange traded oil futures and 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; in accordance with IAS 39 they 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 agreements 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.

Nominal and fair value of open contracts at December 31, 2006 were as follows:

Nominal and fair value of open contracts EUR 1,000

	2006 Nominal	2006 Fair value	2005 Nominal	2005 Fair value
Strategic risk management				
Commodity put options	—	—	432,208	141
R&M				
Commodity futures	92,515	660	67,533	(1,744)
Commodity swaps	711,926	12,524	339,030	(3,491)
Gas				
Gas swaps	232,717	(17,449)	—	—
Gas options	21,735	3,828	—	—

Fair values of derivatives at December 31, 2006 were as follows:

Fair values EUR 1,000

	Nominal	Fair value assets	Fair value liabilities
Cash flow hedges			
R&M swaps	639,375	57,832	(41,410)
Gas swaps	222,244	33,779	(50,525)
Fair value hedges			
Gas swaps	10,473	268	(972)
Gas options	10,473	888	—
Derivatives held for trading			
R&M futures	92,515	2,000	(1,341)
R&M swaps	72,551	2,880	(6,779)
Gas options	11,262	3,549	(609)

Cash flow hedging for commodities

Hedge accounting for commodities was first applied in 2006. All amounts are shown net of minority interests.

Cash flow hedging for commodities EUR 1,000

	Hedging instrument	Period of expected cash flows for cash flow hedges	Valuation adjustments taken directly to equity	Recycling from equity disclosed in income statement	Recycling from equity against original costs of acquisition
R&M price risk hedge					
Swap fix to floating – Brent	Swap	2007	(40,524)	(2,454)	—
Swap fix to floating – products	Swap	2007	57,832	1,719	—
Gas price risk hedge					
Swap fix to floating	Swap	until Q4/2011	(8,196)	—	521

In R&M, the cash flows for purchase and sales sides of specific future transactions are hedged separately – crude oil on the purchase side and the products on the sales side.

Crude is hedged by buying fixed and selling variable, and products are hedged by selling fixed and buying variable.

The transaction 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 EUR (1,240) thousand (2005: —) was recognized in profit and loss in 2006.

Foreign exchange risk management

Because OMV operates in many countries and currencies, industry-specific activities and the corresponding exchange risks need to be precisely analyzed.

The US dollar represents OMV's greatest risk exposure, in the form of movement of the US dollar against the euro and the Romanian leu. Other currencies have only a limited impact on cash flow and EBIT.

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

At December 31, 2006 the nominal value of transactions hedging US dollar receivables risk and transactions used to manage liquidity was as follows:

Transactions used to manage liquidity 2006 — EUR 1,000

	Nominal	Fair value
Currency forwards	234,802	(540)

Transactions used to manage liquidity 2005 — EUR 1,000

	Nominal	Fair value
Currency forwards	223,107	769

Translation risk is also monitored on an ongoing basis at Group level and the risk position evaluated. Translation risk arises on the consolidation of subsidiaries preparing their accounts other than in euro. The largest exposures result from changes in the value of the Romanian leu and the US dollar against the euro. The RON/EUR translation risk on the cash and cash equivalents held by Petrom are hedged.

An exchange rate hedge agreement was concluded in April 2006 to hedge the US dollar exchange rate risk on the acquisition of the interest in Petrol Ofisi A.S. In the financial statements, this is treated as a cash flow hedge. The hedge covers 50% of the purchase price.

Interest rate management

To facilitate management of interest rate risk, OMV's liabilities are analyzed in terms of fixed and variable borrowing rates, 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 variable rate debt, and vice versa. From the fourth quarter of 2005 on, EUR 100 mn and USD 50 mn were swapped from fixed to variable rates. The interest rate spread between the swap and the loan is accounted for as an adjustment to interest expense.

At December 31, 2006 open positions were as follows:

Open positions 2006		EUR 1,000
	Nominal	Fair value
Interest rate swaps	137,965	(1,540)

Open positions 2005		EUR 1,000
	Nominal	Fair value
Interest rate swaps	142,402	169
Swaptions	21,200	(48)

Interest rate swaps were used to hedge the fair value of bonds (fair value hedges) issued by OMV Group (see Note 23) and recognized in profit or loss in accordance with IAS 39.

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 directives, both at OMV and at Petrom.

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 numbers of different banks.

Investment risk

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

Instruments 2006		EUR 1,000
	Nominal	Fair value
Index futures	23,856	249
Interest rate futures	807,846	(271)

Instruments 2005		EUR 1,000
	Nominal	Fair value
Stock index futures	10,868	51
Euro Bund futures	5,119	27

28 Fair values of financial items

Estimates of fair values at balance sheet date, discussed below, are normally based on the market information available.

The fair value of other financial assets, securities and investments, is calculated primarily on the basis of quoted market prices. Where no quoted price and no present value can be established, the determination of a fair value is not feasible.

The carrying amounts of Other receivables and assets and cash and cash equivalents are reasonable estimates of their fair values, as the assets in question generally have maturities of less than one year.

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

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

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

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

Balance sheet item				EUR 1,000
		2006		2005
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Other financial assets	**1,598,464**	**1,548,700**	**1,586,964**	**1,532,237**
Estimate of fair value feasible	1,548,700	1,548,700	1,532,237	1,532,237
Estimate of fair value not feasible	49,764	—	54,727	—
Other receivables and assets (not including derivatives)	**2,614,296**	**2,614,296**	**2,339,192**	**2,339,192**
Derivatives	**100,426**	**100,426**	**—**	**—**
Securities and investments	**99,312**	**99,312**	**1,337**	**—**
Estimate of fair value feasible	99,312	99,312	—	—
Estimate of fair value not feasible	—	—	1,337	—
Cash and cash equivalents	**1,564,259**	**1,564,259**	**1,951,262**	**1,951,262**
Bonds and financial liabilities	**2,293,632**	**2,296,207**	**1,826,555**	**2,191,850**
Fixed income	831,944	834,519	1,321,617	1,686,912
Variable rates	1,461,688	1,461,688	504,938	504,938
Tax and other provisions (not including other personnel provisions)	**489,028**	**489,028**	**817,864**	**817,864**
Other liabilities (not including derivatives)	**2,562,694**	**2,562,694**	**2,324,430**	**2,324,430**
Derivatives	**102,945**	**102,945**	**5,574**	**5,574**

29 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 as soon as 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

	2006 plan	2005 plan	2004 plan	2003 plan	2002 plan
Start of plan	Sep. 1, 2006	Sep. 1, 2005	Sep. 1, 2004	Sep. 1, 2003	Jul. 1, 2002
End of plan	Aug. 31, 2013	Aug. 31, 2012	Aug. 31, 2011	Aug. 31, 2008	Jun. 30, 2007
Vesting period	2 years	2 years	2 years	2 years	2 years
Exercise price	EUR 45.190	EUR 34.700	EUR 16.368	EUR 10.404	EUR 10.090
Option entitlement per OMV share held	20	20	15	15	10
Qualifying own investment					
Executive Board	1,242 shares [1]	2,390 shares [1]	3,980 shares [1]	5,600 shares [1]	5,950 shares [1]
Senior executives	414 shares [1]	800 shares [1]	1,330 shares [1]	1,860 shares [1]	1,990 shares [1]
Options granted					
Executive Board members					
Davies	24,840	47,800	59,700	84,000	59,500
Langanger	24,840	47,800	59,700	84,000	44,600
Roiss	24,840	47,800	59,700	84,000	59,500
Ruttenstorfer	24,840	47,800	59,700	84,000	59,500
Total – Executive Board	**99,360**	**191,200**	**238,800**	**336,000**	**223,100**
Other senior executives	368,500	532,000	504,300	286,050	134,300
Total options granted	**467,860**	**723,200**	**743,100**	**622,050**	**357,400**
Plan threshold – share price	**EUR 51.970**	**EUR 39.910**	**EUR 18.823**	**EUR 11.965**	**EUR 11.604**

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

During 2006 all the 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 2002 plan is the average price for the month of May in the year of issue, and for the 2003, 2004, 2005 and 2006 plans, 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 2002, 2003, 2004 plans during the 20 trading days after publication of the quarterly reports (exercise window). There are no exercise windows or periods during which options may not be exercised for the 2005 and 2006 plans subject to the following criteria:
   Options may not be exercised
   - when the participant is party to insider information;
   - during the blackout period specified in the Issuers Compliance Regulation (6 weeks before scheduled publication of the full years results, 3 weeks before publication of the quarterly report or any other restricted periods defined by compliance officers);
   - if the Executive Board forbids the exercise for a specific period.

6. Evidence of the participant's underlying investment must be furnished when exercising an option. The options may be exercised by purchasing the shares or by having the difference between the current market price and the exercise price paid out in cash or in the form of shares, provided always that the market price of OMV stock at the time of exercise exceeds the exercise price by at least 15%.

Movements in options under the stock option plans for 2006 and 2005 were as follows:

Movements in options under the stock option plans

		2006		2005
	Number of options	Weighted average exercise price in EUR	Number of options	Weighted average exercise price in EUR
Outstanding options – January 1	**1,760,150**	**22.904**	**1,516,350**	**13.297**
Options granted	467,860	45.190	723,200	34.700
Options exercised	(142,425)	13.752	(479,400)	10.309
Options forfeited	—	—	—	—
Outstanding options – December 31	**2,085,585**	**28.529**	**1,760,150**	**22.904**
Options exercisable at year end	**894,525**	**14.825**	**293,850**	**10.404**

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 all cases was settled in cash. 30,000 options were exercised by purchase of shares. The weighted average market price at the time of exercise in 2006 was EUR 43.06. The intrinsic value of the options exercisable at December 31, 2006 was EUR 25,194 thousand.

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

Exercise of options by plan participants was as follows:

Exercise of options

	2006 Options exercised	2006 Average exercise price in EUR	2005 Options exercised	2005 Average exercise price in EUR
Executive Board members				
Davies	–	–	59,500	10.090
Langanger	–	–	–	–
Roiss	30,000	10.404	110,200	10.329
Ruttenstorfer	42,000	16.368	59,500	10.090
Total – Executive Board	**72,000**	**12.889**	**229,200**	**10.205**
Other senior executives	70,425	14.634	250,200	10.404
Total options exercised	**142,425**	**13.752**	**479,400**	**10.309**

Compensation expense arising from the exercise of options, which was reported under personnel expenses, amounted as follows:

Compensation expense EUR 1,000

	2006	2005
Plan 2001	–	199
Plan 2002	–	4,296
Plan 2003	2,198	11,265
Plan 2004	1,976	–
Total	**4,174**	**15,760**

As of December 31, 2006 **outstanding options** under the various plans (adjusting for the 2005 10-for-1 stock split) were as follows:

Outstanding options

Plan	Exercise price in EUR	Options outstanding	Remaining maturity in years	Options exercisable at year end
2003	10.404	231,375	1.7	231,375
2004	16.368	663,150	4.7	663,150
2005	34.700	723,200	5.7	–
2006	45.190	467,860	6.7	–
		2,085,585		**894,525**

The options are valued using the Black-Scholes model. The expected average volatility of the shares has been calculated on the basis of the volatility of the past 5 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, 2006 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, 2006

	2006 plan	2005 plan	2004 plan	2003 plan	2002 plan
Market value of plan in EUR 1,000	5,031	9,963	16,007	7,230	–
Calculation variables					
Market price of stock in EUR	42.99	42.99	42.99	42.99	
Risk-free rate of return	4.117%	4.121%	4.125%	4.087%	Exercised
Maturity of options (including vesting period)	6.7 years	5.7 years	4.7 years	1.7 years	
Average dividend yield	3.1%	3.1%	3.0%	2.6%	
Share price volatility	30%	30%	30%	30%	

Provision is made for the expected future cost of options unexercised at balance sheet date based on fair values. For new plans, the expense is spread over the 2-year vesting period. At December 31, 2006, the provision was EUR 30,717 thousand (2005: EUR 27,868 thousand).

Segment reports

30 Business operations and key markets

OMV Group is divided into 3 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.

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

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

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

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

E&P activities are mainly focused on Austria, Kazakhstan, Libya, New Zealand, Pakistan, Romania, Tunisia and the UK. The contracts for the sale of E&P assets in Qatar and Ecuador, which were signed in 2005, were completed on March 8, 2006 and October 4, 2006, respectively. Petrom has acquired a total of 8 exploration licenses and one exploration and production license in Russia, spearheading OMV Group's entry into one of the oil and gas richest countries in the world.

R&M operates 2 refineries, in Schwechat and Burghausen, and has a 45% interest in BAYERNOIL Raffineriegesell-schaft mbH (third-party processing refineries). It is a powerful presence in the retail and wholesale businesses in its main markets – Austria, and Central and Eastern Europe. The purchase of Petrom in 2004 has brought the Group 2 further refineries, in Romania. On May 16, 2006, OMV agreed the purchase of a 34% interest in Petrol Ofisi A.S., Turkey's leading filling station operator and wholesaler. OMV's entry into the Turkish market is in line with its strategy for 2010, and strengthens its position in Europe's growth belt.

The **Gas** segment is strongly established in the trans-European gas transit business, and in gas importing and storage. OMV is the sole operator of long-distance gas transmission pipelines in Austria. EconGas GmbH was launched in 2002 in response to gas market liberalization, and is a joint venture between OMV and a number of regional gas distribution companies. The participators have merged their gas wholesaling and distribution activities, and OMV Gas has a 50% interest in the business. Previously included at equity, from the fourth quarter of 2006 EconGas GmbH is a fully consolidated member of OMV Group.

Since the beginning of 2006, **Petrom** is no longer a separate business segment; its E&P, R&M and Gas activities have been divided up and are included for reporting purposes with the Group's business segments. The secondary segments have also been adapted to match, and last year's figures have been adjusted accordingly.

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.

The sale of 50% of the shares in AMI Agrolinz Melamine International GmbH to International Petroleum Investment Company (IPIC), Abu Dhabi, has meant that **Chemicals** ceased to be consolidated at the end of the first half of 2005.

31 Segment reporting

OMV Group's primary segment reporting is based on business segments. Since Petrom has ceased to be a separate business segment in 2006, the comparative figures for 2005 have been adjusted.

Primary segment reporting EUR mn

	E&P	R&M	Gas	Chemicals	Co&O	Total	Consolidation	Consolidated total
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	5,036.63	6,610.19	921.67	—	102.75	12,671.24	—	12,671.24
Investments [3] 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	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	85.81	29.54	—	—	0.06	115.41	—	115.41
Associated companies results	—	112.29	41.68	—	30.68	184.65	—	184.65
Net income from discontinued operations	9.21	—	—	—	(0.91)	8.30	—	8.30
2005								
Sales [1]	3,443.77	14,610.58	803.46	203.58	200.57	19,261.96	(3,682.26)	15,579.70
Intra-group sales	(2,505.71)	(976.65)	(7.41)	(0.53)	(191.96)	(3,682.26)	3,682.26	—
External sales	938.06	13,633.93	796.05	203.05	8.61	15,579.70	—	15,579.70
EBIT [2]	1,624.91	411.42	68.24	5.93	(120.85)	1,989.65	(31.28)	1,958.37
Total assets	4,580.72	5,776.11	482.06	—	85.32	10,924.21	—	10,924.21
Investments [3] in PPE/IA	585.91	652.38	30.18	9.86	17.18	1,295.51	—	1,295.51
Investments in associated companies	—	680.60	139.41	—	61.69	881.70	—	881.70
Assets held for sale	81.19	—	—	—	—	81.19	—	81.19
Liabilities	2,333.58	2,259.16	433.81	—	367.33	5,393.88	—	5,393.88
Depreciation and amortization	377.96	258.59	9.76	20.42	15.05	681.78	—	681.78
Impairment	39.01	73.19	—	—	—	112.20	—	112.20
Associated companies results	—	60.37	39.66	—	1.71	101.74	—	101.74
Net income from discontinued operations	13.79	(1.79)	—	23.99	—	35.99	—	35.99

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

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

Secondary segment reporting — EUR mn

	Austria	Germany	Romania	Rest of Europe [3]	Rest of world [4]	Total	Consoli-dation	Consolida-ted total
2006								
Sales [1]	7,168.72	3,681.68	6,091.31	5,473.82	1,133.17	23,548.70	(4,578.33)	18,970.37
Intra-group sales	(769.28)	(0.19)	(3,231.43)	(0.74)	(576.69)	(4,578.33)	4,578.33	—
External sales	6,399.44	3,681.49	2,859.88	5,473.08	556.48	18,970.37	—	18,970.37
EBIT [2]	527.82	177.08	659.26	128.23	533.51	2,025.90	35.12	2,061.02
Total assets	3,650.84	1,657.01	4,483.17	1,767.39	1,112.83	12,671.24	—	12,671.24
Investments PPE/IA	304.20	187.55	556.62	198.48	227.87	1,474.72	—	1,474.72
2005								
Sales [1]	5,463.68	3,611.79	5,034.67	4,396.91	754.91	19,261.96	(3.682.26)	15,579.70
Intra-group sales	(763.37)	—	(2,495.60)	(24.19)	(399.10)	(3,682.26)	3.682.26	—
External sales	4,700.31	3,611.79	2,539.07	4,372.72	355.81	15,579.70	—	15,579.70
EBIT [2]	505.45	289.70	619.34	101.17	473.99	1,989.65	(31.28)	1,958.37
Total assets	2,994.34	1,405.38	3,887.63	1,638.08	998.78	10,924.21	—	10,924.21
Investments PPE/IA	433.85	112.03	389.55	147.38	212.70	1,295.51	—	1,295.51

[1] Sales revenues excluding petroleum tax, including intra-group sales.
[2] See consolidated income statement for reconciliation of EBIT to net income for the year.
[3] Rest of Europe: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Ireland, Isle of Man, Italy, Serbia, Slovakia, Slovenia, Switzerland, United Kingdom.
[4] Rest of world: Mainly Australia, Iran, Kazakhstan, Libya, New Zealand, Pakistan, Tunisia, Venezuela, Yemen.

Other information

32 Average number of employees

Average number of employees

	2006	2005
OMV Group not including Petrom group	5,130	6,090
Petrom group	40,067	49,543
Total Group	**45,197**	**55,633**

33 Related parties

Under IAS 24, details of relationships with related parties and related enterprises not included in consolidation must be disclosed. Enterprises and individuals are considered to be related if one party is able to control or exercise significant influence over the business of the other.

In 2006 there were arm's-length supplies of goods and services between the Group and the following companies included at equity: Borealis A/S, Oberösterreichische Ferngas AG and EconGas GmbH (included at equity until September 30, 2006):

Related enterprises EUR 1,000

	Sales		Receivables	
	2006	2005	**2006**	2005
Borealis A/S	1,073,550	649,386	106,770	78,410
Oberösterreichische Ferngas AG	3,495	4,230	21,336	6,891
EconGas GmbH [1]	126,323	99,038	—	194,589
AMI Agrolinz Melamine International GmbH	3,199	1,476	75	224
Total	**1,206,567**	**754,130**	**128,181**	**280,114**

[1] EconGas GmbH was included at equity from January 1 until September 30, 2006, and thereafter fully consolidated (see Note 2).

At balance sheet date there were trade payables to BAYERNOIL Raffineriegesellschaft mbH of EUR 57,990 thousand (2005: EUR 66,170 thousand). There were no trade payables to GWH Gas- und Warenhandelsgesellschaft m.b.H. (2005: EUR 40,920 thousand).

On October 1, 2006, EconGas GmbH became a member of the consolidated OMV Group. At the end of 2005, the Group's liabilities to EconGas GmbH, at that time included at equity, totaled EUR 14,070 thousand.

At balance sheet date there was a loan to IOB Holding A/S of EUR 71,950 thousand outstanding (2005: EUR 73,450 thousand), and to BAYERNOIL Raffineriegesellschaft mbH of EUR 60,750 thousand (2005: EUR 54,000 thousand).

In 2006 the **total remuneration** of the Executive Board of OMV Aktiengesellschaft amounted to EUR 9,632 thousand (2005: EUR 11,233 thousand), made up as follows:

Total remuneration of the Executive Board EUR 1,000

	2006	2005
Basic remuneration	2,115	2,029
Variable remuneration	4,748	1,691
Retirement benefits, benefits in kind and expenses	614	381
Stock options	2,155	7,132

Details of stock options plans are shown in Note 29.

Compensation of individual Executive Board members, excluding benefits in kind, expenses, pension fund contributions and stock options, was as follows:

Compensation of individual Executive Board members — **EUR 1,000**

	2006	2005
Davies	1,592	831
Langanger	1,527	847
Roiss	1,757	963
Ruttenstorfer	1,987	1,079

Compensation of former members of the Executive Board and their surviving dependants amounted to EUR 1,117 thousand (2005: EUR 1,106 thousand).

In 2006 the total remuneration of 32 top executives (2005: 30) amounted to EUR 15,923 thousand (2005: EUR 28,752 thousand), of which basic remuneration, such as salaries, provisions for unused vacation and bonuses, was EUR 8,641 thousand (2005: EUR 8,165 thousand) and EUR 839 thousand (2005: EUR 712 thousand) were expenses for pension fund contributions. The expenses for severance benefits were EUR 409 thousand (2005: EUR 793 thousand), and other long-term commitments amounted to EUR 71 thousand (2005: EUR 24 thousand). Stock options to the value of EUR 2,019 thousand (2005: EUR 8,629 thousand) were exercised. Additions to provisions for stock option plans for the Executive Board and top executives amounted to EUR 2,849 thousand (2005: EUR 20,604 thousand).

In 2006 remuneration expenses for the Supervisory Board amounted to EUR 418 thousand, therof 34 thousand increase in provisions (2005: EUR 517 thousand, therof EUR 164 thousand increase in provisions).

Raiffeisen Zentralbank Österreich AG is one of the enterprises in which a member of the Supervisory Board has a material commercial interest (section 95 para 5 no 12 Austrian Companies Act (AktG)); the Bank is one of OMV Group’s 5 most important banking partners, but not leading in terms of volume of business.

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

	Parent company	Equity interest in %	Type of consoli-dation [1]
Exploration and Production			
Artamira LLC, Saratov	RING	100.00	C
Carneft PLC, Saratov	RING	100.00	C
Chalykneft PLC, Saratov	RING	100.00	C
Claire Nafta Ltd., British Virgin Islands	RING	100.00	C
Ecologicheskaya Technika LLC, Ukhta	RING	100.00	C
Kom Munai LLP, Almaty	PETROM	95.00	C
KorSarNeft LLC, Moskau	RING	100.00	C
Neftepoisk LLC, Saratov	RING	100.00	C
OMV (ALBANIEN) Adriatic Sea Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (ALBANIEN) offshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (ALBANIEN) onshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV AUSTRALIA PTY LTD., Perth (OAUST)	OMV	100.00	C
OMV Austria Exploration & Production AG, Gänserndorf (OEPA)	OMVEP	100.00	C
OMV (BAYERN) Exploration GmbH, Vienna	OEPA	100.00	C
OMV (Bulgaria) Offshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV Exploration & Production GmbH, Vienna (OMVEP)	OMV	100.00	C
OMV EXPLORATION & PRODUCTION LIMITED, Douglas	OMVEP	100.00	C
OMV (FAROE ISLANDS) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (IRAN) onshore Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (IRELAND) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV New Zealand Ltd., Wellington (NZEA)	OMVEP	100.00	C
OMV (NORGE) AS, Oslo	OMVEP	100.00	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	OMVEP	100.00	C
OMV Oil Production GmbH, Vienna (OILP)	OMVEP	100.00	C
OMV (PAKISTAN) Exploration Gesellschaft m.b.H., Vienna	OMVEP	100.00	C
OMV Petroleum Exploration GmbH, Vienna	OMVEP	100.00	C
OMV Petroleum Pty Ltd., Perth	OAUST	100.00	C
OMV Proterra GmbH, Vienna	OEPA	100.00	C
OMV (RUSSLAND) Exploration & Production GmbH, Vienna	OMVEP	100.00	C
OMV (SUDAN BLOCK 5B) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (SUDAN) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (Tunesien) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (Tunesien) Production GmbH, Vienna (OTNPR)	OMVEP	100.00	C
OMV (U.K.) Limited, London	OMVEP	100.00	C
OMV (YEMEN) Al Mabar Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (YEMEN Block S2) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (YEMEN) Exploration GmbH, Vienna	OMVEP	100.00	C
OMV (YEMEN) South Hood Exploration GmbH, Vienna	OMVEP	100.00	C
Oztyurk Munai, Aktobe	PETROM	95.00	C
PEI 3 Verwaltungs GmbH i.L., Düsseldorf	OTNPR	100.00	NC
PEI Venezuela Gesellschaft mit beschränkter Haftung, Düsseldorf	OMVEP	100.00	C

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

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

	Parent company	Equity interest in %	Type of consoli-dation [1]
Petroleum Infrastructure Limited, Wellington	NZEA	100.00	C
Preussag Energie International GmbH, Lingen	OMVEP	100.00	C
Repsol Inco AG, Zug	OILP	30.00	NAE
Ring Oil Holding & Trading Ltd., Limassol (RING)	PETROM	74.90	C
Saratovneftedobycha JSV, Saratov	RING	100.00	C
Tasbulat Oil Corporation LLP., Aktau	PETROM	100.00	C
van Sickle Gesellschaft m.b.H., Gänserndorf	OEPA	100.00	C
Refining and Marketing including petrochemicals			
Abu Dhabi Petroleum Investments LLC, Abu Dhabi	OMVRM	25.00	NAE
Adria-Wien Pipeline Gesellschaft m.b.H., Klagenfurt	OMVRM	69.50	C
Aircraft Refuelling Company GmbH, Vienna	OMVRM	33.33	NAE
AUSTRIA Mineralöl GmbH, Vienna (AUS)	OMVRM	100.00	C
Autobahn-Betriebe Gesellschaft m.b.H., Vienna	OMVRM	47.20	NAE
Avanti d.o.o., Zagreb	ISTRA	29.93	NAE
BAYERNOIL Raffineriegesellschaft mbH, Ingolstadt	OMVD	45.00	AE
Borealis A/S, Lyngby	BORA IOB	50.00 50.00	AE
Borealis GmbH, Vienna (BORA)	BORH	35.00	AE
BSP Bratislava-Schwechat Pipeline GmbH, Vienna	OMVRM	26.00	NAE
Deutsche Transalpine Oelleitung GmbH, Munich	OMVD	25.00	AE
Doo Petrom YU, Beograd	PETROM	100.00	NC
DUNATAR Köolajtermék Tároló és Kereskedelmi Kft., Budapest	OHUN	48.28	NAE
Erdöl-Lagergesellschaft m.b.H., Lannach	OMVRM	55.60	AE[1]
GENOL Gesellschaft m.b.H., Vienna	OMVRM	29.00	NAE
GENOL Gesellschaft m.b.H. & Co, Vienna	OMVRM	29.00	AE
IOB Holdings A/S, Copenhagen (IOB)	BORA	100.00	AE
Mundus d.o.o., Zagreb	ISTRA	58.17	NC
OMV Bayern GmbH, Burghausen	OMVD	100.00	C
OMV Bulgaria Ltd., Sofia	PETROM OMVRM	99.90 0.10	C
OMV BH. d.o.o., Srebrenik	OMVRM	100.00	C
OMV Ceská republika, s.r.o., Praha	OMVRM	100.00	C
OMV Croatia d.o.o., Zagreb (ISTRA)	OMVRM	100.00	C
OMV Deutschland GmbH, Burghausen (OMVD)	OMVRM OMV	90.00 10.00	C
OMV Hungária Asványolaj Kft., Budapest (OHUN)	OMVRM	100.00	C
OMV – International Services Ges. m.b.H., Vienna	OMVRM	100.00	C
OMV Italia S.r.l., Verona	OMVRM	100.00	C
OMV – JUGOSLAVIJA d.o.o., Beograd	PETROM OMVRM	99.90 0.10	C
OMV Refining & Marketing GmbH, Vienna (OMVRM)	OMV	100.00	C
OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o., Koper	OMVRM	92.25	C
OMV Slovensko, s.r.o., Bratislava (OSLO)	OMVRM	100.00	C
OMV Supply & Trading AG, Zug	OMVRM	100.00	C
OMV TRADING SERVICES LIMITED, London	OMVRM	100.00	NC

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

	Parent company	Equity interest in %	Type of consoli-dation [1]
OMV-VIVA Kereskedelmi és Szolgàltatàsok Kft., Budapest	OHUN	96.67	NC
OMV Wärme VertriebsgmbH, Vienna (former Colpack Austria Brennstoffhandel GmbH)	OMVRM	50.00	AE
PASR Achtundzwanzigste Beteiligungungsverwaltung GmbH, Vienna	PETROM	100.00	NC
Petrochemie Holding GmbH, Vienna (BORH)	OMVRM	100.00	C
Petrol Ofisi A.S., Istanbul	OMV	34.00	AE
Petrom Moldova S.A., Chisinau	PETROM	65.00	C
Rafiserv Arpechim S.A., Pitesti	PETROM	99.77	C
Rafiserv Petrobrazi S.A., Brazi	PETROM	99.94	C
Routex B.V., Amsterdam	OMVRM	26.67	NAE
S.C. Acetilena Brazi s.r.l., Brazii de Sus	PETROM	21.28	NAE
S.C. Aviation Petroleum S.r.l., Bucharest	PETROM ROMAN	95.00 5.00	C
S.C. Beyfin Gaz s.r.l., Cluj – Napoca	PETROM	40.00	NAE
S.C. Brazi Oil & Angelescu Prod Com s.r.l., Brazi	PETROM	37.70	NAE
S.C. Deem Algocar SA, Buzias	PETROM	27.92	NAE
S.C. Fontegas – Peco Mehedinti SA, Simian	PETROM	37.40	NAE
S.C. Franciza Petrom, Pitesti	PETROM	40.00	NAE
S.C. Linde Gaz Brazi s.r.l., Brazi	PETROM	49.00	AE
S.C. MP Petroleum Distributie S.r.l., Bucharest	PETROM ROMAN	95.00 5.00	C
S.C. OMV Romania Mineraloel s.r.l., Bucharest (ROMAN)	PETROM OMVRM	99.90 0.10	C
S.C. Petrom Aviation SA Otopeni-Ilfov SA, Otopeni	PETROM	48.50	AE
S.C. Petrom Nadlac s.r.l., Nadlac	PETROM	98.51	NC
Societa Italiana l'Oleodotto Transalpino S.p.A., Triest	OMVRM	25.00	AE
SuperShop Marketing GmbH, Budapest	OHUN	50.00	NAE
TGN Tankdienst-Gesellschaft Nürnberg GbR, Nürnberg	OMVD	33.33	NAE
Transalpine Ölleitung in Österreich Gesellschaft m.b.H., Innsbruck	OMVRM	25.00	AE
VIVA International Marketing- und Handels-GmbH, Vienna	OMVRM	100.00	C
WÄRME-ENERGIE VORARLBERG Beratung- und Handels GmbH, Lustenau	OMVRM	79.67	C
Gas			
ADRIA LNG STUDY COMPANY LIMITED, Valletta	OGI	28.37	NAE
AGCS Gas Clearing and Settlement AG, Vienna	OGG OOEFG	23.13 5.63	NAE
AGGM Austrian Gas Grid Management AG, Vienna	OGG	100.00	C
Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H., Vienna	OGG	51.00	AE [1]
Central European Gas Hub GmbH, Vienna	OGI	100.00	C
Cogeneration-Kraftwerke Management Oberösterreich Gesellschaft m.b.H., Linz	COG	50.00	AE
EconGas Deutschland GmbH, Regensburg	ECOGAS	100.00	C
EconGas GmbH, Vienna (ECOGAS) [2]	OGI OOEFG	50.00 15.55	C
EconGas Italia S.r.l., Milano	ECOGAS	100.00	C

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

	Parent company	Equity interest in %	Type of consoli-dation [1]
Erdgas Oberösterreich GmbH, Linz	OOEFG	100.00	NAE
Erdgas Oberösterreich GmbH & Co KG, Linz	OOEFG	100.00	NAE
ENSERV Energieservice GmbH, Linz	OOEFG	37.00	NAE
ENSERV Energieservice GmbH & Co KG, Linz	OOEFG	37.00	NAE
Ferngas Beteiligungs-Aktiengesellschaft, Vienna (FBET)	OEBG	68.23	C
Ferngas Bohemia s.r.o.,Budweis	OOEFG	100.00	NAE
Geothermie-Fördergesellschaft Simbach-Braunau mbH, Simbach am Inn	OOEFG	20.00	NAE
Geothermie-Wärmegesellschaft Braunau-Simbach mbH, Braunau am Inn	OOEFG	20.00	NAE
GWH Gas- und Warenhandelsgesellschaft m.b.H., Vienna	OGI	25.10	AE
Jihoceská plynárenská a.s., Budweis	OOEFG	39.16	NAE
NABUCCO Gas Pipeline International GmbH, Vienna	OGI	20.00	NAE
Oberösterreichische Ferngas AG, Linz (OOEFG) [2]	FBET	50.00	AE
Oberösterreichische Ferngas Service GmbH, Linz	OOEFG	100.00	NAE
OMV Cogeneration GmbH, Vienna (COG)	OGI	100.00	C
OMV Erdgas-Beteiligungsgesellschaft mbH, Vienna (OEBG)	OGG	100.00	C
OMV Gas Adria d.o.o., Zagreb	OGI	100.00	NC
OMV Gas Germany GmbH, Burghausen	OGG	100.00	C
OMV Gas GmbH, Vienna (OGG)	OGI OMV	99.99 0.01	C
OMV Gas International GmbH, Vienna (OGI)	OMV	100.00	C
Petrom Distributie Gaze s.r.l., Bucharest	PETROM	99.99	NC
S.C. Congaz SA, Constanta	PETROM	28.59	AE
S.C. Petrom Gas s.r.l., Bucharest	PETROM	99.90	C
S.C. Poliflex Romania s.r.l., Brazi	PETROM	96.84	NC
S.C. Robiplast Co s.r.l., Bucharest	PETROM	45.00	NAE
S.C. Shell Gas Romania s.r.l., Bucharest	PETROM	44.47	AE
S.C. Transgas Services s.r.l., Bucharest	PETROM	20.00	NAE
Soc Romana de Petrol, Bucharest	PETROM	49.00	NAE
Chemicals			
Agrolinz Inc. i.L., Memphis	AMI	100.00	NAE
Agrolinz Melamine International Asia Pacific Pte. Ltd., Singapore	AMI	100.00	NAE
Agrolinz Melamine International Deutschland GmbH, Lutherstadt Wittenberg	AMI	100.00	AE
Agrolinz Melamine International Italia S.r.l., Castellanza	AMI	100.00	AE
Agrolinz Melamine International North America Inc., Chicago	AMI	100.00	NAE
AMI Agrolinz Melamine International GmbH, Linz (AMI)	OMV	50.00	AE
A.M.I. FINSERV LIMITED, Isle of Man	AMI	100.00	AE
Chemiepark Linz Betriebsfeuerwehr Gesellschaft m.b.H., Linz	AMI	47.50	NAE
LINZER AGROTRADE Czech Republic s.r.o., Budweis	LAT	100.00	NAE
LINZER AGROTRADE DOO BEOGRAD, Beograd	LAT	100.00	NAE
LINZER AGROTRADE GmbH, Linz (LAT)	AMI	100.00	AE
LINZER AGROTRADE Hungary Kft., Budapest	LAT	100.00	NAE
LINZER AGROTRADE Slovakia s.r.o., Chotin	LAT	100.00	NAE
LINZER AGROTRADE S.r.l., Bucharest	LAT	100.00	NAE

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

	Parent company	Equity interest in %	Type of consoli-dation [1]
Corporate and other			
Amical Insurance Limited, Douglas (AMIC)	OMV	100.00	C
Bursa Maritima si de Marfuri, Bucharest	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
OMV Clearing und Treasury GmbH, Vienna	SNO	100.00	C
OMV FINANCE LIMITED, Douglas	OMV	100.00	C
OMV Future Energy Fund GmbH, Vienna	OMV	100.00	C
OMV Insurance Broker GmbH, Vienna	OMV	100.00	C
OMV Solutions GmbH, Vienna (SNO)	OMV	100.00	C
S.C. Petrogas s.r.l., Bucharest	PETROM	100.00	NC
VA OMV Personalholding GmbH, Linz	SNO	50.00	NAE
Petrom			
Petrom S.A., Bucharest (PETROM) [3]	OMV	51.01	C

[1] Accounting treatment:

C	Consolidated subsidiary
AE	Associated company, accounted for at equity
AE [1]	Despite majority interest not consolidated due to absence of control
NC	Non-consolidated subsidiary; Shell or distribution companies, of relative insignificance individually and collectively to the consolidated financial statements.
NAE	Other investment, recognized at acquisition cost; Associated companies, of relatively little importance to the assets and earnings of the consolidated financial.

[2] with deviating deadlines included

[3] Petrom S.A. is assigned to the respective segments in the segment reporting.

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

Relevant joint ventures [1] of the production of the OMV Group

Country	Field name	Licence/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
Tunesia	Ashtart		50.00
Tunesia	El Hajeb/Guebiba		49.00
Tunesia	Cercina		49.00
Tunesia	Rhemoura		49.00
Tunesia	Gremda / El Ain		49.00
UK	Schiehallion	204/25a	5.88
UK	Dunlin & Dunlin SW	211/24a	14.38
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
Venezuela	Boqueron		13.33

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

Joint ventures capital obligation in the segment Exploration and Production

Country	Field name	Licence/block	Participation in %	Liability 2007 in USD	Liability 2008–2010 in USD	Liability 2011–2015 in USD
Albania		Duressi Block	50.00		1,850,000	
Australia		AC/P 4	35.00	1,060,000		
Australia		AC/P 17	35.00	900,000		
Australia		AC/P 24	60.00	2,760,000	120,000	
Australia		AC/RL 4&5	35.00	250,000	450,000	
Australia		AC/RL 6	35.00	1,470,000	600,000	100,000
Australia		EP-409	50.00	70,000		
Australia		WA-290-P	50.00	190,000	180,000	
Australia		WA-320-P	50.00	130,000		
Australia		WA-345-P	50.00	70,000		
Australia		WA-358-P	50.00	10,990,000	180,000	
Faroe Islands		6103/16,21,26&6104/2,39 F008	10.00		100,000	
Iran		Mehr Block	34.00	4,000,000		
Ireland		2/94	10.00		1,530,000	
Libya	Package 1	NC 199-204	40.00		13,600,000	
New Zealand	Maui	PML 381012	10.00		10,350,000	
New Zealand	Pohokura	PMP 38154	26.00			31,050,000
New Zealand	Western Platform	PEP 38481	25.00	3,190,000		
New Zealand	Western Platform	PEP 38482	25.00	40,000		
New Zealand	Tangaroa	PEP 38485	33.33	6,240,000		
New Zealand	Northland Base	PEP 38618	50.00	870,000		
New Zealand	Northland Base	PEP 38619	50.00	4,690,000		
Pakistan	Miano		17.68		6,000,000	
Pakistan	Sawan		19.74		12,000,000	
Tunisia	Ashtart		50.00		50,000,000	
Tunisia	Jenein Sud		100.00	10,000,000		
UK	Central North Sea	19/3,4 P1097	20.00	760,000		
UK	Central North Sea	30/30 P1182	100.00	760,000		
UK	West of Shetland	204/13 P1190	50.00		50,000	
UK	West of Shetland	204/14b P1262	70.00		50,000	
Yemen	Habban	Block S2	44.00		100,000,000	
Yemen		Block 2	87.50		5,000,000	7,000,000

Supplementary oil and gas disclosures (unaudited)

35 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) No. 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 extracted from 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, Sudan (sold 2004), Tunisia
Middle East:	Iran, Qatar (sold 2006), Pakistan, Yemen
Oceania:	Australia, New Zealand, Vietnam (until 2004)
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.

The subsequent tables may contain rounding errors.

a) Capitalized costs

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

Capitalized costs — **EUR 1,000**

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

Capitalized costs (continued) — EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America [1]	Total
2004								
Unproved oil and gas properties	—	—	47,265	—	11,192	198,104	—	256,561
Proved oil and gas properties	962,374	1,544,840	600,261	800,152	98,380	186,528	91,114	4,283,649
Total	**962,374**	**1,544,840**	**647,525**	**800,152**	**109,572**	**384,633**	**91,114**	**4,540,210**
Accumulated depreciation	(676,286)	—	(442,335)	(378,730)	(21,014)	(176,263)	(32,290)	(1,726,919)
Net capitalized costs [2]	**286,087**	**1,544,840**	**205,190**	**421,422**	**88,558**	**208,370**	**58,825**	**2,813,291**

[1] The assets in Ecuador have been sold in 2006; the assets in Venezuela have been written off.
[2] In 2006 capitalized costs include carrying amounts of assets held for sale in Tunisia of EUR 10 mn. The field Dunlin in 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 7.6 mn and in the UK of EUR 7 mn.

b) Costs incurred

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

Costs incurred — EUR 1,000

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	Total
2006								
Acquisition of proved properties	—	—	—	—	—	(561)	—	(561)
Acquisition of unproved properties [1]	—	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	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**
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 [2]	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**

Costs incurred (continued) **EUR 1,000**

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	Total
2004								
Acquisition of proved properties	—	1,544,840	—	—	—	—	—	1,544,840
Acquisition of unproved properties	—	—	—	—	—	(41)	—	(41)
Decommissioning costs	8,080	—	7,183	3,602	166	(2,190)	114	16,955
Exploration costs [3]	15,889	—	32,443	(87,470)	18,252	10,205	10	(10,671)
Development	56,786	—	29,982	40,464	7,125	28,301	3,448	166,105
Costs incurred	**80,755**	**1,544,840**	**69,607**	**(43,404)**	**25,543**	**36,275**	**3,572**	**1,717,189**

[1] The amount is disclosed net of attributed deferred taxes of EUR 16,816 thousand.
[2] In 2005 development costs include EUR 5.5 mn from discontinued operations.
[3] Proceeds of the Sudan asset sale amounting to EUR 105.6 mn have been netted off against exploration costs. Actual past costs incurred in Sudan of EUR 57.2 mn.

c) Results of operations of oil and gas producing activities

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

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

Results of operations of oil and gas producing activities (continued) **EUR 1,000**

	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	South America	Total
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
2004								
Sales to unaffiliated parties	—	—	125,226	67,658	67,554	60,560	43,130	364,128
Intercompany sales and sales to affiliated parties	304,768	—	—	252,040	—	—	—	556,808
Result from asset sales [1]	—	—	—	96,724	—	652	(1,480)	95,896
	304,768	**—**	**125,226**	**416,422**	**67,554**	**61,211**	**41,650**	**1,016,831**
Production costs	(87,671)	—	(19,552)	(46,206)	(8,053)	(17,802)	(17,052)	(196,337)
Royalties	(23,075)	—	—	(8,077)	(6,828)	(2,260)	—	(40,240)
Exploration expenses	(12,083)	—	(18,821)	(18,293)	(12,277)	(9,431)	(10)	(70,915)
Depreciation and non-scheduled depreciation [2]	(34,650)	—	(34,707)	(41,899)	(12,961)	(54,834)	(32,290)	(211,340)
Other costs	212	—	(4,084)	3,191	(1,221)	(3,844)	420	(5,325)
	(157,267)	**—**	**(77,164)**	**(111,283)**	**(41,341)**	**(88,171)**	**(48,932)**	**(524,158)**
Results before income taxes	**147,501**	**—**	**48,063**	**305,140**	**26,213**	**(26,959)**	**(7,282)**	**492,674**
Income taxes [3]	(50,143)	—	(21,024)	(71,400)	1,291	29	(5,571)	(146,818)
Results from oil and gas properties [4]	**97,357**	**—**	**27,038**	**233,740**	**27,504**	**(26,930)**	**(12,853)**	**345,856**
Storage fee [5]	43,779	—	—	—	—	—	—	43,779

[1] In 2004 this item contains the sale of the Sudan assets as well as the sale of the Venezuelan Cabimas field. In 2006 the sales of Ecuador, Qatar, and Halk El Menzel (Tunisia) are included in this item.
[2] 2004: The South America and Oceania captions contain write-offs in Ecuador (EUR 17 mn) and Australia (EUR 26 mn), respectively.
2005: The Africa caption contains a write-off in Tunisia of EUR 21 mn.
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).
[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 United Kingdom. Income tax in Africa includes amounts payable under a tax-paid cost (TPC) system for certain OMV interests in Libya and field specific taxes in Tunisia, which are not fully related to profits.
[4] The 2005 results include EUR 13 mn from discontinued operations. In 2006 results include EUR 9 mn from discontinued operations in Ecuador and Qatar.
[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, 2004 [1]	**63.2**	**—**	**26.4**	**101.1**	**1.9**	**3.0**	**41.4**	**237.0**
Revisions of previous estimates	2.1	—	1.6	8.6	—	0.3	0.6	13.2
Purchases	—	616.8	—	—	—	—	—	616.8
Disposal	—	—	—	—	—	—	(20.3)	(20.3)
Extensions and discoveries	1.5	—	—	1.4	—	5.3	—	8.2
Production	(6.6)	—	(3.7)	(11.7)	(0.4)	(1.1)	(4.3)	(27.7)
Proved developed and undeveloped reserves as of December 31, 2004 [1]	**60.3**	**616.8**	**24.3**	**99.4**	**1.5**	**7.5**	**17.5**	**827.2**
Revisions of previous estimates	0.6	—	(1.0)	5.3	—	0.6	0.7	6.3
Purchases	—	—	—	—	—	—	—	—
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 [1]	**56.0**	**544.1**	**17.0**	**92.0**	**8.0**	**21.3**	**—**	**738.4**
Proved developed reserves								
as of December 31, 2004	50.4	432.6	21.5	85.3	1.5	1.9	15.6	608.8
as of December 31, 2005	45.8	394.0	19.1	84.5	1.1	0.9	13.7	559.2
as of December 31, 2006	49.2	410.4	15.9	80.4	2.7	4.4	—	563.0

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

Gas							bcf
	Austria	Petrom	Rest of Europe	Africa	Middle East	Oceania	Total
Proved developed and undeveloped reserves as of January 1, 2004 [1]	**534.2**	**—**	**57.5**	**19.6**	**349.8**	**77.7**	**1,038.8**
Revisions of previous estimates	39.2	—	1.9	—	—	(3.4)	37.7
Purchases	—	2,446.4	—	—	—	—	2,446.4
Disposals	—	—	—	—	—	—	—
Extensions and discoveries	3.2	—	—	—	—	75.8	78.9
Production	(46.5)	—	(9.9)	—	(36.7)	(16.1)	(109.3)
Proved developed and undeveloped reserves as of December 31, 2004 [1]	**530.1**	**2,446.4**	**49.5**	**19.6**	**313.1**	**134.0**	**3,492.6**
Revisions of previous estimates	16.5	—	(0.4)	—	20.9	6.1	43.1
Purchases	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	(36.2)	(36.2)
Extensions and discoveries	70.2	—	—	—	—	—	70.2
Production	(44.7)	(218.4)	(9.1)	—	(39.4)	(10.8)	(322.4)
Proved developed and undeveloped reserves as of December 31, 2005 [1]	**572.0**	**2,228.0**	**40.0**	**19.6**	**294.5**	**93.1**	**3,247.3**
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**
Proved developed reserves							
as of December 31, 2004	444.9	2,167.4	42.9	—	244.0	50.7	2,950.0
as of December 31, 2005	404.3	1,949.0	38.2	—	222.8	10.5	2,624.8
as of December 31, 2006	276.8	1,595.3	37.1	—	156.2	63.6	2,129.0

[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
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**
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**
2004								
Future cash inflows	3,432,525	20,410,892	861,265	2,816,848	554,545	588,899	273,066	28,938,041
Future production and decommissioning costs	(1,346,528)	(12,064,851)	(238,483)	(509,204)	(131,574)	(266,049)	(123,982)	(14,680,672)
Future development costs	(55,969)	(2,141,292)	(40,841)	(134,486)	(3,209)	(101,559)	(6,604)	(2,483,960)
Future net cash flows, before income taxes	**2,030,028**	**6,204,749**	**581,941**	**2,173,158**	**419,762**	**221,291**	**142,481**	**11,773,410**
Future income taxes	(507,507)	(938,376)	(223,320)	(403,326)	(70,706)	(76,698)	(8,796)	(2,228,728)
Future net cash flows, before discount	**1,522,521**	**5,266,372**	**358,621**	**1,769,832**	**349,056**	**144,593**	**133,685**	**9,544,681**
10% annual discount for estimated timing of cash flows	(667,734)	(2,405,415)	(81,777)	(607,434)	(120,432)	(61,958)	(46,006)	(3,990,756)
Standardized measure of discounted future net cash flows	**854,787**	**2,860,957**	**276,844**	**1,162,398**	**228,624**	**82,635**	**87,680**	**5,553,925**

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
	2006	2005	2004
Beginning of year	**10,314,537**	**5,553,925**	**2,154,245**
Oil and gas sales and transfers produced, net of production costs	(2,619,572)	(1,690,827)	(614,640)
Net change in prices and production costs	(1,098,128)	5,676,142	929,977
Net change due to purchases and sales of minerals in place	(134,000)	(30,211)	3,372,407
Net change due to extensions and discoveries	840,511	235,318	131,311
Development and decommissioning costs incurred during the period	299,411	327,942	105,415
Changes in estimated future development and decommissioning costs	(1,270,019)	(262,277)	(34,220)
Revisions of previous reserve estimates	559,439	104,049	221,429
Accretion of discount	976,589	530,658	187,663
Net change in income taxes	(412,926)	(407,201)	(816,963)
Other [1]	458,886	277,018	(82,698)
End of year [2]	**7,914,729**	**10,314,537**	**5,553,925**

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

Vienna, March 1, 2007

The Executive Board

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, 2006 to December 31, 2006. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2006, and the consolidated income statement, statement of changes in stockholders’ equity and cash flow statement for the year ended December 31, 2006, and a summary of significant accounting policies and other explanatory notes except for note 35 “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 as adopted 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). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, 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, 2006, and of its financial performance and its cash flows for the financial year from January 1, 2006 to December 31, 2006 in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Laws and regulations applicable in Austria require us to perform audit procedures 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 1, 2007

Deloitte Wirtschaftsprüfungs GmbH

Walter Müller m.p. Certified Public Accountant	Bernhard Vanas m.p. Certified Public Accountant

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

bitumen is produced when high grade crude oil is distilled; it is used to surface roads, and in roofing and insulation materials

bn billion

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

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

CAPEX capital expenditure

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

cbm, cf standard cubic meters, standard cubic feet

CFP cash flow from operating activities per share

Co&O Corporate and Other

EBIT earnings before interest and taxes

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

EU European Union

EUR 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)

FPSO floating production, storage and offloading facility

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

HSE health, safety, security and environment

IAS, IFRS International Accounting Standards, International Financial Reporting Standards

LTIR lost time incident rate

mn million

monomers collective term for ethylene and propylene

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

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

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

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

Payout ratio total dividend payment divided by net income after minorities expressed as a percentage

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

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

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

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

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

	2006	2005	2004	2003	2002
Sales (excluding excise petroleum tax)	18,970	15,580	9,829	7,644	7,079
Earnings before interest and taxes (EBIT)	2,061	1,958	975	644	495
Income from ordinary activities	2,156	1,948	1,015	596	474
Taxes on income	(506)	(488)	(324)	(203)	(152)
Net income	1,658	1,496	690	393	322
Net income after minorities	1,383	1,256	689	392	319
Clean EBIT	2,257	2,305	1,008	705	502
Clean net income after minorities	1,521	1,391	711	432	325
Balance sheet total	17,804	15,451	13,236	7,517	6,149
Equity	9,176	7,694	5,762	2,685	2,411
Net debt	630	(126)	692	1,081	478
Average capital employed [1]	9,120	7,495	4,670	3,751	3,182
Cash flow from operations	2,027	2,108	1,039	939	581
Capital expenditure	2,518	1,439	2,297	1,381	675
Depreciation	810	794	480	435	347
EBITD	2,877	2,752	1,454	1,076	834
Net operating profit after tax (NOPAT)	1,682	1,492	718	435	345
Return on average capital employed (ROACE) [1]	18%	20%	15%	12%	11%
Return on equity (ROE) [1]	20%	22%	19%	15%	14%
Stockholders´ equity to total assets	52%	50%	44%	36%	39%
Gearing ratio	7%	(2)%	12%	40%	20%
Dividend per share [2] in EUR	1.05 [3]	0.90	0.44	0.40	0.35
Earnings per share [2] in EUR	4.64	4.21	2.55	1.46	1.18
Clean earnings per share [2] in EUR	5.10	4.66	2.64	1.61	1.21
Employees as of December 31	40,993	49,919	57,480	6,137	5,828

Figures 2004–2006 according to IFRS, 2002–2003 according to ACC

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

[2] Figures for 2002–2004 adopted according to stock split by the ratio of 1 : 10

[3] Proposal to the Annual General Meeting for 2006.

Contacts

OMV Aktiengesellschaft
Otto-Wagner-Platz 5
1090 Vienna, Austria
Tel.: +43 (01) 40 440-0
Fax: +43 (01) 40 440-29496
info@omv.com

OMV Slovenija d.o.o.
Ferrarska 7
6000 Koper, Slovenia
Tel.: +386 (5) 6 63-3300
Fax: +386 (5) 663-3394
info.slovenia@omv.com

OMV Česká republika, s.r.o.
Budejovická 3
140 21 Praha 4
Czech Republic
Tel.: +420 (2) 61 392-110
Fax: +420 (2) 61 212-107
info.czech-republic@omv.com

OMV Deutschland GmbH
Haiminger Straße 1
84489 Burghausen
Germany
Tel.: +49 (8677) 960-0
Fax: +49 (8677) 960-2265
info.germany@omv.com

OMV Exploration & Production GmbH
Gerasdorfer Straße 151
1210 Vienna
Austria
Tel.: +43 (01) 40 440-0
Fax: +43 (01) 40 440-29426
info.ep@omv.com

OMV Gas International GmbH
floridotower
Floridsdorfer Hauptstraße 1
1210 Vienna
Austria
Tel.: +43 (01) 27 500-28000
Fax: +43 (01) 27 500-28299
info.erdgas@omv.com

EconGas GmbH
ARES Tower
Donau-City-Straße 11
1220 Vienna, Austria
Tel.: +43 (1) 050 205-2000
office@econgas.com

OMV Hungária Ásványolaj Kft.
Róbert Károly krt. 64-66.
1134 Budapest, Hungary
Tel.: +36 (1) 452-7100
Fax: +36 (1) 452-7102
info.hungary@omv.com

OMV New Zealand Ltd.
Level 10, Deloitte House
10 Brandon Street
Wellington, New Zealand
Tel.: +64 (4) 910 2500
Fax: +64 (4) 910 2504
info.ep@omv.com

OMV of Libya Ltd.
That El Imad Buildings
Zat el Imad, P.O. Box 91867, Tower 5
Tripoli, Libya
Tel.: +218 (21) 33 503-67
Fax: +218 (21) 33 503-70
info.ep@omv.com

OMV (PAKISTAN) Exploration Gesellschaft m.b.H.
UBL Building, 7th Floor
F-6/1, Jinnah Avenue, PO Box 2653
Islamabad, Pakistan
Tel.: +92 (51) 111 668 668
Fax: +92 (51) 2 273 643-44
postmaster@omv.com.pk

OMV Refining & Marketing GmbH
Lassallestraße 3
1020 Vienna
Austria
Tel.: +43 (01) 40 440-0
Fax: +43 (01) 40 440-27909
info.rm@omv.com

OMV Slovensko, s.r.o.
Moskovská 13
811 08 Bratislava, Slovakia
Tel.: +421 (2) 502 50-110
Fax: +421 (2) 502 50-440
info.slovakia@omv.com

OMV Solutions GmbH
Lassallestraße 3
1020 Vienna, Austria
Tel.: +43 (01) 40 440-0
Fax: +43 (01) 40 440-27900
info.solutions@omv.com

OMV Supply & Trading AG
Poststrasse 14
6300 Zug
Switzerland
Tel.: +41 (41) 7 120 855
Fax: +41 (41) 7 120 735
info.ch@omv.com

OMV (U.K.) Ltd.
14 Ryder Street
London SW1Y 6QB
United Kingdom
Tel.: +44 (20) 7333-1600
Fax: +44 (20) 7333-1610
info.ep@omv.com

PETROM S.A.
Calea Dorobantilor 239, Sector 1
010567 Bucharest, Romania
Tel.: +40 (21) 2 125 001
Fax: +40 (21) 3 155 166
webmaster@petrom.ro

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