OMV Aktiengesellschaft
Annual Report 2004

Move & More. OMV

Contents

Dear stockholders,

We have much pleasure in presenting you our Annual Report of OMV Aktiengesellschaft for 2004.

2004 was a transformational year for the OMV Group. Through our acquisition of 51% of Petrom, OMV became the undisputed leading integrated oil and gas group in Central Europe. Our ambitious growth targets set in 2002 of doubling the size of the Company by 2008 have largely been met today. Our outstanding results show that the strategy of growing dynamically and profitably as an integrated oil and gas company is the right one. We are now fully focused on the challenges and opportunities of the integration of Petrom and we will continue to focus on delivering strong shareholder returns, and on consolidating our clear leadership in the region.

Thank you for your continuing confidence in our Group.

Wolfgang Ruttenstorfer

Highlights 2004

January

- Polyfelt commences construction of new plant in Linz, Austria

February

- New exploration license awarded in the Taranaki Basin, New Zealand

March

- Study company established for the Nabucco natural gas pipeline project
- Supervisory Board approves new management holding structure

April

- Disposal of 90% share in Cabimas oil field, Venezuela
- Commencement of Schwechat expansion to become a leading location in the plastics industry by 2006
- OMV submits binding offer for 51% stake in Petrom

May

- Expansion and extension of Russian gas supply contracts
- OMV closes sale of Sudanese exploration blocks
- AGM approves dividend of EUR 4 per share
- OMV enters into exclusive negotiations on Petrom
- New offshore exploration license awarded in Albania

June

- OMV signs contract to acquire 100% of OMV Istrabenz

July

- Signed agreement for the acquisition of 51% of Petrom

August

- Share in the Sole gas field in Australia increased by 5% to 40%

September

- Six new exploration licenses in the UK – OMV operator for the first time

October

- Increased stake in MOL to 10%
- Signed agreement for the sale of 25.1% stake in Rompetrol

November

- New oil and gas production in the British North Sea as Howe field goes on stream

December

- OMV closes acquisition of 51% of Petrom
- Capital increase and convertible bond successfully completed

Supervisory Board

Rainer Wieltsch
Chairman
Member of the ÖIAG Management Board
Member of 4 supervisory boards
(chairman of 1 board)
First election at the AGM on May 24, 2002

Peter Michaelis
Deputy Chairman
Spokesman of the ÖIAG Management Board
Member of 3 supervisory boards
(chairman of 2 boards)
First election at the AGM on May 23, 2001

René Alfons Haiden until May 18, 2004
First election at the EGM on October 16, 1990

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

Herbert Werner
Member of 2 supervisory boards
(chairman of 1 board)
First election at the AGM on June 4, 1996

Norbert Zimmermann
Chairman of the Management Board
of Berndorf AG
Member of 2 supervisory boards
First election at the AGM on May 23, 2001

Mohamed Nasser Al Khaily
Deputy Chairman
Managing Director of IPIC
Member of 1 supervisory board
First election at the AGM on June 7, 1995

Helmut Draxler
Chairman of the Management Board of RHI AG
First election at the EGM on October 16, 1990

Murtadha Mohammed Al Hashemi
Division Manager/Finance of IPIC
First election at the AGM on May 18, 1999

Gerhard Mayr
Member of 1 supervisory board
First election at the AGM on May 24, 2002

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

In addition to managers with international experience of our core shareholders, the Supervisory Board also includes highly qualified independent members elected at the Annual General Meeting (AGM). Regarding the definition of independence, OMV orients itself towards the recommendations of the EU.

Delegates of the Group Works Council:

Leopold Abraham
Wolfgang Baumann since November 11, 2004
Franz Kaba
Hugo Jandl until November 11, 2004
Hugo Pleckinger since November 11, 2004
Wolfgang Weigert until November 11, 2004
Ferdinand Nemesch

Personnel and Presidential Committee:
Wieltsch, Al Khaily, Michaelis, Abraham,
Kaba until November 11, 2004, Baumann since November 11, 2004

Accounting Committee:
Wieltsch, Al Khaily, Michaelis, Littich, Abraham,
Kaba until November 11, 2004, Baumann since November 11, 2004

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

The information regarding the supervisory board mandates refers to listed, external companies other than OMV. Supervisory board mandates on subsidiaries or associated companies which are part of these external companies are not taken into account, in accordance with rule 54 of the Austrian Corporate Governance Code.

Report of the Supervisory Board

Dear Stockholders,

For the OMV Group, the 2004 financial year was one of remarkable progress. The acquisition of a majority interest in the Romanian oil and gas company Petrom, the well received capital increase, the related increase in the free float to over 50%, the convertible bond issue, and the best results in the Group's history made 2004 a very special year. The market has recognized this success and the stock performance has been excellent. I should like to take this opportunity to express my gratitude to the Executive Board and the workforce, who went to the limits of their energies and abilities in recording these achievements and opening up new perspectives for the Company.

Naturally, the work of the Supervisory Board centered on these important decisions which were the subject of intensive discussions and constant monitoring. The Board was fully involved in all the main aspects of the Petrom acquisition and the capital market transaction. Under the dual board system, the role of the Supervisory Board should be that of a bridge between the shareholders and management, which acts on their behalf. We took this re-sponsibility very seriously last year, as it fell to us to weigh up the opportunities and risks involved, and to assess the feasibility of management's plans, and their potential contribution to sustained value growth.

The Supervisory Board therefore met six times in 2004. Attendance was 93.3%, and no member of the Board was absent from more than 50% of the meetings. The Accounts Committee convened twice, devoting increased attention to risk management and to the duties and findings of Corporate Internal Audit. The Strategy and Project Committee met once, and the Personnel and Presidential Committee twice. The Supervisory Board meeting held on June 29, 2004 centered on Group strategy and the three year business plan derived from it.

In the interests of transparency it is important to state here that all the major decisions taken in this year were made with the unanimous support of the Supervisory Board. I am glad that, during this challenging phase in the Company's history, all of the Board's members – with the exception of René Alfons Haiden who stepped down because he had reached the age limit – were reappointed at the last Annual Stockholders' Meeting. The Supervisory Board is composed of leading experts, and was further strengthened in 2004 by the arrival of Herbert Stepic, whose responsibilities as deputy chief executive of a major bank mainly relate to Central and Eastern Europe.

The Supervisory Board attaches particular importance to continuous improvement of OMV's corporate governance. Stockholders' confidence is vital to a company's success, and we see it as our responsibility to strengthen this trust. More information on this issue can be found in sections of this report on corporate governance and corporate social responsibility.

The Accounts Committee has a particularly important role as it performs the function of an audit committee. It assesses the independence of the auditors, and keeps up to date with the status of deliberations during the audit. Audit plans and findings are discussed with Corporate Internal Audit, as is the Management Letter and the effectiveness of the risk management system.

Following thorough examination and discussions with the auditors at Accounts Committee and plenary meetings, the Supervisory Board approved the directors' report, prepared in accordance with section 127 of the Stock Corporation Act, and the annual financial statements for 2004 which are hereby adopted under section 125 (2) of the Stock Corporation Act. The Board has also approved the consolidated financial statements and the Group directors' report.

The Supervisory Board has approved the Executive Board's proposal to pay a dividend of EUR 4.40 per share and to carry forward the remaining EUR 6,330 to new account.

Vienna, March 24, 2005

Rainer Wieltsch
Chairman of the Supervisory Board

Executive Board

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

Wolfgang Ruttenstorfer (*1950)

As of January 1, 2002 Chairman and Chief Executive Officer; responsible for Gas and Chemicals

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

Gerhard Roiss (*1952)

As of January 1, 2002 Deputy Chairman; responsible for Refining and Marketing including petrochemicals

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

David C. Davies (*1955)

As of April 1, 2002 Chief Financial Officer

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

Helmut Langanger (*1950)

As of January 1, 2002 responsible for Exploration and Production

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

The terms of office of all Board members' run until the end of March 2010. The OMV Board Members represent 4 out of the 7 members of the Board of Directors of Petrom S.A., where OMV holds a 51% majority since December 2004.

Statement of the Chairman of the Executive Board

Dear stockholders,

Three years ago, the Executive Board introduced a corporate strategy with the ambitious goal of doubling OMV's size by 2008. We set ourselves the targets of:

- Raising oil and gas production to 160,000 boe/d
- Claiming a 20% share of our core Central European markets
- Growing gas sales to 10 bcm
- Attaining an upstream/downstream integration ratio of 0.5 to 1

I´m delighted to report to you where we stood including Petrom at the end of 2004 as compared to 2001.

- Oil and gas output more than quadrupled to 345,000 boe/d
- Proved reserves had climbed by 314% to 1.4 bn boe
- Market share in our core market had grown to 18%
- The forecourt network had expanded by 106% to 2,385 stations
- Refining capacity was 103% higher at 26.4 mn t
- Gas sales had advanced by 27% to 8.4 bcm
- The upstream to downstream integration ratio had progressed from 0.3: 1 to 0.6:1

Entering a new dimension
The acquisition of a majority stake in Romania's Petrom oil and gas group marked a massive leap forward for our expansion drive. As a fully integrated company with an estimated 1 bn boe in oil and gas reserves, 8 mn t in refining capacity and 600 filling stations, Petrom is an excellent match for our strategy, and the transaction means that we are now well on our way to reaching our targets. OMV is now operating on a completely different scale.

Improved results through profitable growth
In 2004 we exceeded the previous year's record earnings, delivering almost EUR 1 bn in EBIT. The highly favorable trading environment for the oil industry played a part in this result, but so, too, did effective execution of a well-chosen strategy. Our figures show that OMV has not only grown, but has done so profitably. This is reflected in the increased return on average capital employed (ROACE). During the year under review we invested a total of some EUR 2.3 bn and despite the heaviest capital investment in our history, we generated positive free cash flow before dividend payments.

Milestones in 2004
In short, our promises have not been empty: we have moved decisively and successfully towards profitable growth. The speed of our advance accelerated due to the Petrom acquisition.

Other important developments should not be forgotten however. The first big steps towards expansion came with two large acquisitions – those of Bayernoil and Preussag – made in 2003. These operations were rapidly and successfully integrated in 2004, and delivered strong contributions to earnings.

During the year we also registered encouraging exploration successes in Austria, Iran and Libya, as well as the UK sector of the North Sea, where OMV is now acting as an operator for the first time. Meanwhile, we significantly strengthened our position in the Adriatic region by buying out the joint venture partner's 50% interest in OMV Istrabenz. Following its reorganization as a holding company, OMV now has an organizational structure that will make it easier to manage growth.

Also noteworthy were the capital increase and convertible bond issue in December 2004 – the first combined financial transaction of this size seen in Austria to date. The innovative structure of the deal has opened up a new investor base for us. The proceeds have enabled us to refinance partly the Petrom acquisition, and have given us the financial flexibility needed for future business development. Since our two core shareholders, ÖIAG and IPIC, did not exercise their subscription rights, the free float increased to more than 50% of our shareholder base.

Strong platform for earnings growth
The growth in our reserves and output have placed our exploration and production operations on an entirely new scale. Our E&P portfolio is concentrated in five key regions. In the core Central European market served by our Refining and Marketing business, OMV is now the

undisputed leader. This is an attractive market of 100 million people, with an annual demand for petroleum products of around 80 mn t. The Danube region is experiencing rapid economic growth, and most of the countries concerned have either already joined the European Union or are due to do so before long. We stand out from our competitors in terms of the high degree of integration – physical as well as financial – between our oil and gas production, and processing and marketing activities, which represent a seamless value chain.

The equity market has recognized the strength of our position and the opportunities we have created for ourselves and has pushed up our stock price by 88% in 2004. Your OMV shares are now worth two-and-a-half times what they were three years ago.

Despite the heavy investments made to safe-guard the Company's future, the Company's positive performance in 2004 enables us to propose a further increase in the dividend to EUR 4.40 per share at the Annual Stockholders' Meeting.

Social responsibility

Our commercial success both underpins our ability to commit to wider sustainability values, and creates a moral obligation to do so. I am convinced that our responsible approach to climate change, health and safety, and to the social and natural environment in which we operate will bring benefits to all in the medium term, and a win-win situation for our stake-holders and ourselves. OMV takes the values and policies enshrined in its Code of Conduct very seriously, and works hard to translate them into action. However, these issues present major challenges in day-to-day operations, and can only be addressed by an ongoing process of continuous improvement. It goes without saying that OMV is expected to deliver a strong financial performance, but our stakeholders can also rest assured that we will pursue high standards of environmental and social re-sponsibility. The accountability and trans-parency we have long shown in our corporate governance play a significant part in achieving these goals.

Outlook

2004 was an excellent year, and we have used it to lay the groundwork for sustainable business development based on profitable growth. We believe that the capabilities acquired during OMV's transformation from an Austrian state enterprise into a listed multinational oil and gas group with a free float of over 50% will enable us to exploit future opportunities. Our Company has demonstrated its ability to reinvent itself. Our people made an outstanding contribution last year, and I should like to take this opportunity to express my sincere gratitude and admiration for their achievements. Our workforce continues to be a key success factor as we lead our greatly expanded Group forwards towards a bright future. In 2005 we will be focusing all our efforts to ensure that the consolidation of Petrom offsets the expected negative impact of a partly harsher business climate. The integration of Petrom will be a big challenge, one which will take several years to complete. The resources we develop in surmounting this task will serve to equip us for further growth.

Wolfgang Ruttenstorfer

OMV stock and bonds

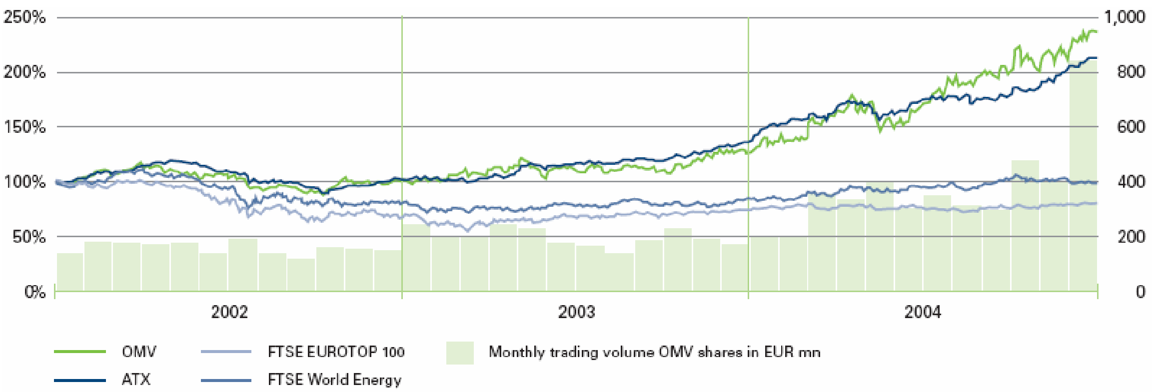
2004 was another milestone year for our stock. An 88% rise in our stock price, a capital increase and a convertible bond issue were the highlights. OMV had already issued euro and US dollar denominated bonds for the first time in 2003 in order to finance its growth strategy. The Petrom acquisition – a decision that was very well received by investors – prompted our return to the market in 2004.

Outstanding stock performance
2004 witnessed a worldwide upturn in equity prices. Oil and gas stocks outperformed the market as a whole, buoyed by the all-time highs repeatedly set by oil prices and by unusually high refining margins. The FTSE Global Energy Index (comprising the world's top 30 oil and gas companies) rose by 18% in 2004 while the larger indices posted smaller gains (FTSE 8%; CAC 40 8%; Nikkei 8%; Dow Jones 3%; DAX 7%; NASDAQ 9%). The Vienna Stock Exchange was among the top performers, and the Austrian Trade Index (ATX) ended the year 57% up, reflecting the highly positive climate for the Austrian capital markets.

OMV's stock price beat the FTSE Global Energy Index for the fourth year in a row, climbing by 88%. Counting the EUR 4.00 per share dividend paid on May 24, stockholders enjoyed value growth of 91% in 2004. This was all the more remarkable given the issuance of three million new shares, equal to about 11% of the issued capital, in December 2004.

Our market capitalization was EUR 6.62 bn at year end. The capitalization of all shares listed on the Vienna Stock Exchange rose by 42% to EUR 63.13 bn.

Our stock's trading volume escalated by 106% to EUR 4.29 bn. The surge in volume towards the end of the year was largely due to the capital increase. OTC volume was EUR 1.99 bn or some 32% of total volume including OTC transactions (EUR 6.28 bn). The favorable market conditions, new listings and secondary public offerings led to a sharp rise in trading on the Vienna Stock Exchange, and volume doubled to EUR 38.63 bn. As in 2003, our stock accounted for about 11% of total volume.



Results of the Annual General Meeting
The Annual General Meeting (AGM) held on May 18, 2004 approved OMV's reorganization into a holding company. Under the new structure – which creates the organizational conditions for meeting our ambitious growth targets – all four business segments of OMV are now wholly owned subsidiaries.

The Meeting also authorized the Executive Board to carry out a conditional capital increase by issuing three million shares and convertible bonds. The time limit for the increase in the Company's authorized capital by issuance by a maximum of eight million no par shares, approved by the AGM of May 23, 2001, was extended. The combined number of shares issued in exchange for convertible bonds and new shares issued from the authorized capital may not exceed eight million.

In connection with the stock option program, the Meeting approved an extension of the share buyback plan, and during the summer 18,284 shares were repurchased for this program. The plan gives management a long-term stake in the success of the Company, and aligns its interests with those of stockholders. A total of 7,800 shares were resold to satisfy options exercised under existing plans. In all, OMV now holds 134,615 own shares as a result of the four stock option plans launched from 2000 to 2004. The number of outstanding shares in OMV is thus 29,865,385 (for further details see Note

28 or visit www.omv.com > Investor Relations > Stock Information). A further employee stock ownership plan was operated in 2004, and some 10% of the workforce participated.

The Executive Board will be proposing a dividend of EUR 4.40 per share at the next Annual Stockholders' Meeting on May 18, 2005. The payout ratio will be approximately 20%, resulting in a dividend yield, based on the closing price on the last trading day of 2004, of almost 2%.

Refinancing of acquisition successfully completed

In December 2004, OMV successfully completed a capital increase (EUR 657 mn) and a convertible bond issue (EUR 550 mn). This was the first combined equity and convertible bond offering in Austria. This innovative transaction structure enabled OMV to widen its investor base whilst minimizing dilution and increasing the free float to over 50%.

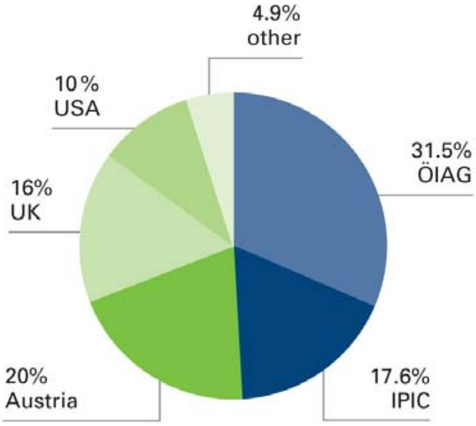
OMV's capital stock was increased by issuance of three million new shares, priced at EUR 219. In addition, 1,793,868 convertible bonds (ISIN AT0000342647) with an aggregate par value of about EUR 550 mn, each initially convertible into one OMV Aktiengesellschaft share, were issued. The expiration date is December 1, 2008. The issue price, par value and conversion price was set at EUR 306.60, and the coupon at 1.5%.

Demand for the new stock was very strong. The offering of new shares and convertible bonds not taken up by existing stockholders was heavily oversubscribed. Some 13% of the offering was placed with Austrian retail investors. Existing shareholders exercised their subscription rights to 12% of the new shares and 2% of the convertible bonds.

The new shares and convertible bonds began trading on the Vienna Stock Exchange Official Market on December 22, 2004.

OMV's shareholder structure now comprises 50.9% free float, 31.5% ÖIAG, and 17.6% IPIC, meaning that for the first time the free float represents more than half of the issued shares.

Stockholder structure



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

Investor relations activities

The largest acquisition in the Company's history and placement of the new shares and convertible bonds generated an increased workload for the Investor Relations Department. Due to the 2003 bond issue and the US private placement, the first-ever Creditor Day for bond investors and other credit providers was held in Vienna during the year.

In addition, the Executive Board and Investor Relations staged a large number of roadshows in Europe and America, in order to maintain contacts with analysts, investors and stockholders. In all, there were about 250 meetings attended by over 1,000 people. Members of the Executive Board devoted over 350 hours to one-on-one meetings with investors and analysts.

In the interests of transparency and timeliness, all important information and news for stockholders, analysts and bond investors is posted on our corporate website at www.omv.com > Investor Relations.

At a glance in EUR	2004	2003	2002	2001	2000
Number of shares in mn[1]	29.865	26.876	26.870	26.904	26.930
Market capitalization in EUR bn[1]	6.62	3.17	2.51	2.53	2.22
Volume traded on the Vienna Stock Exchange in EUR bn	4.292	2.087	1.583	2.544	1.610
Year's high	224.48	122.80	110.87	122.65	99.40
Year's low	119.30	92.00	82.20	78.88	74.10
Year end	221.69	118.08	93.58	94.12	82.50
Earnings per share	23.76	14.60	11.85	14.09	11.91
Book value per share	130.22	98.94	88.75	82.66	72.21
Cash flow[2] per share	37.16	34.95	21.60	29.21	22.65
Dividend per share	4.40[3]	4.00	3.50	4.30	4.30
Payout ratio in %	20	27	29	30	36

[1] as of December 31
[2] net cash provided by operating activities
[3] proposed dividend

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

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Financial calendar	**Date**[1]
Full year results 2004	March 15, 2005
Record date[2]	May 11, 2005
Annual Stockholders' Meeting[3]	May 18, 2005
Dividend ex date	May 23, 2005
Dividend payment date	May 24, 2005
Results January–March 2005	May 25, 2005
Results January–June 2005	August 24, 2005
Results January–September 2005	November 22, 2005
Full year results 2005	March 2006

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

Directors' report

The disclosed director's report also represents the Group's directors' report. In accordance with ACC Art 267 par 4 in connection with ACC Art 251 par 3 the directors' report of OMV Aktiengesellschaft and the Group are presented together.

Reorganization of the OMV Group

The Annual General Meeting (AGM) held on May 18, 2004 resolved OMV's reorganization into a holding company. The spin-off of the business segments Exploration and Production and Refining and Marketing resulted in wholly owned independent subsidiaries. A detailed description of the demerger and transfer proceeds as well as the display of the residual assets can be found in the Notes.

Economic climate
The **world economy** reached dynamic growth at close to 4% in 2004, while world trade expanded by about 9%. The main growth motors were the USA and China. However, the picture was clouded by continued political uncertainties, the ailing US dollar, and high commodity and energy prices. While gross domestic product (GDP) expanded by 3.6% in the OECD area, growth in the USA was well over 4%. GDP growth in the enlarged EU was significantly below the average for industrial countries at 2.4%. The Eurozone was held back by weak business investment, sluggish consumer demand and the absence of fiscal stimulus. The 2% increase in GDP was mainly export led.

The **Austrian** economy too, showed noticeable signs of recovery. Economic growth accelerated to 2% from 0.8% in 2003. Robust demand boosted exports by 8%, fueling manufacturing output growth of 5%. However, construction output and personal consumption disappointed, growing by 1% and 1.5% respectively. Unemployment climbed to 4.5% despite rising employment. Inflation escalated from 1.3% to 2.1%.

The **ten EU accession countries** put in an impressive economic performance, recording average growth of 5%. GDP growth in the five Central European accession countries – the Czech Republic, Hungary, Poland, Slovakia and Slovenia – ranged between 3.8% and 5.4%. The Baltic states, Bulgaria and Romania realized growth rates of up to 8%.

In 2004, **world crude oil demand** rose by 2.7mn bb/d to 82.5mn bbl/d. The 3.4% growth rate was the highest for a quarter of a century. Almost 60% of the increase in demand was accounted for in Asia. Chinese demand surged by 15%, moving the country into second place in the global oil consumption league table after the USA.

Global oil production once again expanded faster than demand. Output advanced by 3.3 mn bbl/d or 4.1% to 83 mn bbl/d. While OECD production slipped, OPEC members upped output by 2.3 mn bbl/d to 33 mn bbl/d, lifting the Organization's market share to 40%. The rest of the increase came largely from Russia, with a gain of 0.7 mn bbl/d, and African producers. Iraqi oil production was 50% up at 2 mn bbl/d but was still well below expectations. World crude inventories were built by 0.5 mn bbl/d.

Crude oil prices firmed, spot Brent powering from USD 30/bbl at the start of the year to a record high of USD 52/bbl in the second half of October. Strong demand for light, sweet crudes caused price spreads between crude grades to widen to as much as USD 17/bbl for a time. The average price of Brent blend over the year was up by one-third on 2003 at USD 38.22/bbl. Market fundamentals such as the low USD exchange rate, unexpectedly strong demand, and shrinking OPEC spare capacity largely concentrated in Saudi Arabia were the underlying factors behind high prices. However, psychological influences including instability in Iraq, Nigeria and Venezuela – all major producers – and the upheavals at the Russian Yukos group also helped drive oil prices to unprecedented heights.

Crude price (Brent) and USD exchange rate

The **euro/dollar exchange rate** pushed up by 10% from USD 1.131 to USD 1.242. The weaker US dollar tempered product price increases in the Eurozone. Rotterdam **product prices** advanced strongly. Middle distillates led the way, euro prices gaining 30% on the previous year. Gasolines lagged behind, and heavy heating oil prices actually retreated by more than 10%. The **Austrian energy price index** for private households increased by 6.4%.

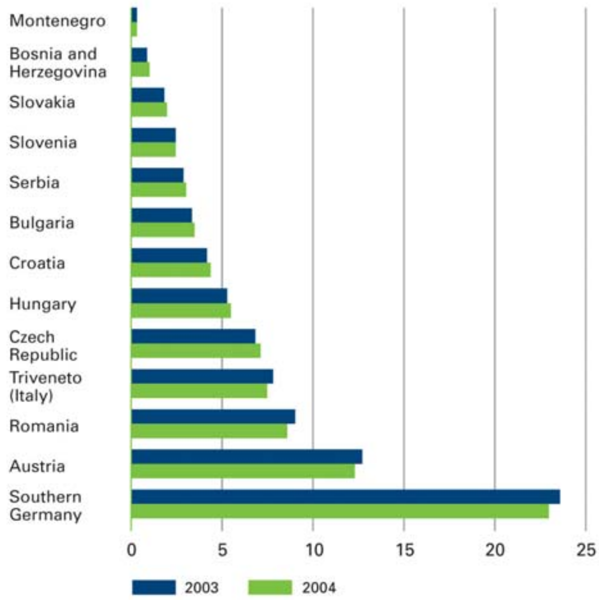
The cost of automotive diesel climbed by 11% and that of gasoline by 8% in Austria. Dearer heating fuels reflected the energy tax increase on January 1, 2004. Consumers paid between 14% and 24% more for coal products, 12% more for heating oil and 6% more for natural gas.

Following the previous year's 7% jump in Austrian primary energy consumption 2004 saw a 2% decline. The 2.7% rise in electricity consumption was met by domestic generation and imports dropped by 13% while exports marked time. Hydro power output rebounded by 12% after the severe drought in 2003, while the drive to expand green power capacity (wind and biomass) continued; thermal generation fell by 2%. Demand for coal products slumped and sales of petroleum products eased back slightly. However, **natural gas consumption** edged up to a record 8.6 bcm.

High prices led to a drop of 0.8 mn t in total sales in **markets served by OMV** to 81 mn t. The continued growth in demand for transportation fuels in all markets was not enough to balance the steep decline in heating oil demand. Within the transportation fuel segment, automotive diesel continued to gain ground, sales climbing by 4% compared to 1% lower gasoline sales and heating oil sales tumbled by even 10%. Petroleum product sales contracted by 1% year on year in OMV's Danube West and Adriatic clusters, and by 2% in its Danube East region. Sales performance was mixed: for instance, diesel sales were up in Slovenia and the Balkan states, and consumption of aviation fuel grew in Germany and Austria, while the worst decreases in heating oil sales were in Austria, Germany and Romania.

As expected, sales of petroleum products in Austria fell short of the record level recorded in 2003. Sales volume dropped by 1.7% to 12.4 mn t. Following 9% growth in automotive fuel sales in the previous year, in 2004 growth slowed down to 1%. A 4.2% fall in gasoline demand was more than compensated up by 3.2% growth in diesel volume. The 18% jump in aviation fuel sales was the highest growth rate in 15 years. By contrast heating oil business was very flat. Many customers had stocked up ahead of the petroleum tax increase or were ordering only small amounts in the hope of price reductions. Deliveries of extra light heating oil decreased by 17%, those of light and light heating oil by 15.5% and 15.4% and those of heavy heating oil by 1.8%.

Consumption of petroleum products in mn tons



Demand for **plant nutrients** in the markets served by OMV was slightly lower than in 2003. Following a mixed performance in the first half of the year, sales volumes and prices posted year-on-year gains in the second half. Growing global **fertilizer** demand, combined with high feedstock and energy costs led to a strong run-up in world prices. Global melamine consumption recorded particularly robust growth, expanding by 8%. Demand growth was driven by the European wood based materials industry and by the economic boom in the Asia Pacific region. Availabilities were mostly tight, resulting in a stable market and firm prices.

Demand for **polyolefins** (PO) in Western Europe rose by 4% as a result of the favorable economic setting. PO producers were able to pass on most of the increases in monomer prices. PO prices posted year-on-year gains of around 25% and margins hit their highest levels since 1999.

Group financial condition in EUR mn	**2004**	2003	2002
Sales (excluding petroleum excise tax)	9,880	7,644	7,079
Earnings before interest and tax (EBIT)	926	644	495
Net income for the year	642	393	322
Net cash provided by operating activities	1,001	939	581
Capital expenditure	2,274	1,381	675
Employees as of December 31	57,480 [1]	6,137	5,828

[1] including 51,005 Petrom employees

The financial year 2004 will go down in OMV Group history as an outstanding year. The integration of the previous year's acquisitions (45% interest in the Bayernoil refineries, the Deutsche BP filling stations, the international upstream portfolio of Preussag Energie and the Avanti retail network) was successfully completed during the first six months. At the same time the finishing touches were put to preparations for the changeover to a holding company structure. During the summer the E&P and R&M businesses were spun off from OMV Aktiengesellschaft and became subgroup holding companies. Restructuring has created the organizational conditions for attainment of the Group's ambitious growth targets.

As part of efforts to streamline its portfolio, E&P divested its exploration activities in Sudan in May, and the Cabimas oilfield in Venezuela in August. The acquisition of a 50% stake in OMV Adriatik (formerly OMV Istrabenz) at the start of October resulted in the takeover of retail operations in Bosnia and Herzegovina, Croatia, Italy and Slovenia. The largest acquisition in the Group history, a 51% holding in the Romanian oil and gas company Petrom was completed with effect from December 14, 2004.

In order to maintain the Group's financial stability despite rapid expansion, preparations were made for a capital increase, as authorized by resolution of the Annual Stockholders' Meeting. This was effected on December 22, 2004, by issuance of three million no par shares worth EUR 657 mn and a EUR 550 mn convertible bond issue. The form of transaction chosen widened the investor base whilst minimizing the dilution effect and lifting the free float above the 50% mark.

Trading conditions were highly favorable for most Group operations throughout the year, and this positive environment enabled us to post significant increases in earnings, once again setting new records.

EBIT advanced by 44% to EUR 925.95 mn, and net income for the year by 63% to EUR 642.04 mn. Increased capacity (first full year of output from Bayernoil included in throughput figures) and healthier refining margins again played a major part in the improvement in earnings. Apart from a flat period in the first quarter, margins were significantly higher than 2003. E&P's earnings performance was equally satisfactory. Here, too, the pronounced increase in earnings was largely attributable to higher prices, though the very low average US dollar exchange rate over the year canceled out a large part of these gains.

Robust earnings growth also had a positive impact on return on capital. The basis for the calculation of return on capital was adjusted to take account of the effect of the Petrom acquisition[2], as the increase in capital due to consolidation at the end of the year was not yet accompanied by any earnings flows. Average return on capital employed (ROACE) rose from 12% to 16%, and return on fixed assets (ROfA) from 16% to 22%. Return on equity (ROE) progressed from 15% to 19%.

[2] Adjustments:
ROACE: Petrom's capital employed as of December 31, 2004 (EUR 2,095,421 thousand) stripped out.
ROfA: Petrom's intangible assets and tangible assets according to the company's financial statements (see Note 4) eliminated.
ROE: Stockholders' equity for 2004 adjusted downwards by the amount of the addition of minority interests arising from the Petrom acquisition (EUR 1,449,369 thousand).

Earnings before interest and tax (EBIT) in EUR mn	2004	2003	2002
Exploration and Production (E&P)	459	303	256
Refining and Marketing including petrochemicals (R&M)	442	265	125
Gas	76	79	115
Chemicals	25	43	43
Corporate and Other (Co&O)	(76)	(46)	(44)
OMV Group	**926**	**644**	**495**

The earnings contribution of the **Exploration and Production (E&P)** segment rose by 51% to EUR 459.38 mn. Crude and NGL production was down, but oil prices were considerably higher. As in 2003, only the weakness of the US dollar prevented a still more pronounced rise in EBIT. The marked increase in gas volumes was mainly due to higher output in Pakistan, however price realizations were lower. The impact on earnings of unscheduled depreciation (mainly impairment of the operations in Australia and Ecuador) at EUR 56.65 mn and personnel restructuring expenses at EUR 21.94 mn was more than offset by that of the disposal of the Sudan activities (EUR 96.72 mn).

Higher refining margins and the fact the first full year's volumes from Bayernoil were in the figures swelled the earnings of the **Refining and Marketing including petrochemicals (R&M)** segment by 67% to EUR 442.10 mn. The contribution of the Marketing business fell despite the additional volume generated by the acquisitions (Deutsche BP AG outlets purchased in the second half of 2003 and Avanti filling stations acquired near the end of 2003; consolidation of OMV Adriatik in October 2004). Apart from higher one-time charges owing to the acquisitions and retail network rationalization (EUR 11.81 mn in writedowns), poor trading margins in the retail business were mainly responsible for the decline in earnings. The commercial business held on to the previous year's result. The Polyfelt Group, part of the Chemicals segment until 2003, contributed EUR 5.49 mn to segment earnings.

The **Gas** segment was faced with slight transmission and storage tariff erosion, but this was more than compensated for by volume growth. The results of the supply business were little changed. The fact that the segment's earnings contribution nevertheless decreased by 4% to EUR 75.46 mn was due to a sharp rise in expenses for the modernization of metering equipment at storage facilities.

The **Chemicals** segment's EBIT dropped by 42% to EUR 24.92 mn. Melamine margins were considerably tighter than in 2003 – an effect amplified by the weakness of the US dollar. Another factor was the transfer of the plastics business, which had accounted for EUR 4.00 mn of segment earnings in the previous year, to R&M. The new melamine plant in Piesteritz, Germany did not commence pilot operation until near the end of 2004 and thus made no significant contribution to results.

The earnings of the **Corporate and Other (Co&O)** segment were impacted by substantial one-time expenses including the cost of the capital increase and higher consulting expenses. Total expenses in Co&O climbed by 64% to EUR 75.91 mn.

In order to maintain long-term competitiveness, further action was taken to reduce personnel expenses in 2004. These initiatives gave rise to total Group-wide expenses of EUR 73.04 mn, of which EUR 56.71 mn were accounted for by employee separation programs and EUR 7.87 mn by the settlement of various benefit entitlements. In 2003, the cost of employee separations and various one-time settlements totaled EUR 104.15 mn, all but EUR 12.81 mn of which was charged to provisions established in prior periods.

Significant events after the balance sheet date

Pursuant to streamlining of the E&P portfolio, in February OMV sold Basin Oil Pty Ltd (a wholly owned subsidiary of OMV Australia Pty Ltd.) to Santos Ltd, with retroactive effect from January 1, 2005. Clearance for the transaction is expected to be received in the second quarter of 2005.

Summarized income statement in EUR mn	**2004**	2003	2002
Sales (excluding petroleum excise tax)	9,880	7,644	7,079
Direct selling expenses	(160)	(131)	(102)
Production cost	(8,099)	(6,274)	(5,913)
Other operating income	250	147	107
Selling and administrative expenses	(666)	(531)	(460)
Exploration, and research and development expenses	(87)	(97)	(84)
Other operating expenses	(192)	(115)	(132)
Earnings before interest and tax (EBIT)	**926**	**644**	**495**
Financial items	28	(47)	(21)
Income from ordinary activities	**954**	**596**	**474**
Taxes on income	(312)	(203)	(152)
Net income for the year	**642**	**393**	**322**

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

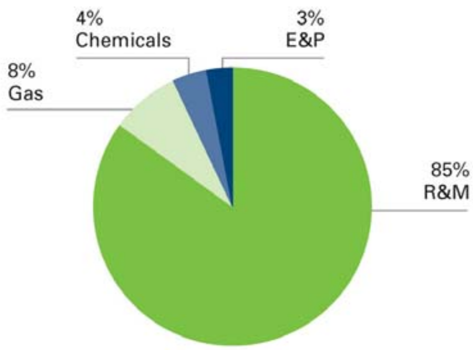
Consolidated sales excluding petroleum excise tax rose by 29% to EUR 9,880.23 mn. The **R&M** segment's sales grew by 39% to EUR 8,381.30 mn. This upturn was mainly driven by higher price levels and considerably higher sales volumes and the previous year's acquisitions (Refining capacity and retail networks). EUR 237.80 mn of the gain was accounted for by crude trading. R&M significantly extended its lead as the main generator of Group sales, contributing EUR 8,374.98 mn or 86% of total sales (2003: EUR 6,021.75 mn or 79%).

The **E&P** segment registered a 14% increase in sales to EUR 988.34 mn, due to higher oil prices and increased gas production volumes. After the elimination of intra-group sales (crude oil and some gas) of EUR 658.92 mn, E&P's contribution to consolidated sales was EUR 329.42 mn or about 3% of the total (2003: EUR 340.51 mn or 5%).

In the **Gas** segment sales declined despite the fact that higher volumes offset slight price falls. This was due to the fact that the transfer of most of the segment's import and retail business to EconGas was not entirely completed in 2003. In consequence, segment sales declined by 1% to EUR 784.40 mn. After elimination of intra-group sales to the refineries the contribution to consolidated sales was EUR 774.49 mn (2003: EUR 785.47 mn), resulting in a 2 percentage point decline to 8% in the segment contribution.

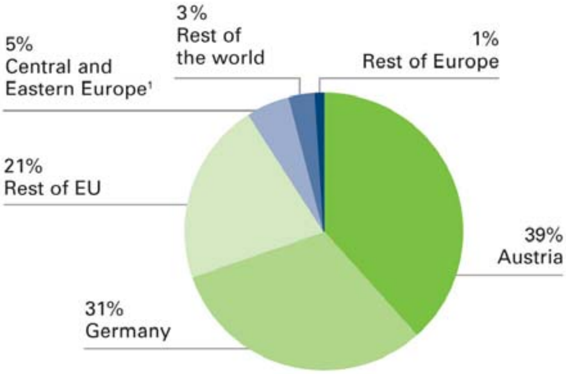
Sales in the **Chemicals** segment shrank by 20% to EUR 394.13 mn, chiefly reflecting tighter melamine margins and the transfer of the Polyfelt Group (2003: EUR 85.78 mn) to the R&M segment. At EUR 393.27 mn segment sales accounted for 4% of consolidated sales (2003: EUR 490.32 mn or 6%).

Group sales by segments



In terms of **geographical markets,** Austria's share of total sales decreased to 38% despite a 14% absolute increase to EUR 3,799.30 mn (2003: EUR 3,318.57 mn or 43%). German sales jumped by 62% to EUR 3,014.90 mn or 31% of total sales as a result of the Bayernoil acquisition in 2003 (2003: EUR 1,860.44 mn or 24%). The Czech Republic, Hungary, Slovakia, Slovenia and Poland are now included in the "Other EU" segment. The previous year's contributions from the "Other EU" and "Rest of Europe" segments were adjusted by EUR 1,308.09 mn. Sales to other EU member states leapt by 15% to EUR 2,115.09 mn (21% share), due mainly to the filling station acquisitions made in the previous year (2003: EUR 1,837,25 mn). In the rest of Europe, too, we again extended our market presence, especially in the forecourt business. Sales surged by 68% to EUR 663.50 mn, lifting this segment's contribution to 7% (2003: EUR 394.11 mn or 5%). At EUR 287.44 mn sales to the rest of the world represented an unchanged 3% of the total (2003: EUR 234.06 mn).

Group sales by regions



[1] Bosnia and Herzegovina, Bulgaria, Croatia, Romania and Serbia-Montenegro

Direct selling expenses, which mainly relate to third-party freight-out expenses, climbed by EUR 29.82 mn to EUR 160.39 mn due to the increased volume of business. **Production cost** which includes merchandise, and fixed and variable production costs, rose by 29% to EUR 8,098.85 mn, in step with higher sales. **Other operating income** was up by 70% to EUR 249.52 mn. This item includes EUR 123.22 mn in gains on the disposal of assets arising from the sale of exploration licenses in Sudan and of office buildings. Exchange gains, other gains on the disposal of assets, reversals of provisions, income from subsidies, discounts, licenses and reversal of valuation allowances are also reported thereunder. **Selling expenses** rose by EUR 125.89 mn or 35% to EUR 481.60 mn, about two-thirds of the increase being accounted for by expanded business activities as a result of the acquisitions. **General administrative expenses** grew by 5% to EUR 183.98 mn. **Exploration and research and evelopment expenses** fell by EUR 10.20 mn to EUR 86.70 mn. Exploration expense alone decreased from EUR 74.18 mn to EUR 68.00 mn. Research and development expenses were EUR 18.70 mn or 18% down on the previous year; as before, spending was mostly in the R&M and Chemicals segments.

Other operating expenses were up by EUR 77.59 mn to EUR 192.28 mn. The main items in 2004 were personnel reduction expenses at EUR 51.15 mn, unscheduled depreciation at EUR 21.45 mn and expenses in connection with the capital increase at EUR 22.63 mn.

The **financial items** show net income of EUR 28.19 mn (2003: net expense of EUR 47.11 mn). This EUR 75.30 mn swing reflects improved income from investments (gain of EUR 63.07 mn), lower net interest expense (down by EUR 4.04 mn) and higher other financial income (up by EUR 8.19 mn).

Incomefrom investments made a significantly higher earnings contribution, at EUR 85.67 mn (2003: EUR 26.05 mn). Of this amount EUR 78.28 mn elated to write-ups of equity consolidated associates (2003: EUR 19.01 mn). A significat feature of 2004 was the earnings contribution of the Borealis Group, at EUR 50.74 mn (2003: EUR 4.01 mn). OMV's shares of the profits of gas investments, including the holding in EconGas GmbH, totaled EUR 25.65 mn (2003:EUR 14.69 mn) and that of the profits of R&M's investments EUR 1.89 mn.

Net interest expense fell by EUR 4.04 mn to EUR 59.89 mn due to the strong liquidity position. Interest and similar expenses rose by EUR 8.10 mn to EUR 102.84 mn while interest receivable including income from securities gained EUR 12.14 mn to stand at EUR 42.95 mn. The interest components of pension obligations, disclosed under interest expense, amounted to EUR 31.91 mn (2003: EUR 31.06 mn).

Taxes on income increased by EUR 108.66 mn to EUR 312.10 mn. **Current taxes on income** were up by EUR 143.90 mn to EUR 262.81 mn due to the strong results. **Deferred taxes** of EUR 49.29 mn were recognized as expense in 2004 (2003: EUR 84.54 mn). Reductions in corporate income tax came into effect in Austria in 2005. However, the change in the Austrian rate from 34% to 25% as of January 2005 led to a negative impact on income in 2004, as the balance of temporary differences and tax-loss carry forwards created deferred tax assets. The resultant expenses added about 3.3% to the effective tax rate. Nevertheless, the effective tax rate for the Group was 1.4% down on 2003 at 32.7%.

Capital expenditure in EUR mn	2004	2003	2002
Exploration and Production (E&P)	156	498	227
Refining and Marketing including petrochemicals (R&M)	460	709	282
Gas	29	24	104
Chemicals	63	109	49
Petrom (51% interest)	1,505	—	—
Corporate and Other (Co&O)	61	41	13
Total capital expenditure	**2,274**	**1,381**	**675**
+/– Changes in the consolidated Group, results of equity consolidated associates and restructuring	(1,538)	(651)	17
+ Securities held as fixed assets and loans	45	84	33
Additions to fixed assets as shown in statement of fixed assets	**781**	**814**	**725**
+/– Currency translation and adjustments	(99)	(23)	(53)[1]
Investments in fixed assets as shown in statement of cash flows	**682**	**791**	**672**

[1] adjusted

Acquisitions involving the purchase of interests in companies are shown at acquisition cost. Acquisition costs totaled EUR 1,599.87 mn in 2004. Consolidation of these companies increased consolidated fixed assets by EUR 2,865.52 mn. Where individual assets or groups of assets are acquired, these are reported under the current capital expenditure of the segments. **Capital expenditure** rose to EUR 2,274.22 mn (2003: EUR 1,380.73 mn). This includes the acquisition of a 51% interest in the Romanian Petrom oil and gas company at a cost of EUR 1,504.85 mn. Capital expenditure not relating to equity investments amounted to EUR 674.35 mn.

E&P invested EUR 156.24 mn (2003: EUR 498.37 mn), mainly in developing Austrian fields, but also indevelopment projects in New Zealand, Tunisia and the UK. Capital expenditure in **R&M,** at EUR 459.50 mn (2003: EUR 708.96 mn) chiefly comprised EUR 95.02 mn devoted to the acquisition of the remaining 50% interest in OMV Adriatik (previously OMV Istrabenz) and that company's retail operations in Bosnia and Herzegovina, Croatia, Italy and Slovenia. In addition, R&M invested in the expansion and modernization of the existing filling station networks, and in the refineries. Most of the spending on refineries went to quality enhancement projects (product and process improvements). Capital expenditure in the **Gas** segment, at EUR 28.98 mn, was largely channeled into the TAG Loop II transit pipeline expansion project. In the **Chemicals** segment capital expenditure of EUR 63.42 mn (2003: EUR 108.53 mn) principally relates to the completion during the year of a melamine plant in Piesteritz, Germany. Capital expenditure by **Corporate and Other** includes the EUR 42.29 mn spent on increasing OMV's holding in the Hungarian oil company MOL to 10.04%.

The reconciliation with the additions to fixed assets chiefly concerns the elimination of acquisition related additions to equity interests which are not included in consolidation. The difference between the additions shown in the statement of fixed assets and the investments reported in the statement of cash flows is largely attributable to the adjustments to valuations which do not affect cash flows (e.g. valuation at equity) and to investments that did not affect cash flows during the period in which they were undertaken.

Summarized balance sheet in EUR mn	2004	%	2003	%
Fixed assets	8,170	63	5,204	69
Inventories	1,150	9	707	9
Accounts receivable, other assets, prepaid expenses and deferred charges	2,148	17	1,264	17
Cash and cash equivalents	1,482	11	342	5
Stockholders' equity	5,381	42	2,685	36
Provisions	1,331	10	1,049	14
Deferred taxes	68	1	2	0
Bonds and long-term special financing	1,186	9	509	7
Amounts due to banks	1,029	8	903	12
Accrued restoration costs	1,270	10	299	4
Other liabilities and deferred income	2,685	21	2,072	28
Total assets/liabilities	**12,950**	**100**	**7,517**	**100**

Total assets grew by EUR 5,433.26 mn or 72% to EUR 12,949.95 mn. Some EUR 5,036.22 mn of this increase was accounted for by acquisitions – the largest item being the purchase of 51% of Petrom, whose assets are fully consolidated. The fixed assets ratio declined from 69% to 63%. The fixed assets ratio taking long-term debt into account rose from 106% to 123%. The ratio of fixed assets to net worth likewise increased, to 66% (2003: 52%).

Fixed assets rose by EUR 2,965.78 mn to EUR 8,169.67 mn, EUR 56.41 mn of the increase being accounted for by financial assets. Additions arising from acquisitions amounted to EUR 2,859.30 mn. At EUR 589.35 mn additions to fixed tangible and intangible assets exceeded depreciation and disposals by EUR 16.83 mn. The acquisitions resulted in a net reduction of EUR 63.25 mn in financial assets, as there were already OMV interests in and outstanding loans to the acquiree OMV Adriatik as of December 31, 2005, as well as Avanti Tankstellenbetriebsgesellschaft which was consolidated in 2004. Chiefly as the result of OMV's share of the earnings of acquirees, interests in associated companies increased by a net amount of EUR 56.28 mn. The increase in the interest in MOL and securities were chiefly responsible for a further net addition of EUR 63.38 mn. Foreign currency translation resulted in a total increase of EUR 9.73 mn, following a reduction of EUR 61.13 mn in 2003.

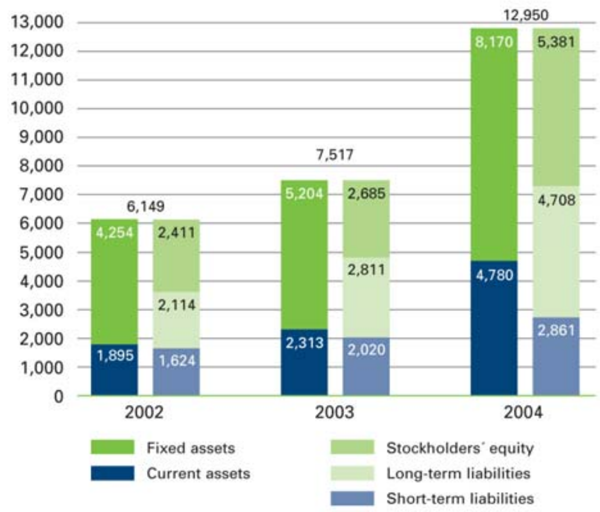
Net current assets – defined as inventories, accounts receivable, prepaid expenses and deferred charges – amounting to EUR 3,298.33 mn (2003: EUR 1,971.24 mn) and liabilities (excluding financing) and deferred income (excluding tariff prepayments) amounting to EUR 2,301.05 mn (2003: EUR 1,658.05 mn) rose by a total of EUR 684.08 mn. This increase was mainly due to Petrom (EUR 608.46 mn), which added EUR 923.44 mn to assets and EUR 314.67 mn to liabilities.

Net current assets excluding Petrom rose by EUR 75.62 mn. Here, the main features were an increase of EUR 304.80 mn in trade receivables due to higher product prices and increased business volume, and a corresponding increase of EUR 238.97 mn in trade payables.

Of the EUR 443.02 mn rise in inventories, EUR 385.01 mn were accounted for by Petrom and the remaining EUR 58.01 mn largely by the refineries. Receivables and other assets including prepaid expenses and deferred charges rose by EUR 884.07 mn. Here, too, a large part of the increase – some EUR 538.43 mn – was due to Petrom, EUR 333.79 mn of this amount relating to entitlements to compensation arising from decommissioning and restoration obligations carried as liabilities. The increase of EUR 345.64 mn after elimination of Petrom mainly concerned a price and volume related rise in outstanding liabilities related to the refining business. Liabilities and deferred income were up by EUR 613.32 mn or 30%. Of this increase EUR 314.97 mn related to Petrom and the other EUR 298.35 mn mainly to trade payables.

Provisions (excluding deferred taxes) rose by EUR 283.55 mn to EUR 1,330.65 mn, EUR 195.68 mn being attributable to Petrom and the other EUR 87.87 mn chiefly to outstanding corporate income tax. The provisions for deferred taxes grew by EUR 65.96 mn, EUR 25.77 mn of this amount deriving from Petrom. Obligations assumed in connection with the Petrom acquisition were almost exclusively responsible for the increase of EUR 971.84 mn in accrued decommissioning and restoration costs to EUR 1,270.52 mn.

Balance sheet structure in EUR mn



Net debt was EUR 747.56 mn compared to EUR 1,080.97 mn in 2003.

Gearing ratio

In order to remain true to management's commitment to profitable growth accompanied by sound finances, the Company's capital stock was increased in 2004, with a simultaneous convertible bond issue, resulting in total proceeds of EUR 1,207.00 mn. Thanks to these transactions, but also to the Company's excellent operating results, amounts due to banks and outstanding bond debt increased by only EUR 800.01 mn, despite the Company's rapid growth. The bonds and special financing item rose markedly as a whole. This item includes the convertible bond previously issued (EUR 550 mn), a bond previously issued by Petrom (EUR 142.26 mn) and a translation related reduction of EUR 18.43 mn in the value of the US dollar bond issue. Amounts due to banks rose by EUR 126.18 mn (Petrom: EUR 63.03 mn). Of the EUR 1,140.39 mn increase in cash and cash equivalents, EUR 1.064,10 mn were accounted for by Petrom.

Gearing ratio

The **gearing ratio,** defined as the ratio of net debt to stockholders' equity, declined to 14% by the end of 2004 from 40% at 2003. This is mainly explained by the fact that the acquisition of 51% of Petrom was structured in two stages and was partly financed by a capital increase which injected liquidity into the company which was then consolidated. Moreover, the 49% minority interests in Petrom likewise widens the Groups' reported equity base. Petrom's balance sheet structure has thus had a favorable impact on the OMV Group's gearing ratio, as only a small part of the assets acquired were debt financed. As of December 31, 2004, long and short-term borrowings were EUR 2,214.78 mn (2003: EUR 1,411.74 mn) while current financial assets totaled EUR 1,467.22 mn (2003: EUR 330.77 mn).

Cash flow

Net cash provided by operating activities registered a year-on-year improvement of EUR 62.34 mn or 7%, to stand at EUR 1,001.27 mn. The reconciliation of net income for the year with net cash provided by operating activities (before changes in working capital) resulted in a net adjustment of EUR 332.01 mn for 2004 (2003: EUR 410.28 mn). This reflected depreciation, deferred taxes and long-term provisions for decommissioning and restoration costs totaling EUR 583.87 mn (2003: EUR 554.80 mn). The adjustment was reduced by write-ups and the reduction of long-term provisions for employee benefits (pensions and severance payments) as well as other non cash items totalling EUR 137.39 mn (2003: EUR 152.19 mn). The other non cash items principally relate to shares of associates' profits less dividends, at EUR 50.75 mn (2003: EUR 5.14 mn) and the adjustment of the depreciation component of a tariff prepayment of EUR 50.63 mn (2003: EUR 50.50 mn) reported under net cash provided by financing activities. Another downward adjustment resulted from the proceeds from the sale of fixed assets, amounting to EUR 114.47 mn (2003:recognition of EUR 7.67 mn in losses) which was written to net cash used in investing activities.

Funds tied up in working capital as of December 31, 2004 were slightly down at EUR 27.22 mn. An increase of EUR 287.96 mn in accounts receivable was largely financed by a EUR 244.01 mn increase in liabilities. The sharp rise in receivables and payables is explained by the higher price level as well as the increased volume of business due to Bayernoil. The increase of EUR 105.23 mn in short-term provisions largely concerns outstanding corporate income tax payments which grew considerably due to improved profits. Amounts tied up in inventories and other changes grew by EUR 34.06 mn.

Acquisitions of subsidiaries net of cash acquired are shown under **net cash used in investing activities.** Due to Petrom's high liquidity (EUR 1,064.10 mn in cash and cash equivalents) the acquisition did not have a major impact on cash flows from investing activities. The acquisitions made in 2003 were mainly of debt-free assets. Investment outflows of EUR 1,143.21 mn (2003: EUR 1,588.52 mn) were partly offset by proceeds from disposals of EUR 244.21 mn (2003: EUR 92.51 mn), such that net cash used in investing activities was EUR 899.00 mn (2003: EUR 1,496.01 mn).

Investment was largely financed by the assumption of EUR 778.90 mn of long-term debt (2003: EUR 946.74 mn) and a capital increase of EUR 692.92 mn (common stock and the equity component of the convertible bond issue). **Net cash provided by financing activities** also includes repayments of long-term debt amounting to EUR 289.63 mn (2003: EUR 91.55 mn), an increase in short-term debt of EUR 1.06 mn (2003: decrease of EUR 86.55 mn) and EUR 107.83 mn in dividend payments (2003: EUR 96.97 mn).

Results according to US GAAP

Apart from the consolidated financial statements in accordance with the Austrian Commercial Code (ACC), which represent the primary reporting format, for almost ten years now OMV has been preparing US GAAP statements in the form of a reconciliation. The latter presents the main valuation differences between the ACC and US GAAP that affect stockholders' equity and net income. Many disclosures required only by US GAAP have therefore also had to be included in the primary reporting format. With effect from 2005, as a company domiciled in the EU, OMV will change over to International Financial Reporting Standards (IFRS) as the primary mode of presentation for its financial statements. Like US GAAP, the IFRS are strict and widely accepted accounting standards. Since the changeover will mean that the primary reporting format already conforms to international standards, a reconciliation with a second international format will no longer be necessary, and the US GAAP reconciliation will thus cease to be included from the 2005 report onwards.

The main reasons for the divergence between net income and stockholders' equity as reported under US GAAP and ACC are the differing standards for the valuation of assets and liabilities, for the treatment of changes in the basis of valuation, and for the timing of the recording of transactions. Net income under US GAAP was EUR 655.05 mn (2003: EUR 371.97 mn) and EUR 14.86 mn (2003: EUR 20.14 mn) higher than the ACC result (excluding minorities).

In the past, changes in valuation methods and in the assumptions upon which valuation is based have necessitated various cumulative retroactive adjustments. In the case of the prolongation of the useful lives of processing plants in the R&M segment, resulting in considerably higher depreciation bases, the effect was an increase of EUR 33.14 mn in depreciation (2003: EUR 29.57 mn). The depreciation of fixed assets item also reflects the reversal of goodwill amortization (see Note 32) which had a positive income effect of EUR 4.78 mn (2003: EUR 6.61 mn).

The change in the accounting treatment of raw materials and supplies under ACC in 2002, which necessitated a cumulative retroactive adjustment – whereas US GAAP requires a prospective approach – added EUR 2.53 mn to income (2003: EUR 2.34 mn).

The different treatment of E&P assets under US GAAP (see Note 33) increased net income by EUR 8.77 mn (2003: EUR 28.59 mn). This is the balance of EUR 6.38 mn in income from the recognition of assets in connection with decommissioning obligations in accordance with US GAAP which commenced in 2003 (see Note 38) and a EUR 15.15 mn increase in depreciation arising from other differences in the valuation of E&P assets. Expenses for decommissioning obligations are netted against EUR 6.18 mn in income stated under other provisions, resulting in an overall negative impact of EUR 0.20 mn on pretax US GAAP income from decommissioning obligations as compared to ACC.

The cost of the capital increase (issuance of 3 mn no par common shares), at EUR 14.93 mn after tax, is expensed in the ACC statements. Under US GAAP such expenses cannot be recognized but must be directly deducted from the capital inflow. This has a positive impact of EUR 14.93 mn on net income according to US GAAP.

The proceeds of the convertible bond issue include an equity component of EUR 35.92 mn which is reported under the capital reserves in the ACC statements. Under US GAAP this amount must be disclosed as a liability. The equity component and the write-back of the discount in the 2004 ACC statements were therefore reversed, reducing interest expense by EUR 0.42 mn.

The different method of calculating provisions for severance payments, pensions, jubilee payments and separation expenses increased net income under US GAAP by EUR 16.85 mn as compared to ACC (2003:

negative impact of EUR 44.90 mn versus ACC due to the fact that the change in the retirement age, current payments and the realization of actuarial gains did not increase net income under US GAAP).

The rules for accounting for provisions are more restrictive under US GAAP (see Notes 37 and 38). The increased expenses for severance payments, amounting to EUR 20.13 mn, result from a EUR 20 mn personnel reduction program, launched in 2003, which did not qualify for a provision because the necessary signatures pursuant to SFAS 88 had not been obtained by balance sheet date, and from related interest expense. Income in the 2003 US GAAP statements was reduced by EUR 52.10 mn due to the fact that neither expenses of EUR 72.10 mn for provisions for personnel reduction expenses as of December 31, 2002, under ACC, nor the reversal of the above personnel reduction program were recognizable under US GAAP.

The overall increase in expense for other provisions under US GAAP of EUR 10.30 mn (2003: EUR 16.34 mn) mainly concerned the reversal of the aforementioned decommissioning obligations amounting to EUR 6.18 mn and EUR 4.80 mn in expenses arising from the elimination of the reversal of the provision for the compulsory crude inventories and a result reduction from recognition of EUR 11.86 mn in payments on account in the event of termination of membership in captive insurance companies. No provision was made for this amount in the ACC presentation because there is no intention to terminate.

The positive income effect of foreign currency transactions, which amounted to EUR 23.68 mn (2003: EUR 33.46 mn), largely resulted from the valuation of the USD bond at balance sheet date as required by US GAAP, which resulted in unrealized exchange gains of EUR 18.43 mn (see Note 39).

The valuation of derivative instruments at fair value under US GAAP reduced net income by EUR 25.55 mn at balance sheet date (2003: EUR 1.05 mn).

Since the introduction of the full application of deferred taxation in the ACC presentation, adjustments to deferred taxes in the reconciliation have related only to the effects of the US GAAP adjustments.

In the consolidated statements according to ACC the minority interests related to the Petrom acquisition are measured at fair value. Under US GAAP undisclosed reserves and liabilities identified on revaluation can only be recognized in proportion to the percentage holding (51%). Since Romania had hyperinflationary status up to June 30, 2004, and no US GAAP compliant hyperinflationary accounting methods have been used, reconstruction of US GAAP compliant minority interests was considered impractical. The approach taken to the presentation of minorities is in accordance with the new IFRS 3 standard. Because of this, and the impending changeover to IFRS reporting, a retroactive reconstruction in accordance with US GAAP principles not been applied. The US GAAP auditors' certificate accordingly contains a qualification with regard to the reporting of minority interests in respect of Petrom.

Risk management

OMV is an integrated international oil group with activities in the chemical industry. Its operations extend from oil and gas exploration and production (E&P), and processing (Refining) through to trading and marketing (Supply, Marketing, Gas, Chemicals and Plastics).

Like all oil and gas companies OMV is exposed to a variety of risks, including operational and market risks. OMV takes the view that in the long term some of the risks associated with the downstream business are counterbalanced by opposite developments in the upstream operations. However, the balancing effects of integration in the sense of opposing industry risks are often lagged, and may in the short run be absent altogether. Because of this, OMV's risk management activities focus on the net risk exposure associated with a given portfolio.

Our enterprise wide risk management (EWRM) system has enhanced risk awareness and risk management skills across all areas of the organization, including subsidiaries in 16 different countries. Twice yearly EWRM reports list the main risks and their potential impacts, and detail recent developments and action taken. In conformity with the Austrian Corporate Governance Code, the effectiveness of the system is reviewed by an external auditor on an annual basis.

In addition, OMV collects and analyzes information on the political situation in countries where it operates, and assesses country risk before entering new countries. A Group-wide environmental risk reporting system is used to evaluate existing and potential obligations.

Group Treasury hedges in some cases financial risks associated with currencies and interest rates, and counterparty credit risk on a centralized basis with a view to safeguarding OMV's financial strength and stability. Commodity price risk management, aimed at ensuring that income streams are adequate to finance planned investments, is based on a business at risk model. The Executive Board is responsible for decisions on the use of hedging instruments, taken in the light of recommendations by an operating committee.

Outlook for 2005

2005 will be a year of consolidation and focusing on our core operations, as the integration of the Petrom acquisition will tie up large amounts of management time. 2005 will also see a switch in the primary format of the Company's annual financial statements from ACC to IFRS, resulting in improved international comparability.

We expect the main determinants of Group financial performance, in particular oil prices, the USD exchange rate and refining margins to continue to exhibit a high degree of volatility. We expect **crude oil prices** to remain at high levels, though below the previous year's average, and we anticipate strong short-term fluctuations. As regards the **USD exchange rate,** we see the dollar weakening slightly in comparison with 2004. We do not expect a repeat of the record refining margins recorded in 2004. There was a major squeeze on European **refining margins** in January. However, we see margins recovering in the course of 2005, though they are unlikely to be on a par with 2004. In the second half of 2004 the **Urals-Brent spread** widened markedly. The differential has since narrowed considerably, but we expect it to remain at higher levels than in the past.

E&P has already met its 2008 growth targets as set in 2002 as a result of the Petrom acquisition. The environment for further acquisitions is very difficult at present. The main investment focus in 2005 will be the Pohokura gas field development in New Zealand, which is due to come onstream in the second half of 2006. The oil and gas discoveries made last year are being rapidly evaluated, and will be developed as quickly as possible where appropriate. An agreement to divest the Australian natural gas activities was signed in February 2005 as part of efforts to streamline our portfolio. Lower output volume as a result of the disposals, and the expectation of lower crude prices lead us to anticipate a slight decline in E&P's results.

We anticipate a fall in the earnings of the **Refining business,** due to lower refining margins and a scheduled six-week turnaround at the petrochemical plants in Schwechat during the second half of the year. Expansion of the capacity of the cracker at the refinery will raise ethylene and polypropylene output from 650,000 to 900,000 t/y. In order to optimize the cost position at the Schwechat refinery in both product and logistics terms, we plan to build a pipeline to Bratislava to create a link with the Russian system. We expect to receive the necessary approvals in 2005, enabling construction to go ahead.

Margins in the **Marketing business** came under very heavy pressure last year. We believe that the situation will ease in 2005, leading to an improvement in results. In the retail growth markets we are focusing on boosting our market shares by building new filling stations and acquiring small forecourt networks, and we will continue to invest in the non-oil area (shops, catering, etc).

In the **Gas** segment all the groundwork has been laid for key decisions on the major Nabucco pipeline project. The planned line would run through five countries, linking gas reserves in the Near East with Central Europe. Due to the new tariff order which entered into effect in 2004, and scheduled maintenance work at storage facilities, we expect somewhat lower earnings in 2005. The changeover to IFRS in 2005 will mean that the TAG gas pipeline and the tariff prepayments made to finance the TAG expansion project will no longer be carried on our balance sheet.

In **Chemicals** we expect earnings to increase as a result of the additional output from the new German plant and better melamine margins.

As from 2005, **Petrom's** results will be consolidated in OMV's income statement, and should make a positive contribution to earnings. In Romania it will be possible to allocate about one-third of sales generated by oil and gas production to a reserve (geological quota) in 2005 and 2006 on a tax deductible basis. Since Petrom intends to make full use of the reserve no tax expense is anticipated in 2005. Visibility with respect to the impact of crude prices, refining margins and the exchange rate of the Romanian lei on earnings after the consolidation of Petrom will steadily improve.

Austrian corporate income tax was cut from 34% to 25% at the start of 2005. The consolidation of Petrom will also have a favorable effect on the Group **effective tax rate** due to Petrom's use of the geological quota. Moreover, Romania reduced its corporate income tax rate from 25% to 16% at the start of 2005.

Taking all these factors together, we anticipate a similar result to last year, as the contribution from Petrom should compensate for the effects of a less positive business climate.

In order to consolidate, and achieve further growth In our business, we expect to invest annually about EUR 1.3 bn for the next three years, of which some EUR 400 mn will be earmarked each year for Petrom.

Management takes a value based approach to all investment decisions. We are aware that this is essential if we are to hit our long-term target of a return on average capital employed (ROACE) of 13% over the course of a business cycle, given average market indicators.

Vienna, March 11, 2005

The Executive Board

Wolfgang Ruttenstorfer
Chairman

Gerhard Roiss
Deputy Chairman

David C. Davies

Helmut Langanger

Abbreviations and definitions

ACC	Austrian Commercial Code
bn	billion
cbm, cf	standard cubic meter (0 °C/32 °F), standard cubic feet
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EBIT	earnings before interest and tax
equity ratio	stockholders' equity divided by balance sheet total expressed as a percentage
EU	European Union
EUR	euro
E&P	Exploration and Production
gearing ratio	net debt divided by stockholders' equity expressed as a percentage
mn	million
net income	net operating profit after interest, tax and extraordinary items
NOPAT	net operating profit after tax; net income plus interest and extraordinary items after tax
payout ratio	dividend divided by earnings per share expressed as a percentage
P/CF	price-cash flow ratio; share price divided by cash flow per share
P/E	price-earnings ratio; share price divided by earnings per share
ROACE	return on average capital employed; NOPAT divided by average capital employed expressed as a percentage
R&M	Refining and Marketing including petrochemicals
t, toe	metric ton; ton(s) of oil equivalent
USD	US dollar

Annual accounts 2004

Balance sheet as of December 31, 2004

Note	Assets	2004	2003
	EUR 1,000		
1	**A. Fixed assets**		
	I. Intangible assets	–	23,689
	II. Tangible assets	10,797	1,026,640
	III. Financial assets	3,240,597	2,105,741
		3,251,394	**3,156,070**
	B. Current assets		
	I. Inventories		
	1. Raw materials and supplies	–	59,768
	2. Work in progress	–	120,298
	3. Finished goods and merchandise	–	56,011
	4. Services not yet invoiced	3	4,203
	5. Payments on account	14	604
		17	240,884
2	II. Accounts receivable and other assets		
	1. Receivables from trade	112	251,204
	2. Receivables from affiliated companies	2,049,955	1,206,209
	3. Receivables from associated companies	–	44,250
	4. Other receivables and other assets	9,598	30,735
		2,059,665	1,532,398
	III. Own shares	14,761	12,171
	IV. Securities and shares held as current assets	–	31,000
	V. Cash in hand, checks, and cash at bank	61,896	25,663
		2,136,339	**1,842,116**
	C. Deferred taxes	**22,714**	**129,374**
	D. Prepaid expenses and deferred charges	**43,949**	**5,279**
		5,454,396	**5,132,839**

Note	Liabilities	2004	2003
	EUR 1,000		
3	**A. Stockholders' equity**		
	I. Capital stock	218,100	196,290
	II. Capital reserves		
	1. appropriate	1,034,475	417,329
	2. unappropriated	334	334
	III. Revenue reserves	2,058,072	1,581,591
	IV. Treasury stock	14,761	12,171
	V. Unappropriated income thereof income brought forward in 2004: 67 (2003: 311)	131,414	107,588
		3,457,156	**2,315,303**
4	**B. Untaxed reserves**		
	1. Valuation reserve for special depreciation allowances	5,669	39,629
	2. Other untaxed reserves	17,572	13,634
		23,241	**53,263**
5	**C. Provisions**		
	1. Provisions for severance payments	3,354	69,565
	2. Provisions for pensions	–	379,648
	3. Provisions for taxes	27,846	–
	4. Other provisions	25,390	206,530
		56,590	**655,743**
6	**D. Liabilities**		
	1. Bonds	800,000	250,000
	2. Amounts due to banks	301,282	315,363
	3. Payments received on account	–	2,433
	4. Accounts payable from trade	71,364	170,087
	5. Accounts payable to affiliated companies	556,568	644,228
	6. Accounts payable to associated companies	73	11,482
	7. Other liabilities	188,122	509,413
		1,917,409	**1,903,006**
	E. Deferred decommissioning and restoration expenses	–	**194,234**
7	**F. Deferred income**	–	**11,290**
		5,454,396	**5,132,839**
8	Contingent liabilities	539,612	688,980

Statement of income

Note	EUR 1,000	2004	2003
	1. Sales including petroleum excise tax	**46,284**	**4,660,633**
	2. Petroleum excise tax	—	(1,613,438)
9	**3. Subtotal of items 1 to 2 (Sales)**	**46,284**	**3,047,195**
	4. Changes in inventories of finished products, work in progress, and services not yet invoiced	(175)	17,690
	5. Other own work capitalized	—	14,092
10	6. Other operating income	19,765	78,448
11	7. Cost of materials and services	(5,013)	(2,149,175)
12	8a. Personnel expenses	(17,729)	(240,558)
13	8b. Expenses for severance payments and pensions	(2,790)	(47,553)
	9. Depreciation and amortization	(888)	(115,758)
14	10. Other operating income	(69,697)	(357,096)
	11. Subtotal of items 3 to 10 (Earnings before interest and tax)	**(30,243)**	**247,285**
15	12. Income from equity interests thereof affiliated companies 630,837 [2003: 296,462]	633,150	302,826
	13. Income from other securities and loans shown under financial assets thereof affiliated companies 47,534 [2003: 9,867]	52,000	17,056
	14. Other interest and similar income thereof affiliated companies 30,436 [2003: 2,997]	33,675	5,378
	15. Income from the disposal and write up of financial assets and securities held as current assets	525	27,271
16	16. Expenses arising from financial investments and securities held as current assets	(70,950)	(6,632)
	17. Interest and similar expenses thereof affiliated companies 34,879 [2003: 48,087]	(67,357)	(89,806)
	18. Subtotal of items 12 to 17 (Financial items)	**581,043**	**256,093**
	19. Income from ordinary activities	**550,800**	**503,378**
17	20. Taxes on income	22,209	(21,612)
	21. Net income for the year	**573,009**	**481,766**
	22. Reversal of untaxed reserves	996	14,939
	23. Allocation to untaxed reserves	(17,550)	(1,227)
	24. Allocation to revenue reserves	(425,108)	(388,201)
	25. Income brought forward	67	311
	26. Unappropriated income	**131,414**	**107,588**

Statement of untaxed reserves

EUR 1,000	As of Jan. 1, 2004	Spinn-off/ contribution	Additions/ Consump-tions	Reversals	As of December 31, 2004
Valuation reserve for special depreciation allowances					
1. Intangible assets					
1. Concessions, patents, similar rights and licenses	182	(182)	—	—	—
II. Tangible assets					
1. Land and buildings	35,314	(28,657)	(988)	—	5,669
2. Plant and equipment	46	(46)	—	—	—
III. Financial assets					
1. Investments in affiliated companies	3,997	(3,997)	—	—	—
2. Securities	90	(90)	—	—	—
	4,087	(4,087)	—	—	—
	39,629	**(32,972)**	**(988)**	—	**5,669**
Other untaxed reserves					
1. Investment allowance under section 10 Income Tax Act					
1997	13	(13)	—	—	—
1998	—	—	—	—	—
1999	60	(60)	—	—	—
2000	13,561	(13,532)	(7)	(1)	21
	13,634	**(13,605)**	**(7)**	**(1)**	**21**
2. Transfer reserve under section 12 Income Tax Act	—	—	17,550	—	17,550
	53,263	**(46,577)**	**16,555**	**(1)**	**23,240**

Statement of fixed assets under section 226 para 1 ACC

EUR 1,000	As of Jan. 1, 2004	Spinn-off / contribution	Additions
I. Intangible assets			
1. Concessions, patents similar rights and licenses	85,070	(85,066)	—
2. Goodwill	10,761	(10,761)	—
	95,831	(95,827)	—
II. Tangible assets			
1. Land and leasehold rights and buildings, including buildings on third-party land	646,810	(601,402)	—
2. Plant and equipment	2,531,197	(2,529,099)	—
3. Other fixed assets, tools and equipment	650,592	(644,744)	356
4. Payments on account and assets under construction	77,261	(77,261)	—
	3,905,860	(3,852,506)	356
III. Financial assets			
1. Investments in affiliated companies	1,370,964	(44,177)	1,504,855
2. Loans to affiliated companies	448,404	—	69,400
3. Investments	633,381	(421,841)	42,293
4. Loans to associated companies	77,158	—	—
5. Securities (loan stock rights) of fixed assets	151,518	(96,665)	12,723
6. Other loans	6,074	(1,836)	3,650
	2,687,499	(564,519)	1,623,921
	6,689,190	**(4,512,852)**	**1,633,277**

Transfers	Disposals	As of Dec. 31, 2004	Writeups 2004 [1]	Depreciation (cumulative)	Net book value as of Dec. 31, 2004	Net book value as of Dec. 31, 2003	Depreciation	Other depreciaition 2004
—	—	4	—	4	—	23,660	—	—
—	—	—	—	—	—	29	—	—
—	—	4	—	4	—	23,689	—	—
—	24,369	21,039	—	11,366	9,673	273,283	403	—
—	496	1,602	—	1,578	24	547,516	22	—
—	742	5,462	—	4,361	1,101	128,580	464	—
	—	—	—	—	—	77,261	—	—
—	25,607	28,103		17,305	10,798	1,026,640	889	—
50,000	—	2,881,642	—	277,624	2,604,018	866,360	—	57,066
(42,842)	175,399	299,563	32,562	24,550	275,013	398,768	—	5,600
—	—	253,833	—	—	253,833	621,284	—	—
(77,158)	—	—	—	—	—	77,158	—	—
—	33,400	34,176	—	4,266	29,910	136,433	—	303
70,000	9	77,879	4	56	77,823	5,738	—	—
—	208,808	3,547,093	32,566	306,496	3,240,597	2,105,741	—	62,969
—	**234,415**	**3,575,200**	**32,566**	**323,805**	**3,251,395**	**3,156,070**	**889**	**62,969**

[1] included in item 13 of statement of income

Notes to the accounts

The accounts of OMV Aktiengesellschaft as of December 31, 2004 have been drawn up in accordance with the Austrian Commercial Code (ACC) in the current version.

In the interests of clarity, some items of the balance sheet and income statement have been aggregated. The detailed disclosures are shown in the notes to the accounts.

The **income statement** is presented according to the total cost format.

The annual financial statements were prepared in euro (EUR).

The accounts are presented in units of one thousand euro (EUR 1 thousand).

On May 18, 2004 the Stockholders' Meeting of OMV Aktiengesellschaft resolved to reorganize the Company into a holding company, thereby transforming the Exploration and Production, and Refining and Marketing segments into independent subsidiaries.

Exploration & Production business comprised Exploration & Production International and Exploration & Production Austria. Ownership of the Exploration & Production International operation was transferred from OMV Aktiengesellschaft to OMV Exploration & Production GmbH in accordance with Article III Reorganization Tax Act. The transfer of the assets was at book value. It was registered on June 30, 2004, the effective date being December 31, 2003.

Exploration & Production Austria was demerged from OMV Aktiengesellschaft with effect from December 31, 2003 in order to permit its merger with OMV Austria Exploration & Production AG, in accordance with the Demerger and Reorganization Tax Acts. The assets were transferred at book value. The demerger was registered on June 23, 2004. The Stockholders' Meeting of OMV Austria Exploration & Production AG resolved on June 28, 2004 to transform that company into a GmbH (privately held corporation). This change in the company's legal form was registered on July 1, 2004. OMV Austria Exploration & Production GmbH is a wholly owned subsidiary of OMV Exploration & Production GmbH, and is included in consolidation. There are also corporate income tax and sales tax consolidation, and profit and loss pooling agreements with this company.

The Exploration & Production International business acquires hydrocarbon exploration, development, production and processing rights globally.

The Exploration & Production Austria business engages in all activities relating to hydrocarbon exploration, development, production and processing in Austria, marketing of the production and the operation of underground storage facilities.

The Refining & Marketing business was demerged from OMV Aktiengesellschaft with effect from December 31, 2003 in order to permit its merger with OMV Refining & Marketing AG, in accordance with the Demerger and Reorganization Tax Acts. The assets were transferred at book value. The demerger was registered on June 23, 2004. The Stockholders' Meeting of OMV Refining & Marketing AG resolved on June 28, 2004 to transform that company into a GmbH (privately held corporation). This change in the company's legal form was registered on July 1, 2004.

The Refining & Marketing business engages in all activities relating to all production stages of hydrocarbon processing and the production of operating supplies, and the marketing and storage of these products.

OMV Exploration & Production GmbH and OMV Refining & Marketing GmbH are wholly owned subsidiaries of OMV Aktiengesellschaft domiciled in Vienna, and are included in the latter's consolidation. There are also corporate income tax and sales tax consolidation, and profit and loss pooling agreements with these companies.

Subsequent to the above demerger and transfer transactions, the remaining assets of OMV Aktiengesellschaft are as follows:

Remaining assets of OMV Aktiengesellschaft

	OMV AG	OMV R&M	OEPA	OMV E&P	OMV AG
	Closing balance sheet as of Dec. 31, 2003	Transfer balance sheet as of Jan. 1, 2004	Transfer balance sheet as of Jan. 1, 2004	Opening balance sheet as of Dec. 31, 2003	Remaining assets as of Jan. 1, 2004 following demergers and transfer
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
ASSETS					
A. Fixed assets	3,099,314	1,641,586	211,237	177,898	1,068,593
Investment in OMV R&M	200	—	—		636,429
Investment in OMV E&P	56,556	—	—	31,508	253,932
Investment in OEPA	—	—	—		
B. Current assets	1,842,116	734,196	80,071	475,656	552,193
Receivables from OMV R&M arising from demerger	—	—	—	—	1,094,591
Receivables from OMV E&P arising from demerger	—	—	—	—	279,159
C. Deferred taxes	129,374	58,737	11,195	2,465	56,977
D. Prepaid expenses and deferred charges	5,279	2,885	222	—	2,172
	5,132,839	2,437,404	302,725	687,527	3,944,046
LIABILITIES					
A. Stockholders' equity					
I. Capital stock	196,290	—	—	—	196,290
II.1. Appropriated capital reserves	417,329	—	—	—	417,329
II.2. Unappropriated capital reserves	334	636,229	31,508	197,376	334
III. Revenue reserves	1,581,591	—	—	—	1,581,591
IV. Treasury stock	12,171	—	—	—	12,171
V. Unappropriated income	107,588	—	—	—	107,588
	2,315,303	636,229	31,508	197,376	2,315,303
B. Untaxed reserves	53,263	41,892	4,665	19	6,686
C. Provisions	655,743	132,167	46,673	9,977	466,926
D. Liabilities	1,903,006	510,582	36,297	200,996	1,155,131
Liability of OMV R&M arising from demerger	—	1,094,591	—	—	—
Liability of OPEX arising from demerger	—	—	—	279,159	—
E. Deferred decommissioning and restoration expenses	194,234	10,652	183,582	—	—
F. Deferred income	11,290	11,290	—	—	—
	5,132,839	2,437,404	302,725	687,527	3,944,046

Effective January 1, 2004, 308 employees of OMV Aktiengesellschaft were transferred to OMV Solutions GmbH by way of a partial transfer of an undertaking under the Employment Law Harmonization Act. Personnel provisions for these employees were transferred. This is reflected in the presentation of the remaining assets of OMV Aktiengesellschaft.

Accounting and valuation principles

Intangible and tangible fixed assets are capitalized at acquisition and production cost and depreciated on a straight-line basis.

Scheduled straight-line depreciation is largely based on the following useful economic lives:

Category	Useful life
Buildings	10-50 years
Plant and equipment	4-20 years
Other fixtures and fittings, tools and equipment	4-25 years

In accordance with the relevant fiscal law provisions, a whole year's depreciation is recognized for **additions** in the first half of the year, and half a year's depreciation for additions in the second half.

Sustained and material **impairments** of fixed assets in excess of scheduled depreciation are recognized by unscheduled depreciation.

Minor assets are capitalized and fully depreciated in the year of acquisition.

Investments are carried at acquisition cost less any permanent, material impairment. Securities held as fixed assets are carried at the lower of cost or market value at balance sheet date. **Write-ups** of EUR 190,558 thousand for equity investments up to December 31, 1997 were unrecorded.

Accounts receivable and other assets are stated at acquisition cost. Non-interest bearing receivables with maturities of over one year are discounted. Receivables denominated in foreign currency are stated at the lower of acquisition cost or the European Central Bank (ECB) exchange rate at balance sheet date. Receivables denominated in currencies of European Monetary Union member states are valued at the respective irrevocably fixed exchange rates. All recognizable risks are accounted for by valuation allowances.

In the year under review **deferred taxes** arising from temporary differences were recognized pursuant to section 198 (9–10) ACC in the interests of presenting a true and fair view of assets. Current deferred taxes are reported under the "Taxes on income" item.

Deferred taxes are now valued at 25% rather than 34% as a result of changes effected by the Austrian government. The resultant negative income effect amounted to EUR 8,177 thousand.

From the 2004 financial year onwards OMV Aktiengesellschaft has been charging the corporate income tax applicable to companies included in tax pooling arrangements on to those companies. The deferred tax assets attributable to companies included in tax pooling were transferred to those companies as of January 1, 2004. The amounts in question were as follows: OMV Solutions GmbH EUR 3,224 thousand; OMV Refining & Marketing GmbH EUR 58,737 thousand; OMV Exploration & Production GmbH EUR 2,465 thousand; OMV Austria Exploration & Production GmbH EUR 11,195 thousand.

Provisions for **severance payments** are calculated according to the discounted standard entry age method. The discount rate applied is 3.5%. Contributions for employees who joined the Company after December 31, 2002 are paid to an external pension fund. These are recorded as expenses for severance payments.

Pension obligations are met by payments to an external pension fund. These payments are reported as expenses for pensions.

In connection with its reorganization into a holding company, OMV Aktiengesellschaft transferred the remaining obligations in respect of the provisions for pensions, as well as all the severance payment provisions and liabilities to the successor companies, OMV Refining & Marketing GmbH and OMV Exploration & Production GmbH with effect from January 1, 2004. OMV Aktiengesellschaft is continuing to process all payments to former employees and pensioners. As of December 31, 2004, the provisions for pensions and bridging payments to former employees were divided among the successor companies as follows:

OMV Exploration & Production GmbH	EUR 233,202 thousand
OMV Gas GmbH	EUR 20,958 thousand
OMV Refining & Marketing GmbH	EUR 335,072 thousand

A total of EUR 35,141 thousand in deferred tax assets associated with these obligations were transferred at the same time.

The provisions **for jubilee payments** are calculated according to the standard entry age method, applying a discount rate of 3.5% and the tables for salaried staff of the Austrian Association of Actuaries (AVÖ 1999-P).

Provisions are formed for all risks recognizable in the light of sound commercial judgement and contingent liabilities.

Liabilities are stated at the higher of nominal value or the amount repayable. Liabilities denominated in foreign currency are stated at the lower of acquisition cost or the exchange rate at balance sheet date. Liabilities denominated in currencies of European Monetary Union member states are valued at the irrevocably fixed exchange rates.

Stock option plan

On the basis of resolutions of the respective annual stockholders' meetings, since 2000 the Company has established long-term remuneration plans for the Executive Board and certain senior executives of the Group. Under these plans the above persons are granted options to acquire OMV stock (or cash appreciation rights) at preferential terms subject to own investments, on condition that the Company's share price rises by at least 15%.

The options entitle holders to subscribe to OMV stock at a fixed exercise price or to request payment of the difference between the share price on the exercise date and the exercise price if the OMV share price is at least 15% higher than the exercise price at the time of exercise. Within the exercise period, exercise is possible only within given periods (exercise windows).

At the times of award the plans were as follows:

Main conditions	2004 plan	2003 plan	2002 plan	2001 plan	2000 plan
Plan commencement	Sept. 1, 2004	Sept. 1, 2003	July 1, 2002	July 1, 2001	July 1, 2000
Plan expiration	Aug. 31, 2011	Aug. 31, 2008	June 30, 2007	June 30, 2006	June 30, 2005
Holding period	2 years	2 years	2 years	2 years	2 years
Exercise price	EUR 163.68	EUR 104.04	EUR 100.90	EUR 103.92	EUR 91.43
Number of options per own share held	15	15	10	10	10
Eligibility conditions:					
- own investment, Executive Board	398 shares[1]	560 shares[1]	595 shares[1]	420 shares	477 shares
- own investment, senior executives	133 shares[1]	186 shares[1]	199 shares[1]	140 shares	159 shares
Number of options granted					
Executive Board members:					
Davies	5,970	8,400	5,950		
Langanger	5,970	8,400	4,460		1,590
Roiss	5,970	8,400	5,950	4,200	4,770
Ruttenstorfer	5,970	8,400	5,950	4,200	4,770
Total, Executive Board	**23,880**	**33,600**	**22,310**	**8,400**	**11,130**
Former Executive Board members:					
Peyrer-Heimstätt				4,200	4,770
Schenz				4,200	4,770
Total, former Executive Board members				**8,400**	**9,540**
Total, other senior executives	50,430	28,605	13,430	25,200	31,800
Total no. of options granted	**74,310**	**62,205**	**35,740**	**42,000**	**52,470**
Plan threshold – share price of	**EUR 188.23**	**EUR 119.65**	**EUR 116.04**	**EUR 119.51**	**EUR 105.14**[2]

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

[2] and 15% increase in ROACE compared to 1999

Eligibility for participation in the stock option plans is subject to the following conditions:

1. Own investments must be held at plan commencement and for the entire period until redemption.
2. For all plans, the number of shares participants are required to hold is calculated by dividing the maximum permitted own investment by the average price of the stock in the month of May in the year of issue. The exercise of options on 25%, 50% or 75% of the maximum holding is permitted under the 2002 and 2003 and 2004 plans.
3. In the event of the disposal of participants' own equity interests the option rights are forfeited. The options are not transferable and lapse if not exercised.
4. The exercise price for the 2000, 2001 and 2002 plans is the average price for the month of May in the year of issue; for the 2003 and 2004 plans it is the average price for the period from May 20 to August 20.
5. Provided that the plan thresholds have been attained the options can be exercised during the 20 trading days after publication of quarterly reports (exercise window.) Evidence of participants' own investment in the Company must be furnished when exercising an option. The options may be exercised by acquiring the optioned shares, or by requesting payment of the difference between the current share price and the exercise price in the form of cash or shares.

The following table summarizes movements in options under the stock option plans for the 2003 and 2004 financial years:

	2004		2003	
	Options exercised	Weighted average exercise price	Options exercised	Weighted average exercise price
	Number	EUR	Number	EUR
Outstanding options as of Jan. 1	129,705	102.51	130,210	98.06
Options granted	74,310	163.68	62,205	104.04
Options exercised	(52,380)	101.13	(61,310)	94.57
Lapsed options	—	—	(1,400)	103.92
Outstanding options as of Dec. 31	151,635	132.97	129,705	102.51
Exercisable at year end	15,120	101.02	6,560	91.43
Weighted average fair value of the options granted during the period under review		48.51		14.18

During the year under review 52,380 options granted under the 2000, 2001 and 2002 plans were exercised. In all cases the difference between the current share price and the exercise price was paid; the amount due in respect of 3,330 options was paid in shares.

	2004		2003	
Exercise of options by plan participants	Options exercised	Average exercise price	Options exercised	Average exercise price
	Number	EUR	Number	EUR
Executive Board members:				
Davies	—	—	—	—
Langanger	4,460	100.90	1,590	91.43
Roiss	7,530	102.58	4,770	91.43
Ruttenstorfer	4,200	103.92	4,770	91.43
Total, Executive Board	**16,190**	**102.47**	**11,130**	**91.43**
Former Executive Board members:				
Peyrer-Heimstätt	—	—	8,970	97.28
Schenz	4,200	103.92	4,770	91.43
Total, former Executive Board members	**4,200**	**103.92**	**13,740**	**95.25**
Total, other senior executives	31,990	100.09	36,440	95.27
Total number of options exercised	**52,380**	**101.13**	**61,310**	**94.57**

Compensation expense arising from the exercise of options, which was reported under personnel expenses, amounted to EUR 415 thousand (2003: EUR 912 thousand) under the 2000 plan, EUR 1,135 thousand (2003: EUR 252 thousand) under the 2001 plan, and EUR 1,784 thousand under the 2002 plan.

As of December 31, 2004 outstanding options under the various plans were as follows:

Plan	Exercise price	Outstanding options	Maturities in years	Exercisable at year end
2001	103.92	600	1.5	600
2002	100.90	14,520	2.5	14,520
2003	104.04	62,205	3.7	—
2004	163.68	74,310	6.4	—
		151,635		15,120

Valuation of the options is according to the Black-Scholes model. The fair value as of December 31, 2004 is calculated on the basis of outstanding options, while the fair value as of the time of award is based on all options issued. Assuming that the conditions are fulfilled during the exercise period, the fair market value of the stock option plans is as follows:

	2003 plan	2003 plan	2002 plan	2001 plan	2000 plan
Valuation as of	**Dec. 31, 2004**	**Dec. 31, 2004**	**Dec. 31, 2004**	**Dec. 31, 2004**	
Total market value (EUR 1,000)	5,411	6,944	1,665	68	
Calculation variables:					
- Market price of the stock in EUR	221.69	221.69	221.69	221.69	Exercised
- Risk-free interest rate	3.46%	3.01%	2.73%	2.54%	
Term of the options (inc. holding	6.7 years	3.7 years	2.5 years	1.5 years	
period)	3.2	4.5%	4.5%	4.2%	
- Average dividend yield	22%	22%	22%	22%	
- Stock price volatility					
Valuation at time granted	**Sept.1, 2004**	**Sept.1, 2003**	**July 1, 2002**	**July 1, 2001**	**July 1, 2000**
Total market value (EUR 1,000)	3,605	882	541	743	1,080
Calculation variables:					
- Market price of the stock in EUR	185.6	105.7	100.0	102.2	90.6
- Risk-free interest rate	3.83%	3.7 %	4.8%	5.25%	5%
- Term of the options (incl. holding period)	7 years	5 years	5 years	5 years	5 years
- Average dividend yield	3.2	4.8 %	4.6%	4%	4%
- Stock price volatility	22%	21%	21%	21%	28%

As of the end of 2004, some 134,615 own shares were held to satisfy 151,635 options. As the value of the options was covered by the fair value of the treasury share it was not necessary to form a provision. In 2003 a provision of EUR 114 thousand was set up for a shortfall in backing for plans.

Notes to the balance sheet

1 Fixed assets

In the year under review fixed assets were itemized in accordance with minimum statutory requirements.

The "Land and buildings" item includes land valued at EUR 6,193 thousand (2003: EUR 77,925 thousand).

Liabilities arising from the use of off-balance sheet fixed assets were as follows:

EUR 1,000	2004	2003
Maturing in one year	1,145	14,836
Maturing within the next 5 years	4,850	53,261

Loans with maturities of up to one year amounted to EUR 35,078 thousand (2003: EUR 45,928 thousand), of which loans to affiliated companies accounted for EUR 35,068 thousand (2003: EUR 45,219 thousand).

2 Accounts receivable and other assets

EUR 1,000	2004		2003	
	< 1 year	> 1 year	< 1 year	> 1 year
Receivables from Accounts payable from trade	112	–	251.204	–
Receivables from affiliated companies	2,049,955	–	900,187	306,022
[whereof trade]	[2,526]	[–]	[160,073]	[–]
Receivables from associated companies	–	–	44,250	–
[whereof trade]	[–]	[–]	[42,888]	[–]
Other receivables and assets	9,598	–	30,715	20
Total	**2,059,665**	–	**1,226,356**	**306,042**

None of the receivables is secured by bills of exchange.

"Other receivables and assets" includes some EUR 472 thousand in income due after balance sheet date. This relates to interest on securities.

3 Stockholders' equity

The **capital stock** of OMV Aktiengesellschaft consists of 30,000,000 (2003: 27,000,000) shares of no par value with a total value of EUR 218,100 thousand (2003: EUR 196,290 thousand).

The 2004 Annual Stockholders' Meeting revoked the authorization granted to the Executive Board in 2001 to increase the capital stock by up to EUR 58,160,000 (eight million shares) against cash or contribution in kind. At the same time the Board was authorized to issue convertible bonds with a nominal value of EUR 600,000 thousand during the period up to May 17, 2009, convertible into a maximum of 3,000,000 bearer shares. The Board was also authorized to increase the Company's capital stock by issuing common shares up to a maximum value of EUR 58,160,000 (corresponding to 8,000,000 common shares) up to May 17, 2009. Exercise of the conversion options attached to the bonds is to be counted against the eight million authorized shares.

On December 22, 2004, 3,000,000 common shares were issued at a price of EUR 219.00. The expenses arising from the capital increase recognized during the period were EUR 22,160 thousand.

The effects on the Company's capital stock of the capital increase and issuance of the convertible bonds were as follows:

EUR 1,000	Common share issue	Convertible bond issue	Total
Increase in capital stock	21,810	–	21,810
Increase in appropriated capital reserves	635,190	35,921	671,111
Total	**657,000**	**35,921**	**692,921**

With the approval of the annual stockholders' meetings for the respective years, the following repurchases of **own shares** were made in connection with the introduction of stock option plans:

Year	Amount	Nominal value in EUR	Acquisition cost in EUR
2000	70,000	508,900	6,478,671
2001	26,000	189,020	2,729,256
2002	35,760	259,975	3,532,666
2003	19,952	145,051	2,127,358
2004	18,284	132,925	3,357,735
Total	**169,996**	**1,235,871**	**18,225,686**

The following treasury shares were resold in order to adjust holdings to the requirements of the stock option plans:

Year	Amount	Nominal value in EUR	Proceeds in EUR	Result in EUR
2002	1,590	11,559	148,241	(3,424)
2003	25,961	188,736	3,102,256	628,264
2004	7,830	56,924	1,145,611	378,061
Total	**35,381**	**257,219**	**4,396,108**	**1,002,901**

The book value of the remaining 134,615 shares (2003: 124,161 shares) was EUR 14,761 thousand at balance sheet date (2003: EUR 12,171 thousand) and is disclosed as a separate item.

The bonds issued were as follows:

	Nominal value	Coupon	Redemption	Dec.31, 2004 EUR 1,000	Dec.31,2003 EUR 1,000
Domestic industrial bond	EUR 250,000,000	3.75% fixed	June 30, 2010	250,000	250,000
Convertible bond	EUR 550,000,000	1.50% fixed	Nov. 19, 2008	550,000	–
Total				**800,000**	**250,000**

During the year under review 1,793,868 convertible bonds maturing on November 19, 2008 were issued. Holders are entitled to convert the bonds into common stock at a ratio of 1:1 from January 1, 2005 until November 19, 2008. There are predetermined lockout periods during these period. From January 1, 2007 onwards the Company may redeem the convertible bond if the stock price averages 125% of the conversion price on 20 days within the 30 trading days redemption notice period.
The Company may redeem at any time if the nominal value of the convertible bonds in circulation falls below 10% of the original issuing volume.

The issuing price (conversion price) was EUR 306.60, bringing the Company total proceeds of EUR 550,000 thousands. The equity component of the convertible bond, amounting to EUR 35,921 thousand, is reported as a discount under “Prepaid expenses and deferred charges”. Reversal of the discount, which will be reported as interest expense, will be carried out on a systematic basis over the duration of the bond.

4 Untaxed reserves

Changes in untaxed reserves increased the “Taxes on income” item by EUR 5,631 thousand in the year under review.

5 Provisions

”Other provisions” largely consisted of the following:

EUR 1,000	2004	2003
Decommissioning and restoration costs	—	7,652
Compulsory crude inventories	—	57,206
Personnel provisions	3,717	134,636
Other provisions	21,672	7,036
Total	**25,389**	**206,530**

“Other provisions” chiefly relate to uninvoiced costs of the capital increase, capital tax and total consulting expenses of EUR 15,267 thousand.

6 Liabilities

EUR 1,000	2004		2003	
	< 1 year	> 1 year	< 1 year	> 1 year
Bonds	—	800,000	—	250,000
Long-term special financing	36	10	—	46
Liabilities due to banks	28,934	272,302	60,885	254,431
Payments received on account	—	—	2,433	—
Accounts payable from trade	65,652	5,712	169,315	772
Accounts payable to affiliated companies	260,440	296,128	348,105	296,123
[whereof trade]	[2,912]	[—]	[111,459]	[—]
Accounts payable to associated companies	73	—	3,467	8,015
[whereof trade]	[—]	[—]	[906]	[—]
Other liabilities	187,587	534	374,506	134,907
[whereof taxes]	[181,662]	[—]	[318,616]	[—]
[whereof social security expenses]	[122]	[—]	[3,761]	[—]
Total	**542,722**	**1,374,686**	**958,711**	**944,294**

"Other liabilities" include personnel separation expenses and interest expense of which EUR 5,713 thousand are due after balance sheet date (2003: EUR 312,469 thousand) in the year under review.

Liabilities with maturities of more than five years amount to EUR 450,000 thousand (2003: EUR 388,138 thousand) in the year under review. These relate to amounts due to banks (EUR 200,000 thousand) and liabilities arising from the bond issue (EUR 250,000 thousand).

Securities with a book value of EUR 27,190 thousand have been pledged against borrowings of EUR 24,500 thousand.

7 Accrued decommissioning and restoration costs

EUR 1,000	2004	2003
Oil, gas and storage wells	—	147,768
Above-ground equipment	—	31,797
Filling stations	—	10,261
Landfills	—	4,408
Total	—	**194,234**

8 Contingent liabilities under section 199 ACC

"Contingent liabilities" are as follows:

EUR 1,000	2004	2003
Garanties	539,612	628,904
[whereof for affiliated companies]	[450,401]	[565,177]
Notes payable	—	—
[whereof for affiliated companies]	[—]	[—]
Other	—	60,076
[whereof for affiliated companies]	[—]	[60,076]
Total	**539,612**	**688,980**
[whereof for affiliated companies]	**[450,401]**	**[625,253]**

OMV Aktiengesellschaft has given an undertaking to OMV Clearing und Treasury GmbH, which runs the Group's clearing operations, to maintain its liquidity for the duration of its membership of the Group.

OMV Aktiengesellschaft is liable for redemption of the USD 320 mn (EUR 253,365 thousand) bond issue by OMV (U.K.) Limited.

In connection with the disposal of Chemie Linz GmbH (now DSM Chemie Linz) the Company assumed liability for contingent environmental liabilities.

In connection with the disposal of PCD Polymere GmbH the Company assumed, *inter alia*, liability for contingent environmental liabilities. The total amount of the contingent liabilities in question is limited to EUR 101.7 mn.

As of the balance sheet the Company was not aware of any claims arising from the above disposals.

The following **other financial commitments** are not reported as liabilities or contingent liabilities:

OMV Aktiengesellschaft has issued guarantees and letters of comfort on behalf of certain exploration, production and distribution companies in respect of the fulfillment of concession and license agreements, and of various other agreements of indeterminate amount. In connection with the disposal of PCD Polymere GmbH, OMV Aktiengesellschaft has taken out an option to acquire real estate owned by PCD in Schwechat.

Subsequent to the transfer to successor companies of liability for pensions, additional contributions to rectify shortfalls in the funding of obligations transferred to external pension funds, and bridging payments to separated employees, OMV Aktiengesellschaft continues to be liable for the disbursement of these amounts.

Until 2005 the shareholders of Ferngas Beteiligungs-Aktiengesellschaft are entitled to require OMV Aktiengesellschaft to purchase their shares.

A USD/EUR swap with a nominal value of USD 137,580 thousand (EUR 101,678 thousand) was concluded as a short-term hedge for foreign currency holdings. The difference of EUR 981 thousand from the fair value is carried as a liability.

In connection with shares of captive-insurances in case of termination of membership a withdrawal – premium has to be paid. Per end of 2004 this withdrawal – premium would amount to EUR 11.857 thousand.

Notes to the statement of income

9
Sales

EUR 1,000	2004	2003
Domestic	46,041	2,577,661
Exports from Austria	—	348,330
Foreign	243	121,204
Total	**46,284**	**3,047,195**

As OMV Aktiengesellschaft has been operating as a holding company since January 1, 2004, most of the sales consist of corporate charges paid by the successor companies.

10
Other operating income

EUR 1,000	2004	2003
Income from the disposal and write-up of fixed assets other than financial assets	18,264	3,844
Income from the reversal of provisions	851	20,402
Other	650	54,202
Total	**19,765**	**78,448**

In 2004 income from the disposal of fixed assets chiefly related to the sale of office buildings.

11
Cost of materials and services

EUR 1,000	2004	2003
Expenses for materials	183	2,053,140
Expenses for services	4,830	96,035
Total	**5,013**	**2,149,175**

"Expenses for materials and services" chiefly comprise expenses for temporary labor and other third-party services.

12
Personnel expenses

EUR 1,000	2004	2003
Wages	—	67,287
Salaries	14,926	131,215
Statutory social security contributions, and pay-related levies and compulsory contributions	2,146	41,562
Other expenses for employee benefits	657	494
Total	**17,729**	**240,558**

13 Expenses for severance payments and pensions

EUR 1,000	2004	2003
Expenses for severance payments	580	3,789
Payments to employee benefit funds	9	14
Pension payments and pension fund contributions	2,201	42,792
Adjustments to pension provisions	—	958
Total	**2,790**	**47,553**

"Expenses for pension payments and pension fund contributions" include EUR 447 thousand in provisions for personnel reduction programs.

The breakdown of "Expenses for severance payments and pensions" is as follows:

EUR 1,000	Severance payments	Pensions
Executive Board	17	—
Senior executives	163	663
Other employees	409	1.538

14 Other operating expenses

EUR 1,000	2004	2003
Taxes not shown under item 20	10,110	31,517
Other	59,587	325,579
Total	**69,697**	**357,096**

15 Income from investments

"Income from investments" in an amount of EUR 633,150 thousand (2003: EUR 302,826 thousand) included EUR 619,837 thousand (2003: EUR 145,497 thousand) from profit-pooling arrangements.

16 Expenses arising from financial assets and securities held as current assets

This item includes EUR 7,722 thousand in expenses arising from profit pooling arrangements (2003: EUR 1,158 thousand) and a EUR 62,666 thousand writedown of OMV Australia PTY Ltd.

17 Taxes on income

EUR 1,000	2004	2003
Current taxes	(18,017)	9,844
Deferred taxes	(4,192)	11,768
Total	**(22,209)**	**21,612**

The profit on ordinary activities attracted total tax credits of EUR 16,502 thousand, consisting of EUR 12,310 thousand in current income tax credits and EUR 4,192 thousand in deferred tax credits. Deferred tax credits of EUR 75 thousand relate to previous years.

Governing bodies and employees

The average number of employees was:

	2004	2003
Salaried staff	102	1,656
Non-salaried staff	—	1,148
Total	**102**	**2,804**

During the year under review the total remuneration of the Executive Board amounted to EUR 4,492 thousand (2003: EUR 3,782 thousand), comprising EUR 3,191 thousand (2003: EUR 3,123 thousand) in basic salaries and other remuneration, EUR 294 thousand (2003: EUR 363 thousand) in pension contributions, benefits in kind and expenses, as well as EUR 1,007 thousand from the exercise of stock options. In 2004 performance related compensation was equivalent to 135% (2003: 108%) and other remuneration to 16% (2003: 22%) of basic remuneration.

The breakdown of compensation expense[1] for members of the Executive Board is as follows:

EUR 1,000	2004	2003
Davies	648	750
Langanger	768	723
Roiss	845	790
Ruttenstorfer	930	860

[1] Compensation excluding benefits in kind, expenses, pension fund contributions and stock option plans

Total payments to former members of the Executive Board and their surviving dependents amounted to EUR 1,327 thousand (2003: EUR 1,357 thousand). The remuneration of the Supervisory Board amounted to EUR 216 thousand (2003: EUR 223 thousand) in the year under review.

Dividend recommend-dation

Unappropriated income for the 2004 financial year amounted to EUR 131,414 thousand (2003: EUR 107,588 thousand)

We recommend payment of a dividend of EUR 4.40 per share (excluding treasury stock) or EUR 131,408 thousand, and carrying forward of the remaining EUR 6 thousand.

Investments of OMV Aktiengesellschaft with an interest of at least 20%

Domestic

	Equity interest in %	Equity/(loss) incl. untaxed reserves EUR 1,000	Net income/(loss) for the year EUR 1,000
AMI Agrolinz Melamine International GmbH, Linz	100.00	104,805	19,857
OMV Energiebevorratung GmbH, Vienna	100.00	31	(1)
OMV Exploration & Production GmbH, Vienna [1]	100.00	253,947	320,791
OMV Gas GmbH, Vienna[1]	100.00	143,296	68,992
OMV Refining & Marketing GmbH, Vienna [1]	100.00	692,012	230,147
OMV Solutions GmbH, Vienna [1]	100.00	3,800	(7,722)

Non-domestic

	Equity interest in %		Equity/(loss) incl. untaxed reserves 1,000	Net income/(loss) for the year 1,000
Amical Insurance Limited, Douglas	100.00	EUR	23,962	5,097
OMV AUSTRALIA PTY LTD., Perth	100.00	AUD	(8,787)	(47,649)
OMV FINANCE LIMITED, Douglas	100.00	GBP	(9)	(9)
Societatea Nationala a Petrolului Petrom S.A., Bukarest[2]	51.00	ROL	2,964,610	—
The Rompetrol Group NV, Rotterdam [3])	25.10	EUR	—	—

[1]profit and loss pooling agreement with OMV Aktiengesellschaft
[2] figures as at November 30, 2004
[3] not available

Vienna, March 11, 2005

The Executive Board

Wolfgang Ruttenstorfer
Chairman

Gerhard Roiss
Deputy Chairman

David C. Davies

Helmut Langanger

Audit report

We have audited the annual financial statements of OMV Aktiengesellschaft, as of December 31, 2004, which were prepared in accordance with Austrian generally accepted accounting principles and the supplementary provisions of the articles of association. Our audit also included the bookkeeping of the company. These financial statements are the responsibility of the company's legal representatives. Our responsibility it to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with legal requirements and generally accepted standards on auditing applicable in Austria. These standards require us to plan and perform the audit to obtain reasonable assurance of whether the financial statements are free of material misstatements. The audit includes the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. The audit also includes an assessment of the accounting principles used and significant estimates made by the company's legal representatives, as well as an evaluation of the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion. Based on the results of our audit, we hereby award the financial statements as of December 31, 2004 and the Directors' Report for 2004 of **OMV Aktiengesellschaft, Vienna**, as shown under Financial Statements and Directors' Report the following unqualified

Audit Opinion
(in accordance with ACC section 275):

After due examination, we certify that the accounting records and the financial statements comply with the legal regulations. The financial statements give a true and fair view of the company's assets, liabilities, financial position and profitability, and are in accordance with generally accepted accounting principles in Austria. The Directors' Report corresponds with the financial statements.

Vienna, March 11, 2005

DELOITTE TOUCHE TOHMATSU
WirtschaftsprüfungsgmbH

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