Petrom Investor News

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Petrom Group: solid results[1] for Q2 and January – June 2010 in a favorable crude price environment underpinned by effective management measures

- **Q2/10 results supported by favorable oil price environment and strict cost management:** as the Urals crude price rose by 32% over Q2/09, clean EBIT significantly improved compared to Q2/09, increasing more than twofold
- **Weak economic conditions continued to prevail in Q2/10, as reflected by our operational results:** total marketing sales volumes decreased by 10%, hydrocarbon production was 2% lower than in Q2/09 while consolidated gas sales increased by 6% over the same period driven by increased demand; refining margins continued to improve slightly compared to Q1/10 driven by higher middle distillate cracks
- **Outlook for 2010:** we expect a challenging second half of the year, with difficult demand conditions and a continuing volatile environment affecting the refining margin indicator and FX rates; we will sharpen our focus on streamlining our cost position and pursue the implementation of our considerable investment program, mostly directed towards E&P and G&P

Mariana Gheorghe, CEO of OMV Petrom S.A.: "During the second quarter of 2010, we continued to deliver solid results despite weakening demand conditions, thanks to our strong financial discipline, tight cost management and optimized operations. In E&P, production levels were below the levels recorded in Q2/09, as the natural decline of oil and gas production in Romania was not fully compensated by the new wells drilled and workover program. The R&M result was positive, driven by flexible refinery operations, optimization of supply in Refining as well as the improved margin environment. In G&P, our gas sales benefited from increased demand, whereas in the power business we consolidated our projects portfolio with the newly acquired wind power park in the Southeastern part of Romania. We will intensify our investment efforts and continue to sharpen our focus on cost management in order to withstand weakening market conditions. Moreover, we will prepare the implementation of the share capital increase for which we received authorization from our shareholders at the AGM on April 29, 2010 whilst pursuing the alignment with State's initiative to sell part of its stake in Petrom (11.84%)."

Q1/10	Q2/10	Q2/09	Δ%	Key performance indicators (in RON mn)	6m/10	6m/09	Δ%	2009
947	728	209	249	EBIT	1,675	539	211	1,620
942	720	302	140	Clean EBIT	1,662	626	165	2,315
913	680	65	n.m.	Clean CCS EBIT [2]	1,593	464	243	1,870
803	718	10	n.m.	Net income after minorities	1,521	347	338	860
775	677	(112)	n.m.	Clean CCS net income after minorities [2]	1,452	282	415	1,056
0.0142	0.0127	0.0002	n.m.	EPS (RON)	0.0268	0.0061	339	0.0152
0.0137	0.0120	(0.002)	n.m.	Clean CCS EPS (RON) [2]	0.0256	0.0050	412	0.0086
924	1,289	426	203	Cash flow from operations	2,213	554	299	2,726
-	-	-	n.a.	Dividend per share (RON)	-	-	n.a.	-

[1] *The financials are unaudited and represent Petrom Group's (herein after also referred to as "the Group") consolidated results prepared according to IFRS; all the figures refer to Petrom Group, unless otherwise stated; financials are expressed in mn RON and rounded to closest integer value, so minor differences may result upon reconciliation; Petrom uses the National Bank of Romania exchange rates for its consolidation process*

[2] *Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from the fuels refineries*

PETROM
Member of OMV Group

Financial highlights

Second quarter 2010 (Q2/10)

In Q2/10, results were driven by a favorable crude price environment. **The Urals crude price**, the reference oil price for Romania, was 32% higher in Q2/10 compared to the level recorded in Q2/09. The **Group reported EBIT** of RON 728 mn was, therefore, well above the level of Q2/09. **The net financial result** increased to RON 133 mn in Q2/10, being positively influenced by the FX effects due to the USD appreciation against the RON. **Net income after minorities** was RON 718 mn. **Clean CCS EBIT** increased more than tenfold to RON 680 mn. The Clean CCS EBIT is stated after eliminating net special income of RON 8 mn and inventory holding gains of RON 40 mn. **Clean CCS net income after minorities** was RON 677 mn.

In **Exploration and Production (E&P)**, clean EBIT was higher by 87% compared to Q2/09, due to the significant increase of crude prices. At 182,000 boe/day, the Group's oil and gas production was 2% lower compared to Q2/09 due to lower production in Romania.

In **Refining and Marketing (R&M)**, clean CCS EBIT improved significantly compared to Q2/09, reflecting the flexible refinery operations and the slight improvement in the margin environment compensating for the lower marketing result. Furthermore, the result was supported by an adjustment in the internal transfer price regime between E&P and R&M, which was made in order to properly reflect the high integration value of Petrom's refineries.

In **Gas and Power (G&P)**, clean EBIT was significantly lower compared to Q2/09 when the result benefited from higher margins on import quantities extracted from storage. Consolidated gas sales volumes in Q2/10 were 6% higher compared to Q2/09 due to increased gas consumption in Romania.

January – June 2010 (6m/10)

In 6m/10, results were well above last year's level, driven by the favorable crude price environment and cost management measures. **The Urals crude price** was 49% higher compared to 6m/09. The **Group reported EBIT** of RON 1,675 mn was, therefore, well above the level of 6m/09. **The net financial result** was RON 147 mn, considerably better than in 6m/09, positively influenced by FX effects due to the appreciation of USD against RON, which more than compensated the increase in interest costs. **Net income after minorities** was RON 1,521 mn, significantly improved versus the previous year. **Clean CCS EBIT** more than tripled to RON 1,593 mn. The Clean CCS EBIT is stated after eliminating net special income of RON 13 mn and inventory holding gains of RON 69 mn. **Clean CCS net income after minorities** was RON 1,452 mn.

In **Exploration and Production (E&P)**, clean EBIT was higher by 96% compared to 6m/09, due to the significant increase of crude prices. At 184,000 boe/day, the Group's oil and gas production was 3% lower compared to 6m/09 due to lower production in Romania.

In **Refining and Marketing (R&M)**, clean CCS EBIT improved notably compared to 6m/09 due to the optimization of our refinery operations and the sale of Arpechim's petrochemicals activities, which more than compensated for the lower marketing result. The higher gasoline and middle distillates cracks were fully offset by the higher cost for own crude consumption driven by the significant increase in crude price. Marketing was confronted with lower margins and lower marketing sales volumes, especially in the commercial segment.

In **Gas and Power (G&P)**, clean EBIT was significantly lower compared to 6m/09 when the result benefited from higher margins on import gas quantities extracted from storage. Consolidated gas sales volumes were 5% higher compared to 6m/09 due to increased gas consumption in Romania.

Significant events in Q2/10

On **April 15**, Petrom announced the extension of its power production projects portfolio by acquiring SC Wind Power Park S.R.L. Wind Power Park owns a fully permitted wind power generation project in Dobrogea (South-East Romania) with a designated capacity of 45 MW, which can be extended to 54 MW. Petrom will construct and operate the wind power plant, which is estimated to enter production in mid 2011.

On **April 29,** the Ordinary (OGMS) and Extraordinary (EGMS) General Meeting of Shareholders was held. At the OGMS, OMV Petrom S.A.'s Revenues and Expenditures Budget for the financial year 2010 was approved and it was decided not to distribute dividends for the financial year 2009. Mr. Mark Mobius, fund manager at Franklin Templeton Investments in Singapore, was appointed as a member of the OMV Petrom S.A. Supervisory Board succeeding Mr. Daniel Costea. The EGMS approved the delegation of the competences relating to the increase of the share capital of OMV Petrom S.A., for one year, to the Executive Board, which is authorized to carry out a share capital increase of up to a maximum of 50% of the existing subscribed capital over the period of the next year. The EGMS also approved the initiation of the spin-off of assets and liabilities related to three business units of the Marketing Division of the company. OMV Petrom S.A. intends to transfer the marketing activities in Romania, currently performed by three legal entities – OMV Petrom S.A., OMV Petrom Marketing S.R.L. and M.P. Petroleum Distribuție S.R.L. – into one single entity.

On **May 18**, Petrom announced the conclusion of a very successful offshore campaign in the Lebada Est and Lebada Vest fields, located at the Histria block in the Black Sea, using a pioneer technology in Romania. Following this offshore campaign, additional production of more than 300,000 boe is expected in 2010 from two existing wells (LO2 and LO4) and a new well drilled (LV05).

On **May 20**, Petrom announced its strategy for the next five years at the Capital Markets Day in Vienna. After a profound and successful restructuring and modernization process, Petrom aims to become the key player in the regional energy market.

On **June 1**, Petrom announced the start-up of the Hurezani gas delivery system, a project intended to optimize gas delivery into the national transportation network in periods when the pressure in the system is very high.

Outlook 2010

Globally, in 2010, we expect the oil price to remain volatile, trading conditions broadly within a range of USD 70-85/bbl. Given the volatile economic environment, we expect to see a slightly weaker EUR versus RON and USD. The market for refined products is forecast to remain challenging throughout the year 2010, despite the recovery witnessed at the beginning of the year. Marketing volumes and margins are expected to remain under pressure until the broader economy shows clearer signs of improvement.

In Romania, following the implementation of a package of austerity measures by the government, contraction in both private and public sector consumption is now expected to be much deeper. This will negatively affect GDP growth, which could contract by some 3% this year. Furthermore, the VAT rise in July could have a significant effect on private sector consumption. The labor market outlook continues to be difficult as economic recovery looks likely to occur only next year.

To help protect the company's cash flow in 2010, Petrom entered into crude oil hedges in Q2/09 for a volume of 38,000 bbl/d, securing a price floor of USD 54/bbl via the sale of a price cap of USD 75/bbl (zero-cost structure). We will continue our sizeable investment program, with a planned RON 6.9 bn investment for OMV Petrom S.A in 2010. Furthermore, we will pursue the implementation of up to EUR 600 mn share capital increase as authorized by our shareholders at the AGM on April 29, 2010 whilst pursuing the alignment with State's initiative to sell part of its stake in Petrom (11.84%).

In **E&P**, the investment efforts will intensify in the remaining part of the year with a focus on the drilling of development and production wells, well workovers, production facilities and infrastructure. Our efforts to minimize the natural decline of production will concentrate on reservoir management initiatives, infill drilling and maintaining the workovers program at around the same number of operations as in 2009. Exploration activity is expected to increase in 2010 compared with 2009. The exploration drilling program includes drilling of 11 exploration and appraisal wells, with a focus on larger, high impact prospects located in deeper, more frontier areas. The 3D seismic survey in the Moreni area is currently ongoing and will be continued throughout 2010. The 3D seismic data acquired in the Neptun deepwater offshore area explored in a joint venture with ExxonMobil will be evaluated in 2010 to identify prospects. As regards projects, the focus is on delivery of the gas de-bottlenecking project in Hurezani, field re-development projects and organizational streamlining. In Kazakhstan, the 3D seismic acquisitions in the Kultuk oilfield is expected to be finalized by the end of 2010. In Russia, the strategy for the way forward will be decided after reviewing the current position.

In **Refining**, we will pursue flexible refinery operations, optimizing crude imports. Consequently, depending on the prevailing margin and supply conditions, we will continue to operate the Arpechim refinery on an "as needed" basis during 2010. In the remaining months of 2010, we will continue the revised strategy for Petrobrazi and progress with the modernization of the crude distillation unit. In addition, we remain focused on finalizing the construction of the Brazi terminal and commencing construction of the third part of our Terminal Modernization Program, the Isalnita storage facility. In **Marketing**, the core aspects of this year's activities are the operations' optimization and efficiency increase, with a main focus on the consolidation process of the Marketing activities of Petrom Group in Romania. The significant decline in fuels demand seen at the end of 2009 intensified at the beginning of 2010; the fuels market is expected to continue to be challenging, in line with the development of the Romanian economy.

In **G&P**, we will continue the construction of the Brazi power plant which is scheduled to start operations towards the end of 2011. Moreover, we will focus on the construction of the wind power generation plant acquired in Dobrogea, estimated to be finalized in mid 2011. Through this project, Petrom intends to capitalize on the flexibility of the Brazi gas-fired power plant, benefiting from the strengths of both technologies. In the Gas business, total gas consumption in Romania is anticipated to be moderately higher in 2010 as compared to 2009. Currently, the gas price for domestic producers in Romania stands at around 40% of the import gas price. Therefore, the convergence of the domestic and imported gas price will be a priority topic in our discussions with the Romanian authorities. The pooling of the gas supply and sales activities within OMV Petrom Gas S.R.L., achieved in February 2010, will be further consolidated and optimized throughout 2010. In line with management's decision to exit non-core segments, Petrom will close Doljchim by the end of 2010 and until then will run the operations on an "as needed" basis and according to the company's integration needs. The dismantling and decontamination of the plant will be started, in compliance with European environmental standards.

At a glance

Q1/10	Q2/10	Q2/09	∆%	in RON mn	6m/10	6m/09	∆%	2009
3,934	4,409	3,458	28	Sales [1]	8,343	7,328	14	16,090
890	887	475	87	EBIT E&P [2]	1,777	906	96	2,468
16	126	(14)	n.m.	EBIT R&M	143	(294)	n.m.	(618)
72	(47)	(6)	n.m.	EBIT G&P	25	91	(73)	71
(21)	(43)	(30)	41	EBIT Co&O	(64)	(61)	4	(140)
(10)	(195)	(215)	(9)	Consolidation	(205)	(102)	101	(161)
947	**728**	**209**	**249**	**EBIT Group**	**1,675**	**539**	**211**	**1,620**
890	887	475	87	Clean EBIT E&P [2, 3]	1,777	906	96	2,685
(18)	78	(167)	n.m.	Clean CCS EBIT R&M [3]	60	(383)	n.m.	(675)
73	(47)	1	n.m.	Clean EBIT G&P [3]	26	103	(75)	158
(21)	(43)	(30)	41	Clean EBIT Co&O [3]	(64)	(61)	4	(139)
(10)	(195)	(215)	(9)	Consolidation	(205)	(102)	101	(161)
913	**680**	**65**	**n.m.**	**Clean CCS EBIT** [3]	**1,593**	**464**	**243**	**1,870**
961	861	50	n.m.	Income from ordinary activities	1,822	460	297	1,169
807	719	6	n.m.	Net income	1,526	331	360	833
803	718	10	n.m.	Net income after minorities	1,521	347	338	860
775	677	(112)	n.m.	Clean CCS net income after minorities [3]	1,452	282	415	1,056
0.0142	0.0127	0.0002	n.m.	EPS (RON)	0.0268	0.0061	339.	0.0152
0.0137	0.0120	(0.002)	n.m.	Clean CCS EPS (RON) [3]	0.0256	0.0050	412	0.0086
924	1,289	426	203	Cash flow from operations	2,213	554	299	2,726
0.0163	0.0228	0	n.m.	CFPS (RON)	0.0391	0.0098	299	0.0481
2,403	2,697	2,812	(4)	Net debt	2,697	2,812	(4)	2,614
14	15	18	(17)	Gearing (%)	15	18	(17)	16
717	1,269	921	38	Capital expenditures	1,986	2,078	(4)	4,219
-	-	-	n.a.	Dividend per share	-	-	n.a.	-
-	-	-	n.a	ROFA (%)	14.2	5.0	184	7.5
-	-	-	n.a	ROACE (%)	13.1	3.4	285	5.2
-	-	-	n.a	ROE (%)	18.0	4.1	339	5.2
27,626	26,736	31,477	(15)	Petrom Group employees at the end of the period	26,736	31,477	(15)	28,984

[1] *Sales excluding petroleum excise tax;*
[2] *Excluding intersegmental profit elimination;*
[3] *Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from the fuels refineries;*

Exploration and Production (E&P)

Q1/10	Q2/10	Q2/09	Δ%	In RON mn	6m/10	6m/09	Δ%	2009
2,279	2,372	1,781	33	Segment sales	4,651	3,653	27	8,249
890	887	475	87	EBIT [1]	1,777	906	96	2,468
0	0	0	0	Special items	0	0	0	(217)
890	887	475	87	Clean EBIT [1]	1,777	906	96	2,685

Q1/10	Q2/10	Q2/09	Δ%	Key performance indicators	6m/10	6m/09	Δ%	2009
16.68	16.54	16.79	(2)	Total hydrocarbon production (mn boe)	33.22	34.09	(3)	68.29
185,000	182,000	185,000	(2)	Total hydrocarbon production (boe/day) [2]	184,000	188,000	(3)	187,000
8.30	8.26	8.25	0	Crude oil and NGL production (mn bbl)	16.57	16.53	0	33.49
1.28	1.27	1.31	(3)	Natural gas production (bcm)	2.55	2.69	(5)	5.33
45.29	44.72	46.19	(3)	Natural gas production (bcf)	90.00	94.94	(5)	188.16
75.40	76.86	58.36	32	Average Urals price (USD/bbl)	76.12	50.99	49	61.18
69.85	66.76	48.50	38	Average Group realized crude price [3] (USD/bbl)	68.31	47.46	44	58.45
166.33	149.97	160.67	(7)	Average gas price for domestic producers in Romania (USD/1,000 cbm) [4]	157.72	155.63	1	162.38
35	53	49	7	Exploration expenditure (RON mn)	88	66	34	219
16	47	41	15	Exploration expenses (RON mn)	63	106	(41)	275
16.65	16.89	14.49	17	OPEX (USD/boe) [5]	16.77	14.60	15	15.06

[1] *Excluding intersegmental profit elimination*
[2] *Production figures in boe/day are rounded*
[3] *Realized price includes hedge result*
[4] *For detailed information see G&P section at page 9*
[5] *Starting with 2010, the calculation of production cost per boe is based on net production available for sale (i.e. exclusive of own consumption/fuel production). In Q2/10, the impact of this change led to an increase of around USD 1.30 /boe for Petrom Group*

Second quarter 2010 (Q2/10)

- **Significantly higher oil prices and the stronger USD led to an 87% increase in EBIT in Q2/10 compared to Q2/09**
- **Total oil and gas production was 2% lower compared to Q2/09, as production in Romania decreased due to natural decline not fully compensated by new wells drilled and the workover program**
- **Start-up of Hurezani gas delivery system which optimizes the delivery of gas into the national transportation network**

Segment sales increased by 33% compared to the same period of the previous year, due to the significantly improved oil price environment in Q2/10.

The Urals crude price was 32% higher in Q2/10 compared to the level recorded in Q2/09. This growth combined with a less negative contribution from the hedging activities led to an increase of the **average Group's realized crude price** by 38% to USD 66.76/bbl. An adjustment in the internal compensation price regime between E&P and R&M in Romania, in order to properly reflect the high integration value of the Romanian refineries, burdened the realized crude price.

EBIT was higher by 87% compared to Q2/09 due to the significant increase of crude prices and the positive effects arising from the strengthening of USD. EBIT was burdened to a certain extent by higher royalties, as oil prices rose and the increased depreciation following the continuing high investment level which impacted the result.

Exploration expenses were 15% higher compared to Q2/09, due to increased exploration activity. The result was slightly burdened by the negative contribution from hedges entered into Q2/09 for parts of the 2010 oil production (Q2/10: RON (12) mn), in contrast to the significantly higher negative impact in Q2/09 (RON (101) mn). As no special items were recorded in Q2/10 or Q2/09, the **clean EBIT** development was in line with the increase in reported EBIT, i.e. 87%.

Despite cost savings and positive FX-effects (RON weakened by 7% against the USD), **group production costs** in Q2/10 were 17% higher compared to Q2/09, mainly due to a new calculation method (detailed below) and lower volumes. Starting from 2010, the calculation of indicator production costs per boe is based on net production available for sale (i.e. own consumption/fuel production are excluded from the new calculation method). In Q2/10, the impact of this change led to an increase of around USD 1.30/boe for

Petrom Group. In Romania, production costs were 16.36 USD/boe, i.e. RON 53.96 /boe.

In **E&P Services**, the transformation process continued towards further integration into Petrom E&P, based on two main factors – cost stabilization/ efficiency increase and focus on core business. This further contributed to production cost reduction.

Exploration expenditure amounted to RON 53 mn in Q2/10, an increase of 7% compared to Q2/09.

Group oil, gas and NGL production was 16.54 mn boe, lower by 2% compared to the same period of 2009, as a consequence of lower production in Romania. **Total oil, gas and NGL production in Romania** amounted to 15.73 mn boe, 3% lower compared to Q2/09. Crude oil production was 7.50 mn bbl, 4% lower than the level recorded in Q2/09, mainly due to the natural decline of production not fully compensated by new wells drilled and the workover program. Gas production reached 8.23 mn boe, 3%lower compared to Q2/09. The gas production decrease was driven by the same factors that negatively impacted the oil production. Furthermore, key gas wells could not contribute to offsetting the natural decline effect due to delays in completion caused by technical reasons. **Oil and gas production in Kazakhstan** increased by 61% to 0.81 mn boe in Q2/10, mainly due to the Komsomolskoe field being brought gradually on-stream.

In Q2/10, the drilling program in Romania intensified as it registered a total number of 35 new wells drilled, which was considerably higher compared to Q2/09 (14 wells) due to the increased level of investments, higher number of rigs and increased efficiency.

The Hurezani gas de-bottlenecking system started up with the first gas delivery achieved on 29th of May. The system optimizes Petrom's gas deliveries from the fields situated in Southwestern Romania and contributes to the security of gas supply in Romania. The works included a new compressor station at Bulbuceni, 11.5 km of new connection pipeline and an upgrade of the Hurezani delivery point to meet the new gas flow and pressure parameters.

Compared to Q1/10, EBIT and clean EBIT remained at relatively the same level. Slightly higher costs, partially from the write off of an exploration well, are balanced by higher oil revenues. Group production costs slightly increased mainly due to lower production volumes. In Romania, production costs in USD/boe increased by 3% in Q2/10 compared to Q1/10. Group oil, gas and NGL production in Q2/10 decreased by 1% compared to Q1/10 due to lower production in Romania. Segment sales in Q2/10 were higher by 4% compared to the previous quarter. In Romania, total oil, gas and NGL production was 1% lower than in Q1/10, mainly due to the normal seasonal reduction in gas demand and the delay in completion of key gas wells caused by technical reasons. Crude oil and NGL production as well as gas production were 1% lower than the levels recorded in Q1/10.

January – June 2010 (6m/10)

Segment sales increased by 27% compared to the same period of the previous year, due to the improved price environment for oil in 6m/10.

The Urals crude price was 49% higher in 6m/10 compared to the level recorded in 6m/09. **The average Group's realized crude price** increased by 44% to USD 68.31/bbl, in line with the general oil price development, offset by a slightly negative contribution from hedging activities. An adjustment in the internal compensation price regime between E&P and R&M in Romania, in order to properly reflect the high integration value of the Romanian refineries, impacted the realized crude price.

EBIT was higher by 96% compared to 6m/09, due to the significant increase of crude oil prices and lower exploration expenses.

Group production costs in 6m/10 were USD 16.77/boe, 15% higher compared to 6m/09 reflecting the negative impact of lower production volumes on unit costs, FX effects (stronger RON) and the exclusion of own consumption.

Exploration expenditure amounted to RON 88 mn in 6m/10, an increase of 34% compared to 6m/09.

Group oil, gas and NGL production was 33.22 mn boe, lower by 3% compared to the same period of 2009, as a consequence of lower production in Romania. **Total oil, gas and NGL production in Romania** amounted to 31.59 mn boe, 5% lower compared to 6m/09. Crude oil production was 15.05 mn bbl, 4% lower than the level recorded in 6m/09. Gas production reached 16.54 mn boe, lower by 5% compared to 6m/09. Oil and gas production in Romania was adversely affected, in addition to the bad weather conditions in Q1/10, by the natural decline of production not fully compensated by new wells drilled and workover program and by the delay in completion of key gas wells.

Oil and gas production in Kazakhstan increased by 65% to 1.63 mn boe in 6m/10, due to the **Komsomolskoe** field being brought gradually on stream.

Refining and Marketing (R&M)

Q1/10	Q2/10	Q2/09	Δ%	in RON mn	6m/10	6m/09	Δ%	2009
2,825	3,775	3,011	25	Segment sales	6,600	5,730	15	12,701
16	126	(14)	n.m.	EBIT	143	(294)	n.m.	(618)
6	8	(85)	n.m.	Special items	14	(75)	n.m.	(389)
29	40	237	(83)	CCS effect: Inventory holding gains/losses [1]	69	164	(58)	445
(18)	78	(167)	n.m.	Clean CCS EBIT [1]	60	(383)	n.m.	(675)

Q1/10	Q2/10	Q2/09	Δ%	Key performance indicators	6m/10	6m/09	Δ%	2009
0.85	0.99	0.14	n.m.	Indicator refining margin (USD/bbl) [2]	0.92	1.42	(35)	0.02
1.08	1.08	1.40	(22)	Refining input (mn t) [3]	2.16	2.78	(22)	5.46
52	51	67	(23)	Utilization rate refineries (%)	51	67	(23)	65
0.95	0.93	1.18	(21)	Refining output (mn t) [4]	1.88	2.57	(27)	4.99
1.17	1.37	1.49	(8)	Total refined product sales (mn t) [5]	2.54	3.07	(17)	6.18
0.88	1.03	1.15	(10)	thereof Marketing sales volumes (mn t) [6]	1.91	2.27	(16)	4.67
811	804	829	(3)	Marketing retail stations	804	829	(3)	814

[1] Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from the fuels refineries caused by increasing/decreasing crude oil prices and thus offers a substantially higher transparency of the operative refinery performance
[2] The indicator refining margin is based on the international quotations for products [Augusta] and Urals crude and a standard yield set typical for Petrom's refineries
[3] Figure includes crude and semi-finished products, in line with OMV Group reporting standard
[4] Represents Refining sales volumes excluding traded goods sourced externally by Refining
[5] Includes all products sold by Petrom Group. The figure also includes marginal petrochemical sales volumes for previous periods. It also includes volumes sold to OMV Western refineries
[6] As of Q1/10, the figure excludes export sales which are included in total refined product sales. Figures for previous periods have been restated

Second quarter 2010 (Q2/10)

- **Positive results in Q2/10 driven by flexible refinery operations and optimization of crude imports as well as the improved refining margin environment**
- **Refining margins slightly improved compared to Q1/10, but significantly better than in Q2/09**
- **Weakening market conditions burdened marketing business; total marketing sales decreased by 10% compared to Q2/09 due to low demand**

Segment sales increased by 25% over Q2/09 mainly due to the higher price levels and despite lower quantities.
Clean CCS EBIT improved significantly compared to Q2/09, reflecting the flexible refinery operations and the improvement in the refining margin environment compensating for the lower marketing result. Furthermore, an adjustment in the internal transfer price regime between E&P and R&M, carried out in order to properly reflect the high integration value of Petrom's refineries, supported the result. In addition, net special income of RON 8 mn and positive CCS effects of RON 40 mn due to increased crude prices led to a reported EBIT of RON 126 mn.
The **Refining** result was driven by optimization of supply in Refining and flexible operations at our refineries, with Arpechim functioning on an "as needed" basis and with no crude imports being made.
The increase of the indicator **refining margin** in Q2/10 to USD 0.99/bbl compared to USD 0.14/bbl in Q2/09 was mainly caused by the improvement in middle distillates cracks, positively impacted by the "maintenance season" among European refiners. Although cracks recovered in Q2/10 compared to last year, overall levels still remain low. Diesel cracks improved considerably compared to Q2/09, while gasoline cracks are slightly better than the comparable period of last year.
During Q2/10, the **utilization rate** of our refineries was maintained at a low level (51%), with the Arpechim refinery being in economic shutdown throughout June and the Petrobrazi refinery in a planned cycle-end turnaround for approximately one month. The turnaround at Petrobrazi represented a significant effort involving over 0.75 million man-hours, out of which over 0.50 million work hours were performed by contractors only. The works were completed at the beginning of May.

The total quantity of **refining input** was 22% lower compared to Q2/09, with imported crude oil processed out of the remaining stock, representing only 2% of the total quantity of crude processed in Q2/10 as compared to 14% in the same period of last year. **Total refining output** in Q2/10 was 21% lower than in Q2/09 and **total refined product sales** in Q2/10 were 8% lower than in Q2/09 due to optimized refinery operations.

The **clean marketing result** was considerably below the level recorded in Q2/09, mainly due to lower margins and lower **marketing sales volumes**.

Total group marketing sales stood at 1,032 kt, down 10% compared to Q2/09, primarily driven by the steep decrease of commercial sales volumes due to the weakening demand in a generally unfavorable economic environment. Group retail sales decreased by 7% compared to Q2/09, whereas retail market demand within our operating region decreased by 9%. The Group's **non-oil business turnover** increased by 9% compared to Q2/09 due to portfolio and procurement optimization. The total number of **retail stations** within the Group as of June 30, 2010 declined by 3% compared to the end of June 2009 mainly because several stations were closed in the Republic of Moldova.

Compared to Q1/10, clean CCS EBIT improved mainly due to the slightly better margin environment and the optimized operations of our refineries, with no crude imported in Q2/10. Favored by the start of the holiday driving season, the marketing business contribution increased considerably compared to Q1/10, impacted by higher margins and higher volumes in both Retail and Commercial.

January – June 2010 (6m/10)

Segment sales increased by 15% due to higher price levels compared to the first six months of 2009 and despite lower quantities sold.

Clean CCS EBIT (RON 60 mn vs. RON (383) mn in 6m/09) improved significantly, mainly due to the flexible refinery operations, with Arpechim operated as and when market conditions permit, and with added benefit from optimization of supply in Refining which more than compensated for the lower marketing result. Furthermore, the adjustment in the internal transfer price regime between E&P and R&M, carried out in order to properly reflect the high integration value of Petrom's refineries, supported the result.

The refining result was considerably above the 6m/09 level thanks to the optimized operations at our refineries mentioned earlier. In addition, the refining result further benefited from the sale of Arpechim's petrochemicals activities.

The indicator **refining margin** was below the 6m/09 level as the higher gasoline and middle distillates cracks were fully offset by higher costs for own crude consumption driven by the significant increase in crude price.

During the first half of 2010, we maintained a low **utilization rate** of our refineries at 51%, mainly due to the Arpechim refinery being in economic shutdown from mid January until end February and throughout June in response to challenging market conditions. In addition, the overall utilization rate was further impacted by Petrobrazi being offline during the cycle-end turnaround works, starting at the beginning of April and completed at the beginning of May. Total **refining output** was down 27% compared to 6m/09.

The clean **marketing** result was considerably lower than the 6m/09 level as margins and volumes, especially in the commercial sector, were negatively affected by the weak economic environment.

Gas and Power (G&P)

Q1/10	Q2/10	Q2/09	Δ%	in RON mn	6m/10	6m/09	Δ%	2009
942	562	537	5	Segment sales	1,504	1,513	(1)	2,969
72	(47)	(6)	n.m.	EBIT	25	91	(73)	71
(1)	0	(7)	n.m.	Special items	(1)	(11)	(93)	(87)
73	(47)	1	n.m.	Clean EBIT	26	103	(75)	158

Q1/10	Q2/10	Q2/09	Δ%	Key performance indicators	6m/10	6m/09	Δ%	2009
1,549	937	884	6	Consolidated gas sales (mn cbm)	2,485	2,364	5	4,846
166	150	161	(7)	Average gas price for domestic producers in Romania (USD/1,000 cbm)	158	156	1	162
495	495	495	0	Average gas price for domestic producers in Romania (RON/1,000 cbm)[1]	495	495	0	495
334	363	370	(2)	Import gas price (USD/1,000 cbm)[1,2]	346	425	(19)	353

[1] In 2010, ANRE, the Romanian National Authority for Energy Regulation, ceased to publish the domestic and import prices representing the basis for the regulated end user/basket gas price calculation. The gas prices for domestic producers for 2010 in the table above are the latest published by ANRE for Q4/09

[2] Due to above mentioned considerations, the average import gas prices for 2010 were (re)stated taking into account the actual import gas prices published retroactively by ANRE on a monthly basis. As of the date of this report, the latest available data is for May 2010. Consequently, Q2/10 and 6m/10 figures are estimates

Second quarter 2010 (Q2/10)

- **Higher consolidated gas sales volumes compared to Q2/09**
- **EBIT was lower compared to Q2/09, burdened by bad debt provisions**
- **Acquisition of wind power project will capitalize on the flexibility of Brazi power plant**

In Q2/10, natural gas consumption in Romania increased by 16% as compared to the same period of the previous year, largely due to the facility granted to interruptible consumers[i] since mid 2009, to supply gas only from domestic production.

Petrom's **consolidated gas sales** volumes in Q2/10 were 6% higher compared to Q2/09.

EBIT generated by the G&P business in Q2/10 was lower than in Q2/09 when the result benefited from higher margins on import quantities extracted from storage. In Q2/10, OMV Petrom Gas SRL was forced to build up bad debt provisions at the amount of RON 36 mn, mainly for municipal companies delivering heat to local communities and depending heavily on subsidies and grants from the local and state budget.

The domestic gas price charged by Petrom remained unchanged, at RON 495/1,000 cbm. The actual import price (which was retroactively published by ANRE for April and May 2010) was USD 363/1,000 cbm.

The average **import quota** in Q2/10 was 22% (with a maximum of 30% in April), while in Q2/09 the average import quota was 18% (with a maximum of 22% in April and May). This quota was unusually high considering the still reduced consumption in Romania due to the fact that a major portion of domestic gas was absorbed by interruptible consumers (fertilizer companies). In fact, the high import quota impacted only households and other non-interruptible consumers.

In line with Petrom's decision to exit the **chemicals business** by the end of 2010, Doljchim was operated on an "as needed" basis. As a result, Doljchim's negative EBIT was reduced to almost half.

The Brazi power plant progressed on schedule and within budget, with the main parts of the plant being installed. Civil works for the Cooling Tower area, Electrical Building and Gas compressor building were finalized. Transgaz finished the gas receiving station and 27 km (out of 30 km in total) of gas supply pipeline were installed.

In Q2/10, Petrom acquired Wind Power Park and took over the development of a 45 MW **wind park** in the Dobrogea area. Following the acquisition, contracts with main equipment suppliers were signed. The tendering process for foundation and soil improvement were started, with the works for foundations being scheduled to start in Q3/10.

Compared to Q1/10, EBIT was lower, reflecting the seasonal decrease of the Gas Business and increased provisions for outstanding receivables. Consolidated gas sales volumes decreased by 40%, while the seasonal decrease of Romanian total consumption compared to Q1/10 was of 54%.

[i] Interruptible consumers are those considered to contribute to securing the operation of the Gas National Transmission and Distribution Systems, by accepting reduction or even interruption in gas supply in order to protect supply to households.

January – June 2010 (6m/10)

In the first six months of 2010, Petrom's **consolidated gas sales** increased by 5% compared to the similar period of 2009, while the estimated increase in total gas consumption in Romania was 10%, mainly due to the facility granted to interruptible consumers.

EBIT generated by the G&P business of Petrom Group decreased by 73%, as in 2009 the Group benefited from higher margins on import gas extracted from storage. Provisions made for outstanding receivable further burdened the result.

The domestic gas price charged by Petrom remained unchanged, at RON 495/1,000 cbm. The actual import price in January-May 2010 was 346 USD/1,000 cbm.

The regulated end-user gas price for households and captive industrial customers in Romania remained unchanged since July 1, 2009.

The result in Doljchim in 6m/10 improved by 35%, still remaining negative, while the Methanol plant was operated according to the company's integration needs.

Total investment in the Brazi power plant in the first 6 months of 2010 amounted to RON 786 mn, mainly representing payments for the lump-sum turnkey contract, thus reflecting the significant progress in the construction of the power plant.

Financial highlights

Group interim financial statements and notes (condensed, unaudited)

Legal principles and general accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2010 have been prepared in accordance with IAS 34 Interim Financial Statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2009.

The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended December 31, 2009. The valuation methods in effect on December 31, 2009, remain unchanged. The detailed structure of the consolidated companies in Petrom Group at June 30, 2010 is presented in the appendix 1 to the current report.
The interim consolidated financial statements for 6m/10 are unaudited and an external review by an auditor was not performed.

Changes in the consolidated Group

During Q2/10, Petrom acquired 99.99% shares of Wind Power Park SRL. No disposals of companies occurred in the period.

Seasonality and cyclicality

Seasonality is of significance especially in G&P and R&M; for details please refer to the relevant section in the business segments.

In addition to the interim financial statements and notes, further information on main items affecting the interim financial statements as of June 30, 2010, is given as part of the description of Petrom Group's business segments.

Exchange rates

Petrom uses the National Bank of Romania (NBR) exchange rates in its consolidation process. Income statements of subsidiaries are translated to RON using average exchange rates published by the National Bank of Romania detailed below.

Statements of the financial position of foreign subsidiaries are translated to RON using the closing rate method based on exchange rates published by the National Bank of Romania detailed below.

Q1/10	Q2/10	Q2/09	Δ%	NBR FX rates	6m/10	6m/09	Δ%	2009
4.115	4.178	4.192	0	Average EUR/RON FX rate	4.146	4.230	(2)	4.238
2.974	3.283	3.081	7	Average USD/RON FX rate	3.129	3.180	(2)	3.047
4.073	4.352	4.218	3	Closing EUR/RON FX rate	4.352	4.218	3	4.228
3.023	3.570	3.009	19	Closing USD/RON FX rate	3.570	3.009	19	2.936

Income statement (unaudited)

Q1/10	Q2/10	Q2/09	Consolidated statement of income in RON mn	6m/10	6m/09	2009
3,933.80	4,409.39	3,458.09	Sales revenues	8,343.19	7,328.10	16,089.73
(112.01)	(95.88)	(82.29)	Direct selling expenses	(207.89)	(173.30)	(364.02)
(2,393.29)	(2,949.88)	(2,506.43)	Production costs of sales	(5,343.16)	(5,239.57)	(11,256.27)
1,428.50	**1,363.63**	**869.37**	**Gross profit**	**2,792.13**	**1,915.23**	**4,469.44**
146.80	115.40	112.46	Other operating income	262.20	259.95	408.70
(270.75)	(311.41)	(320.37)	Selling expenses	(582.16)	(635.99)	(1,277.45)
(47.99)	(67.72)	(51.61)	Administrative expenses	(115.71)	(102.17)	(225.34)
(15.68)	(47.09)	(40.33)	Exploration expenses	(62.77)	(105.60)	(274.60)
(293.78)	(324.60)	(360.67)	Other operating expenses	(618.38)	(791.99)	(1,480.28)
947.10	**728.21**	**208.85**	**Earnings before interest and taxes (EBIT)**	**1,675.31**	**539.43**	**1,620.47**
2.49	5.00	3.69	Income from associated companies	7.49	5.75	6.07
(107.74)	(134.44)	(61.38)	Net interest expense	(242.18)	(123.66)	(416.01)
119.20	262.66	(101.34)	Other financial income and expenses	381.86	38.06	(41.11)
13.95	**133.22**	**(159.03)**	**Net financial result**	**147.17**	**(79.85)**	**(451.05)**
961.05	**861.43**	**49.82**	**Profit from ordinary activities**	**1,822.48**	**459.58**	**1,169.42**
(153.65)	(142.38)	(43.81)	Taxes on income	(296.03)	(128.08)	(336.14)
807.40	**719.05**	**6.01**	**Net income for the period**	**1,526.45**	**331.50**	**833.28**
802.99	**717.90**	**10.32**	**thereof attributable to owners of the parent**	**1,520.89**	**347.23**	**860.24**
4.41	1.15	(4.31)	thereof attributable to non-controlling interests	5.56	(15.73)	(26.96)
0.0142	**0.0127**	**0.0002**	**Basic earnings per share in RON**	**0.0269**	**0.0061**	**0.0152**

Statement of comprehensive income (unaudited)

Q1/10	Q2/10	Q2/09	∆ %	in RON mn	6m/10	6m/09	∆ %	2009
807.40	**719.05**	**6.01**	**n.m.**	**Net income for the period**	**1,526.45**	**331.50**	**360**	**833.28**
(45.98)	(2.45)	(9.19)	(73)	Exchange differences from translation of foreign operations	(48.43)	37.92	n.m.	26.40
0.00	0.00	4.62	n.a.	Unrealized gains/(losses) on available-for-sale financial assets	0.00	12.57	n.a.	15.20
0.67	169.01	(288.63)	n.m.	Unrealized gains/(losses) on hedges	169.68	(367.28)	n.m.	(789.97)
(0.11)	(27.04)	45.44	n.m.	Income tax relating to components of other comprehensive income	(27.15)	56.75	n.m.	123.96
(45.42)	**139.52**	**(247.76)**	**n.m.**	**Other comprehensive income for the period, net of tax**	**94.10**	**(260.04)**	**n.m.**	**(624.41)**
761.98	**858.57**	**(241.75)**	**n.m.**	**Total comprehensive income for the period**	**1,620.54**	**71.46**	**n.m.**	**208.87**
763.42	860.92	(236.62)	n.m.	**thereof attributable to owners of the parent**	1,624.33	83.27	n.m.	232.29
(1.44)	**(2.35)**	**(5.13)**	**(54)**	thereof attributable to non-controlling interests	**(3.79)**	**(11.81)**	**(68)**	**(23.42)**

Notes to the income statement

Second quarter 2010 (Q2/10)

Consolidated sales in Q2/10 increased by 28% compared to Q2/09 to RON 4,409 mn, mainly driven by the positive price environment. R&M represented 85% of total consolidated sales, G&P accounted for 12% and E&P for approximately 3% (sales in E&P being largely intra-group sales rather than third party sales).

The **Group's EBIT** amounted to RON 728 mn, threefold higher than the RON 209 mn result in Q2/09, mainly driven by higher product prices and stringent cost management that compensated a slight decrease in refined product sales. **Clean CCS EBIT** increased more than tenfold to RON 680 mn. The Clean CCS EBIT is stated after eliminating net special income of RON 8 mn and inventory holding gains of RON 40 mn.

The **net financial result** of RON 133 mn was substantially above Q2/09 level (RON (159) mn). The significant appreciation of USD against RON has led to a positive effect in the net financial result that was partially offset by higher interest costs.

Corporate income tax of RON 142 mn reflects an **effective corporate tax rate** of 17%. **Current taxes** on the Group's income were RON 134 mn while expenses with **deferred taxes** amounted to RON 8 mn.

Net income after minorities (i.e. net income attributable to owners of the parent) was RON 718 mn, significantly above the RON 10 mn in Q2/09. **Clean CCS net income after minorities** was RON 677 mn. **EPS** after minorities was RON 0.0127 in Q2/10, versus RON 0.0002 in Q2/09, while **clean CCS EPS** was RON 0.0120, compared to RON (0.0020) in Q2/09.

Compared with Q1/10, sales increased by RON 476 mn reaching RON 4,409 mn, mainly driven by higher product prices and higher volumes sold in the R&M business, that compensated lower sales of gas. EBIT was RON 728 mn, lower than Q1/10 (RON 947 mn). The net financial result of RON 133 mn was well above Q1/10, mainly as a result of the positive FX impact. The slight reduction in profits led to a 7% decrease in **corporate income tax** to RON 142 mn, with the **effective corporate tax rate** maintaining a level of 16%. **Net income after minorities** was 11% below the Q1/10 value of RON 803 mn.

January – June 2010 (6m/10)

Consolidated sales for 6m/10 increased by 14% compared to 6m/09, to RON 8,343 mn, mainly driven by high crude and product prices. R&M represented 78% of total consolidated sales, G&P accounted for 17% and E&P for approximately 5% (sales in E&P being largely intra-group sales rather than third party sales).

The **Group's EBIT** amounted to RON 1,675 mn, significantly higher than 6m/09, mainly due to the positive price environment and stringent cost management, such as optimization of supply in Refining, which compensated for the reduction of volumes sold by R&M business. The increase in EBIT was also influenced by the positive impact from the sale of carbon certificates for the amount of RON 67 mn following the group strategy on trade emission certificates.

Clean CCS EBIT increased to RON 1,593 mn. The Clean CCS EBIT is stated after eliminating net special income of RON 13 mn and inventory holding gains of RON 69 mn.

The **net financial result** of RON 147 mn was significantly above the RON (80) mn of 6m/09. The financial result was positively influenced by FX gains driven by the USD appreciation against RON, which more than compensated for the increase in interest costs.

As a result of the increase in profits from ordinary activities in 6m/10 to RON 1,822 mn, the **corporate tax charge** also recorded an increase. **Current taxes** on the Group's income were RON 251 mn while expenses with **deferred taxes** amounted to RON 45 mn. The **effective corporate tax rate** was 16%, compared to 28% in 6m/09. The decrease reflects a reduction in permanent differences throughout the Group.

Net income after minorities (i.e. net income attributable to owners of the parent) was RON 1,521 mn, well above the RON 347 mn of 6m/09. Minority interests were RON 6 mn compared to RON (16) mn in 6m/09. **Clean CCS net income after minorities** was RON 1,452 mn. **EPS** after minorities was RON 0.0269 in 6m/10, versus RON 0.0061 in 6m/09, while **clean CCS EPS** was RON 0.0256 compared to RON 0.0050 in 6m/09.

Statement of financial position, capital expenditure and gearing (unaudited)

Consolidated statement of financial position in RON mn	June 30, 2010	Dec 31, 2009
Assets		
Intangible assets	1,369.16	1,360.06
Property, plant and equipment	22,902.92	21,430.58
Investments in associated companies	41.43	36.22
Other financial assets	2,442.70	2,298.20
Other assets	87.96	102.53
Non-current assets	**26,844.17**	**25,227.59**
Deferred tax assets	**644.69**	**712.60**
Inventories	2,597.22	2,582.69
Trade receivables	1,003.03	1,047.74
Other financial assets	148.23	227.11
Other assets	323.64	284.58
Cash and cash equivalents	935.22	384.00
Non-current assets held for sale	85.12	60.33
Current assets	**5,092.46**	**4,586.45**
Total assets	**32,581.32**	**30,526.64**
Equity and liabilities		
Capital stock	18,983.37	18,983.37
Reserves	(1,180.13)	(2,803.84)
Stockholders' equity	**17,803.24**	**16,179.53**
Non-controlling interests	7.14	11.30
Equity	**17,810.38**	**16,190.83**
Provisions for pensions and similar obligations	288.27	283.07
Interest-bearing debts	3,576.67	2,810.45
Provisions for decommissioning and restoration obligations	5,882.22	5,564.28
Other provisions	1,007.65	786.43
Other financial liabilities	158.15	122.48
Non-current liabilities	**10,912.96**	**9,566.71**
Deferred tax liabilities	**69.74**	**62.14**
Trade payables	1,941.36	2,295.41
Interest-bearing debts	39.59	187.52
Provisions for income taxes	137.16	111.01
Other provisions	662.88	928.19
Other financial liabilities	390.59	657.06
Other liabilities	616.66	527.77
Current liabilities	**3,788.24**	**4,706.96**
Total equity and liabilities	**32,581.32**	**30,526.64**

Notes to the statement of financial position as of June 30, 2010

Capital expenditure decreased to RON 1,986 mn (6m/09: RON 2,079 mn), with substantially increased investments in G&P and lower CAPEX in E&P and R&M.

Investments in **E&P** (RON 835 mn) represented 42% of the total figure in the first six months of 2010 and were focused on development wells, workover activities and sub-surface operations. Approximately 43% of investments were realized in **G&P** (RON 862 mn), mainly comprising the investments related to the Brazi power plant. In **R&M**, investments accounted for 11% of the total investments in the first six months of 2010 (RON 228 mn). In Refining, investments were mainly related to the rehabilitation of storage tanks for oil products, crude unit modernization, the cycle end turnaround in Petrobrazi and the Brazi terminal. Small investments in the marketing division accounted for signage, rebranding and the modernization of filling station complementary equipment at various sites. **Co&O** continued the construction works at "Petrom City", the new Petrom head office in Bucharest, and small investments were realized for IT projects (in total RON 62 mn).

Compared to year-end 2009, **total assets** increased by RON 2,055 mn to RON 32,581 mn. The change was mainly driven by the net increase in property, plant and equipments by RON 1,472 mn, and also by the increase in cash and cash equivalents by RON 551 mn.

Equity amounted to RON 17,810 mn as of June 30, 2010 and increased by 10% compared with end of 2009 (RON 16,191 mn), as a result of the net profit generated in the current year. The Group's **equity ratio**[1] increased to 54.6% at June 30, 2010 compared with 53% at the end of 2009.

Short and long-term interest bearing debts increased from RON 2,998 mn in December 2009 to RON 3,616 mn as of June 30, 2010 due to additional amounts drawn from EBRD (European Bank for Reconstruction and Development) and second club deal loans (credit facility obtained in December 2009), while the existing loan from OMV AG (EUR 150 mn) and overdrafts were repaid during the first six months of 2010. Loans increased also due to FX effects generated by the devaluation of RON against EUR.

Petrom Group **net debt**[2] **shows a** slight increase to RON 2,697 mn, compared to RON 2,614 mn at the end of 2009. As of June 30, 2010, the **gearing ratio**[3] improved to 15.1%, from 16.2% in December 2009.

[1] Equity ratio is calculated as Equity/(total assets) x 100
[2] Net debt is calculated as interest bearing debts including financial lease liability less cash and cash equivalents
[3] Gearing ratio is calculated as Net debt/(equity) x 100

Cash flows (unaudited)

Q1/10	Q2/10	Q2/09	Summarized statement of cash flows (in RON mn)	6m/10	6m/09	2009
961.05	861.43	49.81	Profit before taxation	1,822.48	459.57	1,169.42
(161.79)	(47.17)	(208.40)	Net change in provisions	(208.96)	(482.18)	(221.25)
(7.62)	(10.12)	(31.01)	Losses / (gains) on the disposal of non – current assets	(17.74)	(66.50)	(72.26)
513.72	553.91	511.88	Depreciation, amortization including write-ups	1,067.63	1,002.25	2,466.27
(28.06)	(214.58)	127.59	Other adjustments	(242.64)	(89.90)	377.62
1,277.30	**1,143.47**	**449.88**	**Sources of funds**	**2,420.77**	**823.24**	**3,719.80**
172.72	(183.63)	(229.73)	(Increase)/decrease in inventories	(10.91)	164.69	128.99
161.80	49.12	299.67	(Increase)/decrease in receivables	210.92	318.99	(147.55)
(562.63)	474.32	(39.25)	(Decrease)/increase in liabilities	(88.31)	(663.14)	(652.48)
(13.31)	(77.19)	15.78	Net interest received / (paid)	(90.50)	22.77	(28.69)
(111.69)	(117.26)	(70.24)	Tax on profit paid	(228.95)	(112.08)	(293.91)
924.19	**1,288.83**	**426.12**	**Net cash from operating activities**	**2,213.02**	**554.47**	**2,726.16**
(746.48)	(1,492.34)	(984.01)	Intangible assets and property, plant and equipment	(2,238.82)	(2,196.05)	(4,402.65)
89.25	9.63	54.61	Proceeds from sale of non-current assets	98.88	105.21	141.46
(1.78)	0.00	0.00	Investments, loans and other financial assets	(1.78)	(12.62)	198.65
(30.13)	(35.42)	0.00	Acquisition of subsidiaries and businesses net of cash acquired	(65.55)	0.00	(8.68)
0.00	0.00	0.00	Proceeds from sale of subsidiaries, net of cash disposed	0.00	0.00	0.00
(689.14)	**(1,518.13)**	**(929.40)**	**Net cash used in investing activities**	**(2,207.27)**	**(2,103.46)**	**(4,071.22)**
321.37	209.10	614.05	(Decrease) / increase in borrowings	530.47	1,625.27	1,163.78
(0.08)	(0.13)	(0.19)	Dividends paid	(0.21)	(14.32)	(14.68)
321.29	**208.97**	**613.86**	**Net cash from financing activities**	**530.26**	**1,610.95**	**1,149.10**
(1.16)	16.37	58.80	Effect of exchange rate changes on cash and cash equivalents	15.21	74.71	7.46
555.18	**(3.96)**	**169.37**	**Net (decrease)/increase in cash and cash equivalents**	**551.22**	**136.67**	**(188.50)**
384.00	939.18	539.80	Cash and cash equivalents at beginning of period	384.00	572.50	572.50
939.18	**935.22**	**709.17**	**Cash and cash equivalents at end of period**	**935.22**	**709.17**	**384.00**

Notes to the cash flows

In 6m/10, **free cash flow** (defined as net cash from operating activities less net cash used in investing activities) showed an inflow of funds of RON 6 mn (6m/09 outflow of RON 1,549 mn). No dividend was distributed for financial year 2009 (same as 2008), in accordance with the Group strategy of preserving the resources for financing in the context of the challenging environment, however small dividend payments were made related to financial years prior to 2008. **Free cash flow less dividend payments** resulted in a cash inflow of RON 6 mn (6m/09: outflow of RON 1,563 mn).

The inflow of funds from profit before taxation, adjusted for non-cash items such as depreciation, net change of provisions and other non-cash adjustments was RON 2,421 mn (6m/09: RON 823 mn); **net working capital** generated a cash outflow of RON 208 mn (6m/09 outflow of RON 269 mn).

Cash flow from investing activities (outflow of RON 2,207 mn; 6m/09: outflow of RON 2,103 mn) mainly includes payments for investments in intangible assets and property, plant and equipment.

Cash flow from financing activities reflected an inflow of funds amounting to RON 530 mn (6m/09: RON 1,611 mn), mainly coming from the increase in loans in OMV Petrom S.A. The net inflow reflects the fact that during 2010 OMV Petrom S.A. drew down the second club deal loan (RON 350 mn and EUR 150 mn) and an additional EUR 80 mn to finance the power plant construction from Brazi and repaid the existing loan to OMV AG (EUR 150 mn) and the overdrafts to Raiffeisen and Intesa Bank.

Condensed statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2010	**18,983.37**	**(2,756.64)**	**(47.20)**	**-**	**16,179.53**	**11.30**	**16,190.83**
Total comprehensive income for the period		1,520.89	103.45		1,624.34	(3.79)	1,620.55
Dividends distribution						(0.05)	(0.05)
Purchase of own shares				(1.78)	(1.78)		(1.78)
Distribution of own shares				1.01	1.01		1.01
Change non-controlling interests			0.14		0.14	(0.32)	(0.18)
June 30, 2010	**18,983.37**	**(1,235.75)**	**56.39**	**(0.77)**	**17,803.24**	**7.14**	**17,810.38**

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2009	**18,983.37**	**(3,616.88)**	**578.39**		**15,944.88**	**44.87**	**15,989.75**
Total comprehensive income for the period		347.23	(263.96)		83.27	(11.81)	71.46
Dividends distribution						(0.07)	(0.07)
Change non-controlling interests			(2.81)		(2.81)	(9.81)	(12.62)
June 30, 2009	**18,983.37**	**(3,269.65)**	**311.62**		**16,025.34**	**23.18**	**16,048.52**

[1] *Other reserves contain mainly exchange differences from the translation of foreign operations and unrealized gains and losses from hedges and available-for-sale financial assets.*

Dividends

On April 29, 2010, the Annual General Meeting approved the decision not to distribute dividends for the 2009 financial year. The decision is consistent with our conservative financing structure in the far more challenging market environment which we currently face and will ensure the necessary funds to sustain the sizeable investment needs of the company.

Segment reporting

Intersegmental sales

Q1/10	Q2/10	Q2/09	∆%	in RON mn	6m/10	6m/09	∆%	2009
2,037.41	2,233.73	1,813.43	23	Exploration and Production	4,271.14	3,420.61	25	7,551.45
29.53	26.02	19.51	33	Refining and Marketing	55.55	43.79	27	81.30
49.58	41.87	39.03	7	Gas and Power	91.45	103.99	(12)	199.63
104.30	107.70	122.14	(12)	Corporate and Other	212.00	236.82	(10)	469.65
2,220.82	**2,409.32**	**1,994.10**	**21**	**Total**	**4,630.14**	**3,805.20**	**22**	**8,302.03**

Sales to external customers

Q1/10	Q2/10	Q2/09	∆%	in RON mn	6m/10	6m/09	∆%	2009
241.96	138.19	(32.71)	n.m.	Exploration and Production	380.15	232.22	64	697.67
2,795.73	3,748.53	2,991.50	25	Refining and Marketing	6,544.26	5,685.81	15	12,619.55
892.33	519.83	498.17	4	Gas and Power	1,412.16	1,408.56	0	2,768.87
3.78	2.83	1.12	153	Corporate and Other	6.61	1.50	341	3.64
3,933.80	**4,409.39**	**3,458.08**	**28**	**Total**	**8,343.19**	**7,328.09**	**14**	**16,089.73**

Total sales

Q1/10	Q2/10	Q2/09	∆%	in RON mn	6m/10	6m/09	∆%	2009
2,279.37	2,371.92	1,780.72	33	Exploration and Production	4,651.29	3,652.83	27	8,249.12
2,825.26	3,774.55	3,011.01	25	Refining and Marketing	6,599.81	5,729.60	15	12,700.85
941.91	561.70	537.20	5	Gas and Power	1,503.61	1,512.55	(1)	2,968.50
108.08	110.54	123.26	(10)	Corporate and Other	218.62	238.32	(8)	473.29
6,154.62	**6,818.71**	**5,452.19**	**25**	**Total**	**12,973.33**	**11,133.30**	**17**	**24,391.76**

Segment and Group profit

Q1/10	Q2/10	Q2/09	∆%	in RON mn	6m/10	6m/09	∆%	2009
889.88	887.06	474.60	87	EBIT Exploration and Production	1,776.94	905.69	96	2,467.73
16.25	126.28	(14.25)	n.m.	EBIT Refining and Marketing	142.53	(294.40)	n.m.	(618.27)
71.81	(46.85)	(6.09)	n.m.	EBIT Gas and Power	24.96	91.30	(73)	71.37
(20.78)	(42.87)	(30.45)	41	EBIT Corporate and Other	(63.65)	(60.98)	4	(139.71)
957.16	**923.62**	**423.81**	**118**	**EBIT segment total**	**1,880.78**	**641.61**	**193**	**1,781.12**
(10.06)	(195.41)	(214.97)	(9)	Consolidation: Elimination of intercompany profits	(205.47)	(102.19)	101	(160.65)
947.10	**728.21**	**208.84**	**249**	**Petrom Group EBIT**	**1,675.30**	**539.42**	**211**	**1,620.47**
13.95	**133.22**	**(159.03)**	**n.m.**	**Net financial result**	**147.17**	**(79.85)**	**n.m.**	**(451.05)**
961.05	**861.43**	**49.81**	**n.m.**	**Petrom Group profit from ordinary activities**	**1,822.48**	**459.58**	**297**	**1,169.42**

Assets[1]

in RON mn	June 30, 2010	Dec 31, 2009
Exploration and Production	17,242.51	16,686.04
Refining and Marketing	4,519.55	4,506.95
Gas and Power	1,647.62	764.11
Corporate and Other	862.40	833.54
Total	**24,272.08**	**22,790.64**

[1] *Segment assets consist of intangible assets and property, plant and equipment*

Other notes

Significant transactions with related parties

Business transactions in the form of supplies of goods and services take place on a constant and regular basis with companies from OMV Group such as OMV Supply & Trading AG and OMV Refining & Marketing GmbH.

Subsequent events

On **July 12**, Petrom announced the signing of a 15-year production enhancement contract for several fields in the area of Ticleni with Petrofac, a leading international provider of facilities solutions to the oil and gas production and processing industry. According to this partnership, Petrofac will perform services in the respective fields in order to maximize production while improving operational efficiency. The target is the cumulative production enhancement out of nine onshore fields in Ticleni area by at least 50%, in the next five years.

On **August 3,** the Ordinary (OGMS) and Extraordinary (EGMS) General Meeting of Shareholders was held. At the OGMS, Mr. Jacobus Gerardus Huijskes, member of the OMV Executive Board responsible with Exploration and Production, was appointed as a member of the OMV Petrom S.A. Supervisory Board succeeding Mr. Helmut Langanger.

The EGMS approved in substance the spin-off in the interest of OMV Petrom of a part of the patrimony of the Company related to marketing activites to be transferred to OMV Petrom Marketing S.R.L. (a company fully owned by Petrom), by means of universal title legal transfer of assets and liabilities pertaining to such activities, together with the spin-off plan including its effects. The date on which the spin-off will produce effects is October 1st, 2010. The EGMS also approved the Sell-out procedure with respect to the shareholders of the Company in accordance with article 134 of Company Law no. 31/1990.

Declaration of the management

The financial statements for the second quarter of 2010 have been prepared in accordance with the International Financial Reporting Standards and offer a true and fair view of Petrom Group's assets, liabilities, financial positioning and profit and statements of operations; the information presented in this report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements.

Bucharest, August 4, 2010

The Executive Board

Mariana Gheorghe
Chief Executive Officer

Reinhard Pichler
Chief Financial Officer

Johann Pleininger **Siegfried Gugu** **Gerald Kappes** **Neil Morgan** **Rainer Schlang**

Further information

EBIT breakdown

EBIT

Q1/10	Q2/10	Q2/09	Δ%	in RON mn	6m/10	6m/09	Δ%	2009
890	887	475	87	Exploration and Production [1]	1,777	906	96	2,468
16	126	(14)	n.m.	Refining and Marketing	143	(294)	n.m.	(618)
72	(47)	(6)	n.m.	Gas and Power	25	91	(73)	71
(21)	(43)	(30)	43	Corporate and Other	(64)	(61)	5	(140)
(10)	(195)	(215)	(9)	Consolidation	(205)	(102)	101	(161)
947	**728**	**209**	**249**	**Petrom Group reported EBIT**	**1,675**	**539**	**211**	**1,620**
5	**8**	**(92)**	**n.m.**	**Special items**	**13**	**(87)**	**n.m.**	**(695)**
(0.4)	0	(6)	n.m.	thereof: Personnel and restructuring	(0.5)	(6)	92	(212)
(0.4)	(4)	(9)	(55)	Unscheduled depreciation	(5)	(13)	(62)	(301)
3	6	1	n.m.	Asset disposal	9	8	13	16
0	0	0	0	Provision for litigation	0	0	0	0
3	6	(77)	n.m.	Other	10	(75)	n.m.	(198)
29	40	237	(83)	CCS effects: Inventory holding gains /(losses)	69	164	(58)	445
913	**680**	**65**	**n.m.**	**Petrom Group clean CCS EBIT**	**1,593**	**464**	**243**	**1,870**
890	887	475	87	thereof: Exploration and Production	1,777	906	96	2,685
(18)	78	(167)	n.m.	Refining and Marketing	60	(383)	n.m.	(675)
73	(47)	1	n.m.	Gas and Power	26	103	(75)	158
(21)	(43)	(30)	43	Corporate and Other	(64)	(61)	5	(139)
(10)	(195)	(215)	(9)	Consolidation	(205)	(102)	101	(161)

[1] *Excluding intersegmental profit elimination*

EBITD

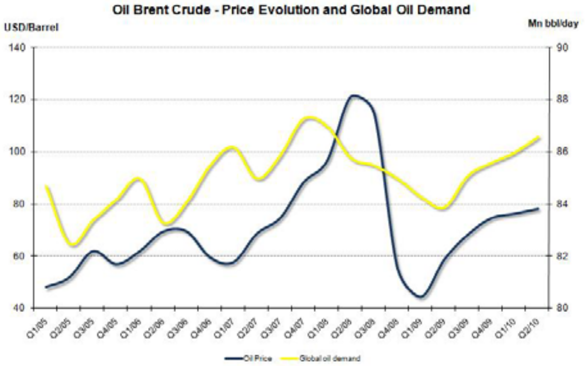
Q1/10	Q2/10	Q2/09	Δ%	in RON mn	6m/10	6m/09	Δ%	2009
1,271	1,295	848	53	Exploration and Production [1]	2,566	1,648	56	4,082
121	239	86	177	Refining and Marketing	360	(86)	n.m.	117
73	(45)	(3)	n.m.	Gas and Power	28	100	(72)	83
11	(11)	4	n.m.	Corporate and Other	0	2	n.m.	(12)
(10)	(195)	(215)	(9)	Consolidation	(205)	(102)	101	(161)
1,466	**1,282**	**720**	**78**	**Petrom Group**	**2,748**	**1,562**	**76**	**4,109**

[1] *Excluding intersegmental profit elimination*

Business environment

Economic sentiment continues to improve gradually as global economic recovery picks up at a moderate pace. However, short term dynamics are largely driven by inventory rebuilding and export performance of individual countries. Private consumption and investment have remained weak as credit access restrictions and the still prevailing uncertainty continue to hamper the channeling of the supply of funds to the economy.

According to the IEA preliminary data, **world oil demand** rose during the 6m/10 by 2.4% to 86.1 mn bbl/d. Non-OECD countries accounted for the entire 2 mn bbl/d global gain as their oil consumption rose by over 5% to 40.6 mn bbl/d. China continued to be the main source of growth in oil demand, accounting by 80% of this. The IEA full-year global crude demand estimate remains at 86.5 mn bbl/d (+1.5%) this year, driven primarily by demand in the non-OECD countries.



Global oil output rose by 2.3 mn bbl/d to 86.5 mn bbl/d with OPEC and the CIS accounting each for 0.5 mn bbl/d of the increase in production. OECD production also rose slightly, by 0.2 mn bbl/d. OPEC output of 34.0 mn bbl/d of crude (including 5.1 mn bbl/d of NGLs) met almost 40% of global oil supply. Over the 6m/10 period average **Brent price** was USD 77.29/bbl, 50% higher relative to the same period a year ago. The second quarter saw increased volatility in oil prices. The range within oil prices traded fell markedly from USD 18/bbl range in May to USD 8/bbl in June as global financial markets sentiment continued to be influenced by the release of macroeconomic data. The average **Urals price** increased to USD 76.12/bbl over the 6m/10, up by 49% compared to 6m/09.

The release of first quarter GDP data confirmed prior expectations of a poor performance of the Romanian economy. In Q1/10, GDP fell at an annualised rate of 2.6% driven by a 17% drop in construction and a fall across the board in the service sector. For Q2/10, there are some encouraging signs which point towards a reduction in the pace of decline in GDP growth. In particular, **industrial production** has been showing continuing strength, rising at an annualized rate of 5.8% in May.

However, for the whole year the **GDP outlook** has worsened considerably due to the tight fiscal measures adopted by the government. The 25% cut in public sector employees' wages together with the 5 percentage points increase in VAT are expected to have a strong negative impact on consumption. Although non-government domestic credit rose by 2% in real terms at the end of June, the **private sector** demand for credit is likely to fall slightly over the next months as economic uncertainty continues to prevail. Overall, consumer confidence has continued to weaken since the beginning of the year with households deferring unnecessary spending.

On the other hand, **public sector consumption** will be severely constrained by the government's need to contain the end-year budget deficit at or below 6.8% of GDP, the new target agreed with the IMF. In May, the gap between government expenditures and its revenues already stood at 3.1% of GDP and, at this rate, the achievement of the end-year target could be jeopardized without a rapid fiscal consolidation. Over the short term, the IMF agreement is likely to provide the necessary anchor to implement measures aimed at improving macroeconomic stability.

Although **CPI inflation** reached 4.4% at the end of June, the VAT rise implies end-year inflation significantly higher, to around 8%.

Compared to Q1/10, the RON fell by 1.7% against the EUR and by 10.9% against the USD. Short term movements in the EUR/RON and USD/RON were largely driven by investor concerns regarding government's ability to implement fiscal austerity measures. Globally, investors continued to favour USD over EUR-denominated assets as sovereign debt and the sustainability of public sector finances in a number of EU countries continued to be a matter of concern.

Q1/10	Q2/10	Q2/09	Δ%	European Central Bank average FX-rates	6m/10	6m/09	Δ%	2009
4.114	4.185	4.196	0	Average EUR/RON FX-rate	4.149	4.233	(2)	4.240
2.976	3.301	3.081	7	Average USD/RON FX-rate	3.138	3.181	(1)	3.048
1.383	1.271	1.362	(7)	Average EUR/USD FX-rate	1.327	1.333	0	1.395

Stock watch

Evolution of Petrom share price, BET and ROTX indices (July 2009 – June 2010)

In Q2/10, Petrom's share price reached its year high quotation on April 9, of RON 0.3660/share. Overall, Petrom's share evolution had a downward trend, in line with market performance, decreasing by 12% from RON 0.3440/share at the end of March 2010, to RON 0.3030/share at the end of June 2010. Over the same period of time, BET and BET-NG decreased by 20% and 15% respectively. In comparison, average Brent price decreased by only 6% as compared to the end of Q1/10.

ISIN: ROSNPPACNOR9	Market capitalization, June 30	RON 17.2 bn
Bucharest Stock Exchange: SNP	Market capitalization, June 30	EUR 3.9 bn
Reuters: SNPP.BX	Closing price, June 30 (RON/share)	0.3030
Bloomberg: SNP RO	Year's high, April 9 (RON/share)	0.3660
	Year's low, January 4 (RON/share)	0.2520
	Number of shares	56,644,108,335

Abbreviations and definitions

ANRE	Romanian Energy Regulatory Authority
AGM	Annual General Meeting
bbl	barrel(s), i.e. 159 liters
bcf	billion cubic feet; 1,000 standard cubic meters = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
boe	barrels of oil equivalent
bn	Billion
bcm	billion cubic meters
cbm	cubic meters
Co&O	Corporate and Other
CAPEX	Capital expenditure
CCS	Current cost of supply
CFPS	Cash Flow Per Share
EBIT	Earnings before interest and tax
EBITD	Earnings before interest, taxes and depreciation
E&P	Exploration and Production
EPS	Earnings per share
EUR	Euro
FX	Foreign Exchange
G&P	Gas and Power
GDP	Gross Domestic Product
IEA	International Energy Agency
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
IMF	International Monetary Fund
IT	Information Technology
kt	thousand tons
mn	million
MW	Megawatt
NBR	National Bank of Romania
NGL	Natural Gas Liquids
n.a.	not applicable
n.m.	not meaningful i.e. deviation exceeds (+/-)500% or comparison is made between positive to negative values
OPEC	Organization of Petroleum Exporting Countries
OPEX	Operating Expenditures
ROACE	Return On Average Capital Employed = NOPAT / Average Capital Employed
ROE	Return On Equity = Net Profit / Average Equity
ROFA	Return On Fixed Assets = EBIT / Average Fixed Assets
RON	Romanian leu
R&M	Refining and Marketing
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
t	metric tons
VAT	Value Added Tax
USD	United States dollar

Contact details

Sorana Baciu, Corporate Development & Investor Relations

Tel: +40 21 60765; Fax: +40 372 868518

E-mail address: investor.relations.petrom@petrom.com

Next releases:

OMV Petrom S.A. standalone financial statements as of June 30, 2010, prepared according to the Romanian Accounting Standards (RAS), will be released on August 13, 2010

The next results announcement for January - September and Q3 2010 (consolidated, prepared according to IFRS) will be released on November 10, 2010

Appendix 1

Consolidated companies in Petrom Group at June 30, 2010

Parent company
OMV Petrom S.A.

Subsidiaries

UPSTREAM		**DOWNSTREAM**	
Tasbulat Oil Corporation LLP (Kazakhstan)	100.00%	ICS Petrom Moldova S.A. (Republic of Moldova)	100.00%
Korned LLP (Kazakhstan)	100.00%	Petrom LPG S.A. (Romania)	99.99%
Kom Munai LLP (Kazakhstan)	95.00%	OMV Petrom Marketing S.R.L. (Romania) [1]	100.00%
Ring Oil Holding & Trading LTD (Russia)	74.90%	OMV Bulgaria OOD (Bulgaria)	99.90%
LLC Management Company Corsarneft (Russia)	74.90%	OMV Srbija DOO (Serbia)	99.90%
LLC Artamira (Russia)	74.90%	MP Petroleum Distributie S.R.L. (Romania)	100.00%
OJSC Chalykneft (Russia)	74.90%	Aviation Petroleum S.R.L. (Romania)	95.63%
OJSC Karneft (Russia)	74.90%	Petrom Aviation S.A. (Romania)	95.63%
Oil Company Renata LLC (Russia)	74.90%		
LLC Neftepoisk (Russia)	74.90%	**GAS & POWER**	
CJSC Saratovneftedobycha (Russia)	74.90%	OMV Petrom Gas S.R.L. [2]	99.99%
		Petrom Distributie Gaze S.R.L.	99.99%
		Wind Power Park S.R.L.	99.99%

[1] *Formerly named OMV Romania Mineraloel S.R.L. (name changed as of March 17, 2010)*

[2] *Formerly named Petrom Gas S.R.L. (name changed as of March 1, 2010)*

Associated company, accounted for at equity	
Congaz S.A. (Romania)	28.59%