

Bucharest
August 17, 2006

Results for January - June and Q2, 2006¹

- EBIT of RON 1,764 mn [EUR 498 mn] increasing from RON 860 mn [EUR 235 mn]
- EPS of RON 0.025, more than doubled against 1-6/05
- The reserve audit confirms the reserve base and provides assurance of further E&P investment activities

Petrom, the largest oil and gas producer in South Eastern Europe, announces positive results for the first half of 2006, in a favourable business environment. The company has registered a strong EBIT amounting to RON 1,764 mn [EUR 498 mn], as a result of continuing high crude prices, weaker downstream environment and growth of the product sales volumes. The turnover went up to RON 6,312 million [EUR 1,783 mn], increasing by 37% against the same period of 2005.

The positive results are mainly due to a favourable business environment, but, in addition, a series of measures have been taken in order to increase the company's efficiency. Exploration and Production benefited from high crude prices, however making it a challenge for Refining and Marketing as they put pressure on margins. Nevertheless, the negative impact of reduced margins was partially mitigated by the improvement of the refineries utilization and by the increase of product sales.

Modernization projects were continued in all business segments to contribute to the consolidation of the company's position so that Petrom should develop in accordance with the new requirements implied by the upcoming accession to European Union. Permanent efforts meant to increase efficiency and improve the work environment, as well as the identification and capitalization on growth opportunities on the neighbouring markets and in Romania, in accordance with our strategy until 2010, will secure the sustainable development of our company", stated Mariana Gheorghe, CEO of Petrom.

1-6/06	1-6/05	%	RON mn	Q2/06	Q2/05	%
1,764	860	105	EBIT	711	352	102
2,150	1,318	63	EBITDA	931	616	51
1,427	601	137	Net income	546	318	72
6,312	4,612	37	Turnover	3,186	2,588	23
759	443	71	Investments*	316	269	17
38,136	49,350	-23	Employees at the end of period	38,136	49,350	-23

*the investments include increases of Petrom share participations

¹ The figures refer to Petrom SA unless otherwise stated



Highlights

January: Petrom acquired 99.9% of the share capital of three OMV retail networks, i.e. **OMV Romania, OMV Bulgaria and OMV Jugoslavjia** for EUR 234.4 mn. The transaction is part of Petrom expansion strategy on the regional market and aims at strengthening the leading position of the company in South Eastern Europe. During the first six months only the closing of OMV Bulgaria took place.

February: As part of the divestment process of the non-core assets, Petrom sold its 82.89% participation in Carpatina SA, a mineral water bottling company and in addition, two other minority stakes in financial services companies.

April: Petrom signed a contract with **MOL Romania** for the taking over of 30 filling stations. As part of the transaction, MOL received 11 Petrom and OMV Romania filling stations and a difference in cash. Out of the newly acquired filling stations, 15 are located in Bucharest while the rest are spread all over the country, increasing the accessibility of the company for its customers. With additional investments all the newly purchased filling stations will be modernized and will operate under the new concept of PetromV. At the same time, Petrom acquired a 95% stake in **Aviation Petroleum**, the aviation business of MOL Romania.

April: Petrom's Annual General Meeting on April 25 has approved a **dividend** of RON 0.013 per share.

Following the decisions of the General Meeting of Shareholders on April 25, 2006, the **Board of Directors** has 9 members [previously 7]. The newly appointed members were Werner Auli [OMV representative], Gheorghe Ionescu

[independent representative – Romanian State] and Kevin Bortz [independent, replacing Mariana Gheorghe – EBRD].

April: Petrom launched a series of **new fuels**, i.e. Diesel 4, Top Euro Diesel 4, Unleaded Premium 95, Eco Premium, which fully comply with the respective European Union standards. This is part of the company's strategy to align to the international requirements and to provide its customers with the best products on the market.

June: Starting with June 15, Petrom has a **new CEO**, in the person of Mrs. Mariana Gheorghe. She is replacing Mr. Gheorghe Constantinescu, who held this position for the last three years and holds now the position of Counselor of Mr. Wolfgang Rutenstorfer. Before joining Petrom, Mrs. Mariana Gheorghe worked for EBRD in London for 13 years and starting with January 2005 she was also a member of Petrom BoD on behalf of EBRD.

June: As part of the **centralization process** initiated by Petrom in 2005, the deregistration of the branches continued, and by the end of June 45 branches have been already deregistered out of the initial 60.

June: Petrom is involved in long term social programs together with the Romanian Red Cross and UNICEF, initiating the campaign **Petrom Move & Help :-)**. As part of this campaign Petrom allocated more than EUR 1.3 mn for the support programs, informing the population about disaster prevention, parental education in pre-school education. Petrom has also supported the victims of the floods which affected Romania early this year.



Business environment

World crude demand recorded in 1-6/06 a minor increase of 0.6 mn bbl/d against 1-6/05, representing a half year average of 84.1 mn bbl/day. High oil prices have diminished oil demand growth, especially in some Asian countries, which have removed oil product subsidies due to rising world market price. Both warm weather and heavy maintenance throughout the petrochemical industry have also had a significant impact upon world crude demand throughout the analyzed period. However, the oil demand in North America in 1-6/06 is keeping up with the high economic growth. China's second-quarter demand was higher than expected, rising to 7.0 mn bbl/day, as a result of high imports in anticipation of a summer price hike and a reduction of gasoline exports.

World crude production increased by 0.9% or 0.8 mn bbl/day to 85.1 mn bbl/day in 1-6/06. Important maintenance works affected production levels of Norway and UK, as well as the impact of strikes in Norway, Chad and Mexico. Supply constraints remain in Nigeria, although Iraq's northern pipeline is providing additional supplies. Headline-driven reactions to developments involving Iran's nuclear program continued to have a major impact on market response.

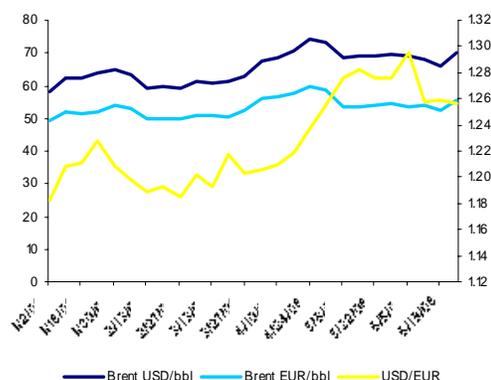
The **RON/USD average exchange rate** increased in 1-6/06 by 1.1% against 1-6/05, from RON 2.85 to RON 2.88. The **RON/Euro average exchange rate** followed an opposite trend, decreasing in the first half of the year by 3% in comparison with 1-6/05, from RON 3.66 to RON 3.54.

Brent price increased with 17.91 USD/bbl in Q2/06 [69.54 USD/bbl] against Q2/05[51.63 USD/bbl]. As for the period January – June 2006, the Brent price registered an average of 65.60 USD/bbl,

by 16.06 USD/bbl compared with the average of 49.54 USD/bbl in H1/05. The main causes of this rise were the actual and potential supply disruptions in different key producing areas in the world.

Fuel prices maintained high levels in the first half of the year. Diesel Platts quotations reached the maximum value on May/06, increasing in the first half of the year by 21% as compared with the same period of 2005. The maximum value of Gasoline Platts quotation has been reached on June/06. Gasoline quotation was by 35% higher in 1-6/2006 as compared with 1-6/2005.

Imported gas price in Romania was by 40% higher in 1-6/06 against 1-6/05, with an average of USD 288.5/1000 cm [1-6/05: USD 206.05/1000 cm]. The regulated gas price for industry (which includes both domestic and imported price components as well as infrastructure costs) increased to 270.44 USD/1000 cm [1-6/05: 173.08 USD/1000 cm], as part of the commitment assumed by Romania to liberalize the gas market and reach import parity.



Exploration and Production

1-6/06	1-6/05	%		Q2/06	Q2/05	%
37	39.28	-5.8	Total production (mn boe)	18.06	19.52	-7.5
2,412	2,643	-8.8	Crude and NGL production (thousand tons)	1,200	1,322	-9.2
3,005	3,099	-3.0	Gas production (mn cm)	1,444	1,531	-5.7
2,168	970	123.5	EBIT (RON mn)	857	557	53.9
2,469	1,300	90.0	EBITDA (RON mn)	1,039	752	38.0
251	315	-20.3	Investments* (RON mn)	144	213	-32.4
21,037	26,021	-19.2	No of employees	21,037	26,021	-19.2

*the investments include increases of Petrom share participations, and solely in 2005, corporate investments

January - June 2006 (1- 6/06)

Exploration and Production activities concentrated on the optimization programs to achieve the targets 2010.

The production is declining, which is partly the reason for the increase in production cost. The investment to improve production is increasing and major pilots were finalized. The completion of the implementation of the major improvement programs will last up to end 2008.

In Exploration the new 3D campaign started while during the 2nd half of the year the first wells based on 2005 3D will be drilled on- and off-shore.

The audit of Petrom's hydrocarbon reserves - performed by DeGolyer & McNaughton - was finalized. The results of this audit fully confirm Petrom's reserve base and form a sound base for the E&P strategy.

Total production amounted to 37 mn boe. Natural decline and reduced drilling activities since 2004 until early 2006, combined with the lower than expected results of new wells, market restrictions and weather impacts are the major reasons for the decline of 5.8 % in comparison to the first half of 2005 production volumes. This decline is in line with the strategic target of stabilizing production at 210,000 boe/day, beyond 2010.

Reinterpretation with new technology and 3D applications, based on OMV know-how, is already improving the new wells' target quality. Drilling performance is also improved by applying incentive based drilling contracts and introducing higher HSEQ standards.

The oil and gas production in Kazakhstan reached 732 thousand boe relating to 4,044 boe/day.

The Group oil and gas production decreased by 5.2 % reaching 37.7 mn boe, being driven by lower domestic production levels for crude oil as well as for natural gas. Over the analyzed period the total **daily production** of the Group amounted to 208,447 boe/day.

The Group crude sales volume decreased by 6.1 % to 2,490 thousand tons, as a result of the lower oil production. Crude sales in Kazakhstan maintained an increasing trend as a result of a higher production level, reaching 78 thousand tons. This positive result was mainly achieved by a hydraulic fracturing campaign which had not been applied before.

While comparing "net E&P investments" of the first half of 2006 with those of the first half of 2005 the increase of about 8% reflects mainly Petrom's engagement in drilling and



modernization activities (E&P investment figures reported in 2005 included Petrom's corporate investments, which, starting with 1 Jan 2006, are reported separately). In addition, Petrom invested through its Kazakhstan affiliated companies 81.77 mn RON in Kazakhstan, which reflects a significant rise in comparison to the same period of 2005.

The **Production Cost** reached 13.21 USD/boe. This increase (8.9 %) in comparison to the level achieved in 1-6/05 is due to the lower production level and to personnel and material cost increases.

The **domestic realised oil price** was of 56.03 USD/bbl, by 30.9 % higher than the level recorded in 1-6/05, as a result of the continuous increasing trend of the international price for commodities.

The higher than average energy consumption in the two Petrom Refineries led to a 3 USD/bbl lower transfer price, in comparison to the past.

The upward evolution of **EBIT** and **EBITDA** mainly reflects the significantly higher oil price level in the first half of 2006 compared to the same period in 2005.

An important **pilot test to improve production** and reduce cost was successfully performed in Pitesti area. Oil production in Romania is suffering from a high number of downhole equipment

Second quarter 2006 (Q2/06)

In the second quarter of 2006, **crude oil production** amounted to 1,200 thousand tons, by 9% lower as compared with the level recorded in Q2/05, while the **natural gas production** reached 1,444 mn m³, decreasing by approximately 6%. The reasons for this decline are the same as outlined with the explanations for the production decline Jan-Jun 2006.

The **Group sales of crude** stood at 1,251 thousand tons, by 7.5 % lower in comparison to the same period of the previous year.

repairs. The tests in this pilot area prove that the package of combined technical and operational improvements is working and reduces significantly the number of well interventions. About 5,000 wells all over Romania will become part of a roll-out program based on the results of this pilot program. Its implementation is scheduled to be finished by the end of 2008. The outcome of the reduced number of interventions will be higher production volumes and lower production costs.

Exploration is preparing for the first wells based on the 2005 3D seismic. Out of this portfolio, the first off-shore well is spudded in August 2006 and the first on-shore well is planned for October 2006. Further exploration projects are under preparation. Six 3D seismic surveys are planned for 2006. The concession contracts for 3 new exploration licences in Romania have been concluded with NAMR.

The **exploration well South Rovnaya 1** was drilled to a total depth of 2,000 m in the Jusaly exploration license in Kazakhstan. First tests show a flow of 200,000 m³ of gas and 70 m³ of condensate per day. The size of the discovery and possible further appraisal activities are under evaluation. Kazakhstan is Petrom's international core asset and will be the base for further growth in the Caspian region.

The **domestic realized crude price** increased to USD 58.55 from the level of USD/bbl 46.39 reached in Q2/05.

The total "net E&P investments" (see explanation on investments for 1-6/06) during Q2/06 were about 7% higher than those in Q2/05 with the main focus on drilling activities and modernisation of surface facilities.

The **Production Cost** reached 14.75 USD/boe. The drivers of this increase are lower production volumes and higher costs for personnel and materials.



Refining and Marketing

1-6/06	1-6/05	%		Q2/06	Q2/05	%
3,429	3,150	8.9	Crude input (thousand tons)	1,698	1,605	5.8
1,033	575	79.7	o/w imported crude (thousand tons)	533	280	90.3
86	79	9.9	Utilization rate (%)	85	83	2.4
2,661	2,387	11.5	Marketing sales (thousand tons)	1,300	1,344	-3.3
-490	-131	-	EBIT (RON mn)	-197	-218	-
-407	-6	-	EBITDA (RON mn)	-158	-151	
427	128	233.6	Investments (RON mn)	120	60	100.0
14,661	21,229	-30.9	No of employees	14,661	21,229	-30.9

January – June 2006 (1- 6/06)

Another six months of high crude price levels represented a challenge for Refining and Marketing, as they led to reduced margins and higher costs of own energy consumption in refineries.

The negative impact of reduced margins was partially mitigated by the improvement of the refineries utilization and by the increase of product sales.

The EBIT for R&M business recorded a negative value mainly due to the lower margins and to a lesser extent, the higher provisions created due to the missing stocks at Conpet and Petrotrans. Throughout the first half of 2006, Petrom's refineries processed by 9% more crude oil in comparison with the same period of the previous year, mainly as a result of improved refinery utilization. The quantities of processed crude increased by 9% at Arpechim while at Petrobrazi, the increase represented 8% over the level achieved in 1-6/05.

The **utilisation rate** of 86% was approximately by 9.9% higher as compared to 1-6/05.

In 1-6/06, the **refining margin** decreased to 19.78 EUR/t [1-6/05: 28.7 EUR/t] reflecting lower product cracks and the effects of relatively high energy consumption in Petrom's refineries which makes them highly sensitive to movements in world energy prices.

Petrochemical sales amounted to 208 thousand tons while a volume of 132 thousand tons of special products (mainly petcoke) was put on the market.

Marketing sales increased by 11.5% reaching 2,661 thousand tons [1-6/05:

2,387 thousand tons]. The growth of the gasoline sales was 27% [1,048 thousand tons] while for diesel, the volumes were 12% higher [825 thousand tons].

Commercial domestic sales increased by 17% against the level recorded in 1-6/05, amounting to 973 thousand tons, while **exports** reached 1,242 thousand tons, from a previously 1,138 thousand tons achieved in 1-6/05 (+9%). **Retail sales** amounted to 446 thousand tons, by 7% higher as compared with the 1-6/05 figure.

Petrom **retail international sales** were by 2.5 times higher compared with 1-6/05, reaching 156 thousand tons, mainly as a result of the quantities sold by OMV Bulgaria, part of Petrom Group starting with March 2006.

At the end of the first half of 2006 Petrom owned 543 **filling stations** in Romania, which is a reduction of 9% compared to 1-6/05 as a result of the ongoing reorganization process, which started in 2005 and resulted in the closure of unprofitable sites. At international level, Petrom also operates a retail network of 156 filling stations in Republic of Moldova, Bulgaria and Hungary.



Based on the estimations performed by Petrom, the retail market share at the end of the first six months of 2006 is 26%.

The R&M **investments** more than doubled during the first half of 2006, mainly due to the major investments in Marketing. These included the acquisition of OMV Bulgaria network [completed in March] and the reconstruction of filling stations with a completely new design (PetromV).

The intensive modernization effort of Refining continued in the first half of 2006 with the aim of improving the energy efficiency as well as the yield of the two

refineries. The yield of the low sulphur diesel, the yield of the low sulphur gasoline and energy efficiency all improved in 1-6/06 versus 1-6/05.

In addition, the investments in Refining included the acquisition of the majority stakes in the two Rafiserv companies.

The first acrylonitrile unit at Arpechim was permanently shutdown in Q2 2006 due to economic and environment considerations.

The main projects underway and respectively completed are as follows:

Petrobrazi	Arpechim
<ul style="list-style-type: none"> ▪ Revamping Gas oil hydro treating Unit ▪ DCS Implementation ▪ Revamping CCR Plant (completed in Q1 2006) ▪ FCC Gasoline Post Treatment 	<ul style="list-style-type: none"> ▪ DCS Implementation ▪ New hydrogen Unit ▪ FCC Feed hydrotreating Unit (completed in Q1 2006) ▪ Utility System Optimization

Second quarter 2006 (Q2/06)

The total quantity of **crude processed** in the second quarter of 2006 amounted to 1,699 thousand tons, out of which 533 thousand tons represented imported crude oil.

Refining utilisation rate was of 85%, slightly increasing as compared with the level recorded in Q2/05 [83%].

Marketing sales recorded a slight decrease by 3% in comparison with Q2/05, amounting to 1,300 thousand tons, due to lower export sales. Export volumes decreased substantially mainly due to the

introduction of a new tax for product exports of 1 USD cent/liter for gasoline and diesel. **Retail sales** increased in comparison with Q2/05 by 9%, to 247 thousand tons while **commercial domestic sales** were by 17% higher than the level reached in Q2/05, i.e. 480 thousand tons.

R&M investments doubled in the second quarter of 2006 against the level reached in Q2/05 reflecting the focus on efficiency improvement as well as network development.



Gas

January – June 2006 (1-6/06)

During the first half of 2006, the gas trading was separated from E&P and together with Petrom Gas SRL [Petrom's subsidiary with 99.9%] creates now the Business Unit Gas.

As a result, the entire natural gas quantity produced by E&P is transferred to the Business Unit Gas. The transfer price is based on the domestic gas price for producers allowing reasonable trading margins to reflect the risks of distribution borne by Petrom's Gas Business. The Gas business of Petrom SA has generated an EBIT of RON 73 mn while the gas sales amounted to

2,503 mn cm, by 11% lower than in 1-6/05. The quantity supplied to Arpechim, Petrobrazil and Doljchim slightly decreased to 535 mn cm in comparison with the level of 551 mn cm recorded in 1-6/05. The sales of domestic gas to third parties reached 1,968 mn cm, by 13% lower than in the same period of the previous year. This to some extent has also been caused by the inability of the National Transmission system to off-take the possible production due to force majeure situations or due to an increased pressure level in the system.

Second quarter 2006 (Q2/06)

During this period, the gas sales amounted to 1,017 mn cm [Q1/05: 1,124 mn cm].

Petrom realized higher margins mainly due to intensive marketing efforts. In addition the efficiency of the gas sales force led to improved results. As of July

1, a new regulation was introduced: Petrom gas volumes will have to reflect the consumer basket, i.e. the inclusion of import volumes will become obligatory for eligible customers. New gas no more can substitute imported gas and the regulated price for new gas has been reduced.

Chemicals (Doljchim)

1-6/06	1-6/05	%		Q2/06	Q2/05	%
296	321	-7.8	Sales (thousand tons)	147	153	-4.0
3.1	0.2	-	Investments (RON mn)	1.3	0.1	-
1,575	1,573	0.1	No of employees	1,575	1,573	0.1

Total sales amounted to 296 thousand tones, by 7.8% lower than in 1-6/2005, as the sales for all products – except for urea – decreased. The deliveries for ammonium nitrate on the domestic market were negatively influenced by the bad weather conditions – floods and low temperatures. The lack of state subsidies for companies and private farmers with respect to fertilisers was also a cause of the lower sales.

The domestic sales for urea comparing with HY 2005 increased with 137% and we also had an increase for the domestic sales

of methanol (7.53%). It is estimated that the market share of Doljchim was constant.

Export sales volumes in 1-6/06 represented 57% of total sales volumes. The export volumes of ammonium nitrate increased with 13%, while urea exports decreased with 3%, as a result of a concentration on the domestic market.

In the first six months of 2006 the **investments** in Doljchim tripled as compared with 1-6/05 amounting to RON 1.3 mn and were directed mainly towards the modernization of the infrastructure and logistics combined with environment-related projects.



Financial highlights

Profit and Loss Account

The **turnover** of the company recorded during the first half of 2006 a value by 37% higher as compared with the same period of the previous year due to the positive effects attributable to the increase of oil prices and higher sales product volumes in R&M business.

The **operating expenses** increased in 1-6/06 by 26%, determined by: rising costs of raw materials (mainly crude oil, with higher prices and volumes); higher staff-related expenses (yearly increase of salaries in accordance with the Collective Labor Agreement, holiday accruals, bonuses paid); higher taxes (mainly royalties) and additional provisions (mainly due to litigation with Conpet and Petrotrans).

As previously announced, the accounting treatment of the geological quota has changed in 2005, whereby this was booked as a reserve instead of an expense. This resulted *inter alia* in an adjustment of the value of the current assets (inventories having included the geological quota) which reduced the operating expenses by RON 393 mn in 2005. Such an adjustment was not booked in 2006, affecting the comparability between the two periods and resulting in a comparable increase of around 16% of the operating expenses.

The strong **EBIT** of the company amounting to RON 1,764 mn [1-6/05: RON 860], is the result of continuing high

crude prices and a weaker downstream environment partially compensated by the growth of the product sales volumes. While Exploration and Production business clearly benefits from high crude prices it is also evident that these high price levels represent a challenge for Refining and Marketing, as they lead to reduced margins and higher costs of own energy consumption in refineries.

The **financial result** improved from a negative RON 259 mn in 1-6/05 to a negative RON 187 mn. The improvement of the financial result in 2006 is also due to the investment in umbrella funds in second half of 2005 which significantly reduced the foreign exchange risk of the company.

The **net profit** increased by 137% in comparison with the figures of 1-6/05, following the good results recorded by the company in this period. Thus, the EPS amounted to RON 0.025 [1-6/05: 0.011].

The **taxes** paid by Petrom to the state budget in the first half of the year amounted to RON 2,616 mn, by 42% higher than in the same period last year. 45% of the total taxes paid represented excise tax [RON 1,186 mn] and 20% VAT [RON 536 mn]. The oil and gas royalty paid to the state amounted to RON 279 mn, by 20% above same period last year. The corporate tax amounted to RON 149 mn.

Balance sheet

Total assets amounted to RON 18,880 mn, increased by 6% in comparison with December 31, 2005 [RON 17,814 mn].

Fixed assets increased by 2% to RON 10,765 mn [FY/05: RON 10,609 mn], mainly driven by higher financial assets which increased to RON 3,111 mn [FY/05: RON 3,013 mn], reflecting the acquisition of OMV Bulgaria, Rafiserv Arpechim and Rafiserv Petrobrazi and the increase in

loans granted to subsidiaries. Tangible and intangible assets also increased with RON 57 mn as a result of the combined effect of: acquisition [RON 595 mn], depreciation [RON 396 mn] and disposals [RON 142 mn].

All current assets elements, except for short-term financial investments, increased resulting in a level of the total **current assets** [RON 7,963 mn] by 12%



higher as compared to December 2005 [RON 7,131 mn]. The rise of the inventories (9%) is the result of higher price levels, while the increase of receivables and prepayment accounts (37%) reflects a similar growth of the turnover. The increase of the cash position is mainly due to the higher cash flows in 2006.

The **current liabilities** went up by 23%, mainly as a result of the increase in dividends payable to the shareholders based on the decision of AGM.

The lower level (3%) of the **long-term liabilities and provisions for risks and charges** was mainly derived from the effect of the reduction in restructuring provisions.

The balance of the **shareholders' equity** amounted to RON 11,414 mn, by 6% higher than in December 2005 as a result of higher share capital and reserves. The **share capital** of the company increased from RON 5,600 mn at the end of 2005 to RON 5,664 mn following the share capital increase decided in November 2005 but officially registered in April 2006.

Investments

1-6/06	1-6/05	%	RON mn	Q2/06	Q2/05	%
251	315	-20	Exploration and Production	144	213	-32
427	128	234	Refining & Marketing	120	60	100
3.1	0.2	-	Doljchim	1.3	0.1	-
78	0	-	Corporate	50	-3.1*	-
759	443	71	Total investments**	316	269	17

*adjustment

**the investments include increases of Petrom share participations and for E&P, solely in 2005, corporate investments

Throughout the first six months of 2006, the total investments made by the company amounted to RON 759 mn, exceeding by 71% the figures of the same period of the previous year.

56% of the investments were performed in Refining & Marketing while 33% in Exploration & Production. The remainder of 11% represent investments in Corporate projects (IT, Petrom City, as well as the HQs of E&P and R&M) and Doljchim.

The R&M investments were directed to the intensive modernization efforts as well as to acquisitions (Rafiserv Arpechim, Rafiserv Petrobrazi, OMV Bulgaria).

The "net E&P investments" (E&P investment figures reported in 2005 included Petrom's corporate investments, which, starting with 1 Jan 2006, are reported separately) targeted the drilling and modernization activities.

Outlook 2006

Petrom's target remains to repeat the strong performance of 2005, although a challenging downstream environment is anticipated. An increased volatility of the crude prices, refining margins and the USD dollar exchange rate of is expected for the rest of the year 2006.

The crude prices will probably stay at high overall levels though with considerable short-term fluctuations. Due to the high Brent price the spread between Brent and Urals prices should be above 2005 levels.

E&P will continue to benefit from the high crude price environment.



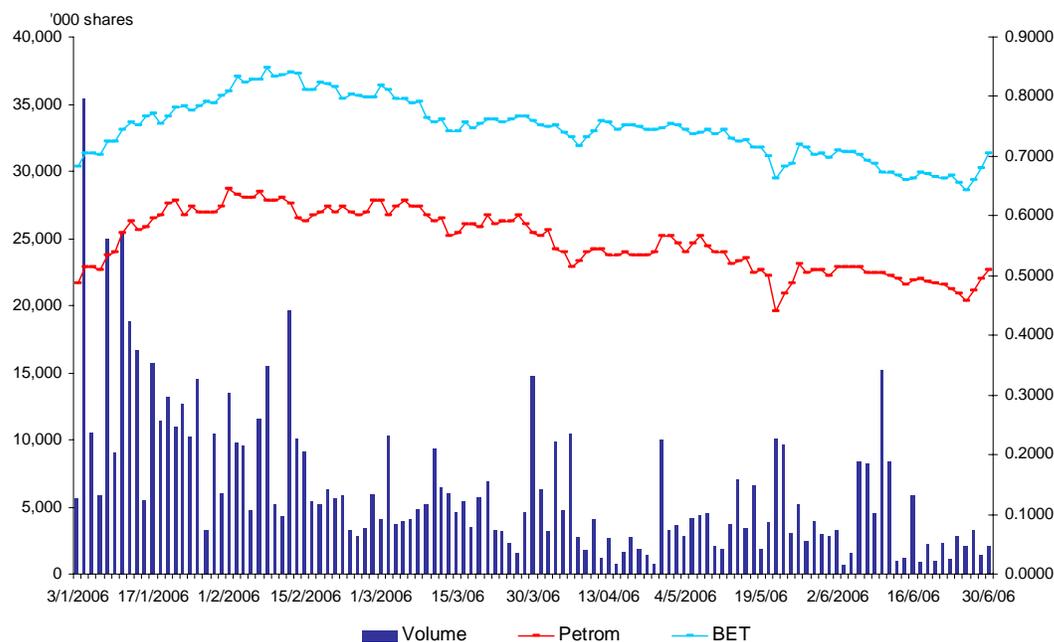
It is expected that the R&M will face significantly lower refining margins in the second half, compared with last year and volatile margin development. Petrom's refineries unfortunately continue to be hurt by the high energy

consumption and continued high oil price environment.

The retail margin will be under continuous pressure as a result of continued high price levels and increased competition for market shares.

Stock watch: January – June 2006

Evolution of closing price and volume of Petrom and BET index
January – June 2006



BSE most representative index - BET² increased in the first month of the year over 20%, reaching on February 8 the historical maximum of 8534.34 points. Subsequently, the BET value decreased and on June 27 it reached the lowest value of the year, i.e. 6,400.71, by 25% less than the maximum reached at the beginning of the year. The BET value recorded on June 30 was of 7,056.23 points.

Petrom started the year 2006 with a significant increase of the share price of

more than 25% in one month. On February 2, 2006 the share price reached the historical maximum of RON 0.6550. Following the trend of the Stock Exchange, which reacted in line with the international tendency of the foreign investors to leave the emerging markets, Petrom share price decreased, and on May 23 it reached the lowest value of the analyzed period, i.e. RON 0.4400, by 33% less than the recorded maximum. By the end of the month, the price slowly increased to RON 0.5100/share.

² the index that includes the ten most active companies listed on BSE



Contact details

Lacramioara Diaconu, M&A, Capital Market Relations
Tel: +40 (21) 406 01 01, Fax: +40 (21) 406 04 36,
e-mail address: investor.relations.petrom@petrom.com

Next release:

The next results announcement January – September 2006 and Q3 2006 will be made on November 15, 2006.



PETROM
Membru OMV Grup

Abbreviations

NGL	Natural Gas Liquids
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
EPS	Earnings per share
mn	Million
bn	Billion
RON	New Romanian Lei
cm	Cubic meters
bbl	Barrel
boe	Barrel of oil equivalent
E&P	Exploration & Production
R&M	Refining & Marketing
DCS	Distributed Control System



Profit and Loss Account as of June 30, 2006

(Figures only for Petrom SA, according to Romanian Accounting Standards)

RON	30/06/2005	30/06/2006
1. Net turnover	4,612,035,218	6,312,457,645
Sales of finished goods	3,050,041,609	4,040,168,769
Sales of goods purchased for resale (acc. 707)	1,561,993,609	2,272,288,876
Revenues from subsidies related to net turnover	-	-
2. Movements in stocks of finished goods (acc. 711)		
Cr balance	133,802,123	167,266,223
Dr balance	-	-
3. Own work capitalized (ct. 721+722)	19,765,159	14,207,153
4. Other operating revenues	117,138,133	329,439,425
TOTAL OPERATING REVENUES	4,882,740,633	6,823,370,446
5. a) Raw materials and consumables expenses	1,216,611,265	1,678,295,870
Other materials expenses	17,291,886	27,171,926
b) Other utilities expenses (energy and water)	344,731,103	343,619,852
c) Purchase of goods for resale (acc. 607)	99,600,186	73,752,871
6. Salary expenses, of which:	652,230,344	906,050,220
a) Salaries (acc. 641-7414)	488,367,028	657,565,705
b) Social security contributions (acc. 645-7415)	163,863,316	248,484,515
7 a) Adjusting the value of tangible and intangible assets	470,969,094	386,314,312
a.1) Expenses (acc. 6811+6813)	617,698,167	429,004,378
a.2) Revenues (acc. 7813+7815)	146,729,073	42,690,066
b) Adjusting the value of current assets	-435,983,667	28,234,579
b.1) Expenses (acc. 654+6814)	-8,433,199	225,156,631
b.2) Revenues (acc. 754+7814)	427,550,468	196,922,052
8. Other operating expenses	1,457,106,537	1,690,869,326
8.1 Third parties services (acc. 611+612+613+614+621+622+623+624+625+626+627+628-7416)	1,051,993,410	1,242,451,523
8.2 Other taxes, duties and similar expenses (acc. 635)	256,780,384	309,992,864
8.3 Other operating expenses (acc. 658)	148,332,743	138,424,939
Adjustments for provisions for risks and charges	200,162,480	-74,586,017
Expenses (acc. 6812)	321,012,520	86,192,933
Revenues (acc. 7812)	120,850,040	160,778,950
TOTAL OPERATIONAL EXPENSES	4,022,719,228	5,059,722,939
OPERATING RESULT:		
- Profit (rows 09-30)	860,021,405	1,763,647,507
- Loss (rows 30-09)		
9. Income from investments	-	-
(acc. 7613+7614+7615+7616)	149,192	27,858,612
- out of which, within the group	-	-
10. Income from other financial investments and receivables (acc. 7611+7612)	1,733,400	-
- out of which, within the group	-	-
11. Income from interest (a c. 766)	71,449,180	142,012,308
- out of which, within the group	-	-
Other financial revenues		
(acc. 7617+762+763+764+765+767+768+788)	279,150,555	93,113,090
TOTAL FINANCIAL REVENUES	352,482,327	262,984,010
12. Adjustment of financial assets and investments held	10,056,771	189,461,152



RON	30/06/2005	30/06/2006
Expenses (acc. 686)	13,311,199	194,496,470
Revenues (acc. 786)	3,254,428	5,035,318
13. Interest expenses (acc. 666-7418)	29,155,354	25,582,510
- out of which, within the group	-	-
Other financial expenses (acc. 663+664+665+667+668+688)	572,317,422	235,298,598
TOTAL FINANCIAL EXPENSES	611,529,547	450,342,260
FINANCIAL RESULT		
- Profit		
- Loss	259,047,220	187,358,250
14 Current result:		
- Profit	600,974,185	1,576,289,257
- Loss		
15. Extraordinary revenues		
16. Extraordinary expenses		
17. Extraordinary result :		
- Profit		
- Loss		
TOTAL REVENUES	5,235,222,960	7,086,354,456
TOTAL EXPENSES	4,634,248,775	5,510,065,199
Gross profit:		
- Profit	600,974,185	1,576,289,257
- Loss		
18. Tax on profit		149,032,527
- Deferred tax expense		
- Deferred tax income		
19. Other tax expenses not shown above		
20. NET RESULT OF FINANCIAL YEAR:		
- Profit	600,974,185	1,427,256,730
- Loss		



Balance Sheet as of June 30, 2006

(Figures only for Petrom SA, according to Romanian Accounting Standards)

<i>RON</i>	1/01/2006	30/06/2006
A. Fixed assets		
I Intangible assets	73,897,192	77,482,642
II Tangible assets	7,522,103,810	7,576,360,621
III Financial Assets	3,013,242,767	3,110,817,769
Total Fixed Assets	10,609,243,769	10,764,661,032
B. Current assets		
I. Inventories	1,484,130,228	1,617,936,418
II. Receivables	1,146,878,122	1,523,042,775
III. Short term investments	112,932	69,522
IV. Cash and Bank accounts	4,499,960,346	4,822,312,355
Total Current Assets	7,131,081,628	7,963,361,070
C. Prepayments	73,201,848	152,347,946
D. Payables within one year	2,230,916,538	2,747,148,144
E. Current assets, net current liabilities, respectively	4,921,569,778	5,317,966,466
F. Total assets less current liabilities	15,522,569,796	16,074,452,323
G. Payables in more than one year	34,900,751	2,343,333
H. Provisions for risks and charges	4,760,579,208	4,657,944,999
I. Deferred income	60,040,911	58,769,581
1. Investments subsidies (acc.131)	8,243,751	8,175,175
2. Deferred income (acc.472)	51,797,160	50,594,406
J. Share capital and reserves		
I. Share capital (rows 66 la 68)	5,600,050,608	5,664,410,834
Out of which:	5,600,050,608	5,664,410,834
- subscribed and unpaid share capital (acc. 1011)		
- subscribed and paid in share capital (acc. 1012)		
- patrimony (acc. 1015)		
II. Premium related to capital		
III. Revaluation reserves (acc. 105)		
Credit balance		
Debit balance		
IV. Reserves (acc. 106)	4,388,619,303	5,200,934,687
V. Retained earnings (acc. 117)		
Sold C	738,419,926	
Sold D		
VI. Retained Earnings (ct. 121)		
Credit balance	1,416,422,558	1,427,256,730
Debit balance		
Profit appropriation (acc. 129)	1,416,422,558	878,438,260
Total Shareholders' Equity	10,727,089,837	11,414,163,991
Public patrimony (acc. 1016)		
Total equity	10,727,089,837	11,414,163,991



Financial Ratios (computed in accordance with CNVM Instruction No. 6/2005)

Financial Ratio	Formula	Value
Current ratio	Current Assets / Current Liabilities	2.90
Gearing Ratio	Payables in more than one year/ Share Capital*100	0.02
	Payables in more than one year / Capital employed*100	0.02
Days in receivables	Receivables average balance / Turnover*181	38.28
Fixed assets turnover	Turnover / Fixed assets	0.59