

March 14, 2006

Results for Q4 and January – December 2005 reflect a profitable year for Petrom

- **Net profit above budgeted figure**
- **Lower results in Q4/05 following Petrobrazil turnaround**
- **Petrom will start to pay dividends**

Petrom, the largest oil and gas producer in South-Eastern Europe, has obtained positive results for the year 2005, which will contribute to the achievement of the company strategic objectives.

Net income significantly increased to RON 1,416 mn (EUR 391 mn), as well as the EBIT which turned positive in 2005, amounting to RON 1,884 mn (EUR 520 mn). Turnover of the company increased by 24% compared to 2004 and reached the value of RON 10,760 mn (EUR 2,970 mn).

“Petrom has successfully come to the end of the first year after the closing of the privatization process. It was a profitable year for the company, regarding both the financial results as well as its achievements. The modernization process was started to increase the company efficiency, as well as to improve its financial position and was carried out in all business segments with stimulating results. Nevertheless, our main concern remains to close the gap to the international standards so that we should secure the company’s competitiveness on the international oil & gas market” said Mr. Gheorghe Constantinescu, Chief Executive Officer of Petrom.

Due to the strong financial position of the company and the capital restructuring undertaken, Petrom will recommence the payment of dividends to its shareholders. The proposed amount to be paid as dividends amounts to RON 738.4 mn (RON 0.013 per share), pending approval of the General Meeting of Shareholders on April 25.

2005	2004	%	in RON mn	Q4/05	Q3/05	%
1,884	(581)	-	EBIT	129	895	(86)
2,775	114	-	EBITDA	319	1,138	(72)
1,416	(974)	-	Net income	11	805	(99)
10,760	8,688	24	Turnover	2,896	3,252	(11)
1,117	1,303	(14)	Investments*	421	253	66
43,546	50,010	(13)	Employees at the end of period	43,546	48,903	(11)

*the investments in 2005 refer to Petrom SA and include increases of share participation; the investments for unsuccessful wells are not included as they are expensed

2005 represented a turning point in Petrom's history as the company entered a significant modernization process, targeting the increase of performance and the achievement of international standards for its business.

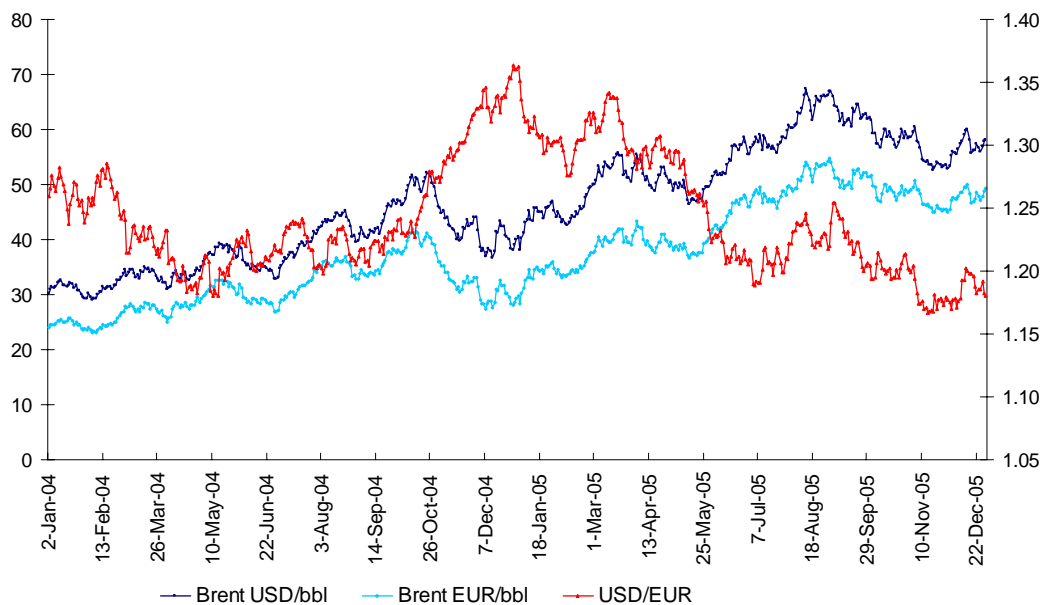
The main initiatives started in 2005 were:

- Defining the **strategy** for the development of the company until 2010.
- The **knowledge transfer** from OMV to Petrom in all business areas was started and it will continue also in the following years.
- The definition of a clear set of **guidelines** in order to improve the coordination of the activities and an improved management control.
- **Centralization of Finance & IT and business processes** in order to improve efficiency and enhance management control on the activity. An important precondition for achieving this target is the deregistration of Petrom branches, resulting in simplified timely reporting and a single data base for suppliers, customers and fixed assets. By the end of 2005, almost half of the 60 branches were already deregistered.
- The company has decided to focus on its core business and hence to initiate a process of reviewing all the assets in order to identify and **divest the non-core assets**. As part of this process, in December 2005, Petrom signed agreements for the sale of its off-shore drilling units Atlas, Fortuna, Jupiter, Orizont, Prometeu and Saturn, together with the related equipment and on-shore facilities to Grup Servicii Petroliere SA for USD 100 mn. The operation of mobile off-shore drilling units is a specialized area of oil-field related services which requires a specific focus and expertise.
- The **dialogue with the unions** in order to support changes was continued and the new collective labour agreement was negotiated for the first year.
- Introducing a new **pricing policy**, by regularly adjusting product prices in line with international quotations.
- Petrom **retail network** went through a significant reorganization process, resulting in the closure of unprofitable locations and also in the introduction of the full-agency system for the administration of the filling stations. Under the new system, a dealer selected by Petrom is managing the activities of the filling stations, following Petrom rules.
- The company has launched **PetromV**, a new concept for its filling stations, which offers a wide range of services, from the specific ones to additional facilities, like restaurants, terraces and playgrounds for children.

Business environment

- **World crude demand** in 2005 increased by 1.1 mn bbl/d or 1.3% over the previous year, representing a yearly average of 83.3 mn bbl/d. This increase was mainly due to the high demand from non-OECD countries. There was a marked drop in product deliveries in the months following Hurricanes Katrina and Rita. A weak demand was already present in the first half of the year as product supplies contracted between February and July showed below-average growth rates in January and March of last year.
- **World crude production** increased by 1 mn bbl/d (1.2%) from 83.1 mn bbl/d in 2004 to 84.1 mn bbl/d in 2005. OPEC countries raised their production of crude and NGL by 1 mn bbl/d from 32.9 mn bbl/d in 2004 to 33.9 mn bbl/d in 2005. Non-OPEC supply in 2005 recorded a yearly average of 50.2 mn bbl/d, representing an increase of 0.1 mn bbl/d over 2004. Non-OPEC oil production was affected by the intense storms in the US Gulf of Mexico, the strongest in the last 100 years.





- The **USD** average exchange rate decreased in 2005 by 10.7% against 2004, from RON 3.26 to RON 2.91. The **Euro** had the same evolution, the average exchange rate decreasing in 2005 by 11.9% in comparison with 2004, from RON 4.05 to RON 3.62.
- **Brent price** decreased with 4.73 USD/bbl in the last quarter of 2005 against the third quarter, from 61.63 USD/bbl to 56.9 USD/bbl. In 2005 the Brent price registered an average of 54.38 USD/bbl, by 42% higher than the average price recorded in 2004, i.e. 38.22 USD/bbl.
- **Imported gas price** in Romania was by 37% higher in 2005 as compared to 2004, with an average of USD 218 /1000 cm [2004: USD 158 / 1000 cm]. The **regulated gas price** for industry increased by 50% in the same period, from USD 130 /1000 cm to USD 195 /1000 cm.
- **Product prices** in 2005 varied significantly due to the natural disasters which affected USA refining capacities, resulting in a high demand for fuels. Gasoline Platts quotation has increased from 0.292 USD/litre at the beginning of the year to 0.399 USD/litre at the end of December 2005, reaching a maximum level of 0.619 USD/litre on September 1, heavily influenced by Katrina Hurricane. Diesel Platts quotation reached 0.439 USD/litre at the end of 2005, after a maximum of 0.579 USD/litre recorded also on September 1. In comparison with the beginning of 2005, gasoline price increased by 37%, while diesel was by 16% higher at the end of 2005.

Exploration and Production (E&P)

2005	2004	%		Q4/05	Q3/05	%
77.95	81.31	(4.1)	Total production (mn boe)	19.36	19.31	0.3
5,214	5,462	(4.5)	Crude and NGL production (000 tons)	1,278	1,293	(1.2)
6,185	6,436	(3.9)	Gas production (mn cm)	1,554	1,531	1.5
2,782	572	386.7	EBIT (RON mn)	-	-	-
3,414	1,071	218.7	EBITDA (RON mn)	-	-	-
530.5	669.3	(20.7)	Investments* (RON mn)	164	52	214
22,598	26,473	(14.6)	No of employees	22,598	25,779	(12.3)

*the investments in 2005 refer to Petrom SA and include increases of share participation; the investments for unsuccessful wells are not included as they are expensed

January – December 2005 (1-12/05)

- The domestic **oil and gas production** amounted to 77.95 mn boe in 2005 or 213,559 boe/day, while crude oil production in Kazakhstan amounted to 1.1 mn boe or 3,068 boe/day. The domestic crude production was by 4% lower than the figure recorded in 2004 (i.e. 81.31 mn boe) as it was significantly affected by the electricity shut downs caused by the severe floods in Romania during the summer of 2005. The domestic gas production decreased with 252 mn Stcm, due to the high pressure on Transgaz system and to the reduced gas consumption.
- **Sales** quantities stood at 73.9 mn boe, decreasing by 4.7% in comparison with 2004. Most of the crude (96%) went into Petrom refineries. Both NGL and natural gas sales recorded decreases against 2004 figures, by 7.6% to 216 thousand tons and by 2.1% to 5.3 bn cm respectively.
- Accumulated **realised oil price** in 2005 was 49.43 USD/bbl [31.97 USD/bbl in 2004].
- In 2005, two onshore 3D seismic surveys amounting to 228 km² (Mamu and Colibasi) and one offshore (Istria) of 645 km² were planned and executed. In addition 262 km 2D seismic lines have been also acquired and 780 km of 2D seismic lines and 150 km² of 3D seismic lines were reprocessed in Romania. A fourth 3D campaign of 70 km² was launched in Kazakhstan and 137.5 km² of 3D seismic have been reprocessed.
- **E&P investments** amounted to RON 531 mn, by 21% lower than in 2004. As numerous concepts for projects were changed, based on additional information gathered since the budget was finalized in February 2005, and based on increased knowledge about reservoir and operations, which led to a reduced capital investment, the 2005 actual figure was significantly below budget. The lower level of investments was also the result of the deferral of some projects in order to revise the related concepts and of the cancellation of uneconomic or not required anymore projects. Delays in the procurement process of services and equipment had also an impact on the investment volume. Most of the investments were directed towards the drilling operations.
- In 2005 Petrom drilled 13 exploration and appraisal wells and 162 production wells.
- Petrom participated in the 7th National Licensing Round 2005, organized by the National Agency of Mineral Resources, and won the bidding for three exploration blocks, namely E VII-1 Maramures (5,334 km²), E VII-4 Giurgiu (4,875 km²) and E VII-5 Rosiori (5,192 km²). The final Government approval is expected until the summer of 2006.



Fourth Quarter 2005 (Q4/05)

- In the last quarter of 2005, **crude oil production** amounted to 1,28 mn tons, by 1.2% lower than the previous quarter, while **gas production** exceeded by 1.5% Q3 level, reaching 1.55 bn cm.
- **Crude oil sales** stood at 1.24 mn tons, while **natural gas sales**, increased to 1.5 bn cm from 0.9 bn cm in Q3.
- Actual **investments** in Q4 were RON 163.5 mn. Based on the large number of project plans finalized as well as contracts and purchase orders signed in Q3, a high number of projects, especially drilling projects, were executed in Q4. Furthermore, several internal procedures were issued, which facilitated the execution of projects in the last quarter of the year.
- The **realized crude price** decreased to 55.56 USD/bbl, from 56.92 USD/bbl in Q3.

Gas

- Starting with the Q3/05, a separate **Gas Division** was established in Petrom, under the direct subordination of the company's CEO, responsible for natural gas sales and management of the activity.
- The **total natural gas sales** in 2005 amounted to 5.33 bn Stcm, by 2% lower than in 2004. The main eligible customers were Distrigaz Sud and Distrigaz Nord, Petrom Gas, Electrocentrale Bucuresti and Termoelectrica.
- Petrom owns a small **gas distribution network** with a length of 803 km. At the end of 2005, the company had 526 direct consumers, to whom a quantity of 23,784 thousand Stcm was delivered.

Refining and Petrochemicals

2005	2004	%		Q4/05	Q3/05	%
6,399*	6,426	-	Crude input (thousand tons)	1,497	1,752	(14.6)
1,404	1,465	(4.2)	o/w imported crude (thousand tons)	338	491	(31.2)
80	83	(3.6)	Utilization rate (%)	75	88	(14.8)
(386)	(1,001)	-	EBIT** (RON mn)	-	-	-
(253)	(924)	-	EBITDA** (RON mn)	-	-	-
449.7	374.8	20	Investments (RON mn)	213	152	40
6,492	7,414	(12.6)	No of employees	6,492	7,312	(11.2)

* Starting with 2005, processed crude figure is reported including condensate

** the financial figures (EBIT, EBITDA) and investments for 2004 include also Doljchim

January – December 2005 (1-12/05)

- In 2005, 6,399 thousand tons of **crude oil were processed** in Petrom refineries, representing a decrease in comparison with 2004, due to the 6-week turnaround in Petrobrazi.
- **Refining margin** increased to 22 EUR/t, with 10 EUR/t above the 2004 level, generally in line with world wide trends in refining.
- **Petrochemical sales** amounted to 553 thousand tons, by 6.6% lower than 2004 figure, as a result of the turnaround in Arpechim petrochemical units.
- In 2005, Petrom invested significant amounts in its two refineries, in order to achieve the refining targets with respect to cost position and compliance with the quality standards imposed by the European Union. The most important **projects** started or continued in each refinery were as follows:



Arpechim

- ❖ FCC feed Hydrotreating Unit
- ❖ New Hydrogen Unit
- ❖ DCS implementation
- ❖ Desulphurization of FCC heavy gasoline - ISAL process

Petrobraz

- ❖ Revamp Gasoil Hydrotreating Unit
- ❖ DCS implementation System
- ❖ Revamp Railway station for Oil Products
- ❖ Revamp CCR Plant

Fourth Quarter 2005 (Q4/05)

- The total quantity of **crude processed** in Q4 amounted to 1,497 thousand tons, out of which 338 thousand tons represented imported crude oil.
- **Refining utilisation rate** was only 75%, as the turnaround in Petrobraz was performed during October and November.
- **Petrochemical sales** also recorded lower volumes, i.e. 132 thousand tons, by 20% lower in comparison with Q3, i.e. 165 thousand tons.

Marketing

2005	2004	%		Q4/05	Q3/05	%
5,046	4,992	1.1	Sales (thousand tons)	1,163	1,496	(22.3)
(528)	(152)	-	EBIT (RON mn)	-	-	-
(409)	(33.5)	-	EBITDA (RON mn)	-	-	-
135.4	258.8	(47.7)	Investments* (RON mn)	45	48	(6)
12,285	14,010	(12.3)	No of employees	12,285	13,686	(10.2)

* the investments in 2005 refer to Petrom SA and include increases of share participation

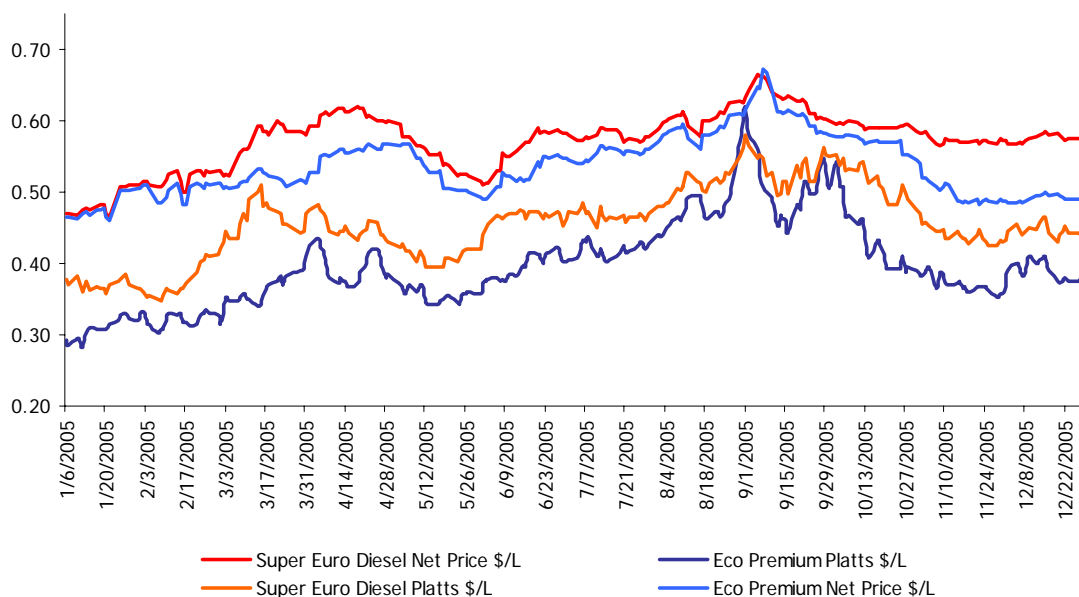
January – December 2005 (1-12/05)

- The **total sales volumes** increased by 1.1% in 2005 in comparison with 2004, due to higher commercial sales, which amounted to 4,122 thousand tons. **Commercial domestic sales** were above 2004 figure by 1.7% reaching 1,859 thousand tons, while **export sales** amounted to 2,263 thousand tons, with 34 thousand tons more than in 2004. **Retail sales** decreased by 1.2%, to 924 thousand tons.
- At the end of 2005, Petrom had a **retail network** of 553 operating filling stations, with 35 filling stations less than in 2004¹, as a result of the closure of 50 unprofitable locations and the opening of 15 new filling stations. The new Full Agency system was implemented in 60 filling stations. The company also has 82 filling stations abroad, 80 in Republic of Moldova and 2 in Hungary.
- In 2005, Petrom recorded a **retail market share** of 24%.
- The **investments** amounted to RON 135.4 mn and were directed towards the modernization of the existing filling stations, as well as greenfield investments.
- In 2005, the **fuel prices** have widely varied as a result of the geo-political instability and of the natural disasters. The hurricanes in the USA destroyed part of the country's

¹ The number of filling stations in 2004 Annual Report include 24 non-operating filling stations as well



refining capacities resulting in high imports from Europe and an increasing price for gasoline and diesel, which recorded during September the highest values of the year. Petrom has adjusted its prices for commercial and retail pump sales of fuel categories in accordance with the prices fluctuations at international level.



Fourth Quarter 2005 (Q4/05)

- **Total sales** in Q4 decreased to 1,163 thousand tons from 1,496 thousand tons in Q3, due to the lower supply of products from Petrobrasi, but also due to seasonally lower demand in Q4. Both **commercial domestic sales** and **retail sales** increased in comparison with Q3, by 23% and 3.6% respectively. The **exports** were by 57% lower than in the previous quarter, amounting only to 338 thousand tons.

Chemicals (Doljchim)

2005	2004	%		Q4/05	Q4/05	%
617	570	8.2	Sales (thousand tons)	149	147	1.4
1.6	8.6	(81)	Investments (RON mn)	0.1	1.3	(92)
1,588	1,548	2.6	No of employees	1,588	1,582	0.4

- Chemical **sales** were ahead 2004 level by 8.2%, as urea and methanol sales increased by 37.4% and by 7.4% respectively.
- Total **investments** amounted to RON 1.6 mn and targeted mainly modernizations and environmental protection.



Financial highlights

Profit and Loss Account

- **Turnover** of the company increased by 24% reaching RON 10.76 bn mainly driven by the favourable price environment.
- The **EBIT** turned positive in 2005, increasing from a negative value of RON 581 mn to a positive value of RON 1,884 mn.
- The results were particularly impacted by special items amounting to RON 769 mn.
- **Operating expenses** amounting to RON 9.09 bn, were down by 6% against 2004 figure and were influenced by:
 - The increase of the expenses with raw materials, materials and consumables by RON 138 mn due to higher acquisition prices for imported crude oil,
 - The increase in salary expense and other benefits by RON 205 mn,
 - Booking of staff restructuring provisions (RON 488 mn),
 - The decrease by RON 305 mn related to the depreciation on tangibles and intangibles which was generated mainly by the change in the computation method of the depreciation to UOP method and less impairment of fixed assets in 2005 compared to 2004.
 - Other expenses, such as third party services, royalties for crude oil and gas and other services which had a net impact of RON 105 mn increase on the operating expenses.
- **Financial result** improved by 17% as a result of the gains from interest income and of the significant reduction of the interest expense as the company repaid all loans during 2005. Due to significant amounts of cash owned by the company following the privatization process, a not realized **forex loss** was generated as the RON appreciated against EUR.
- **Income tax** increased significantly (by 78%) as the taxable profit in 2005 was much higher than in 2004.

Balance sheet

- **Total assets** increased by 14% amounting to RON 17.8 bn, as both fixed and current assets exceeded last year levels.
- **Fixed assets** recorded a 11% increase against 2004 figure, mainly due to the acquisition of three umbrella funds in the amount of RON 1.1 bn. The investments in other companies also increased during 2005, as a result of the acquisition of 49% of Petrom Gas and the increase of the investments in Doo Petrom Yu by a total of RON 10.3 mn.
- **Current assets** increased by 18% against 2004, reaching RON 7.2 bn. The increase is attributable to all current items:
 - inventories increased by 31% mainly due to higher price levels
 - accounts receivable increased by 46% as the turnover within the last two months of 2005 was by approx. 40% higher in comparison with the similar period of 2004
 - cash increase of 9% was the result of the net cash from operating activities due to an enhanced profitability.
- **Total liabilities** accounted for RON 7.1 bn, increasing by 13% in comparison with 2004.
- **Non-current liabilities** decreased by 3%. The non current part of the bonds liability was reclassified as short-term debenture (due on October 2, 2006). The provisions increased by 7% as a result of the booking in 2005 of the staff restructuring provisions (year-end balance - RON 349 mn), but also following the increase in other provisions (severance



benefits, VAT, excises and other related taxes for missing stock, environmental provision, provision for litigations and claims) which was offset by the decrease of the decommissioning provisions.

- **Current liabilities** significant increase (77%) is associated mainly with the reclassification of the bonds liability as current (RON 491 mn) and with the booking of the payable current tax (RON 382 mn).
- **Total taxes** paid by Petrom to the State budget increased from RON 3.7 bn to RON 4.6 bn in 2005, out of which **excise duty** – RON 2,326 mn (15% increase over 2004), **corporate tax** – RON 400 mn (2.5 times above 2004 figure) and **royalties** – RON 508 mn (25% higher than in the previous year).
- **Shareholders' equity** in 2005 was by 14% above 2004 figure, the increase representing mainly the net profit for the year. In addition, the equity was adjusted with the reserve for the umbrella funds purchased in 2005 and the tax on transfer of the revaluation reserve to retained earnings resulting from the capital restructuring.
- Petrom Board of Directors approved a **restructuring of the equity** resulting in an improved and fair view of the balance sheet and, in particular, in more transparency of the equity position of the company. The loss carry forward was netted to the maximum extent possible with the revaluation reserve and the share premium.
- The management proposed an amount of RON 738.4 mn to be paid as dividends and it will be distributed after the approval in the General Meeting of Shareholders on April 25, 2006.

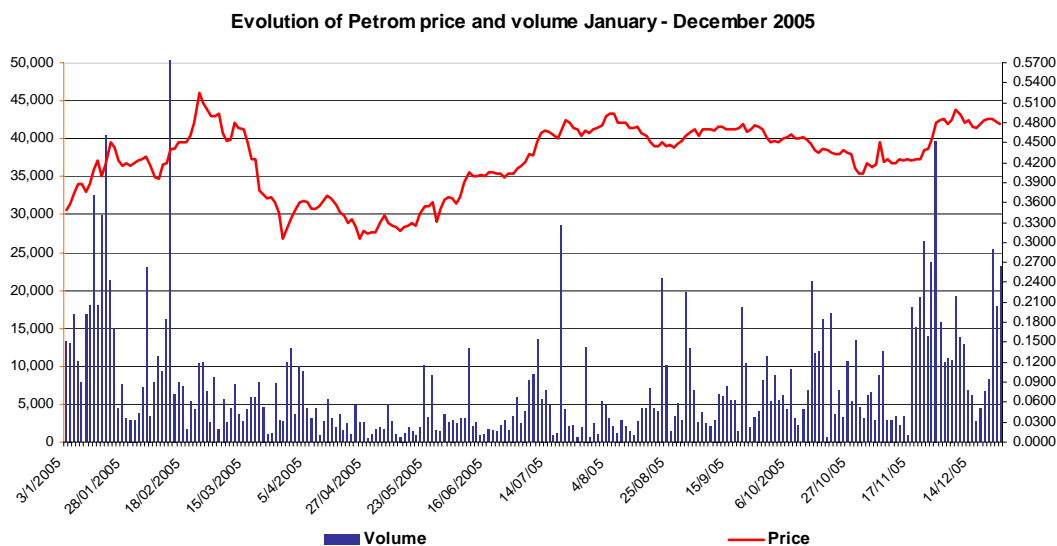
Human Resources

- Following the reorganization process initiated by Petrom at the beginning of 2005, the headcount decreased to 43,546 employees as of December 31, 2005, by 13% below 2004 figure.
- In 2005, internal job recruiting was implemented throughout the company, as part of the new Human Resources policy, together with the clear definition of the qualification and promotion criteria.

Stock watch: January – December 2005

At a glance	2005
Number of shares	56,000,506,078
Market capitalization, RON mn	26,712
Market capitalization, EUR mn	7,264
Volume traded on the BSE, RON mn	7,960
Year's high, RON/share	0.5300
Year's low, RON/share	0.2760
Year end, RON/share	0.4770

- Petrom share price ranged in 2005 between RON 0.2760 and RON 0.5300, closing on December 23, the last day of trading, at RON 0.4770, by 30% higher than the price at the beginning of the year and by 10% lower than the historical maximum (RON 0.5300).
- On December 23, 2005, Petrom had a 47.6% weight of the total market capitalization.
- The share price in 2005 was 2.5 times higher in comparison with the price paid by OMV in 2004 for 51% of Petrom's share capital.



Outlook 2006

In 2006, the management will continue its focus on efficiency improvement throughout the company by further implementing the modernization program that Petrom has embarked on during 2005. In the same time, Petrom will seek to further develop the business in its core regions (Caspian Area and South-Eastern Europe).

After a year with very high crude prices in 2005, the **international crude quotations** are even higher at the beginning of 2006. Crude prices remaining at such high level will have a significant positive impact on Petrom's 2006 results and might offset the expected decline of **E&P** production in 2006.

During 2006 the first wells based on the new modern 3D of 2005 will be drilled onshore and offshore Romania, while the seismic acquisition program will continue at a higher level than in 2005. For the three new exploration blocks, the exploration activities are expected to be initiated.

For 2006 substantial steps are scheduled to stabilize Petrom's upstream production in the medium term and decrease production costs: investments in modernization and rationalization of production and surface drilling, continued development of operations in Kazakhstan, exploration activity and drilling of new production wells. However, the production is expected to decrease due to the natural decline on the one hand and the shut-in of uneconomic wells on the other hand.

In the course of liberalization of the **gas market**, the gas price is expected to steadily increase in line with the Memorandum between Romania and International Monetary Fund, based on a common understanding between the Ministry of Economy and Commerce (MEC) and the National Authority for Regulating the Natural Gas Sector (ANRGN) on one hand, and the gas producers on the other hand.

The main focus of **Refining Business** for the year 2006 is the further optimization and consolidation of the business. An ambitious investment programme is planned to increase capacity and product quality in order to meet EU clean fuels standards by 2007. A further centralization of the organization is expected to raise efficiency. The acquisition of Rafiserv



provides the basis for an efficiency increase in maintenance. For 2006 a turnaround of the Refinery Arpechim is scheduled. Medium term target is to double the turnaround cycles.

Marketing Business has scheduled important steps for 2006 in order to centralize the organization, implement a franchising concept for filling stations, divest and close down unprofitable locations (non-competitive-filling stations, storage farms). Investments for 2006 target plot purchases and construction of new filling stations, modernization and rebuilding of existing filling stations, modernization of storages, IT support and automation.

For 2006 significant efforts are scheduled in order to centralize and modernize **Finance, Accounting and IT** processes. A Finance-Service Center will be further developed and SAP system will be implemented. The replacing of the legacy (old) systems and further optimization of the application portfolio will determine significant changes in terms of commercial, administration and business processes.

Another important project is TAS (Terminal Automation System), which will follow OMV group standards and provide all newly built and upgraded terminals and refineries with technical operation control as well as monitoring and execution control of commercial processes. Furthermore, by the end of 2006, 500 filling stations will be equipped with the target system.

Petrom will also set up a fully integrated software platform for the E&P division which is able to provide real-time information to improve decision making significantly.

According to the Romanian law, Petrom's budget for 2006 was approved by the General Meeting of Shareholders on November 22, 2005.

For 2006, the company estimates a **turnover** of RON 10,970 mn, an **EBIT** of RON 2,253 mn and a **net income** of RON 1,979 mn.

The total **investments** of Petrom Group will amount to RON 2,334.5 mn, with around 50% of the total amount invested in Exploration and Production segment.

2006 Budget RAS	RON mn
Turnover	10,970
EBIT	2,253
EBT	2,144
Net income	1,979
NOPAT	1,855
EBITD	3,060

Petrom estimates a total crude and gas production of 75,263.5 thousand boe, out of which 36,798.8 thousand boe crude production.

The total quantity of crude processed by the two refineries is expected to amount to 6,788.6 thousand tons, with sales of 6,032.6 thousand tons, out of which 5,359.7 thousand tons represent fuel sales and the rest petrochemicals.

For fertilisers, the total sales are estimated at 663 thousand tons, out of which urea holds the main percentage (34%), followed by methanol (33%) and ammonium nitrate (26%).

During 2006, Petrom will focus strongly on **safety** awareness and performance in an attempt to control risks when large changes in technology, methods of work, personnel and organisation are going on. The **health** and medical services will also be improved following significant improvements in the competence of medical staff, the quality of facilities and equipment and a much more focused occupational health organisation.

With regard to the **environment**, Petrom anticipates that Romania will participate in the European Emission Trading Scheme and is already getting ready to negotiate and fulfill our obligations under this scheme.

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Next release:

Q1/2006 Results - May 16, 2006

Abbreviations

NGL	Natural Gas Liquids
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
mn	Million
bn	Billion
RON	New Romanian Lei
cm	Cubic meters
bbl	Barrel
boe	Barrel of oil equivalent
UOP	Unit of Production

Profit and Loss Account as of December 31, 2005

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

'000 RON	December 31, 2004	December 31, 2005
Net turnover	8,687,897	10,760,228
Sales of finished goods	6,008,242	6,992,775
Sales of goods purchased for resale	2,679,655	3,767,453
Revenues from subsidiaries related to net turnover		
Movements in stocks of finished goods		
Cr balance	205,194	120,731
Dr balance		
Own work capitalized	46,755	28,351
Other operating revenues	199,399	63,873
TOTAL OPERATING REVENUES	9,139,245	10,973,183
a) Raw materials and consumables expenses	2,117,297	2,278,836
Other materials expenses	64,034	40,594
b) Other utilities expenses (energy and water)	632,824	709,689
c) Purchase of goods for resale	275,254	329,737
Salary expenses, of which:	1,193,869	1,537,409
a) Salaries	877,264	1,147,968
b) Social security contributions	316,605	389,441
a) Adjusting the value of tangible and intangible assets	1,144,232	839,092
a.1) Expenses	1,183,194	1,115,944
a.2) Revenues	38,962	276,852
b) Adjusting the value of current assets	398,763	-454,404
b.1) Expenses	736,563	72,022
b.2) Revenues	337,800	526,426
Other operating expenses	3,430,007	3,285,564
8.1 Third parties services	1,688,598	2,389,946
8.2 Other taxes, duties and similar expenses	461,995	566,629
8.3 Other operating expenses	1,279,414	328,989
Adjustments for provisions for risks and charges	464,115	522,467
Expenses	517,988	886,230
Revenues	53,873	363,763
TOTAL OPERATIONAL EXPENSES	9,720,395	9,088,984
OPERATING RESULT:		
- Profit		1,884,199
- Loss	581,150	
Income from investments	2	149
Income from other financial investments and receivables	6,913	7,218
- out of which, within the group		
Income from interest	44,238	165,587
- out of which, within the group		
Other financial revenues	342,048	396,246
TOTAL FINANCIAL REVENUES	393,201	569,200
Adjustment of financial assets and investments held	(6,225)	(42,965)
Expenses	109,207	17,555
Revenues	115,432	60,510
Interest expenses	98,868	55,891
- out of which, within the group		
Other financial expenses	543,408	757,050
TOTAL FINANCIAL EXPENSES	636,050	769,976
FINANCIAL RESULT		
- Profit		



<i>'000 RON</i>	December 31, 2004	December 31, 2005
- Loss	242,849	200,776
Current result:		
- Profit		1,683,423
- Loss	823,999	
Extraordinary revenues		
Extraordinary expenses		
Extraordinary result :		
- Profit		
- Loss		
TOTAL REVENUES	9,532,446	11,542,383
TOTAL EXPENSES	10,356,445	9,858,960
Gross profit:		
- Profit		1,683,423
- Loss	823,999	
Tax on profit		
- Deferred tax expense	149,678	267,001
- Deferred tax income		
Other tax expenses not shown above		
NET RESULT OF FINANCIAL YEAR:		
- Profit		1,416,422
- Loss	973,677	

Balance Sheet as of December 31, 2005

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

'000 RON	December 31, 2004	December 31, 2005
A. Fixed assets		
I Intangible assets	182,087	73,897
II Tangible assets	7,529,117	7,522,104
III Financial Assets	1,878,196	3,013,243
Total Fixed Assets	9,589,400	10,609,244
B. Current assets		
I. Inventories	1,129,234	1,484,131
II. Receivables	776,330	1,146,878
III. Short term investments	577	113
IV. Cash and Bank accounts	4,117,609	4,499,960
Total Current Assets	6,023,750	7,131,082
C. Prepayments	56,367	73,202
D. Payables within one year	1,257,378	2,230,917
E. Current assets, net current liabilities, respectively	4,772,078	4,921,570
F. Total assets less current liabilities	14,353,542	15,522,570
G. Payables in more than one year	530,379	34,901
H. Provisions for risks and charges	4,431,052	4,760,579
I. Deferred income	58,597	60,041
1. Investments subsidies	7,936	8,244
2. Deferred income	50,661	51,797
J. Share capital and reserves		
I. Share capital (rows 66 la 68)	5,600,051	5,600,051
Out of which:		
- subscribed and unpaid share capital		
- subscribed and paid in share capital	5,600,051	5,600,051
- patrimony		
II. Premium related to capital	2,060,096	
III. Revaluation reserves		
Credit balance	830,831	
Debit balance		
IV. Reserves	3,949,798	4,388,619
V. Retained earnings		
Sold C		738,420
Sold D	2,074,988	
VI. Retained Earnings		
Credit balance		1,416,422
Debit balance	973,677	
Profit appropriation		1,416,422
Total Shareholders' Equity	9,392,111	10,727,090
Public patrimony		
Total equity	9,392,111	10,727,090

