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Petrom Group results¹ for January – March 2010 enhanced by favorable crude price environment and management efforts to improve cost position

- ▶ **Q1/10 results supported by favorable oil price environment and optimized cost management:** as the Urals crude price rose by 72% over Q1/09, clean CCS² EBIT significantly improved compared to Q1/09, increasing more than twofold
- ▶ **Economic downturn reflected in our operational results:** hydrocarbon production was 4% lower than in Q1/09 and total marketing sales volumes decreased by 22%, while consolidated gas sales increased by 5% over the same period; refining margin recovered from Q4/09 lows, but middle distillate spreads remain comparatively low
- ▶ **Outlook for 2010:** we expect persisting volatility of both our key business drivers (crude price, refining margin indicator and FX rates), as well as the market environment in which we operate, to continue; we will continue to focus on further improving our cost position and on pursuing implementation of our considerable investment program, with half of it centered on E&P, in order to ensure our business sustainability

Mariana Gheorghe, CEO of OMV Petrom S.A.: "In the first quarter of 2010, we managed to extend the steady improvement of our results despite the challenging business environment, when the usual seasonal effects were compounded by the economic downturn. In E&P, difficult winter conditions and natural decline impaired our production levels in Romania, whilst oil production in Kazakhstan further increased due to Komsomolskoe field being brought gradually onstream; furthermore, we continued improving our cost position. In R&M, results were supported by our optimized refinery operations and cost reductions that helped mitigate the effects of lower marketing sales volumes and lower margins. In G&P, our gas sales benefited from the difficult winter conditions, whereas the Brazi power plant construction project continued according to schedule. In order to ensure our business sustainability, we will continue to pursue our considerable investment program, with half of it centered on E&P, while also seeking the timely implementation of the share capital increase for which we received authorization from our shareholders on the April 29, 2010."

Q4/09	Q1/10	Q1/09	Δ%	Key performance indicators (RON mn)	2009	2008	Δ%
194	947	331	186	EBIT	1,620	1,205	34
757	942	326	189	Clean EBIT	2,315	3,606	(36)
586	913	399	129	Clean CCS EBIT ²	1,870	3,815	(51)
(129)	803	337	138	Net income after minorities	860	978	(12)
(273)	779	398	96	Clean CCS net income after minorities ²	486	1,154	(58)
(0.0023)	0.0142	0.0059	141	EPS (RON)	0.0152	0.0173	(12)
(0.0048)	0.0138	0.0070	96	Clean CCS EPS (RON) ²	0.0086	0.0204	(58)
1,242	924	128	n.m.	Cash flow from operations	2,726	4,297	(37)
-	-	-	-	Dividend per share (RON)	-	-	-

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 National Bank of Romania exchange rate for its consolidation process

² Clean CCS figures exclude inventory holding effects resulting from the fuel refineries



PETROM
Member of OMV Group

Financial highlights

First quarter 2010 (Q1/10)

In Q1/10, results were driven by a favorable crude price environment. **The Urals crude price**, the reference oil price for Romania, was 72% higher in Q1/10 compared to the level recorded in Q1/09, more than offsetting the impact of a lower refining margin indicator compared to Q1/09. The **Group reported EBIT** of RON 947 mn was, therefore, well above the level of Q1/09. **The net financial result** was RON 14 mn, lower than in Q1/09, mainly as a result of the increase in financing costs. **Net income after minorities** was RON 803 mn, 138% higher than in Q1/09. **Clean CCS EBIT** increased more than twofold to RON 913 mn. The Clean CCS EBIT is stated after eliminating net special income of RON 5 mn and inventory holding gains of RON 29 mn. **Clean CCS net income after minorities** was RON 779 mn.

In **Exploration and Production (E&P)**, clean EBIT was higher by 106% compared to Q1/09, due to the significant increase of crude prices. With 185,000 boe/day, Group's oil and gas production was 4%

lower compared to Q1/09 due to the lower production in Romania.

In **Refining and Marketing (R&M)**, clean CCS EBIT improved notably compared to Q1/09 due to optimization of our refinery operations and the sale of Arpechim's petrochemicals activities, which more than compensated for the lower marketing result. The refining business saw an improvement in gasoline cracks, while diesel cracks remain at levels below those recorded in Q1/09, which were themselves historically low. Marketing was confronted with lower margins and lower marketing sales volumes, especially in the commercial segment, partly compensated by reduced costs.

In **Gas and Power (G&P)**, clean EBIT was 29% lower compared to Q1/09 when the result benefited from import quantities extracted from storage. Consolidated gas sales volumes in Q1/10 were 5% higher compared to Q1/09 partly because gas volumes sold from storage contributed considerably

Significant events in Q1/10

Effective **January 1**, the company name is OMV PETROM S.A., following the Decision of the Extraordinary General Meeting of Shareholders held on October 20, 2009. The Company's brand and logo remain unchanged. Consequently, any reference within the document to "Petrom" or the "Company" will be interpreted as a reference to OMV Petrom S.A. legal entity.

On **January 6**, OMV Petrom S.A. announced the acquisition of Korned LLP in Kazakhstan (transaction closed on December 31, 2009). Korned LLP holds 100% interests in an exploration license including the undeveloped Kultuk oilfield, located onshore in the Pre-Caspian Basin, 34 km to the North-West of Petrom's Komsomolskoe Field.

On **January 8**, OMV Petrom S.A. started a share buy back program. As part of the program, OMV Petrom S.A. purchased 6,195,500 shares, representing 0.011% of the company's share capital from the organized

securities market, at a total value of RON 1,772,177, in order to distribute them free of charge to the Entitled Persons (former or current employees) between February 25 and December 31, 2010.

On **February 1**, Rainer Schlang became member of OMV Petrom S.A.'s Executive Board, responsible for Marketing. He replaced Tamas Mayer, who took over new responsibilities in Petrol Ofisi, Turkey's leading fuel and lubricants distribution company, in which OMV holds a 41.58% stake.

Starting **February 1**, Petrom consolidated the gas supply and sales activities within Petrom Gas S.R.L., a 99.99% OMV Petrom S.A. owned company. Therefore, the sales activities within the gas division of Petrom were integrated into Petrom Gas S.R.L.

On **March 26**, Petrom's Executive Board convened the Ordinary and Extraordinary General Meeting of Shareholders for April 29 – a summary of the main resolutions is available under **Subsequent events** section at page 18.

Outlook 2010

In 2010, we expect the oil price to remain under volatile trading broadly within a range of USD 60-85/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. The Romanian economy is expected to stagnate in 2010. However, the unemployment rate is likely to remain high through the year, raising the social protection costs incurred by the authorities. The expected reduction in the number of public sector employees would put a further strain on unemployment. Continuing efforts to reduce the budget deficit will restrict government spending severely. This would create the necessary conditions for further cuts in domestic interest rates which would lead to lower borrowing costs for the private sector. 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 an investment budget for 2010 amounting to RON 6.9 bn for OMV Petrom S.A. Furthermore, we will pursue the timely implementation of the share capital increase, for which we received authorization from our shareholders on April 29, 2010. We seek to attain total issue proceeds of EUR 600 mn for newly issued shares within one year from shareholders approval. In addition, we will continue discussions with the Romanian authorities on how to capitalize on gas price convergence.

In **E&P**, the investment program will 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 focus 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. In 2010, one of the most ambitious onshore 3D seismic surveys will be started in the Moreni area. The 3D seismic data acquired in the Neptun deepwater offshore area explored in joint venture with ExxonMobil, will be fully processed and evaluated in 2010 to identify prospects. As regards projects, the focus will be on delivery of the gas debottlenecking project in Hurezani, field re-development projects and organizational streamlining. In **Kazakhstan**, the Komsomolskoe oil field will continue to increase production in order to reach its plateau of 10,000 bbl/d in 2010. Appraisal of the Kultuk oilfield will start with 3D seismic acquisitions in the first half of 2010. In **Russia**,

preparations for further exploration work are ongoing and 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, with alternative options to be assessed thereafter. The cycle-end turnaround at Petrobrazî, aimed at performing mechanical inspection and reauthorization works, commenced in early April and is scheduled to last until early May. After the completion of the turnaround, Petrobrazî will be advancing for the five-year turnaround cycle. In 2010, we will continue the revised investment program at Petrobrazî and progress with the modernization of the crude distillation unit. Starting 2010, the activities related to optimization of logistics and storage facilities were transferred to Refining as part of our efforts to harmonize the organizational structure within Petrom Group R&M activities with the OMV R&M standard. 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 focal points of this year's activities are the operations' optimization and efficiency increase, with a main focus on consolidation process of the Marketing activities of Petrom Group in Romania. The significant decline in fuels demand recorded at the end of 2009 increased in intensity 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 aim to develop a balanced projects portfolio covering energy production from both conventional and renewable sources, with the intention of transforming ourselves from a pure oil and gas company into a diversified energy player in the medium term. As such, we will continue the construction of the Brazi power plant and start construction of the wind power generation plant in Dobrogea, which is estimated to begin commercial operation in mid 2011. 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 half of the import gas price. Therefore, the alignment 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 Petrom Gas S.R.L., achieved in February 2010, will be further consolidated 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

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ %
4,223	3,934	3,870	2	Sales ¹	16,090	20,127	(20)
676	890	431	106	EBIT E&P ²	2,468	2,931	(16)
(367)	16	(280)	n.m.	EBIT R&M	(618)	(1,800)	(66)
(5)	72	97	(26)	EBIT G&P	71	109	(35)
(45)	(21)	(31)	(32)	EBIT Co&O	(140)	(127)	10
(66)	(10)	113	n.m.	Consolidation	(161)	92	n.m.
194	947	331	186	EBIT Group	1,620	1,205	34
844	890	431	106	Clean EBIT E&P ^{2, 3}	2,685	4,028	(33)
(221)	(18)	(216)	(92)	Clean CCS EBIT R&M ³	(675)	(391)	73
73	73	102	(29)	Clean EBIT G&P ³	158	212	(25)
(44)	(21)	(31)	(32)	Clean EBIT Co&O ³	(139)	(127)	9
(66)	(10)	113	n.m.	Consolidation	(161)	92	n.m.
586	913	399	129	Clean CCS EBIT ³	1,870	3,815	(51)
(45)	961	410	135	Income from ordinary activities	1,169	1,129	4
(131)	807	325	148	Net income	833	896	(7)
(129)	803	337	138	Net income after minorities	860	978	(12)
(273)	779	398	96	Clean CCS net income after minorities ³	486	1,154	(58)
(0.0023)	0.0142	0.0059	141	EPS (RON)	0.0152	0.0173	(12)
(0.0048)	0.0138	0.0070	96	Clean CCS EPS (RON) ³	0.0086	0.0204	(58)
1,242	924	128	n.m.	Cash flow from operations	2,726	4,297	(37)
0.0219	0.0163	0.0023	n.m.	CFPS (RON)	0.0481	0.0759	(37)
2,614	2,403	2,300	5	Net debt	2,614	1,253	109
16	14	14	0	Gearing (%)	16	8	106
1,479	717	1,157	(38)	Capital expenditures	4,219	6,759	(38)
-	-	-	n.a.	Dividend per share	-	-	n.a.
-	-	-	n.a.	ROFA (%) ⁴	7.5	6.6	13
-	-	-	n.a.	ROACE (%) ⁴	5.2	5.3	(1)
-	-	-	n.a.	ROE (%) ⁴	5.2	5.7	(8)
28,984	27,626	34,013	(19)	Petrom Group employees at the end of the period	28,984	35,588	(19)

¹ Sales excluding petroleum excise tax

² Excluding intersegmental profit elimination

³ Adjusted for exceptional, non-recurring items; clean CCS figures exclude inventory holding effects (CCS effects) resulting from the fuels refineries; for reasons of comparability respective 2008 numbers are presented

⁴ Ratios relevant only if computed on a full-year basis

Exploration and Production (E&P)

Q4/09	Q1/10	Q1/09	Δ%	In RON mn	2009	2008	Δ%
2,292	2,279	1,872	22	Segment sales	8,249	9,813	(16)
676	890	431	106	EBIT ¹	2,468	2,931	(16)
(168)	0	0	0	Special items	(217)	(1,097)	(80)
844	890	431	106	Clean EBIT ¹	2,685	4,028	(33)

Q4/09	Q1/10	Q1/09	Δ%	Key performance indicators	2009	2008	Δ%
17.17	16.68	17.30	(4)	Total hydrocarbon production (mn boe)	68.29	71.08	(4)
187,000	185,000	192,000	(4)	Total hydrocarbon production (boe/day) ²	187,000	194,000	(4)
8.54	8.30	8.28	0	Crude oil and NGL production (mn bbl)	33.49	34.40	(3)
1.32	1.28	1.38	(7)	Natural gas production (bcm)	5.33	5.62	(5)
46.64	45.29	48.75	(7)	Natural gas production (bcf)	188.16	198.30	(5)
74.27	75.40	43.73	72	Average Urals price (USD/bbl)	61.18	94.77	(35)
68.43	69.85	46.45	50	Average Group realized crude price ³ (USD/bbl)	58.45	83.01	(30)
171.38	166.32	150.97	10	Average gas price for domestic producers in Romania (USD/1,000 cbm)	162.38	195.59	(17)
86	35	17	106	Exploration expenditure (RON mn)	219	680	(68)
54	16	65	(76)	Exploration expenses (RON mn)	275	615	(55)
15.93	16.65	14.71	13	OPEX (USD/boe) ⁴	15.06	18.27	(18)

¹ Excluding intersegmental profit elimination

² Production figures in boe/day are rounded

³ Realized price includes hedge result

⁴ 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 Q1/10, the impact of this change led to an increase of around USD 1.18 /boe for Petrom Group

First quarter 2010 (Q1/10)

- **Q1/10 results mainly driven by the favorable oil price environment: segment sales recorded a 22% increase while EBIT more than doubled compared to Q1/09**
- **Total Group production cost in absolute terms decreased by 3% compared to Q1/09, when expressed in RON**
- **Group oil and gas production in Q1/10 was 4% below the Q1/09 level, due to bad weather conditions and natural decline not fully compensated by the contribution of new wells drilled and workover program**
- **Oil and gas production in Kazakhstan increased by 70% in Q1/10 in comparison with Q1/09 due to Komsomolskoe field being brought gradually onstream**

Segment sales increased by 22% compared to the same period of the previous year, due to the improved pricing environment for oil in Q1/10.

The Urals crude price was 72% higher in Q1/10 compared to the level recorded in Q1/09. **The average Group's realized crude price** increased by 50% to USD 69.85/bbl, in line with higher global oil prices however reflecting the overall lower positive hedging result versus Q1/09. Furthermore, 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 106% compared to Q1/09, due to the significant increase of crude prices which overcompensated for the negative effects due to the weaker USD. Exploration expenses were 76% below

the Q1/09 level which was driven by the write-off of several exploration wells. The result was further supported by the positive contribution from hedges entered into Q2/09 for parts of 2010 production, which amounted to RON 87 mn in Q1/10, mainly related to time value changes. As no special items were recorded in Q1/10, just as in Q1/09, the significant increase in **clean EBIT** was in line with the increase in reported EBIT at 106%.

Group production costs in Q1/10 were USD 16.65/boe. Starting with 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 Q1/10, the impact of this change leads to an increase of around USD 1.18/boe for Petrom Group. However, total Group production

costs, in absolute terms, were 3% lower compared to Q1/09 when expressed in RON. In Romania, **production costs** were 15.96 USD/boe, i.e. RON 47.48 /boe.

Exploration expenditure amounted to RON 35 mn in Q1/10, an increase of 106% compared to Q1/09.

Group oil, gas and NGL production was 16.68 mn boe, lower by 4% 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 15.87 mn boe, 6% lower compared to Q1/09. Crude oil production was 7.55 mn bbl, 4% lower than the level recorded in Q1/09, due to bad weather conditions and natural decline of production not fully compensated by new wells drilled and the workover program. **Gas production** reached 8.32 mn boe, lower by 7% compared to Q1/09. The gas production decrease was driven by the same factors that negatively impacted the oil production. **Oil and gas production in Kazakhstan** increased by 70% to 0.82 mn boe in Q1/10, mainly due to **Komsomolskoe field** being brought gradually onstream. **Group sales quantity** decreased by 5% in Q1/10 compared to Q1/09, in line with the decrease of production.

In Q1/10, the **drilling program in Romania** registered a total number of 15 new wells drilled, considerably

lower compared to Q1/09 (43 wells). The decrease was mainly determined by delays in preparation of surface works and spud of new wells caused by the harsh weather conditions in Q1/10.

In **E&P Services**, the transformation process continued on the basis of two main factors – cost stabilization and efficiency increase and focus on core business – to further contribute to production cost reduction.

Compared to Q4/09, clean E&P EBIT increased by 5%, supported by slightly higher crude prices and a positive hedging result, which however had a lower overall positive impact than in Q4/09. Production costs in USD/boe increased by 5% compared to Q4/09 due to the new calculation method. However, when expressed in absolute terms, in RON, production costs decreased compared to the previous quarter. Group oil, gas and NGL production in Q1/10 decreased by 3% compared to Q4/09 due to lower production in Romania. Sales volumes in Q1/10 were lower by 4% compared to the previous quarter, in line with production development. In **Romania**, total oil, gas and NGL production was 4% lower than in Q4/09. Crude oil and NGL production was 5% lower than the level recorded in Q4/09 while gas production decreased by 3%.

Refining and Marketing (R&M)

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
3,271	2,825	2,719	4	Segment sales	12,701	16,528	(23)
(367)	16	(280)	n.m.	EBIT	(618)	(1,800)	(66)
(316)	6	9	(33)	Special items	(389)	(1,200)	(68)
171	29	(73)	n.m.	CCS effect: Inventory holding gains/losses ¹	445	(209)	n.m.
(221)	(18)	(216)	(92)	Clean CCS EBIT ¹	(675)	(391)	73

Q4/09	Q1/10	Q1/09	Δ%	Key performance indicators	2009	2008	Δ%
(1.74)	0.85	2.65	(68)	Indicator refining margin (USD/bbl) ²	0.02	1.43	(99)
1.25	1.08	1.38	(22)	Refining input (mn t) ³	5.46	6.51	(16)
58	52	67	(22)	Utilization rate refineries (%)	65	77	(16)
1.05	0.95	1.39	(32)	Refining output (mn t) ⁴	4.99	5.57	(10)
1.45	1.17	1.58	(26)	Total refined product sales (mn t) ⁵	6.18	6.49	(5)
1.15	0.88	1.13	(22)	thereof Marketing sales volumes (mn t) ⁶	4.67	4.51	4
814	811	822	(1)	Marketing retail stations	814	819	(1)

¹Current cost of supply (CCS): Clean CCS EBIT eliminates 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; for reasons of comparability respective 2008 numbers are presented

²The 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

³Figure includes crude and semi-finished products, in line with OMV Group reporting standard

⁴Represents Refining sales volumes excluding traded goods sourced externally by Refining.

⁵Includes all products sold by Petrom Group. Figure also includes marginal petrochemical sales volumes for previous periods. These are not shown separately considering the sale of the petrochemical activities of Arpechim in January 2010

⁶As of Q1/10, figure excludes export sales which are included in total refined product sales. Figures for previous periods have been restated

First quarter 2010 (Q1/10)

- **Significant improvement of Q1/10 results on account of optimized refinery operations and lower costs**
- **Refining margin recovered in Q1/10, though still significantly below Q1/09 level, as a result of lower diesel spreads and increased costs of own crude consumption due to higher crude prices**
- **Weakening market conditions burden marketing business; total marketing sales decreased 22% compared to Q1/09 due to low demand**

Segment sales increased by 4% over Q1/09, mainly due to the higher price levels.

Clean CCS EBIT improved notably compared to Q1/09 due to optimized operations at our refineries and the sale of Arpechim's petrochemicals activities which more than compensated for the lower marketing result. Furthermore, an adjustment in the internal transfer price regime between E&P and R&M in order to properly reflect the high integration value of Petrom's refineries supported the result. Positive CCS effects of RON 29 mn due to increased crude prices led to a reported EBIT of RON 16 mn.

Despite the lower margin environment, the clean CCS EBIT in **refining** significantly improved compared to Q1/09, mainly due to the flexible refinery operations, with Arpechim functioning on an "as needed basis", but also due to the divestment of petrochemical activities related assets from Arpechim that became effective beginning of 2010.

The 68% decrease in the indicator **refining margin** in Q1/10 to USD 0.85/bbl, compared to USD 2.65/bbl in

Q1/09, was mainly triggered by the higher crude prices and lower spread of middle distillates. Although cracks recovered in Q1/10 compared to the previous period, overall levels remain low. Gasoline cracks improved considerably compared to Q1/09 while diesel cracks are still low, below the comparable period of last year.

During Q1/10, we maintained a low **utilization rate** of our refineries at 52%, with the Arpechim refinery being in economic shutdown between mid January and end of February. In the first quarter of 2010, one of the major activities in Petrom Refining was the preparation for the cycle end turnaround due to take place in Petrobrazil starting April 10th. With a schedule of approximately one month, the turnaround represents a significant effort involving mechanical inspection works encompassing some 550 pieces of equipment. The total quantity of **refining input** was 22% lower compared to Q1/09 with imported crude oil processed representing only 7% of the total quantity

of crude processed in Q1/10 as compared to 19% in the same period of last year. While **total refining output** in Q1/10 was 32% lower than in Q1/09, **total refined product sales** in Q1/10 were 26% lower than in Q1/09 due to unfavorable market conditions.

The **clean marketing result** was 60% below the level recorded in Q1/09, mainly due to lower margins and lower **marketing sales volumes**, especially in the commercial segment, as demand continues to weaken due to the general economic environment. **Total group marketing sales** were 878 kt, down 22% compared to Q1/09, primarily driven by the steep decrease of commercial sales volumes (in Q1/09, commercial sales were boosted by higher sales of HFO, as the Russia/Ukraine gas crisis forced industrial consumers, namely district heating power plants, to use HFO as substitute for gas). **In Romania**, the investments focused on the filling stations network optimization enabling Petrom to outperform the

market, as overall retail sales decreased by 9% compared to Q1/09, whereas retail market demand decreased by 12%. The Group's non-oil business turnover increased compared to Q1/09 due to portfolio and procurement optimization. The total number of **retail stations** within the Group as of March 31, 2010 declined by 1% compared to the end of March 2009.

Compared to Q4/09, **clean CCS EBIT** improved considerably as a result of the better refining margin environment and an improved cost position in Refining due to the sale of petrochemical activities of Arpechim. Furthermore, an adjustment in the internal transfer price regime, in order to properly reflect the high integration value of the Romanian refineries, supported the result. The contribution from the marketing business decreased compared to Q4/09, impacted by lower margins and considerably lower volumes due to both seasonality and the sluggish demand in the current economic environment.

Gas and Power (G&P)

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
854	942	975	(3)	Segment sales	2,969	3,387	(12)
(5)	72	97	(26)	EBIT	71	109	(35)
(78)	(1)	(4)	(81)	Special items	(87)	(103)	(15)
73	73	102	(29)	Clean EBIT	158	212	(25)

Q4/09	Q1/10	Q1/09	Δ%	Key performance indicators	2009	2008	Δ%
1,441	1,549	1,480	5	Consolidated gas sales (mn cbm)	4,846	5,297	(9)
171	166	151	10	Average gas price for domestic producers in Romania (USD/1,000 cbm)	162	196	(17)
495	495	495	0	Average gas price for domestic producers in Romania (RON/1,000 cbm)	495	493	0
290	290	480	(40)	Import gas price (USD/1,000 cbm)	353	440	(20)

First quarter 2010 (Q1/10)

- Higher consolidated gas sales volumes compared to Q1/09
- Doljchim has been operated according to Petrom's integration needs
- Brazi power plant construction continues according to schedule

Natural gas consumption in Romania increased by 7% in Q1/10 as compared to the same period of the previous year. This increase was due not only to higher gas consumption triggered by lower temperatures, but to a major extent also to the facility granted to interruptible consumers¹ (offered the option of supply from domestic production only), with special focus on the fertilizer industry. **Consolidated gas sales** volumes in Q1/10 were 5% higher compared to Q1/09. Even though the quantities injected into Romanian underground **storages** in 2009 were higher than in the previous year, Petrom managed to withdraw and to sell all its stored gas volumes by the end of March.

EBIT generated by the G&P business in Q1/10 was 26% lower than in Q1/09 when the result benefited from import quantities extracted from storage. Clean EBIT had a similar development, decreasing by 29% versus Q1/09.

The **average gas price** for Romanian producers was USD 166/1,000 cbm (RON 495/1,000 cbm), 10% higher compared to Q1/09 due to the FX effect. In RON terms, the gas price for domestic producers remained unchanged since February 2008. While the **import price** considered by the Romanian Energy Regulatory Authority for the regulated basket price was unchanged in comparison to Q4/09, at USD 290/1,000 cbm, which is 40% lower versus Q1/09, the actual price of imported gas, however, was USD 337/1,000 cbm.

The average **import quota** in Q1/10 was 29% (with a maximum of 35% in February), while in Q1/09 the average import quota was 22% (with a maximum of 25% in February). This quota was unusually high considering the still reduced consumption of the country 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 December 2009, Petrom decided to exit the **chemicals business**. Doljchim will be closed 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. Due to the optimization of Petrom's gas value chain, the methanol plant remained active in Q1/10 at an economically reasonable level.

The **Brazi power plant** project is on track, with the main components continued to being delivered on site and the foundation works progressing for almost all buildings and structures. The construction of the 30 km gas supply pipeline to the Brazi power plant also progressed and will be finished during summer 2010.

Compared to Q4/09, EBIT was significantly higher, as Q4/09 EBIT was affected by the provisions booked for the closure of Doljchim. G&P clean EBIT in Q1/10 was in line with Q4/09. Consolidated gas sales volumes increased by 7.5% due to lower temperatures recorded this year, supported by higher volumes withdrawn from storage.

¹ 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.

Financial highlights

Group interim financial statements and notes (condensed, unaudited)

Legal principles and general accounting policies

The interim condensed consolidated financial statements for the three months ended March 31, 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

March 31, 2010 is presented in the appendix 1 to the current report.

The interim consolidated financial statements for Q1/10 are unaudited and an external review by an auditor was not performed.

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2009, there are no changes in the consolidated Petrom Group as of March 31, 2010.

Seasonality and cyclicity

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 March 31, 2010, is given as part of the description of Petrom Group's business segments.

Exchange rates

Petrom uses 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 National Bank of Romania detailed below.

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

Q4/09	Q1/10	Q1/09	Δ%	NBR FX-rates	2009	2008	Δ%
4.266	4.115	4.267	(4)	Average EUR/RON FX-rate	4.238	3.680	15
2.887	2.974	3.279	(9)	Average USD/RON FX-rate	3.047	2.515	21
4.228	4.073	4.239	(4)	Closing EUR/RON FX-rate	4.228	3.986	6
2.936	3.023	3.220	(6)	Closing USD/RON FX-rate	2.936	2.805	5

Income statement (unaudited)

Q4/09	Q1/10	Q1/09	Consolidated statement of income (RON mn)	2009	2008
4,223.40	3,933.80	3,870.01	Sales revenues	16,089.73	20,127.36
(105.39)	(112.01)	(91.01)	Direct selling expenses	(364.02)	(334.70)
(3,081.93)	(2,393.29)	(2,733.14)	Production costs of sales	(11,256.27)	(14,120.84)
1,036.08	1,428.50	1,045.86	Gross profit	4,469.44	5,671.82
104.92	146.80	147.49	Other operating income	408.70	439.86
(347.25)	(270.75)	(315.62)	Selling expenses	(1,277.45)	(1,240.74)
(67.98)	(47.99)	(50.56)	Administrative expenses	(225.34)	(208.08)
(53.95)	(15.68)	(65.27)	Exploration expenses	(274.60)	(615.48)
(477.84)	(293.78)	(431.32)	Other operating expenses	(1,480.28)	(2,842.45)
193.98	947.10	330.58	Earnings before interest and taxes (EBIT)	1,620.47	1,204.93
(0.44)	2.49	2.06	Income from associated companies	6.07	4.02
(228.94)	(107.74)	(62.28)	Net interest expense	(416.01)	(166.26)
(9.61)	119.20	139.40	Other financial income and expenses	(41.11)	86.16
(238.99)	13.95	79.18	Net financial result	(451.05)	(76.08)
(45.01)	961.05	409.76	Profit from ordinary activities	1,169.42	1,128.85
(85.65)	(153.65)	(84.27)	Taxes on income	(336.14)	(233.28)
(130.66)	807.40	325.49	Net income for the period	833.28	895.57
(129.19)	802.99	336.91	thereof attributable to owners of the parent	860.24	978.30
(1.47)	4.41	(11.42)	thereof attributable to non-controlling interests	(26.96)	(82.73)
(0.0023)	0.0142	0.0059	Basic earnings per share (RON)	0.0152	0.0173

Statement of comprehensive income (unaudited)

Q4/09	Q1/10	Q1/09	Δ%	Consolidated statement of comprehensive income (RON mn)	2009	2008	Δ%
(130.66)	807.40	325.49	148	Net income for the period	833.28	895.57	(7)
(8.18)	(45.98)	47.12	n.m.	Exchange differences from translation of foreign operations	26.40	86.73	(70)
(1.00)	0.00	7.95	n.m.	Unrealized gains/(losses) on available-for-sale financial assets	15.20	(9.80)	n.m.
(347.21)	0.67	(78.65)	n.m.	Unrealized gains/(losses) on hedges	(789.97)	574.97	n.m.
55.71	(0.11)	11.31	n.m.	Income tax relating to components of other comprehensive income	123.96	(90.43)	n.m.
(300.68)	(45.42)	(12.27)	n.m.	Other comprehensive income for the period, net of tax	(624.41)	561.47	n.m.
(431.34)	761.98	313.22	143	Total comprehensive income for the period	208.87	1,457.04	(86)
(428.66)	763.42	319.90	139	thereof attributable to owners of the parent	232.29	1,526.75	(85)
(2.68)	(1.44)	(6.68)	(79)	thereof attributable to non-controlling interests	(23.42)	(69.71)	(66)

Notes to the income statement

First quarter 2010 (Q1/10)

Consolidated sales for Q1/10 stood almost at the same level as Q1/09, showing an increase of only 2% to RON 3,934 mn, driven by a combined effect of positive price environment compensated by lower quantities sold. R&M represented 71% of total consolidated sales, G&P accounted for 23% and E&P for approximately 6% (sales in E&P being largely intra-group sales rather than third party sales).

The **Group's EBIT** amounted to RON 947 mn, 186% higher than the RON 331 mn result in Q1/09, mainly due to the significant decrease of consumption of imported crude oil. The increase in EBIT was also influenced by the positive impact from the operating FX result and the reduction in exploration expenses. Following the Group strategy of optimization of trade emission certificate schemes, a surplus of 800,000 certificates were sold in Q1/10, having a positive impact on EBIT of RON 42 mn. **Clean CCS EBIT** increased more than twofold to RON 913 mn. The Clean CCS EBIT is stated after eliminating net special income of RON 5 mn and inventory holding gains of RON 29 mn.

The **net financial result** of RON 14 mn was significantly below Q1/09 (RON 79 mn). The financial result was burdened by the increase in financing costs related to the loans contracted during the second part of 2009 and the increase in unwinding expenses following the reassessment of decommissioning and environmental provisions done at the end of 2009.

As a consequence of the increase in profits from ordinary activities in Q1/10 to RON 961 mn, the **corporate tax charge** also recorded an increase. **Current taxes** on the Group's income were RON 117 mn and expenses with **deferred taxes** of RON 37 mn were recognized in Q1/10. The **effective corporate tax rate** was 16% (Q1/09: 21%). 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 803 mn, well above Q1/09 (RON 337 mn). Minority interests were RON 4 mn compared to RON (11) mn in Q1/09. **Clean CCS net income after minorities** was RON 779 mn. **EPS** after minorities was RON 0.0142 in Q1/10 (Q1/09: RON 0.0059) and **clean CCS EPS** was RON 0.0138 (Q1/09: RON 0.0070).

Compared with Q4/09, sales decreased by 7%, mainly driven by the decline in refined products sales volumes, partially compensated by higher product prices and higher gas sales quantities. EBIT was RON 947 mn, significantly higher than the previous quarter (RON 194 mn) when the result was burdened by impairment of refining assets amounting to RON 266 mn, the negative EBIT impact from the provision for OMV Petrom S.A.'s tax review amounting to RON 105 mn, and personnel restructuring costs at the amount of RON 212 mn. The net financial result was well above Q4/09, of RON (239) mn, mainly as a result of the positive FX impact recognized for the loans taken by the Group in EUR, considering the depreciation of EUR against RON. Also, Q4/09 was negatively influenced by the RON 85 mn late payment interest resulting from the fiscal review carried out in OMV Petrom S.A. **Current taxes** on the Group's income were RON 117 mn and expenses with **deferred taxes** of RON 37 mn were recognized in Q1/10. The **effective corporate tax rate** was 16%. The effective tax rate for Q4/09 was heavily influenced by aperiodic effects and permanent non-deductible expenses related to the fiscal review at OMV Petrom S.A. **Net income after minorities** (i.e. net income attributable to owners of the parent) was RON 803 mn, substantially above RON (129) mn in Q4/09.

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

Consolidated statement of financial position (RON mn)	March 31, 2010	Dec 31, 2009
Assets		
Intangible assets	1,343.71	1,360.06
Property, plant and equipment	21,503.73	21,430.58
Investments in associated companies	38.71	36.22
Other financial assets	2,285.76	2,298.20
Other assets	110.51	102.53
Non-current assets	25,282.42	25,227.59
Deferred tax assets	673.24	712.60
Inventories	2,410.10	2,582.69
Trade receivables	980.15	1,047.74
Other financial assets	141.85	227.11
Other assets	268.36	284.58
Cash and cash equivalents	939.18	384.00
Non-current assets held for sale	82.59	60.33
Current assets	4,822.23	4,586.45
Total assets	30,777.89	30,526.64
Equity and liabilities		
Capital stock	18,983.37	18,983.37
Reserves	(2,042.20)	(2,803.84)
Stockholders' equity	16,941.17	16,179.53
Non-controlling interests	9.86	11.30
Equity	16,951.03	16,190.83
Provisions for pensions and similar obligations	285.49	283.07
Interest-bearing debts	3,288.12	2,810.45
Provisions for decommissioning and restoration obligations	5,437.72	5,564.28
Other provisions	886.50	786.43
Other financial liabilities	125.39	122.48
Non-current liabilities	10,023.22	9,566.71
Deferred tax liabilities	56.12	62.14
Trade payables	1,530.12	2,295.41
Interest-bearing debts	54.39	187.52
Provisions for income taxes	118.64	111.01
Other provisions	735.31	928.19
Other financial liabilities	552.34	657.06
Other liabilities	756.72	527.77
Current liabilities	3,747.52	4,706.96
Total equity and liabilities	30,777.89	30,526.64

Notes to the statement of financial position as of March 31, 2010

Capital expenditure decreased to RON 717 mn (Q1/09: RON 1,157 mn), with lower CAPEX in E&P and R&M and substantially increased investments in G&P.

Investments in **E&P** (RON 310 mn) accounted for 43% of the total figure in the first three months of 2010, due to the continued focus on development wells, workover activities and sub-surface operations. Approximately 45% of investments were realized in **G&P** (RON 324 mn), mainly comprising investments in the power plant. In **R&M**, investments represented 7% of the total investments in the first quarter 2010 (RON 47 mn). In Refining, investments were mainly related to the rehabilitation of storage tanks for oil products, crude unit modernization and the Brazi terminal. Small investments in the marketing division accounted for the modernization of the filling stations' complementary equipments. **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 36 mn).

Compared to year-end 2009, **total assets** increased by RON 251 mn or 0.8% to RON 30,778 mn. The change was mainly composed of an increase of cash and cash equivalents by RON 555 mn and increase

in property, plant and equipments by RON 73 mn, partially offset by decrease in inventories of RON 173 mn, a decrease in receivables of RON 68 mn following the reduction in sales and decrease in other financial assets by RON 83 mn.

Equity amounted to RON 16,951 mn as of March 31, 2010 and increased by 5% compared with end of 2009 (RON 16,191 mn), mainly as a result of the net profit generated in the current year. The Group's **equity ratio**¹ increased to 55% at March 31, 2010 compared with 53% at the end of 2009.

Short and long-term interest bearing debts increased to RON 3,343 mn from December 2009 (RON 2,998 mn), due to the fact that in Q1/10 Petrom drew the second club deal loan (RON 560 mn and EUR 150 mn). Also in Q1/10, Petrom repaid the existing loan to OMV AG (EUR 150 mn) and the bank overdrafts, while cash and cash equivalents recorded an increase up to RON 939 mn (December 31, 2009: RON 384 mn). The Petrom Group **net debt**² position decreased to RON 2,403 mn, compared to RON 2,614 mn at the end of 2009.

As of March 31, 2010, the **gearing ratio**³ improved to 14.2%, from 16.2% in December 2009.

¹ Equity ratio is calculated as $\text{Equity} / (\text{total assets}) \times 100$

² Net debt is calculated as interest bearing debts including financial lease liability less cash and cash equivalents

³ Gearing ratio is calculated as $\text{Net debt} / (\text{equity}) \times 100$

Cash flows (unaudited)

Q4/09	Q1/10	Q1/09	Summarized statement of cash flows (RON mn)	2009	2008
(45.01)	961.05	409.76	Profit before taxation	1,169.42	1,128.85
283.89	(161.79)	(273.78)	Net change in provisions	(221.25)	927.96
(9.28)	(7.62)	(35.49)	Losses / (gains) on the disposal of non – current assets	(72.26)	(52.32)
885.44	513.72	490.37	Depreciation, amortization including write-ups	2,466.27	2,650.74
677.91	(28.06)	(217.49)	Other adjustments	377.62	95.21
1,792.96	1,277.30	373.36	Sources of funds	3,719.80	4,750.43
(22.87)	172.72	394.42	(Increase)/decrease in inventories	128.99	(510.86)
(654.26)	161.80	19.32	(Increase)/decrease in receivables	(147.55)	174.96
281.55	(562.63)	(623.89)	(Decrease)/increase in liabilities	(652.48)	558.87
(35.58)	(13.31)	6.99	Net interest received / (paid)	(28.69)	50.56
(119.74)	(111.69)	(41.84)	Tax on profit paid	(293.91)	(727.17)
1,242.06	924.19	128.36	Net cash from operating activities	2,726.16	4,296.79
(1,478.70)	(746.48)	(1,212.04)	Intangible assets and property, plant and equipment	(4,402.65)	(5,718.30)
23.51	89.25	50.60	Proceeds from sale of non-current assets	141.46	1,178.18
4.89	(1.78)	(12.62)	Investments, loans and other financial assets	198.65	(97.04)
(8.68)	(30.13)	0.00	Acquisition of subsidiaries and businesses net of cash acquired	(8.68)	(1,201.63)
0.00	0.00	0.00	Proceeds from sale of subsidiaries, net of cash disposed	0.00	35.69
(1,458.98)	(689.14)	(1,174.06)	Net cash used in investing activities	(4,071.22)	(5,803.10)
(494.80)	321.37	1,011.22	(Decrease) / increase in borrowings	1,163.78	1,810.12
(0.11)	(0.08)	(14.13)	Dividends paid	(14.68)	(1,114.44)
(494.91)	321.29	997.09	Net cash from financing activities	1,149.10	695.68
2.58	(1.16)	15.91	Effect of exchange rate changes on cash and cash equivalents	7.46	42.52
(709.25)	555.18	(32.70)	Net (decrease)/increase in cash and cash equivalents	(188.50)	(768.11)
1,093.25	384.00	572.50	Cash and cash equivalents at beginning of period	572.50	1,340.61
384.00	939.18	539.80	Cash and cash equivalents at end of period	384.00	572.50

Notes to the cash flows

In Q1/10, **free cash flow** (defined as net cash from operating activities less net cash used in investing activities) showed an inflow of funds of RON 235 mn (Q1/09 outflow of RON 1,046 mn). No dividend was distributed for financial year 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 235 mn. (Q1/09: outflow of RON 1,060 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 1,277 mn (Q1/09: RON 373

mn); **net working capital** generated a cash outflow of RON 353 mn (Q1/09 outflow of RON 245 mn).

Cash flow from investing activities (outflow of RON 689 mn; Q1/09: outflow of RON 1,174 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 321 mn (Q1/09: RON 997 mn), mainly coming from the increase in loans in OMV Petrom S.A. The net inflow reflects the fact that, in Q1/10, OMV Petrom S.A. withdrew the second club deal loan (RON 560 mn and EUR 150 mn) 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)

	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		802.99	(39.57)		763.42	(1.44)	761.98
Dividends distribution							
Purchase of own shares				(1.78)	(1.78)		(1.78)
Changes in Consolidated Group							
Change non-controlling interests		0.01			0.01	(0.01)	
March 31, 2010	18,983.37	(1,953.65)	(86.77)	(1.78)	16,941.17	9.86	16,951.03

	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		336.91	(17.01)		319.90	(6.68)	313.22
Dividends distribution							
Purchase of own shares							
Changes in Consolidated Group			(2.80)		(2.80)	(9.82)	(12.62)
Change non-controlling interests							
March 31, 2009	18,983.37	(3,279.97)	558.58		16,261.98	28.37	16,290.35

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

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
2,123.82	2,037.41	1,607.18	27	Exploration and Production	7,551.45	9,117.74	(17)
19.63	29.53	24.28	22	Refining and Marketing	81.30	137.22	(41)
51.44	49.58	64.96	(24)	Gas and Power	199.63	347.03	(42)
127.90	104.30	114.68	(9)	Corporate and Other	469.65	483.22	(3)
2,322.79	2,220.82	1,811.10	23	Total	8,302.03	10,085.21	(18)

Sales to external customers

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
168.45	241.96	264.93	(9)	Exploration and Production	697.67	695.73	0
3,251.36	2,795.73	2,694.31	4	Refining and Marketing	12,619.55	16,390.33	(23)
802.35	892.33	910.39	(2)	Gas and Power	2,768.87	3,040.34	(9)
1.24	3.78	0.38	n.m.	Corporate and Other	3.64	0.96	n.m.
4,223.40	3,933.80	3,870.01	2	Total	16,089.73	20,127.36	(20)

Total sales

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
2,292.27	2,279.37	1,872.11	22	Exploration and Production	8,249.12	9,813.47	(16)
3,270.99	2,825.26	2,718.59	4	Refining and Marketing	12,700.85	16,527.55	(23)
853.79	941.91	975.35	(3)	Gas and Power	2,968.50	3,387.37	(12)
129.14	108.08	115.06	(6)	Corporate and Other	473.29	484.18	(2)
6,546.19	6,154.62	5,681.11	8	Total	24,391.76	30,212.57	(19)

Segment and Group profit

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
675.94	889.88	431.09	106	EBIT Exploration and Production	2,467.73	2,931.30	(16)
(366.61)	16.25	(280.15)	n.m.	EBIT Refining and Marketing	(618.27)	(1,800.18)	(66)
(4.74)	71.81	97.39	(26)	EBIT Gas and Power	71.37	109.06	(35)
(44.66)	(20.78)	(30.53)	(32)	EBIT Corporate and Other	(139.71)	(127.32)	10
259.93	957.16	217.80	n.m.	EBIT segment total	1,781.12	1,112.86	60
(65.95)	(10.06)	112.78	n.m.	Consolidation: Elimination of intercompany profits	(160.65)	92.07	n.m.
193.98	947.10	330.58	186	Petrom Group EBIT	1,620.47	1,204.92	34
(238.99)	13.95	79.18	(82)	Net financial result	(451.05)	(76.08)	n.m.
(45.01)	961.05	409.76	135	Petrom Group profit from ordinary activities	1,169.42	1,128.84	4

Assets¹

in RON mn	March 31, 2010	Dec 31, 2009
Exploration and Production	16,495.29	16,686.04
Refining and Marketing	4,398.60	4,506.95
Gas and Power	1,089.90	764.11
Corporate and Other	863.65	833.54
Total	22,847.44	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 **April 15**, Petrom announced the extension of its power production projects portfolio by acquiring 100% of 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. Petrom will construct and operate the wind power plant, which is estimated to enter production in mid 2011.

On **April 29**, the Ordinary and Extraordinary General Meeting of Shareholders was held. At the Ordinary General Meeting of Shareholders (OGMS), OMV Petrom S.A.'s Revenues and Expenditures Budget for the financial year 2010 was approved, with investments estimated at RON 6.9 bn. The OGMS also approved the Executive Board's proposal not to distribute dividends for the financial year 2009 and the appointment of Mr. Mark Mobius, fund manager at Templeton in Singapore, as a member in OMV Petrom S.A. Supervisory Board. Mr. Mobius succeeds Mr. Daniel Costea, who was a member of the Supervisory Board, appointed following the proposal of Fondul Proprietatea S.A.

The Extraordinary General Meeting of Shareholders (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. The

Executive Board is authorized to carry out a share capital increase of up to a maximum 50% of the existing subscribed capital as of the date of the EGMS resolution on April 29, 2010, corresponding to a maximum RON 2,832,205,416.75. The authorization for the Executive Board to increase the share capital expires when the total issue proceeds for the newly issued shares reach EUR 600,000,000 (calculated at the exchange rate of the National Bank of Romania, applicable on the date of the relevant decision of the Executive Board).

The EGMS also approved in principle the spin-off of assets and liabilities related to three business units of the Marketing Division of the company. The final approval of the spin-off will be subject to another EGMS to be convened at a later stage, in observance of applicable legal requirements. The spin-off of these business units is part of the consolidation process of the Marketing activities of Petrom Group in Romania. 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.

Declaration of the management

The financial statements for the first quarter 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 and that the information presented in this report gives a true and fair view of important events that have occurred during the first three months of the financial year and their impact on the condensed interim financial statements.

Bucharest, May 7, 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

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
676	890	431	106	Exploration and Production ¹	2,468	2,931	(16)
(367)	16	(280)	n.m.	Refining and Marketing	(618)	(1,800)	(66)
(5)	72	97	(26)	Gas and Power	71	109	(35)
(45)	(21)	(31)	(32)	Corporate and Other	(140)	(127)	10
(66)	(10)	113	n.m.	Consolidation	(161)	92	n.m.
194	947	331	186	Petrom Group reported EBIT	1,620	1,205	34
(563)	5	5	0	Special items	(695)	(2,401)	(171)
(212)	(0.4)	0	n.m.	thereof: Personnel and restructuring	(212)	(186)	14
(282)	(0.4)	(4)	n.a.	Unscheduled depreciation	(301)	(693)	(57)
4	3	7	(57)	Asset disposal	16	89	(82)
0	0	0	0	Provision for litigation	0	(1,385)	n.a.
(73)	3	2	50	Other	(198)	(226)	(13)
				CCS effects:			
171	29	(73)	n.m.	Inventory holding gains /(losses)	445	(209)	n.m.
586	913	399	129	Petrom Group clean CCS EBIT	1,870	3,815	(51)
844	890	431	106	thereof: Exploration and Production	2,685	4,028	(33)
(221)	(18)	(216)	(92)	Refining and Marketing	(675)	(391)	73
73	73	102	(29)	Gas and Power	158	212	(25)
(44)	(21)	(31)	(32)	Corporate and Other	(139)	(127)	9
(66)	(10)	113	n.m.	Consolidation	(161)	92	n.m.

¹ Excluding intersegmental profit elimination

EBITD

Q4/09	Q1/10	Q1/09	Δ%	in RON mn	2009	2008	Δ%
1,105	1,271	800	59	Exploration and Production ¹	4,082	4,467	(9)
56	121	(172)	n.m.	Refining and Marketing	117	(804)	n.m.
(3)	73	103	(29)	Gas and Power	83	154	(46)
(12)	11	(1)	n.m.	Corporate and Other	(12)	(34)	(64)
(66)	(10)	113	n.m.	Consolidation	(161)	92	n.m.
1,080	1,466	842	74	Petrom Group	4,109	3,875	6

¹ Excluding intersegmental profit elimination

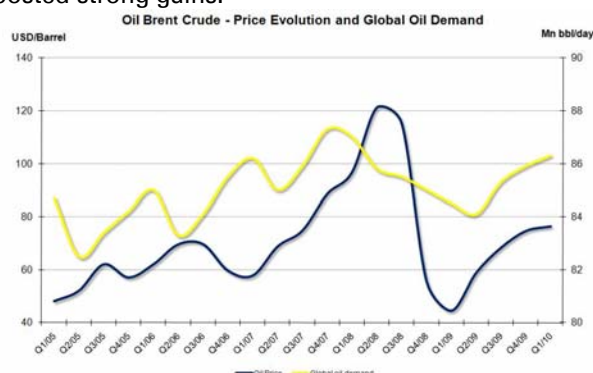
Financial Ratios (presented in accordance with National Securities Commission Instruction No. 1/2006 requirements)

Financial Ratio	Formula	Value
Current ratio	Current Assets / Current Liabilities	1.29
Gearing Ratio	Net debt/Equity*100	14%
Days in receivables	Receivables average balance / Turnover*90	23.20
Fixed assets turnover (RON) ¹	Turnover / Fixed assets	0.69

¹ Fixed assets turnover is calculated based on turnover for Q1/10*(365/90) days.

Business environment

Although global economic recovery is advancing better than expected, the outlook for economic activity remains unusually uncertain. The latest IMF World Economic Outlook (dating April, 2010) revised world GDP growth upwards for the year 2010, to 4.2%, supported by an improved performance of the US and Asian economies. With Europe and Japan still exhibiting weak growth, the prospects for a multi-speed recovery are expected to gain momentum over the coming quarters. According to the IEA preliminary data, **world oil demand** rose in Q1/10 by 2.3% to 86.3 mn bbl/d. Oil product demand in Europe shrank at an annualized rate of 3.4% and is likely to remain subdued over the coming months, while a quick recovery of Europe's petrochemical sector is expected to continue. Strong economic growth in China pushed oil demand up by 19.9% in February, after a 24% increase a month earlier as most of the product categories, except LPG and residual fuel oil, posted strong gains.



Global oil production rose by 2 mn bbl/d to 86.5 mn bbl/d with OPEC countries providing half of the increase in output. Non-OPEC oil supply remained almost unchanged in March, rising by 900,000 bbl/d compared to the same period a year ago. Europe's supply remained flat at 0.1 mn bbl/d while oil supply in North America rose by 0.3 mn bbl/d to 14.5 mn bbl/d. China and Latin America supply also increased by 0.2 mn bbl/d each, to 3.9 and 4.5 mn bbl/d respectively. In Q1/10, the average **Brent price** was USD 76.36/bbl, 72% higher relative to Q1/09, as stronger than expected growth in emerging economies, notably China, put upward pressure on the oil price. The **Urals price** nudged also upwards, to an average USD 75.40/bbl, increasing by 72% compared to Q1/09.

Preliminary economic data tend to suggest that the performance of the **Romanian economy** in the first quarter of 2010 was weaker than anticipated. **GDP growth** may remain marginally in negative territory, implying that the economy remains in recession. Government revenues, usually a good indicator of how well the economy is faring, continued to contract in the first months of the year. In February, total

revenues fell at an annual rate of 3%, with VAT receipts dropping by almost a fifth. This shows that household consumption, which plunged by more than 9% in 2009 and had been the main engine of growth over the last few years, is still some way from recovery. Similarly, the activity in the construction sector, which was another central source of growth over the last years, continued to be anemic, influenced by both weak demand and seasonal effects. Household purchasing power continued to fall as the downward adjustment in nominal wages was maintained in the first months of the year. The private sector reaction to the economic crisis continues to manifest itself in the form of headcount reductions, which puts a downward pressure on wages. The combined effects of lower household incomes, together with restricted access to credit have reduced disposable income, and thus household purchasing power, generating a drag on consumption.

However, **industrial production**, which fell by 5.5% in 2009, has started to show signs of revival. The falling trend in industrial production experienced a turning point in the last quarter of 2009 and the evolution of the sector's activity during the first months of 2010 tend to reinforce the belief that the industry's performance could signal a gradual revival of economic activity across all sectors over the next couple of quarters. The advancement of the industrial production sector has been greatly helped by a revival in global trade. This has also been reflected by the recent evolution of the Romanian current account. Imports of intermediate products over the last months have pushed up the total value of imports and could bring about a trend reversal in the falling current account balance. Driven by reduced domestic demand, Consumer Price Index (CPI) **inflation rate** has been falling rapidly over the first quarter's months. Since January, CPI dropped by one percentage point, reaching 4.2% at the end of March. However, this rapid pace of lower inflation was caused by one-off events, such the January effect of excise increases and, over the coming months, the trend of lower inflation would be less pronounced.

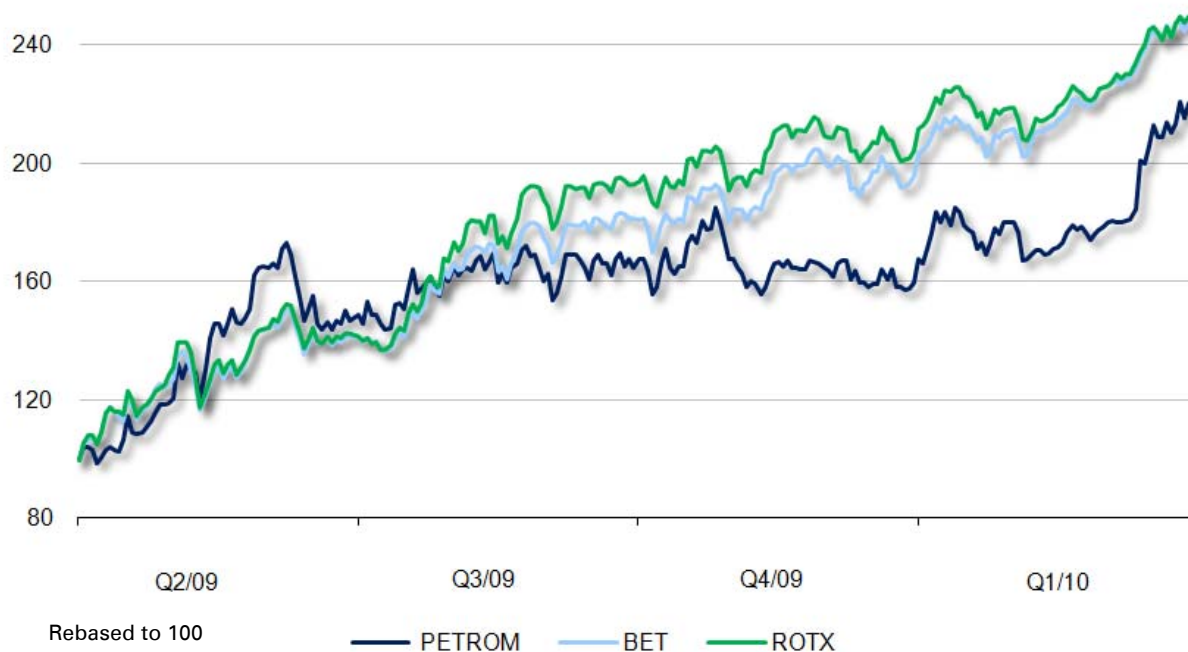
Monetary policy continued to loosen, since the beginning of the year the NBR reduced its benchmark **interest rate** by a cumulative 150 basis to a historic minimum of 6.5%. The reduction in interest rate has begun to feed through the financial system, with banks starting to lower their lending rates.

Compared to Q4/09 the RON fell by 3.6% against the EUR but rose by 3.1% relative to the USD. Short term movements in the RON/EUR and RON/USD were largely driven by investor concerns regarding Greece's sovereign debt, which drove the EUR lower versus the USD.

Q4/09	Q1/10	Q1/09	Δ%	European Central Bank average FX-rates	2009	2008	Δ%
4.268	4.114	4.268	(4)	Average EUR/RON FX-rate	4.240	3.683	15
2.888	2.976	3.279	(9)	Average USD/RON FX-rate	3.048	2.520	21
1.478	1.383	1.303	6	Average EUR/USD FX-rate	1.395	1.471	(5)

Stock watch

Evolution of Petrom share price, BET and ROTX indices (April 2009 – March 2010)



During Q1/10, Petrom's share evolution had an upward trend, increasing from RON 0.2520/share on January 4 to RON 0.3440/share on March 31. Overall, the Petrom share price outperformed the market trend, increasing by 38% in Q1/10, compared to the last trading day of 2009, while the BET index increased by 27% and BET-NG by 35% over the same period. The average Brent price increased by only 3% compared to end of the 2009.

ISIN: ROSNPPACNOR9	Market capitalization, March 31	RON 19.5 bn
Bucharest Stock Exchange: SNP	Market capitalization, March 31	EUR 4.7 bn
Reuters: SNPP.BX	Closing price, March 31 (RON/share)	0.3440
Bloomberg: SNP RO	Year's high, March 26 (RON/share)	0.3490
	Year's low, January 4 (RON/share)	0.2520
	Number of shares	56,644,108,335

Abbreviations and definitions

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 expenditures
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
HFO	Heavy fuel oil
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., n.m.	not applicable, not meaningful
OPEC	Organization of Petroleum Exporting Countries
OPEX	Operating Expenditures
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

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Next release:

The next results announcement for January - June and Q2 2010 will be released on August 4, 2010.

Appendix 1

Consolidated companies in Petrom Group at March 31, 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)	95.00%
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	
CJSC Saratovneftedobycha (Russia)	74.90%	OMV Petrom Gas S.R.L. ²	99.99%
		Petrom Distributie Gaze 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 - Natural gas distribution)			28.59%