Investor News

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OMV Petrom S.A.

OMV Petrom Group: results[1] for Q2 and January – June 2014,
including interim financial statements as of June 30, 2014

Q2/14 vs Q2/13

- **Clean CCS EBIT decreased by 20%, burdened mainly by the one-month planned shutdown of the Petrobrazi refinery and the new construction tax in Romania**
- **Broadly flat hydrocarbon production in Romania, but lower volumes in Kazakhstan**
- **Petrobrazi refinery modernization successfully finalized; marketing sales affected by increased fuels taxation and intensified competition**
- **Negative contribution from power business triggered by deteriorated spark spreads**
- **CAPEX up 54%, due to refinery modernization and higher exploration expenditures, the latter reflecting increased activity in the Black Sea**

Mariana Gheorghe, CEO of OMV Petrom S.A.: "In the first half of 2014, we continued to implement our CAPEX projects required to achieve our strategy. As such, we successfully finalized the EUR 600 mn refinery modernization initiated in 2010, in time and on budget, which allows us to improve refining margins and better address market demand. In E&P, drilling and workovers contributed to the domestic production stabilization. In the shallow offshore, the Marina-1 exploration well made the largest oil discovery in the Black Sea since privatization. In the deep offshore, we finalized the mobilization of the Ocean Endeavor rig, which enabled us to resume drilling in Neptun Deep, aiming for the Domino-2 well to confirm the initial gas discovery and allow identification of further exploration prospects.
The weak demand in oil and gas downstream, coupled with additional taxation introduced in 2013-2014, almost offset the benefits from gas price liberalization. Nevertheless, given the long cycle of our investments and assuming an investment-friendly fiscal and regulatory environment going forward, we will continue our projects, particularly focusing on field redevelopment projects and exploration, both onshore and offshore."

Q1/14	Q2/14	Q2/13	Δ%	Key performance indicators (in RON mn)	6m/14	6m/13	Δ%
1,472	626	1,389	(55)	EBIT	2,098	2,970	(29)
1,477	1,147	1,438	(20)	Clean CCS EBIT [2]	2,624	3,017	(13)
1,075	311	1,061	(71)	Net income attributable to stockholders [3]	1,387	2,391	(42)
1,080	827	1,103	(25)	Clean CCS net income attributable to stockholders [2,3]	1,907	2,431	(22)
0.0190	0.0055	0.0187	(71)	EPS (RON)	0.0245	0.0422	(42)
0.0191	0.0146	0.0195	(25)	Clean CCS EPS (RON) [2]	0.0337	0.0429	(22)
2,072	1,318	1,963	(33)	Cash flow from operating activities	3,390	3,808	(11)

[1] The financials are unaudited and represent OMV Petrom Group's (herein after also referred to as "the Group") consolidated results prepared according to IFRS; all the figures refer to OMV Petrom Group, unless otherwise stated; financials are expressed in RON mn and rounded to closest integer value, so minor differences may result upon reconciliation; OMV Petrom uses the National Bank of Romania exchange rates for its consolidation process
[2] Adjusted for exceptional, non-recurring items; Clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from R&M
[3] After deducting net income attributable to non-controlling interests

Financial highlights

Q1/14	Q2/14	Q2/13	Δ%	in RON mn	6m/14	6m/13	Δ%
5,296	5,423	5,787	(6)	Sales [1]	10,719	11,576	(7)
1,372	836	1,307	(36)	EBIT E&P [2]	2,208	2,724	(19)
37	(13)	(8)	52	EBIT G&P	24	105	(77)
71	60	71	(16)	EBIT R&M	131	167	(22)
(10)	(59)	(24)	144	EBIT Co&O	(69)	(39)	76
2	(199)	42	n.m.	Consolidation	(197)	13	n.m.
1,472	**626**	**1,389**	**(55)**	**EBIT Group**	**2,098**	**2,970**	**(29)**
(0)	**(535)**	**-**	**n.a.**	**Special items** [3]	**(535)**	**(42)**	**n.m.**
(2)	(1)	-	n.a.	thereof: Personnel and restructuring	(3)	-	n.a.
-	(491)	-	n.a.	Unscheduled depreciation	(491)	(42)	n.m.
2	(43)	-	n.a.	Other	(41)	-	n.a.
(5)	14	(50)	n.m.	CCS effects: Inventory holding gains/(losses)	9	(5)	n.m.
1,372	1,330	1,307	2	Clean EBIT E&P [2, 4]	2,702	2,724	(1)
39	(14)	(8)	63	Clean EBIT G&P [4]	25	146	(83)
75	46	121	(62)	Clean CCS EBIT R&M [4]	121	173	(30)
(10)	(16)	(24)	(33)	Clean EBIT Co&O [4]	(26)	(39)	(33)
2	(199)	42	n.m.	Consolidation	(197)	13	n.m.
1,477	**1,147**	**1,438**	**(20)**	**Clean CCS EBIT** [4]	**2,624**	**3,017**	**(13)**
1,340	571	1,282	(55)	Income from ordinary activities	1,911	2,866	(33)
1,075	312	1,061	(71)	Net income	1,387	2,393	(42)
1,075	311	1,061	(71)	Net income attributable to stockholders [5]	1,387	2,391	(42)
1,080	**827**	**1,103**	**(25)**	**Clean CCS net income attributable to stockholders** [4, 5]	**1,907**	**2,431**	**(22)**
0.0190	0.0055	0.0187	(71)	EPS (RON)	0.0245	0.0422	(42)
0.0191	0.0146	0.0195	(25)	Clean CCS EPS (RON) [4]	0.0337	0.0429	(22)
2,072	1,318	1,963	(33)	Cash flow from operating activities	3,390	3,808	(11)
0.0366	0.0233	0.0347	(33)	CFPS (RON)	0.0598	0.0672	(11)
(356)	1,084	1,692	(36)	Net debt	1,084	1,692	(36)
(1)	4	7	(41)	Gearing (%) [6]	4	7	(41)
1,249	1,657	1,079	54	Capital expenditure	2,906	2,080	40
-	-	-	n.a.	ROFA (%)	16.3	20.1	(19)
-	-	-	n.a.	ROACE (%)	14.7	17.4	(15)
-	-	-	n.a.	Clean CCS ROACE (%) [4]	16.7	18.9	(12)
-	-	-	n.a.	ROE (%)	14.5	18.5	(22)
20	45	17	163	Group tax rate (%)	27	17	66
19,509	19,428	20,138	(4)	OMV Petrom Group employees at the end of the period	19,428	20,138	(4)

Figures in this and the following tables may not add up due to rounding differences.
[1] Sales excluding petroleum excise tax; [2] Excluding intersegmental profit elimination shown in the line "Consolidation"; [3] Special items are added back or deducted from EBIT; for more details please refer to each specific segment; [4] Adjusted for exceptional, non-recurring items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from R&M; [5] After deducting net income attributable to non-controlling interests; [6] Net debt divided by equity.

Business segments

Exploration and Production (E&P)

Q1/14	Q2/14	Q2/13	Δ%	in RON mn	6m/14	6m/13	Δ%
1,372	836	1,307	(36)	EBIT [1]	2,208	2,724	(19)
-	(493)	-	n.m.	Special items	(493)	-	n.m.
1,372	1,330	1,307	2	Clean EBIT [1]	2,702	2,724	(1)

Q1/14	Q2/14	Q2/13	Δ%	Key performance indicators	6m/14	6m/13	Δ%
16.36	16.36	16.74	(2)	Total hydrocarbon production (mn boe)	32.72	33.20	(1)
182	180	184	(2)	Total hydrocarbon production (kboe/d)[2]	181	183	(1)
7.83	7.69	7.97	(4)	Crude oil and NGL production (mn bbl)	15.51	15.95	(3)
1.31	1.33	1.34	(1)	Natural gas production (bcm)	2.63	2.64	0
46.15	46.89	47.46	(1)	Natural gas production (bcf)	93.03	93.31	0
107.42	108.20	102.15	6	Average Urals price (USD/bbl)	107.80	106.76	1
95.54	96.95	91.88	6	Average Group realized crude price (USD/bbl)	96.24	95.73	1
99	329	70	372	Exploration expenditures (RON mn)	428	257	67
44	90	80	13	Exploration expenses (RON mn)	133	269	(51)
17.00	18.70	14.42	30	OPEX (USD/boe)	17.86	14.67	22

[1] Excluding intersegmental profit elimination; [2] Production figures in kboe/d are rounded

Second quarter 2014 (Q2/14) vs. second quarter 2013 (Q2/13)

- **Clean EBIT slightly increased mainly due to higher oil and gas sales**
- **Group hydrocarbon production decreased 2% on the back of lower contribution from Kazakhstan**
- **OPEX in USD/boe increased by 30% mainly triggered by new construction tax, higher personnel costs (including one-offs) and lower production in Kazakhstan**
- **Increased exploration activity in the Black Sea**

In Q2/14, the crude price environment continued to be supportive, as the average Urals crude price increased to USD 108.20/bbl, 6% higher compared to Q2/13. The average realized crude price also increased by 6% to USD 96.95/bbl.

Clean EBIT slightly increased to RON 1,330 mn, mainly due to higher oil and gas sales, which offset increased operating costs, unfavorable FX rates (USD 4% weaker against RON) and higher exploration expenses. The latter amounted to RON 90 mn, 13% higher than in Q2/13, mainly due to the write-off of unsuccessful wells. The special items reflect the impairment in Kazakhstan mainly due to the unsuccessful field redevelopment results in the TOC fields. Reported EBIT stood at RON 836 mn, 36% below the level of Q2/13.

Group production costs (OPEX) in USD/boe went up 30%, triggered by higher costs in Romania, unfavorable FX rates and lower production in Kazakhstan. In Romania, production costs increased by 31% in USD/boe, while in RON terms they were 26% above the Q2/13 level mostly reflecting the new construction tax introduced in 2014 and higher personnel costs (including one-offs) as a result of collective labor agreement negotiations in Q2/14.

Exploration expenditures in Q2/14 increased to RON 329 mn mainly related to mobilization of the Ocean Endeavor deep offshore drilling rig for Domino-2 and successful drilling of Marina-1 well in the shallow Black Sea.

In Q2/14, we finalized the drilling of 25 new wells in Romania, compared to 39 new wells in Q2/13, focusing on more complex and deeper targets.

Group daily hydrocarbon production was 179.8 kboe/d (of which 172.0 kboe/d in Romania) and total production stood at 16.4 mn boe, 2.2% below Q2/13, reflecting the lower production in Kazakhstan. In Romania, total oil and gas production stood at 15.65 mn boe, 0.7% below the Q2/13 level (15.76 mn boe). Domestic crude oil production was 7.03 mn bbl, 1.8% below the Q2/13 level (7.16 mn bbl) due to natural decline in the Suplacu field. Domestic gas production was flat at 8.6 mn boe, mostly supported by the new wells put on stream in the Totea and Mamu fields, which offset the natural decline. In Kazakhstan, production amounted to 0.71 mn boe, 27% lower compared to the same period of 2013, reflecting pipeline integrity issues in the Tasbulat field as well as the natural decline of key fields. Sales volumes were stable compared to Q2/13, as the lower volumes in Kazakhstan compensated higher oil and gas sales volumes in Romania.

Second quarter 2014 (Q2/14) vs. first quarter 2014 (Q1/14)

Clean EBIT decreased by 3% in Q2/14 mostly due to higher operating costs and higher exploration expenses, partially offset by higher gas sales and higher oil price. Reported EBIT, reflected special items in Q2/14 in relation to asset impairment in Kazakhstan. Group production costs in USD/boe increased by 10% in Q2/14, largely driven by higher operating costs in Romania and unfavorable FX rates, partly offset by higher production available for sale. In Romania, production costs increased by 10% in Q2/14, when expressed in USD/boe, and by 8% in RON/boe terms (RON 59.47/boe) mainly due to personnel costs (including one-offs) related to collective labor agreement negotiations.

Exploration expenditures increased to RON 329 mn (Q1/14: RON 99 mn) mainly due to increased activity in the Black Sea.

Group daily production stood at 179.8 kboe/d while total production was 16.36 mn boe, flat compared to Q1/14, as the 1.4% higher production in Romania was offset by the 22.3% lower production in Kazakhstan. Group sales volumes slightly increased by 1% compared to the Q1/14 level, largely due to higher gas and oil sales in Romania.

January to June 2014 (6m/14) vs. January to June 2013 (6m/13)

In 6m/14, results were driven by stable production and a favorable crude price environment, which led to an average realized crude price of USD 96.24/bbl (6m/13: USD 95.73/bbl).

Clean EBIT was broadly flat compared to 6m/13, as higher gas sales and lower exploration expenses were offset by higher production costs and depreciation, as well as unfavorable FX rates (weaker USD against RON). Exploration expenses amounted to RON 133 mn, 51% lower than in 6m/13, which reflected the largest 3D seismic studies in the Romanian waters of the Black Sea. Reported EBIT of RON 2,208 mn reflected the impairment in Kazakhstan, while the first six months of 2013 had no special items.

Group production costs in USD/boe were 22% higher than in 6m/13, mainly due to higher production costs in Romania and negative FX development (USD weaker against RON by 3%). Production costs in Romania expressed in USD terms increased to USD 17.59/boe, mainly triggered by the new construction tax introduced in 2014 and personnel costs (including one-offs).

Exploration expenditures of RON 428 mn were 67% higher, mainly reflecting increased activity in the Black Sea.

Group oil and gas production amounted to 32.7 mn boe while, in Romania, total oil and gas production stood at 31.1 mn boe, slightly below 6m/13. Domestic crude oil production was 14.0 mn bbl, 1.1% lower, mainly due to natural decline in the Suplacu field. Domestic gas production reached 17.1 mn boe, 0.8% higher, mainly driven by the successful offshore workover campaigns and new wells in the Totea and Mamu fields. Oil and gas production in Kazakhstan decreased by 21.8% compared to 6m/13, reaching 1.6 mn boe, mainly due to pipeline integrity issues in the Tasbulat field. Sales volumes decreased by 1% compared to 6m/13 due to lower sales in Kazakhstan partly compensated by higher gas and oil sales in Romania.

Gas and Power (G&P)

Q1/14	Q2/14	Q2/13	Δ%	in RON mn	6m/14	6m/13	Δ%
37	(13)	(8)	52	EBIT	24	105	(77)
(2)	1	0	n.m.	Special items	(1)	(42)	(97)
39	(14)	(8)	63	Clean EBIT	25	146	(83)

Q1/14	Q2/14	Q2/13	Δ%	Key performance indicators	6m/14	6m/13	Δ%
1,249	1,031	1,063	(2)	Gas sales volumes (mn cbm) [1]	2,281	2,590	(11)
13.47	11.24	11.50	(2)	Gas sales volumes (TWh) [1]	24.71	27.89	(11)
50.6	51.8	45.7	13	Average regulated domestic gas price for households (RON/MWh)	51.2	45.7	12
72.0	89.4	55.3	62	Average regulated domestic gas price for non-households (RON/MWh)	80.7	51.6	56
129	116	136	(15)	Average import gas price (RON/MWh) [2]	123	133	(8)
0.58	0.11	0.23	(50)	Net electrical output (TWh)	0.69	1.05	(34)
145	143	124	16	OPCOM spot average electricity base load price (RON/MWh) [3]	144	140	3
193	169	157	7	OPCOM average electricity peak load price (RON/MWh) [3]	181	178	1

[1] *Including internal transfers within OMV Petrom S.A. (e.g. Brazi power plant)*
[2] *Represents ANRE assumptions*
[3] *Q2/14 and 6m/14 data are preliminary*

Second quarter 2014 (Q2/14) vs. second quarter 2013 (Q2/13)

- **Clean EBIT deteriorated due to negative contribution of power business**
- **Gas sales volumes slightly lower by 2%**
- **Low Brazi power plant net electrical output triggered by negative spark spreads**

Clean EBIT deteriorated by 63% compared to Q2/13, reflecting the negative contribution of the power business triggered by negative spark spreads, partially counterbalanced by higher contribution of the gas business.

National estimated natural gas consumption increased by 3% compared to Q2/13. OMV Petrom gas sales volumes slightly decreased by 2%, reflecting lower sales to the regulated sector and reduced Brazi power plant utilization. These were not fully compensated by the higher demand from the fertilizer industry and broader portfolio of customers.

At the end of Q2/14, the total volume of natural gas stored by OMV Petrom amounted to 200 mn cbm compared to 151 mn cbm at the end of Q2/13.

In Q2/14, the regulated domestic gas price was RON 89.4/MWh for the non-household sector and RON 51.8/MWh for households, while the average import gas price based on ANRE assumptions was USD 380/1,000 cbm (or the equivalent of RON 116/MWh).

The average import quota set by ANRE for the non-household sector was 7% in Q2/14, significantly lower compared to an average of 25% in Q2/13.

Romania's estimated gross electricity production increased by almost 11% versus Q2/13, while the estimated national electricity demand contracted by 1%, with record power exports (1.6 TWh estimated export – import net balance) in Q2/14.

Despite higher day-ahead market prices, according to preliminary data published by OPCOM, the increase in the gas price due to the liberalization process led to negative spark spreads in Q2/14. Therefore, the Brazi power plant reached a net electrical output of 0.09 TWh. The plant availability was 93%.

In Q2/14, the wind park Dorobantu, with a net availability of 98%, delivered a net electrical output of 0.02 TWh, 19% lower than in Q2/13. For the electricity produced and delivered to suppliers, OMV Petrom Wind Power S.R.L. received ~29,700 green certificates, half of which will become eligible for sale after January 1, 2018 (Q2/13: ~43,000 green certificates, all eligible for sale).

Second quarter 2014 (Q2/14) vs. first quarter 2014 (Q1/14)

Compared to Q1/14, Clean EBIT significantly decreased in Q2/14, reflecting the lower contribution of both the gas and power businesses.

Estimated national gas consumption seasonally decreased by 51% versus Q1/14, while OMV Petrom gas sales volumes decreased by 17%.

The net electrical output of the Brazi power plant decreased by 83% compared to Q1/14 due to deteriorated spark spreads. Net electrical output of the wind park Dorobantu seasonally decreased by 28%.

January to June 2014 (6m/14) vs. January to June 2013 (6m/13)

Clean EBIT decreased by 83%, mainly due to deteriorated contribution from the power business.

OMV Petrom gas sales volumes declined by 11% versus 6m/13, more than the 5% decrease in estimated Romanian gas consumption, mainly due to lower gas extraction from storage in Q1/14 (as the company sold additional quantities during the injection cycle in Q2–Q3/13, instead of storing them for the winter period).

In 6m/14, total national estimated electricity consumption slightly decreased by 2%, while the country's estimated electricity output was 7% higher compared to 6m/13, with the highest increase from renewable and coal generation sources. OMV Petrom net electrical output was significantly lower, reflecting Brazi's reduced production of 0.64 TWh (6m/13: 0.98 TWh) triggered by spark spreads deterioration on the back of higher gas prices. Net plant availability stood at 95%.
With 98% availability, the Dorobantu wind park net electrical output was 0.04 TWh (6m/13: 0.06 TWh), for which OMV Petrom received ~70,000 green certificates, half of which will become eligible for sale after January 1, 2018 (6m/13: ~114,000 green certificates, all eligible for sale).

Refining and Marketing (R&M)

Q1/14	Q2/14	Q2/13	Δ%	in RON mn	6m/14	6m/13	Δ%
71	60	71	(16)	EBIT	131	167	(22)
2	-	-	n.a.	Special items	2	-	n.m.
(5)	14	(50)	n.m.	CCS effect: Inventory holding gains/(losses) [1]	9	(5)	n.m.
75	46	121	(62)	Clean CCS EBIT [1]	121	173	(30)

Q1/14	Q2/14	Q2/13	Δ%	Key performance indicators	6m/14	6m/13	Δ%
(2.41)	(1.88)	(1.62)	16	Indicator refining margin (USD/bbl) [2]	(2.15)	(1.25)	72
1.00	0.68	1.02	(33)	Refining input (mn t) [3]	1.69	1.97	(14)
92	59	92	(36)	Refinery utilization rate (%)	76	89	(15)
1.11	1.11	1.34	(17)	Total refined product sales (mn t) [4]	2.23	2.45	(9)
0.72	0.83	0.92	(10)	thereof Marketing sales volumes (mn t) [5]	1.55	1.66	(7)
784	782	792	(1)	Marketing retail stations	782	792	(1)

[1] *Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from R&M*
[2] *The indicator refining margin is based on the international quotations for products [Augusta] and Urals crude and a standard yield set typically for Petrobrazi refinery as of Q1/11 (indicator expected to be adapted after completion of Petrobrazi modernization program); actual refining margins realized by OMV Petrom may vary from the indicator refining margin as well as from the market margins due to factors including a different crude slate, product yield and operating conditions*
[3] *Figure includes crude and semi-finished products, in line with OMV Group reporting standard*
[4] *Includes all products sold by OMV Petrom Group*
[5] *Excludes export sales which are included in total refined product sales*

Second quarter 2014 (Q2/14) vs. second quarter 2013 (Q2/13)

- **Petrobrazi refinery modernization successfully finalized**
- **Lower Refining result mainly due to refinery planned shutdown**
- **Refining margin indicator decreased, triggered by lower fuels cracks**
- **Marketing sales volumes impacted by increased taxation and strong competition**

In Q2/14, clean CCS EBIT decreased to RON 46 mn, mainly affected by the lower throughput as a result of the one month planned refinery shutdown at Petrobrazi, deteriorated refining margins and lower marketing sales as well as margins. The increasing crude oil price and higher product quotations led to a positive CCS effect of RON 14 mn, resulting in a reported EBIT of RON 60 mn.

The indicator refining margin was USD (1.88)/bbl, below the Q2/13 level, mainly due to lower spreads for middle distillates, partially offset by higher propylene spreads.

The refinery utilization rate stood at 59% (92% in Q2/13), reflecting the planned shutdown. As a result of the latter, the total quantity of refining input in Q2/14 was down by 33% compared to the level recorded in Q2/13. Total refined product sales dropped by only 17%, due to optimized inventory management.

Total group marketing sales volumes in Q2/14 were 10% below the Q2/13 level. Group retail sales, which amounted to 70% of total group marketing sales, decreased by 8% compared to Q2/13, mainly impacted by the increase in fuels taxation in Romania and increased competition. Commercial sales dropped by 15% compared to the same quarter last year, reflecting strong competition in the diesel market and higher sales in Q2/13 triggered by the maintenance season and shutdowns of other domestic refineries. Bitumen sales volumes in Romania and Bulgaria were affected by the lack of funds within the construction sector and rainy weather.

At the end of Q2/14, the total number of filling stations operated within OMV Petrom Group was 782, 10 units less compared to Q2/13 mainly as a result of retail network optimization in the Republic of Moldova.

Second quarter 2014 (Q2/14) vs. first quarter 2014 (Q1/14)

Clean CCS EBIT decreased compared to Q1/14, mainly due to the planned shutdown of the Petrobrazi refinery in Q2/14. Moreover, the shutdown also prevented the refinery from benefiting from an improved refining margin indicator, influenced by better gasoline spreads. The marketing business result improved in Q2/14 on the back of seasonally higher demand.

January to June 2014 (6m/14) vs. January to June 2013 (6m/13)

Clean CCS EBIT was lower in 6m/14 burdened by the Petrobrazi planned shutdown on both volumes and costs, as well as by the challenging price environment.

The indicator refining margin dropped due to lower gasoline and middle distillates cracks.

The utilization rate of the Petrobrazi refinery decreased to 76% compared with 89% in 6m/13 due to the scheduled refinery shutdown.

Total marketing sales volumes decreased by 7% compared to 6m/13. In the retail business, total sales decreased by 4% attributable to a large extent to the increase in fuels taxation and higher competition. Commercial sales decreased by 12%, as a result of increased competition on the diesel market and higher volumes in 6m/13 triggered by other refineries shutdown. Additionally, the contracted heavy fuel oil quantities were not uplifted due to the mild winter.

Outlook 2014

Market, regulatory and fiscal environment

We expect the average Brent oil price to remain above USD 100/bbl and the Brent-Urals spread to stay relatively tight.

The gas and power regulatory framework is undergoing significant changes, with a strong impact on the company's financial and operating results.

In Romania, the **gas** price for domestic production to be paid by regulated non-household customers in H2/14 was set at RON 89.4/MWh (same level as in Q2/14), with the Q4/14 price subject to further review. The foreseen price increases for the regulated household segment for Q3/14 and Q4/14 have been reconfirmed. Gas demand in Romania is expected to further decline, which will lead to increased competition and margin pressure.

Starting July 15, 2014 until December 31, 2018, gas producers have the obligation to sell a certain fraction of their domestic gas production on Romanian centralized markets.

Starting April 1, 2014, the basis for the 60% tax on additional revenues resulting from domestic gas sales to non-household customers in the competitive market is the realized price, with a floor of RON 72/MWh for gas volumes sold other than via centralized markets.

In the **power** market, prices are expected to be under pressure due to supply dynamics, with renewables expected to capture a growing share of the generation mix, as well as due to low electricity demand, which partly reflects prospective energy efficiency measures. Starting July 1, 2014, the cogeneration tax for exported electricity was abolished, while for the internal market it was reduced by 45.8% (from RON 18.38/MWh to RON 9.96/MWh).

Refining margins and **marketing** volumes are expected to be further challenged by high price levels for international crude and oil products, together with increased fuels taxation and higher competition in Romania.

Given the long term cycle of investments in the oil and gas sector, the recent changes in the fiscal regime have a direct impact on the company's business. These affect both market supply and demand and also the company's financials and the operating performance. The tax of 1.5% applied to the gross value of constructions introduced starting January 1, 2014, has a direct negative impact on operating costs in all segments (mostly in E&P) as well as on the business case of some of our investments. Moreover, the fuels excise increases implemented in January and April 2014 put additional pressure on marketing volumes and margins in Romania.

We anticipate discussions with the Romanian authorities to achieve a long term, stable and investment-friendly taxation and regulatory framework, discussions that will tackle hydrocarbon taxes and construction tax.

OMV Petrom Group

- OMV Petrom plans to invest over EUR 1.3 bn, of which approximately 85% will be dedicated to E&P (drilling development wells, field redevelopment projects, workover activities / subsurface operations and the Neptun Deep project);
- Strive for high HSSE standards and continue reducing the lost-time injury rate.

Exploration and Production

- In order to stabilize production in Romania, we will further progress field redevelopment, drilling and workovers as well as operational excellence initiatives;
- Continue our intensive operational activities: perform more than 1,600 workovers; drill more than 140 wells, of which more than half are dedicated to field redevelopment projects; bring four redevelopment projects into the execution phase by year-end;

- In Kazakhstan – further pursue water injection schemes in both the TOC and Komsomolskoe fields in order to secure reservoir pressure support and slow down the natural decline of production;
- Drill 10 conventional onshore and offshore exploration wells, including exploration drilling under partnerships with Hunt Oil and Repsol;
- Joint-ventures with ExxonMobil: Neptun Deep – drilling at the Domino 2 well started in July, expected completion by end-2014; results to be available early 2015; Midia – continue seismic data interpretation.

Gas and Power

- The gas value chain will be optimized in an integrated manner so as to dynamically address challenges in the market and maximize value creation;
- On July 31, 2014, OMV Petrom closed the sale of the 28.59% participation in the gas distribution and supply company Congaz S.A.;
- Further deterioration of spark spreads is expected, leading to a negative result of the power business in 2014; we aim to mitigate this by consolidating Brazi power plant's position in the balancing and ancillary services markets, capitalizing on the plant's flexibility.

Refining and Marketing

- The Petrobrazi modernization program is expected to increase middle distillates yields and improve the refining margin indicator by approximately USD 5/bbl compared to the pre-modernization period. Moreover, the refinery will continue to deliver on energy efficiency improvements measures;
- Fuel terminal network optimization program: reconstruction works at the Cluj terminal started at the beginning of June with the aim of being finalized in 2015;
- Further pursue cost discipline and optimization of the downstream business.

Group interim financial statements and notes

(condensed, unaudited)

Legal principles and general accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2014 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, 2013.

The accounting policies and valuation methods 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, 2013.

The detailed structure of the consolidated companies in OMV Petrom Group at June 30, 2014 is presented in the Appendix 1 to the current report.

The interim condensed consolidated financial statements for 6m/14 are unaudited and an external review by an auditor was not performed.

Changes in the consolidated Group

During 6m/14, the associated company OMV Petrom Global Solutions S.R.L. was included in the consolidated Group by equity method of accounting.

Seasonality and cyclicality

Seasonality is of particular significance 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 factors affecting the interim financial statements as of June 30, 2014, is given as part of the description of OMV Petrom Group's business segments performance.

Exchange rates

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

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

Q1/14	Q2/14	Q2/13	Δ%	NBR FX rates	6m/14	6m/13	Δ%
4.503	4.429	4.395	1	Average EUR/RON FX rate	4.466	4.390	2
3.287	3.228	3.367	(4)	Average USD/RON FX rate	3.258	3.344	(3)
4.451	4.389	4.459	(2)	Closing EUR/RON FX rate	4.389	4.459	(2)
3.242	3.224	3.415	(6)	Closing USD/RON FX rate	3.224	3.415	(6)

Income statement (unaudited)

Q1/14	Q2/14	Q2/13	Consolidated income statement (in RON mn)	6m/14	6m/13
5,295.93	5,423.33	5,787.18	Sales revenues	10,719.26	11,576.11
(132.37)	(117.04)	(129.27)	Direct selling expenses	(249.41)	(291.87)
(3,269.90)	(4,174.59)	(3,826.51)	Production costs of sales	(7,444.49)	(7,208.57)
1,893.66	**1,131.70**	**1,831.40**	**Gross profit**	**3,025.36**	**4,075.67**
69.96	52.91	46.07	Other operating income	122.87	101.85
(236.88)	(237.58)	(250.76)	Selling expenses	(474.46)	(550.16)
(43.48)	(48.26)	(50.74)	Administrative expenses	(91.74)	(96.02)
(43.73)	(89.65)	(79.54)	Exploration expenses	(133.38)	(269.49)
(167.88)	(183.20)	(107.79)	Other operating expenses	(351.08)	(291.55)
1,471.65	**625.92**	**1,388.64**	**Earnings before interest and taxes (EBIT)**	**2,097.57**	**2,970.30**
(6.81)	10.04	4.12	Income / (loss) from associated companies	3.23	5.68
18.01	17.16	18.43	Interest income	35.17	84.29
(124.41)	(74.23)	(90.49)	Interest expenses	(198.64)	(187.99)
(18.84)	(7.48)	(38.23)	Other financial income and expenses	(26.32)	(6.15)
(132.05)	**(54.51)**	**(106.17)**	**Net financial result**	**(186.56)**	**(104.17)**
1,339.60	**571.41**	**1,282.47**	**Profit from ordinary activities**	**1,911.01**	**2,866.13**
(264.59)	(259.46)	(221.17)	Taxes on income	(524.05)	(473.32)
1,075.01	**311.95**	**1,061.30**	**Net income for the period**	**1,386.96**	**2,392.81**
1,075.44	**311.10**	**1,061.04**	**thereof attributable to stockholders of the parent**	**1,386.54**	**2,391.10**
(0.43)	0.85	0.26	thereof attributable to non-controlling interests	0.42	1.71
0.0190	**0.0055**	**0.0187**	**Basic earnings per share (RON)**	**0.0245**	**0.0422**

Statement of comprehensive income (condensed, unaudited)

Q1/14	Q2/14	Q2/13	Consolidated statement of comprehensive income (in RON mn)	6m/14	6m/13
1,075.01	**311.95**	**1,061.30**	**Net income for the period**	**1,386.96**	**2,392.81**
(7.27)	(5.73)	(0.18)	Exchange differences from translation of foreign operations	(13.00)	0.76
(7.27)	**(5.73)**	**(0.18)**	**Total of items that may be reclassified ("recycled") subsequently to the income statement**	**(13.00)**	**0.76**
0.35	0.48	0.81	Income tax relating to components of other comprehensive income	0.83	(1.53)
(6.92)	**(5.25)**	**0.63**	**Other comprehensive income for the period, net of tax**	**(12.17)**	**(0.77)**
1,068.09	**306.70**	**1,061.93**	**Total comprehensive income for the period**	**1,374.79**	**2,392.04**
1,068.40	**305.70**	**1,061.39**	**thereof attributable to stockholders of the parent**	**1,374.10**	**2,390.88**
(0.31)	1.00	0.54	thereof attributable to non-controlling interests	0.69	1.16

Notes to the income statement

Second quarter 2014 (Q2/14) vs. second quarter 2013 (Q2/13)

Consolidated sales in Q2/14 amounted to RON 5,423 mn and were 6% below Q2/13 value, mainly due to lower sales volumes of petroleum products, and electricity, although higher volumes of crude oil were sold (due to the Petrobrazi refinery planned shutdown) and the gas price increase versus Q2/13. R&M represented 78% of total consolidated sales, G&P accounted for 18% and E&P for 4% (sales in E&P being largely intra-group sales rather than third-party sales).

The Group's EBIT amounted to RON 626 mn and was lower compared to the result recorded in Q2/13 (Q2/13: RON 1,389 mn), mostly due to the impairment of assets in the TOC subsidiary, in the amount of RON 491 mn, triggered by unsuccessful redevelopment of the field. Also, introduction of the new tax on construction in Romania, combined with lower results in refining triggered by the one month planned Petrobrazi refinery shutdown and challenging market environment negatively affected the result.

The planned one month shutdown of the refinery in Romania led also to a negative impact in the consolidation line, derived by significant quantities of crude oil in stock at the end of the period.

Clean CCS EBIT of RON 1,147 mn is also below the value recorded in Q2/13 of RON 1,438 mn. Clean CCS EBIT is stated after eliminating net special charges of RON 535 mn (mainly impact of Kazakh assets) and inventory holding gains of RON 14 mn.

The net financial result of RON (55) mn improved compared to RON (106) mn in Q2/13, mainly from the positive influence of foreign exchange rate gains on EUR bank loans following the depreciation of EUR against RON in Q2/14 comparing with EUR appreciation against RON in Q2/13.

The profit from ordinary activities amounted to RON 571 mn and corporate income tax was RON 259 mn in Q2/14. Current tax expenses on the Group's income were RON 252 mn and deferred tax expenses amounted to RON 7 mn. The effective tax rate in Q2/14 was 45%, negatively influenced mainly by the impairment of assets in the TOC subsidiary.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) in Q2/14 amounted to RON 311 mn and was lower than Q2/13 (Q2/13: RON 1,061 mn). Clean CCS net income attributable to stockholders was RON 827 mn. EPS was RON 0.0055 in Q2/14, versus RON 0.0187 in Q2/13, while Clean CCS EPS was RON 0.0146 compared to RON 0.0195 in Q2/13.

Second quarter 2014 (Q2/14) vs. first quarter 2014 (Q1/14)

Compared to Q1/14, sales increased by 2%, mainly due to increase in sales volumes of petroleum products, partially compensated by lower electricity volumes sold. Despite higher sales EBIT decreased (Q1/14: RON 1,472 mn), as Q2/14 was impacted by the impairment of one of the assets in Kazakhstan, by the Petrobrazi shutdown and by higher exploration expenses. Clean CCS EBIT decreased by 22% compared to Q1/14 (Q1/14: RON 1,477 mn).

The net financial result stood at RON (55) mn in Q2/14 compared to RON (132) mn in Q1/14, as Q1/14 was negatively impacted by charges recorded following the fiscal review in OMV Petrom's branch in Kazakhstan.

Corporate income tax amounted to RON 259 mn (Q1/14: RON 265 mn) and the effective tax rate in Q2/14 was 45%, higher than 20% in Q1/14, mainly in relation to activities in Kazakhstan. Net income attributable to stockholders was RON 311 mn and was lower than in Q1/14 (Q1/14: RON 1,075 mn), while Clean CCS net income attributable to stockholders decreased by 23% from RON 1,080 mn in Q1/14 to RON 827 mn in Q2/14.

January to June 2014 (6m/14) vs. January to June 2013 (6m/13)

Consolidated sales for 6m/14 decreased by 7% compared to 6m/13, to RON 10,719 mn, mainly as a result of lower sales volumes of petroleum products and electricity as compared to the similar period last year, partially compensated by the increase in gas price. The G&P sales reflected lower electricity and gas volumes sold. R&M represented 76% of total consolidated sales, G&P accounted for 19% and E&P for 5% (sales in E&P being largely intra-group sales rather than third party sales).

The Group's EBIT amounted to RON 2,098 mn (6m/13: RON 2,970 mn) negatively impacted by a one-off charge related to the impairment of one of the assets in Kazakhstan and by introduction of a new construction tax starting January 1, 2014. Additional negative influences were triggered by the Petrobrazi refinery shutdown in Q2/14.

Clean CCS EBIT decreased to RON 2,624 mn in 6m/14. Clean CCS EBIT is stated after eliminating the impact from special charges of RON 535 mn and inventory holding gains of RON 9 mn.

The net financial result of RON (187) mn decreased from RON (104) mn in 6m/13, negatively influenced by charges recorded following the fiscal review in OMV Petrom's branch in Kazakhstan in Q1/14.

The current tax charge in 6m/14 was RON 486 mn and deferred tax expenses amounted to RON 38 mn; the effective tax rate for 6m/14 increased to 27% being negatively influenced by impairment of assets.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 1,387 mn, lower compared to 6m/13 (RON 2,391 mn). Clean CCS net income attributable to stockholders was RON 1,907 mn, 22% lower compared to 6m/13 (RON 2,431 mn). EPS was RON 0.0245 in 6m/14 (6m/13: RON 0.0422) and Clean CCS EPS was RON 0.0337 (6m/12: RON 0.0429).

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

Consolidated statement of financial position (in RON mn)	June 30, 2014	Dec 31, 2013
Assets		
Intangible assets	1,122.65	814.73
Property, plant and equipment	30,925.75	30,659.38
Investments in associated companies	91.18	42.71
Other financial assets	2,140.51	2,143.45
Other assets	18.70	22.34
Deferred tax assets	839.23	877.28
Non-current assets	**35,138.02**	**34,559.89**
Inventories	2,207.56	1,996.29
Trade receivables	1,591.66	1,429.24
Other financial assets	292.38	302.67
Other assets	654.76	314.67
Cash and cash equivalents	716.34	1,408.24
Current assets	**5,462.70**	**5,451.11**
Assets held for sale	13.25	35.87
Total assets	**40,613.97**	**40,046.87**
Equity and liabilities		
Capital stock	5,664.41	5,664.41
Reserves	20,635.57	21,006.10
Stockholders' equity	**26,299.98**	**26,670.51**
Non-controlling interests	(28.18)	(28.83)
Equity	**26,271.80**	**26,641.68**
Provisions for pensions and similar obligations	303.30	303.95
Interest-bearing debts	1,139.15	1,253.73
Provisions for decommissioning and restoration obligations	5,577.73	5,778.13
Other provisions	621.22	601.80
Other financial liabilities	277.31	289.28
Deferred tax liabilities	10.98	11.05
Non-current liabilities	**7,929.69**	**8,237.94**
Trade payables	3,249.15	2,958.26
Interest-bearing debts	374.57	189.04
Current income tax payable	272.21	258.76
Other provisions and decommissioning	810.34	651.84
Other financial liabilities	715.05	318.87
Other liabilities	991.16	790.37
Current liabilities	**6,412.48**	**5,167.14**
Liabilities associated with assets held for sale	-	0.11
Total equity and liabilities	**40,613.97**	**40,046.87**

Notes to the statement of financial position as of June 30, 2014

Capital expenditure increased to RON 2,906 mn in 6m/14 (6m/13: RON 2,080 mn) influenced by substantially higher CAPEX in E&P and R&M.

Investments in E&P activities (RON 2,287 mn) accounted for 79% of total CAPEX for the first six months in 2014, being 24% above the 6m/13 level, and were focused on activities related to drilling development wells, workover activities and sub-surface operations, surface facilities, field redevelopment initiatives, as well as investments related to the Neptun Deep project.

R&M investments (RON 534 mn) related mostly to the planned refinery shutdown for performing the works associated with the final milestones of the Petrobrazi refinery modernization program (Vacuum Gas Oil conversion project). In addition, investments were also directed to efficiency projects as well as to legal and environmental compliance.

CAPEX for the Corporate & Other (Co&O) segment was RON 84 mn, mainly referring to investments directed to IT projects and the financial investment in the newly created OMV Petrom Global Solutions SRL, a service center which provides multiple support services exclusively to OMV Group companies.

Compared to the year-end 2013, total assets increased by RON 567 mn, to RON 40,614 mn. The change was mostly driven by the net increase of property, plant and equipment assets of RON 266 mn, as the investments exceeded depreciation and impairments. The significant increase of intangible assets is mainly related to the resumption of drilling operations in the Black Sea, under joint venture with ExxonMobil. The increase of other assets and inventories, the latter one being mainly related to higher crude oil stocks due to the planned shutdown of the Petrobrazi refinery, were almost compensated by the decrease in cash and cash equivalents following payments of the dividend.

Equity decreased to RON 26,272 mn as of June 30, 2014 as the net profit generated in the current period was offset by the dividends distributed for the 2013 financial year (RON 1,745 mn). The Group's equity ratio[1] stood at 65% at the end of June 2014, slightly lower than the level of December 2013 (67%).

Total interest bearing debt slightly increased from RON 1,443 mn as of December 31, 2013 to RON 1,514 mn as of June 30, 2014.

The Group's liabilities other than interest bearing debt increased by RON 866 mn, mostly due to the higher trade payables and other financial liabilities in connection with the increased investment activities, as well as higher tax liabilities following the introduction in 2014 of a new tax for construction in Romania.

OMV Petrom Group's net debt[2] shows an increase compared to end of last year, from RON 332 mn as of December 2013 to RON 1,084 mn as of June 2014. Consequently, the gearing ratio[3] increased to 4.13%, from 1.25% in December 2013.

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

Cash flows (condensed, unaudited)

Q1/14	Q2/14	Q2/13	Summarized statement of cash flows (in RON mn)	6m/14	6m/13
1,339.60	**571.41**	**1,282.47**	**Profit before taxation**	**1,911.01**	**2,866.13**
36.84	(36.00)	(99.94)	Net change in provisions	0.84	(92.90)
(3.49)	32.67	(10.47)	Losses/(gains) on the disposal of non-current assets	29.18	(3.23)
812.43	1,335.05	791.11	Depreciation, amortization including write-ups	2,147.52	1,570.45
(4.75)	(20.15)	(24.22)	Net interest paid	(24.90)	(30.62)
(229.09)	(233.97)	(255.29)	Tax on profit paid	(463.06)	(487.48)
78.57	16.10	70.95	Other adjustments	94.63	25.63
2,030.12	**1,665.10**	**1,754.61**	**Sources of funds**	**3,695.22**	**3,847.98**
(72.08)	(176.83)	(70.29)	(Increase)/decrease in inventories	(248.91)	199.73
(30.64)	(329.30)	244.69	(Increase)/decrease in receivables	(359.94)	211.28
144.48	159.20	33.82	(Decrease)/increase in liabilities	303.68	(450.93)
2,071.88	**1,318.18**	**1,962.83**	**Net cash from operating activities**	**3,390.05**	**3,808.06**
(1,408.77)	(1,101.34)	(1,056.12)	Intangible assets and property, plant and equipment	(2,510.11)	(2,320.58)
(0.28)	(45.00)	-	Investments, loans and other financial assets	(45.28)	(0.10)
7.48	25.62	14.57	Proceeds from sale of non-current assets	33.10	22.67
15.99	-	-	Proceeds from sale of subsidiaries, net of cash disposed	15.99	53.76
(1,385.58)	**(1,120.72)**	**(1,041.55)**	**Net cash used in investing activities**	**(2,506.30)**	**(2,244.25)**
(32.99)	122.78	(228.28)	Increase / (decrease) in borrowings	89.79	(257.44)
(0.36)	(1,656.36)	(1,529.09)	Dividends paid	(1,656.72)	(1,529.87)
(33.35)	**(1,533.58)**	**(1,757.37)**	**Net cash from financing activities**	**(1,566.93)**	**(1,787.31)**
(3.15)	(5.57)	0.06	Effect of exchange rate changes on cash and cash equivalents	(8.72)	0.34
649.80	**(1,341.70)**	**(836.03)**	**Net (decrease)/increase in cash and cash equivalents**	**(691.90)**	**(223.16)**
1,408.24	2,058.04	1,279.52	Cash and cash equivalents at beginning of period	1,408.24	666.65
2,058.04	**716.34**	**443.49**	**Cash and cash equivalents at end of period**	**716.34**	**443.49**

Notes to the cash flows

In 6m/14, free cash flow (defined as net cash from operating activities less net cash used in investing activities) showed an inflow of funds of RON 884 mn (6m/13: RON 1,564 mn). Free cash flow less dividend payments resulted in a cash outflow of RON 773 mn (6m/13: inflow of RON 34 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, as well as net interest and income tax paid was RON 3,695 mn (6m/13: RON 3,848 mn).
Net working capital generated a cash outflow of RON 305 mn (6m/13: RON 40 mn), being influenced mainly by the increase in inventories due to the shutdown of the Petrobrazi refinery, and in receivables related to gas sales.
Net cash flow used in investing activities (outflow of RON 2,506 mn; 6m/13: RON 2,244 mn) mainly includes payments for investments in intangible assets and property, plant and equipment.
Net cash flow from financing activities shows an outflow of funds amounting to RON 1,567 mn (6m/13: RON 1,787 mn), mainly coming from payment of dividends in the amount of RON 1,657 mn.

Condensed statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
January 1, 2014	**5,664.41**	**21,000.68**	**5.44**	**(0.02)**	**26,670.51**	**(28.83)**	**26,641.68**
Net income for the period	-	1,386.54	-	-	1,386.54	0.42	1,386.96
Other comprehensive income for the period	-	-	(12.44)	-	(12.44)	0.27	(12.17)
Total comprehensive income for the period	**-**	**1,386.54**	**(12.44)**	**-**	**1,374.10**	**0.69**	**1,374.79**
Dividend distribution	-	(1,744.63)	-	-	(1,744.63)	(0.04)	(1,744.67)
Adjustments to share capital and revenue reserves [2]	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-
Distribution of own shares	-	-	-	-	-	-	-
Change in interests	-	-	-	-	-	-	-
June 30, 2014	**5,664.41**	**20,642.59**	**(7.00)**	**(0.02)**	**26,299.98**	**(28.18)**	**26,271.80**

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2013	**18,983.37**	**4,396.08**	**58.84**	**(0.02)**	**23,438.27**	**(32.93)**	**23,405.34**
Net income for the period	-	2,391.10	-	-	2,391.10	1.71	2,392.81
Other comprehensive income for the period	-	-	(0.22)	-	(0.22)	(0.55)	(0.77)
Total comprehensive income for the period	**-**	**2,391.10**	**(0.22)**	**-**	**2,390.88**	**1.16**	**2,392.04**
Dividend distribution	-	(1,586.03)	-	-	(1,586.03)	(0.03)	(1,586.06)
Adjustments to share capital and revenue reserves [2]	(13,318.96)	13,318.96	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-
Distribution of own shares	-	-	-	-	-	-	-
Change in interests	-	50.83	(50.83)	-	-	0.01	0.01
June 30, 2013	**5,664.41**	**18,570.94**	**7.79**	**(0.02)**	**24,243.12**	**(31.79)**	**24,211.33**

[1] *Other reserves contain mainly exchange differences from the translation of foreign operations and reserves from business combinations in stages.*
[2] *Usage of the restatement of share capital arising from the first time adoption of IAS 29 "Reporting in hyperinflationary economics" to cover the accumulated loss resulted from IAS 29 implementation. This was approved at the Annual General Meeting of Shareholders held on April 22, 2013.*

Dividends

At the Annual General Meeting of Shareholders held on April 29, 2014, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2013 for the gross amount of RON 1,745 mn. Payment of the dividends started on June 5, 2014.

Segment reporting

Intersegmental sales

Q1/14	Q2/14	Q2/13	∆%	in RON mn	6m/14	6m/13	∆%
3,045.41	3,224.53	2,838.96	14	Exploration and Production	6,269.94	5,817.00	8
106.77	86.79	100.65	(14)	Gas and Power	193.56	240.87	(20)
37.37	42.71	39.90	7	Refining and Marketing	80.08	85.27	(6)
139.70	151.30	141.67	7	Corporate and Other	291.00	275.45	6
3,329.25	**3,505.33**	**3,121.18**	**12**	**Total**	**6,834.58**	**6,418.59**	**6**

Sales to external customers

Q1/14	Q2/14	Q2/13	∆%	in RON mn	6m/14	6m/13	∆%
264.06	222.31	234.36	(5)	Exploration and Production	486.37	547.59	(11)
1,044.91	961.52	807.90	19	Gas and Power	2,006.43	1,944.48	3
3,961.71	4,211.77	4,727.01	(11)	Refining and Marketing	8,173.48	9,049.42	(10)
25.25	27.73	17.91	55	Corporate and Other	52.98	34.62	53
5,295.93	**5,423.33**	**5,787.18**	**(6)**	**Total**	**10,719.26**	**11,576.11**	**(7)**

Total sales (not consolidated)

Q1/14	Q2/14	Q2/13	∆%	in RON mn	6m/14	6m/13	∆%
3,309.47	3,446.84	3,073.32	12	Exploration and Production	6,756.31	6,364.59	6
1,151.68	1,048.31	908.55	15	Gas and Power	2,199.99	2,185.35	1
3,999.08	4,254.48	4,766.91	(11)	Refining and Marketing	8,253.56	9,134.69	(10)
164.95	179.03	159.58	12	Corporate and Other	343.98	310.07	11
8,625.18	**8,928.66**	**8,908.36**	**0**	**Total**	**17,553.84**	**17,994.70**	**(2)**

Segment and Group profit

Q1/14	Q2/14	Q2/13	∆%	in RON mn	6m/14	6m/13	∆%
1,372.08	836.27	1,307.18	(36)	EBIT Exploration and Production	2,208.35	2,723.99	(19)
36.63	(12.64)	(8.31)	52	EBIT Gas and Power	23.99	104.71	(77)
71.47	59.92	71.36	(16)	EBIT Refining and Marketing	131.39	167.39	(22)
(10.34)	(58.62)	(24.01)	144	EBIT Corporate and Other	(68.96)	(39.28)	76
1,469.84	**824.93**	**1,346.22**	**(39)**	**EBIT segment total**	**2,294.77**	**2,956.81**	**(22)**
1.81	(199.01)	42.42	n.m.	Consolidation: Elimination of intersegmental profits	(197.20)	13.49	n.m.
1,471.65	**625.92**	**1,388.64**	**(55)**	**OMV Petrom Group EBIT**	**2,097.57**	**2,970.30**	**(29)**
(132.05)	**(54.51)**	**(106.17)**	**(49)**	**Net financial result**	**(186.56)**	**(104.17)**	**79**
1,339.60	**571.41**	**1,282.47**	**(55)**	**OMV Petrom Group profit from ordinary activities**	**1,911.01**	**2,866.13**	**(33)**

Assets[1]

in RON mn	June 30, 2014	Dec 31, 2013
Exploration and Production	22,746.17	22,296.95
Gas and Power	2,875.84	2,948.54
Refining and Marketing	5,732.05	5,491.25
Corporate and Other	694.34	737.37
Total	**32,048.40**	**31,474.11**

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

Other notes

Significant transactions with related parties

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

Subsequent events

On July 16, OMV Petrom announced the success of an exploration well drilled in Istria XVIII offshore perimeter (shallow water). The Marina-1 well encountered a new oil reservoir on the continental shelf of the Black Sea. First estimates from production tests show a potential production per well of 1,500 – 2,000 boe/day. Cost of drilling the exploration well amounted to approx. EUR 19 mn.

On July 21, ExxonMobil Exploration and Production Romania Limited and OMV Petrom announced the start of drilling at the Domino-2 well in the deepwater sector of the Neptun Block offshore Romania in the Black Sea. Data collected during the drilling program will be used to assess the size and commercial viability of the gas field discovered by the Domino-1 exploration well in 2012.

On July 24, OMV Petrom announced the successful finalization of the modernization process of Petrobrazi refinery, performed during 2010-2014. Total investment in the modernization process amounted to around EUR 600 mn. The main target of the investment program was to increase competitiveness. OMV Petrom is now able to process the entire Romanian crude production of OMV Petrom in a single refinery. The adjustment of Petrobrazi refinery's capacity up to 4.2 mn tonnes/year ensures the efficient processing of crude, capitalizing on OMV Petrom's integrated company model.

On July 31, OMV Petrom closed the sale of its 28.59% interest in the non-core gas distribution and supply company Congaz SA to GDF SUEZ Energy Romania SA.

Declaration of the management

We confirm to the best of our knowledge that the interim condensed consolidated financial statements for the period ended June 30, 2014, prepared in accordance with the International Financial Reporting Standards, offer a true and fair view of OMV Petrom Group's assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the statements of operations and the information presented in this report give a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim condensed consolidated financial statements.

Bucharest, August 12, 2014

The Executive Board

Mariana Gheorghe
Chief Executive Officer
President of the Executive Board

Andreas Matje
Chief Financial Officer
Member of the Executive Board

Gabriel Selischi
Member of the Executive Board
Exploration and Production

Cristian Secosan
Member of the Executive Board
Gas and Power

Neil Anthony Morgan
Member of the Executive Board
Refining and Marketing

Abbreviations and definitions

ANRE	Romanian Energy Regulatory Authority
bbl	barrel(s), i.e. 159 liters
bcf	billion cubic feet; 1 bcm = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
boe; kboe; kboe/d	barrels of oil equivalent; thousand barrels of oil equivalent; kboe per day
bn	billion
bcm	billion cubic meters
capital employed	equity including minorities plus net debt
cbm	cubic meters
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
CCS	Current cost of supply
CFPS	Cash Flow Per Share
CO_2	carbon dioxide
EBIT	Earnings before interest and tax
E&P	Exploration and Production
EPS	Earnings per share
EUR	euro
ExxonMobil	ExxonMobil Exploration and Production Romania Limited
FX	Foreign Exchange
G&P	Gas and Power
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
mn	million
MWh	megawatt hour
NBR	National Bank of Romania
NGL	Natural Gas Liquids
n.a.	not applicable/not available (after case)
n.m.	not meaningful i.e. deviation exceeds (+/-)500% or comparison is made between positive and negative values
NOPAT	Net Operating Profit After Tax. Profit on ordinary activities after taxes plus net interest on net borrowings, +/– result from discontinued operations, +/– tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market
OPEX	Operating Expenditures
Q	quarter
ROACE	Return On Average Capital Employed = NOPAT/Average Capital Employed (%)
ROE	Return On Equity = Net Profit/Average Equity (%)
ROFA	Return On Fixed Assets = EBIT/Average Fixed Assets (%)
RON	Romanian leu
R&M	Refining and Marketing
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
TOC	Tasbulat Oil Corporation
t/y	tons/year
TWh	terawatt hour
USD	United States dollar

Appendix 1

Consolidated companies in OMV Petrom Group at June 30, 2014

Parent company

OMV Petrom S.A.	

Subsidiaries

EXPLORATION & PRODUCTION		REFINING & MARKETING	
Tasbulat Oil Corporation LLP (Kazakhstan)[1]	100.00%	OMV Petrom Marketing S.R.L. (Romania)	100.00%
OMV Petrom Ukraine E&P GmbH	100.00%	OMV Petrom Aviation S.A. (Romania)	99.99%
OMV Petrom Ukraine Finance Services GmbH	100.00%	ICS Petrom-Moldova S.A. (Republic of Moldova)	100.00%
Kom Munai LLP (Kazakhstan)	95.00%	OMV Bulgaria OOD (Bulgaria)	99.90%
Petrom Exploration & Production Ltd.	50.00%	OMV Srbija DOO (Serbia)	99.96%

GAS & POWER		CORPORATE & OTHER	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%
OMV Petrom Wind Power S.R.L.	99.99%		

[1] *Owned through Tasbulat Oil Corporation BVI as holding company*

Associated company, accounted for at equity

Congaz S.A. (Romania) [2]	28.59%
OMV Petrom Global Solutions S.R.L. (Romania)	25.00%

[2] *Sold to GDF SUEZ Energy Romania S.A. on July 31, 2014*

Contact

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Next release:

The next results announcement for January – September and Q3 2014 will be released on November 6, 2014, presenting OMV Petrom Group consolidated results prepared according to IFRS.