

Bucharest
August 16, 2007
8.30 am [Bucharest time]
7.30 am [CET], 6.30 am [UK]

Results for January – June and Q2, 2007¹ consistent with the company's forecast

- ▶ Lower turnover and profit due to unfavorable market conditions
- ▶ Crude production is being stabilized in Romania
- ▶ Significantly increased throughput per filling stations
- ▶ 74% increase in investments

Mariana Gheorghe, CEO of Petrom: "The results recorded in the first 6 months of the year are consistent with our forecast. The strong appreciation of the RON against the USD, but also to some extent lower crude oil prices adversely impacted in turnover and in profit. The investment volume in the first six months remained at a high level and is 74% higher than the same period of the last year.

In the Exploration and Production business, although there was a decrease in total production due to lower gas production, we made progress to stabilize crude production in Romania which puts us on track to reach one of our most important objectives to increase Romanian production again by 2010.. This was the first step in securing the oil and gas production in Romania, given the fact that we operate mainly mature fields.

We continue the modernization process of the refineries and we estimate that they will become efficient once the investments of more than EUR 1 bn are finalized in 2011. Refining margin increased comparing to the same period last year, however refining sales volumes were lower due to the scheduled turnaround in Arpechim.

In Marketing, the throughput per filling station for the first six months increased to 1.44 mn liters, 38.5% higher than in the same period of 2006. Provided that we maintain the same sales growth pace in the second half, we will reach the strategic objective set for 2010, of 2.9 mn liters sold per year, before the estimated period.

Our restructuring process is on track in all business segments and we are continuing to strengthen our position as a leading oil and gas company in the region."

| Q1/07 | Q2/07 | Q2/06 | ΔQ2 yoy | Key performance indicators (RON mn) | 1-6/07 | 1-6/06 | % | 2006 |
|--------|--------|--------|---------|-------------------------------------|--------|--------|------|--------|
| 394 | 548 | 711 | -23% | EBIT | 942 | 1,764 | -47% | 2,777 |
| 623 | 766 | 931 | -18% | EBITDA | 1,389 | 2,150 | -35% | 3,596 |
| 381 | 506 | 546 | -7% | Net income | 887 | 1,427 | -38% | 2,285 |
| 2,757 | 2,677 | 3,186 | -16% | Turnover | 5,434 | 6,312 | -14% | 13,078 |
| 551 | 771 | 316 | 144% | Investments* | 1,322 | 759 | 74% | 2,937 |
| 31,115 | 29,667 | 38,136 | -22% | Employees at the end of period | 29,667 | 38,136 | -22% | 32,837 |

*the investments include increases of Petrom share participations

¹ The financials are reviewed and prepared according to RAS; all the figures refer to Petrom S.A. unless otherwise stated



Highlights

February: Depozitarul Central SA transferred the Petrom shares owned by the Ministry of Economy and Commerce in the account of the Authority for State Assets Recovery (AVAS), following the takeover by the latter of the Office of State Ownership and Privatization in Industry (OPSPI). Subsequently, AVAS owned 17,481,773,996 shares representing 30.862% of Petrom's share capital. Following a Government Decision issued in July the transfer of 5,791,079,578 shares, representing 10.223% of Petrom S.A.'s share capital, held by AVAS, into the account of Fondul Proprietatea S.A, was performed.²

February: Petrom launched the largest ecological rehabilitation project in Romania - Verde^{Petrom} (Green to the power of Petrom) - that will unfold over a 3-year period. Overall, almost 200,000 square meters of land in the Straulesti area will be ecologically rehabilitated based on an investment of approximately EUR 10 mn.

April: Petrom's Extraordinary General Meeting of Shareholders approved, on April 17, the change of the Company's management system into a dualist system. Thus, the Company is managed by an Executive Board supervised by a Supervisory Board, consisting of 9 members. Petrom's Annual General Meeting on April 17 approved the payment of a dividend of RON 0.0179 per share (RON 1,013.9 mn in total) to its shareholders, resulting in a payout ratio of 44%.

April: Petrom signed the construction contract for Petrom City, that will become the new headquarters of the company and will host around 2,500 employees who will be moving starting 2009/2010. The contract was awarded after a competitive tender to SC Alpine SA.

April: Petrom signed a sale agreement of its entire 95% participating interest in Oztyurk Munai LLP from Kazakhstan to En-Gin LLP, a Kazakh oil and gas company, a transaction

approved by the competent Kazakh authorities.

May: Petrom decided to exercise its pre-emption right regarding the purchase of 55.53% stake of Shell Gas Romania SA and of 60% stake of Trans Gas Services SRL. The closing of the transaction is subject to the signing of the relevant transaction documents with Shell Gas (LPG) Holdings BV and the clearance of the Competition Council; the closing of the transaction is expected for the end of the year.

May: Petrom announced the first exploration discovery in Romania based on the application of new technologies. The discovery well 570 Torcesti was drilled in the exploration block I, Adjud. During testing, a daily flow rate of 130,000 cubic meters of natural gas and 11 tons of condensate (app. 900 boe/day) could be confirmed.

May: The National Environmental Agency of Pitesti suspended the Integrated Environment Authorization no. 2/30.11.2005, based on which the Arpechim refinery operates and instructed Petrom to stop the activity in the refinery.

June: At the beginning of the month, Petrom announced the approval of the temporary shut down plan of Arpechim Refinery. The shut down procedure was in line with the SEVESO II Directive and the first step of this plan was the elaboration of a study regarding the preservation of the facilities in Arpechim.

Also, Petrom took all the legal measures and started an accelerated compliance program. Meanwhile, The Argeş Tribunal's court granted Petrom's request for the suspension of Area Environment Protection Agency Piteşti decision, related to suspension of the environmental permit of Arpechim Refinery. The closure timetable was suspended. In the meantime the Agency confirmed that the measures under taken by Arpechim are fine and reinstated the Environment Authorisation.

² See section "Subsequent events" on page 15

June: Petrom set up a new petrochemical company, namely Petrochemicals Arges. The company was established as a shell company in order to transfer the petrochemical activities of Arpechim refinery and will operate as a subsidiary company starting at the end of 2007.

June: Petrom approved in the meeting of the Supervisory Board on June 15, the project to build a gas fired power plant with a capacity of approximately 860 MW. The total investment for the plant including infrastructure investments will be in the magnitude of about EUR 500 mn. The construction of the power plant will start in 2008 and full production capacity of the plant is likely to be delivered to the Romanian power grid by end of 2010.

Outlook 2007

The crude price, refining margins and the US dollar and Euro exchange rates are expected to remain volatile in 2007. The Romanian leu (RON) is expected to be significantly stronger than in 2006.

In E&P, domestic oil production decline is being arrested and the Company will continue the efforts to increase production and decrease production costs. The negative impact of the significant RON appreciation against the USD is expected to continue in the second half of 2007.

Petrom's engagement in both drilling and modernization and efficiency programs will be further strengthened. The downhole technology modernization, the Anti Corrosion program and the Optimization of Surface

June: In the first half of 2007 Petrom started to blend biodiesel with diesel. Starting with 1st of July, the 2% fuel biodiesel content is supplied on the Romanian market.

June: Petrom launched the social program "Parks of the Future", a project aimed to redesign parks in five Romanian towns, built under the concept "Respect for the Future". This is the first project from a wider series of social responsibility campaigns, announced by the company at the beginning of 2007 and for which the total investment will reach EUR 10 mn over two years.

Production Systems (OSPS) will be accelerated in the second half of 2007.

The price for domestic natural gas will increase to RON 470/1,000 cm starting with Q3/2007.

In the R&M segment, the efforts will be directed towards the modernization and the fulfilment of the compliance programs in both refineries.

A 2-week shutdown of Petrobrazi refinery is now scheduled for Q4/07 (originally planned for Q1/08), needed for installing the tie-ins at the diesel hydrotreater.

In Marketing, 2007 should see the entire network of filling stations completely run under the full agency concept and we aim to operate a number of 100 PetromV filling stations at the end of the year.

Business environment

World crude demand increased in H1/07 by 0.8 mn bbl/day or 0.9% against the first half of 2006, representing an average of 85.0 mn bbl/day. World oil demand in Q2 2007 followed the expected low seasonality trend. In H1/07 OECD's demand decreased by 0.5% against the same period of 2006. Europe's demand was partially seasonal being also influenced by warm weather. The demand for gasoline and diesel in North America and Pacific was the primary engine of growth in OECD. In the non-OECD countries, the consumption increase of 3% against H1/06 was driven by robust demand from China and Middle East as a result of a very strong economic growth.

World crude production recorded in H1/07 an increase of 0.1 mn bbl/day to 85.1 mn bbl/day compared with H1/06. Non-OPEC oil production decreased by 1.2% yoy, the main contributors of this decline were Canada, Mexico, Norway, Brazil, Australia and Kazakhstan (technical problems, early and heavier maintenance, shut down at some fields). In the first half of 2007 OPEC supply recorded an average of 35.1 mn bbl/day, by 1.9% higher than H1/06.

The **USD/RON average forex** recorded in H1/07 a decrease of 12.9% yoy, from RON 2.88 to RON 2.51 and by 5.8% in Q2/07 from RON 2.58 to RON 2.43.

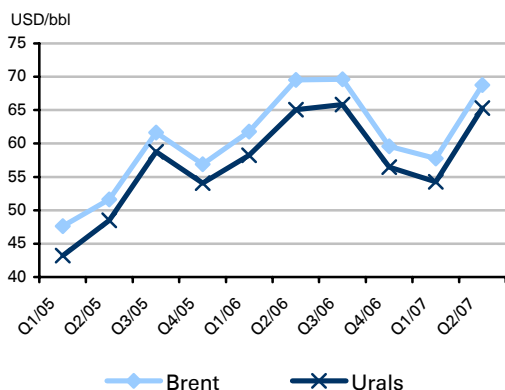
The **EUR/RON average exchange rate** decreased by 5.9% in H1/07 yoy, from RON 3.54 to RON 3.33 and by 3.3% in Q2/07 from RON 3.38 to RON 3.27.

International crude prices for Brent and Urals recorded a decreasing trend against H1/06 and increasing trend Q2/07 against Q1/07:

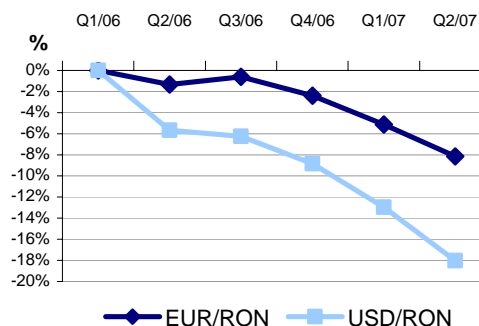
- **Brent price** [H1/07: USD 63.2/bbl] decreased by USD 2.4/bbl compared to H1/06 and increasing by USD 11/bbl in Q2/07 compared to Q1/07.
- **Urals price** [H1/07: USD 59.7/bbl] was down by USD 1.9/bbl compared to H1/06 and by USD 11/bbl higher in Q2/07 than in Q1/07.

In the second quarter of 2007 crude oil prices increased to over USD 65/bbl being influenced by tensions between Iran and the western countries, US fuel stocks decline in the summer period, the supply disruptions in Nigeria and the lower level of OPEC's production. While lower levels were registered in January than in the entire year of 2006, international fuel prices started to recover in February 2007 and had an upwards trend since then, except June, when gasoline quotation showed a slight decrease to USD 729/ton. The diesel quotation was USD 638/ton in June. **Imported gas price** in Romania was stable in H1/07 in comparison with H1/06, with an average of USD 288/1000 cm [H1/06: USD 289/1000 cm].

International crude price



Development of FX rates



Exploration and Production

| Q1/07 | Q2/07 | Q2/06 | ΔQ2 yoy | Key performance indicators | 1-6/07 | 1-6/06 | % | 2006 |
|---------|---------|---------|---------|--|---------|---------|------|---------|
| 197,000 | 192,000 | 198,000 | -3% | Total production (boe/day) | 195,000 | 205,000 | -5% | 200,000 |
| 1,123 | 1,139 | 1,200 | -5% | Crude and NGL production (kt) | 2,262 | 2,412 | -6% | 4,777 |
| 1,482 | 1,421 | 1,444 | -2% | Gas production (mn cm) | 2,903 | 3,005 | -3% | 5,917 |
| 630 | 698 | 857 | -19% | EBIT (RON mn) | 1,328 | 2,168 | -39% | 3,744 |
| 771 | 845 | 1,039 | -19% | EBITDA (RON mn) | 1,616 | 2,469 | -35% | 4,334 |
| 403 | 476 | 144 | 231% | Investments* (RON mn) | 879 | 251 | 250% | 1,336 |
| 54.26 | 65.30 | 65.07 | 0% | Average Urals price in USD/bbl | 59.74 | 61.61 | -3% | 61.35 |
| 48.49 | 59.51 | 58.55 | 2% | Average realised crude price USD/bbl | 54.35 | 56.03 | -3% | 55.65 |
| 154.05 | 187.07 | 118.02 | 59% | Regulated domestic gas price for producers in USD/1,000 cm | 170.00 | 113.77 | 49% | 122.02 |
| 15.42 | 16.55 | 14.75 | 12% | Domestic production cost, USD/boe | 15.98 | 13.21 | 21% | 13.73 |
| 39.77 | 40.24 | 41.22 | -2% | Domestic production cost, RON/boe | 40.06 | 38.05 | 5% | 38.55 |

* the investments include increases of Petrom share participations

January – June 2007

- Domestic oil production decline is now being arrested as a result of production improvement programs - gas production remains dependent on external factors
- Further strengthening of RON adversely impacted oil revenues and OPEX in USD/boe
- Downhole technology – number of crews increasing, number of completed wells was 603, putting us on track to achieve our 2007 target
- Investments continue to be high in H1/07: RON 879 mn, more than two times higher than H1/06

The **EBIT** of the Exploration and Production business of Petrom SA decreased by 39% in the first half of 2007 over the same period of last year. This decrease is due to the declining oil price, production decline and the adverse impact of the local currency appreciation by 13% (revenues are USD-benchmarked whereas the majority of the costs are in RON).

The **domestic realized oil price** decreased by 3% in H1/07 yoy, reaching USD 54.35/bbl, mainly due to lower international oil prices.

Total oil and gas production in Romania amounted to 35.25 mn boe in H1/07 [5% lower than H1/06] due to lower gas volumes resulting from the high pressure in the gas transportation network as well as from some technical difficulties. Domestic oil production is now being stabilized since the beginning of the year as a result of production improvement programs but gas deliveries remain dependent on the pressure in the gas pipeline network.

The oil and gas production in Kazakhstan reached 802 thousand boe (or 4,400

boe/day), increasing by 10% over H1/06 volumes [4,000 boe/day].

Group oil and gas production decreased by 4.4% to 36.05 mn boe [H1/06: 37.73 mn boe], due to the decline of the domestic production for oil by 6% and for gas by 3%. For H1/07 the total Group **daily production** was 199,000 boe/day, 4% down compared to H1/06 [208,000 boe/day].

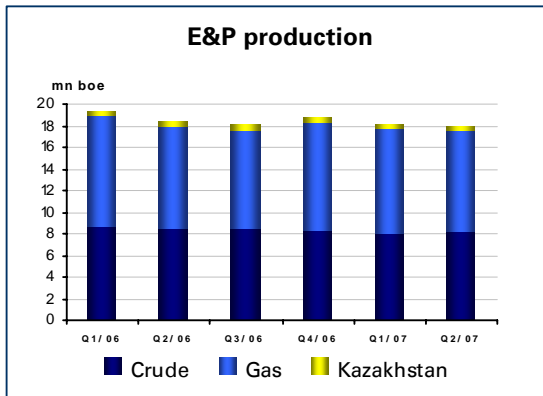
The **Group crude sales volumes** amounted to 2,356 thousand tons in H1/07, down by 5% yoy. Crude sales volumes in Kazakhstan amounted to 99.6 thousand tons in H1/07, increasing by 14% yoy [H1/06: 77.9 thousand tons]. This positive result was mainly due the contribution of Turkmenoy and Tasbulat fields.

E&P Petrom **investments** in Romania amounted to RON 879 mn, more than two times higher than H1/06 level. The step increase of investments shows Petrom's engagement in both drilling and modernization and efficiency programs. Although the pace of drilling has increased and will be further accelerated. In H1/07, 75 production



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wells were drilled, 23% more than in H1/06.



The **domestic production cost** of USD 15.98/boe was 21% higher compared to H1/06, mainly driven by the strengthening of the RON against the USD by 13%, lower production levels and higher salaries due to the collective labor agreement, service related costs also increased. The domestic production cost expressed in RON/boe increased only by 5%, a clear indication of the significant impact of RON appreciation.

Technology roll-out

The **Downhole Technology Modernization Program** is on track. The successful pilot in the Ciuresti oil field showed a reduction of intervention frequencies from an average of 20 to 2.5 per well per year. For 150 wells, there were more than 100 days without intervention, confirming the successful pilot project at the end of the last year. The investments on this project are aligned with the plan. Currently, 603 wells were completed, out of which 424 wells have been modernized in Q2/07. The number of crews working on this program increased to 31 from 6 in Q1/07 and will be around 45 in the second half of 2007. 5,000 wells will be completed until end of 2008, increasing production, lowering maintenance cost and reducing downtime.

The **Anti Corrosion Program** is now in its execution phase, according to plan. By the end of the year we expect receiving and installing more than 1,727 skids.

In accordance with the **exploration** strategy, the 3D seismic surveys continued with success in H1/07. Four new 3D seismic surveys were started in Q2/07. As part of the exploration drilling campaign, based on new technology (also including 3D information), 15 wells have been added in H1/07 out of which 6 wells in Q2/07. The exploration drilling campaign is in progress and showed encouraging results.

The Torcesti discovery was one of the first wells of this exploration drilling campaign. Production testing in Q1/07 confirmed flow rates of 130.000 m³ of natural gas and 11 tons of condensate per day (app. 900 boe/day). The production will start at the end of 2007. This fast development is a result of the very good cooperation with Petrom's Romanian contracting partners.

Petrom SA spent RON 112 mn on exploration activity in H1/07, thereof RON 60 mn were expensed and RON 52 mn were capitalised. International E&P exploration expenditures amounted RON 47 mn.

International

In **Kazakhstan**, new 3D geological models for the Aktas, Tasbulat and Tukmenoy fields were compiled. The upcoming drilling campaign, using these new models, is now ready to start in Q3/07.

The well South Rovnaya 2 was spud in Q2/07 in order to appraise the gas-condensate discovery from last year. Results are expected for Q3/07. The license was extended for one more year, in order to allow for the full evaluation of the results.

In Q2/07 the re-completions of all existing wells for the Komsomolskoe field were finalized and drilling preparations for the new wells have commenced. The oil field development is planned to be finalized in 2008.

The production optimization programs in **Kazakhstan**, using modern oilfield technologies are ongoing.

In **Russia**, the execution of the exploration work program has commenced at the end of Q2/07, when there were two exploration drilling rigs active in the Saratov area.

Second quarter 2007 (Q2/07)

In Q2/07, crude oil production in Romania amounted to 1,139 thousand tons, 5% lower than in Q2/06. However, the trend was reversed in Q2/07 when the crude production recorded an increase of 1.4% over Q1/07. This is the result of an improved drilling and workover program combined with artificial lift optimisation and actions aiming to reduce losses in all production areas in Romania.

The natural gas production reached 1,421 mn cm, down by 2% [Q2/06: 1,444 mn cm] due to maintenance works and limitations in the Transgaz transportation system, production losses due to power breaks and unplanned maintenance activities.

The Group sales of crude stood at 1,196 thousand tons, by 4 % lower in comparison to the same period of the previous year and by 3.2% higher than Q1/07, due to higher oil production.

The domestic realized crude price increased to USD 59.51/bbl from USD 58.55/bbl reached in Q2/06.

The result in Q2/07 has been negatively impacted by the RON appreciation, lower production and unrealised revenues due to the turnaround in Arpechim.

The exploration and development activity has been intensified (see explanation on exploration for H1/07).

The total E&P investments during Q2/07 were more than two times higher than Q2/06 level with the main focus on drilling program and in modernization and efficiency program (subsurface and surface facilities).

While the production cost in USD increased by 12% in Q2/07 vs. Q2/06 to USD16.55/boe, it has reduced by 2% when expressed in RON. This shows the significant impact of the RON appreciation.

Refining and Marketing

| Q1/07 | Q2/07 | Q2/06 | ΔQ2 yoy | Key performance indicators | 1-6/07 | 1-6/06 | % | 2006 |
|-------|-------|-------|---------|----------------------------|--------|--------|------|---------|
| 1,668 | 1,206 | 1,698 | -29% | Crude input (kt) | 2,874 | 3,429 | -16% | 6,864 |
| 577 | 227 | 533 | -57% | o/w imported crude (kt) | 804 | 1,033 | -22% | 2,138 |
| 85 | 60 | 85 | -29% | Utilization rate (%) | 72 | 86 | -16% | 86 |
| 4.33 | 6.52 | 6.03 | 8% | Refining margin (USD/bbl) | 5.45 | 4.72 | 15% | 4.01 |
| 1,115 | 951 | 1,300 | -27% | Marketing sales (kt) | 2,066 | 2,661 | -22% | 5,465 |
| 347 | 230 | 573 | -60% | o/w export (kt) | 576 | 1,242 | -54% | 2,245 |
| (307) | (158) | (197) | - | EBIT (RON mn) | (465) | (490) | - | (1,136) |
| (238) | (103) | (158) | - | EBITDA (RON mn) | (341) | (407) | - | (914) |
| 95 | 235 | 120 | 96% | Investments (RON mn) | 330 | 427 | -23% | 1,298 |

January – June 2007

- In Q2/07, Petrom Refining performed a successful start up at Arpechim refinery after 6 weeks major turnaround
- Half year throughput per station improved by 38.5% to 1.44 million liters - annual throughput per station of 2.9 mn liters; our strategic target for 2010 should be achieved ahead of schedule
- The non-oil business sales amounted in H1/07 RON 130.5 mn, 71% over the H1/06
- 398 filling stations under full agency system; in the second half of 2007 all Petrom filling stations are planned to be operated under this system
- 15 new filling stations opened in Q2; 32 new filling stations are under construction
- The restructuring of Petrom's marketing activities is almost completed, with the retail stations being significantly more efficient after the change to the full agency system.

The EBIT for R&M business recorded a negative value, slightly improved vs H1/06, mainly as a result of better margins but offset by lower refining sales due to turnaround in Arpechim. Both refineries benefited from increased margins and yield improvement, partly offset by the adverse inventory effects due to lower product prices at the end of half year. In Refining the main drivers which impacted the results in H1/07 were:

- Increased diesel yields vs. H1/06 and Q1/07
- Turnaround in Arpechim

Year to date, the margin environment³ was USD 0.75/bbl better in H1/2007 versus the same period of 2006 (USD 5.45/bbl vs. USD 4.70/bbl).

Diesel and Gasoline cracks improved versus previous quarter, however Diesel crack was still below the values of 2006 for

both Q2 and H1. The refining margin benefited by higher gasoline spreads, due to Petrom has a large stake of gasoline in its output mix.

At the end of May, the Environmental Protection Agency suspended the environmental operating permit of Arpechim refinery because of not meeting two items of the agreed compliance schedule, specified vapour emission reduction modification to be made to the product gasoline tanks and missing documentation for closing of two waste disposals. According to this decision and fully aligned with the SEVESO II Directive, Petrom set up a closure plan. The first step of this plan approved by the environmental authorities was the performance of a study regarding the preservation of the facilities in Arpechim. Also, Petrom took all the legal measures and started an accelerated compliance program. A court decision suspended the decision of the Environmental Protection Agency afterwards. Now Petrom is fully compliant with regards to environmental

³ Refining margin indicator is based on the international quotations for products [Augusta] and Ural crude and adjusted to take into account Petrom's refineries yield.

requirements, based on investments fulfilled.

In H1/2007, Petrom's refineries processed a volume of crude oil of 2.87 mn tons, down by 16% yoy, due to the Arpechim scheduled turnaround which lasted approximately 6 weeks and high stock levels which limited the flexibility of production. Consequently, the utilisation rate was lower by 26% at Arpechim and 8% at Petrobrazî. In Q1/07 the utilization rate of Arpechim was higher than Petrobrazî, reflecting the increased activity ahead of the scheduled turnaround in April 2007. The imported crude oil processed by the two refineries decreased by 22% in H1/07 [804 thousand tons] in comparison with H1/06 [1,033 thousand tons].

Petrochemical sales amounted to 318 thousand tons while the sales of special products (mainly petcoke) recorded a volume of 99.1 thousand tons. In H1/07 Petrom started to blend biodiesel with diesel in order to start the selling of diesel with 2% biodiesel content as of July 1, 2007, as required.

Total marketing sales in H1/07 amounted to 2,066 thousand tons, lower by 22% yoy due to a reduction of export sales by 54% as a result of the Company's decision to optimize the refining product mix and a higher demand on the domestic market.

Domestic sales were by 5% higher than in H1/06, driven by a stronger demand in retail market. **Domestic gasoline sales** are up by 5% yoy, while domestic diesel sales increased by 27% compared to H1/06.

Retail sales reached 686 mn liters, by 21% higher compared to H1/06 [H1/06: 568mn liters]. **Half year throughput per station** improved by 38.5% to 1.44 million liters [H1/06: 1.04 million liters]. That value corresponds to an annual throughput per station of 2.9 mn liters. Thus our strategic target for 2010 would be achieved ahead of schedule, if we maintain the same sales growth pace.

Commercial domestic sales were lower by 3% against the level recorded in H1/06, amounting to 945 thousand tons, while exports were 577 thousand tons, from a previously 1,242 thousand tons achieved in

H1/06 (-54%). The increase in domestic sales was due to the increased sales of white products. The non-oil business sales amounted in H1/07 RON 130.5 mn, 71% over the H1/06 [RON 76.5 mn], due to portfolio reorganisation, purchasing process optimisation and saving consumables through the centralized supply.

Petrom sold through its subsidiaries 879 mn liters in H1/07 to the retail customers, out of which 68% accounted for retail international sales.

At the end of H1/07 a total of 398 filling stations were running under the full agency system, from a total of 463 filling stations in Romania.

In the autumn of 2005, the PetromV premium brand concept for filling stations was introduced, being extended to a network of 54 PetromV filling stations until the end of H1/07. Through this new concept, Petrom aims at providing its customers with the best products and services available. At international level, Petrom operates a retail network of 229 filling stations in Republic of Moldova, Bulgaria and Serbia; the number of filling stations increased by 17 (all of which in Moldova) in Q2/2007.

The restructuring of Petrom's marketing activities is almost completed, with the retail stations being significantly more efficient after the change to the full agency system.

Capital investment in refining projects continued. The total amount of RON 204 mn was used for the state of the art control system and the high efficiency, low NOx burners for the crude unit in Arpechim. At the same time, we can highlight in Petrobrazî that the civil construction and equipment erection of the new HDS unit is ongoing to be ready for mechanical completion by end of this year. In order to start the biofuel production, biofuel storage and blending investments were completed in time. In Marketing, the investments were directed to the construction of new filling stations, to the reconstruction of the existing ones and to the Supply & Logistic projects.



Second quarter 2007 (Q2/07)

The total quantity of **crude processed** in Q2 amounted to 1,206 thousand tons, by 29% lower yoy, out of which 227 thousand tons represented imported crude oil. The decrease is mainly driven by the scheduled turnaround at Arpechim refinery. During the second quarter, the margin environment for Petrom Refining continued the upward trend started at the beginning of the year and stood at USD 6.52/bbl, USD 0.59/bbl better than Q2/06, with a peak of more than USD 8/bbl in May.

Refining utilisation rate was of 60%, decreasing as compared with the level

recorded in Q2/06 and Q1/07 [85%].

Marketing sales decreased by 27% in comparison with Q2/06 and by 14.7% in comparison with Q1/07, amounting to 951 thousand tons, due to lower export sales.

Retail sales increased in comparison with Q2/06 by 18%, to 370 mn liters while **commercial domestic sales** were by 11% lower than the level reached in Q2/06, i.e. 426 thousand tons.

R&M investments almost doubled in the second quarter of 2007 against the level reached in Q2/06 reflecting the focus on efficiency improvement as well as network development.

Gas

| Q1/07 | Q2/07 | Q2/06 | ΔQ2 yoy | Key performance indicators | 1-6/07 | 1-6/06 | % | 2006 |
|--------|--------|--------|---------|--|--------|--------|-----|--------|
| 58 | 23 | 45.6 | -50% | EBIT (RON mn) | 81 | 73.6 | 10% | 117 |
| 1,605 | 1,305 | 1,061 | 23% | Consolidated gas sales, out of which: | 2,910 | 2,598 | 12% | 5,242 |
| 1,490 | 1,205 | 1,017 | 18% | - Gas sales Petrom SA, mn cm | 2,695 | 2,503 | 8% | 4,863 |
| 154.05 | 187.07 | 118.02 | 59% | Regulated domestic gas price for producers in USD/1,000 cm | 170.00 | 113.77 | 49% | 122.02 |
| 300 | 275 | 292 | -6% | Import gas price in USD/1,000 cm | 288 | 289 | 0% | 297 |
| 1 | 2 | - | | - Investments (RON mn) | 3 | - | - | 1 |

January – June 2007

The EBIT generated by the Gas business of Petrom S.A. in H1/07 amounted to RON 81 mn, 10% higher in comparison with H1/06.

The consolidated gas sales volume of Petrom Group amounted to 2,910 mn cm in H1/07, up by 12% compared to the same period of 2006. This was achieved despite the fact that the total natural gas consumption of Romania has dropped by 975 mn cm (-10.5%) in H1/07 compared to H1/06.

The consolidated gas sales to third parties reached 2,404 mn cm, by 16% higher than in the same period of the previous year, as a result of additional

volumes purchased from third parties and reduced injection into storages due to the limited availability of storage volume in the Romanian storages. The latter is a result of the warm winter 2006/2007 which left substantial volumes not withdrawn in the storages. Petrom has injected in H1/07 a total volume of 57 mn cm of natural gas, the total volume stored at the end of June 2007 amounted to 153 mn cm.

The imported gas price for H1/07 was at USD 288/1,000 cm, while the regulated domestic gas price for producers was USD 170/1,000 cm.

Second quarter 2007 (Q2/07)

During this period, the gas sales of Petrom SA together with Petrom Gas SRL amounted to 1,305 mn cm [Q2/06: 1,061 mn cm; Q1/07: 1,605 mn cm].

The EBIT generated by the Gas business of Petrom S.A. decreased by 50% in Q2/07 versus Q2/06, from RON 45.6 mn to RON 23 mn. This was predominantly caused by higher storage and logistic expenditures, the impact of high operating costs of the gas distribution activity taken over at the beginning of

2007 and some adverse exchange rate effects in relation with the transfer price from Petrom E&P.

The average Romanian regulated gas price for producers in Q2/07 was USD 187/1,000 cm (RON 455), compared to USD 154/1,000 cm (RON 397.5) in Q1/07.

The price for domestic natural gas will increase to RON 470/1,000 cm starting with Q3/07.

Chemicals

| Q1/07 | Q2/07 | Q2/06 | ΔQ2 yoy | Key performance indicators | 1-6/07 | 1-6/06 | % | 2006 |
|-------|-------|-------|---------|----------------------------|--------|--------|-----|------|
| 176 | 178 | 147 | 21% | Sales (kt) | 354 | 296 | 20% | 601 |
| 2 | 3 | 1.3 | 95% | Investments (RON mn) | 5 | 3.1 | 50% | 5.5 |

January – June 2007

In H1/07 Doljchim's sales volumes increased by 20%, to 354 thousand tons [H1/06: 296 thousand tones], out of which export sales accounted approx. 55%. Doljchim's products were exported mainly in the neighboring countries, such as Hungary, Bulgaria, Serbia but also in other countries like Slovakia, Austria, Macedonia, Italy, Spain and Turkey.

In H1/07, Doljchim concentrated its efforts in increasing the domestic market sales, which accounted approx. 45% (30% in H1/06). Favorable market conditions and improved selling tactics contributed to a significant rise of ammonium nitrate sales in H1/07 compared to H1/06 by 139%. Also urea and methanol domestic market sales were up, by 124% and 38%, respectively.

In H1/07, the investments in Doljchim, amounting to RON 4.65 mn, 50% up on H1/06, were directed mainly towards the works for environmental protection, health and safety and the plants safety of operation for fire risk.

Second quarter 2007 (Q2/07)

In Q2/07 Doljchim's sales volumes increased by 21% to 178 thousand tons [Q2/06: 147 thousand tones], out of which export sales accounted approx. 58%.

Compared to Q2/06, the Doljchim' investments increased with 95% and were directed mainly towards the works for environmental protection, health and safety and maintenance.

Financial highlights

Profit and loss account

The Company's turnover for H1/07 decreased by 14% in comparison to the first half of 2006 mainly due to lower selling price and lower quantity sold in R&M segment (because of turnaround in Arpechim). This was partly offset by the higher turnover generated by the Gas Business.

The operating expenses decreased in 2007 by 7% under the influence of lower expenses with utilities (as a result of the renegotiation of the contracts), salaries and taxes (decrease as a result of the decrease of the number of employees according to the restructuring programme in place) and reduced provisions (due to improved credit risk management and less litigations in place). The operating expenses have been also influenced by the decrease of raw materials expenses due to lower crude import quantities and prices. This positive effect on operating expenses has been offset by higher expenses with third party related services, and adjustments of the tangible and intangible assets.

The EBIT of the company amounted to RON 942 mn in H1/07, 47% below the RON 1,764 mn result recorded in H1/06, mainly due to the weaker EBIT generated by the E&P and the negative influence of the FX rate, as a result of declining oil price, production decline, lower delivered quantities and negative impact of the RON appreciation by 13%.

In Refining and Marketing, the EBIT showed a negative value but improved versus H1/06, reflecting the positive developments in the Marketing business due to the implementation of the full agency system that triggered a decrease of the staff related costs. The refineries benefited from increased margins and yield improvement, partly offset

by the adverse inventory effects due to lower product prices at the end of the quarter and the lower export sales.

In Gas, a further EBIT improvement was realised, due to increased selling prices during the first half of 2007.

Approximately one third of the lost EBIT in H1/07 comes from the deviation in operating revenues. While the EBIT of the same period of last year benefited from the operating revenues mainly generated by the rigs sale, this was not the case in 2007.

The financial result improved from a negative RON 187 mn in H1/06 to a positive RON 110 mn in H1/07. The improvement is mainly due to the repayment of the outstanding loans in 2006 combined with other positive impacts of an efficient cash management.

The net profit decreased in H1/07 by 38% in comparison with the same period of 2006 as a consequence of the weaker operational result.

The taxes paid by Petrom to the state budget in the first half of 2007 amounted to RON 2,209 mn, 16 % lower than in the same period last year. RON 1,355 mn (61%) of the total taxes paid represented excise duties, 14% higher than the same period last year. The increase is due to the increase of the excise duty rates applicable starting 1 January 2007. The oil and gas royalty paid to the state amounted to RON 239 mn, representing 86% of the amount due for the same period last year, reflecting the lower production levels. The corporate tax paid for the first half of 2007 was of RON 174 mn.

Tax expenses have been adversely affected by the discontinued geological quota starting with Jan 1, 2007.

Balance sheet

Total assets amounted to RON 18,762 mn in the first half of 2007, slightly decreasing compared to the end of 2006 [FY06: RON 19,459 mn] mainly as a result of lower cash and bank accounts. The cash and bank accounts was affected by the cash out flow for investing activities and dividends and by the cash in flow from the operating activity.

Fixed assets increased by 5.6% to RON 13,823 mn [Q4 2006: RON 13,092 mn], mainly driven by significant investments made in Q2/07 related to E&P and R&M, representing modernisation of wells, rigs and production equipments.

Despite the increase in both inventories and receivables, total current assets

recorded a 24% decrease to RON 4,762 mn over Q4 2006 [RON 6,277 mn], mainly determined by the decrease in cash and bank accounts. Total liabilities decreased over H1 2007 by 7%, amounting to RON 6,619 mn mainly due to the payment of dividends to the shareholders.

The balance of the shareholders' equity amounted to RON 12,143 mn, by 1% lower than in Q4/06, due to fact that the profit for the H1 2007 amounting to RON 888 mn was partially offset by the dividend payable for year 2006, amounting RON 1,014 mn.

Investments

| Q1/07 | Q2/07 | Q2/06 | ΔQ2 yoy | RON mn | 1-6/07 | 1-6/06 | % | 2006 |
|------------|------------|------------|-------------|---------------------------------------|--------------|------------|------------|--------------|
| 403 | 476 | 144 | 231% | Exploration and Production | 879 | 251 | 250% | 1.336 |
| 95 | 235 | 120 | 96% | Refining&Marketing | 330 | 427 | -23% | 1.298 |
| 1 | 2 | - | - | Gas | 3 | - | - | 1 |
| 2,1 | 3 | 1,3 | 131% | Chemicals | 5 | 3,1 | 61% | 5,5 |
| 51 | 54 | 50 | 8% | Corporate (including Pertom Solution) | 105 | 78 | 35% | 297 |
| 551 | 771 | 316 | 144% | Total investments | 1.322 | 759 | 74% | 2.937 |

The total investments realised in H1 2007 amounted to RON 1,322 mn, exceeding by 74% the amount performed in H1 2006.

The investments in Q2/07 increased by 144% in comparison with the same period of the last year and by 40% in comparison with Q1/07.

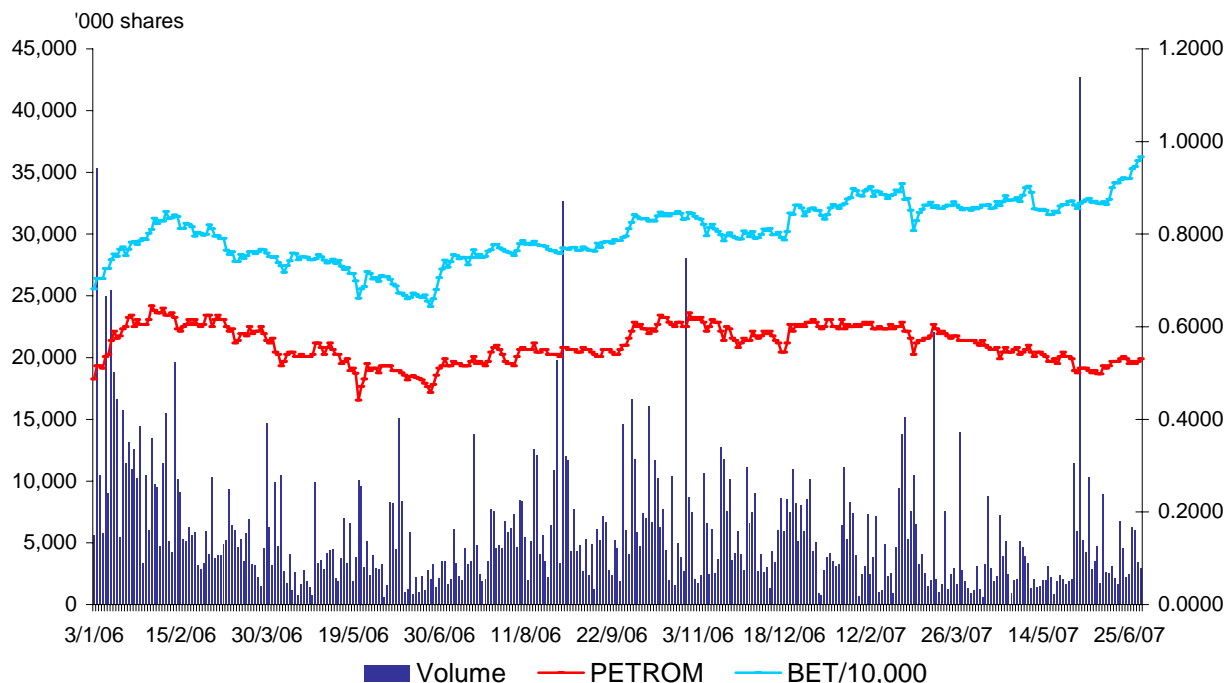
The investments have been directed mostly to E&P – 65%, while the R&M business

benefited from a 25% of the investments. The rest of 10% represents investments in Corporate (mainly Petrom Solutions), Gas and Chemicals.

The investments in E&P were more than two times higher than H1/06, showing Petrom's engagement in both drilling and modernisation and efficiency programs.

Stock watch: January – June 2007

**Evolution of closing price and volume of Petrom and BET index
January 2006 – June 2007**



The maximum of BET index in H1/07, i.e. 9,665.61 points, has been reached on June 29, 2007. The lowest value of BET index in 2007, i.e. 7,992.30, has been reached in March 5.

Petrom's share price fluctuated between 0.6200 RON (on January 23) and 0.4950 RON (on June 11). As of June 30, 2007, Petrom share price reached 0.5300 RON.

The market capitalisation as of the end of H1/07 was 30 bn RON (EUR 9.6 bn).

Subsequent events

On July 11, 2007, in compliance with the stipulations of the Government's

Emergency Statutory Order n. 81/2007, Depozitarul Central S.A. performed the transfer of 5,791,079,578 shares, representing 10.223% of Petrom S.A.'s share capital, held by the Authority for State Assets Recovery (AVAS), into the account of Fondul Proprietatea S.A. Subsequent the transfer, AVAS owns 11,690,694,418 shares representing 20.64% of the share capital and S.C. Fondul Proprietatea S.A. owns 11,391,130,186 shares, representing 20.11% of Petrom share capital.

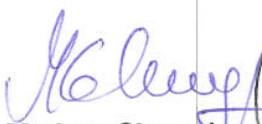
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Next release:

The next results announcement January – September and Q3, 2007 will be made on November 15, 2007.

The financial statements for the first half 2007 have been prepared in accordance with the Romanian Accounting Standards and offer a fair and appropriate image with the situation of Petrom's assets, liabilities, financial positioning and profit and statements of operations, whilst the information presented in this report reflect fairly and completely the company's activity.


Mariana Gheorghe
Chief Executive Officer




Werner Schinhan
Deputy Chief Executive Officer


Reinhard Pichler
Chief Financial Officer

Abbreviations

| | |
|--------|--|
| NGL | Natural Gas Liquids |
| EBIT | Earnings before interest and tax |
| EBITDA | Earnings before interest, tax, depreciation and amortization |
| mn | Million |
| bn | Billion |
| RON | New Romanian Lei |
| cm | Cubic meters |
| bbl | Barrel |
| boe | Barrel of oil equivalent |
| E&P | Exploration & Production |
| R&M | Refining & Marketing |
| HDS | Hydrodesulphurisation |
| kt | Thousand tons |
| yoy | Year-on-year |

Profit and Loss Account as of June 30, 2007

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

| RON | June 30, 2006 | June 30, 2007 |
|--|----------------------|----------------------|
| 1. Net turnover | 6,312,457,645 | 5,433,777,397 |
| Sales of production | 4,040,168,769 | 3,180,339,088 |
| Sales of merchandise | 2,272,288,876 | 2,253,438,309 |
| Interest income- from lease companies | - | - |
| Interest from subsidies related to net turnover | - | - |
| 2. Movements in stocks of finished goods | | |
| Cr balance | 167,266,223 | 196,915,156 |
| Dr balance | - | - |
| 3. Own work capitalized | 14,207,153 | 8,926,607 |
| 4. Other operating revenues | 329,439,425 | 9,778,312 |
| TOTAL OPERATING REVENUES | 6,823,370,446 | 5,649,397,472 |
| 5. a) Raw materials and consumables expenses | 1,678,295,870 | 1,308,501,025 |
| Other materials expenses | 27,171,926 | 20,563,347 |
| b) Other utilities expenses (energy and water) | 343,619,852 | 220,869,189 |
| c) Purchase of goods for resale | 73,752,871 | 206,744,717 |
| 6. Salary expenses, of which: | 906,050,220 | 835,421,981 |
| a) Salaries | 657,565,705 | 611,564,185 |
| b) Social security contributions | 248,484,515 | 223,857,796 |
| 7 a) Adjusting the value of tangible and intangible assets | 386,314,312 | 446,950,824 |
| a.1) Expenses | 429,004,378 | 462,513,885 |
| a.2) Revenues | 42,690,066 | 15,563,061 |
| b) Adjusting the value of current assets | 28,234,579 | 11,542,555 |
| b.1) Expenses | 225,156,631 | 73,913,181 |
| b.2) Revenues | 196,922,052 | 62,370,626 |
| 8. Other operating expenses | 1,690,869,326 | 1,780,044,008 |
| 8.1 Third parties services | 1,242,451,523 | 1,280,139,865 |
| 8.2 Other taxes, duties and similar expenses | 309,992,864 | 281,447,775 |
| 8.3 Other operating expenses | 138,424,939 | 218,456,368 |
| Interest related to refinancing activities | - | - |
| Adjustments for provisions for risks and charges | -74,586,017 | -122,999,892 |
| Expenses | 86,192,933 | 58,735,484 |
| Revenues | 160,778,950 | 181,735,376 |
| TOTAL OPERATING EXPENSES | 5,059,722,939 | 4,707,637,754 |
| OPERATING RESULT: | | |
| - Profit | 1,763,647,507 | 941,759,718 |
| - Loss | - | - |
| 9. Income from investments | 27,858,612 | 26,494,525 |
| - out of which, within the group | - | - |
| 10. Income from other financial investments and receivables , part of financial assets | - | - |
| - out of which, within the group | - | - |
| 11. Income from interest | 142,012,308 | 144,341,141 |
| - out of which, within the group | - | - |
| Other financial revenues including forex gain | 93,113,090 | 137,619,384 |
| TOTAL FINANCIAL REVENUES | 262,984,010 | 308,455,050 |
| 12. Adjustment of financial assets and investments held | 189,461,152 | -172,375,310 |

| RON | June 30, 2006 | June 30, 2007 |
|---|----------------------|----------------------|
| Expenses | 194,496,470 | 14,550,449 |
| Revenues | 5,035,318 | 186,925,759 |
| 13. Interest expenses | 25,582,510 | 614 |
| - out of which, within the group | - | - |
| Other financial expenses including forex loss | 235,298,598 | 370,520,199 |
| TOTAL FINANCIAL EXPENSES | 450,342,260 | 198,145,503 |
| FINANCIAL RESULT | | |
| - Profit | - | 110,309,547 |
| - Loss | 187,358,250 | - |
| 14 Current result: | | |
| - Profit | 1,576,289,257 | 1,052,069,265 |
| - Loss | - | - |
| 15. Extraordinary revenues | - | - |
| 16. Extraordinary expenses | - | - |
| 17. Extraordinary result : | - | - |
| - Profit | | |
| - Loss | | |
| TOTAL REVENUES | 7,086,354,456 | 5,957,852,522 |
| TOTAL EXPENSES | 5,510,065,199 | 4,905,783,257 |
| Profit before tax: | | |
| - Profit | 1,576,289,257 | 1,052,069,265 |
| - Loss | - | - |
| 18. Tax on profit | 149,032,527 | 164,553,028 |
| 19. Other tax expenses not shown above | | |
| 20. NET RESULT OF FINANCIAL YEAR: | | |
| - Profit | 1,427,256,730 | 887,516,237 |
| - Loss | | |

Balance Sheet as of June 30, 2007

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

| RON | 31/12/2006 | 30/06/2007 |
|---|-----------------------|-----------------------|
| A. Fixed assets | | |
| I Intangible assets | 156,036,169 | 187,218,225 |
| II Tangible assets | 8,405,432,446 | 9,154,466,356 |
| III Financial Assets | 4,531,436,137 | 4,481,211,467 |
| Total Fixed Assets | 13,092,904,752 | 13,822,896,048 |
| B. Current assets | | |
| I. Inventories | 1,465,128,619 | 1,685,657,230 |
| II. Receivables | 1,360,715,806 | 1,382,630,822 |
| III. Short term investments | - | - |
| IV. Cash and Bank accounts | 3,451,025,681 | 1,694,125,116 |
| Total Current Assets | 6,276,870,106 | 4,762,413,168 |
| C. Prepayments | 89,716,940 | 176,678,295 |
| D. Payables within one year | 2,257,229,755 | 1,900,946,253 |
| o/w Bonds and interests bearing liabilities | - | - |
| E. Current assets, less current liabilities | 4,016,232,131 | 2,954,035,092 |
| F. Total assets less current liabilities | 17,100,585,546 | 16,768,527,469 |
| G. Payables in more than one year | 22,141,012 | 29,968,318 |
| o/w Bonds and interests bearing liabilities | - | - |
| H. Provisions for risks and charges | 4,753,739,904 | 4,595,348,139 |
| I. Deferred income | 101,676,497 | 92,513,789 |
| 1. Investments subsidies | 8,551,337 | 8,403,671 |
| 2. Deferred income | 93,125,160 | 84,110,118 |
| J. Share capital and reserves | | |
| I. Share capital | 5,664,410,834 | 5,664,410,834 |
| Out of which: | | |
| - subscribed and paid in share capital | 5,664,410,834 | 5,664,410,834 |
| - subscribed and not paid in share capital | - | - |
| - patrimony | - | - |
| II. Premium related to capital | - | - |
| III. Revaluation reserves | 74,590,359 | 62,283,697 |
| IV. Reserves | 5,570,252,487 | 5,527,478,834 |
| V. Retained earnings | | |
| Cr balance | 1,015,450,950 | 1,521,411 |
| Dr balance | | |
| VI. Profit for the period | | |
| Cr balance | 2,285,490,203 | 887,516,237 |
| Dr balance | | |
| Profit appropriation | 2,285,490,203 | 1 |
| Total Shareholders' Equity | 12,324,704,630 | 12,143,211,012 |
| Public patrimony | - | - |
| Total equity | 12,324,704,630 | 12,143,211,012 |