

Completion of Petromidia refinery processing capacity increase to 5 million tons/year

Romp petrol Rafinare S.A. (symbols, Bucharest Stock Exchange: RRC, Reuters: ROMP.BX, Bloomberg: RRC RO) has released today its Second Quarter and First Semester 2012 financial and operational unaudited results. The figures include unaudited consolidated financial statements for this period prepared by the company in accordance with International Financial Reporting Standards („IFRS”). The IFRS financial results differ in some respects from the Romanian Standards of Accounting.

Consolidated financial statements of Romp petrol Rafinare include the results of the parent company Romp petrol Rafinare S.A and its subsidiaries Romp petrol Petrochemicals S.R.L, Romp petrol Quality Control S.R.L, Rom Oil SA, Romp petrol Downstream S.R.L, Romp petrol Logistics S.R.L and Romp petrol Gas S.R.L.

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HIGHLIGHTS – CONSOLIDATED

		Q2 2012	Q2 2011	%	H1 2012	H1 2011	%
Financial							
Gross Revenues	USD	1,176,990,195	1,351,471,188	-13%	2,269,253,743	2,421,839,260	-6%
Net Revenues	USD	973,723,686	1,109,080,397	-12%	1,910,140,252	2,006,377,603	-5%
EBITDA	USD	(17,440,232)	3,196,220	N/A	(29,085,088)	49,327,560	N/A
EBITDA margin	%	-1.8%	0.3%	N/A	-1.5%	2.5%	N/A
EBIT	USD	(67,510,790)	(31,646,682)	N/A	(106,980,697)	(23,534,412)	N/A
Net profit / (loss)	USD	(69,138,311)	(52,364,687)	N/A	(131,837,646)	(63,710,271)	N/A
Net Profit / (loss) margin	%	-7.1%	-4.7%	N/A	-6.9%	-3.2%	N/A

Romp petrol Rafinare Constanta (RRC) gross revenues reached USD 1,176 billion in Q2 2012 and USD 2,269 billion in H1 2012. The decrease in gross revenues, compared to the same period last year, is mainly the result of lower volumes of petroleum products sold.

**ROMPETROL RAFINARE
Q2 and H1 2012 IFRS CONSOLIDATED UNAUDITED RESULTS**
ENVIRONMENT

		Q2 2012	Q2 2011	%	H1 2012	H1 2011	%
Brent Dated	USD/bbl	108.29	117.04	-7%	113.61	111.09	2%
Ural Med	USD/bbl	106.71	114.21	-7%	112.27	108.28	4%
Brent-Ural Differential	USD/bbl	1.58	2.84	-44%	1.33	2.81	-52%
Premium Unleaded 10 ppm FOB Med	USD/t	1,012	1,038	-2%	1,038	980	6%
Diesel ULSD 10 ppm FOB Med	USD/t	937	985	-5%	973	948	3%
RON/USD Average exchange rate		3.56	2.87	24%	3.38	2.98	14%
RON/USD Closing exchange rate		3.54	2.93	21%	3.54	2.93	21%
RON/EURO Average exchange rate		4.46	4.13	8%	4.39	4.18	5%
RON/EURO Closing exchange rate		4.45	4.23	5%	4.45	4.23	5%
USD/EURO Closing rate		1.26	1.45	-13%	1.26	1.45	-13%
Inflation in Romania*		0.23%	0.58%	-60%	1.66%	2.75%	-40%

Source: Platts, * INSSE

At the beginning of the year Brent prices initially climbed from around \$110 per barrel all the way to a peak of above \$128. The events surrounding that rally were mostly related to the issue concerning Iran, with talks regarding a potential closure of the Strait of Hormuz and Western sanctions on Iran (e.g. import ban) being the most important components. Other negative supply news came from Sudan, Yemen and Syria, while an additional element contributing to rising prices was arbitrage flows increase of North Sea crude to South Korea. Over Q2 prices started to recede slowly at first, but once the economic reality of Europe and its contagious nature started to sink into people's minds the fall picked up pace. Oil market fundamentals also worked in favor of the decline, with Q2 being a time for increased refinery turnarounds, thus allowing for stock builds. The bottom for Brent was located at around \$89/bbl and was not in line with fundamentals and the subsequent rise back above \$100 corrected for that misalignment. The recovery coincided with the import ban going into full effect and ever increasing economic trouble in Europe and elsewhere.

Analysts expect Brent prices to stay in the \$100-\$110 range for the remainder of the year as we see this level being close to a fundamental equilibrium. However, the risk associated with either an escalation in the MENA region or a further deterioration of economic conditions around the globe pose significant risk to both the up- and downside.

The Russian crude's differential was quite volatile over Q1, with its moves driven either by fundamental or economic factors. February was the only exception when Urals differential to Brent increased significantly due to weather related supply delays in the Black Sea basin. During the sharp decrease starting end-February, pressure came from weaker demand related to higher refinery maintenance levels in Europe, ample loadings



ROMPETROL RAFINARE
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and competitively priced Middle Eastern barrels. Towards the end of the semester another upward move occurred, once the Iranian import ban went into full effect, Urals Med strengthened markedly, even reaching new all-time highs against Brent.

Analysts expect demand for Urals to stay high, based on the absence of Iranian barrels, especially in the Mediterranean.

The gasoline group generally had a good H1 and the Mediterranean gasoline crack finished Q2 up 35% or around \$58/mt. The same holds true for north-west Europe. Much of the strength is a little bit surprising considering the weak demand situation, with Mediterranean heavyweights such as Italy and Spain suffering the most. On a month to month basis there is a notable spike in the gasoline crack that occurred during a period of high refining maintenance in March and surprisingly high demand from abroad that supported exports. Since then, the market has remained supported by supply side constraints as seen in the low run rates across Europe in combination with steady gasoline yields. Exports on the other hand have remained at higher levels on a y-o-y basis. Complications in the ethanol markets of Brazil, and currently also in the US, have lent additional support to conventional gasoline and are expected to continue doing so in the near future. Generally speaking, gasoline cracks in the Mediterranean and in north-west Europe is expected to come down a bit over the coming months as we leave the peak demand season behind us.

The middle distillate complex remained largely stable as ULSD and jet/kero cracks have been oscillating between \$130/mt and \$200/mt. The economic weakness in the south of Europe is keeping demand not only in check but has in fact driven it to significantly lower levels y-o-y, with Italy and Spain showing respective declines of 6.5% and 8.3%. Additional regional demand is coming from Turkey where growth is still strong. In north-west Europe, ULSD flows from Russia via the port of Primorsk have been a factor pressuring the regional market recently and this trend is expected to continue. Starting September a seasonal uptick in middle distillate cracks is expected, but it should be limited this year based on the present economic reality.

In line with a surprisingly positive development of product cracks, it was also seen a positive evolution of the cracking margin in the Mediterranean. In Q1 much of the strength could be attributed to the rising gasoline crack, while Q2 benefitted from the relatively steep decline in outright crude prices. Year 2012 also saw the market being influenced by news about refinery shut-down and take-over in the Atlantic Basin with the resulting supply jitters. Looking forward, the cracking margin is expected to retreat marginally over the coming months, in line with expectations for stable crude prices and slightly declining product cracks.

However, knowing that the inevitable consolidation of the European refining sector has only been postponed, any news regarding refinery shutdowns are likely to cause volatility in the market and could help boost margins again.

ROMPETROL RAFINARE
Q2 and H1 2012 IFRS CONSOLIDATED UNAUDITED RESULTS
REFINING

		Q2 2012	Q2 2011	%	H1 2012	H1 2011	%
Financial							
Gross Revenues	USD	1,082,393,759	1,222,976,444	-11%	2,087,609,361	2,160,302,383	-3%
Net Revenues	USD	896,065,219	1,002,408,404	-11%	1,760,863,707	1,785,686,174	-1%
EBITDA	USD	(22,948,980)	(7,222,784)	N/A	(34,468,631)	19,285,414	N/A
EBITDA margin	%	-2.6%	-0.7%	N/A	-2.0%	1.1%	N/A
EBIT	USD	(55,643,309)	(23,002,961)	N/A	(82,577,919)	(16,629,178)	N/A
Net profit / (loss)	USD	(67,423,668)	(41,940,463)	N/A	(112,959,232)	(34,813,089)	N/A
Net profit / (loss) margin	%	-7.5%	-4.2%	N/A	-6.4%	-1.9%	N/A
Gross cash refinery margin/tonne	USD/t	(6.01)	30.14	N/A	14.83	51.17	-71%
Gross cash refinery margin/bbl	USD/b	(0.83)	4.15	N/A	2.04	7.05	-71%
Net cash refinery margin/tonne	USD/t	(33.59)	(0.85)	N/A	(18.33)	15.72	N/A
Net cash refinery margin/bbl	USD/b	(4.63)	(0.12)	N/A	(2.52)	2.16	N/A
Operational							
Feedstock processed	Kt	1,031	1,105	-7%	1,966	2,078	-5%
Gasoline produced	Kt	325	353	-8%	643	685	-6%
Diesel & jet fuel produced	Kt	427	437	-2%	797	829	-4%
Motor fuels sales - domestic	Kt	396	406	-2%	682	702	-3%
Motor fuels sales - export	Kt	321	350	-8%	684	718	-5%
Export	%	45%	46%		50%	51%	
Domestic	%	55%	54%		50%	49%	

Note: Refining segment comprises only the results of the refinery (parent company of Rompetrol Rafinare), including the operations of Vega.

Rompetrol Rafinare computes Gross cash refinery margin as follows – (Oil Product Sales – Cost of Feedstock) / Quantity of Feedstock related to the sales. Net Cash Refinery margin is the EBITDA of the refinery divided by quantity of feedstock related to sales.



ROMPETROL RAFINARE
Q2 and H1 2012 IFRS CONSOLIDATED UNAUDITED RESULTS

The gross revenues of the refining segment reached USD 2,087 billion in H1 2012 lower by 3% compared with H1 2011, as a result of lower quantities sold, while the operational results were negatively influenced by lower margins for petroleum products.

In the second quarter of 2012, the total throughput for refinery was 1.03 million tons by 7% lower compared with the same period last year, due to unfavorable market conditions. As a result, the total throughput of the refinery for the first six months of 2012 was 1.97 million tons lower by 5% than in H1 2011, influenced also by the severe weather conditions in Q1 2012.

Regarding Vega refinery, during the first half of 2012 the throughput reached 155.418 tons by 2.58% lower compared with H1 2011 when the throughput was 159.536 tons. The decrease is due to lower quantities transferred from Petromidia refinery caused by the severe weather conditions during Q1 2012 which influenced the logistics and the feedstock processed.

In Q2 2012 the production of n-hexane increased by 43% compared with Q2 2011, while the production of white spirit and bitumen decreased by 1.5 kt, respectively 1.35 kt due to low market demand. On a year to date basis the production increased for n-hexane by 24.8%, for bitumen by 9.5%, for white spirit by 7.29% and for fuel oil by 10%, while the production of gasoline decreased by 3.42% compared with the same period last year.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania's fiscal budget with over USD 578 million in H1 2012.

In Q2 2012 Rompetrol Rafinare continued the last phase of its capacity increase program for the Petromidia Refinery, from 3.8 million tons/year, to over 5 million tons/year of processed raw materials. The refinery's capacity increase investment program will be finalized in Q3 2012, and will allow the consolidation and development of Rompetrol's presence in Central and Western Europe, in Romania, Bulgaria, Republic of Moldova, Ukraine and Georgia, where we have Rompetrol gas-stations, as well as in countries such as Turkey, Serbia or Greece.

ROMPETROL RAFINARE
Q2 and H1 2012 IFRS CONSOLIDATED UNAUDITED RESULTS
MARKETING

		Q2 2012	Q2 2011	%	H1 2012	H1 2011	%
Financial							
Gross Revenues	USD	686,646,594	771,715,597	-11%	1,229,088,963	1,316,277,522	-7%
EBITDA	USD	5,038,089	9,502,361	-47%	6,699,758	17,957,463	-63%
EBIT	USD	(4,672,638)	(2,274,640)	N/A	(12,663,185)	(7,425,327)	N/A
Net profit / (loss)	USD	(11,454,481)	(5,916,697)	N/A	(22,895,333)	(30,592,532)	N/A
Operational							
Quantities sold in retail	Kt	175	177	-1%	314	322	-2%
Quantities sold in wholesale	Kt	191	206	-7%	327	352	-7%
Retail Gross Margin	Kt	87	132	-34%	95	134	-29%
Wholesale Gross Margin	USD/t	29	44	-34%	28	52	-46%

Note: Marketing segment includes the results of Rompetrol Downstream, Rom Oil, Rompetrol Quality Control Rompetrol Logistics and Rompetrol Gas

The financial results of the marketing segment were negatively influenced during the period January-June 2012 by lower commercial margins, both for the retail and wholesale segments, by 29% and 46% respectively, due to the high volatility of the market, as well as continued economic downturn.

Although in the first semester of 2012 the company continued the optimization program of lowering selling and general and administrative costs, which had a downward trend positively affecting the financial indicators, these measures were not sufficient to counterbalance the negative influence of declining margins.

In H1 2012 the financial results were also influenced by unfavorable foreign exchange differences, due to RON depreciation against the US dollar: in H1 2012 USD/RON average exchange rate was 3.38, higher by 14% compared with the same period last year.

As of the end of June 2012, the distribution network of Rompetrol Downstream comprised 131 own stations, 150 gas stations operated in franchise system, 125 express stations, 144 RIB (Rompetrol Internal Basis), 196 CUVA stations.

ROMPETROL RAFINARE
Q2 and H1 2012 IFRS CONSOLIDATED UNAUDITED RESULTS
PETROCHEMICALS

		Q2 2012	Q2 2011	%	H1 2012	H1 2011	%
Financial							
Revenues	USD	60,556,579	91,035,215	-33%	132,019,110	197,488,339	-33%
EBITDA	USD	(3,840,611)	(429,670)	N/A	(4,775,780)	9,032,530	N/A
EBIT	USD	(10,647,953)	(6,857,234)	N/A	(13,482,838)	(815,740)	N/A
Net profit / (loss)	USD	(7,476,838)	(4,995,680)	N/A	(11,489,694)	359,517	N/A
Operational							
Propylene processed	kt	27	32	-17%	58	65	-10%
Ethylene processed	kt	18	23	-24%	33	59	-43%
Sold from own production	kt	39	51	-23%	86	112	-23%
Sold from trading	kt	3	3	-9%	6	6	-4%
Total sold		42	54	-22%	92	118	-22%
Export	%	58%	58%		55%	60%	
Domestic	%	42%	42%		45%	40%	

Romp petrol Petrochemicals gross revenues reached USD 132 million during the period January-June 2012, by 33% lower compared with the same period last year. The decrease in gross revenues is mainly the result of lower quantities sold and also due to the decrease in prices for petrochemicals products in the second quarter of 2012.

In H1 2012 versus H1 2011, the company's financial results were negatively influenced by lower margins, mainly due to unfavorable market conditions, therefore in H1 2012 EBITDA reached USD (4.78) million and USD (3.8) million in Q2 2012.

The quantity of raw materials processed decreased by 26% in the first six months of 2012 and by 20% in the second quarter of 2012 compared with the same periods last year, due to HDPE unit shutdown.

In H1 2012 Rompetrol Petrochemicals maintained the quality of its products, thus the weight of high quality rated polymers products remained 98% as in H1 2011.

Romp petrol Petrochemicals is the sole polypropylene producer in Romania; starting with 2010 the company was also the sole producer of polyethylene, given the economic circumstances on the market, thus constantly increasing its market share. Its dynamic development strategy has secured the company a competitive position on the domestic and regional markets – in the Balkans Region. One of the advantages of the company is determined by its proximity to its customers, providing the products required Just - In - Time, as well as offering technical consulting and monitoring of their production cycle.

ROMPETROL RAFINARE
Q2 and H1 2012 IFRS CONSOLIDATED UNAUDITED RESULTS
APPENDIX 1 – CONSOLIDATED INCOME STATEMENT 2012, UNAUDITED
Amounts in USD

	Q2 2012	Q2 2011	%	H1 2012	H1 2011	%
Gross Revenues	1,176,990,195	1,351,471,188	-13%	2,269,253,743	2,421,839,260	-6%
Sales taxes and discounts	(203,266,509)	(242,390,791)	-16%	(359,113,491)	(415,461,657)	-14%
Net revenues	973,723,686	1,109,080,397	-12%	1,910,140,252	2,006,377,603	-5%
Cost of sales	(959,991,730)	(1,068,489,311)	-10%	(1,879,941,819)	(1,883,114,847)	0%
Gross margin	13,731,956	40,591,086	-66%	30,198,433	123,262,756	-76%
Selling, general and administration	(58,474,333)	(66,559,334)	N/A	(114,424,678)	(130,139,351)	N/A
Other expenses, net	(22,768,413)	(5,678,434)	N/A	(22,754,452)	(16,657,817)	N/A
EBIT	(67,510,790)	(31,646,682)	N/A	(106,980,697)	(23,534,412)	N/A
Finance, net	(12,788,565)	(22,095,396)	N/A	(33,114,559)	(43,003,053)	N/A
Net foreign exchange gains / (losses)	10,859,962	1,310,976	N/A	8,014,050	3,143,902	N/A
EBT	(69,439,393)	(52,431,102)	32%	(132,081,206)	(63,393,563)	N/A
Income tax	301,082	66,415	N/A	243,560	(316,708)	N/A
Net result	(69,138,311)	(52,364,687)	N/A	(131,837,646)	(63,710,271)	N/A
EBITDA	(17,440,232)	3,196,220	N/A	(29,085,088)	49,327,560	N/A

APPENDIX 2 – CONSOLIDATED BALANCE SHEET JUNE 30, 2012, UNAUDITED
Amounts in USD

	June 30, 2012	December 31, 2011	%
Assets			
Non-current assets			
Intangible assets	10,205,796	15,869,666	-36%
Goodwill	82,871,706	82,871,706	0%
Property, plant and equipment	1,099,725,063	1,079,404,528	2%
Financial assets and other	9,129,157	5,084,463	80%
Total Non Current Assets	1,201,931,722	1,183,230,363	2%
Current assets			
Inventories	392,302,315	341,849,388	15%
Trade and other receivables	338,543,923	308,347,816	10%
Derivative financial Instruments	-	5,832,080	
Cash and cash equivalents	36,684,430	53,058,268	-31%
Total current assets	767,530,668	709,087,552	8%
Total assets	1,969,462,390	1,892,317,915	4%
Equity and liabilities			
Total Equity	369,127,379	(274,950,767)	N/A
Non-current liabilities			
Long-term debt	-	-	
Hybrid instrument - long-term portion	22,805,000	-	
Other	34,201,196	22,904,807	49%
Total non-current liabilities	57,006,196	22,904,807	149%
Current Liabilities			
Trade and other payables	912,529,804	866,114,149	5%
Derivative financial instruments	2,096,672	-	
Provisions - current portion	2,608,600	3,279,571	-20%
Short-term debt	626,093,739	1,274,970,155	-51%
Total current liabilities	1,543,328,815	2,144,363,875	-28%
Total equity and liabilities	1,969,462,390	1,892,317,915	4%

The financial figures are extracted from Company's unaudited IFRS financial reports.