



GRUPA LOTOS S.A.

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30TH 2007
PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS
TOGETHER WITH THE AUDITOR'S REVIEW REPORT**
(This is a translation of a document originally issued in Polish)

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FINANCIAL HIGHLIGHTS (NON-CONSOLIDATED)

GRUPA LOTOS S.A.	PLN '000		EUR '000	
	Six months ended Jun 30 2007	Six months ended Jun 30 2006	Six months ended Jun 30 2007	Six months ended Jun 30 2006
		(comparable data)		(comparable data)
	(non audited)	(non audited)	(non audited)	(non audited)
Sales revenue	5,118,383	5,503,351	1,329,934	1,411,043
Operating profit	146,816	271,160	38,148	69,525
Pre-tax profit	422,408	384,421	109,756	98,564
Net profit	385,594	322,098	100,191	82,585
Net cash provided by (used in) operating activities	139,675	(83,891)	36,292	(21,509)
Net cash provided by (used in) investing activities	(163,611)	18,178	(42,512)	4,661
Net cash provided by (used in) financing activities	-	653	-	167
Total net cash flow	(25,591)	(65,060)	(6,649)	(16,681)
	PLN'000		EUR'000	
	Six months ended Jun 30 2007	As at Dec 31 2006	Six months ended Jun 30 2007	As at Dec 31 2006
	(non audited)	(comparable data)	(non audited)	(comparable data)
Total assets	6,591,435	5,814,348	1,750,341	1,517,631
Equity	4,716,026	4,352,756	1,252,330	1,136,134
Basic earnings per share (PLN/EUR)	3.39	2.83	0.88	0.73
Diluted earnings per share (PLN/EUR)	-	-	-	-

Notes attached on pages 9 to 14 are an integral part of these financial statements

GRUPA LOTOS S.A.
Financial statements for the six months ended
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BALANCE SHEETS (NON-CONSOLIDATED)
as at June 30th 2007 and December 31st 2006

(PLN '000)	<u>Jun 30 2007</u>	<u>Dec 31 2006</u>
	(unaudited)	(comparable data)
ASSETS		
Non-current assets		
Property, plant and equipment	1,826,475	1,833,323
Prepayments for tangible assets under construction	449,532	122,558
Intangible assets	48,017	45,800
Financial assets	683,014	696,004
	-----	-----
Total non-current assets	3,007,038	2,697,685
	-----	-----
Current assets		
Inventories	2,054,454	1,575,668
Trade and other receivables, including:	1,407,638	1,533,448
- income tax receivables	-	15,182
Prepayments	14,635	2,348
Current financial assets	34,575	3,874
Cash and cash equivalents	73,095	1,325
	-----	-----
Total current assets	3,584,397	3,116,663
	-----	-----
	=====	=====
Total assets	6,591,435	5,814,348
	=====	=====

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BALANCE SHEETS (NON-CONSOLIDATED)
as at June 30th 2007 and December 31st 2006

(PLN '000)	<u>Jun 30 2007</u>	<u>Dec 31 2006</u>
	(unaudited)	(comparable data)
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings	3,631,375	3,268,105
	-----	-----
Total equity	4,716,026	4,352,756
	-----	-----
Non-current liabilities		
Non-current provisions	17,911	15,150
Deferred tax liability	133,295	134,897
	-----	-----
Total non-current liabilities	151,206	150,047
	-----	-----
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:		
- income tax expense	1,483,052	1,146,367
Interest bearing loans and borrowings	13,372	-
Current provisions	217,670	120,309
Other financial liabilities	18,494	44,355
	4,987	514
	-----	-----
Total current liabilities	1,724,203	1,311,545
	-----	-----
Total liabilities	1,875,409	1,461,592
	=====	=====
Total equity and liabilities	6,591,435	5,814,348
	=====	=====

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INCOME STATEMENTS (NON-CONSOLIDATED)
for the six months ended June 30th 2007 and June 30th 2006

(PLN '000)	Six months ended Jun 30 2007	Six months ended Jun 30 2006 (comparable data)
	(unaudited)	(unaudited)
Sales revenue	5,118,383	5,503,351
Cost of sales	(4,705,265)	(4,963,604)
Gross profit on sales	413,118	539,747
Other operating income	31,196	885
Selling costs	(204,892)	(185,607)
General and administrative expenses	(90,732)	(82,074)
Other operating expenses	(1,874)	(1,791)
Operating profit	146,816	271,160
Financial income	279,221	117,468
Financial expenses	(3,629)	(4,207)
Pre-tax profit	422,408	384,421
Corporate income tax	(36,814)	(62,323)
Net profit on continued operations	385,594	322,098
	=====	=====
Earnings per share:		
- basic	3.39	2.83
- diluted		

Notes attached on pages 9 to 14 are an integral part of these financial statements

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CASH-FLOW STATEMENTS (NON-CONSOLIDATED)
for the six months ended June 30th 2007 and June 30th 2006

(PLN '000)	Six months ended Jun 30 2007 (unaudited)	Six months ended Jun 30 2006 (unaudited)
Cash flows from operating activities		
Net profit	385,594	322,098
Adjustments:		
Depreciation and amortisation	88,479	86,011
Foreign exchange (gains)/losses	1,655	-
Net interest and dividend paid	(201,502)	(62,776)
Profit/loss on investing activities	(26,916)	(6,948)
Current period income tax	36,814	62,323
Income tax paid	(8,855)	(114,725)
Decrease/(Increase) in receivables	397,874	(452,872)
(Increase) in inventories	(477,822)	(222,384)
Increase/ (Decrease) in liabilities, accruals and deferred income	(14,905)	309,218
(Decrease)/Increase in provisions	(29,038)	4,155
(Increase) in prepayments and accrued income	(11,703)	(7,991)
	-----	-----
Net cash provided by/(used in) operating activities	139,675	(83,891)
	-----	-----
Cash flows from investing activities		
(Purchase)/Sale of financial assets	310	120,852
Dividends and interest received	201,507	29,670
	(60,794)	(122,744)
Purchase of tangible and intangible assets	2,099	(4,301)
(Purchase)/Sale of non-current financial assets	22,038	-
Cash acquired as a result of merger with LOTOS Partner Sp. z o.o.	(328,771)	(5,299)
Other, net		
	-----	-----
Net cash provided by/(used in) investing activities	(163,611)	18,178
	-----	-----
Cash flows from financing activities		
Increase in loans and borrowings	-	653
Issue of shares	-	-
Repayment of loans and borrowings	-	-
Interest paid	-	-
Dividends paid	-	-
Other, net	-	-
	-----	-----
Net cash provided by/(used in) financing activities	-	653
	-----	-----
Change in cash due to foreign exchange gains/losses	(1,655)	-
	=====	=====
Change in net cash	(25,591)	(65,060)
	=====	=====
Cash at beginning of period	(118,984)	298,981
	=====	=====
Cash at end of period	(144,575)	233,921
- restricted cash	3,156	-

Notes attached on pages 9 to 14 are an integral part of these financial statements

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STATEMENTS OF CHANGES IN EQUITY (NON-CONSOLIDATED)
for the six months ended June 30th 2007 and June 30th 2006

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings	Total equity
Jan 1 2006	113,700	970,951	2,861,391	3,946,042
	=====	=====	=====	=====
Net profit for the six months ended Jun 30 2006	-	-	322,098	322,098
	=====	=====	=====	=====
Jun 30 2006 (comparable data)	113,700	970,951	3,183,489	4,268,140
(unaudited)	=====	=====	=====	=====
Jan 1 2007	113,700	970,951	3,268,105	4,352,756
	=====	=====	=====	=====
Net profit for the six months ended Jun 30 2007	-	-	385,594	385,594
Dividend	-	-	(40,932)	(40,932)
Merger with LOTOS Partner Sp. z o.o.*	-	-	18,608	18,608
	=====	=====	=====	=====
Jun 30 2007 (unaudited)	113,700	970,951	3,631,375	4,716,026
	=====	=====	=====	=====

*See Note 10 to these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

1. General Information

GRUPA LOTOS S.A. is a joint-stock company with the registered office in Gdańsk at ul. Elbląska 135. Its shares are publicly traded on the Warsaw Stock Exchange.

On September 19 2007, the Company's interim condensed financial statements for the six months ended June 30th 2007 were approved for publication by the Company's Management Board.

The Company prepared also the interim consolidated financial statements for the six months ended June 30th 2007, which were also approved for publication by the Company's Management Board on September 19 2007.

2. Basis for Preparation of the Financial Statements and Accounting Policies

The interim condensed financial statements of Grupa LOTOS S.A. for the six months ended June 30th 2007 were prepared in accordance with the International Accounting Standards (in particular IAS 34 "Interim Financial Reporting"), the International Financial Reporting Standards and the related interpretations published in the form of European Commission's Regulations ("EU-approved IFRS"). As at the date of approval of these financial statements for publication, given the continuing process of implementation of the IFRS by the EU and the type of business conducted by the Company, as far as the accounting policies applied by the Company are concerned, there were no differences between the IFRS and the EU-approved IFRS.

The interim condensed financial statements do not contain all the information and disclosures required to be included in annual financial statements and should be read in conjunction with the Company's annual financial statements prepared as at December 31st 2006 or the consolidated financial statements of the LOTOS Group for the six months ended June 30th 2007.

The accounting policies applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31st 2006, except for the policies applied to recognise perpetual usufruct rights to land that have been acquired free of charge, i.e. pursuant to an administrative decision, as described below. These accounting policies are described in the Notes to the consolidated financial statements of the LOTOS Group for the six months ended June 30th 2007.

As at the date of first-time application of the IFRS as the basis of accounting, that is as at January 1st 2004, the perpetual usufruct rights to land that had been acquired free of charge, i.e. pursuant to an administrative decision, were recognised in the books at fair value and presented as an item of property, plant and equipment. As at June 30th 2007 the Company treated the perpetual usufruct as operating lease and presented it, at fair value, as an off-balance-sheet item. In connection with the transfer of the perpetual usufruct to off-balance-sheet records, the comparable data was adjusted. As a result of the adjustment the value of property, plant and equipment as at December 31st 2006 and December 31st 2005 was reduced by PLN 163,446 thousand, value of deferred tax liability was reduced by PLN 31,055 thousand and the value of equity (retained earnings) decreased by PLN 132,391 thousand, taking into account the deferred tax effect. The adjustment had no impact on the net earnings per share.

In addition, the Company changed the presentation of the fair value of assets and liabilities resulting from revaluation of derivatives. As at June 30th 2007, financial assets and financial liabilities were recognised separately, as the undertaking's resources or obligations, respectively. Therefore, the value of financial assets and liabilities as at December 31st 2006 increased by PLN 513 thousand (December 31st 2005: PLN 1,745 thousand; June 30th 2006: PLN 7,695 thousand).

3. Seasonality and Cyclicity of Operations

The Company's business is not subject to any seasonality or cyclicity.

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4. Amounts with Significant Bearing on Assets, Liabilities, Equity, Net Profit or Cash Flows

In the period from January 1st to June 30th 2007 there occurred no events which would significantly affect the Company's assets, liabilities, equity, net profit or cash flows.

5. Changes of Estimates

There were no changes in the estimates presented in the previous years.

6. Securities in Issue

In the period from January 1st to June 30th 2007 no debt or equity securities were repurchased or repaid.

7. Dividends Paid

As described in Note 27 to the consolidated financial statements for the six months ended June 30th 2007, on May 28th 2007 the Ordinary General Shareholders Meeting adopted a resolution on the distribution of the Company's profit for 2006. Pursuant to the resolution, the full amount of the net profit of PLN 406,714 thousand, generated by the Company in the year ended December 31st 2006, was allocated to:

- the Company's statutory reserve funds – PLN 365,782 thousand,
- dividend payment – PLN 40,932 thousand.

In these interim condensed financial statements the Company presents the distributed profit under "Retained earnings".

The dividend payment date was set at July 31st 2007.

8. Revenues and Results of Individual Business and Geographical Segments

The Company does not prepare information on individual segments of its business as it does not meet the requirements of IAS 14 "Segment Reporting".

9. Information on any Material Events Occurring after the End of the Interim Period and not Disclosed in the Interim Condensed Financial Statements

No material events occurred after the end of the interim period which have not been disclosed in the interim condensed financial statements.

10. Changes in the Company's Structure

No material changes occurred in the Company's structure during the six months ended June 30th 2007, except for the following:

1. On February 27th 2007, the Management Board of Grupa LOTOS S.A. signed the plan of merger of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o., prepared in accordance with Art. 499.1 of the Commercial Companies Code. The two companies merged pursuant to Art. 492.1.1 of the Commercial Companies Code, through the transfer of all assets of LOTOS Partner Sp. z o.o. to Grupa LOTOS S.A. As the acquirer held 100% of shares in the acquired company, the merger was executed under Art. 515.1 of the Commercial Companies Code, i.e. without increasing the share capital of Grupa LOTOS S.A. On June 29th 2007, the District Court for Gdańsk-Północ in Gdańsk, VII Commercial Division of the National Court Register, issued a decision on registering the merger of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o.

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The merger was executed as part of the restructuring of the LOTOS Group, aimed at streamlining its organisational structure. The objective of the restructuring programme is to provide the LOTOS Group with more operating flexibility and facilitate quicker response to changes in the market environment. The merger of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o. is an element of the restructuring of the sales division within the entire LOTOS Group and should not have a material effect on the consolidated financial results of the LOTOS Group.

The merger of Grupy LOTOS S.A. and LOTOS Partner Sp. z o.o. was accounted for using the acquisition method.

As a result of the merger settlement, LOTOS Partner Sp. z o.o.'s assets and equity and liabilities as at the date of the merger were recognised in the balance sheet of Grupa LOTOS S.A., following elimination of the two companies' mutual accounts payable and receivable, and the value of shares and capitals until the date of taking control over LOTOS Partner Sp. z o.o. in 2002 (Grupa LOTOS S.A. took control over LOTOS Partner Sp. z o.o., formerly Preem Terminale Rzeczne, in 2002 by acquiring shares in the company). Additionally, in the balance sheet of Grupa LOTOS S.A. goodwill of PLN 1,862 thousand was recognised. The net assets acquired as at the date of the merger, which were generated by LOTOS Partner Sp. z o.o. in the period from the date of Grupa LOTOS S.A.'s control take-over in 2002 to the date of the merger transaction settlement, were disclosed under "Retained earnings".

The table below contains information on the value of key items of net assets of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o. as at the date of the merger settlement and the eliminations:

(PLN '000)	Grupa LOTOS S.A.	LOTOS Partner Sp. z o.o.	Elimination	Total after elimination
ASSETS				
Non-current assets				
Property, plant and equipment	1,820,149	6,326	-	1,826,475
Prepayments for tangible assets under construction	449,122	410	-	449,532
Intangible assets	46,059	96	1,862	48,017
Financial assets	696,655	-	(13,641)	683,014
Deferred tax asset	-	1,008	(1,008)	-
	-----	-----	-----	-----
Total non-current assets	3,011,985	7,840	(12,787)	3,007,038
	-----	-----	-----	-----
Current assets				
Inventories	2,053,490	964	-	2,054,454
Trade and other receivables	1,403,861	286,836	(283,059)	1,407,638
Prepayments	13,699	936	-	14,635
Non-current financial assets	34,575	-	-	34,575
Cash and cash equivalents	51,057	22,038	-	73,095
	-----	-----	-----	-----
Total current assets	3,556,682	310,774	(283,059)	3,584,397
	-----	-----	-----	-----
	=====	=====	=====	=====
Total assets	6,568,667	318,614	(295,846)	6,591,435
	=====	=====	=====	=====

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(PLN '000)	Grupa LOTOS S.A.	LOTOS Partner Sp. z o.o.	Elimination	Total after elimination
EQUITY AND LIABILITIES				
Equity				
Share capital	113,700	11,860	(11,860)	113,700
Statutory reserve funds	970,951	-	-	970,951
Retained profits	3,612,767	18,527	81	3,631,375
Total equity	4,697,418	30,387	(11,779)	4,716,026
Non-current liabilities				
Non-current provisions	14,904	3,007	-	17,911
Deferred tax liability	134,303	-	(1,008)	133,295
Total non-current liabilities	149,207	3,007	(1,008)	151,206
Current liabilities				
Trade payables, accruals and deferred income, and other liabilities	1,483,823	282,288	(283,059)	1,483,052
Interest bearing loans and borrowings	217,670	-	-	217,670
Current provisions	15,562	2,932	-	18,494
Other financial liabilities	4,987	-	-	4,987
Total non-current liabilities	1,722,042	285,220	(283,059)	1,724,203
Total liabilities	1,871,249	288,227	(284,067)	1,875,409
Total equity and liabilities	6,568,667	318,614	(295,846)	6,591,435

11. Changes in Contingent Liabilities or Assets

All material changes in contingent liabilities and assets are described in Note 39 to the consolidated financial statements for the six months ended June 30th 2007.

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12. Related Party Transactions

Transactions with related parties are concluded on standard market terms.

(PLN '000)	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
	Six months ended Jun 30 2007	Six months ended Jun 30 2007	As at Jun 30 2007	As at Jun 30 2007
Consolidated subsidiary undertakings	6,206,669	343,580	967,682	24,859
Associated undertakings valued with equity method	3	1,714	-	184
Non-consolidated subsidiary undertakings	13	143	3	-
Total	6,206,685	345,437	967,685	25,043

In the period January 1st–June 30th 2007 the total income on sale of property, plant and equipment and intangible assets of Grupa LOTOS S.A. to its related undertakings amounted to PLN 37 thousand.

In the period January 1st–June 30th 2007 the total value of property, plant and equipment and intangible assets purchased by Grupa LOTOS S.A. from its related undertakings amounted to PLN 2,576 thousand.

(PLN '000)	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
	Six months ended Jun 30 2006	Six months ended Jun 30 2006	As at Dec 31 2006	As at Dec 31 2006
Consolidated subsidiary undertakings	6,167,990	531,974	1,373,428	33,156
Associated undertakings valued with equity method	-	-	1	201
Non-consolidated subsidiary undertakings	173	621	123	692
Total	6,168,163	532,595	1,373,552	34,049

In the period January 1st–June 30th 2006 the total income on sale of property, plant and equipment and intangible assets of Grupa LOTOS S.A. to its related undertakings amounted to PLN 77 thousand.

In the period January 1st–June 30th 2006 the total value of property, plant and equipment and intangible assets purchased by Grupa LOTOS S.A. from its related undertakings amounted to PLN 9,462 thousand.

Furthermore, during the six months ended June 30th 2006 a member of the Management Board of Grupa LOTOS S.A. sold, during ordinary sessions of the Warsaw Stock Exchange, a total of 42,755 shares of Grupa LOTOS S.A. for an average price of PLN 42.65 per share. The total value of the transactions amounted to PLN 1,823.5 thousand.

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13. Signatures of the Management Board Members and the Person Responsible for Keeping the Accounting Books of Grupa LOTOS S.A.

President of the Management Board, CEO	
	Paweł Olechnowicz
Vice-President of the Management Board, Chief Financial Officer	
	Mariusz Machajewski
Vice-President of the Management Board, Chief Commercial Officer	
	Jarosław Kryński
Vice-President of the Management Board, Production and Development Director	
	Marek Sokołowski
Chief Accountant	
	Tomasz Południewski