



(This is a translation of a document originally issued in Polish)

GRUPA LOTOS S.A.

**(THIS DOCUMENT IS A SUPPLEMENT TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS OF THE LOTOS GROUP)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30TH 2009
ALONG WITH THE AUDITOR'S REVIEW REPORT**

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FINANCIAL HIGHLIGHTS – NON-CONSOLIDATED

GRUPA LOTOS S.A.	PLN'000		EUR'000	
	6 months ended Jun 30 2009	6 months ended Jun 30 2008	6 months ended Jun 30 2009	6 months ended Jun 30 2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	5,467,070	7,242,289	1,209,957	2,082,554
Operating profit/(loss)	(17,312)	364,635	(3,831)	104,852
Pre-tax profit	68,025	873,811	15,055	251,268
Profit from continuing operations	81,966	729,675	18,140	209,821
Total comprehensive income	81,966	729,675	18,140	209,821
Net cash provided by/(used in) operating activities	192,394	(11,641)	42,580	(3,347)
Net cash provided by/(used in) investing activities	(1,379,373)	(610,516)	(305,279)	(175,557)
Net cash provided by/(used in) financing activities	1,290,599	636,090	285,632	182,911
Total net cash flow	98,259	8,620	21,746	2,479
Basic earnings per ordinary share (PLN/EUR)	0.72	6.42	0.16	1.85
Diluted earnings per ordinary share (PLN/EUR)	-	-	-	-
	PLN'000		EUR'000	
	As at Jun 30 2009	As at Dec 31 2008	As at Jun 30 2009	As at Dec 31 2008
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	11,850,788	9,491,020	2,651,420	2,274,715
Equity	4,481,777	4,399,811	1,002,724	1,054,503

Items of the statement of financial position as at June 30th 2009 presented in the "Financial Highlights" table were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.4696. Items of the statement of comprehensive income and the statement of cash-flows for the first six months of 2009 presented in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 4.5184 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – June 30th 2009).

Items of the statement of financial position as at December 31st 2008 presented in the "Financial Highlights" table were translated using the euro mid-exchange rate quoted by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.1724. Items of the statement of comprehensive income and the statement of cash-flows for the first six months of 2008 presented in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 3.4776 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – June 30th 2008).

GRUPA LOTOS S.A.
STATEMENT OF FINANCIAL POSITION
as at June 30th 2009 and December 31st 2008

(PLN '000)	Note	Jun 30 2009 (unaudited)	Dec 31 2008 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	16.1	5,689,834	3,401,685
Prepayments for tangible assets under construction	16.1	302,541	1,194,489
Intangible assets		43,613	46,382
Financial assets		707,744	668,986
Deferred tax assets		72,169	58,227
Total non-current assets		6,815,901	5,369,769
Current assets			
Inventories		2,711,534	2,273,445
Trade and other receivables		1,698,103	1,197,452
Current tax receivable		-	177,252
Prepayments		16,809	18,138
Current financial assets		281,862	302,250
Cash and cash equivalents		326,579	152,714
Total current assets		5,034,887	4,121,251
Total assets		11,850,788	9,491,020

GRUPA LOTOS S.A.
STATEMENT OF FINANCIAL POSITION
As at June 30th 2009 and December 31st 2008

(PLN '000)	Note	Jun 30 2009 (unaudited)	Dec 31 2008 (audited)
EQUITY AND LIABILITIES			
Equity			
Share capital		113,700	113,700
Statutory reserve funds		970,951	970,951
Retained earnings		3,397,126	3,315,160
Total equity		4,481,777	4,399,811
Non-current liabilities			
Interest-bearing loans and borrowings	16.2	4,433,827	3,098,491
Long-term provisions		29,487	28,665
Other financial liabilities		95,115	359
Total non-current liabilities		4,558,429	3,127,515
Current liabilities			
Trade and other payables and accruals and deferred income		2,238,733	1,394,575
Interest-bearing loans and borrowings	16.2	403,640	314,478
Short-term provisions		41,200	41,617
Other financial liabilities		127,009	213,024
Total current liabilities		2,810,582	1,963,694
Total liabilities		7,369,011	5,091,209
Total equity and liabilities		11,850,788	9,491,020

GRUPA LOTOS S.A.
STATEMENT OF COMPREHENSIVE INCOME
for the six months ended June 30th 2009 and June 30th 2008

(PLN '000)	Note	6 months ended Jun 30 2009 (unaudited)	6 months ended Jun 30 2008 (unaudited)
Sales revenue		5,467,070	7,242,289
Cost of sales		(5,220,181)	(6,589,601)
Gross profit		246,889	652,688
Other operating income		3,165	2,086
Selling costs		(164,579)	(178,294)
General and administrative expenses		(99,565)	(106,164)
Other operating expenses		(3,222)	(5,681)
Operating profit/(loss)		(17,312)	364,635
Finance income	16.3	173,261	593,793
Finance expenses	16.4	(87,924)	(84,617)
Pre-tax profit		68,025	873,811
Corporate income tax		13,941	(144,136)
Net profit from continuing operations		81,966	729,675
Total comprehensive income		81,966	729,675
Net earnings per share (PLN)	11		
- basic		0.72	6.42
- diluted		-	-

GRUPA LOTOS S.A.
STATEMENT OF CASH FLOWS
for the six months ended June 30th 2009 and June 30th 2008

(PLN '000)		6 months ended Jun 30 2009	6 months ended Jun 30 2008
	Note	(unaudited)	(unaudited)
Cash flows from operating activities			
Net profit		81,966	729,675
Adjustments:			
Depreciation and amortisation		83,886	92,057
Foreign exchange (gains)/losses		126,169	(94,363)
Net interest and dividend paid		(148,088)	(131,137)
Loss on investing activities		22,741	99,066
Current income tax		(13,941)	144,136
Income tax paid		-	(119,388)
(Increase) in receivables	16.5	(490,693)	(160,825)
(Increase) in inventories	16.5	(309,932)	(461,568)
Increase in liabilities and accruals and deferred income	16.5	853,873	155,177
Increase in provisions	16.5	405	3,533
Decrease in prepayments and accrued income	16.5	1,329	1,483
Settlement of financial instrument		(15,321)	(269,487)
Net cash provided by/(used in) operating activities		192,394	(11,641)
Cash flows from investing activities			
Dividend received		145,384	101,880
Repayment of non-current loans advanced		-	1,200
Interest received		2,070	824
Sale of non-current financial assets		-	3,376
(Purchase) of property, plant and equipment and intangible assets		(1,313,222)	(235,469)
Loans advanced		(42,717)	-
Prepayments for tangible assets under construction		(170,888)	(482,327)
Net cash provided by/(used in) investing activities		(1,379,373)	(610,516)
Cash flows from financing activities			
Increase in loans and borrowings		1,346,722	375,212
Repayment of loans and borrowings		(34,396)	-
Interest paid		(36,957)	(8,495)
Settlement of financial instruments		15,321	269,487
Other items, net		(91)	(114)
Net cash provided by/(used in) financing activities		1,290,599	636,090
Effect of exchange rate fluctuations on cash held		(5,361)	(5,313)
Change in net cash		98,259	8,620
Cash and cash equivalents at beginning of period		(134,303)	(274,136)
Cash and cash equivalents at end of period	16.5	(36,044)	(265,516)
- restricted cash	16.5	192,403	18,550

GRUPA LOTOS S.A.
STATEMENT OF CHANGES IN EQUITY
for the six months ended June 30th 2009 and June 30th 2008

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings	Total equity
Jan 1 2008 (audited)	113,700 -----	970,951 -----	3,990,864 -----	5,075,515 -----
Total comprehensive income for the six months ended Jun 30 2008	- =====	- =====	729,675 =====	729,675 =====
Jun 30 2008 (unaudited)	113,700 =====	970,951 =====	4,720,539 =====	5,805,190 =====
Jan 1 2009 (audited)	113,700 -----	970,951 -----	3,315,160 -----	4,399,811 -----
Total comprehensive income for the six months ended Jun 30 2009	- =====	- =====	81,966 =====	81,966 =====
Jun 30 2009 (unaudited)	113,700 =====	970,951 =====	3,397,126 =====	4,481,777 =====

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30TH 2009**1. General Information**

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

On August 26th 2009, the Company's condensed interim financial statements for the six months ended June 30th 2009 were approved for publication by the Company's Management Board.

Grupa LOTOS S.A. is the parent undertaking of the LOTOS Group ("the Group") and a major investor in subordinated undertakings and their related undertakings, controlled by the Company. Accordingly, Grupa LOTOS S.A. has prepared condensed interim consolidated financial statements of the LOTOS Group, which include these undertakings' financial data for the six months ended June 30th 2009, and which were approved for publication by the Management Board on August 26th 2009.

2. Changes in the Composition of the Management and Supervisory Boards

In the period from January 1st 2009 until the end of the sixth term of office, the composition of the Management Board of Grupa LOTOS S.A. was as follows:

Paweł Olechnowicz – President of the Management Board, Chief Executive Officer
Mariusz Machajewski – Vice-President of the Management Board, Chief Financial Officer,
Marek Sokółowski – Vice-President of the Management Board, Production and Development Director.

On June 25th 2009, the Supervisory Board of Grupa LOTOS S.A. appointed the Management Board of Grupa LOTOS S.A. of the seventh term of office, including:

Paweł Olechnowicz – President of the Management Board, Chief Executive Officer
Mariusz Machajewski – Vice-President of the Management Board, Chief Financial Officer,
Marek Sokółowski – Vice-President of the Management Board, Production and Development Director,
Maciej Szozda – Vice-President of the Management Board, Chief Commercial Officer.

As at the date of approval of these condensed interim financial statements, the composition of the Management Board of Grupa LOTOS S.A. was as follows:

Paweł Olechnowicz – President of the Management Board, Chief Executive Officer
Mariusz Machajewski – Vice-President of the Management Board, Chief Financial Officer,
Marek Sokółowski – Vice-President of the Management Board, Production and Development Director,
Maciej Szozda – Vice-President of the Management Board, Chief Commercial Officer.

As at January 1st 2009, the composition of the Supervisory Board of Grupa LOTOS S.A. was as follows:

Wiesław Skwarko – Chairman of the Supervisory Board,
Leszek Starosta – Deputy Chairman of the Supervisory Board,
Mariusz Obszyński – Secretary of the Supervisory Board,
Radosław Barszcz – Member of the Supervisory Board,
Piotr Chajderowski – Member of the Supervisory Board,
Małgorzata Hirszel – Member of the Supervisory Board,
Jan Stefanowicz – Member of the Supervisory Board.

On March 10th 2009, the Company received a resignation, with effect from March 10th 2009, by Mr Piotr Chajderowski, Member of the Supervisory Board of Grupa LOTOS S.A. of the seventh term of office, from his position as Member of the Company's Supervisory Board of the seventh term of office.

On April 27th 2009, the General Shareholders Meeting of Grupa LOTOS S.A. adopted a resolution to appoint Mr Ireneusz Fąfara to the Company's Supervisory Board of the seventh term of office.

As at June 30th 2009 and the date of approval of these condensed interim financial statements, the composition of the Supervisory Board of Grupa LOTOS S.A. was as follows:

Wiesław Skwarko – Chairman of the Supervisory Board,
Leszek Starosta – Deputy Chairman of the Supervisory Board,
Mariusz Obszyński – Secretary of the Supervisory Board,
Radosław Barszcz – Member of the Supervisory Board,
Małgorzata Hirszel – Member of the Supervisory Board,
Jan Stefanowicz – Member of the Supervisory Board,
Ireneusz Fąfara – Member of the Supervisory Board.

3. Rules of Presentation

These condensed interim financial statements of Grupa LOTOS S.A. were prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* ("IAS 34") and in compliance with the EU accounting standards applicable to interim financial reporting, published and binding at the time of preparing these condensed interim financial statements of the Company.

The IFRS include the standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC").

These condensed interim financial statements should be read in conjunction with the audited financial statements of Grupa LOTOS S.A. for 2008, prepared in accordance with the IFRS.

The financial data as at June 30th 2009 and for the six months ended on that date, as well as the comparable financial data for the six months ended June 30th 2008 contained in these interim condensed interim financial statements, were reviewed by an auditor. The financial information as at December 31st 2008 was audited by a qualified auditor, who issued an opinion on the financial statements on April 27th 2009.

The measurement and reporting currency of these condensed interim financial statements is the Polish zloty (PLN). These condensed interim financial statements are presented in the zloty (PLN), and all the figures are presented in thousands of zloty, unless indicated otherwise.

4. Accounting Policies

The accounting policies and calculation methods adopted by the Company in the preparation of these condensed interim financial statements are the same as those used in the preparation of the non-consolidated financial statements for the year ended December 31st 2008 (see Note 10 to the non-consolidated financial statements for 2008, prepared in accordance with the IFRS).

The Company has reviewed the new interpretations, standards and amendments to the existing standards. Except for the Revised IAS 1 *Presentation of Financial Statements* and IFRS 8 *Operating Segments*, the new interpretations, standards and amendments to existing standards which are in effect and have been adopted by the European Union, have no material impact on the accounting policies applied by the Group.

The following interpretations, standards and amendments to the existing standards have been adopted or are pending adoption by the European Union, and are effective as at January 1st 2009:

- Amendment to IAS 23 *Borrowing Costs* (adopted by the European Union)
- Amendment to IAS 1 *Presentation of Financial Statements* (adopted by the European Union)
- IFRS 8 *Operating Segments* (adopted by the European Union)
- Amendment to IFRS 2 *Share-Based Payments – Vesting Conditions and Cancellations* (adopted by the European Union)
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Instruments and Obligations Arising on Liquidation* (adopted by the European Union)
- Improvements to the International Financial Reporting Standards – a collection of amendments to the IFRS (endorsed by the European Union)

- Amendments to IFRS 1 *First-Time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (endorsed by the European Union)
- IFRIC 13 *Customer Loyalty Programmes* (applies to annual periods beginning on or after July 1st 2008, endorsed by the European Union)
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (applies to annual periods beginning on or after January 1st 2009, endorsed by the European Union)
- IFRIC 15 *Agreements for the Construction of Real Estate* (applies to annual periods beginning on or after January 1st 2009, not yet endorsed by the European Union)
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (applies to annual periods beginning on or after October 1st 2008, endorsed by the European Union)
- Revised IFRS 3 *Business Combinations* (applies to annual periods beginning after July 1st 2009 (with earlier adoption permitted), adopted by the European Union)
- Revised IAS 27 *Consolidated and Separate Financial Statements* (applies to annual periods beginning after July 1st 2009 (with earlier adoption permitted), adopted by the European Union)

Application of the Revised IAS 1

In connection with the application of IAS 1 *Presentation of the Financial Statements* (revised in 2007), in these condensed interim financial statements, the Company used new terminology as prescribed by the standard to name the particular sections of the financial statements.

Application of IFRS 8

International Financial Reporting Standard 8 *Operating Segments* (IFRS 8) superseded International Accounting Standard 14 *Segment Reporting*. Under International Accounting Standard 14 *Segment Reporting*, the Group did not prepare information on the business segments as it did not meet the criteria of identification of business segments as set forth in the standard.

IFRS 8 requires the disclosure of information on the Group's operating segments based on internal reports that are regularly reviewed by the chief operating decision makers to make decisions about resources to be allocated to each segment and to assess the segments' performance.

For management purposes, the LOTOS Group is divided into business units which correspond to the business segments.

The Group's operating activity comprises two main reportable operating segments:

- upstream segment – comprising activities related to the acquisition of crude oil and natural gas reserves, and crude oil and natural gas production
- downstream segment – comprising the production and processing of refined petroleum products and their wholesale and retail sale, as well as auxiliary, transport and service activities

The segments are identified at the Group level. Grupa LOTOS S.A. is included in the downstream segment. The upstream segment is comprised of the Petrobaltic Group.

The Company chose the option of early application – as of June 30th 2009 – of the revised IFRS 3 *Business Combinations* and the revised IAS 27 *Consolidated and Separate Financial Statements*.

The following interpretations, standards, and amendments to existing standards, have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretation Committee but have not been adopted by the European Union:

- Amendments to IAS 39 *Financial Instruments: Exposures Qualifying for Hedge Accounting* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)
- Revised IFRS 1 *First-Time Adoption of IFRSs* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)

- IFRIC 17 *Distributions of Non-Cash Assets to Owners* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)
- IFRIC 18 *Transfers of Assets from Customers* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)
- Amendments to IFRIC 9 and IAS 39 *Embedded Derivatives* (applies to annual periods ending after June 30th 2009, not yet endorsed by the European Union)
- Improvements to the International Financial Reporting Standards – a collection of amendments to the IFRS (in most cases, the amendments apply to annual periods beginning on or after January 1st 2010, not yet endorsed by the European Union)
- IFRS for Small and Medium-Sized Entities (applies as of the issue date, i.e. July 9th 2009, not yet endorsed by the European Union)
- Amendments to IFRS 1 *First-Time Adoption of IFRSs* (apply to annual periods beginning on or after January 1st 2010, not yet endorsed by the European Union).

The Management Board does not expect the introduction of the new standards and interpretations specified above to have any material impact on the accounting policies applied by the Company.

5. Translation of Financial Highlights into the Euro

Items of the statement of financial position as at June 30th 2009 presented in the “Financial Highlights” table were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.4696. Items of the statement of comprehensive income and the statement of cash-flows for the first six months of 2009 presented in the “Financial Highlights” table were translated at the exchange rate of EUR 1 = PLN 4.5184 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – June 30th 2009).

Items of the statement of financial position as at December 31st 2008 presented in the “Financial Highlights” table were translated using the euro mid-exchange rate quoted by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.1724. Items of the statement of comprehensive income and the statement of cash-flows for the first six months of 2008 presented in the “Financial Highlights” table were translated at the exchange rate of EUR 1 = PLN 3.4776 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – June 30th 2008).

6. Seasonality and Cyclicity of Operations in Interim Period

The Company’s operations are not subject to seasonality or cyclicity in interim periods.

7. Amounts with Significant Bearing on Assets, Liabilities, Equity, Net Profit/Loss or Cash Flows Which Are Non-Typical Due to Their Type, Value, Effect or Frequency

In the period from January 1st to June 30th 2009, no events occurred which would significantly affect the Company’s assets, liabilities, equity, net profit/loss or cash flows.

8. Changes of Estimates of Amounts Reported in Prior Interim Periods of the Current Financial Year or Changes in Estimates of Amounts Reported in Prior Financial Years, if Those Changes Have a Material Effect in the Current Interim Period

There were no changes in estimates of amounts reported in prior interim periods of the current financial year and in prior financial years.

9. Issue, Redemption and Repayment of Debt and Equity Securities

No debt or equity securities were issued, redeemed or repaid in the period between January 1st and June 30th 2009.

10. Dividends

On June 30th 2009, the General Shareholders Meeting of Grupa LOTOS S.A. adopted Resolution No. 6 concerning coverage of the 2008 net loss incurred by the Company. Under the Resolution, the Company's net loss for the year ended December 31st 2008, amounting to PLN 675,705 thousand, is to be covered using the Company's statutory reserve funds.

11. Earnings per Share

	Six months ended Jun 30 2009	Six months ended Jun 30 2008
	(unaudited)	(unaudited)
Net profit (PLN '000) (A)	81,966	729,675
Weighted average number of shares (in thousands) (B)	113,700 =====	113,700 =====
Earnings per share (PLN) (A/B)	0.72	6.42

Earnings per share for each period are calculated by dividing the net profit for a given period by the weighted average number of shares in the period.

The Company does not disclose diluted earnings per share, since it has no instruments with a potential dilutive effect.

12. Business Segments

As the segments are identified on the Group level, the results of the particular business segments for the six months ended June 30th 2009 were presented in Note 12 to the condensed interim consolidated financial statements for the six months ended June 30th 2009. Grupa LOTOS S.A. is included in the downstream segment.

13. Material Events Occurring after the End of the Interim Period and not Disclosed in the Interim Financial Statements

1. On July 1st 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of the Customs Office of Pruszków for the amount of PLN 1,500 thousand as excise security. The original validity term of the guarantee was to expire on December 31st 2009, but was subsequently extended until September 30th 2010.
2. The general excise security submitted by Grupa LOTOS S.A. in the form of a promissory note for the amount of PLN 200,000 thousand for the benefit of the Customs Office of Gdańsk has been in effect since July 6th 2009. The security expires on July 6th 2010.
3. On July 6th 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued three bank guarantees for the benefit of the Customs Office of Pruszków for the amounts of PLN 1,700 thousand, PLN 3,300 thousand and PLN 5,000 thousand, respectively, as excise security. The guarantees expire on July 15th 2010.
4. On July 6th 2009, the validity term of the guarantee for the amount of USD 18,000 thousand (i.e. PLN 62,690 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for February 2nd 2009) issued, at the request of Grupa LOTOS S.A., by Deutsche Bank Polska S.A. for the benefit of TOTAL DEUTSCHLAND GmbH on February 2nd 2009, was extended until January 29th 2010. Furthermore, on August 1st 2009, the amount of the guarantee was changed to USD 10,500 thousand (i.e. PLN 30,285 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 3rd 2009) (see item 10 of Note 15.1 to these condensed interim financial statements).
5. The general excise security submitted by Grupa LOTOS S.A. in the form a promissory note for the amount of PLN 200,000 thousand for the benefit of the Customs Office of Gdańsk has been in effect since July 7th 2009. The security expires on July 8th 2010.
6. On July 17th 2009, the District Court for Gdańsk-Północ in Gdańsk, VII Commercial Division of the National Court Register, issued a decision on registration of Grupa LOTOS S.A.'s share capital increase by way of issue of Series C shares. Following the registration, the share capital amounted to PLN 129,873 thousand and was divided into 129,873,362 shares. After the registration of the share capital increase, the total number of votes attached to all the shares in Grupa LOTOS S.A. was 129,873,362 votes.

Following the registration, the structure of Grupa LOTOS S.A.'s share capital was as follows:

- 78,700,000 Series A shares,
- 35,000,000 Series B shares,
- 16,173,362 Series C shares.

Pursuant to Resolution No. 34 of the Annual General Shareholders Meeting of Grupa LOTOS S.A. of June 30th 2009, all Series C shares were offered to the State Treasury in a private placement, under Art. 431.2.1 of the Commercial Companies Code, with disapplication of the remaining shareholders' pre-emptive rights to Series C shares.

On July 9th 2009, an agreement was signed providing for the acquisition by the State Treasury of Grupa LOTOS S.A. shares. Pursuant to Resolution No. 34 of the Annual General Shareholders Meeting of Grupa LOTOS S.A. of June 30th 2009, all Series C shares were acquired by the State Treasury. In exchange, the State Treasury transferred to Grupa LOTOS S.A. non-cash contributions in the form of 2,801,400 shares in Petrobaltic S.A., 375,000 shares in LOTOS Czechowice S.A. and 300,000 shares in LOTOS Jasło S.A.

7. On July 22nd 2009, in performance of the agreement of July 16th 2009 between the State Treasury and Nafta Polska S.A., by way of payment for the Nafta Polska S.A. shares bought back from the State Treasury with a view to their voluntary retirement, Nafta Polska S.A. transferred to the State Treasury 59,025,000 shares of Grupa LOTOS S.A., representing 51.91% of Grupa LOTOS S.A.'s share capital and conferring the right to 59,025,000 votes, which represented 51.91% of the total vote in Grupa LOTOS S.A.

Following these transactions, the State Treasury held shares representing 63.97% of Grupa LOTOS S.A.'s share capital.

8. On July 16th 2009, license for co-generation of electricity and heat No. WEE/69-ZTO/612/W/OGD/2009/BP, granted to Grupa LOTOS S.A. by the President of the Energy Regulatory Authority, was extended until September 1st 2018.
9. On July 21st 2009, at the request of Grupa LOTOS S.A., Bank Pekao S.A. issued a payment guarantee for USD 10,500 thousand (i.e. PLN 31,524 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for July 21st 2009) for the benefit of TOTAL DEUTSCHLAND GmbH in connection with gasoline and Diesel oil supplies. The guarantee expires on January 31st 2010.
10. On August 10th 2009, Grupa LOTOS S.A. entered into an agreement with LOTOS Kolej Sp. z o.o. concerning the provision of transport and other rail-freight related services. The agreement was executed for a specified period from August 10th 2009 to December 31st 2019, and its estimated value is PLN 2,129m (VAT excl.). The estimated maximum value of the contractual penalties payable by LOTOS Kolej Sp. z o.o. if it fails to meet its obligations under the agreement is equal to the estimated value of the agreement. In addition, the agreement gives Grupa LOTOS S.A. the right to seek damages in excess of the contractual penalties. The other terms and conditions of the agreement do not differ from the terms and conditions commonly applied in agreements of such type.

14. Changes in the Entity's Structure in the Interim Period, Including Changes which Follow from Mergers, Acquisitions or Sale of Subsidiaries, Long-Term Investments, Restructurings or Discontinuations of any Businesses

In the six months ended June 30th 2009, there were no material changes in the Company's structure.

Changes in the structure of the LOTOS Group were described in Note 14 to the condensed interim consolidated financial statements for the six months ended June 30th 2009.

15. Changes in Contingent Liabilities and Assets after the Previous Balance-Sheet Date

15.1 Contingent Liabilities and Contingent Assets

No material changes occurred with respect to contingent liabilities in the period from the end of the previous financial year, i.e. December 31st 2008 (see Note 36 to the non-consolidated financial statements for 2008, prepared in accordance with the IFRS), except for those listed below and those described in items 1–5 and item 7 of Note 13 to these condensed interim financial statements:

1. On January 3rd 2007, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of CB&I LUMMUS GmbH in the form of a documentary letter of credit for the amount of EUR 19,034 thousand (the equivalent of PLN 72,843 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 3rd 2007). The original validity term of the guarantee expired on June 30th 2008. The validity term of the letter of credit was extended several times. The most recent extension of its validity term was made on May 29th 2009 – the validity term was extended until June 30th 2009. The guarantee expired with the end of its validity period.
2. On April 1st 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 5,195 thousand (the equivalent of PLN 18,240 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 1st 2008) for the benefit of LURGI S.A., valid through June 30th 2008. On July 1st 2008, the amount of the letter of credit was raised to EUR 10,979 thousand (the equivalent of PLN 36,827 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for July 1st 2008) and its validity term was extended until September 30th 2008. The letter of credit was issued to secure the performance of a contract related to the construction of a hydrogen generation unit (HGU). On October 1st 2008, the validity term of the letter of credit was extended until December 31st 2008 and its value was again increased – to EUR 14,923 thousand (the equivalent of PLN 50,402 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for October 1st 2008). Then, on January 1st 2009, the validity term of the letter of credit was extended until March 31st 2009, and its amount decreased to EUR 14,234 thousand (the equivalent of PLN 59,386 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 2nd 2009). Since December 17th 2008, the letter of credit has been financed under the term loan facility granted by the group of financial institutions (see Note 16.2 to these condensed interim financial statements). On March 31st 2009, the letter of credit expired.

3. On April 30th 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 7,230 thousand (the equivalent of PLN 25,019 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2008) for the benefit of LURGI S.A., valid through July 31st 2008. The letter of credit was issued to secure the performance of the EPC contract for the crude and vacuum distillation units (CDU/VDU). On July 31st 2008, the validity period of the letter of credit was extended until October 31st 2008. The value of the stand-by letter of credit was increased to EUR 15,356 thousand (the equivalent of PLN 49,179 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for July 31st 2008). On November 1st 2008, the validity term of the letter of credit was extended until January 31st 2009. The value of the stand-by letter of credit was raised to EUR 20,175 thousand (the equivalent of PLN 71,752 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for November 3rd 2008). On February 1st 2009, the validity term of the letter of credit was extended until April 30th 2009 and its value decreased to EUR 15,647 thousand (the equivalent of PLN 69,419 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for February 2nd 2009). Since December 17th 2008, the letter of credit has been financed under the term loan facility granted by the group of financial institutions (see Note 16.2 to these condensed interim financial statements). On April 30th 2009, the validity term of the documentary letter of credit was extended until June 30th 2009 and its amount decreased to EUR 11,906 thousand (the equivalent of PLN 52,194 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2009). The letter of credit expired with the end of its validity period.
4. On June 2nd 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a documentary letter of credit for EUR 19,034 thousand (the equivalent of PLN 64,403 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for June 2nd 2008) for the benefit of CB&I LUMMUS GmbH. The original validity term of the letter of credit expired on December 31st 2008. The letter of credit was issued to secure the performance of a contract related to a diesel hydrodesulphurisation unit (HDS). On January 1st 2009, the validity term of the letter of credit was extended, first until January 31st 2009, and then until March 31st 2009. The most recent extension of its validity term was made on May 29th 2009 –the validity term was then extended until June 30th 2009. The guarantee expired with the end of its validity period.
5. On June 26th 2008, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a payment guarantee for USD 12,000 thousand (the equivalent of PLN 25,704 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for June 26th 2008) for the benefit of TOTAL DEUTSCHLAND GmbH in connection with the supply of gasoline. The original validity term of the guarantee expired on December 31st 2008. On December 12th 2008, the validity term of the guarantee was extended until January 31st 2009. The guarantee expired with the end of its validity period.
6. On October 22nd 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. opened a documentary letter of credit for EUR 19,034 thousand (the equivalent of PLN 70,690 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for October 22nd 2008) under the term loan facility granted by the group of financial institutions (see Note 16.2 to these condensed interim financial statements). The letter of credit, issued for the benefit of CB&I LUMMUS GmbH, is valid through June 30th 2009. It was issued to secure the performance of a contract related to a diesel hydrodesulphurisation unit (HDS). The letter of credit expired with the end of its validity period.
7. On December 19th 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. opened a stand-by letter of credit for EUR 500 thousand (the equivalent of PLN 2,057 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for December 19th 2008) under the term loan facility granted by the group of financial institutions (see Note 16.2 to these condensed interim financial statements). The letter of credit, issued for the benefit of LURGI S.A., is valid through May 31st 2009. The letter of credit was issued to secure the performance of a contract related to modernisation of a condensate station and construction of a fuel gas terminal. The letter of credit expired with the end of its validity period.
8. On January 2nd 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a guarantee for PLN 1,500 thousand for the benefit of the Customs Office in Pruszków as security for excise duty. The guarantee expired on June 30th 2009.
9. On January 2nd 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 3,000 thousand (the equivalent of PLN 12,517 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 2nd 2009) for the benefit of Umicore Precious Metals Refining, valid through October 15th 2009. The stand-by letter of credit was issued to secure lease payments under a platinum lease agreement.

10. On February 2nd 2009, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a guarantee for USD 18,000 thousand (the equivalent of PLN 62,690 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for February 2nd 2009) for the benefit of TOTAL DEUTSCHLAND GmbH. The guarantee, which was issued to secure payment of amounts due for the delivery of diesel oil and gasoline, remains valid through July 31st 2009 (see item 4 of Note 13 to these condensed interim consolidated financial statements).
11. On February 27th 2009, Grupa LOTOS S.A. submitted security for excise duty in the form of a blank promissory note for up to PLN 400,000 thousand, issued for the benefit of the Customs Office in Gdańsk to secure the Company's tax liability in connection with the suspended excise tax collection procedure. The blank promissory note is valid through January 13th 2011.
12. On March 2nd 2009, Grupa LOTOS S.A. created security in the form of four blank promissory notes with a promissory note declaration for up to PLN 191,723 thousand, for the benefit of the Material Reserves Agency, in order to secure its liabilities under a fuel lending agreement. After settlement of successive instalments, the Material Reserves Agency is obliged to release the security in the form of the promissory notes. The agreement remains valid until October 31st 2009. As at the date of approval of these condensed interim financial statements, the Material Reserves Agency had returned two promissory notes for the amount of PLN 65,956 thousand and PLN 40,269 thousand. As at June 30th 2009, Grupa LOTOS S.A.'s liabilities under the above agreement amounted to PLN 128,157 thousand.
13. The validity term of the bank guarantee of April 27th 2007 issued for the benefit of a Customs Chamber by Bank PKO BP S.A. at the request of Grupa LOTOS S.A. to secure liabilities under customs-duty debts, taxes and other customs-related charges, expired on May 4th 2009. The original guarantee amount was PLN 160,000 thousand. On May 5th 2008, the guarantee amount changed to PLN 200,000 thousand and on December 17th 2008 it changed again to PLN 125,000 thousand. The guarantor's liability continued until July 3rd 2009.
14. At the request of Grupa LOTOS S.A., on April 7th 2009 Deutsche Bank Polska S.A. issued for the benefit of a Customs Office an instrument for the amount PLN 10,000 thousand to secure a tax liability related to transit of excise goods. The original validity term of the security was to expire on April 30th 2010. On April 16th 2009, it was extended until May 31st 2010. On June 16th 2009, the liability expired (the original guarantee was returned).
15. On April 30th 2009, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration, for the benefit of Grupa LOTOS S.A., in order to secure the repayment of a loan in the amount of USD 13,000 thousand (the equivalent of PLN 42,717 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2009) (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement). The loan was used to finance the expenditure related to the YME Production Project. The original loan repayment date was July 31st 2009, but was extended until September 30th 2009. The security in the form of the blank promissory note with a "protest waived" clause and the promissory note declaration remains valid.

15.2 Material Court, Arbitration or Administrative Proceedings and Other Risks Concerning the Company

No changes have occurred with respect to pending court, arbitration, or administrative proceedings or with respect to other risks of the Company since the end of the previous financial year, i.e. December 31st 2008 (see Note 38 to the non-consolidated financial statements for 2008 prepared in accordance with the IFRS), except for those listed below:

1. On May 18th 2001, PETROECCO JV Sp. z o.o. brought an action against the Company whereby it sought the courts' decision awarding an amount of PLN 6,975 thousand, together with statutory interest from May 1st 1999, as compensation for damage incurred as a result of the Company's monopolistic practices, which involved selling BS base oils in a manner favouring some customers, whose orders were executed to a disproportionately higher extent than the orders of PETROECCO JV Sp. z o.o.

The alleged use of the monopolistic practices by the Company was confirmed by a decision of the Competition and Consumer Protection Office of September 26th 1996, in which the Office ordered the Company to abandon such practices. The Company appealed against the decision. The Provincial Court of Warsaw – the Anti-Monopoly Court, changed, by virtue of its decision of October 22nd 1997, only the wording of the decision and ordered the Company to abandon monopolistic practices. The cassation complaint against this decision filed by the Company was dismissed by the Supreme Court by virtue of its decision of June 2nd 1999.

The Regional Court of Gdańsk, by virtue of its decision of December 21st 2002, dismissed the action for compensation, fully complying with the Company's objection referring to the statute of limitation. However, this decision was overruled on December 4th 2003 by the Gdańsk Court of Appeals, in case No. I ACa 824/03, and submitted for re-examination by the Regional Court of Gdańsk. The Court of Appeals found that the reference to the statute of limitation was not justified. According to the Court, it was only on June 2nd 1999 (the date of the Supreme Court's ruling) that PETROECCO JV Sp. z o.o. became aware that the damage it incurred resulted from monopolistic practices giving rise to the Company's liability in tort, and it is as of that date, in the Court's opinion, that the three-year period of limitation of compensation claims should be counted.

The case is pending before the Regional Court of Gdańsk (First Instance Court) and its file No. is IX GC 134/04. The Company defends itself by raising objections as to the merits of the case (it questions the fact that any damage was incurred by PETROECCO JV Sp. z o.o., the amount of the alleged damage, and the existence of the cause and effect relationship between the monopolistic practices and the damage). Following the hearing of June 2005, the Regional Court of Gdańsk ordered a court expert in accountancy and economics to draw up a report concerning the extent of the damage which the plaintiff incurred as a result of Grupa LOTOS S.A.'s activities. In the issued opinion, the expert witness indicated that based on the materials presented by PETROECCO JV Sp. z o.o. it was impossible to establish the amount of the losses or even state whether the losses were actually incurred. Besides, the expert pointed out that an opinion should be requested from an expert witness in a field other than accountancy. The lack of evidence required to issue such an opinion prevented the plaintiff from causing the appointment of another expert witness. The hearing was held on March 27th 2007. The ruling was scheduled to be announced on April 10th 2007, then postponed until April 20th 2007. Pursuant to the ruling of April 20th 2007, the suit was dismissed. On May 17th 2007, the Company filed an appeal against the decision on the cost of the proceedings. On June 4th 2007, Petroecco filed an appeal against the ruling issued on April 20th 2007. On August 12th 2007, the Company submitted its response to the appeal. On December 20th 2007, the Court dismissed PETROECCO JV Sp. z o.o.'s appeal against the decision of the Regional Court. On March 19th 2008, an enforcement motion was filed with a Court Enforcement Officer against PETROECCO JV Sp. z o.o. On April 17th 2008, PETROECCO JV Sp. z o.o. lodged a cassation complaint against the ruling issued on December 20th 2007. The complaint was delivered to Grupa LOTOS S.A. on June 17th 2008. On June 30th 2008, Grupa LOTOS S.A. sent a response to the complaint. The case was referred to pre-trial proceedings scheduled for November 14th 2008. On January 14th 2009, the Supreme Court reversed the ruling appealed against and remanded the case for re-examination by the Court of Appeals in Gdańsk. On March 10th 2009, the case files were delivered to the Court of Appeals. On April 3rd 2009, the Court Enforcement Officer sent the decision on discontinuation of the enforcement proceedings. On May 14th 2009, the Court of Appeals referred the case to the Regional Court for re-examination. As at the date of approval of these condensed interim financial statements, the case was pending.

The Company's Management Board is of the opinion that the risk of an unfavourable ruling in a potential dispute is low, therefore no provisions for potential damages were created and disclosed in the financial statements.

2. On November 3rd 2005, Grupa LOTOS S.A. was served a nullity suit submitted by the Minister of State Treasury, concerning the agreement of August 18th 1998 between Grupa LOTOS S.A. and Polska Żegluga Morska, a state-owned company, providing for the sale of two shares in Naftoport Sp. z o.o., valued at PLN 3,340 thousand. On April 21st 2006, the Regional Court in Gdańsk, IX Commercial Division, issued a ruling dismissing the claim in its entirety. On June 8th 2006, the Minister of State Treasury appealed against the ruling of April 21st 2006 which dismissed the Minister's petition to declare invalidity of the agreement of August 18th 1998. On June 30th 2006, the Company filed its response to the appeal. On December 28th 2006, the Court of Appeals passed a ruling reversing the challenged decision of April 21st 2006 and declaring the agreement on the sale of two shares in Naftoport Sp. z o.o. as invalid. On April 6th 2007, the Company filed a cassation complaint and a request to stay enforcement of the decision of the second instance. By virtue of the ruling of the Court of Appeals of Szczecin dated April 20th 2007, the request to stay enforcement of the decision of the second instance was dismissed. On August 10th 2007, the Supreme Court issued a decision to accept the cassation complaint for consideration. On November 21st 2007, the Supreme Court issued a decision to remand the case back to the Court of Appeals in Szczecin. The hearing was held on May 7th 2008. The Court dismissed the claim in its entirety and decided that the costs of the proceedings in the amount of PLN 100 thousand would be returned to Grupa LOTOS S.A. The Court's decision became final with effect from May 7th 2008. On August 20th 2008, the State Treasury lodged a cassation complaint. On December 11th 2008, the case files arrived at the Supreme Court, Civil Chamber Division II. In a closed session held on March 6th 2009, the Court accepted the complaint for consideration. The date of the hearing was set for May 6th 2009; during the hearing, the Supreme Court remanded the case for re-examination by the Szczecin Court of Appeals. As at the date of approval of these condensed interim financial statements, the case was pending.

The Company's Management Board is of the opinion that the risk of an unfavourable ruling in a potential dispute is low, therefore no provisions for potential damages were created and disclosed in the financial statements.

16. Other Explanatory Information on Selected Items of the Statements of Financial Position and Statements of Comprehensive Income

16.1 Property, Plant and Equipment and Prepayments for Tangible Assets under Construction

(PLN '000)	<u>Jun 30 2009</u> <u>(unaudited)</u>	<u>Dec 31 2008</u> <u>(audited)</u>
Land	14,585	14,636
Buildings and structures	902,802	924,456
Plant and equipment	426,381	434,054
Vehicles and other tangible assets	46,447	36,515
Tangible assets under construction, including:	4,299,619	1,992,024
- capitalised financing costs	141,940	153,719
	=====	=====
Total property, plant and equipment	5,689,834	3,401,685
	=====	=====
Prepayments for tangible assets under construction, including:	302,541	1,194,489
- capitalised financing costs	4,003	37,612
	=====	=====
Total	5,992,375	4,596,174
	=====	=====

Changes to Property, Plant and Equipment and Prepayments for Tangible Assets under Construction

(PLN '000)	Tangible assets	Tangible assets under construction	Prepayments for tangible assets under construction	Total
Gross book value as at Jan 1 2008 (audited)	2,187,400	405,518	766,004	3,358,922
Increase	30,240	332,097	482,327	844,664
Decrease	(3,929)	-	(44,109)	(48,038)
Gross book value as at Jun 30 2008 (unaudited)	2,213,711	737,615	1,204,222	4,155,548
Gross book value as at Jan 1 2009 (audited)	2,255,529	2,016,182	1,194,489	5,466,200
Increase	61,195	2,410,523	170,888	2,642,606
Decrease	(1,968)	(102,928)	(1,062,836)	(1,167,732)
Gross book value as at Jun 30 2009 (unaudited)	2,314,756	4,323,777	302,541	6,941,074
Accumulated depreciation as at Jan 1 2008 (audited)	678,517	-	-	678,517
Increase	86,084	-	-	86,084
Decrease	(2,942)	-	-	(2,942)
Accumulated depreciation as at Jun 30 2008 (unaudited)	761,659	-	-	761,659
Accumulated depreciation as at Jan 1 2009 (audited)	845,868	-	-	845,868
Increase	80,590	-	-	80,590
Decrease	(1,917)	-	-	(1,917)
Accumulated depreciation as at Jun 30 2009 (unaudited)	924,541	-	-	924,541
Impairment losses as at Jan 1 2008 (audited)	-	24,158	-	24,158
Increase	-	-	-	-
Decrease	-	-	-	-
Impairment losses as at Jun 30 2008 (unaudited)	-	24,158	-	24,158
Impairment losses as at				

(This is a translation of a document originally issued in Polish)

(PLN '000)	Tangible assets	Tangible assets under construction	Prepayments for tangible assets under construction	Total
Jan 1 2009 (audited)	-	24,158	-	24,158
Increase	-	-	-	-
Decrease	-	-	-	-
Impairment losses as at Jun 30 2009 (unaudited)	-	24,158	-	24,158
Net book value as at Jun 30 2008 (unaudited)	1,452,052 =====	713,457 =====	1,204,222 =====	3,369,731 =====
Net book value as at Jun 30 2009 (unaudited)	1,390,215 =====	4,299,619 =====	302,541 =====	5,992,375 =====

The 10+ Programme (Comprehensive Technical Upgrade Programme)

An element of the growth strategy of the LOTOS Group is the implementation of the 10+ Programme, designed to increase the throughput capacity of the Gdańsk Refinery by approximately 75%, that is to 10.5m tonnes of crude oil p.a., with a higher conversion ratio.

At the end of June 2009, the progress of implementation of the 10+ Programme was as planned, at 82%.

Following completion of the preparatory phase, the Programme's implementation commenced. The following units at the Gdańsk Refinery of Grupa LOTOS S.A. are to be completed by the end of 2010:

- crude distillation unit (CDU/VDU),
- mild hydrocracker (MHC),
- residue oil supercritical extraction (ROSE),
- hydrogen generation unit (HGU),
- amine sulphur recovery unit (ASR),
- infrastructure expansion (tanks, utilities, inter-facility connections).

The hydrodesulphurisation unit (HDS) for diesel oil was assigned the RFSU (Ready For Start Up) status on June 26th 2009. Consequently, responsibility for the unit was assumed by the Production Division of Grupa LOTOS S.A. The loading of feedstock and the launch of production by the unit is planned for the end of August 2009.

The construction of the heavy residue gasification unit for treating the residue from crude oil processing, designed to be used mainly for generation of hydrogen and energy carriers, is expected to commence between 2012 and 2015, depending on the conditions on the bitumen market.

The forecast of bitumen consumption in Poland predicts higher demand for bitumens in the years 2010-2012 and the continuation of positive trends in the following years. Increased consumption of bitumens in the years 2010-2020 will be connected with continued development of transport infrastructure and implementation of the projects envisaged in government documents (including the "National Road Construction Programme 2007-2015" and the "Local Road Reconstruction Programme 2008-2011"). Following completion of the 10+ Programme, Grupa LOTOS S.A. plans to increase its annual sales of bitumens to approx. 1,100 thousand tonnes. At present, Grupa LOTOS S.A. is making preparations to implement the heavy residue gasification and energy generation project (IGCC), which will enable it to launch, in 2012-2015, the second phase of the 10+ Programme, which will focus on the construction and commissioning of the heavy residue gasification unit (IGCC). As at June 30th 2009, capitalised expenditure on the IGCC project was PLN 45,853 thousand. The Company's Management Board expects that the financial benefits to be derived from the project will be no less than the expenditure incurred.

16.2 Interest-Bearing Loans and Borrowings

PLN '000	Jun 30 2009	Dec 31 2008
	(unaudited)	(audited)
Bank loans	4,837,467	3,412,969
	=====	=====
Total	4,837,467	3,412,969
	=====	=====
Including:		
non-current portion	4,433,827	3,098,491
current portion	403,640	314,478

Bank Loans and Borrowings by Currency and Maturity, as at June 30th 2009

PLN '000	EUR loans and borrowings	USD loans and borrowings	PLN loans and borrowings	Total
H2 2009	23	93,308	310,309	403,640
2010	-	-	-	-
2011	-	1,349,698	-	1,349,698
2012	-	177,529	-	177,529
2013	-	180,377	-	180,377
2014	-	246,199	-	246,199
after 2014	-	2,480,024	-	2,480,024
	=====	=====	=====	=====
Total	23	4,527,135	310,309	4,837,467
	=====	=====	=====	=====

Loans and Borrowings by Lender

PLN '000	Jun 30 2009	Dec 31 2008
	(unaudited)	(audited)
Non-current portion		
Bank consortium (1)*	1,269,320	1,184,720
Bank consortium (2)**	2,518,825	1,434,195
Bank consortium (3)***	645,682	479,576
	-----	-----
Total non-current portion	4,433,827	3,098,491
Current portion		
ING Bank Śląski S.A.	-	82
PKO BP S.A.	-	215
Bank consortium (1)*	10,807	11,557
Bank consortium (2)**	23,476	11,629
Bank consortium (3)***	6,734	3,748
Bank consortium (4)****	362,623	287,247
	-----	-----
Total current portion	403,640	314,478
	=====	=====
Total	4,837,467	3,412,969
	=====	=====

* Bank consortium (1): Pekao S.A., PKO BP S.A., BRE Bank S.A., Rabobank Polska S.A.

** Bank consortium (2): Banco Bilbao Vizcaya Argentaria S.A., Bank of Tokyo-Mitsubishi UFJ (Holland) N.V., Pekao S.A., BNP Paribas S.A., Caja de Ahorros y Monte de Piedad de Madrid, Calyon, DnB Nor Bank ASA, DnB Nor Polska S.A., Fortis Bank S.A./N.V., ING Bank Śląski S.A., KBC Finance Ireland, Kredyt Bank S.A., Nordea Bank AB, PKO BP S.A., The Royal Bank of Scotland plc, Société Générale S.A., Bank Zachodni WBK S.A., Rabobank Polska S.A., Bank Gospodarki Żywnościowej S.A., Sumitomo Mitsui Banking Corporation Europe Ltd.

*** Bank consortium (3): Banco Bilbao Vizcaya Argentaria S.A., BNP Paribas S.A., Fortis Bank S.A./N.V.

**** Bank consortium (4): Pekao S.A., PKO BP S.A., BNP Paribas S.A., ING Bank Śląski S.A., Nordea Bank Polska S.A., Rabobank Polska S.A., Bank Gospodarki Żywnościowej S.A.

Bank Loans

As at June 30th 2009, under a loan agreement to finance inventory (Bank consortium (1)), described in Note 24 to the non-consolidated financial statements for 2008, prepared in accordance with the IFRS, the Company had contracted liabilities for the total amount of USD 400,000 thousand.

As at June 30th 2009, under the investment loan facility (Bank consortium (2), (3)), described in Note 24 to the non-consolidated financial statements for 2008, prepared in accordance with the IFRS, the nominal amount drawn by the Company was USD 1,029,665 thousand (the equivalent of PLN 3,267,435 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for June 30th 2009), which does not include letters of credit due to the fact that their validity terms had expired (see Note 15.1 to these condensed interim financial statements, items 2, 3, 6 and 7). The working-capital loan (Bank consortium (4)) was advanced to Grupa LOTOS S.A. in the form of overdraft facilities which are used by the Company on an as-needed basis. Until the date of these condensed interim financial statements, Grupa LOTOS S.A. drew funds under the credit facility agreement according to its needs.

Loans and borrowings as at June 30th 2009:

Bank's name; form of incorporation	Registered office	Loan amount as per agreement		Outstanding loan amount (current portion)		Outstanding loan amount (non-current portion)		Maturity date		Financial terms and conditions (interest rate, interest payment schedule, etc.)	Type of security
		PLN (in '000)	Foreign currency (in '000)	PLN (in '000)	Foreign currency (in '000)	PLN (in '000)	Foreign currency (in '000)	Current portion	Non- current portion		
Bank consortium (1)	-	-	400,000 USD	10,807	3,260 USD	1,269,320	400,000 USD	Jul 15 2009	Dec 20 2011	based on 3M or 6M LIBOR USD, depending on the interest period as selected from time to time + bank's margin	registered pledge over inventories, registered pledge over bank accounts, assignment of rights under inventory insurance agreements, assignment of rights under inventory storage agreements, submission to enforcement
Bank consortium (2)	-	-	1,125,000 USD	23,476	7,398 USD	2,518,825	793,469 USD	Jul 15 2009	Jan 15 2021	based on 1M, 3M or 6M LIBOR USD, depending on the interest period as selected from time to time + bank's margin	mortgage, registered pledge over existing and future movables, registered pledge over bank accounts, assignment of rights under agreements for the implementation and management of the 10+
Bank consortium (3)	-	-	425,000 USD	6,734	2,122 USD	645,682	203,400 USD	Jul 15 2009	Jan 15 2021	fixed interest rate	Programme, assignment of rights under insurance agreements relating to the Gdańsk refinery, assignment of licence, hedging and sale agreements with a value of over PLN 10m per year, submission to enforcement
Bank consortium (4)	-	-	200,000 USD or its equivalent	310,309	-	-	-	Overdraft facility	-	3M WIBOR + bank's margin	
				23	5 EUR	-	-			3M EURIBOR + bank's margin	
				52,291	16,478 USD	-	-			3M LIBOR USD + bank's margin	
TOTAL				403,640	29,258 USD	4,433,827	1,396,869 USD				
					5 EUR		-				

(This is a translation of a document originally issued in Polish)

16.3 Finance Income

PLN '000	6 months ended Jun 30 2009 (unaudited)	6 months ended Jun 30 2008 (unaudited)
Dividend received	145,784	130,333
Interest	2,596	1,186
Foreign exchange gains	-	208,754
Settlement of derivative instruments	24,881	253,506
Other	-	14
	-----	-----
Total finance income	173,261	593,793
	=====	=====

16.4 Finance Expenses

PLN '000	6 months ended Jun 30 2009 (unaudited)	6 months ended Jun 30 2008 (unaudited)
Interest	23,630	18,281
Amounts included in costs of assets qualifying for capitalisation	(10,204)	(17,857)
Foreign exchange losses	45,628	-
Loss on disposal of investments	-	510
Revaluation of financial assets	28,295	82,617
Other	575	1,066
	-----	-----
Total finance expenses	87,924	84,617
	=====	=====

16.5 Cash Structure, Restricted Cash and Causes of Differences between the Changes in Certain Items of the Statement of Financial Position and Changes Disclosed in the Statement of Cash Flows

PLN '000	Jun 30 2009	Dec 31 2008
	(unaudited)	(audited)
Cash at bank	326,544	152,689
Cash in hand	35	25
Overdraft facilities	(362,623)	(287,017)
	=====	=====
Total cash	(36,044)	(134,303)
	=====	=====

Cash at banks bears interest at variable rates set on the basis of short-term interbank interest rates. Short-term deposits are placed for various periods, ranging from one day to one month, depending on the Company's current demand for cash, and bear interest at the interest rates set for them.

As at June 30th 2009, restricted cash amounted to PLN 192,403 thousand (PLN 82,070 thousand as at December 31st 2008). Restricted cash included:

- a deposit of PLN 13,578 thousand, serving as security for the repayment of interest on the loan contracted to finance inventories,
- a margin of PLN 7,876 thousand,
- funds of PLN 20,975 thousand, held in accounts dedicated to payments related to the 10+ Programme projects and repayment of principal and interest on loans/credit facilities contracted to finance the implementation of the 10+ Programme,
- deposits of PLN 149,974 thousand, made in the event of a temporary surplus of funds held in accounts dedicated to payments related to projects under the 10+ Programme.

Restricted cash is disclosed in the statement of financial position under "Cash and cash equivalents".

Causes of Differences between the Changes in Certain Items of the Statement of Financial Position and Changes Disclosed in the Statement of Cash Flows

Receivables	Jun 30 2009	Jun 30 2008
	(unaudited)	(unaudited)
PLN '000		
Change in net non-current and current receivables	(323,399)	(185,912)
Change in income tax receivables	(177,254)	-
Positive valuation of financial instruments	9,560	-
Accrued dividends receivable	400	28,454
Other	-	(3,367)
	-----	-----
Change in receivables as disclosed in the statement of cash flows	(490,693)	(160,825)

Liabilities, accruals and deferred income	Jun 30 2009	Jun 30 2008
	(unaudited)	(unaudited)
PLN '000		
Change in current and non-current liabilities, and accruals and deferred income	2,277,397	517,837
Change in current and non-current loans and borrowings	(1,424,498)	(194,891)
Change in income tax liabilities	-	(34,056)
Change in investment liabilities	(39,378)	(71,370)
Negative valuation of financial instruments	(8,834)	(46,715)
Change in finance lease liabilities	91	33
Other	49,095	(15,661)
	-----	-----
Change in liabilities and accruals and deferred income as disclosed in the statement of cash flows	853,873	155,177

Provisions	Jun 30 2009	Jun 30 2008
	(unaudited)	(unaudited)
PLN '000		
Change in provisions	405	(5,775)
Change in deferred tax liabilities	-	9,308
	-----	-----
Change in provisions as disclosed in the statement of cash flows	405	3,533

Inventories	Jun 30 2009	Jun 30 2008
	(unaudited)	(unaudited)
PLN '000		
Change in inventories	(438,089)	(461,624)
Other	128,157	56
	-----	-----
Change in inventories as disclosed in the statement of cash flows	(309,932)	(461,568)

Prepayments and accrued income	Jun 30 2009	Jun 30 2008
	(unaudited)	(unaudited)
PLN '000		
Change in prepayments and accrued income	(12,613)	1,801
Change in deferred tax assets	13,942	-
Other	-	(318)
	-----	-----
Change in prepayments and accrued income as disclosed in the statement of cash flows	1,329	1,483
Cash and cash equivalents	Jun 30 2009	Jun 30 2008
	(unaudited)	(unaudited)
PLN '000		
Change in cash	173,865	(75,901)
Change in interest-bearing overdraft facilities	(75,606)	84,521
	-----	-----
Change in cash as disclosed in the statement of cash flows	98,259	8,620

16.6 Material Transactions of Grupa LOTOS S.A. with Related Undertakings within the LOTOS Group

Transactions with related undertakings are executed on standard market terms.

(PLN '000)	Six months ended Jun 30 2009 (unaudited)		As at Jun 30 2009 (unaudited)	
	Sales to related undertakings (incl. excise tax and fuel charge)	Purchases from related undertakings (incl. excise tax and fuel charge)	Receivables from related undertakings	Payables to related undertakings
Consolidated undertakings	5,128,760	430,096	1,195,257	72,626
Non-consolidated undertakings	11	1,214	2	99
Total	5,128,771	431,310	1,195,259	72,725

(PLN '000)	Six months ended Jun 30 2008 (unaudited)		As at Dec 31 2008 (audited)	
	Sales to related undertakings (incl. excise tax and fuel charge)	Purchases from related undertakings (incl. excise tax and fuel charge)	Receivables from related undertakings	Payables to related undertakings
Consolidated undertakings	5,132,213	457,718	802,373	56,466
Non-consolidated subsidiary undertakings	11	1,609	2	37
Total	5,132,224	459,327	802,375	56,503

Areas of transactions with related undertakings	Six months ended Jun 30 2009 (unaudited)	Six months ended Jun 30 2008 (unaudited)
Disposal of property, plant and equipment and intangible assets	4	116
Acquisition of property, plant and equipment and intangible assets	77,292	5,193
Finance income	146,412	129,602
Finance expenses	-	511
Other operating income	14	55
Other operating expenses	56	-

17. Supplementary Information

Package of Anti-Crisis Measures for the LOTOS Group

In view of the unstable macroeconomic environment due to the current economic crisis and given the Company's ongoing investment programmes, on February 11th 2009 the Management Board of Grupa LOTOS S.A. prepared and adopted a Package of Anti-Crisis Measures for the LOTOS Group. The primary objective of the measures is to ensure the implementation of those investment programmes which are key to Grupa LOTOS S.A. and its future shareholder value, and to guarantee the Company's liquidity in 2009.

The key elements of the package are cost savings of approximately PLN 170m in 2009 and suspension or abandonment of approx. PLN 220m of the investment expenditure planned for 2009, which in effect should improve the LOTOS Group's cash flows by about PLN 390m.

Given the uncertain market situation and limited possibilities to raise financing, Grupa LOTOS S.A.'s Management Board decided to suspend the implementation of the investment projects provided for in the Group's strategy for 2006–2012, with the capex totalling approximately PLN 2.1bn. The limitations will not affect the key ongoing investment projects under the 10+ Programme, the development of the YME field on the Norwegian Continental Shelf, or the expenditure on the development of the B8 and B23 fields on the Baltic Sea, planned as part of the development programme for Petrobaltic S.A.

The limitations mean an over 25% reduction of the LOTOS Group's total capex planned for 2009-2012, and a nearly 40% capex reduction if the Company's investment commitments connected with the 10+ Programme and the development of the YME field are taken into account. This objective will be achieved by postponing of the implementation of certain projects.

The Company's Management Board will be closely monitoring the market situation and in the event of any significant changes will revise the plans described above.

Conclusion of a Significant Agreement between Grupa LOTOS S.A. and TOTAL DEUTSCHLAND GmbH

On February 1st 2009, Grupa LOTOS S.A. entered into an agreement with TOTAL DEUTSCHLAND GmbH of Berlin, Germany, under which Grupa LOTOS S.A. will purchase liquid fuels from TOTAL DEUTSCHLAND GmbH. The agreement was executed for a specified period from February 1st to December 31st 2009 and its estimated value is PLN 563m (VAT excl.).

The agreement does not contain any provisions concerning contractual penalties. Both parties have the right to seek full damages before a court of general jurisdiction in Berlin, such courts having competence over the agreement as it is governed by the German law. The other terms and conditions of the agreement do not differ from the terms and conditions commonly applied in agreements of such type.

Conclusion of a Significant Agreement between Grupa LOTOS S.A. and NESTE OIL (SUISSE) SA

On December 10th 2008, Grupa LOTOS S.A. entered into an agreement with Neste Oil (Suisse) SA of Vernier, Switzerland, under which Grupa LOTOS S.A. will purchase liquid fuels from Neste Oil (Suisse) SA. The agreement was executed for a specified period from January 1st to December 31st 2009 and its estimated value is PLN 624m (Vat excl.).

The agreement does not contain any provisions concerning contractual penalties. Both parties have the right to seek full damages before a court of general jurisdiction in London, such courts having competence over the agreement as it is governed by the English law. The other terms and conditions of the agreement do not differ from the terms and conditions commonly applied in agreements of such type.

Conclusion of a Significant Agreement between Grupa LOTOS S.A. and J&S Service and Investment Ltd

On July 3rd 2009 the total value of agreements executed between Grupa LOTOS S.A. and J&S Service and Investment Ltd in the last twelve months amounted to USD 180.4m (or PLN 563.6m translated at the USD mid-exchange rate quoted by the National Bank of Poland for July 3rd 2009), and reached the value of a significant agreement, as it exceeded 10% of Grupa LOTOS S.A.'s equity.

The largest transaction (in terms of value) concluded between the two companies in the last twelve months was the agreement whereunder Grupa LOTOS S.A. purchased crude oil from J&S Service and Investment Ltd. The value of the transaction as at July 3rd 2009 was USD 48.8m (or PLN 152.5m translated at the USD mid-exchange rate quoted by the National Bank of Poland for July 3rd 2009) The agreement did not contain any conditions precedent or specify any date of events giving rise to a claim (*dies a quo*), it did not provide for any contractual penalties, and was executed on typical market terms for this type of transactions.

18. 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, Production and Development Director	
	Marek Sokółowski
Vice-President of the Management Board, Chief Commercial Officer	
	Maciej Szozda
Chief Accountant	
	Tomasz Południewski