



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

THE LOTOS GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS

ENDED MARCH 31ST 2008

**PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

THE LOTOS GROUP
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS – CONSOLIDATED

THE LOTOS GROUP	PLN '000		EUR '000	
	One quarter cumulatively Jan 1 – Mar 31 2008	One quarter cumulatively Jan 1 – Mar 31 2007 (comparable data)	One quarter cumulatively Jan 1 – Mar 31 2008	One quarter cumulatively Jan 1 – Mar 31 2007 (comparable data)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	3,561,473	2,543,895	1,001,145	651,229
Operating profit	94,699	52,929	26,620	13,550
Pre-tax profit	350,100	80,907	98,415	20,712
Net profit	278,757	62,837	78,360	16,086
Net profit attributable to equity holders of the parent	267,916	56,029	75,312	14,343
Net profit attributable to minority interests	10,841	6,808	3,047	1,743
Net cash provided by/(used in) operating activities	345,388	64,642	97,090	16,548
Net cash provided by/(used in) investing activities	(429,986)	(52,035)	(120,871)	(13,321)
Net cash provided by/(used in) financing activities	217,137	(137)	61,038	(35)
Total net cash flow	125,877	11,311	35,385	2,896
Basic earnings per ordinary share (PLN/EUR)	2.36	0.49	0.66	0.13
Diluted earnings per ordinary share (PLN/EUR)	-	-	-	-
	PLN '000		EUR '000	
	As at Mar 31 2008 (unaudited)	As at Dec 31 2007 (audited)	As at Mar 31 2008 (unaudited)	As at Dec 31 2007 (audited)
Total assets	10,128,706	9,720,384	2,872,740	2,713,675
Equity attributable to equity holders of the parent	6,080,547	5,816,227	1,724,586	1,623,737
Equity attributable to minority interests	345,532	334,691	98,001	93,437
Total equity	6,426,079	6,150,918	1,822,587	1,717,174

FINANCIAL HIGHLIGHTS – NON-CONSOLIDATED

GRUPA LOTOS S.A.	PLN '000		EUR '000	
	One quarter cumulatively Jan 1 – Mar 31 2008	One quarter cumulatively Jan 1 – Mar 31 2007 (comparable data)	One quarter cumulatively Jan 1 – Mar 31 2008	One quarter cumulatively Jan 1 – Mar 31 2007 (comparable data)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating profit	3,348,838	2,370,791	941,372	606,915
Pre-tax profit	66,050	(9,157)	18,567	(2,344)
Net profit	318,970	14,515	89,664	3,716
Net cash provided by/(used in) operating activities	257,985	14,594	72,521	3,736
Net cash provided by/(used in) investing activities	347,951	71,080	97,810	18,196
Net cash provided by/(used in) financing activities	(402,275)	(78,247)	(113,081)	(20,031)
Total net cash flow	220,799	-	62,068	-
Basic earnings per ordinary share (PLN/EUR)	163,353	(8,186)	45,919	(2,096)
Diluted earnings per ordinary share (PLN/EUR)	2.27	0.13	0.64	0.03
Operating profit	-	-	-	-
	PLN '000		EUR '000	
	As at Mar 31 2008 (unaudited)	As at Dec 31 2007 (audited)	As at Mar 31 2008 (unaudited)	As at Dec 31 2007 (audited)
Total assets	8,089,049	7,680,471	2,294,245	2,144,185
Equity	5,333,500	5,075,515	1,512,706	1,416,950

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THE LOTOS GROUP
CONSOLIDATED BALANCE SHEETS
as at March 31st 2008 and December 31st 2007

(PLN '000)	Mar 31 2008	Dec 31 2007
	(unaudited)	(audited)
ASSETS		
Non-current assets		
Property, plant and equipment	3,563,318	3,471,247
Prepayment for tangible assets under construction	1,063,486	781,780
Goodwill	58,207	58,207
Intangible assets	61,194	64,999
Investment property	8,296	3,445
Investments in associated undertakings	48,519	48,519
Financial assets	21,548	21,553
Deferred tax asset	31,518	31,732
Non-current receivables	10,108	12,668
Prepayments	9,451	13,976
	-----	-----
Total non-current assets	4,875,645	4,508,126
	-----	-----
Current assets		
Inventories	2,881,225	2,589,322
Trade and other receivables, including:	1,458,556	1,542,465
- income tax receivables	2,918	1,867
Prepayments	49,453	31,868
Current financial assets	50,043	119,342
Cash and cash equivalents	809,518	924,995
	-----	-----
Total current assets	5,248,795	5,207,992
	-----	-----
Assets held for sale	4,266	4,266
	-----	-----
	=====	=====
Total assets	10,128,706	9,720,384
	=====	=====

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THE LOTOS GROUP
CONSOLIDATED BALANCE SHEETS
as at March 31st 2008 and December 31st 2007

(PLN '000)	Mar 31 2008	Dec 31 2007
	(unaudited)	(audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings/(deficit)	5,014,137	4,746,221
Translation reserve	(18,241)	(14,645)
	-----	-----
Equity attributable to equity holders of the parent	6,080,547	5,816,227
	-----	-----
Equity attributable to minority interests	345,532	334,691
	-----	-----
Total equity	6,426,079	6,150,918
	-----	-----
Non-current liabilities		
Interest-bearing loans and borrowings	1,011,362	842,943
Non-current provisions	208,089	208,594
Deferred tax liability	136,875	154,789
Other (financial) liabilities	3,861	9,323
	-----	-----
Total non-current liabilities	1,360,187	1,215,649
	-----	-----
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:	1,926,195	1,757,451
- income tax expense	37,920	20,446
Interest-bearing loans and borrowings	274,747	517,193
Current provisions	73,249	74,268
Other financial liabilities	68,249	4,905
	-----	-----
Total current liabilities	2,342,440	2,353,817
	-----	-----
Total liabilities	3,702,627	3,569,466
	=====	=====
Total equity and liabilities	10,128,706	9,720,384
	=====	=====

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THE LOTOS GROUP
CONSOLIDATED INCOME STATEMENTS
for the three months ended March 31st 2008 and March 31st 2007

(PLN '000)	3 months ended Mar 31 2008 <u>(unaudited)</u>	3 months ended Mar 31 2007 (comparable data) <u>(unaudited)</u>
Sales revenue	3,561,473	2,543,895
Cost of sales	(3,214,096)	(2,267,006)
Gross profit on sales	347,377	276,889
Other operating income	4,937	33,967
Selling costs	(161,052)	(168,392)
General and administrative expenses	(87,322)	(73,014)
Other operating expenses	(9,241)	(16,521)
Operating profit	94,699	52,929
Financial income	398,155	38,209
Financial expenses	(142,754)	(10,229)
Interest in investments in associated undertakings	-	(2)
Pre-tax profit	350,100	80,907
Corporate income tax	(71,343)	(18,070)
Net profit on continued operations	278,757	62,837
Attributable to:		
Equity holders of the parent	267,916	56,029
Minority interests	10,841	6,808
	278,757	62,837
Net earnings per share		
- basic	2.36	0.49
- diluted	-	-

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THE LOTOS GROUP
CONSOLIDATED CASH FLOW STATEMENTS
for the three months ended March 31st 2008 and March 31st 2007

(PLN '000)	3 months ended Mar 31 2008	3 months ended Mar 31 2007 (comparable data)
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net profit	278,757	62,837
Adjustments:		
Share in net profit/(loss) of subordinated undertakings valued with equity method	-	2
Depreciation and amortisation	79,611	74,989
Foreign exchange gains/(losses)	(59,979)	1,047
Net interest and dividend paid	6,856	1,185
(Profit)/Loss on investing activities	131,994	44,878
Income tax paid	(71,411)	(12,659)
Current income tax	71,343	18,070
Decrease in receivables	75,149	4,920
(Increase) in inventories	(292,284)	(111,996)
Increase in liabilities and accruals and deferred income	147,382	18,162
(Decrease) in provisions	(1,517)	(19,704)
(Increase) in prepayments and accrued income	(20,513)	(17,089)
	-----	-----
Net cash provided by/(used in) operating activities	345,388	64,642
	-----	-----
Cash flows from investing activities		
Interest received	6,179	3,643
(Purchase)/Sale of property, plant and equipment and intangible assets	(127,147)	(60,433)
(Purchase)/Sale of current financial assets	572	51,485
Prepayments for tangible assets under construction	(309,606)	-
Other, net	16	(46,730)
	-----	-----
Net cash provided by/(used in) investing activities	(429,986)	(52,035)
	-----	-----
Cash flows from financing activities		
Increase in loans and borrowings	231,994	9,596
Repayment of loans and borrowings	(6,982)	(4,041)
Interest paid	(7,698)	(4,531)
Decrease in financed lease liabilities	(177)	-
Other, net	-	(1,161)
	-----	-----
Net cash provided by/(used in) financing activities	217,137	(137)
	-----	-----
Change in cash on account of foreign exchange (gains)/losses	(6,662)	(1,159)
	=====	=====
Change in net cash	125,877	11,311
	=====	=====
Cash at beginning of period	477,104	624,165
	=====	=====
Cash at end of period	602,981	635,476
	=====	=====
- restricted cash	20,275	25,456

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THE LOTOS GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the three months ended March 31st 2008 and March 31st 2007

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings/ (deficit)	Translation reserve	Equity attributable to equity holders of the parent	Equity attributable to minority interests	Total equity
Jan 1 2007 (comparable data) (unaudited)	113,700	970,951	4,014,432	(3,556)	5,095,527	306.416	5.401.943
Net profit for three months ended Mar 31 2007	-	-	56,029	-	56,029	6.808	62.837
Other	-	-	-	(112)	(112)	-	(112)
Mar 31 2007 (comparable data) (unaudited)	113,700	970,951	4,070,461	(3,668)	5,151,444	313.224	5.464.668
Jan 1 2008 (unaudited)	113,700	970,951	4,746,221	(14,645)	5,816,227	334,691	6,150,918
Net profit for three months ended Mar 31 2008	-	-	267,916	-	267,916	10,841	278,757
Other	-	-	-	(3,596)	(3,596)	-	(3,596)
Mar 31 2008 (unaudited)	113,700	970,951	5,014,137	(18,241)	6,080,547	345,532	6,426,079

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GRUPA LOTOS S.A.
NON-CONSOLIDATED BALANCE SHEETS
as at March 31st 2008 and December 31st 2007

(PLN '000)	Mar 31 2008	Dec 31 2007
	(unaudited)	(audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,975,438	1,890,243
Prepayments for tangible assets under construction	1,051,871	766,004
Intangible assets	50,329	52,742
Financial assets	677,977	677,977
	-----	-----
Total non-current assets	3,755,615	3,386,966
	-----	-----
Current assets		
Inventories	2,727,765	2,469,830
Trade and other receivables, including:	1,515,570	1,605,203
- income tax receivables	-	-
Prepayments	17,342	14,059
Current financial assets	31,117	99,969
Cash and cash equivalents	41,640	104,444
	-----	-----
Total current assets	4,333,434	4,293,505
	-----	-----
	=====	=====
Total assets	8,089,049	7,680,471
	=====	=====

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GRUPA LOTOS S.A.
NON-CONSOLIDATED BALANCE SHEETS
as at March 31st 2008 and December 31st 2007

(PLN '000)	Mar 31 2008	Dec 31 2007
	(unaudited)	(audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings/(deficit)	4,248,849	3,990,864
Total equity	5,333,500	5,075,515
Non-current liabilities		
Interest-bearing loans and borrowings	650,669	486,379
Non-current provisions	20,733	20,125
Deferred tax liability	105,428	122,431
Other financial liabilities	288	288
Total non-current liabilities	777,118	629,223
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:	1,719,968	1,554,619
- income tax expense	36,131	5,430
Interest-bearing loans and borrowings	152,423	378,580
Current provisions	38,657	38,570
Other financial liabilities	67,383	3,964
Total current liabilities	1,978,431	1,975,733
Total liabilities	2,755,549	2,604,956
Total equity and liabilities	8,089,049	7,680,471

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GRUPA LOTOS S.A.
NON-CONSOLIDATED INCOME STATEMENTS
for the three months ended March 31st 2008 and March 31st 2007

(PLN '000)	Three months ended Mar 31 2008 <hr style="border-top: 1px solid black;"/> (unaudited)	Three months ended Mar 31 2007 (comparable data) <hr style="border-top: 1px solid black;"/> (unaudited)
Sales revenue	3,348,838	2,370,791
Cost of sales	(3,136,821)	(2,253,276)
Gross profit on sales	212,017	117,515
Other operating income	896	26,570
Selling costs	(90,470)	(109,454)
General and administrative expenses	(55,461)	(42,949)
Other operating expenses	(932)	(839)
Operating profit/(loss)	66,050	(9,157)
Financial income	386,073	29,199
Financial expenses	(133,153)	(5,527)
Pre-tax profit	318,970	14,515
Corporate income tax	(60,985)	79
Net profit on continued operations	257,985	14,594
Net earnings per share		
- basic	2.27	0.13
- diluted	-	-

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THE LOTOS GROUP
NON-CONSOLIDATED CASH-FLOW STATEMENTS
for the three months ended March 31st 2008 and March 31st 2007

(PLN '000)	Three months ended Mar 31 2008 <hr/> (unaudited)	Three months ended Mar 31 2007 (comparable data) <hr/> (unaudited)
Cash flows from operating activities		
Net profit	257,985	14,594
Adjustments:		
Depreciation and amortisation	46,165	44,001
Foreign exchange (gains)/losses	(59,891)	1,019
Net interest and dividend paid	6,122	-
(Profit)/Loss on investing activities	133,013	(9,302)
Current income tax	60,985	(79)
Income tax paid	(47,287)	-
Decrease in receivables	89,633	64,737
(Increase) in inventories	(257,935)	(83,256)
Increase in liabilities and accruals and deferred income	121,750	66,994
Increase / (Decrease) in provisions	695	(25,614)
(Increase) in prepayments and accrued income	(3,284)	(2,014)
Other items, net	-	-
	-----	-----
Net cash provided by/(used in) operating activities	347,951	71,080
	-----	-----
Cash flows from investing activities		
Interest received	323	-
(Purchase)/Sale of property, plant and equipment and intangible assets	(100,171)	(60,560)
Prepayments for tangible assets under construction	(302,427)	-
Other, net	-	(17,687)
	-----	-----
Net cash provided by/(used in) investing activities	(402,275)	(78,247)
	-----	-----
Cash flows from financing activities		
Increase in loans and borrowings	221,978	-
Interest paid	(1,117)	-
Other, net	(62)	-
	-----	-----
Net cash provided by/(used in) financing activities	220,799	-
	-----	-----
Change in cash on account of foreign exchange (gains)/losses	(3,122)	(1,019)
	=====	=====
Change in net cash	163,353	(8,186)
	=====	=====
Cash at beginning of period	(274,136)	(118,984)
	=====	=====
Cash at end of period	(110,783)	(127,170)
	=====	=====
- restricted cash	7,729	1,168

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THE LOTOS GROUP
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the three months ended March 31st 2008 and March 31st 2007

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings/ (deficit)	Total equity
Jan 1 2007 (comparable data) (unaudited)	113,700	970,951	3,400,496	4,485,147
Net profit for three months ended Mar 31 2007	----- -	----- -	14,594	14,594
Mar 31 2007 (comparable data) (unaudited)	113,700	970,951	3,415,090	4,499,741
Jan 1 2008 (unaudited)	113,700	970,951	3,990,864	5,075,515
Net profit for three months ended Mar 31 2008	----- -	----- -	257,985	257,985
Mar 31 2008 (unaudited)	113,700	970,951	4,248,849	5,333,500

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THE LOTOS GROUP
Notes to the condensed consolidated financial statements
for the three months ended March 31st 2008

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31ST 2008

1. General Information

Grupa LOTOS S.A. (“the Company”, “the Parent Undertaking”), the parent undertaking of the LOTOS Group (“the Group”) was established by virtue of the Notarial Deed dated September 18th 1991. On April 10th 2002, the Company was entered into the National Court Register maintained by the District Court of Gdańsk, XII Commercial Division of the National Court Register (currently the District Court for Gdańsk – Północ, VII Commercial Division of the National Court Register), under entry No. KRS 0000106150. The Company was assigned the Industry Identification Number (REGON) 190541636.

The Parent Undertaking’s registered office is situated at ul. Elbląska 135, 80-718 Gdańsk, Poland.

In 2003, by virtue of its decision of May 28th 2003, the District Court of Gdańsk, XII Commercial Division of the National Court Register, changed the Company’s name from Rafineria Gdańska Spółka Akcyjna to Grupa LOTOS Spółka Akcyjna.

The Group’s core business consists in the production and processing of refined petroleum products and their wholesale and retail sale. The Group’s business also includes exploration and extraction of crude oil and natural gas reserves.

2. Composition of the Group

The following table presents the subsidiary undertakings of the LOTOS Group, their principal business, consolidation method, and the Group’s share of the total vote in their share capital.

Name	Registered office	Business profile	Method of consolidation /valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2008	Dec 31 2007	Mar 31 2007
Parent Undertaking						
Grupa LOTOS S.A.	Gdańsk	Production and processing of refined petroleum products (mainly fuels) and their wholesale	Not applicable	Not applicable	Not applicable	Not applicable
Direct Subsidiary Undertakings						
LOTOS Paliwa Sp. z o.o.	Gdańsk	Wholesale and retail sale of fuels, light fuel oil, management of the LOTOS service station network	full	100.00%	100.00%	100.00%
LOTOS Partner Sp. z o.o.	Gdańsk	Sale of fuels and provision of services for retail networks of international concerns; logistic services	full	-	- ⁽¹⁾	100.00%
LOTOS Gaz S.A. (parent undertaking of another group, formerly LOTOS Mazowsze S.A.) ⁽²⁾	Mława	Wholesale and retail sale of LPG	full	100.00%	100.00%	100.00%
LOTOS Oil S.A.	Gdańsk	Production and sale of lubricating oils and lubricants, and domestic sales of base oils	full	100.00%	100.00%	100.00%
LOTOS Asphalt Sp. z o.o.	Gdańsk	Production and sale of bitumens	full	100.00%	100.00%	100.00%

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THE LOTOS GROUP
Notes to the condensed consolidated financial statements
for the three months ended March 31st 2008

Name	Registered office	Business profile	Method of consolidation /valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2008	Dec 31 2007	Mar 31 2007
LOTOS Ekoenergia S.A.	Gdańsk	Construction of basic units under the 10+ Programme; the company has not commenced operations	full	100.00%	100.00%	100.00%
LOTOS Kolej Sp. z o.o.	Gdańsk	Railway transport	full	100.00%	100.00%	100.00%
LOTOS Serwis Sp. z o.o.	Gdańsk	Maintenance of mechanical and electric operations and controlling devices, repairs	full	100.00%	100.00%	100.00%
LOTOS Lab Sp. z o.o.	Gdańsk	Laboratory testing	full	100.00%	100.00%	100.00%
LOTOS Straż Sp. z o.o.	Gdańsk	Fire protection	full	100.00%	100.00%	100.00%
LOTOS Ochrona Sp. z o.o.	Gdańsk	Personal and property protection	full	100.00%	100.00%	100.00%
LOTOS Parafiny Sp. z o.o.	Jasło	Production and sale of paraffin	full	100.00%	100.00%	100.00%
LOTOS Tank Sp. z o.o.	Jasło	Wholesale of petroleum products	full	100.00%	100.00% ⁽³⁾	86.01%
LOTOS Czechowice S.A. (parent undertaking of another group)	Czechowice	Storage and distribution of fuels	full	80.04%	80.04%	80.04%
LOTOS Jasło S.A. (parent undertaking of another group)	Jasło	Production and processing of refined petroleum products and their wholesale and retail sale	full	80.01%	80.01%	80.01%
Petrobaltic S.A. (parent undertaking of another group)	Gdańsk	Acquisition of reserves, crude oil and natural gas production	full	69.00%	69.00%	69.00%
UAB LOTOS Baltija	Lithuania	Wholesale and retail sale of lubricating oils in Lithuania, Belarus, Ukraine and Latvia	full ⁽⁴⁾	100.00%	100.00%	100.00%
Rafineria Nafty Glimar S.A. (Glimar Refinery) in bankruptcy	Gorlice	Refining ⁽⁵⁾	not consolidated due to lack of control	91.54%	91.54%	91.54%
LOTOS Hydrokompleks Sp. z o.o. w likwidacji (in liquidation) ⁽⁶⁾	Gorlice	Construction and subsequent operation of hydrocomplex unit; the company has not commenced operations	not consolidated	100.00%	100.00%	100.00%
LOTOS Park Technologiczny Sp. z o.o.	Gorlice	Business and management consultancy services	full	86.91%	86.91%	86.91%
LOTOS Exploration and Production Norge AS	Stavanger Norway	Oil exploration and production at the Norwegian continental shelf, provision of services related to oil exploration and production; the company commenced operations in November 2007	full ⁽⁴⁾	100.00%	100.00% ⁽⁷⁾	-
Indirect Subsidiary Undertakings						
RC Ekoenergia Sp. z o.o.	Czechowice-Dziedzice	Services	full	80.04%	80.04%	80.04%

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Name	Registered office	Business profile	Method of consolidation /valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2008	Dec 31 2007	Mar 31 2007
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Not operating	full	80.04%	80.04%	80.04%
RC Serwis Sp. z o.o.	Czechowice-Dziedzice	Services	(8)	86.91%	86.91%	86.91%
RC Paliwa Sp. z o.o. w likwidacji	Czechowice-Dziedzice	Trading (not commenced)	equity method	-	-(9)	80.04%
Plastekol Organizacja Odzysku S.A.	Jasło	Services	full	53.61%	53.61%	53.61%
Petrosoft.pl Technologie Informatyczne Sp. z o.o.	Jasło	Services	not consolidated	-	-(10)	80.01%
Chemipetrol Sp. z o.o.	Jasło	Trading – assets transferred to LOTOS Parafiny Sp. z o.o. in exchange for shares	full (4)	80.01%	80.01%	80.01%
KRAK - GAZ Sp. z o.o. (11)	Bochnia	Wholesale and retail sale of LPG	full	100.00%	100.00%	-
Miliana Shipping Company Ltd.	Cyprus	Services	full	68.93%	68.93%	68.93%
Aphrodite Offshore Services Ltd.	Netherlands Antilles	Services	full (4)	69.00%	69.00%	69.00%

(1) 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.

(2) Name changed to LOTOS Gaz S.A. with effect from July 5th 2007.

(3) On April 11th 2007, Grupa LOTOS S.A. and LOTOS Jasło S.A. executed an agreement on the sale of 700 shares in LOTOS Tank Sp. z o.o. The shares, with the total par value of PLN 350 thousand, are equal and indivisible, and represent 70% of the share capital of LOTOS Tank Sp. z o.o. Grupa LOTOS S.A. acquired the shares for PLN 642.5 thousand, using its own financial resources. As a result of the transaction, Grupa LOTOS S.A. holds 1,000 shares, representing 100% of LOTOS Tank Sp. z o.o.'s share capital.

(4) As of December 31st 2007, LOTOS Exploration and Production Norge AS, UAB LOTOS Baltija, Aphrodite Offshore Services Ltd., and Chemipetrol Sp. z o.o. are consolidated with the full method.

(5) On January 19th 2005, the District Court of Nowy Sącz declared Rafineria Nafty Glimar S.A. of Gorlice bankrupt. Upon consideration on March 11th 2008 of the case of bankruptcy of Rafineria Nafty GLIMAR S.A. of Gorlice in connection with the motion for cancellation of bankruptcy proceedings submitted by bankruptcy administrator Capricorn Sp. z o.o. of Nowy Sącz, the District Court of Nowy Sącz, Division V of the Commercial Court, decided to discontinue the bankruptcy proceedings pursuant to Art. 361.2 of the Bankruptcy and Recovery Law. As at the date of publication of these interim condensed consolidated financial statements, the court's decision was not final (See Note 10 to the interim condensed consolidated financial statements).

(6) On November 26th 2007, by virtue of a resolution of the Extraordinary General Shareholders Meeting, LOTOS Hydrokompleks Sp. z o.o., a wholly-owned subsidiary of Grupa LOTOS S.A., was placed in liquidation.

(7) On September 22nd 2007, the Central Register of Businesses in Brønnøysund registered LOTOS Exploration and Production Norge AS, registered office in Stavanger, Norway. Grupa LOTOS S.A. acquired 100% of the shares in the new entity by paying up its entire share capital of NOK 8,000 thousand, i.e. PLN 3,871 thousand.

(8) Shares contributed to LOTOS Park Technologiczny Sp. z o.o. by the LOTOS Czechowice Group on January 2nd 2006.

(9) On October 4th 2007 RC Paliwa Sp. z o.o. in liquidation was deleted from the National Court Register by the District Court of Katowice Wschód in Katowice, VIII Commercial Division of the National Court Register.

(10) On December 27th 2007 LOTOS Jasło S.A. sold 100% of shares in PETROSOFT.pl Technologie Informatyczne Sp. z o.o. to Petrosoft.eu Sp. z o.o.

(11) On July 9th 2007 LOTOS Gaz S.A. entered into the final agreement on the purchase of 34,500 shares in KRAK - GAZ Sp. z o.o. LOTOS Gaz S.A. acquired 100% of shares in KRAK – GAZ Sp. z o.o.

As at March 31st 2008, December 31st 2007, and March 31st 2007, the Company's share in the total vote at the General Shareholders Meetings of its subsidiary undertakings was equal to its share in the share capital of these undertakings.

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3. Rules of Presentation

These interim condensed consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”) and the EU-endorsed IFRS.

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

These interim condensed consolidated financial statements 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 preparation of these interim consolidated financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements of the Lotos Group for 2007, prepared in accordance with the IFRS.

The financial data as at March 31st 2008 and for the three months ended on that date, as well as the comparable financial data for the three months ended March 31st 2007, contained in these interim condensed financial statements, were not audited.

In these interim condensed consolidated financial statements, the Parent Undertaking disclosed the financial information of the Group of Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu Petrobaltic S.A. (“GK Petrobaltic”) for the three months ended March 31st 2008, based on the assumption that GK Petrobaltic accounts for the shares in Naftos Gavyba (“NG”), its associated undertaking, using the equity method, as at December 31st 2007. The consolidated financial statements of the NG Group (“NG Group”), prepared in line with the accounting policies applicable in Lithuania, served as the basis for disclosure in the consolidated financial statements of NG’s value corresponding to the number of NG shares held by Petrobaltic S.A.

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

These interim condensed consolidated financial statements were approved for publication by the Management Board on May 12th 2008.

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4. Accounting Policies

The accounting policies and calculation methods adopted by the Company and the Group in the preparation of these interim condensed consolidated financial statements are the same as those used in the preparation of the consolidated financial statements for the year ended December 31st 2007 (see Note 10 of the Consolidated Financial Statements for the year ended December 31st 2007, prepared in accordance with the IFRS).

As at January 1st 2004, which is the date of transition to the IFRS, i.e., the perpetual usufruct rights to land, acquired free of charge by virtue of an administrative decision, were recognised in the accounting records at fair value under property, plant and equipment.

In these interim condensed consolidated financial statements, the perpetual usufruct rights to land received free of charge are classified by the Group and the Company as operating lease and disclosed at fair value as an off-balance-sheet item.

In connection with the classification of the land perpetual usufruct rights obtained free of charge as an off-balance-sheet item, the Group and the Company adjusted the comparable data presented in these financial statements. As a result of the adjustment of the consolidated and non-consolidated comparable data, the value of property, plant and equipment as at December 31st 2006 fell by PLN 163,446 thousand, the value of the deferred tax liability – by PLN 31,055 thousand, and the value of equity (retained earnings) – by PLN 132,391 thousand, taking into account the effect of deferred income tax. The adjustment had no impact on the net earnings per share.

Moreover, the Group and the Company changed the presentation of the fair value of assets and liabilities related to valuation of derivative instruments. As at March 31st 2008, the Group and the Company disclosed financial assets and liabilities separately, treating them as resources or obligations. Therefore, the value of financial assets and liabilities in the consolidated and the non-consolidated financial statements as at December 31st 2006 increased by PLN 514 thousand (PLN 7,669 thousand as at March 31st 2007).

Moreover, in connection with IAS 18 *Revenue*, the Group disclosed sales revenue for the three months ended March 31st 2008 taking into account trade and volume rebates given by the Group companies. In the interim consolidated financial statements for 2007, the value of volume rebates increased the selling costs. The Group reclassified the value of rebates by decreasing selling costs and sales revenue for the three months ended March 31st 2007 by PLN 4,100 thousand.

Concurrently, during the three months ended March 31st 2007 the Company and the Group reclassified the costs of loading equipment. For the three months ended March 31st 2007, cost of sales and general and administrative expenses fell by PLN 2,509 thousand and PLN 551 thousand, respectively, whereas selling costs rose by PLN 3,060 thousand.

The Group has reviewed the new interpretations, standards and amendments to the existing standards. The new interpretations, standards and amendments have no material impact on the accounting policies applied by the Group.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretation Committee, but have not entered into force yet:

- Amendment to IAS 23 *Borrowing Costs* (effective as of January 1st 2009, not yet adopted by the European Union),
- Amendment to IAS 1 *Presentation of Financial Statements* (effective as of January 1st 2009, not yet adopted by the European Union),
- IFRS 8 *Operating Segments* (applies to annual periods beginning after January 1st 2009),
- Revised IFRS 3 *Business Combinations* (applies to annual periods beginning after July 1st 2009, not yet adopted by the European Union),
- Revised IFRS 27 *Consolidated and Separate Financial Statements* (applies to annual periods beginning after July 1st 2009, not yet adopted by the European Union),

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- IFRIC 11 *Group and Treasury Share Transactions* (applies to annual periods beginning after March 1st 2007),
- IFRIC 12 *Service Concession Arrangements* (applies to annual periods beginning after January 1st 2008),
- IFRIC 13 *Customer Loyalty Programmes* (applies to annual periods beginning after July 1st 2008),
- IFRIC 14, IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (applies to annual periods beginning after January 1st 2008).

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

The Group does not prepare information on individual business segments, as it does not meet the requirements concerning business segmentation, as stipulated in IAS 14 *Segment Reporting*.

5. Rules of Translation of the Financial Highlights into the Euro

In the “Financial Highlights” table, the balance-sheet items as at March 31st 2008 were translated using the euro mid-exchange rate quoted by the National Bank of Poland for the euro on that date, i.e. EUR 1 = PLN 3.5258. Items of the income statement and the cash flow statement for Q1 2008 were translated at the exchange rate of EUR 1 = PLN 3.5574 (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 – March 31st 2007).

In the “Financial Highlights” table, the balance-sheet items as at December 31st 2007 were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 3.5820.

Items of the income statement and the cash-flow statement contained in the “Financial Highlights” table for Q1 2007 were translated at the exchange rate of EUR 1 = PLN 3.9063 (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 – March 31st 2007).

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6. Operations in the Interim Period

The Group's operations are not subject to seasonality or cyclicalities in interim periods.

7. Dividends

On May 12th 2008, the Management Board of Grupa LOTOS S.A. adopted a resolution recommending the distribution of the net profit for 2007. Pursuant to the resolution, the Company's net profit for the year ended December 31st 2007, amounting to PLN 745,084 thousand, is proposed to be distributed as follows:

- PLN 742,584 thousand to increase the Company's statutory reserve funds
- PLN 2,500 thousand to increase the Company's special fund.

8. Earnings per Share

	3 months ended Mar 31 2008	3 months ended Mar 31 2007
	(unaudited)	(unaudited)
Net profit attributable to equity holders of the parent (PLN '000) (A)	267,916	56,029
Weighted average number of shares (in thousands) (B)	113,700	113,700
	=====	=====
Earnings per share (PLN '000) (A/B)	2.36	0.49

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 reporting period. The Group does not disclose diluted earnings/loss per share, since it has no instruments with a potential dilutive effect.

9. Changes in the LOTOS Group Structure

As at the date of these interim condensed consolidated financial statements, there occurred no material changes in the structure of the LOTOS Group.

10. Supplementary Information

On January 19th 2005, the District Court of Nowy Sącz declared Rafineria Nafty Glimar S.A. of Gorlice bankrupt. Upon consideration on March 11th 2008 of the case of bankruptcy of Rafineria Nafty GLIMAR S.A. of Gorlice in connection with the motion for cancellation of bankruptcy proceedings submitted by bankruptcy administrator Capricorn Sp. z o.o. of Nowy Sącz, the District Court of Nowy Sącz, Division V of the Commercial Court, decided to discontinue the bankruptcy proceedings pursuant to Art. 361.2 of the Bankruptcy and Recovery Law. As at the date of these interim condensed consolidated financial statements, the court's decision was not final.

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11. Material Events Subsequent to Q1 2008

No material events occurred in the period from the balance-sheet date until the date of preparation of these interim condensed consolidated financial statements.

12. Contingent Liabilities

No material changes occurred with respect to contingent liabilities in the period from the end of the previous financial year, i.e. December 31st 2007 (see Note 42 to the consolidated financial statements for 2007, prepared in accordance with the IFRS), except for those listed below:

1. On April 27th 2007, at the request of Grupa LOTOS S.A. Bank PKO BP S.A. issued a bank guarantee for the benefit of the Customs Chamber to secure liabilities under customs-duty debts, taxes and other customs-related charges for the amount of PLN 160,000 thousand. The guarantee expires on May 4th 2008, while the guarantor's liability continues until July 3rd 2008. On May 5th 2008, the value of the guarantee rose to PLN 200,000 thousand. The guarantee expires on May 5th 2009, while the guarantor's liability continues until July 3rd 2009.

2. On January 2nd 2008, at the request of Grupa LOTOS S.A., Bank Pekao S.A. issued a stand-by letter of credit for EUR 39,085 thousand (the equivalent of PLN 140,608 thousand at the mid-exchange rate quoted by the National Bank of Poland for January 2nd 2008) for the benefit of Technip KTI S.p.a, valid through June 30th 2008. The letter of credit was issued to secure the performance of a construction contract related to the amine complex. On April 23rd 2008, the validity period of the letter of credit was extended until December 31st 2008. The amount of the stand-by letter of credit in the period July 1st – September 30th 2008 will be EUR 38,668 thousand, and in the period October 1st–December 31st 2008 – EUR 37,561 thousand.

3. On January 16th 2008, at the request of Grupa LOTOS S.A. Deutsche Bank PBC S.A. issued a payment guarantee of USD 10,800 thousand (PLN 26,214 thousand at the mid-exchange rate quoted by the National Bank of Poland for January 16th 2008) for the benefit of Total Deutschland GmbH in connection with the supply of gasoline. The guarantee expires on May 31st 2008.

13. Material Court, Arbitration or Administrative Proceedings, Other Risks of the Parent Undertaking or Its Subsidiaries

No changes have occurred with respect to pending court, arbitration, or administrative proceedings or with respect to other risks of the Parent Undertaking or its subsidiaries since the end of the previous financial year, i.e. December 31st 2007 (see Note 45 to the consolidated financial statements for 2007 prepared in accordance with the IFRS), except for those listed below:

1. 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 arrest 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 arrest 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

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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.

2. On July 30th 2007, Petrobaltic S.A. received a decision issued by the Permanent Court of Arbitration at the District Chamber of Legal Counsels in Gdańsk on June 11th 2007 in a case brought by ENERGOBALTIC Sp. z o.o. against Petrobaltic S.A. The dispute concerned performance of contract No. EB/PKT – 02/01/2001 of December 17th 2001, whereunder Petrobaltic S.A. was to design and construct a gas transmission line that would deliver gas from its drilling platform to the heat and power plant operated by the plaintiff in Władysławowo. The plaintiff alleged a delay in performance of the contract by the defendant and demanded payment of contractual penalties, whereas the defendant claimed to have performed the contract by the prescribed deadline. The aforementioned decision granted ENERGOBALTIC Sp. z o.o.'s claim in its entirety and awarded against the defendant an amount of PLN 1,424 thousand plus statutory interest for the period from July 3rd 2003 until the payment date, as well as an amount of PLN 30 thousand on account of court fees and PLN 7 thousand as reimbursement of the legal representation costs. In view of substantial uncertainty as to the success of a possible appeal, a provision of PLN 2,157 thousand was created in connection to the award. On October 29th 2007, Petrobaltic S.A. lodged a complaint with the District Court of Gdańsk to repeal the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk. A hearing concerning Petrobaltic S.A.'s claim to repeal the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk was held on March 27th 2008. By virtue of the decision of March 12th 2008, the District Court of Gdańsk, IX Commercial Division, dismissed the motion to arrest the enforcement of the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk, and by virtue of the decision of April 9th 2008, the Court dismissed Petrobaltic S.A.'s claim to repeal the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk.

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

No issue, redemption or repayment of debt or equity securities occurred between January 1st and March 31st 2008.

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SUPPLEMENTARY INFORMATION PROVIDED UNDER THE REGULATION OF THE MINISTER OF FINANCE ON CURRENT AND PERIODIC INFORMATION TO BE PUBLISHED BY ISSUERS OF SECURITIES, DATED OCTOBER 19TH 2005

Pursuant to Par. 91 of the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities, dated October 19th 2005, (Dz.U. of 2005, No. 209, item 1744), the Management Board of Grupa LOTOS S.A. hereby releases the following information:

I Organisation of the LOTOS Group and Consolidated Undertakings

The structure of the LOTOS Group as well as the consolidated undertakings are presented in Note 2 to these interim condensed consolidated financial statements for the three months ended March 31st 2008.

II Effects of Changes in the Structure of the LOTOS Group

Q1 2008 saw no changes in the structure of the LOTOS Group.

III Seasonal or Cyclical Nature of the Company's Business in Q1 2008

In Q1 2008, the operations of Grupa LOTOS S.A. were not affected by seasonality or cyclicity.

IV Issue, Redemption and Repurchase of Debt and Equity Securities in Q1 2008

In Q1 2008, Grupa LOTOS S.A. did not issue, redeem or repurchase any debt or equity securities.

V Shareholders Holding 5% or More of the Total Vote at the General Shareholders Meeting of the Parent Undertaking as at the Date of this Report

As at the date of this report, the shareholder structure of Grupa LOTOS S.A. was as follows:

	Number of shares	Number of votes	Par value of shares (PLN)	% of share capital held ⁽¹⁾
State Treasury	7,878,030	7,878,030	7,878,030	6.93 %
Nafta Polska S.A.	59,025,000	59,025,000	59,025,000	51.91 %
Other	40,920,381	40,920,381	40,920,381	41.16 %
Total	113,700,000	113,700,000	113,700,000	100.00 %

⁽¹⁾ % of share capital held corresponds to the share in total vote.

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The share capital is divided into 113,700,000 fully paid up ordinary shares with a par value of PLN 1 per share, each conferring the right to one vote at the general shareholders meeting and carrying dividend rights.

As at January 22nd 2008, 4,500,000 Grupa LOTOS S.A. shares were registered in the securities account of ING Nationale-Nederlanden Polska OFE, accounting for 3.96% of the Company's share capital and 4,500,000 votes at its General Shareholders Meeting (3.96% of the total vote) (Current Report No. 16/2008).

VI Changes in the Number of the Company Shares or Rights to the Company Shares Held by the Management and Supervisory Staff, in Accordance with the Information Available to the Company

	As at the date of previous quarterly report	Acquisition	Sale	Other	As at May 5 2008
Management Board:					
Marek Sokołowski	8,636	-	-	-	8,636
Total	8,636	-	-	-	8,636

To the Company's knowledge, members of the Supervisory Board do not hold any Company shares or rights to the Company shares.

VII Material Court, Arbitration or Administrative Proceedings and other Risks Concerning the Parent Undertaking or its Subsidiary Undertakings

There are no pending court, arbitration or administrative proceedings concerning the liabilities or claims with a value equal to or exceeding 10% of the Company's equity.

Material court, arbitration or administrative proceedings and other risks concerning the Parent Undertaking or its subsidiary undertakings are described in Note 13 to these interim condensed consolidated financial statements.

VIII Information on Non-Recurring Transactions between Related Undertakings of the Group

In the period January 1st – March 31st 2008, no non-recurring transactions with a value exceeding EUR 500 thousand occurred between the related undertakings of the Group.

IX Information on Loan Sureties or Guarantees Issued by the Parent Undertaking or Its Subsidiaries, where the Total Value of Such Sureties or Guarantees Issued to a Single Entity or Its Subsidiaries Represents 10% or More of the Company's Equity

In the period from January 1st to March 31st 2008, the Parent Undertaking and its subsidiaries issued no loan sureties or guarantees to any entity or its subsidiary whose value would represent 10% or more of the Company's equity.

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X Information Material for the Assessment of the Personnel, Assets, Financial Standing and the Financial Result of the Group and their Changes, and for the Assessment of the Parent Undertaking's Ability to Fulfil Its Obligations

There is no other information material for the assessment of the personnel, assets, financial standing and the financial result of the Group and their changes, or for the assessment of the Group's ability to fulfil its obligations, apart from the information contained in other sections of these interim condensed consolidated financial statements and in the notes to these financial statements.

The Management Board of Grupa LOTOS S.A. did not publish any forecasts of financial results for 2008.

XI Factors with a Bearing on the LOTOS Group's Results in the Next Quarter or in a Longer Term, according to Grupa LOTOS S.A.'s Assessment

The Management Board believes that the factors presented below will have a bearing on the Company's and the Group's results in the next quarter of 2008 or in a longer time horizon:

- quotations of oil and petroleum products prices
- PLN/USD exchange rate
- supply and demand for petroleum products
- PLN/EUR exchange rate
- since January 1st 2008, the manufacturers and importers have been required to achieve the National Indicative Target specifying the minimum content of bio-components in fuels marketed in Poland.

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XII 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
Chief Accountant	
	Tomasz Południewski

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