THE LOTOS GROUP

DIRECTORS' REPORT ON THE FINANCIAL RESULTS OF THE LOTOS GROUP

IN Q2 2007

Gdańsk, August 13th 2007

CONTENTS

1 INTRODUCTION

In Q2 2007, the Management Board of Grupa LOTOS S.A. pursued the LOTOS Group's Strategy until 2012 in the key areas of the Group's business, including:

- Exploration and production of crude oil.
- Oil refining and wholesale of refined petroleum products.
- Retail sale of fuels.

Following implementation of the Company's Strategy, from 2011 onwards the Group's annual oil throughput should rise to 10.5 million tonnes, with a concomitant increase in the depth of conversion. The Company's position in the Baltic Sea basin will be improved, and its share of the domestic retail and wholesale markets is expected to reach 10% and 30%, respectively.

The strategic development programmes implemented within the Group include:

- Comprehensive Technical Upgrade Programme (PKRT).
- Programme for Development of Exploration and Production of Crude Oil.
- Programme for Diversification of Crude Oil Supplies.
- PROSTA Service Station Network Development Programme.
- Trading Structure Development and Optimisation Programme.
- Operational and Management Excellence Programme.
- Programme for restructuring and consolidation of the Group's assets.

In Q2 2007 the LOTOS Group sold 364.5 thousand tonnes of motor gasolines, 672.2 thousand tonnes of diesel oil, 55.5 thousand tonnes of light fuel oil, 108.6 thousand tonnes of heavy fuel oil, 107.5 thousand tonnes of jet fuel, 243.3 thousand tonnes of bitumens and 115.7 thousand tonnes of other products. In Q2 2007 the Gdańsk refinery processed 1,537.8 thousand tonnes of crude oil, using 102.8% of its throughput capacity.

As regards upstream activities, in Q2 2007 crude oil was produced from the B3 reservoir. The B8 reservoir was being prepared for the drilling of production wells. At the same time, analyses of the potential reserves and the economics of further exploration work with respect to Petrobaltic's remaining production licences were carried out.

In Q2 2007, the Grupa LOTOS S.A. commenced the process of signing contracts for the execution of key installations of the PKRT Programme. In June 2007, EPC contracts were signed for the hydrocracking unit (MHC) (with Technip Italy) and the auxiliary installations, including the hydrogen generation unit (HGU) (with Lurgi) and the amine sulphur recovery unit (ASR) (with Technip KTI). An EPC contract was also signed with respect to the extension of the utilities and offsite (U&O) facilities to serve the newly built units (with Fluor S.A.). The Company worked on the preparation and negotiation of the contracts for the execution of the crude and vacuum distillation unit (CDU/VDU) and choice of the technology for the heavy residue processing unit.

As part of diversification of crude oil supplies, in May a shipment of 86,000 tonnes of Troll crude oil from the North Sea was supplied to the Gdańsk refinery through Naftoport.

In Q2 2007, in the retail area the Group continued to develop a modern countrywide LOTOS service station network through changing the network structure.

The average price of Brent oil was USD 68.75/bbl, and was considerably higher than in Q1 2007 (up by USD 11.00/bbl or 19.0%). In the reporting period, also the average Brent/Ural differential increased from USD 3.41/bbl in Q1 2007 to USD 3.72/bbl in Q2 2007 (up by 9.1%), however, compared with Q2 2006, the differential fell by 23.6% (from USD 4.87/bbl). The increase in oil prices went hand in hand with widening refining margins, mainly due to growing prices of gasolines on the US market. In Q2 2007, the average refining margin increased to USD 7.67/bbl and was 60.8% higher than in Q1 2007 (when it amounted to USD 4.77/bbl) and 12.8% higher than in Q2 2006. The average USD exchange rate fell in Q2 2007 by 0.32 PLN/USD relative to the average exchange rate in Q2 2006.

In Q2 2007, the LOTOS Group posted consolidated sales revenue of PLN 3,073.5m, operating profit of PLN 252.9m, net profit on continued operations of PLN 237.2m and net profit attributable to equity holders of the parent entity in the amount of PLN 234.0m. In comparison with Q2 2006, sales revenue dropped by 5.9%, operating profit by 24.5%, net profit on continued operations by 20.0%, and net profit attributable to equity holders of the parent decreased by 15.8%. The impact of the inventory valuation on the operating result was positive and amounted to PLN 129.5m.

The LOTOS Group's revenue was materially affected by the increase in prices of crude oil and petroleum products on global markets. The average net selling price fell by 4.2%, from PLN 1,925/tonne in Q2 2006 to PLN 1,843/tonne in Q2 2007. The sales volume in Q2 2007 amounted to 1,667.0 thousand tonnes, which translates into a drop of 24.7 thousand tonnes (1.5%) year on year.

2 COMPREHENSIVE TECHNICAL UPGRADE PROGRAMME (PKRT)

In Q2 2007, the activities of Grupa LOTOS S.A. related to the implementation of the PKRT Programme focused on the negotiation and execution of contracts for the construction of the main units under the PKRT Programme. This was possible owing to the fact that the Company obtained all the corporate approvals representing its final decision to proceed with the investments. Thus PKRT moved from the investment preparation phase to the investment execution phase.

The activities aimed at commencing the construction of a new crude and vacuum distillation unit (CDU/VDU) continued. A preliminary contract was signed with Lurgi S.A., under which a detailed engineering design of the unit was prepared to serve as the basis for ordering the main unit components and obtaining the construction permit. Negotiations were also conducted concerning the construction contract, which is to be a continuation of the preliminary contract. The construction of the new CDU unit will boost oil processing capacity of the Group's Gdańsk refinery to 10.5m tonnes p.a. in 2010, up from the current level of 6 million tonnes p.a.

In Q2 2007, ABB Lummus Global continued execution of the diesel hydrodesulphurisation unit (HDS) under an EPC contract with the Company. The subsequent stages of the engineering design were completed. Orders for the main modules and apparatus (reactor, separators, compressors) are being executed and the application for the construction permit has been submitted. Concurrently, ABB conducted the process of selection of the contractor to perform the construction work. The construction of the HDS unit will enable the Group to increase its production of diesel oils and meet the quality requirements which are to apply as of 2009 (maximum sulphur content of 10 ppm).

As far as the other units to be constructed as part of the PKRT Programme are concerned, the execution concept consisting in constructing and launching in the first place the hydrocracking unit and the auxiliary units and extending the utilities and offsite facilities was approved. The time of execution of the heavy residue gasification unit will depend on the market situation with respect to the sale of heavy products, in particular bitumens, whose sale is an alternative for heavy residue gasification.

In connection with the above, in June 2007 a number of EPC contracts were signed for the execution of the key installations of the PKRT Programme, including the hydrocracking unit (MHC) (a contract with Technip Italy) and the auxiliary installations, i.e. the hydrogen generating unit (HGU) (with Lurgi) and the amine sulphur recovery (ASR) unit (with Technip KTI). An EPC contract was also signed with Fluor S.A. for the extension of the utilities and offsite facilities (U&O). All those contracts were preceded by preliminary contracts, owing to which work related to the engineering design could begin as early as April and May 2007. In Q2 2007 the Company worked on the negotiation of the terms and conditions of execution of the last important unit to be built as part of the PKRT Programme – the crude and vacuum distillation unit (CDU/VDU). The construction and launch of the units under the PKRT Programme will increase the depth of conversion and the volume of fuels produced, especially diesel fuel.

In Q2 2007, work continued on the preparation of the construction site infrastructure (entrance gate, internal roads, buildings and other facilities for the employees and companies executing the Programme).

Grupa LOTOS S.A. launched a programme of recruitment of the employees who – after receiving appropriate training and gaining experience at the refinery – will operate units constructed as part of the PKRT Programme.

3 PETROBALTIC AND THE PRODUCTION AREA

In the exploration and production area, in Q2 2007 oil and gas production continued at the B3 oil field. The crude oil and natural gas outputs amounted respectively to 46,474 tonnes and 4,319,332 cubic meters. The entire crude oil output was shipped by oil tanker to the Gdańsk refinery and the natural gas was sent via a pipeline to Energobaltic Sp. z o.o. power plant in Władysławowo.

At the B3 reservoir, production intensification work was performed (including in particular the first phase of workover of the B3-9 and B3-15 wells), and liquidation of the B3-16 well was carried out. At the B8 reservoir, preparatory work for the drilling of the B8-Z1 well was conducted.

Work also continued on the evaluation of the reserves and economic feasibility of production with respect to the four sea exploration licences held by Petrobaltic S.A.

4 PROSTA PROGRAMME

In Q2 2007, the Group was developing its retail service station network through subsidiary LOTOS Paliwa under the *PROSTA* project, which focused on continued expansion of the COCO and CODO station network and the development of the DOFO station network.

In the reporting period, the Group carried out the following activities:

- construction of the service station in Opole at ul. Sosnkowskiego/Szarych Szeregów was commenced;
- two preliminary agreements were concluded, relating to the acquisition of land plots intended for the construction of service stations (in Warsaw and Strzeszowice (the Zielona Góra Province));
- the comprehensive LPG module installation programme was continued with regard to the service stations acquired from ExxonMobil and Slovnaft;

- two agreements for the running of DODO stations (in Kowalewo and Piława) were terminated.

As at June 30th 2007 the LOTOS service station network comprised 369 locations, including 131 COCO/CODO stations, 59 DOFO stations and 179 DODO stations.

5 SOUTHERN REFINERIES (LOTOS CZECHOWICE AND LOTOS JASŁO)

Efforts aimed at optimisation of the utilisation of assets at Grupa LOTOS S.A.'s Southern Refineries were being continued throughout Q2 2007.

Additionally, Q2 2007 saw the start of the construction of a FAME biocomponent production unit, with an annual capacity of 100 thousand tonnes, at LOTOS Czechowice S.A. FAME (Fatty Acid Methyl Ester) will be used in the production of diesel oils with biocomponent content. The project has entered the phase of delivery of the production line installations to the construction site in Czechowice.

Projects aimed at expanding the fuel logistics base and fuel storage facilities (including construction of an LPG terminal and upgrade of storage tanks) have obtained all corporate approvals of the LOTOS Group and are ready to be implemented.

LOTOS Jasło S.A. was engaged in employment restructuring (redeployment of staff, development of the Voluntary Redeployment Scheme and Voluntary Severance Scheme, as well as preparatory work connected with utilisation of the company's assets or change of their current use by launching production of feedstock used in the production of asphalt on the crude distillation unit and provision of services related to the processing of oil residue. Work was also commenced on resumption of pyrolisis of plastics for the production of components used in the production of alternative fuels.

6 MARKET ENVIRONMENT AND OPERATIONS

6.1 Petroleum and Fuel Market

In Q2 2007, the average price of Brent crude stood at USD 68.75 per barrel and was significantly higher (up by USD 11.00 per barrel, i.e. 19%) relative to Q1 2007 and slightly lower than in the corresponding period of 2006 (down by USD 0.83 per barrel, i.e. – 1.2%).

The increase in Q2 2007 vs. Q1 2007 was accompanied by a further rise in the Brent/Ural differential, from USD 3.41 per barrel in Q1 2007 to USD 3.72 per barrel in Q2 2007 (by 9.1%). However, compared with Q2 2006, the differential fell from USD 4.87 per barrel (-23.6%).

In Q2 2007, the average refining margin increased to USD 7.67 per barrel, which compared with Q1 2007 (USD 4.77 per barrel) represents an increase of 60.8%. Compared with the analogous period of 2006, the refining margin rose by USD 0.87 per barrel (up by 12.8%). Increase in the refining margin was related to higher average commodity margins, primarily gasoline, in connection with stronger demand for that product on international markets. The margins were also impacted by higher than usual unavailability of throughput capacity due to maintenance at U.S. refineries. The average margin on gasoline rose by 76.3% on Q1 2007, to USD 234.71 per tonne, while the margin on diesel oil went up by 3.6%, to USD 112.98 per tonne.

6.2 Operational Review

In Q2 2007, 1,537.8 thousand tonnes of crude oil were processed by the Gdańsk refinery, which represents capacity utilisation of 102.8% of its design capacity.

The Group refineries processed 1,376.8 thousand tonnes of Ural crude in the reporting period, which accounted for 89.5% of the total processing volume. The balance comprised the Rozewie crude oil produced by Petrobaltic – 29.1 thousand tonnes (1.9% of the processing volume), Kuwait crude oil – 27.3 thousand tonnes (1.8% of the processing volume), Forties crude oil – 18.6 thousand tonnes (1.2% of the processing volume) and Troll crude oil – 86.0 thousand tonnes (5.6% of the processing volume).

In Q2 2007, the LOTOS Group sold 364.5 thousand tonnes of motor gasolines, 672.2 thousand tonnes of diesel oil, 55.5 thousand tonnes of light fuel oil, 108.6 thousand tonnes of heavy fuel oil, 107.5 thousand tonnes of jet fuel, 243.3 thousand tonnes of bitumens, and 115.7 thousand tonnes of other products.

Compared with Q1 2007, the employment at the LOTOS Group in Q2 2007 fell to 5,526 staff (79 employees left). The headcount decrease was mainly caused by the ongoing restructuring processes at LOTOS Paliwa Sp. z o.o. and LOTOS Jasło S.A.

7 REVIEW OF CONSOLIDATED RESULTS OF THE LOTOS GROUP

7.1 Income Statement

In Q2 2007, the sales revenue of the LOTOS Group amounted to PLN 3,073.5m and was down by 5.9% year on year. The decrease was driven by a decline in market prices of most petroleum products on the global markets, a lower volume of the LOTOS Group's sales, as well as the weakening of the US dollar. In Q2 2007, the USD average exchange rate fell by 0.32 PLN/USD i.e. by 10.1% on the USD average exchange rate quoted in Q2 2006. The average net unit sales price fell by 4.2%, from PLN 1,925 per tonne in Q2 2006 to PLN 1,843 per tonne in 2007. The Q2 2007 sales volume of the LOTOS Group amounted to PLN 1,667.4 thousand tonnes, which represented a y-o-y decrease of 29.1 thousand tonnes (down by 1.7%). In the analysed quarter, sales of light and heavy fuel oils fell considerably, while the volume of sales of diesel oils and liquefied gasses rose sharply.

Compared with the corresponding period of the previous year, the Q2 2007 cost of sales went down by 4.4% and amounted to PLN 2,578.1m. The Q2 2007 unit cost of sales was PLN 1,546 per tonne, i.e. 2.7% less than in Q2 2006. A larger decrease in the net unit price of sold products compared to the unit cost of sales resulted in the Q2 2007 gross profit on sales decreasing to PLN 495.4m, i.e. by 13.0% relative to Q2 2006.

The lower gross profit on sales was mainly a result of the necessity to store increasingly higher volumes of mandatory stocks, deterioration in the purchase terms of Ural oil, abolition of the relief encouraging the use of a plastics component in the production of gasolines and diesel oils, and appreciation of the Polish currency.

Selling costs incurred by the LOTOS Group in Q2 2007 amounted to PLN 169.7m (up by 13.7% year on year). The main reason for the growth was the fact that the Company took over the transport function for a majority of exports of RG fuel oil and fuels, as well as a rise in sea freight fees. In the analysed period, general and administrative expenses dropped by 10.1% compared with Q2 2006 and amounted to PLN 74.8m. In Q2 2007, the Group reported profit on other operating activities of PLN 2.0m (versus the loss of PLN 2.4m incurred in Q2 2006). The LOTOS Groups' operating profit for Q2 2007 stood at PLN 252.9m, representing a decrease of PLN 82.1m from the Q2 2006 figure. The difference between Q2 2007 operating profit and the corresponding figure recorded in Q2 2006 was reduced by net financial income of PLN 53.0m in Q2 2007 (compared with PLN 29.8m in Q2 2006).

The Q2 2007 profit before tax amounted to PLN 305.9m, down by PLN 58.9m year on year. The Q2 2007 net profit on continued operations posted by the LOTOS Group amounted to PLN 237.2m, which represented a year-on-year decrease of 20.0%. The Q2 2007 profit attributable to equity holders of the parent was PLN 234.0m.

7.2 Balance Sheet

As at June 30th 2007, the balance-sheet total of the LOTOS Group was PLN 8,719.4m, up by PLN 792.9m during H1 2007. The growth was mainly caused by increase in stocks (up by PLN 505.1m) caused by higher statutory requirement concerning the volume of mandatory stocks and higher prices of crude oil and petroleum products at the end of Q2 2007 compared with the prices reported at the end of 2006. Moreover, due to the ongoing projects executed as part of the PKRT Programme, there occurred a substantial rise in prepayments for tangible assets under construction (by PLN 343.5m). Given higher prices of the Group's products, the first six months of 2007 saw a PLN 166.0m increase in trade receivables. At the same time, current financial assets fell by PLN 154.3m, and the value of equity holdings in associated companies decreased by PLN 47.9m.

As at June 30th 2007, the Group's equity amounted to PLN 5,783.1m and rose by PLN 248.8m over H1 2007 following an increase in retained earnings. Non-current liabilities in H1 2007 fell by 2.6%, chiefly due to a lower level of non-current loans and borrowings, and amounted to PLN 731.5m as at the end of June 2007.

As the first half of 2007 saw an increase in liabilities and accruals (by PLN 430.6m), attributable primarily to higher prices of crude oil, an increase in current loans and borrowings (by PLN 165.8m), and a PLN 32.1m drop in current provisions, current liabilities rose by PLN 563.2 and reached PLN 2,204.7m at the end of the period.

7.3 Cash Flow

As at the end of June 2007, the cash balance recorded by the LOTOS Group amounted to PLN 500.0m, having decreased by PLN 327.0m relative to the end of June 2006.

In Q2 2007, net cash provided by operating activities amounted to PLN 58.2m, down by PLN 289.7m relative to Q2 2006. The Q2 2007 increase in net cash provided by operating activities was driven primarily by the net profit of PLN 237.2m, increase in liabilities by PLN 323.0m, amortisation and depreciation of PLN 75.1m, and a positive difference between current corporate income tax and corporate income tax paid, amounting to PLN 55.0m. The key factors with a negative impact on the operating cash flows in the reporting period included a PLN 393.2m increase in inventories, a PLN 204.2m rise in receivables, a PLN 15.6m loss on investing activities, a PLN 11.4m rise in prepayments and deferred income, and a PLN 8.1m decrease in provisions.

Cash used in investing activities in Q2 2007 amounted to PLN -199.1m, and relative to PLN -26.5m recorded in Q2 2006 its level changed by PLN 172.6m. The change resulted mainly from high prepayments for tangible assets under construction (PLN 296.8m) as well as

PLN 40.6m spent in Q2 2007 on acquisition of tangible assets and intangible assets. Q2 2007 saw also a PLN 131.4m increase in the cash balance following sale of current financial assets.

In Q2 2007, the balance of cash from financing activities conducted by the LOTOS Group reached PLN 5.6m, compared with the negative balance of PLN -52.5m recorded in Q2 2006. The difference is attributable mainly to the PLN 22.5m positive balance between cash provided by contracted loans and borrowings and cash used in connection with the loans and borrowings recorded in Q2 2007, compared with the negative balance of PLN 46.2m for the first half of 2006.

8 OPERATING PROFIT BY BUSINESS AREAS

The operating activities of the LOTOS Group are divided into four business areas: crude oil production, refining and marketing, retail network, and other business. A detailed description of the business areas is provided in the Directors' Report on the Financial Results of the LOTOS Group for Q1 2006.

The sales revenue and operating expenses of the individual business areas are presented before eliminations of transactions between business areas.

The adjustments related to the results on intra-group transactions were appropriately allocated to the business area which acts as the seller in a given transaction.

Table 1 Operating result by business areas

PLN million	Areas							
	Crude oil production		Refining and marketing		Retail		Other business	
	Q2 2007	Q1 2007	Q2 2007	Q1 2007	Q2 2007	Q1 2007	Q2 2007	Q1 2007
Sales revenue	56	133	3,043	5,551	302	537	112	210
Inter-area sales	51	121	281	488	1	1	105	198
External sales	5	12	2,762	5,063	301	536	7	12
Operating expenses	-35	-80	-2,802	-5,304	-306	-555	-104	-196
Adjustments	-3	9	-14	-1	2	3	1	-2
Operating profit	18	62	227	246	-2	-15	9	12
Amortisation and depreciation	12	24	54	107	7	15	2	4
EBITDA	30	86	281	353	5	0	11	16

Source: Grupa LOTOS S.A..

8.1 Crude Oil Production

The Q2 2007 revenue from crude oil production was PLN 56m. Net of the operating expenses of PLN 35m and after adjustments, the operating profit amounted to PLN 18m, and earnings before interest, depreciation, income tax and amortisation (EBITDA) reached PLN 30m.

The Q2 and Q1 2007 revenue and operating profit generated in the production area was considerably affected by the termination of the pilot test production of crude oil and natural gas from the B8 reservoir in Q4 2006. Currently production continues only at the B3 reservoir. In Q2 2007, prices of crude oil increased significantly, but in the period the Group processed less light crude (29.1 thousand tonnes) than it produced, as a result of which the margin generated on the sales of crude oil to Grupa LOTOS S.A. by Petrobaltic was not fully recognised in the consolidated financial statements.

8.2 Refining – Production and Wholesale

In Q2 2007, the refining area generated sales revenue of PLN 3,043m, operating profit of PLN 227m, and earnings before interest, depreciation, income tax and amortisation (EBITDA) of PLN 281m. The EBITDA margin of the refining area in Q2 2007 stood at 9.2%, and the operating margin reached 7.5%.

In Q2 2007, the operating profit of the refining area was considerably benefited by improved market conditions relative to Q1 2007, including an increase of both the refining margin (by 60.8%) and the Brent/Ural differential (by 9.1%). Compared with Q2 2006, the market conditions were similar: the refining margin rose by 12.8% (to USD 7.67/bbl) and the Brent/Ural differential fell by 23.6% (down to USD 3.72).

8.3 Retail Operations (Service Stations Network)

In Q2 2007, sales revenue in the retail area amounted to PLN 302m. The area reported operating loss of PLN 2m, and EBITDA of PLN 5m.

In Q2 2007, despite a deterioration in market conditions, the Group's performance in the retail area improved. In Q2 2007, sales revenue at COCO/CODO stations increased by 49.5% relative to Q1 2006 and by 28.5% relative to Q1 2007, whereas retail margins fell by 11.8% relative to Q2 2006 and 7.3% relative to Q1 2007.

As at June 30th 2007, the LOTOS service station network comprised 369 locations, including 131 COCO/CODO stations, 59 DOFO stations and 179 DODO stations.

As at the end of Q2 2007, the number of COCO/CODO stations was 131 (one station sold), the number of DOFO stations amounted to 59 (unchanged), and the number of DODO stations fell to 179 (one station less). The number of the franchise agreements rose to 83 (one agreement more).

Other Business

In Q2 2007, the sales revenue on other business was PLN 112m, the area's operating profit was PLN 9m, and EBITDA amounted to PLN 11m.

9 IMPACT OF INVENTORY VALUATION

Below we present information on the impact of the LIFO (last in, first out) inventory valuation method on the consolidated profit of the LOTOS Group for Q2 2007.

In line with its inventory valuation policies, the LOTOS Group uses the weighted average of the acquisition cost to measure inventory cost of sales. This method of stock valuation defers the impact of changes in oil prices on the prices of finished products. Thus, an increase in oil prices on the global market has a positive effect on the financial performance, while a decrease drives it down. The operating profit accounting for the impact of this valuation method is presented as item 1 in the table below.

The impact of the LIFO inventory valuation method is presented as item 2, and the consolidated operating profit of the LOTOS Group for Q2 2007 and Q1 2007 accounting for the estimated impact of using the LIFO method for inventory valuation (along with the comparable data for Q2 2006 and Q1 2006) is presented as item 3.

Table 2 **Impact of inventory valuation on the operating profit**

No.		*Q2 2007*	*Q2 2006*	*Change*	*H1 2007*	*H1 2006*	*Change*
1.	Operating profit	252.9	334.9	-24.5%	305.8	465.6	-34.3%
2.	Effect of LIFO inventory valuation	-129.4	-79.6	62.5%	-127.5	-100.3	27.2%
3.	Operating profit – LIFO method	123.4	255.3	-51.7%	178.3	365.4	-51.2%

Source: Grupa LOTOS S.A.

In Q2 2007, the impact of inventory valuation increased the operating profit by PLN 129.4m, compared with an increase of PLN 79.6m in Q2 2006. Should the LIFO method be applied for inventory valuation, the operating profit would amount to PLN 123.4m and PLN 255.3m in Q2 2007 and Q2 2006, respectively.

Cumulatively, in H1 2007 the impact of inventory valuation increased the operating profit by PLN 127.5m, compared with an increase of PLN 100.3m in H1 2006. Should the LIFO method be applied for inventory valuation, the operating profit would amount to PLN 178.3m in H1 2007 and PLN 365.4m in H1 2006.

The assumptions made in calculating the Q2 2007 and Q1 2007 operating profit of the LOTOS Group accounting for the estimated impact of using the LIFO method for inventory valuation (along with the comparable data for Q2 2006 and Q1 2006) are described in Current Report No. 29/2006.