



THE LOTOS GROUP

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31ST 2007

**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 2007	One quarter cumulatively Jan 1 – Mar 31 2006	One quarter cumulatively Jan 1 – Mar 31 2007	One quarter cumulatively Jan 1 – Mar 31 2006
Sales revenue	2,547,995	2,689,646	652,278	699,409
Operating profit	52,929	130,704	13,550	33,988
Pre-tax profit	80,907	149,849	20,712	38,966
Net profit	62,837	117,638	16,086	30,590
Net profit attributable to equity holders of the parent	56,029	102,889	14,343	26,755
Net profit attributable to minority interests	6,808	14,749	1,743	3,835
Net cash provided by/(used in) operating activities	64,642	(91,375)	16,548	(23,761)
Net cash provided by/(used in) investing activities	(52,035)	(161,892)	(13,321)	(42,098)
Net cash provided by/(used in) financing activities	(137)	43,155	(35)	11,222
Total net cash flow	11,311	(210,112)	2,896	(54,637)
	PLN'000		EUR'000	
	As at Mar 31 2007	As at Dec 31 2006	As at Mar 31 2007	As at Dec 31 2006
Total assets	8,002,735	7,926,475	2,068,157	2,068,927
Equity attributable to equity holders of the parent	5,283,835	5,227,918	1,365,508	1,364,564
Equity attributable to minority interests	313,224	306,416	80,947	79,979
Total equity	5,597,059	5,534,334	1,446,455	1,444,543
Basic earnings per ordinary share (PLN/EUR)	0.49	0.90	0.13	0.23
Diluted earnings per ordinary share (PLN/EUR)	-	-	-	-

FINANCIAL HIGHLIGHTS – NON-CONSOLIDATED

GRUPA LOTOS S.A.	PLN'000		EUR'000	
	One quarter cumulatively Jan 1 – Mar 31 2007	One quarter cumulatively Jan 1 – Mar 31 2006	One quarter cumulatively Jan 1 – Mar 31 2007	One quarter cumulatively Jan 1 – Mar 31 2006
Sales revenue	2,370,791	2,522,534	606,915	655,953
Operating profit/(loss)	(9,157)	47,817	(2,344)	12,434
Pre-tax profit	14,515	65,143	3,716	16,940
Net profit	14,594	51,634	3,736	13,427
Net cash provided by/(used in) operating activities	71,080	(311,913)	18,196	(81,109)
Net cash provided by/(used in) investing activities	(78,247)	46,723	(20,031)	12,150
Net cash provided by/(used in) financing activities	-	-	-	-
Total net cash flow	(8,186)	(265,190)	(2,096)	(68,959)
	PLN'000		EUR'000	
	As at Mar 31 2007	As at Dec 31 2006	As at Mar 31 2007	As at Dec 31 2006
Total assets	6,033,639	5,977,280	1,559,281	1,560,159
Equity	4,499,741	4,485,147	1,162,874	1,170,690
Basic earnings/(loss) per ordinary share (PLN/EUR)	0.13	0.45	0.03	0.12
Diluted earnings per ordinary share (PLN/EUR)	-	-	-	-

THE LOTOS GROUP
CONSOLIDATED BALANCE SHEETS
as at March 31st 2007 and December 31st 2006

(PLN '000)	Mar 31 2007	Dec 31 2006
	(unaudited)	
ASSETS		
Non-current assets		
Property, plant and equipment	3,482,573	3,500,285
Prepayment for tangible assets under construction	177,547	148,018
Goodwill	67,058	67,058
Intangible assets	53,360	55,858
Investment property	4,778	4,849
Investments in associated undertakings	35,377	83,381
Financial assets	23,772	23,642
Deferred tax asset	29,577	32,057
Other non-current assets	24,856	30,111
	-----	-----
Total non-current assets	3,898,898	3,945,259
	-----	-----
Current assets		
Inventories	1,819,438	1,707,442
Trade and other receivables, including:	1,271,260	1,276,475
- income tax receivables	32,969	33,068
Prepayments	33,499	13,562
Current financial assets	162,743	203,531
Cash and cash equivalents	813,123	772,387
	-----	-----
Total current assets	4,100,063	3,973,397
	-----	-----
Assets held for sale	3,774	7,819
	-----	-----
	=====	=====
Total assets	8,002,735	7,926,475
	=====	=====

THE LOTOS GROUP
CONSOLIDATED BALANCE SHEETS
as at March 31st 2007 and December 31st 2006

(PLN '000)	<u>Mar 31 2007</u>	<u>Dec 31 2006</u>
	<u>(unaudited)</u>	
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings/(deficit)	4,202,852	4,146,823
Currency-translation differences	(3,668)	(3,556)
	-----	-----
Equity attributable to equity holders of the parent	5,283,835	5,227,918
	-----	-----
Equity attributable to minority interests	313,224	306,416
	-----	-----
Total equity	5,597,059	5,534,334
	-----	-----
Non-current liabilities		
Interest-bearing loans and borrowings	324,627	330,706
Non-current provisions	208,509	208,082
Deferred tax liability	200,444	201,064
Other (financial) liabilities	9,917	10,801
	-----	-----
Total non-current liabilities	743,497	750,653
	-----	-----
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:	1,385,635	1,385,106
- income tax expense	6,865	3,413
Interest-bearing loans and borrowings	214,803	173,526
Current provisions	60,448	80,579
Other financial liabilities	1,293	2,277
	-----	-----
Total current liabilities	1,662,179	1,641,488
	-----	-----
Total liabilities	2,405,676	2,392,141
	=====	=====
Total equity and liabilities	8,002,735	7,926,475
	=====	=====

THE LOTOS GROUP
CONSOLIDATED INCOME STATEMENTS
for the three months ended March 31st 2007 and March 31st 2006

(PLN '000)	3 months ended Mar 31 2007	3 months ended Mar 31 2006
	(unaudited)	(unaudited)
Sales revenue	2,547,995	2,689,646
Cost of sales	(2,273,615)	(2,348,220)
Gross profit on sales	274,380	341,426
Other operating income	33,967	5,547
Selling costs	(165,332)	(141,357)
General and administrative expenses	(73,565)	(62,141)
Other operating expenses	(16,521)	(12,771)
Operating profit	52,929	130,704
Financial income	38,209	30,671
Financial expenses	(10,229)	(11,477)
Interest in investments in associated undertakings	(2)	(49)
Pre-tax profit	80,907	149,849
Corporate income tax	(18,070)	(32,211)
Net profit on continued operations	62,837	117,638
Attributable to:		
Equity holders of the parent	56,029	102,889
Minority interests	6,808	14,749
	62,837	117,638
Net earnings per share		
- basic	0.49	0.90
- diluted	-	-

THE LOTOS GROUP
CONSOLIDATED CASH-FLOW STATEMENTS
for the three months ended March 31st 2007 and March 31st 2006

(PLN '000)	3 months ended Mar 31 2007 (unaudited)	3 months ended Mar 31 2006 (unaudited)
Cash flows from operating activities		
Net profit	62,837	117,638
Adjustments:		
Share in net profit/(loss) of subordinated undertakings valued with equity method	2	49
Depreciation and amortisation	74,989	72,014
Foreign exchange gains/(losses)	1,047	(547)
Net interest and dividend paid	1,185	5,126
(Profit)/loss on investing activities	44,878	(8,014)
Income tax paid	(12,659)	(86,689)
Current income tax	18,070	32,211
Decrease/(Increase) in receivables	4,920	(188,861)
(Increase) in inventories	(111,996)	(60,001)
Increase in liabilities and accruals and deferred income	18,162	31,619
(Decrease)/increase in provisions	(19,704)	6,701
(Increase) in prepayments and accrued income	(17,089)	(12,087)
Other, net	-	(534)
	-----	-----
Net cash provided by/(used in) operating activities	64,642	(91,375)
	-----	-----
Cash flows from investing activities		
Interest received	3,643	2,356
(Acquisition)/sale of property, plant and equipment and intangible assets	(60,433)	(137,572)
(Acquisition)/sale of current financial assets	51,485	124,336
Other, net	(46,730)	(151,012)
	-----	-----
Net cash provided by/(used in) investing activities	(52,035)	(161,892)
	-----	-----
Cash flows from financing activities		
Increase in loans and borrowings	9,596	60,328
Repayment of loans and borrowings	(4,041)	(11,943)
Interest paid	(4,531)	(5,002)
Other, net	(1,161)	(228)
	-----	-----
Net cash provided by/(used in) financing activities	(137)	43,155
	-----	-----
Change in cash on account of foreign exchange (gains)/losses	(1,159)	-
	=====	=====
Change in net cash	11,311	(210,112)
	=====	=====
Cash at beginning of period	624,165	767,794
	=====	=====
Cash at end of period	635,476	557,682
	=====	=====
- restricted cash	25,456	567

THE LOTOS GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the three months ended March 31st 2007 and March 31st 2006

(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 2006	113,700	970,951	3,466,911	2,266	4,553,828	254,281	4,808,109
Net profit for 3 months ended							
Mar 31 2006	-	-	102,889	-	102,889	14,749	117,638
Other	-	-	-	1,079	1,079	-	1,079
Mar 31 2006 (unaudited)	113,700	970,951	3,569,800	3,345	4,657,796	269,030	4,926,826
Jan 1 2007	113,700	970,951	4,146,823	(3,556)	5,227,918	306,416	5,534,334
Net profit for 3 months ended							
Mar 31 2007	-	-	56,029	-	56,029	6,808	62,837
Other	-	-	-	(112)	(112)	-	(112)
Mar 31 2007 (unaudited)	113,700	970,951	4,202,852	(3,668)	5,283,835	313,224	5,597,059

GRUPA LOTOS S.A.
NON-CONSOLIDATED BALANCE SHEETS
as at March 31st 2007 and December 31st 2006

(PLN '000)	Mar 31 2007	Dec 31 2006
	(unaudited)	
ASSETS		
Non-current assets		
Property, plant and equipment	1,993,597	1,996,769
Prepayment for tangible assets under construction	139,046	122,558
Intangible assets	43,648	45,800
Financial assets	696,005	696,004
	-----	-----
Total non-current assets	2,872,296	2,861,131
	-----	-----
Current assets		
Inventories	1,658,924	1,575,668
Trade and other receivables, including:	1,468,711	1,533,448
- income tax receivable	15,182	15,182
Prepayments	4,361	2,348
Current financial assets	13,981	3,360
Cash and cash equivalents	15,366	1,325
	-----	-----
Total current assets	3,161,343	3,116,149
	-----	-----
	=====	=====
Total assets	6,033,639	5,977,280
	=====	=====

GRUPA LOTOS S.A.
NON-CONSOLIDATED BALANCE SHEETS
as at March 31st 2007 and December 31st 2006

(PLN '000)	<u>Mar 31 2007</u>	<u>Dec 31 2006</u>
	<u>(unaudited)</u>	
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings/(deficit)	3,415,090	3,400,496
Total equity	4,499,741	4,485,147
Non-current liabilities		
Non-current provisions	15,581	15,150
Deferred tax liability	165,873	165,952
Total non-current liabilities	181,454	181,102
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:	1,191,597	1,146,367
- income tax expense	-	-
Interest-bearing loans and borrowings	142,537	120,309
Current provisions	18,310	44,355
Total current liabilities	1,352,444	1,311,031
Total liabilities	1,533,898	1,492,133
Total equity and liabilities	6,033,639	5,977,280

GRUPA LOTOS S.A.
NON-CONSOLIDATED INCOME STATEMENTS
for the three months ended March 31st 2007 and March 31st 2006

(PLN '000)	3 months ended Mar 31 2007 (unaudited)	3 months ended Mar 31 2006 (unaudited)
Sales revenue	2,370,791	2,522,534
Cost of sales	(2,255,785)	(2,341,294)
Gross profit on sales	115,006	181,240
Other operating income	26,570	343
Selling costs	(106,394)	(95,392)
General and administrative expenses	(43,500)	(37,222)
Other operating expenses	(839)	(1,152)
Operating profit/(loss)	(9,157)	47,817
Financial income	29,199	21,091
Financial expenses	(5,527)	(3,765)
Pre-tax profit	14,515	65,143
Corporate income tax	79	(13,509)
Net profit on continued operations	14,594	51,634
Earnings per share		
- basic	0.13	0.45
- diluted	-	-

GRUPA LOTOS S.A.
NON-CONSOLIDATED CASH-FLOW STATEMENTS
for the three months ended March 31st 2007 and March 31st 2006

(PLN '000)	3 months ended Mar 31 2007 (unaudited)	3 months ended Mar 31 2006 (unaudited)
Cash flows from operating activities		
Net profit	14,594	51,634
Adjustments:		
Depreciation and amortisation	44,001	41,664
Foreign exchange gains/(losses)	1,019	-
Net interest and dividend paid	-	3,023
(Profit) on investing activities	(9,302)	(7,276)
Current income tax	(79)	13,509
Income tax paid	-	(70,810)
Decrease/(increase) in receivables	64,737	(288,108)
(Increase) in inventories	(83,256)	(34,574)
Increase/(decrease) in liabilities and accruals and deferred income	66,994	(19,516)
(Decrease) in provisions	(25,614)	-
(Decrease) /(increase) in prepayments and accrued income	(2,014)	(1,459)
	-----	-----
Net cash provided by/(used in) operating activities	71,080	(311,913)
	-----	-----
Cash flows from investing activities		
Sale of property, plant and equipment and intangible assets	-	50
(Acquisition)/sale of financial assets	-	124,336
Dividends and interest received	-	29
(Acquisition) of property, plant and equipment and intangible assets	(60,560)	(53,102)
Other, net	(17,687)	(24,590)
	-----	-----
Net cash provided by/(used in) investing activities	(78,247)	46,723
	-----	-----
Cash flows from financing activities		
Increase in loans and borrowings	-	-
Share issue	-	-
Repayment of loans and borrowings	-	-
Interest paid	-	-
Dividends paid	-	-
Other, net	-	-
	-----	-----
Net cash provided by/(used in) financing activities	-	-
	-----	-----
Change in cash on account of foreign exchange (gains)/losses	(1,019)	-
	=====	=====
Change in net cash	(8,186)	(265,190)
	=====	=====
Cash at beginning of period	(118,984)	298,981
	=====	=====
Cash at end of period	(127,170)	33,791
- restricted cash	1,168	-

GRUPA LOTOS S.A.
STATEMENTS OF CHANGES IN EQUITY
for the three months ended March 31st 2007 and March 31st 2006

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings/ (deficit)	Total equity
Jan 1 2006	113,700	970,951	2,993,782	4,078,433
	=====	=====	=====	=====
Net profit for 3 months ended Mar 31 2006	-	-	51,634	51,634
	=====	=====	=====	=====
Mar 31 2006 (unaudited)	113,700	970,951	3,045,416	4,130,067
	=====	=====	=====	=====
Jan 1 2007	113,700	970,951	3,400,496	4,485,147
	=====	=====	=====	=====
Net profit for 3 months ended Mar 31 2007	-	-	14,594	14,594
	=====	=====	=====	=====
Mar 31 2007 (unaudited)	113,700	970,951	3,415,090	4,499,741
	=====	=====	=====	=====

GRUPA LOTOS S.A.
STATEMENTS OF CHANGES IN EQUITY
for the three months ended March 31st 2007 and March 31st 2006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31ST 2007

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

Name	Registered office	Business profile	Method of consolidation /valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2007	Dec 31 2006	Mar 31 2006
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	100.00%	100.00%	100.00%
LOTOS Mazowsze S.A.	Mława	Sale of LPG, heavy fuel oil and special products (sulphur, plasticizers, fuels containing recycled components)	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 Asfalt Sp. z o.o.	Gdańsk	Production and sale of bitumens	full	100.00%	100.00%	100.00%
LOTOS Ekoenergia S.A.	Gdańsk	Construction of basic PKRT units; the company has not commenced operations	full	100.00%	100.00%	100.00%

GRUPA LOTOS S.A.
STATEMENTS OF CHANGES IN EQUITY
for the three months ended March 31st 2007 and March 31st 2006

Name	Registered office	Business profile	Method of consolidation /valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2007	Dec 31 2006	Mar 31 2006
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% ⁽¹⁾	87.44%
LOTOS Parafiny Sp. z o.o.	Jasło	Production and sale of paraffin	full	100.00%	100.00%	100.00%
LOTOS Czechowice S.A. (parent undertaking of another group, formerly Rafineria Czechowice S.A. ⁽²⁾)	Czechowice	Storage and distribution of fuels ⁽³⁾	full	80.04%	80.04%	80.04%
LOTOS Jasło S.A. (parent undertaking of another group; formerly Rafineria Jasło S.A. ⁽⁴⁾)	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	not consolidated	100.00%	100.00%	100.00%
BiproRaf Sp. z o.o. ⁽⁵⁾	Gdańsk	Design services for oil industry	not consolidated	-	50.00%	50.00%
Rafineria Nafty Glimar S.A. (Glimar Refinery) in liquidation	Gorlice	Refining (currently discontinued due to the company's bankruptcy)	not consolidated due to lack of control	91.54%	91.54%	91.54%
LOTOS Hydrokompleks Sp. z o.o.	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%	89.66%
Laboratorium Badacz Sp. z o.o.	Jasło	Services	not consolidated	-	⁽⁶⁾	-
Indirect Subsidiary Undertakings						
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Services	full	80.04%	80.04%	80.04%
LOTOS Biopaliwa Sp. z o.o. ⁽⁷⁾ (dawniej RCParafiny Sp. z o.o.)	Czechowice-Dziedzice	No operations	full	80.04%	80.04%	80.04%
RCRemo Sp. z o.o.	Czechowice-Dziedzice	Services	-	-	⁽⁸⁾	100.00%
CBA Racer Sp. z o.o.	Czechowice-Dziedzice	Services	-	-	⁽⁹⁾	80.04%
RCSerwis Sp. z o.o.	Czechowice-Dziedzice	Services	⁽¹⁰⁾	86.91%	86.91%	89.66%
RPCaliwa Sp. z o.o. in liquidation ⁽¹¹⁾	Czechowice-Dziedzice	Trading (not commenced)	equity method	80.04%	80.04%	80.04%
RCTransport Sp. z o.o.	Czechowice-Dziedzice	Services	-	-	⁽¹²⁾	-
LOTOS Tank Sp. z o.o. ⁽¹³⁾	Jasło	Trading	full / equity method	86.01%	86.01%	86.01%

GRUPA LOTOS S.A.
STATEMENTS OF CHANGES IN EQUITY
for the three months ended March 31st 2007 and March 31st 2006

Name	Registered office	Business profile	Method of consolidation /valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2007	Dec 31 2006	Mar 31 2006
Rafineria Jaslo Monto-Rem Sp. z o.o.	Jaslo	Services	full	-	(8)	100.00%
Plastekol Organizacja Odzysku S.A.	Jaslo	Services	full	53.61%	53.61%	53.61%
Rafineria Jaslo Sped-Kol Sp. z o.o.	Jaslo	No operations – lease of assets to LOTOS Kolej	not consolidated	-	(14)	80.01%
Petrosoft.pl Technologie Informatyczne Sp. z o.o.	Jaslo	Services	not consolidated	80.01%	80.01%	80.01%
Chemipetrol Sp. z o.o.	Jaslo	Trading – assets transferred to LOTOS Parafiny in exchange for shares	not consolidated	80.01%	80.01%	80.01%
Miliana Shipping Company Ltd.	Cyprus	Services	full	68.93%	68.93%	68.93%
Aphrodite Offshore Services Ltd.	Netherlands Antilles	Services	not consolidated	69.00%	69.00%	69.00%

(1) On December 20th 2006, the LOTOS Group acquired the remaining 12.56% of shares in LOTOS Ochrona Sp. z o.o. under a share purchase agreement (see Note 10 to these condensed consolidated financial statements).

(2) On December 19th 2005, the District Court of Katowice registered the change of the name of Rafineria Czechowice S.A. to LOTOS Czechowice S.A.

(3) On March 31st 2006, the Company discontinued the processing of crude oil.

(4) On January 2nd 2006, the District Court of Rzeszów registered the change of the name of Rafineria Jaslo S.A. to LOTOS Jaslo S.A.

(5) As described in Note 10 to these condensed consolidated financial statements, on January 15th 2007, Grupa LOTOS S.A. sold 35 shares in Przedsiębiorstwo Projektowo-Uslugowe BiproRaf Sp. z o.o. (PPU BiproRaf Sp. z o.o.) to KTI Poland S.A. of Warsaw for the price of PLN 2,750 thousand.

(6) On January 3rd 2006 Laboratorium Badacz Sp. z o.o. was liquidated and merged into LOTOS Lab Sp. z o.o. by transferring all its assets to LOTOS Lab Sp. z o.o.

(7) Name changed to LOTOS Biopaliwa Sp. z o.o. with effect from May 10th 2006.

(8) On June 30th 2006, LOTOS Serwis Sp. z o.o. acquired Rafineria Jaslo Monto-Rem Sp. z o.o. of Jaslo and RC Remo Sp. z o.o. of Czechowice-Dziedzice.

(9) On December 28th 2006, CBA Racer Sp. z o.o. was incorporated into LOTOS Czechowice S.A.

(10) Shares contributed to LOTOS Park Technologiczny Sp. z o.o. by LOTOS Czechowice S.A.

(11) By virtue of the decision of November 27th 2006, issued in response to the petition for the opening of liquidation proceedings of November 9th 2006, the opening of the liquidation proceeding concerning RC Paliwa Sp. z o.o. was registered by the District Court of Katowice, VIII Commercial Division of the National Court Register.

(12) On February 16th 2006, LOTOS Czechowice S.A. signed an agreement on sale, to Paul Klaccka Sp. z o.o., of 100% of shares in RCTransport Sp. z o.o., that is 3,213 shares with a par value of PLN 500 per share and total par value of PLN 1,606.5 thousand. The selling price of all the shares is PLN 2,800 thousand.

(13) As described in Note 12 to these condensed consolidated financial statements, on April 11th 2007, Grupa LOTOS S.A. and LOTOS Jaslo S.A. executed an agreement on the sale of 700 shares in LOTOS Tank Sp. z o.o.

(14) On March 8th 2007, the company was deleted from the National Court Register of the District Court of Rzeszów, XII Commercial Division of the National Court Register.

As at March 31st 2007, December 31st 2006 and March 31st 2006, the Company's share in the total vote at the General Shareholders Meetings of its subsidiary undertakings equalled the Company's share in the share capital of these undertakings.

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3. Composition of the Parent Undertaking's Management Board

As at March 31st 2007 and as at the date of publication of these condensed consolidated financial statements, the Management Board of Grupa LOTOS S.A. had the following composition:

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

4. Rules of Presentation

These condensed consolidated financial statements were prepared in accordance with the International Financial Reporting Standards 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 condensed interim consolidated financial statements of the Group were prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting ("IAS 34") and in accordance with the respective accounting standards applicable to interim financial reporting and endorsed by the EU, published and effective at the time of preparing these interim consolidated financial statements of the Group.

These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the LOTOS Group for 2006, prepared in accordance with the IFRS. The interim financial result should not be treated as indicative of the financial performance for the whole financial year.

The financial data as at March 31st 2007 and for the three months ended on that date, as well as comparable financial data as at March 31st 2006 and for the three months ended on that date, presented in these condensed consolidated financial statements, have not been audited.

In these condensed consolidated financial statements, the Parent Undertaking disclosed the financial information of the Group of Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu Petrobaltic ("GK Petrobaltic") for the three months ended March 31st 2007, assuming that GK Petrobaltic accounts for the shares in Naftos Gavyba ("NG"), its associated undertaking, using the equity method as at December 31st 2006. 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.

The measurement and reporting currency of these condensed consolidated financial statements is the Polish złoty (PLN). These consolidated financial statements are presented in PLN '000, and all the figures are presented in thousands of zlotys, unless indicated otherwise.

These condensed interim consolidated financial statements were approved by the Management Board for publication on May 14th 2007.

5. Accounting Policies

The accounting policies and calculation methods adopted in the preparation of these consolidated financial statements are the same as those used in the preparation of the consolidated financial statements for the year ended December 31st 2006 (see Note 10 to the consolidated financial statements for 2006 prepared in accordance with the IFRS).

Starting from January 1st 2007, the following standard was amended by the International Accounting Standards Board:

- IAS 1 *Presentation of Financial Statements: Capital Disclosures*

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The following standards and interpretations entered into force on January 1st 2007:

- IFRS 7: *Financial Instruments: Disclosures*
- IFRIC 7: *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*
- IFRIC 8: *Scope of IFRS 2*
- IFRIC 9: *Reassessment of Embedded Derivatives*
- IFRIC 10: *Interim Financial Reporting and Impairment*

The Company 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)
- IFRS 8: *Operating Segments* (applies to annual periods beginning after January 1st 2009)
- 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)

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 stipulated in IFRS 14: *Segment Reporting*.

6. Translation of the Financial Highlights into the EUR

The balance-sheet items contained in the table “Financial Highlights” were translated as at March 31st 2007 at the mid exchange rate quoted by the National Bank of Poland for the euro on that date, that is EUR 1 = PLN 3.8695. The items of the income statement and the cash-flow statement contained in the table “Financial Highlights” for Q1 2007 were translated at the rate EUR 1 = PLN 3.9063 (equal to 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).

The balance-sheet items contained in the table “Financial Highlights” were translated as at December 31st 2006 at the mid exchange rate quoted by the National Bank of Poland for the euro on that date, that is EUR 1 = PLN 3.8312.

The items of the income statement and the cash-flow statement contained in the table “Financial Highlights” for Q1 2006 were translated at the rate EUR 1 = PLN 3.8456 (equal to 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 2006).

7. Activities in the Interim Period

There are no cyclical or seasonal changes in the Group’s activities in the interim period.

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8. Dividends

On May 8th 2007, the Management Board of Grupa LOTOS S.A. resolved on a recommendation concerning distribution of the net profit for 2006. Pursuant to the resolution, the Company's net profit for the year ended December 31st 2006, amounting to PLN 406,714 thousand, is proposed to be distributed as follows:

- PLN 400,714 thousand to increase the Company's statutory reserve funds
- PLN 6,000 thousand to increase the Company's capital reserve.

As at the date of these condensed financial statements, the Management Board of the Parent Undertaking did not resolve on distribution of the Parent Undertaking's net profit for 2006.

9. Earnings per Share

	3 months ended Mar 31 2007	3 months ended Mar 31 2006
	(unaudited)	(unaudited)
Net profit attributable to equity holders of the parent (PLN '000) (A)	56,029	102,889
Weighted average number of shares (in thousands) (B)	113,700	113,700
	=====	=====
Earnings per share (A/B) (PLN)	0.49	0.90

10. Changes in the LOTOS Group Structure

Share Capital Increase at LOTOS Park Technologiczny Sp. z o.o.

On January 19th 2007, the District Court for Kraków-Śródmieście, XII Commercial Division of the National Court Register, registered a share capital increase at LOTOS Park Technologiczny Sp. z o.o. up to the amount of PLN 17,307 thousand. Following the increase, the share capital of LOTOS Park Technologiczny Sp. z o.o. is divided into 34,634 shares with a par value of PLN 500 per share, which confer the right to 34,634 votes. The share capital was increased following a contribution in kind made by LOTOS Jasło S.A., in the amount of PLN 4,933 thousand. The value of the contributed assets as disclosed in the accounting books of LOTOS Jasło S.A. is PLN 2,323.5 thousand.

Following the registration of the share capital increase, the shareholder structure of LOTOS Park Technologiczny Sp. z o.o. is as follows:

- LOTOS Jasło S.A. holds 9,866 shares with the aggregate value of PLN 4,933 thousand
- Grupa LOTOS S.A. holds 9,500 shares with the aggregate value of PLN 4,750 thousand
- LOTOS Czechowice S.A. holds 9,782 shares with the aggregate value of PLN 4,891 thousand
- CBA Racer Sp. z o.o. holds 2,532 shares with the aggregate value of PLN 1,266 thousand
- LOTOS Serwis Sp. z o.o. holds 2,834 shares with the aggregate value of PLN 1,417 thousand
- Kolaja&Partners Sp. z o.o. holds 100 shares with the aggregate value of PLN 50 thousand

Change in the Share Capital Structure of LOTOS Park Technologiczny Sp. z o.o.

On January 31st 2007, the District Court for Kraków-Śródmieście of Kraków, XII Commercial Division of the National Court Register, registered a change in the structure of the share capital of LOTOS Park Technologiczny Sp. z o.o. The share capital of LOTOS Park Technologiczny Sp. z o.o. amounts to PLN 17,307 thousand and is

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divided into 34,614 equal and indivisible shares with a par value of PLN 500 per share, which confer the right to 34,614 votes. The change in the share capital structure occurred as result of incorporation of CBA Racer Sp. z o.o. into LOTOS Czechowice S.A., whereby LOTOS Czechowice S.A. came to hold a total of 35.58% of shares in the share capital of LOTOS Park Technologiczny Sp. z o.o. Following registration of the change, the shareholder structure of LOTOS Park Technologiczny Sp. z o.o. is as follows:

- LOTOS Czechowice S.A. holds 12,314 shares with the aggregate value of PLN 6,157 thousand
- LOTOS Jasło S.A. holds 9,866 shares with the aggregate value of PLN 4,933 thousand
- Grupa LOTOS S.A. holds 9,500 shares with the aggregate value of PLN 4,750 thousand
- LOTOS Serwis Sp. z o.o. holds 2,834 shares with the aggregate value of PLN 1,417 thousand
- Kolaja&Partners Sp. z o.o. holds 100 shares the aggregate total value of PLN 50 thousand

Disposal of Shares in Przedsiębiorstwo Projektowo-Uslugowe BiproRaf Sp. z o.o. (associated undertaking)

On January 15th 2007, Grupa LOTOS S.A. disposed of 35 shares in Przedsiębiorstwo Projektowo-Uslugowe BiproRaf Sp. z o.o. (PPU BiproRaf Sp. z o.o.) to KTI Poland S.A. of Warsaw. The shares, with the total par value of PLN 35 thousand, are equal and indivisible and represent 50% of the share capital of PPU BiproRaf Sp. z o.o. Grupa LOTOS S.A. sold the shares for PLN 2,750 thousand. The transaction was executed as part of the programme aimed at streamlining the structure of the LOTOS Group.

Change the Share Capital Structure of LOTOS Ochrona Sp. z o.o.

On March 8th 2007, the District Court Gdańsk-Północ of Gdańsk, VII Commercial Division of the National Court Register, registered a change in the share capital of LOTOS Ochrona Sp. z o.o. The share capital of LOTOS Ochrona Sp. z o.o. amounts to PLN 302.5 thousand and is divided into 605 equal indivisible shares with a par value of PLN 500 per share, conferring rights to 605 votes. The share capital structure was changed pursuant to a share purchase agreement of December 20th 2006, whereby Grupa LOTOS S.A. acquired LOTOS Ochrona Sp. z o.o. shares from minority shareholders. As part of the transaction Grupa LOTOS S.A. acquired 12.56% of shares, and became the owner of 100% of shares in LOTOS Ochrona Sp. z o.o. (prior to the transaction Grupa LOTOS S.A. held 87.44% of the share capital of LOTOS Ochrona Sp. z o.o.).

11. Supplementary Information

Merger of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o.

On February 27th 2007, the Management Board of Grupa LOTOS S.A. signed the plan of merger of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o., prepared in accordance with Art. 499.1 of the Commercial Companies Code. The two companies will be merged pursuant to Art. 492.1.1 of the Commercial Companies Code, through the transfer of all assets of LOTOS Partner Sp. z o.o. to Grupa LOTOS S.A. As the acquirer holds 100% of shares in the acquired company, the merger will be executed pursuant to Art. 515.1 of the Commercial Companies Code, i.e. without increasing the share capital of Grupa LOTOS S.A. The merger is executed as part of the restructuring of the LOTOS Group, aimed at streamlining its organisational structure. The objective of the restructuring programme is to provide the LOTOS Group with more operating flexibility and facilitate quicker response to changes in the market environment. The merger of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o. is an element of the restructuring of the sales division within the entire LOTOS Group and should not have a material effect on the consolidated financial results of the LOTOS Group.

Acquisition of KRAK-GAZ Sp. z o.o. Shares by LOTOS Mazowsze S.A.

On March 26th 2007, LOTOS Mazowsze S.A. concluded a conditional preliminary agreement on the purchase of 34,500 shares in KRAK-GAZ Sp. z o.o. from natural persons. The conclusion of the final purchase agreement is conditional upon the Competition and Consumer Protection Office's approval of the business concentration involving the acquisition by LOTOS Mazowsze S.A. of control over KRAK-GAZ Sp. z o.o. by purchasing its

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shares. The shares, with a total par value of PLN 3,450 thousand, are equal and indivisible, and represent 100% of the share capital of KRAK-GAZ Sp. z o.o. The acquisition is deemed a long-term investment by LOTOS Mazowsze S.A. The shares were acquired for PLN 16,367.9 thousand, and the transaction was financed with LOTOS Mazowsze S.A.'s own financial resources. The core business of KRAK-GAZ Sp. z o.o. consists in wholesale and retail distribution of LPG. The acquisition of the equity interest in the company by LOTOS Mazowsze S.A. is part of Grupa LOTOS S.A.'s strategy aimed at increasing its share in the domestic LPG market.

12. Material Events Subsequent to the End of Q1 2007

No material events occurred from the balance-sheet date to the date of these consolidated financial statements, except for the following:

1. On April 11th 2007, Grupa LOTOS S.A. and LOTOS Jasło S.A. executed an agreement providing for the purchase of 700 shares of 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. The shares were acquired by Grupa LOTOS S.A. in pursuance of its strategy. The acquisition is a part of the consistently implemented programme aimed at streamlining the structure of the LOTOS Group, and the programme for the restructuring of the Southern Refineries. The value of the assets purchased under the agreement as disclosed in the accounting books of LOTOS Jasło S.A. is PLN 355.2 thousand.
2. On April 27th 2007, the Head of the Customs Office of Gdańsk extended the term of the licence for the operation of a bonded warehouse, located at ul. Elbląska 135 in Gdańsk. The licence is effective until April 27th 2010.

13. Contingent Liabilities

No material changes occurred in contingent liabilities from the last day of the previous financial year, i.e. December 31st 2006 (see Note 38 to the consolidated financial statements for 2006 prepared in accordance with the IFRS), except for the changes presented below:

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 ABB Lummus Global GmbH in the form of a letter of credit for the amount of EUR 19,034 thousand. The guarantee expires on April 30th 2008.
2. On January 26th 2007, at the request of Grupa LOTOS S.A., Citibank Handlowy issued a bank guarantee in the form of a letter of credit for the amount of USD 42,600 thousand. The letter of credit was issued to secure a commercial transaction. The contingent liability related to the letter of credit expired on April 10th 2007.
3. The validity of the blank promissory note of March 16th 2006 for PLN 200,000 thousand, issued to secure the Company's tax liability connected with the suspended excise tax collection procedure, was extended until June 16th 2008. The original validity term of the blank promissory note expired on March 16th 2007.
4. On March 18th 2007, LOTOS Oil S.A. issued and submitted to the Customs Office a blank promissory note with a promissory note declaration, for the amount of PLN 10,000 thousand in order to secure an excise tax liability. The promissory note was issued to replace a bank guarantee. It is valid until October 31st 2008.
5. As at March 31st 2007, LOTOS Jasło S.A. had a contingent liability under a blank promissory note issued to secure a working capital overdraft facility granted by PKO BP S.A., the Krosno branch, for the amount of PLN 20,000 thousand, with the validity term expiring on July 29th 2011.

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

No changes occurred in relation to the court, arbitration or administrative proceedings or other risks concerning the Parent Undertaking or its subsidiary undertakings from the last day of the previous financial year, i.e. December 31st 2006 (see Note 41 to the consolidated financial statements for 2006 prepared in accordance with the IFRS), except for those presented below:

1. On March 21st 2005, the President of the Competition and Consumer Protection Office issued a decision whereby anti-trust proceedings were instigated *ex officio* to investigate the issue of a suspected agreement between Polski Koncern Naftowy ORLEN S.A. of Płock and Grupa LOTOS S.A. of Gdańsk, concerning a simultaneous discontinuation of the production and distribution of the universal U95 gasoline. In the opinion of the Company's Management Board, given that in fact the production and sale of the U95 universal gasoline were not discontinued, the allegations of the Competition and Consumer Protection Office are unfounded. In April 2005, the Management Board motioned for issuing a decision to the effect that Grupa LOTOS S.A. has not been found to use competition-limiting practices.

In July 2005, the Company appealed to the Anti-Monopoly Court against the Competition and Consumer Protection Office's decision restricting access to a part of the evidence gathered in the case. Independent of the appeal, in September 2005, the Company filed another request with the Court to issue a decision to the effect that Grupa LOTOS S.A. does not use competition-limiting practices. In October 2005 the Company received another decision of the Competition and Consumer Protection Office concerning restriction of access to a part of the evidence, against which the Company appealed to the Anti-Monopoly Court. The Regional Anti-Monopoly Court dismissed the appeals. The Company appealed to the Warsaw Court of Appeals against the Regional Anti-Monopoly Court's decisions, but these appeals were dismissed as well.

Pursuant to the Court's Decision of April 18th 2007, Grupa LOTOS S.A.'s right of access to evidence in the anti-trust proceedings, namely to the materials obtained during inspections at PKN ORLEN S.A.'s offices, was restricted on the basis of a petition submitted by PKN ORLEN S.A. The restriction concerned the report on inspection of the offices in Warsaw together with appendices to the report, and a part of appendices to the report on inspection of the offices in Płock. At the same time, PKN ORLEN S.A.'s petition was rejected to the extent concerning restriction of Grupa LOTOS S.A.'s right of access to the report on inspection of PKN ORLEN S.A.'s offices in Płock. On April 26th 2007, Grupa LOTOS S.A. filed a complaint against the Decision restricting Grupa LOTOS S.A.'s right of access to the evidence. The case is pending.

2. On May 18th 2001, PETROECCO JV Sp. z o.o. brought an action against the Company whereby it seeks the courts' decision awarding an amount of PLN 6,975 thousand, together with statutory interest as at May 1st 1999, as compensation for damages 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 Authority 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 District 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

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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 substantive charges (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 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, the suit was dismissed.

3. 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. The case was adjourned until mid April 2006 in order to hear the evidence of a witness. On April 21st 2006, a ruling rejecting the claim in its entirety was passed. 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.

15. 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 2007.

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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 and the consolidated undertakings are presented in Note 2 to these condensed consolidated financial statements for the three months ended March 31st 2007.

II Effects of Changes in the Structure of the LOTOS Group

Q1 2007 saw no changes in the structure of the LOTOS Group, except for those disclosed in Note 10 to the condensed consolidated financial statements for the three months ended March 31st 2007.

III Opinion of the Management Board on the Possibility of Meeting Published Forecasts of Financial Results for a Given Year

The Management Board of Grupa LOTOS S.A. did not publish any forecasts of financial results for 2007.

IV Seasonal or Cyclical Nature of the Company's Business in Q1 2007

In Q1 2007, the operations of Grupa LOTOS S.A. were not affected by seasonality or cyclicity.

V Issue, Redemption and Repurchase of Debt and Equity Securities in Q1 2007

In Q1 2007, Grupa LOTOS S.A. did not issue, redeem or repurchase any debt or equity securities.

VI 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)	% share of the share capital
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 %
ING Nationale-Nederlanden Polska OFE	5,876,589	5,876,589	5,876,589	5.17%
Other	40,920,381	40,920,381	40,920,381	35.99 %
Total	113,700,000	113,700,000	113,700,000	100.00 %

As a result of the acquisition of Grupa LOTOS S.A. shares in transactions carried out on the Warsaw Stock Exchange, which were settled on March 6th 2007, ING Nationale-Nederlanden Polska OFE came into possession of the Company shares conferring the right to over 5% of the total vote at the General Shareholders Meeting of Grupa LOTOS S.A. Prior to the abovementioned transactions, ING Nationale-Nederlanden Polska held

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5,676,589 shares in Grupa LOTOS S.A., which represented 4.99% of the share capital and conferred the right to 5,676,589 votes at the General Shareholders Meeting, accounting for 4.99% of the total vote. As at March 7th 2007, 5,876,589 Grupa LOTOS S.A. shares were registered in the securities account of ING Nationale-Nederlanden Polska, which account for 5.17% of the Company's share capital and confer the right to 5,876,589 votes at the General Shareholders Meeting, representing 5.17% of the total vote.

VII 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 11 2007
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.

VIII 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 14 to these condensed consolidated financial statements.

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

In the period January 1st – March 31st 2007, no non-recurring transactions with a value exceeding EUR 500 thousand occurred between the related undertakings of the Group, except for the ones described in Note 10 to these condensed consolidated financial statements and those itemised below:

1. On January 2nd 2007, Grupa LOTOS S.A. and LOTOS Kolej Sp. z o.o. signed an agreement whereby LOTOS Kolej Sp. z o.o. will provide comprehensive railway services to Grupa LOTOS S.A. The services include:

- dispatch and receipt of railway shipments sent by or addressed to Grupa LOTOS S.A.,
- procurement of the required number of tank cars of appropriate type for Grupa LOTOS S.A.'s shipments,
- technical servicing and maintenance of proper technical condition of railway assets owned by Grupa LOTOS.

The agreement was concluded for five years. It provides for standard contractual penalties, whose amount will depend on the extent of LOTOS Kolej Sp. z o.o.'s delay in the performance of or failure to perform the services. The value of the agreement is estimated at approximately PLN 1,000,000 over the agreement term.

2. On January 23rd 2007, Grupa LOTOS S.A., LOTOS Partner Sp. z o.o. and BP Polska Sp. z o.o. signed a significant agreement concerning sale and supply of liquid fuels to BP Polska Sp. z o.o. The agreement was signed for a definite term, until December 31st 2007. Its value is estimated at PLN 1,000,000 thousand. The agreement contains provisions concerning contractual penalties, whose value may not exceed PLN 22,000

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thousand. It does not contain any provisions preventing the parties from seeking additional compensation pursuant to laws of general application.

X Information on Loan Sureties or Guarantees Issued by the Parent Undertaking or Its Subsidiaries, where the 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 2007 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.

XI 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 condensed consolidated financial statements and in the notes to these financial statements.

XII 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 2007 or in a longer time horizon:

- quotations of oil and petroleum products prices,
- PLN/USD exchange rate,
- supply and demand for petroleum products,
- liquidation of excise tax relief applicable to the operations of LOTOS Jasło S.A.,
- increase in excise tax
- accumulation of mandatory stocks

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

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