



GRUPA LOTOS S.A.

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30TH 2006

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

ALONG WITH THE AUDITOR'S REVIEW REPORT

FINANCIAL HIGHLIGHTS (NON-CONSOLIDATED)

GRUPA LOTOS S.A.	PLN '000		EUR '000	
	Six months ended Jun 30 2006	Six months ended Jun 30 2005	Six months ended Jun 30 2006	Six months ended Jun 30 2005
Sales revenue	5,503,351	3,117,793	1,411,659	764,071
Operating profit	271,160	170,178	69,555	41,705
Pre-tax profit	384,421	234,057	98,607	57,360
Net profit	322,098	198,419	82,621	48,626
Net cash provided by (used in) operating activities	(83,891)	120,464	(21,519)	29,522
Net cash provided by (used in) investing activities	18,178	(811,852)	4,663	(198,959)
Net cash provided by (used in) financing activities	653	844,070	168	206,855
Total net cash flow	(65,060)	152,682	(16,688)	37,417
	PLN '000		EUR '000	
	As at Jun 30 2006	As at Dec 31 2005	As at Jun 30 2006	As at Dec 31 2005
Total assets	6,014,530	5,375,563	1,472,814	1,392,705
Equity	4,400,531	4,078,433	1,077,584	1,056,644
Basic earnings per share (PLN/EUR)	2,83	2,50	0,73	0,61
Diluted earnings per share (PLN/EUR)	-	-	-	-

GRUPA LOTOS S.A.
BALANCE SHEET (NON-CONSOLIDATED)
as at June 30th 2006 and December 31st 2005

(PLN '000)	Jun 30 2006 (unaudited)	Dec 31 2005
ASSETS		
Non-current assets		
Property, plant and equipment	1,973,811	1,885,333
Intangible assets	47,052	44,035
Financial assets	700,408	686,507
Total non-current assets	2,721,271	2,615,875
Current assets		
Inventories	1,480,720	1,258,336
Trade and other receivables	1,555,393	1,066,411
Prepayments	10,013	2,022
Current financial assets	13,212	133,938
Cash and cash equivalents	233,921	298,981
Total current assets	3,293,259	2,759,688
Total assets	6,014,530	5,375,563

GRUPA LOTOS S.A.
BALANCE SHEET (NON-CONSOLIDATED)
as at June 30th 2006 and December 31st 2005

(PLN '000)	<u>Jun 30 2006</u>	<u>Dec 31 2005</u>
	<u>(unaudited)</u>	
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Reserve funds	970,951	970,951
Retained earnings	3,315,880	2,993,782
Total equity	4,400,531	4,078,433
Non-current liabilities		
Loans and borrowings	-	-
Non-current provisions	15,156	14,288
Deferred tax liability	174,105	178,079
Total non-current liabilities	189,261	192,367
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:	1,376,644	1,060,609
- income tax expense	11,783	60,211
Loans and borrowings	653	-
Current provisions	47,441	44,154
Total current liabilities	1,424,738	1,104,763
Total equity and liabilities	6,014,530	5,375,563

GRUPA LOTOS S.A.
PROFIT AND LOSS ACCOUNT (NON-CONSOLIDATED)
for the six months ended June 30th 2006 and June 30th 2005

(PLN '000)	Six months ended Jun 30 2006 (unaudited)	Six months ended Jun 30 2005 (unaudited)
Sales revenue	5,503,351	3,117,793
Cost of sales	(4,963,604)	(2,750,876)
Net profit on sales	539,747	366,917
Other operating income	885	5,451
Selling costs	(185,607)	(129,347)
General and administrative expenses	(82,074)	(71,727)
Other operating expenses	(1,791)	(1,116)
Operating profit	271,160	170,178
Financial income	117,468	101,006
Financial expenses	(4,207)	(37,127)
Pre-tax profit	384,421	234,057
Corporate income tax	(62,323)	(35,639)
Net profit	322,098	198,418
Earnings per share:		
- basic	2.83	2.50
- diluted	-	-

Notes to the financial statements attached on pages 7 to 9 are their integral parts

GRUPA LOTOS S.A.
CASH-FLOW STATEMENT (NON-CONSOLIDATED)
for the six months ended June 30th 2006 and June 30th 2005

(PLN '000)	Six months ended Jun 30 2006 (unaudited)	Six months ended Jun 30 2005 (unaudited)
Cash flows from operating activities		
Net profit	322,098	198,418
Adjustments:		
Depreciation and amortisation	86,011	84,519
Foreign exchange (gains)/losses	-	(1,484)
Net interest and dividend paid	(62,776)	(45,534)
Profit/loss on investing activities	(6,948)	(10,068)
Current period income tax	62,323	35,639
Income tax paid	(114,725)	(18,767)
(Increase) in receivables	(452,872)	(269,091)
(Increase)/decrease in inventories	(222,384)	(204,237)
Increase in liabilities, accruals and deferred income	309,218	357,275
Increase/(decrease) in provisions	4,155	(2,055)
(Increase) in prepayments and accrued income	(7,991)	(4,151)
Net cash provided by/(used in) operating activities	(83,891)	120,464
Cash flows from investing activities		
Sale of tangible and intangible assets	82	757
(Purchase)/sale of financial assets	120,852	(425,414)
Dividends received	29,518	27,786
Interest received	152	-
Purchase of tangible and intangible assets	(122,826)	(171,680)
Purchase/sale of non-current financial assets	(4,301)	(218,701)
Other, net	(5,299)	(24,600)
Net cash provided by/(used in) investing activities	18,178	(811,852)
Cash flows from financing activities		
Increase in loans and borrowings	653	991
Issue of shares	-	1,015,000
Repayment of loans and borrowings	-	(144,670)
Interest paid	-	(6,117)
Dividends paid	-	(15,740)
Other, net	-	(5,394)
Net cash provided by/(used in) financing activities	653	844,070
Change in cash due to foreign exchange gains/losses	-	-
Change in net cash	(65,060)	152,682
Cash at beginning of period	298,981	79,897
Cash at end of period	233,921	232,579

Notes to the financial statements attached on pages 7 to 9 are their integral parts

GRUPA LOTOS S.A.
STATEMENT OF CHANGES IN EQUITY (NON-CONSOLIDATED)
for the six months ended June 30th 2006 and June 30th 2005

(PLN '000)	Share capital	Reserve funds	Retained earnings	Total equity
Jan 1 2005	78,700	-	2,473,654	2,552,354
	=====	=====	=====	=====
Net profit for the six months ended Jun 30 2005	-	-	198,418	198,418
Dividends to shareholders from the 2004 profit distribution	-	-	(15,740)	(15,740)
Issue of shares	35,000	-	-	35,000
Share premium	-	980,000	-	980,000
Issue expenses, including income tax	-	(9,049)	-	(9,049)
Other	-	-	3,600	3,600
	=====	=====	=====	=====
Jun 30 2005	78,700	970,951	2,659,932	3,744,583
(unaudited)	=====	=====	=====	=====
Jan 1 2006	113,700	970,951	2,993,782	4,078,433
	=====	=====	=====	=====
Net profit for the six months ended Jun 30 2006	-	-	322,098	322,098
	=====	=====	=====	=====
Jun 30 2006	113,700	970,951	3,315,880	4,400,531
(unaudited)	=====	=====	=====	=====

Notes to the financial statements attached on pages 7 to 9 are their integral parts

GRUPA LOTOS S.A.
Notes to the financial statements
for the six months ended June 30th 2006

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30TH 2006

1. General Information

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

On September 27th 2006, the Company's interim condensed financial statements for the six months ended June 30th 2006 were approved for publication by the Company's Management Board.

The Company prepared also the interim consolidated financial statements for the six months ended June 30th 2006, which were also approved for publication by the Company's Management Board on September 27th 2006.

2. Basis for Preparation and Accounting Policies

The interim condensed financial statements of GRUPA LOTOS S.A. for the six months ended June 30th 2006 were prepared in accordance with the International Accounting Standards (in particular IAS 34 "Interim Financial Reporting"), the International Financial Reporting Standards and the related interpretations published in the form of European Commission's Regulations ("EU-approved IFRS"). As at the date of approval of these financial statements for publication, given the continuing process of implementation of the IFRS by the EU and the type of business conducted by the Company, as far as the accounting policies applied by the Company are concerned, there were no differences between the IFRS and the EU-approved IFRS.

The interim condensed financial statements do not contain all the information and disclosures required to be included in annual financial statements and should be read in conjunction with the Company's annual financial statements prepared as at December 31st 2005 or the consolidated financial statements of the LOTOS Group for the six months ended June 30th 2006.

The accounting policies applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31st 2005. These accounting policies are described in the Notes to the consolidated financial statements of the LOTOS Group for the six months ended June 30th 2006

3. Seasonality and Cyclicity of Operations

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

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

In the period from January 1st to June 30th 2006 there occurred no events which would significantly affect the Company's assets, liabilities, equity, net profit or cash flows.

5. Changes of Estimates

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

6. Securities in Issue

In the period from January 1st to June 30th 2006 no debt or equity securities were repurchased or repaid.

7. Dividends Paid

As described in Note 26 to the consolidated financial statements for the six months ended June 30th 2006, on June 19th 2006 the Ordinary General Shareholders Meeting adopted a resolution on the distribution of the

GRUPA LOTOS S.A.
Notes to the financial statements
for the six months ended June 30th 2006

Company's profit for 2005. Pursuant to the resolution, the net profit of PLN 532,268 thousand, generated by the Company in the year ended December 31st 2005, was allocated in total to the Company's reserve funds. In these interim condensed financial statements the Company presents the distributed profit under "Retained earnings".

8. Revenues and Results of Individual Business and Geographical Segments

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

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

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

10. Changes in the Company's Structure

No material changes occurred in the Company's structure during the six months ended June 30th 2006.

11. Changes in Contingent Liabilities or Assets

All material changes in contingent liabilities and assets are described in Note 38 to the consolidated financial statements for the six months ended June 30th 2006.

12. Related Party Transactions

Transactions with related parties are concluded on standard market terms.

(PLN '000)	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
	Six months ended Jun 30 2006	Six months ended Jun 30 2006	As at Jun 30 2006	As at Jun 30 2006
Consolidated subsidiary undertakings	6,168,067	538,873	1,431,200	86,951
Non-consolidated subsidiary undertakings	173	3,184	134	671
Total	6,168,240	542,057	1,431,334	87,622

GRUPA LOTOS S.A.
Notes to the financial statements
for the six months ended June 30th 2006

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

(PLN '000)	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
	Six months ended Jun 30 2005	Six months ended Jun 30 2005	As at Dec 31 2005	As at Dec 31 2005
Consolidated subsidiary undertakings	3,575,304	361,337	915,528	79,220
Non-consolidated subsidiary undertakings	79	2,917	14	500
Total	3,575,383	364,254	915,542	79,720

13. Signatures of Management Board Members

President of the Management Board, CEO	
	Paweł Olechnowicz
Vice-President of the Management Board, COO	
	Marek Sokołowski
Vice-President of the Management Board, CFO	
	Mariusz Machajewski