



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

GRUPA LOTOS S.A.

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30TH 2008
PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS
ALONG WITH THE AUDITOR'S REVIEW REPORT**

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GRUPA LOTOS S.A.
Financial statements for the six months ended
June 30th 2008

FINANCIAL HIGHLIGHTS (NON-CONSOLIDATED)

GRUPA LOTOS S.A.	PLN '000		EUR '000	
	6 months ended Jun 30 2008	6 months ended Jun 30 2007 (comparable data)	6 months ended Jun 30 2008	6 months ended Jun 30 2007 (comparable data)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	7,242,289	5,118,383	2,082,554	1,329,934
Operating profit	364,635	146,816	104,852	38,148
Pre-tax profit	873,811	422,408	251,268	109,756
Net profit	729,675	385,594	209,821	100,191
Net cash provided by (used in) operating activities	(11,641)	134,462	(3,347)	34,938
Net cash provided by (used in) investing activities	(610,516)	(163,611)	(175,557)	(42,512)
Net cash provided by (used in) financing activities	636,090	5,213	182,911	1,355
Total net cash flow	8,620	(25,591)	2,479	(6,649)
Basic earnings per ordinary share (PLN/EUR)	6.42	3.39	1.85	0.88
Diluted earnings per ordinary share (PLN/EUR)	-	-	-	-
	PLN '000		EUR '000	
	As at Jun 30 2008	As at Dec 31 2007	As at Jun 30 2008	As at Dec 31 2007
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	8,922,208	7,680,471	2,660,011	2,144,185
Equity	5,805,190	5,075,515	1,730,723	1,416,950

The financial highlights as at June 30th 2008 were translated using the euro mid-exchange rate quoted by the National Bank of Poland for the euro on that date, i.e. EUR 1 = PLN 3.3542. Items of the income statement and the cash flow statement contained in the "Financial Highlights" table for the six months of 2008 (cumulatively) were translated at the exchange rate of EUR 1 = PLN 3.4776 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – June 30th 2008).

In the "Financial Highlights" table, the balance-sheet items as at December 31st 2007 were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 3.5820. Items of the income statement and the cash-flow statement contained in the "Financial Highlights" table for the six months of 2007 (cumulatively) were translated at the exchange rate of EUR 1 = PLN 3.8486 (the arithmetic mean of the mid exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – June 30th 2007).

GRUPA LOTOS S.A.
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BALANCE SHEETS (NON-CONSOLIDATED)
as at June 30th 2008 and December 31st 2007

(PLN '000)	Jun 30 2008 (unaudited)	Dec 31 2007 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,165,508	1,890,243
Prepayments for tangible assets under construction	1,204,222	766,004
Intangible assets	48,902	52,742
Non-current financial assets	673,360	677,977
	-----	-----
	4,091,992	3,386,966
	-----	-----
Current assets		
Inventories	2,931,454	2,469,830
Trade and other receivables, including: - income tax receivables	1,791,115	1,605,203
Prepayments	12,258	14,059
Current financial assets	66,846	99,969
Cash and cash equivalents	28,543	104,444
	-----	-----
	4,830,216	4,293,505
	-----	-----
Total assets	=====	=====
	8,922,208	7,680,471
	=====	=====

Notes attached on pages 9 to 14 are an integral part of these financial statements.

GRUPA LOTOS S.A.
Financial statements for the six months ended
June 30th 2008

BALANCE SHEETS (NON-CONSOLIDATED)
as at June 30th 2008 and December 31st 2007

(PLN '000)	Jun 30 2008 (unaudited)	Dec 31 2007 (audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings	4,720,539	3,990,864
Total equity	5,805,190	5,075,515
Non-current liabilities		
Interest-bearing loans and borrowings	765,271	486,379
Non-current provisions	21,028	20,125
Deferred tax liability	113,123	122,431
Other financial liabilities	288	288
Total non-current liabilities	899,710	629,223
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:	1,830,815	1,554,619
- income tax expense	39,486	5,430
Interest-bearing loans and borrowings	294,579	378,580
Current provisions	41,200	38,570
Other financial liabilities	50,714	3,964
Total current liabilities	2,217,308	1,975,733
Total liabilities	3,117,018	2,604,956
Total equity and liabilities	8,922,208	7,680,471

Notes attached on pages 9 to 14 are an integral part of these financial statements.

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INCOME STATEMENTS (NON-CONSOLIDATED)
for the six months ended June 30th 2008 and June 30th 2007

(PLN '000)	6 months ended Jun 30 2008 (unaudited)	6 months ended Jun 30 2007 (comparable data) (unaudited)
Sales revenue	7,242,289	5,118,383
Cost of sales	(6,589,601)	(4,699,920)
Gross profit on sales	652,688	418,463
Other operating income	2,086	31,196
Selling costs	(178,294)	(211,341)
General and administrative expenses	(106,164)	(89,628)
Other operating expenses	(5,681)	(1,874)
Operating profit	364,635	146,816
Financial income	593,793	279,221
Financial expenses	(84,617)	(3,629)
Pre-tax profit	873,811	422,408
Corporate income tax	(144,136)	(36,814)
Net profit on continued operations	729,675	385,594
Earnings per share (PLN):	6.42	3.39
- basic	6.42	3.39
- diluted	-	-

Notes attached on pages 9 to 14 are an integral part of these financial statements.

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Financial statements for the six months ended
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CASH-FLOW STATEMENTS (NON-CONSOLIDATED)
for the six months ended June 30th 2008 and June 30th 2007

(PLN '000)	6 months ended Jun 30 2008	6 months ended Jun 30 2007 (comparable data)
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net profit	729,675	385,594
Adjustments:		
Depreciation and amortisation	92,057	88,479
Foreign exchange (gains)/losses	(94,363)	1,655
Net interest and dividend paid	(131,137)	(201,502)
(Profit)/loss on investing activities	99,066	(26,916)
Current period income tax	144,136	36,814
Income tax paid	(119,388)	(8,855)
(Increase)/Decrease in receivables	(160,825)	397,874
(Increase) in inventories	(461,568)	(477,822)
Increase/(Decrease) in liabilities, accruals and deferred income	155,177	(14,905)
Increase/(Decrease) in provisions	3,533	(29,038)
(Increase)/Decrease in prepayments and accrued income	1,483	(11,703)
Other, net	(269,487)	(5,213)
	-----	-----
Net cash provided by/(used in) operating activities	(11,641)	134,462
	-----	-----
Cash flows from investing activities		
(Purchase)/Sale of financial assets	-	310
(Purchase)/Sale of non-current financial assets	3,376	2,099
Repayment of loans advanced	1,200	-
Dividends received	101,880	201,507
Interest received	824	-
(Purchase)/Disposal of tangible and intangible assets	(235,469)	(57,538)
Prepayments for tangible assets under construction	(482,327)	(330,227)
Cash acquired as a result of merger with LOTOS Partner Sp. z o.o.	-	22,038
Other, net	-	(1,800)
	-----	-----
Net cash provided by/(used in) investing activities	(610,516)	(163,611)
	-----	-----
Cash flows from financing activities		
Increase in loans and borrowings	375,212	-
Interest paid	(8,495)	-
Other, net	269,373	5,213
	-----	-----
Net cash provided by/(used in) financing activities	636,090	5,213
	-----	-----
Change in cash due to foreign exchange gains/losses	(5,313)	(1,655)
	=====	=====
Change in net cash	8,620	(25,591)
	=====	=====
Cash at beginning of period	(274,136)	(118,984)
	=====	=====
Cash at end of period	(265,516)	(144,575)
	=====	=====
- restricted cash	18,550	3,156

Notes attached on pages 9 to 14 are an integral part of these financial statements.

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STATEMENTS OF CHANGES IN EQUITY (NON-CONSOLIDATED)
for the six months ended June 30th 2008 and June 30th 2007

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings	Total equity
Jan 1 2007 (comparable data) (audited)	113,700	970,951	3,268,105	4,352,756
	-----	-----	-----	-----
Net profit for the six months ended Jun 30 2007	-	-	385,594	385,594
Dividends to shareholders – distribution of 2006 profit	-	-	(40,932)	(40,932)
Merger with LOTOS Partner Sp. z o. o.	-	-	18,608	18,608
	=====	=====	=====	=====
Jun 30 2007 (comparable data) (unaudited)	113,700	970,951	3,631,375	4,716,026
	=====	=====	=====	=====
Jan 1 2008 (audited)	113,700	970,951	3,990,864	5,075,515
	-----	-----	-----	-----
Net profit for the six months ended Jun 30 2008	-	-	729,675	729,675
	=====	=====	=====	=====
Jun 30 2008 (unaudited)	113,700	970,951	4,720,539	5,805,190
	=====	=====	=====	=====

Notes attached on pages 9 to 14 are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

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 22nd 2008, the Company's interim condensed financial statements for the six months ended June 30th 2008 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 2008, which were also approved for publication by the Company's Management Board on September 22nd 2008.

2. Basis for Preparation of the Financial Statements and Accounting Policies

The interim condensed financial statements of Grupa LOTOS S.A. for the six months ended June 30th 2008 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 2007 or the consolidated financial statements of the LOTOS Group for the six months ended June 30th 2008.

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 2007.

During the six months ended June 30th 2008, the Company reclassified the costs of loading equipment. For the six months ended June 30th 2007, cost of sales and general and administrative expenses fell by PLN 5,345 thousand and PLN 1,104 thousand, respectively, whereas selling costs rose by PLN 6,449 thousand.

In its cash flow statement for the six months ended June 30th 2008, the Company reclassified the amounts resulting from settlement of financial instruments. Previously, such amounts were disclosed under cash flows from operating activities, while in these interim financial statements – under cash flows from financing activities.

GRUPA LOTOS S.A.
Financial statements for the six months ended June 30th 2008
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3. Seasonality and Cyclicalities of Operations

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

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

In the period from January 1st to June 30th 2008 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 2008 no debt or equity securities were repurchased or repaid.

7. Dividends Paid

As described in Note 27 to the consolidated financial statements for the six months ended June 30th 2008, on June 30th 2008 the General Shareholders Meeting of Grupa LOTOS S.A. adopted a resolution on the distribution of the Company's net profit for 2007. Pursuant to the resolution, the Company's net profit for the year ended December 31st 2007, amounting to PLN 745,084 thousand, was distributed as follows:

- PLN 742,584 thousand, to increase the Company's statutory reserve funds,
- PLN 2,500 thousand, to increase the Company's special account designated for financing Grupa LOTOS S.A.'s CSR projects.

In these financial statements, the Company presented the distributed profit under Retained earnings. Additionally, the part of the distributed profit allocated to the special account was charged to costs of 2008 and presented under Current provisions.

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.

The information on material events concerning the Company which occurred after the termination of the interim period are described in Note 44 to the interim consolidated financial statements for the six months ended June 30th 2008.

GRUPA LOTOS S.A.
Financial statements for the six months ended June 30th 2008
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10. Changes in the Company's Structure

No material changes occurred in the Company's structure during the six months ended June 30th 2008, except for the following:

Acquisition of Shares in LOTOS Exploration and Production Norge AS by Petrobaltic S.A.

On June 12th 2008, Grupa LOTOS S.A. and Petrobaltic S.A. concluded a share purchase agreement, under which Petrobaltic S.A. acquired 8 million shares in LOTOS Exploration and Production Norge AS, representing 20% of the company's share capital.

The shares transferred under the agreement, with the total par value of NOK 8m (or PLN 3,376 thousand, translated at the PLN/NOK mid-exchange rate quoted by the National Bank of Poland for June 12th 2008), carrying the right to 8 million votes, are equal and indivisible shares, and represent 20% of the share capital of LOTOS Exploration and Production Norge AS. Their acquisition by Petrobaltic S.A. is treated as a long-term investment.

Petrobaltic S.A. acquired the shares in LOTOS Exploration and Production Norge AS at a market price equal to their par value, and financed the acquisition with its internally-generated funds

On June 17th 2008, the Extraordinary General Shareholders Meeting of Petrobaltic S.A. approved the acquisition of 20% of shares in LOTOS Exploration & Production Norge AS. The approval was a condition necessary to finalise the sale of 8 million shares in LOTOS Exploration and Production Norge AS (representing 20% of the company's share capital) by Grupa LOTOS S.A. to Petrobaltic S.A.

The value of LOTOS Exploration and Production Norge AS's assets sold under the agreement, as disclosed in the accounting books of Grupa LOTOS S.A., was PLN 3,886 thousand.

11. Changes in Contingent Liabilities or Assets

All material changes in contingent liabilities and assets are described in Note 42 to the consolidated financial statements for the six months ended June 30th 2008.

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12. Related Party Transactions (consolidated subsidiary undertakings, associated undertakings valued with equity method, non-consolidated subsidiary undertakings)

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
	6 months ended Jun 30 2008	6 months ended Jun 30 2008	As at Jun 30 2008	As at Jun 30 2008
Consolidated subsidiary undertakings	5,132,213	457,718	1,237,378	110,582
Associated undertakings valued with equity method	-	1,588	-	105
Non-consolidated subsidiary undertakings	11	21	2	-
Total	5,132,224	459,327	1,237,380	110,687

In the period January 1st–June 30th 2008 the total income on sale of property, plant and equipment and intangible assets of Grupa LOTOS S.A. to its related undertakings amounted to 116 thousand.

In the period January 1st–June 30th 2008 the total value of property, plant and equipment and intangible assets purchased by Grupa LOTOS S.A. from its related undertakings amounted to PLN 5,193 thousand.

In the period January 1st–June 30th 2008, financial income on related-party transactions totalled PLN 129,602 thousand (including income on dividends and other profit distributions of PLN 129,270 thousand, and interest income of PLN 332 thousand).

In the period January 1st–June 30th 2008, financial expenses incurred in connection with related-party transactions totalled PLN 511 thousand (including loss on disposal of shares of PLN 510 thousand and interest expense of PLN 1 thousand).

In the period January 1st–June 30th 2008, total other operating income on related-party transactions was PLN 55 thousand (including other operating income of PLN 50 thousand and gain on disposal of non-financial non-current assets of PLN 5 thousand).

In the period January 1st–June 30th 2008, Grupa LOTOS S.A. carried no other operating expenses connected with related-party transactions.

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(PLN '000)	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
	6 months ended Jun 30 2007	6 months ended Jun 30 2007	As at Jun 30 2007	As at Jun 2007
Consolidated subsidiary undertakings	6,206,669	343,580	967,682	24,859
Associated undertakings valued with equity method	3	1,714	-	184
Non-consolidated subsidiary undertakings	13	143	3	-
Total	6,206,685	345,437	967,685	25,043

In the period January 1st–June 30th 2007 the total income on sale of property, plant and equipment and intangible assets of Grupa LOTOS S.A. to its related undertakings amounted to PLN 37 thousand.

In the period January 1st–June 30th 2007 the total value of property, plant and equipment and intangible assets purchased by Grupa LOTOS S.A. from its related undertakings amounted to PLN 2,576 thousand.

In the period January 1st–June 30th 2008, financial income on related-party transactions totalled PLN 200,856 thousand (including income on dividends and other profit distributions of PLN 199,866 thousand, and interest income of PLN 990 thousand).

In the period January 1st–June 30th 2008, Grupa LOTOS S.A. carried no financial expenses connected with related-party transactions.

In the period January 1st–June 30th 2008, total other operating income on related-party transactions was PLN 10 thousand (including other operating income).

In the period January 1st–June 30th 2008, other operating expenses connected with related-party transactions totalled PLN 58 thousand (including revaluation of non-financial assets of PLN 11 thousand and other operating income of PLN 47 thousand).

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Financial statements for the six months ended June 30th 2008
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13. 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, Chief Executive Officer	
	Paweł Olechnowicz
Vice-President of the Management Board, Chief Financial Officer	
	Mariusz Machajewski
Vice-President of the Management Board, Production and Development Director	
	Marek Sokołowski
Chief Accountant	
	Tomasz Południewski