

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE SIX MONTH
PERIOD ENDED ON 30 JUNE 2007

CONTENTS

Page

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET 3

CONDENSED CONSOLIDATED INTERIM INCOME (LOSS) STATEMENT 4

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY 5 -6

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT 7

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 8 - 27

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

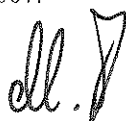
(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

Condensed consolidated interim balance sheet

	Note	As at 30 June 2007		As at 31 December 2006	
		USD	LTL	USD	LTL
ASSETS					
Non - current assets					
Property, plant and equipment	5	713 611	1 829 840	573 743	1 509 174
Intangible assets	6	7 330	18 795	7 476	19 665
Goodwill		4 757	12 198	4 745	12 481
Investments in associates		1 520	3 897	1 463	3 848
Deferred income tax assets		36 699	94 103	36 100	94 957
Non current receivables and prepayments		85 286	218 693	28 678	75 435
		<u>849 203</u>	<u>2 177 526</u>	<u>652 205</u>	<u>1 715 560</u>
Short-term assets					
Inventories	7	447 518	1 147 525	348 418	916 479
Trade and other receivables	8	138 823	355 970	93 876	246 932
Prepaid current income tax		3 163	8 110	53 630	141 068
Cash and cash equivalents	9	200 494	514 106	436 382	1 147 859
		<u>789 998</u>	<u>2 025 711</u>	<u>932 306</u>	<u>2 452 338</u>
Non - current assets classified as held for sale		6	16	292	768
		<u>790 004</u>	<u>2 025 727</u>	<u>932 598</u>	<u>2 453 106</u>
Total assets		<u>1 639 207</u>	<u>4 203 253</u>	<u>1 584 803</u>	<u>4 168 666</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	10	181 886	708 821	181 886	708 821
Share premium		77 507	295 548	77 507	295 548
Reserves		18 935	50 931	18 883	50 799
Cumulative translation adjustment		5 538	(272 798)	4 498	(229 580)
Retained earnings		447 120	1 091 891	465 492	1 142 651
		<u>730 986</u>	<u>1 874 393</u>	<u>748 266</u>	<u>1 968 239</u>
Minority interest		281	720	265	697
Total equity		<u>731 267</u>	<u>1 875 113</u>	<u>748 531</u>	<u>1 968 936</u>
LIABILITIES					
Non - current liabilities					
Borrowings	12	447 149	1 146 580	450 202	1 184 211
Other non - current liabilities		8 939	22 921	8 839	23 250
Provisions for liabilities and charges		2 518	6 457	2 455	6 458
		<u>458 606</u>	<u>1 175 958</u>	<u>461 496</u>	<u>1 213 919</u>
Short-term liabilities					
Trade and other payables	11	436 724	1 119 849	359 881	946 631
Current income tax liabilities		53	135	1 605	4 222
Borrowings	12	6 156	15 785	6 894	18 134
Provisions for liabilities and charges		6 401	16 413	6 396	16 824
		<u>449 334</u>	<u>1 152 182</u>	<u>374 776</u>	<u>985 811</u>
Total liabilities		<u>907 940</u>	<u>2 328 140</u>	<u>836 272</u>	<u>2 199 730</u>
Total equity and liabilities		<u>1 639 207</u>	<u>4 203 253</u>	<u>1 584 803</u>	<u>4 168 666</u>

The General Director and the Chief Financial Officer approved the condensed consolidated interim financial information, pages 3 to 27, on 13 August 2007.

Marek Mroczkowski
 General Director



Vita Petrošienė
 Chief Financial Officer



The notes on pages 8 to 27 are an integral part of the condensed consolidated interim financial information.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

Condensed consolidated interim income (loss) statement

	Note	2007				2006			
		3 months ended		6 months ended		3 months ended		6 months ended	
		30 June		30 June		30 June		30 June	
		USD	LTL	USD	LTL	USD	LTL	USD	LTL
Sales	4	957 564	2 453 087	1 557 046	4 032 063	1 291 060	3 552 868	2 431 435	6 826 542
Cost of sales	13	(865 984)	(2 218 479)	(1 465 871)	(3 798 521)	(1 113 344)	(3 063 811)	(2 125 981)	(5 970 788)
Gross profit		91 580	234 608	91 175	233 542	177 716	489 057	305 454	855 754
Other income		210	539	285	736	1 097	3 018	1 373	3 811
Selling and marketing costs	13	(30 141)	(77 215)	(59 593)	(154 788)	(48 240)	(132 751)	(102 636)	(288 906)
Administrative expenses	13	(17 084)	(43 766)	(43 828)	(114 206)	(31 144)	(85 706)	(48 348)	(135 093)
Operating Profit (loss)		44 565	114 166	(11 961)	(34 716)	99 429	273 618	155 843	435 566
Finance income		4 428	11 345	8 875	23 055	7 421	20 423	12 990	36 409
Finance costs		(7 782)	(19 937)	(15 468)	(40 180)	(5 388)	(14 829)	(12 025)	(33 880)
Share of profit of associates		11	29	21	54	15	42	33	93
Profit (loss) before tax		41 222	105 603	(18 533)	(51 787)	101 477	279 254	156 841	438 188
Income tax expense	14	(8 286)	(21 227)	222	1 182	(15 243)	(41 947)	(23 932)	(66 891)
Profit (loss) for the period		32 936	84 376	(18 311)	(50 605)	86 234	237 307	132 909	371 297
Attributable to:									
- equity holders of the Company		32 930	84 360	(18 320)	(50 628)	86 228	237 291	132 777	370 919
- minority interest		6	16	9	23	6	16	132	378
		32 936	84 376	(18 311)	(50 605)	86 234	237 307	132 909	371 297
Earnings per share for profit (loss) attributable to the equity holders of the Company for the period (expressed in USD and LTL per share)									
Basic	15	0,046	0,119	(0,026)	(0,071)	0,122	0,335	0,188	0,524

The notes on pages 8 to 27 constitute an integral part of the condensed consolidated interim financial information.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

Condensed consolidated interim statement of changes in equity (thous. USD)

	Capital and reserves attributable to the holders of the Company								
	Share capital	Share premium	Statutory revaluation reserve	Legal reserve	Cumulative translation adjustments	Retained earnings	Minority Total interest	Total equity	
Balance at 1 January 2006	181 366	72 752	109	13 494	1 457	404 069	673 247	836	674 083
Currency translation differences recognized directly in equity	-	-	-	-	1 628	-	1 628	53	1 681
Profit for the period	-	-	-	-	-	132 777	132 777	132	132 909
Total recognized income for the period	-	-	-	-	1 628	132 777	134 405	185	134 590
Transfer to legal reserve	-	-	-	5 280	-	(5 280)	-	-	-
Balance at 30 June 2006	181 366	72 752	109	18 774	3 085	531 566	807 652	1 021	808 673
Balance at 1 July 2006	181 366	72 752	109	18 774	3 085	531 566	807 652	1 021	808 673
Currency translation differences recognized directly in equity	-	-	-	-	2 120	-	2 120	79	2 199
Profit (loss) for the period	-	-	-	-	-	(66 781)	(66 781)	1 733	(65 048)
Total recognized income for the period	-	-	-	-	2 120	(66 781)	(64 661)	1 812	(62 849)
Issue of share capital in exchange for minority interest in subsidiary	520	4 755	-	-	-	-	5 275	(2 568)	2 707
Transfer of cumulative translation adjustment on merged subsidiary	-	-	-	-	(707)	707	-	-	-
Balance at 31 December 2006	181 886	77 507	109	18 774	4 498	465 492	748 266	265	748 531
Balance at 1 January 2007	181 886	77 507	109	18 774	4 498	465 492	748 266	265	748 531
Currency translation differences recognized directly in equity	-	-	-	-	1 040	-	1 040	7	1 047
Profit (loss) for the period	-	-	-	-	-	(18 320)	(18 320)	9	(18 311)
Total recognized income for the period	-	-	-	-	1 040	(18 320)	(17 280)	16	(17 264)
Transfer to legal reserve	-	-	-	52	-	(52)	-	-	-
Balance at 30 June 2007	181 886	77 507	109	18 826	5 538	447 120	730 986	281	731 267

The notes on pages 8 to 27 constitute an integral part of the condensed consolidated interim financial information.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

Condensed consolidated interim statement of changes in equity (thous. LTL)

	Capital and reserves attributable to the holders of the Company								
	Share capital	Share premium	Statutory revaluation reserve	Legal reserve	Cumulative translation adjustments	Retained earnings	Minority Total interest		Total equity
Balance at 1 January 2006	707 454	283 040	437	36 089	(30 716)	963 006	1 959 310	2 433	1 961 743
Currency translation differences recognized directly in equity	-	-	-	-	(106 844)	-	(106 844)	-	(106 844)
Profit for the period	-	-	-	-	-	370 919	370 919	378	371 297
Total recognized income for the period	-	-	-	-	(106 844)	370 919	264 075	378	264 453
Transfer to legal reserve	-	-	-	14 273	-	(14 273)	-	-	-
Balance at 30 June 2006	707 454	283 040	437	50 362	(137 560)	1 319 652	2 223 385	2 811	2 226 196
Balance at 1 July 2006	707 454	283 040	437	50 362	(137 560)	1 319 652	2 223 385	2 811	2 226 196
Currency translation differences recognized directly in equity	-	-	-	-	(90 160)	-	(90 160)	2	(90 158)
Profit (loss) for the period	-	-	-	-	-	(178 861)	(178 861)	4 639	(174 222)
Total recognized income for the period	-	-	-	-	(90 160)	(178 861)	(269 021)	4 641	(264 380)
Issue of share capital in exchange for minority interest in subsidiary	1 367	12 508	-	-	-	-	13 875	(6 755)	7 120
Transfer of cumulative translation adjustment on merged subsidiary	-	-	-	-	(1 860)	1 860	-	-	-
Balance at 31 December 2006	708 821	295 548	437	50 362	(229 580)	1 142 651	1 968 239	697	1 968 936
Balance at 1 January 2007	708 821	295 548	437	50 362	(229 580)	1 142 651	1 968 239	697	1 968 936
Currency translation differences recognized directly in equity	-	-	-	-	(43 218)	-	(43 218)	-	(43 218)
Profit (loss) for the period	-	-	-	-	-	(50 628)	(50 628)	23	(50 605)
Total recognized income for the period	-	-	-	-	(43 218)	(50 628)	(93 846)	23	(93 689)
Transfer to legal reserve	-	-	-	132	-	(132)	-	-	-
Balance at 30 June 2007	708 821	295 548	437	50 494	(272 798)	1 091 891	1 874 393	720	1 875 113

The notes on pages 8 to 27 constitute an integral part of the condensed consolidated interim financial information.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

Condensed consolidated interim cash flow statement

	Note	Six month ended 30 June			
		2007		2006	
		USD	LTL	USD	LTL
Cash flows from operating activities					
Cash generated from operations	16	(64 801)	(195 666)	174 760	418 511
Interest paid		(15 576)	(40 502)	(15 326)	(43 087)
Income tax paid		49 503	132 870	(34 300)	(96 205)
Net cash generated from operating activities		(30 874)	(103 298)	125 134	279 219
Cash flows from investing activities					
Purchases of property, plant and equipment		(208 031)	(536 680)	(45 544)	(125 751)
Proceeds from sale of property, plant and equipment		91	239	2 031	5 627
Proceeds from sale of non-current assets classified as held for sale		-	-	1 261	3 606
Purchases of intangible assets		(682)	(1 456)	(549)	(1 698)
Interest received		5 399	14 037	12 990	36 326
Net cash used in investing activities		(203 223)	(523 860)	(29 811)	(81 890)
Cash flows from financing activities					
Repayment of borrowings		(6 471)	(16 948)	(4 981)	(14 038)
Proceeds from borrowings		2 594	6 718	1 117	3 074
Finance lease principal payments		(30)	(80)	(172)	(484)
Net cash used in financing activities		(3 907)	(10 310)	(4 036)	(11 448)
Net increase (decrease) in cash, cash equivalents and bank overdrafts					
		(238 004)	(637 468)	91 287	185 881
Cash, cash equivalents and bank overdrafts at the beginning of the period	9	436 382	1 147 859	637 813	1 856 164
Exchange gains (losses) on cash and bank overdrafts		2 116	3 715	1 829	(29 870)
Cash, cash equivalents and bank overdrafts at the end of the period	9	200 494	514 106	730 929	2 012 175

The notes on pages 8 to 27 constitute an integral part of the condensed consolidated interim financial information.

 7

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

Notes on the condensed consolidated interim financial information

1. General information

AB Mažeikių Nafta (hereinafter "the Company") was originally established in 1980 to refine crude oil and market refined oil products. In 1995, the Company was reorganized into a public company following a partial privatization by the Company's employees. In 1998 the Company merged with the oil terminal operator AB Būtingės Nafta and the pipeline operator AB Naftotiekis. In 2006, the Company merged with AB Mažeikių Elektrinė, generator of electrical energy.

The Company is a limited liability company incorporated and domiciled in Lithuania. Its registered office is located at the address: Juodeikiai, LT-89467 Mažeikiai distr., Republic of Lithuania

The Company has its primary listing on the Vilnius Stock Exchange (Lithuania).

On 30 June 2007 and 31 December 2006 Polski Koncern Naftowy Orlen S.A (hereinafter „PKN ORLEN“) holding 89,89 % of the Company's shares and the Government of the Republic of Lithuania (hereinafter "the Government") holding 9,98 % of the Company's shares were the major shareholders of the Company (on 31 December 2006, PKN ORLEN held 84,2 % and the Government - 9,98 % of the shares of the Company). The rest of the shares belong to a number of minor shareholders.

On 20 February 2007 PKN ORLEN acting jointly with the Government of Republic of Lithuania based on Cooperation Agreement signed on 25 January 2007 issued a Notice on Squeeze-Out of Shares of the minor shareholders of AB Mažeikių Nafta. The process of squeeze-out of shares is executed following the Laws of the Republic of Lithuania. The minor shareholders are required to sell the shares of AB Mažeikių Nafta during the period of 20 February 2007 to 21 May 2007 (inclusively) for the price offered by the Offerors. At the end of the established share squeeze-out period, there were some shareholders who had not sold the Company's shares owned by them. On the last day of the above mentioned period, the Offerors were conferred the right and applied the court with a request to obligate account managers to make records in the security accounts about the transfer of title to the shares over to PKN ORLEN. Upon completion of share squeeze-out procedure PKN ORLEN will own all the shares of AB Mažeikių Nafta except for the portion of 9.98 % owned by the Government of the Republic of Lithuania.

Consolidated Group

The consolidated group (hereinafter "the Group") consists of the Company and its seven subsidiaries (as of December 2006). The Group has one associate which is accounted with equity method applied. Below listed are the subsidiaries and the associate included into the Group's consolidated financial statements:

Subsidiary/associate	Country of incorporation	Year of establishment /acquisition	Group's share (%) as at		Profile
			30 June 2007	31 December 2006	
<i>Subsidiaries</i>					
Uotas UAB	Lithuania	2002	100	100	The entity is under liquidation process.
AB Ventus Nafta	Lithuania	2002	98,59	98,59	Retail of refined oil products
Mažeikių Naftos Prekybos namai UAB	Lithuania	2003	100	100	The Company's sales commissioner in Lithuania
Mažeikių Nafta Tirdzniecības Nams SIA	Latvia	2003	100	100	Wholesale of refined oil products in Latvia
Mažeikių Nafta Trading House OU	Estonia	2003	100	100	Wholesale of refined oil products in Estonia
Mažeikių Nafta Trading House Sp.z.o.o.	Poland	2003	100	100	Wholesale of refined oil products in Poland
Juodeikių Nafta UAB	Lithuania	1995	100	100	The entity is under liquidation process.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

1. General information (continued)

Associates

Naftelf UAB	Lithuania	1996	34	34	Sales of aviation fuel and construction of aviation fuel storage facilities
-------------	-----------	------	----	----	---

(1) Supply of crude oil

Although the Company was dependent on the supply of crude oil via the pipelines carrying oil through the territory of Russian Federation, it does have the possibility of importing crude oil through its oil import-export terminal in Būtingė. At the end of July, 2006 the crude oil supply by pipelines to the Company was suspended and the Company continued its activities by importing the crude oil through Oil Terminal.

On January 5, 2007, the Company signed the Agreement with PKN ORLEN granting PKN ORLEN the exclusive right for the crude oil supply to the Company. The contract signing is associated with centralization of crude oil purchases in PKN ORLEN Group. The Agreement has been concluded for an indefinite period.

(2) Fire at the oil Refinery

The fire, which took place in the Refinery on October 12, 2006, tore down the vacuum distillation unit used for production of light petroleum products. After the fire, through to the end of the first stage of the reconstruction plan in February, 2007, the Refinery was operating at its half capacity. The first stage of the reconstruction plan was over in February, 2007, when the old vacuum distillation tower (after it was revamped), previously taken out of operation, was started. The revamped tower is capable of processing approximately 50 per cent of the quantity the fire-damaged unit could process. Subject to the management's calculations, restoration of the full capacity might take 12 to 14 months. The Company has its assets insured and hedged against the risk of operation suspension on the international insurance market via the insurance broker AON Limited in London. The assets are insured for their replacement cost. On the date the present Consolidated Financial Information was prepared, the causes of the fire had already been established, whereas, final amounts of damage compensation not agreed upon.

(3) Continuity of business

The combined effects of the suspension of oil supply via the pipeline and the fire at the oil refinery had in 2006 and will continue to have in future a significant adverse effect on the Group's operations. However, the management believes that based on its actions and the Group's capital financing and operating plans for 2007 there is no reason to doubt the appropriateness of the going concern assumption when preparing the current consolidated interim financial information.

2. Summary of significant accounting policies

2.1 Basis of preparation

The below interim financial information condensed and consolidated by the Group has been prepared for the preceding six-month-period ended 30 June 2007. The information has been prepared in accordance with the International Accounting Standard (IAS) No. 34, Interim Financial Reporting and IAS No. 34, Interim Financial Reporting applied in the context of the IFRS as adopted by the European Union.

All International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and effective at the time of preparation of this Condensed Consolidated Interim Financial Information have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of the International Accounting Standard IAS 39, Financial Instruments: Recognition and Measurement. Following recommendations from the Accounting Regulatory Committee, the Commission adopted Regulations 2086/2004 and 1864/2005 requiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

2.1 Basis of preparation (continued)

Since the Group is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, the accompanying Condensed Consolidated Interim Financial Information complies with both International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB.

The same accounting policies and methods of computation were followed in the preparation of this condensed consolidated interim financial information as in the annual consolidated financial statements for the year ended 31 December 2006. These policies have been consistently applied to all the periods presented. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the consolidated financial statements for the year ended 31 December 2006 must be applicable to the Group reporting periods from 1 January 2007. They have not significantly affected the condensed consolidated interim financial information of the Group.

This condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Correction of errors

In preparing its consolidated financial statements for the year ended 31 December 2006 the Group discovered an error made in its consolidated interim financial information for the six month period ended 30 June 2006 related to the disclosing of the parties. Petroval PTE Lt. was disclosed as a related party though it was not related to the Group. As a result of correction of error, the sales from the concerned parties were reduced by 51 649 thous. USD or 145 726 thous. LTL for the six month period ended 30 June 2006, respectively the amount of the purchase from third parties was increased.

2.2 Interim measurement note

(a) Seasonality of the business

The activities of the Group mostly depend on the supply of the crude oil and seasonal fluctuations are eliminated by the crude oil supply constraint. The Group produces and sells as much products as it receives crude oil. If the oil refinery worked in full capacity, the business of the Group would be affected by the seasonal fluctuations.

(b) Current income tax

Current income tax expense is recognized in this condensed consolidated interim financial information based on management's best estimates of the weighted average annual income tax rate expected for the full financial year.

(c) Costs

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

3. Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

3. Critical accounting estimates and assumptions (continued)

(a) Impairment pipeline assets

At the end of July 2006 the crude oil supply by pipelines from Russia to the Company was suspended and the pipelines connecting Biržai Pipeline and the Refinery are not used by the Group. As of 30 June 2007 the balance value of unused long-term tangible assets was 2 211 thous. USD or 5 669 thous. LTL (as of 31 December 2006 it was 2 212 thous. USD or 5 818 thous. LTL). Total long-term tangible assets in the pipeline operating segment amounted to 50 614 thous. USD or 129 784 thous. LTL (31 December 2006 – 51 670 thous. USD or 135 913 thous. LTL). The management of the Group believes that the interruption in crude oil supply via the pipeline is temporary, therefore no impairment loss was recognized on the pipeline operating segment's long-term tangible assets in interim financial information of six month period ended 30 June 2007 and in the consolidated financial statements for the year ended 31 December 2006. If it becomes apparent in future that the interruption is of a long term nature, the pipeline assets will be tested for impairment and impairment loss, if any, will be recognized in the consolidated financial statements.

(b) Accounting for pipeline fill

The Group recognizes pipeline fill representing crude oil which is in the pipe connecting the Refinery and Būtingė import-export oil terminal as long-term tangible assets. According to the technical specifications of equipment, there must always be a certain level of crude oil in the pipe. The Group has classified the pipeline fill as long-term tangible assets because the management of the Group believes that this crude oil will be used for more than one year and its balance in tons does not change and does not impact cost of sales. Pipeline fill is depreciated to its residual value which is equal to the crude oil market price at each balance sheet date. Pipeline fill is tested for impairment annually. The balance of pipeline fill as of 30 June 2007 amounted to 8 532 thous. USD or 21 878 thous. LTL (as of 31 December 2006 - 8 532 thous. USD or 22 443 thous. LTL).

(c) Accounting for carbon dioxide emission rights

The Group participates in a carbon dioxide cap and trade scheme. It is set a target to reduce its emissions of carbon dioxide to a specified level (the cap). The Group is issued allowances equal in number to its cap by the Government. Allowances are issued free of charge. The Group measures both emission allowances and government grant at a nominal amount, i.e. zero. As actual emissions are made, a liability is recognized for the obligation to deliver allowances. Liabilities to be settled using allowances on hand are measured at the carrying amount of those allowances, i.e. zero. Any excess emissions to be purchased are measured at the market value of allowances at the period end. When unused emission allowances are sold, sale proceeds are recognized in the income (loss) statement upon sale. Management believes that this policy helps to avoid profit (loss) statement volatility related to the different measurement bases and the timing of recognition of the emission rights asset and the liability arising from the emission of pollutants. The market value of remaining unused carbon dioxide allowances of the Group amounted to 172 thous. USD or 441 thous. LTL as of 30 June 2007 (in 2006: 31 720 thous. USD or 83 436 thous. LTL). During the six month period ended 30 June 2007 the Group's income from the sale of emission allowances amounted to 172 thous. USD or 441 thous. LTL (income of the year ended 31 December 2006 amounted to 13 415 thous. USD or 35 937 thous. LTL).

(d) Accounting for capital investment relief

According to the Investment Agreement signed on 29 October 1999 between the Company, the Government and Williams International Company (from 19 September 2002 replaced by Yukos Finance B.V.) which was valid until 15 December 2006 when Yukos International UK B.V. sold its shareholding in the Company to PKN ORLEN, the Company could reduce its taxable profits by the capital investment relief. The Investment Agreement guaranteed that starting from 29 October 1999 for a period of 10 years the portion of taxable profit of the Company utilized for investment in long-term tangible assets was taxed at a corporate profit tax rate of 0 percent. The Group acknowledged the capital investment relief for the period of 2003 – 2006, which was 9 077 thous. USD or 23 277 thous. LTL, and accordingly reduced its income tax expenses. During the reporting period ended 30 June 2007 the Group did not use capital investment relief. The Group believes that the capital investment relief represents an investment tax credit. Accounting for investment tax credits is not addressed in IFRS and the Group therefore considered requirements and guidance dealing with similar and related issues. Management considered accounting treatment of the relief as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, or as a tax credit under IAS 12, *Income Taxes*. However, as the relief is contingent on qualifying capital expenditures, management decided that the most appropriate accounting policy is to recognize the tax benefits of the capital investment relief in the period in which the qualifying capital expenditures are incurred.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

3. Critical accounting estimates and assumptions (continued)

(e) The Company's selection of the USD as its functional currency

The Company selected the USD as its functional currency because the most of its income and the majority of its costs are influenced by the international oil prices, which are set in the USD. In addition, the majority of the Company's borrowings and receipts from operating activities are in the USD. The management uses the USD to manage business risks and exposures and to measure performance of the business. The management of the Company believes that the USD is the currency of the primary economic environment in which the Company operates.

4. Segment information

Primary reporting format – business segments

The Group has four reportable business segments: oil refinery, oil terminal, pipeline operator and operator of the network of filling stations. The oil refinery produces different grades of high octane unleaded gasoline, diesel, jet fuel, bitumen, LPG and sulphur. The Group owns an import-export oil terminal in Būtingė on the Baltic sea coast. Up to the end of July, 2006 the Terminal was used for crude oil export. After suspension of crude oil supply by pipeline via Russia the Group started using own oil terminal for import of crude oil intended for refining. The Pipeline segment comprises a section of the Druzhba pipeline situated in the territory of the Republic of Lithuania and the lines connecting Biržai Pipeline with the Oil Refinery and Terminal. Before suspension of crude oil supply by pipeline via Russia in July, 2006 the pipeline operator used to transport crude oil to the Oil Refinery and Būtingė Oil Terminal and the crude oil and the petroleum products to Ventspils Terminal (Latvia). From July 2006 the pipeline operator transports the petroleum products to the Ventspils Terminal. The Group operates the network of about 25 filling stations in Lithuania; 9 filling stations are managed by the customer of the Group based on the franchise contract.

The Group allocates costs between segments directly.

The business segment results for the three month period ended 30 June 2007 were as follows:

USD	Oil Refinery	Oil Terminal	Pipeline	Petrol stations	Other	Group
Total gross segment sales	948 288	1 390	1 272	16 259	-	967 209
Inter-segment sales	(9 637)	-	-	(8)	-	(9 645)
Sales	938 651	1 390	1 272	16 251	-	957 564
Operating profit / segment result	49 629	(4 694)	(727)	407	(50)	44 565
Finance income						4 428
Finance costs						(7 782)
Share of profit of associates	11	-	-	-	-	11
Profit before income tax						41 222
Income tax expense (Note 14)						(8 286)
Profit for the period						32 936

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

4. Segment information (continued)

LTL

	Oil Refinery	Oil Terminal	Pipeline	Petrol stations	Other	Group
Total gross segment sales	2 429 323	3 561	3 259	41 652	-	2 477 795
Inter-segment sales	(24 688)	-	-	(20)	-	(24 708)
Sales	2 404 635	3 561	3 259	41 632	-	2 453 087
Operating profit / segment result	127 138	(12 025)	(1 862)	1 043	(128)	114 166
Finance income						11 345
Finance costs						(19 937)
Share of profit of associates	29	-	-	-	-	29
Profit before income tax						105 603
Income tax expense (Note 14)						(21 227)
Profit for the period						<u>84 376</u>

The business segment results for the six month period ended 30 June 2007 were as follows:

USD

	Oil Refinery	Oil Terminal	Pipeline	Petrol stations	Other	Group
Total gross segment sales	1 536 818	2 252	2 830	32 075	-	1 573 975
Inter-segment sales	(16 915)	-	-	(14)	-	(16 929)
Sales	1 519 903	2 252	2 830	32 061	-	1 557 046
Operating profit / segment result	(2 129)	(9 169)	(1 102)	633	(194)	(11 961)
Finance income						8 875
Finance costs						(15 468)
Share of profit of associates	21	-	-	-	-	21
Profit (loss) before income tax						(18 533)
Income tax expense (Note 14)						222
Profit (loss) for the period						<u>(18 311)</u>

LTL

	Oil Refinery	Oil Terminal	Pipeline	Petrol stations	Other	Group
Total gross segment sales	3 979 453	5 831	7 363	83 310	-	4 075 957
Inter-segment sales	(43 858)	-	-	(36)	-	(43 894)
Sales	3 935 595	5 831	7 363	83 274	-	4 032 063
Operating profit / segment result	(9 185)	(23 812)	(2 850)	1 638	(507)	(34 716)
Finance income						23 055
Finance costs						(40 180)
Share of profit of associates						54
Profit (loss) before income tax						(51 787)
Income tax expense (Note 14)						1 182
Profit (loss) for the period						<u>(50 605)</u>

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

4. Segment information (continued)

The business segment results for the three month period ended 30 June 2006 were as follows:

USD

	Oil Refinery	Oil Terminal	Pipeline	Petrol stations	Other	Group
Total gross segment sales	1 269 348	8 281	8 757	11 774	325	1 298 485
Inter-segment sales	(7 100)	-	-	-	(325)	(7 425)
Sales	1 262 248	8 281	8 757	11 774	-	1 291 060
Operating profit / segment result	95 965	(2 995)	6 221	235	3	99 429
Finance income						7 421
Finance costs						(5 388)
Share of profit of associates	15	-	-	-	-	15
Profit before income tax						101 477
Income tax expense (Note 14)						(15 243)
Profit for the period						<u>86 234</u>

LTL

	Oil Refinery	Oil Terminal	Pipeline	Petrol stations	Other	Group
Total gross segment sales	3 493 119	22 788	24 098	32 401	894	3 573 300
Inter-segment sales	(19 538)	-	-	-	(894)	(20 432)
Sales	3 473 581	22 788	24 098	32 401	-	3 552 868
Operating profit / segment result	264 085	(8 242)	17 120	647	8	273 618
Finance income						20 423
Finance costs						(14 829)
Share of profit of associates	42	-	-	-	-	42
Profit before income tax						279 254
Income tax expense (Note 14)						(41 947)
Profit for the period						<u>237 307</u>

The business segment results for the six month period ended 30 June 2006 were as follows:

USD

	Oil Refinery	Oil Terminal	Pipeline	Petrol stations	Other	Group
Total gross segment sales	2 394 855	13 101	15 012	20 386	575	2 443 929
Inter-segment sales	(11 922)	-	-	-	(572)	(12 494)
Sales	2 382 933	13 101	15 012	20 386	3	2 431 435
Operating profit / segment result	154 503	(9 042)	10 386	44	(48)	155 843
Finance income						12 990
Finance costs						(12 025)
Share of profit of associates	33	-	-	-	-	33
Profit before income tax						156 841
Income tax expense (Note 14)						(23 932)
Profit for the period						<u>132 909</u>

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

4. Segment information (continued)

LTL	Oil		Pipeline	Petrol		Group
	Refinery	Terminal		stations	Other	
Total gross segment sales	6 724 112	36 625	42 054	57 123	1 612	6 861 526
Inter-segment sales	(33 381)	-	-	-	(1 603)	(34 984)
Sales	6 690 731	36 625	42 054	57 123	9	6 826 542
Operating profit / segment result	432 130	(25 601)	29 076	99	(138)	435 566
Finance income						36 409
Finance costs						(33 880)
Share of profit of associates	93	-	-	-	-	93
Profit before income tax						438 188
Income tax expense (Note 14)						(66 891)
Profit for the period						<u>371 297</u>

5. Property, plant and equipment

USD	Land and buildings	Plant and machinery	Other PPE	Construction in progress	Total
At 1 January 2006					
Cost	83 530	676 775	75 341	48 024	883 670
Accumulated depreciation and impairment	(28 572)	(311 086)	(34 996)	-	(374 654)
Net book amount	<u>54 958</u>	<u>365 689</u>	<u>40 345</u>	<u>48 024</u>	<u>509 016</u>
Six months ended 30 June 2006					
Net book amount at 1 January 2006	54 958	365 689	40 345	48 024	509 016
Exchange differences	722	558	127	48	1 455
Additions	2 253	2 007	4 257	26 719	35 236
Disposals	(851)	(445)	(65)	(4)	(1 365)
Retirements	(4)	(3)	(36)	(55)	(98)
Re-classification	692	7 286	17	(7 995)	-
Transfers	-	-	-	(103)	(103)
Depreciation charge	(1 251)	(23 979)	(3 078)	-	(28 308)
Net book amount at 30 June 2006	<u>56 519</u>	<u>351 113</u>	<u>41 567</u>	<u>66 634</u>	<u>515 833</u>
Six months ended 31 December 2006					
Net book amount at 1 July 2006	56 519	351 113	41 567	66 634	515 833
Exchange differences	678	423	102	42	1 245
Additions	1 499	18 371	2 232	52 450	74 552
Disposals	(3)	-	(36)	4	(35)
Retirements	(31)	(27)	(18)	(46)	(122)
Re-classification	830	4 551	82	(5 463)	-
Transfers	-	16	-	(27)	(11)
Reversal of impairment	52	30	-	-	82
Depreciation charge	(1 279)	(14 200)	(2 322)	-	(17 801)
Net book amount at 31 December 2006	<u>58 265</u>	<u>360 277</u>	<u>41 607</u>	<u>113 594</u>	<u>573 743</u>
At 31 December 2006					
Cost	89 384	706 831	80 511	113 594	990 320
Accumulated depreciation and impairment	(31 119)	(346 554)	(38 904)	-	(416 577)
Net book amount	<u>58 265</u>	<u>360 277</u>	<u>41 607</u>	<u>113 594</u>	<u>573 743</u>

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

5. Property, plant and equipment (continued)

USD	Land and buildings	Plant and machinery	Other PPE	Construction in progress	Total
Six months ended 30 June 2007					
Net book amount at 1 January 2007	58 265	360 277	41 607	113 594	573 743
Exchange differences	345	143	59	2	549
Additions	1	23 257	6 981	128 093	158 332
Disposals	(20)	-	-	-	(20)
Retirements	(39)	(181)	(200)	(519)	(939)
Re-classification	389	12 398	173	(12 960)	-
Transfers	284	-	-	-	284
Reversal of impairment	-	-	1	-	1
Depreciation charge	(1 329)	(14 462)	(2 548)	-	(18 339)
Net book amount at 30 June 2007	57 896	381 432	46 073	228 210	713 611
At 30 June 2007					
Cost	90 362	742 010	86 590	228 210	1 147 172
Accumulated depreciation and impairment	(32 466)	(360 578)	(40 517)	-	(433 561)
Net book amount	57 896	381 432	46 073	228 210	713 611
LTL					
	Land and buildings	Plant and machinery	Other PPE	Construction in progress	Total
At 1 January 2006					
Cost	243 089	1 969 548	219 257	139 759	2 571 653
Accumulated depreciation and impairment	(83 150)	(905 322)	(101 845)	-	(1 090 317)
Net book amount	159 939	1 064 226	117 412	139 759	1 481 336
Six months ended 30 June 2006					
Net book amount at 1 January 2006	159 939	1 064 226	117 412	139 759	1 481 336
Exchange differences	(6 618)	(54 698)	(5 953)	(9 189)	(76 458)
Additions	6 200	5 552	11 862	75 448	99 062
Disposals	(2 357)	(1 225)	(180)	(11)	(3 773)
Retirements	(11)	(9)	(102)	(153)	(275)
Re-classification	1 955	20 117	49	(22 121)	-
Transfers	-	-	-	(296)	(296)
Depreciation charge	(3 517)	(67 384)	(8 658)	-	(79 559)
Net book amount at 30 June 2006	155 591	966 579	114 430	183 437	1 420 037
Six months ended 31 December 2006					
Net book amount at 1 July 2006	155 591	966 579	114 430	183 437	1 420 037
Exchange differences	(5 184)	(42 188)	(4 815)	(10 955)	(63 142)
Additions	4 023	49 266	6 011	141 154	200 454
Disposals	(8)	-	(97)	11	(94)
Retirements	(83)	(72)	(49)	(124)	(328)
Re-classification	2 226	12 202	220	(14 648)	-
Transfers	-	46	-	(77)	(31)
Reversal of impairment	139	80	-	-	219
Depreciation charge	(3 443)	(38 240)	(6 258)	-	(47 941)
Net book amount at 31 December 2006	153 261	947 673	109 442	298 798	1 509 174

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007


(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

5. Property, plant and equipment (continued)

LTL	Land and buildings	Plant and machinery	Other PPE	Construction in progress	Total
At 31 December 2006					
Cost	235 116	1 859 249	211 777	298 798	2 604 940
Accumulated depreciation and impairment	(81 855)	(911 576)	(102 335)	-	(1 095 766)
Net book amount	153 261	947 673	109 442	298 798	1 509 174
Six months ended 30 June 2007					
Net book amount at 1 January 2007	153 261	947 673	109 442	298 798	1 509 174
Exchange differences	(2 972)	(23 359)	(2 889)	(12 007)	(41 227)
Additions	3	59 620	18 279	333 179	411 081
Disposals	(53)	-	-	-	(53)
Retirements	(100)	(473)	(521)	(1 151)	(2 245)
Re-classification	1 021	32 166	456	(33 643)	-
Transfers	748	-	-	-	748
Reversal of impairment	-	-	3	-	3
Depreciation charge	(3 452)	(37 559)	(6 630)	-	(47 641)
Net book amount at 30 June 2007	148 456	978 068	118 140	585 176	1 829 840
At 30 June 2007					
Cost	231 706	1 902 662	222 034	585 176	2 941 578
Accumulated depreciation and impairment	(83 250)	(924 594)	(103 894)	-	(1 111 738)
Net book amount	148 456	978 068	118 140	585 176	1 829 840

6. Intangible assets

USD	Software	Patents and licences	Software under development	Total
At 1 January 2006				
Cost	8 328	6 073	-	14 401
Accumulated amortization	(5 269)	(5 216)	-	(10 485)
Net book amount	3 059	857	-	3 916
Six months ended 30 June 2006				
Net book amount at 1 January 2006	3 059	857	-	3 916
Exchange differences	7	-	-	7
Additions	154	-	-	154
Amortization charge	(569)	(199)	-	(768)
Net book amount at 30 June 2006	2 651	658	-	3 309
Six months ended 31 December 2006				
Net book amount at 1 July 2006	2 651	658	-	3 309
Exchange differences	21	-	2	23
Additions	73	-	4 858	4 931
Amortization charge	(588)	(199)	-	(787)
Net book amount at 31 December 2006	2 157	459	4 860	7 476
At 31 December 2006				
Cost	8 389	6 051	4 860	19 300
Accumulated amortization	(6 232)	(5 592)	-	(11 824)
Net book amount	2 157	459	4 860	7 476

17


AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

6. Intangible assets (continued)

USD

	Software	Patents and licences	Software under development	Total
Six months ended 30 June 2007				
Net book amount at 1 January 2007	2 157	459	4 860	7 476
Exchange differences	3	-	-	3
Additions	289	-	381	670
Amortization charge	(620)	(199)	-	(819)
Net book amount at 30 June 2007	1 829	260	5 241	7 330
At 30 June 2007				
Cost	8 706	6 056	5 241	20 003
Accumulated amortization	(6 877)	(5 796)	-	(12 673)
Net book amount	1 829	260	5 241	7 330

LTL

	Software	Patents and licences	Software under development	Total
At 1 January 2006				
Cost	24 236	17 674	-	41 910
Accumulated amortization	(15 334)	(15 180)	-	(30 514)
Net book amount	8 902	2 494	-	11 396
Six months ended 30 June 2006				
Net book amount at 1 January 2006	8 902	2 494	-	11 396
Exchange differences	(437)	(124)	-	(561)
Additions	432	-	-	432
Amortization charge	(1 599)	(559)	-	(2 158)
Net book amount at 30 June 2006	7 298	1 811	-	9 109
Six months ended 31 December 2006				
Net book amount at 1 July 2006	7 298	1 811	-	9 109
Exchange differences	(235)	(68)	(230)	(533)
Additions	195	-	13 014	13 209
Amortization charge	(1 584)	(536)	-	(2 120)
Net book amount at 31 December 2006	5 674	1 207	12 784	19 665
At 31 December 2006				
Cost	22 066	15 917	12 784	50 767
Accumulated amortization	(16 392)	(14 710)	-	(31 102)
Net book amount	5 674	1 207	12 784	19 665
Six months ended 30 June 2007				
Net book amount at 1 January 2007	5 674	1 207	12 784	19 665
Exchange differences	(135)	(24)	(323)	(482)
Additions	761	-	978	1 739
Amortization charge	(1 610)	(517)	-	(2 127)
Net book amount at 30 June 2007	4 690	666	13 439	18 795
At 30 June 2007				
Cost	22 324	15 528	13 439	51 291
Accumulated amortization	(17 634)	(14 862)	-	(32 496)
Net book amount	4 690	666	13 439	18 795

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

6. Intangible assets (continued)

In 2005 the Company was issued allowances by the Government to emit 6 622 887 tons of carbon dioxide in 2005 – 2007. In the balance sheet, the Group recognized allowances and the related government grant at a nominal value, i.e. zero. In October 2005, by means of business combination, the Group acquired additional allowances to emit 2 651 020 tons of carbon dioxide in 2005 – 2007. These allowances were not recognized in the balance sheet of the Group. As on 30 June 2007, actual emissions of the Group amounted to 943 806 tons (December 2006: -1 943 226 tons), and in June 2007, the Group sold the allowance to emit 1 600 000 tons of carbon dioxide (in 2006 - 1 570 000 tons). The market value of remaining unused allowances amounted to 172 thous. USD or 441 thous. LTL as of 30 June 2007 (December 2006: 31 720 thous. USD or 83 436 thous. LTL)

7. Inventories

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Raw materials and auxiliary materials (at cost)	150 862	386 840	21 016	55 280
Raw materials and auxiliary materials (at net realizable value)	-	-	110 491	290 636
Finished goods and goods for resale (at cost)	194 406	498 496	53 031	139 492
Finished goods and goods for resale (at net realizable value)	5 600	14 359	115 077	302 699
Semi-finished goods (at cost)	56 971	146 085	4 588	12 068
Semi-finished goods (at net realizable value)	-	-	11 946	31 423
Spare parts and other (at cost)	39 679	101 745	32 269	84 881
	447 518	1 147 525	348 418	916 479

Inventory amounting to 110 000 thous. USD or 282 062 thous. LTL (December 2006: 112 500 thous. USD or 295 920 thous. LTL) is provided as collateral for letters of credit and guarantees issued by the banks on behalf of the Group.

8. Trade and other receivables

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Trade receivables	120 026	307 771	100 450	264 224
Less provision for impairment of receivables	(17 797)	(45 635)	(17 742)	(46 669)
Trade accounts receivables, net	102 229	262 136	82 708	217 555
Receivables from related parties (Note 19)	10 504	26 934	905	2 381
Prepaid and recoverable taxes, other than income tax	3 242	8 313	3 613	9 504
Accrued income and deferred charges	12 429	31 871	4 351	11 445
Other receivables	10 419	26 716	2 299	6 047
	138 823	355 970	93 876	246 932

Receivables amounting up to 25 202 thous. USD or 64 623 thous. LTL (December 2006 – 61 770 thous. USD or 162 497 thous. LTL) are provided as collateral for letters of credit issued by the banks on behalf of the Group.

9. Cash and cash equivalents

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Cash at bank and on hand	200 494	514 106	288 984	760 143
Bonds issued by financial institutions	-	-	82 300	216 482
Short-term bank deposits	-	-	65 098	171 234
	200 494	514 106	436 382	1 147 859

The effective interest rate on short-term bank deposits as of 31 December 2006 was 4.98 %. As of 31 December 2006, these deposits had an average maturity of 47 days.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

9. Cash and cash equivalents (continued)

Cash at bank required to be maintained under the terms of letters of credit and guarantees issued by banks for settlements with suppliers is presented below:

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Cash and short-term deposits held at banks to secure issued letters of credit	62 007	158 998	206 892	544 209
Cash held at banks to secure guaranties issued by banks	6 939	17 793	6 563	17 263
Bonds held at banks to secure issued letters of credit	-	-	82 300	216 482
	68 946	176 791	295 755	777 954

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Cash and cash equivalents	200 494	514 106	436 382	1 147 859
Bank overdrafts (Note 12)	-	-	(701)	(1 844)
	200 494	514 106	435 681	1 146 015

Cash at bank to be maintained under the terms of letters of credit and guarantees were classified as cash and cash equivalents for the purposes of the cash flow statement because these funds are held for meeting short term operating cash commitments.

10. Share capital

As of 30 June 2007, the Company's authorized share capital comprised 708 821 122 (December 2006: 708 821 122) ordinary registered shares with a par value of 1 LTL per share. All issued shares are fully paid.

In 2007 there were no any changes in number of shares.

On 28 December 2006 the Company issued 1 366 992 shares to the shareholders of AB Mažeikių Elektrinė as the purchase consideration for 14.28% of AB Mažeikių Elektrinė ordinary share capital. The fair value of the shares issued amounted to 5 275 thous. USD or 13 875 thous. LTL (3.86 USD or 10.15 LTL per share).

11. Trade and other payables

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Trade payables	63 228	162 129	293 128	771 042
Amounts due to related parties (Note 19)	268 567	688 660	146	384
Advances received	8 239	21 126	1 458	3 836
Accruals and deferred income	28 150	72 182	15 087	39 685
Taxes, other than income tax	63 303	162 322	47 146	124 013
Social security contributions	1 971	5 054	1 970	5 183
Other current liabilities	3 266	8 376	946	2 488
	436 724	1 119 849	359 881	946 631

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

12. Borrowings

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Non-current				
Bank borrowings	157 182	403 047	160 112	421 158
Loans from related parties (Note 19)	289 967	743 533	290 090	763 053
	447 149	1 146 580	450 202	1 184 211
Current				
Bank overdrafts	-	-	701	1 844
Bank borrowings	5 856	15 016	5 881	15 469
Loans from related parties (Note 19)	300	769	282	742
Finance lease liabilities	-	-	30	79
	6 156	15 785	6 894	18 134
Total borrowings	453 305	1 162 365	457 096	1 202 345

163 038 thous. USD or 418 062 thous. LTL (in December, 2006 - 166 597 thous. USD or 438 216 thous. LTL) interest rate charged on loan which subject to revisions in 1-6 months intervals. 290 267 thous. USD or 744 303 thous. LTL (in December 2006 - 290 469 thous. USD or 764 050 thous. LTL) interest rate charged on loans (excluding finance lease liabilities).

13. Expenses by nature

	2007				2006			
	3 months ended		6 months ended		3 months ended		6 months ended	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Depreciation and amortization (notes 5, 6)	9 619	24 643	19 158	49 768	14 738	40 558	29 076	81 717
Wages and salaries	16 213	41 534	32 597	84 687	20 066	55 220	33 050	92 493
Social security costs	4 984	12 768	9 966	25 891	6 221	17 120	10 223	28 609
Costs of crude oil and feedstock	900 291	2 306 365	1 431 939	3 706 672	1 132 723	3 117 140	2 064 770	5 792 767
Additives and catalysts	1 563	4 004	2 720	7 050	1 360	3 743	3 247	9 160
Changes in inventories of finished goods and semi-products	(77 011)	(197 286)	(42 762)	(107 079)	(64 375)	(177 154)	(21 479)	(54 012)
Transit and freight	4 233	10 844	13 211	34 491	16 398	45 126	42 039	118 734
Railway services	10 836	27 760	19 700	51 107	14 146	38 928	26 676	74 898
Terminal and laboratory services	8 489	21 747	12 127	31 329	7 398	20 359	14 383	40 411
Electricity	6 287	16 106	10 644	27 581	12 387	34 088	18 484	51 591
Intermediary services	541	1 386	2 016	5 272	4 323	11 896	9 058	25 489
Consumables and office supplies	3 490	8 941	6 602	17 139	4 093	11 264	7 933	22 287
Taxes, other than income tax	1 696	4 345	3 285	8 531	2 004	5 515	3 782	10 619
Insurance	2 487	6 371	4 704	12 211	886	2 438	2 670	7 559
Operating lease	2 398	6 143	4 368	11 331	1 774	4 882	3 451	9 696
Professional fees	2 177	5 577	6 157	16 061	2 744	7 551	5 167	14 507
Insurance event costs	651	1 668	9 218	24 234	-	-	-	-
Other costs	14 265	36 544	23 642	61 239	15 842	43 594	24 435	68 262
	913 209	2 339 460	1 569 292	4 067 515	1 192 728	3 282 268	2 276 965	6 394 787

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

13. Expenses by nature (continued)

	2007				2006			
	3 months ended 30 June		6 months ended 30 June		3 months ended 30 June		6 months ended 30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Classified as:								
- cost of sales	865 984	2 218 479	1 465 871	3 798 521	1 113 344	3 063 811	2 125 981	5 970 788
- selling and marketing costs	30 141	77 215	59 593	154 788	48 240	132 751	102 636	288 906
- administrative expenses	17 084	43 766	43 828	114 206	31 144	85 706	48 348	135 093
	913 209	2 339 460	1 569 292	4 067 515	1 192 728	3 282 268	2 276 965	6 394 787

14. Income tax expense

	2007				2006			
	3 months ended 30 June		6 months ended 30 June		3 months ended 30 June		6 months ended 30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Current tax	248	636	365	942	19 065	52 465	28 486	79 510
Deferred tax	8 038	20 591	(587)	(2 124)	(3 822)	(10 518)	(4 554)	(12 619)
	8 286	21 227	(222)	(1 182)	15 243	41 947	23 932	66 891

15. Earnings (loss) per share

Earnings per ordinary shares

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007				2006			
	3 months ended 30 June		6 months ended 30 June		3 months ended 30 June		6 months ended 30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Profit (loss) attributable to equity holders of the Company	32 930	84 360	(18 320)	(50 628)	86 228	237 291	132 777	370 919
Weighted average number of ordinary shares in issue (thousands)	708 821	708 821	708 821	708 821	707 454	707 454	707 454	707 454
Basic earnings (loss) per share (USD or LTL per share)	0,046	0,119	(0,026)	(0,071)	0,122	0,335	0,188	0,524

Diluted

The Company does not have potentially dilutive ordinary shares.

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

16. Cash generated from operations

	Six month ended			
	30 June 2007		30 June 2006	
	USD	LTL	USD	LTL
Profit for the period	(18 311)	(50 605)	132 909	371 297
Adjustments for:				
- income tax (Note 14)	(222)	(1 182)	23 932	66 891
- depreciation (Note 5)	18 339	47 641	28 308	79 559
- amortization (Note 6)	819	2 127	768	2 158
- (profit) on sale of non-current assets classified as held for sale	-	-	(577)	(892)
- (profit) on sale of PPE	(71)	(158)	(666)	(1 852)
- retirement of PPE (Note 5)	675	1 550	98	275
- impairment of PPE (Note 5)	(1)	(3)	-	-
- interest income	(5 399)	(14 037)	(12 990)	(36 409)
- interest expense	15 576	40 502	15 376	43 212
- net movement in provisions for liabilities	68	(412)	(10 996)	(32 000)
- share of (profit) from associates	(57)	(49)	(33)	(93)
- exchange (gain)/losses on borrowings	86	(29 750)	144	(72 236)
Changes in working capital:				
- inventories	(99 100)	(231 046)	(61 230)	(128 115)
- Trade and other receivables	(51 856)	(126 697)	(37 135)	(76 571)
- Trade and other payables	74 653	166 453	96 852	203 287
Cash generated from operations	(64 801)	(195 666)	174 760	418 511

17. Contingencies

Tax relieves

According to the Investment Agreement signed on 29 October 1999 between the Company, the Government and Williams International Company (from 19 September 2002 replaced by Yukos Finance B.V.) which was valid until 15 December 2006 when Yukos International UK B.V. sold its shareholding in the Company to PKN ORLEN, the Company could reduce its taxable profits by the capital investment relief. The Investment Agreement guaranteed that starting from 29 October 1999 for a period of 10 years the portion of taxable profit of the Company utilized for investment in long-term tangible assets was taxed at a corporate profit tax rate of 0 percent. The Group acknowledged the capital investment relief for the period of 2003 – 2006, which was 9 077 thous. USD or 23 277 thous. LTL, and accordingly reduced its income tax expenses.

Law on Road Service and Development Program Financing valid in the period of 2001-2005, entitled the legal persons involved in LPG, sales business paying the reduced 0.1 % tax. In 2001-2005, the Company utilized this tax relief for the amount of 39 120 thous. USD or 100 311 thous. LTL

The State Tax Inspectorate is entitled to check the correctness of tax assessments for the period of 5 recent years and to require the return of incorrectly assessed and underpaid amounts. On the day of developing these reports, the five-year period is not complete. Management considers the risk related to these tax relieves as minimal.

18. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Property, plant and equipment	108 182	277 400	65 202	171 507

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

19. Related-party transactions

As at 30 June 2007, PKN ORLEN was the major shareholder of the Company.

By 15 December 2006, Yukos International UK B.V. was the major shareholder of the Company. Following Investment Agreement Yukos Finance B.V. also had the Company's management rights. On 31 December 2006 PKN ORLEN became the major shareholder of the Company after it has acquired the major portion of Company's shares on 15 December 2006. Ministry of Treasury of Poland is the major party controlling the Group.

Naftelf UAB is an associated company, where the Company holds 34 percent of the shares. The Group sells jet fuel to UAB Naftelf.

The Government has significant influence over the Company. For the purposes of the related party disclosure the Government includes state authorities and excludes local authorities.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	2007				2006			
	3 months ended		6 months ended		3 months ended		6 months ended	
	30 June		30 June		30 June		30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
- UAB Naftelf	1 617	4 142	2 764	7 163	7 518	20 689	13 422	37 638
- Yukos Group* (related by 15 December 2006)	-	-	-	-	6	17	14	40
- PKN ORLEN (related since 15 December 2006)	10 540	27 000	19 512	50 632	-	-	-	-
- PKN ORLEN Group**(related since 15 December 2006)	27 815	71 256	42 582	110 150	-	-	-	-
- Petroval Bunker International B.V. (acting as a direct buyer (related by 15 December 2006))	-	-	-	-	85 741	235 951	137 596	384 811
	39 972	102 398	64 858	167 945	93 265	256 657	151 032	422 489

(b) Purchases of goods and services

	2007				2006			
	3 months ended		6 months ended		3 months ended		6 months ended	
	30 June		30 June		30 June		30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
- Yukos Finance B.V. (management fee) (related by 15 December 2006)	-	-	-	-	634	1 745	993	2 776
- PKN ORLEN (feedstock purchase) (related since 15 December 2006)	754 358	1 932 513	1 008 254	2 601 251	-	-	-	-
- PKN ORLEN (services purchase) (related since 15 December 2006)	438	1 122	1 502	3 923	-	-	-	-
	754 796	1 933 635	1 009 756	2 605 174	634	1 745	993	2 776

(c) Domestic tax expenses – the Government

	2007				2006			
	3 months ended		6 months ended		3 months ended		6 months ended	
	30 June		30 June		30 June		30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Domestic income tax	7 995	20 482	(549)	(2 020)	14 468	39 815	23 013	64 345
Domestic taxes, other than income tax	1 681	4 306	3 251	8 442	1 879	5 171	3 655	10 269
Social security costs	4 882	12 507	9 780	25 408	6 102	16 792	10 032	28 074
	14 558	37 295	12 482	31 830	22 449	61 778	36 700	102 688

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

19. Related-party transactions (continued)

(d) *Tax expenses – the Polish Government (related since 15 December 2006)*

	2007				2006			
	3 months ended		6 months ended		3 months ended		6 months ended	
	30 June		30 June		30 June		30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Profit Tax	80	205	146	378	-	-	-	-
Taxes , other than income tax	3	8	3	8	-	-	-	-
Social security costs	23	59	36	93	-	-	-	-
	106	272	185	479	-	-	-	-

(e) *Key management compensation*

	2007				2006			
	3 months ended		6 months ended		3 months ended		6 months ended	
	30 June		30 June		30 June		30 June	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Salaries and other short-term employee benefits	193	496	388	1 008	162	445	312	875

Key management includes 7 (June 2006 – 7) members of the Management of the Company.

(f) *Balances at the end of the period arising from sales/purchases of goods/services*

Receivables from related parties (Note 8):	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
PKN ORLEN (related since 15 December 2006)	2 949	7 562	186	489
PKN ORLEN Group**(related since 15 December 2006)	7 341	18 823	690	1 816
UAB Naftelf	214	549	29	76
	10 504	26 934	905	2 381

Amounts due to related parties (Note 11):

Amounts due to related parties:	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
PKN ORLEN (related since 15 December 2006)	252 398	647 199	66	174
PKN ORLEN Group**(related since 15 December 2006)	16 155	41 425	9	23
UAB Naftelf	-	-	56	147
Government	14	36	15	40
	268 567	688 660	146	384

Government grant relating to purchases of PPE

	30 June 2007	31 December 2006
	USD	LTL
	4 963	12 726
	273 530	701 386
	4 963	13 055
	5 109	13 439

(g) *Period-end balances arising from domestic taxes paid/payable – the Government*

Prepaid domestic taxes:	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Prepaid domestic current income tax	3 163	8 110	53 630	141 068
Prepaid domestic taxes, other than income tax	2 744	7 036	2 435	6 405
	5 907	15 146	56 065	147 473

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

19. Related-party transactions (continued)

Domestic taxes payable:	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Domestic current income tax payable	-	-	1 573	4 138
Domestic taxes payables, other than income tax	37 597	96 406	25 695	67 588
Social security contribution	1 911	4 900	1 887	4 964
	<u>39 508</u>	<u>101 306</u>	<u>29 155</u>	<u>76 690</u>

Deferred tax:	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Deferred income tax assets	<u>36 399</u>	<u>93 334</u>	<u>35 972</u>	<u>94 621</u>

(h) Balances arising from taxes paid/payable – Polish Government (related since 15 December 2006).

Prepaid taxes:	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Prepaid taxes, other than income tax	<u>498</u>	<u>1 277</u>	<u>65</u>	<u>171</u>

Deferred income tax:	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Deferred income tax assets	<u>145</u>	<u>372</u>	<u>66</u>	<u>174</u>

Taxes payable:	30 June 2007		31 December 2006	
	USD	LTL	USD	LTL
Current income tax payable	38	97	-	-
Taxes payables, other than income tax	6 065	15 552	12 501	32 883
Social security contribution	14	36	-	-
	<u>6 117</u>	<u>15 685</u>	<u>12 501</u>	<u>32 883</u>

(i) Loans from related parties – Government (Note 12)

	USD	LTL
Beginning of period	290 487	845 376
Interest charged	10 206	28 671
Interest paid	(10 208)	(28 674)
Loan repayments made	(124)	(340)
Exchange differences	90	(45 450)
End of the six month period 30 June 2006	<u>290 451</u>	<u>799 583</u>
Beginning of period	290 451	799 583
Interest charged	10 372	27 928
Interest paid	(10 338)	(27 837)
Loan repayments made	(134)	(355)
Exchange differences	36	(35 485)
End of the six month period 31 December 2006	<u>290 387</u>	<u>763 834</u>

AB MAŽEIKIŲ NAFTA
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All sums given in the tables are in thous. USD and thous. LTL unless otherwise provided)

19. Related-party transactions (continued)

	USD	LTL
Beginning of period	290 387	763 834
Interest charged	10 203	26 442
Interest paid	(10 205)	(26 446)
Loan repayments made	(143)	(365)
Exchange differences	39	(19 128)
End of the six month period 30 June 2007	290 281	744 337

Loans from related parties consist of loans granted by the Government to the Company amounting to 288 927 thous. USD or 740 866 thous. LTL (December 2006: 288 927 thous. USD or 759 994 thous. LTL) and Mažeikių Elektrinė AB amounting to 1 340 thous. USD or 3 436 thous. LTL (December 2006: 1 445 thous. USD or 3 801 thous. LTL) plus interest accrued amounting to 14 thous. USD or 35 thous. LTL (December 2006: 15 thous. USD or 39 thous. LTL).

An interest of 7 percent per annum is payable on the loan granted by the Government to the Company (2006 – 7 percent). Loan has to be repaid by 11 July 2013. First installment is due in 2009.

An interest of 4.95 percent per annum is payable on the loan granted by the Government to AB Mažeikių Elektrinė (2006 – 4.95 percent). Loan has to be repaid by 15 April 2011.

*Yukos Oil Company OAO, Yukos Finance B.V. are treated as the Yukos Group companies.

**Orlen Gaz Sp.z.o.o., ORLEN PetroCentrum Sp.z.o.o., ORLEN Morena Sp.z.o.o., Orlen Insurance Ltd, Grupa LOTOS S.A are treated as PKN ORLEN Group companies.