

**AB MAŽEIKIŲ NAFTA**  
**CONSOLIDATED INTERIM REPORT FOR THE**  
**SIX MONTH PERIOD OF 2007**

Prepared in accordance with the Rules of Preparation and Submission of Periodic and Supplemental Information as approved by the Securities Commission of the Republic of Lithuania

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## 1. Accountable period for which the report has been prepared

Six month period having ended on 30 June 2007.

## 2. Issuer and its contacts

Company name of the Issuer	Public Liability Company Mažeikių Nafta
Legal status	Public Company
Date and place of registration	24 January 1991, Mažeikiai District Board
Company code	166451720
Registered office	Juodeikiai, LT 89467 Mažeikiai distr., Lithuania
Telephone	8 (443) 9 21 21
Fax	8 (443) 9 25 25
E-mail address	post@nafta.lt
Website	www.nafta.lt

## 3. Nature of the Issuer's principal activities

AB Mažeikių Nafta (hereinafter – the Company) is an oil refining company engaged in wholesale of solid, liquid, gaseous fuels and similar products as well as transportation of the latter by roads, railways and pipelines.

## 4. Information about agreements entered into with intermediaries of public trading in securities

In December, 2003 AB Mažeikių Nafta and Securities Services and Custody Department of Vilniaus Bankas (Gedimino pr. 12, 01103 Vilnius) concluded the Securities Account Handling Agreement according to which the Bank has accepted and is now conducting the accounting of Company's securities.

## 5. Data about the dealing in the Issuer's securities in the controlled markets

On 6 February 1996 the securities of AB Mažeikių Nafta were entered onto the trading lists of Vilnius Stock Exchange (hereinafter – Exchange).

Data of issues:

ISIN code	LT0000115552
Shortened name	MNF1L
List	BALTIC SECONDARY LIST
Nominal value	1.00 LTL
Size of the issue (shares)	708.821.122
Number of shares issued for public trading	708.821.122
Listing date	1996-02-06

As of 30 June 2007, 708,821,122 ordinary registered AB Mažeikių Nafta shares (the identification code granted by Central Securities Depository of Lithuania is LT000011555 2

(hereinafter – the CD code of securities)) of the nominal value of one litas each appeared on the Baltic Secondary List, the total nominal value whereof amounted to 708,821,122.00 LTL.

There is no trading in Company's securities on other Stock Exchanges.

## 6. The companies of the Group and their contacts

<i>Company name, company code</i>	Registration date	Nature of activity	Percentage of voting shares owned by AB Mažeikių Nafta	Registered office	Tel, fax. Nos., e-mails, websites
<b>Subsidiaries</b>					
UAB Mažeikių Nafta Trading House, 126237146	2003-06-03	Company's trading agent in Lithuania	100	Jasinskio g. 16a, Vilnius	Tel. (8~5) 252 64 50 Fax: (8~5) 252 64 52 E-mail: prekybos.namai@nafta.lt www.mnfn.lt
SIA Mažeiku Nafta Tirdzniecības Nams (Latvia), 40003637994	2003-07-17	Wholesale trading in petroleum products in Latvia	Managed indirectly (100 % share owned by UAB Mažeikių Nafta Trading House)	Bauskas 58A, Riga, LV-1004, Latvia	Tel. +371 7103300 Fax: +371 7103303 E-mail: info@mnth.lv
Osühing Mazeikiu Nafta Trading House(Estonia), 10960209	2003-07-31	Wholesale trading in petroleum products in Estonia	Managed indirectly (100 % share owned by UAB Mažeikių Nafta Trading House)	Ahtri 6, 10151 Tallinn, Estonia	Tel. +372 6529800 Fax: +372 6529801 E-mail: info@mnth.ee
Mazeikiu Nafta Trading House Spółka z ograniczoną odpowiedzialnością (Poland), 015564030	2003-10-03	Wholesale trading in petroleum products in Poland	Managed indirectly (100 % share owned by UAB Mažeikių Nafta Trading House)	Ul. Bitwy Warszawskiej 1920r 7, 02-366, Warszawa, Poland	Tel. +48 22 456 15 40 Fax. +48 22456 1549 E-mail: info@mnth.pl
AB Ventus-Nafta, 166920025	1997-12-24	Retail trade in petroleum products	98,59	Jasinskio g. 16B, Vilnius	Tel. (8~5) 254 68 10 Fax: (8~5) 254 68 11 E-mail: info@ventus.lt www.ventus.lt
UAB Uotas under liquidation, 166578511	1992-07-21	None	100	Skuodo g. 14, Mažeikiai	Tel. (8~443) 35486
UAB Juodeikių Nafta under liquidation, 166688363	1993-11-23	None	100	Juodeikiai Mažeikių r.	Tel. (8~443) 92242
<b>Associates</b>					
Lithuanian and French UAB Naftelf, 110765252	1997-02-05	Trade in aviation fuel	34	Šeimyniškių g. 22, Vilnius	Tel. (8~5) 272 27 67 Fax: (8~5) 272 23 72 E-mail: naftelf@naftelf.lt

## 7. Information about performance of the Group

Unaudited consolidated net loss of AB Mažeikių Nafta **Group** for the first half of 2007 according to the International Financial Reporting Standards (IFRS) amounts to 18.3 million USD (50.6 million LTL). The consolidated net profit of the Group of the first half of 2006 was 132.9 million USD (371.3 million LTL). During the second quarter of 2007, AB Mažeikių

Nafta's net profit amounted to 32.9 million USD (84.38 million LTL) and, if compared to the first quarter of the current year, the Company reduced its net loss more than twice.

During the first half of 2007 the revenue received is 1 557 million USD (4 032 million LTL), this is 36 % less than the one of the first half of 2006, however, the sales revenue of the second quarter of 2007 increased from 599 million USD (1.579 million LTL) to nearly 958 million USD (2.453 million LTL) if compared to the first quarter of the current year.

Such performance of AB Mažeikių Nafta essentially resulted from the fire accident in October 2006. The fire caused a loss of capacity of the vacuum distillation unit therefore, in the first half of 2007 crude oil refining volumes were 46 % less if compared to the same period of 2006. To minimize the effect of the fire in February, 2007 AB Mažeikių Nafta started up the restored vacuum distillation unit at the Bitumen and Sulfur Production Complex having 50 % of the capacity of damaged unit. Besides, at the end of March after the visbreaking unit was repaired the yields of the light oil products were improved, this also allowed to increase the total feedstock processing volume of the second quarter of 2007 which was 1.854,8 thous. tons if compared to the processing volume of the first quarter of 2007 which was 1.324,3 thous. tons.

In the regional markets the sales of AB Mažeikių Nafta Group in the first half of 2007 totalled 1,766 million tons. The sales volumes in the regional market decreased by 1.4 % if compared to the same period of 2006. The gasoline demand and sales in the regional markets increased by about 30 % and totalled 611 thous. tons or 147 thous. tons more than during the comparative period of the last year. The sales of aviation fuel Jet totalled 86 thous. tons or 13 thous. tons more. Diesel consumption and sales volumes have changed insignificantly. Sales volumes of fuel oil, bitumen and LPG were lower and totalled 13 thous. tons, 42 thous. tons and 171 thous. tons respectively. Lower sales volumes of the latter products resulted from the limitations of the production due to the fire accident.

In the first half of 2007 the waterborne sales volumes of the petroleum products to the Western Europe and USA markets totalled 1,073 million tons. The sales volumes decreased by 60.2 % or 1,619 million tons if compared to the first half of 2006. Due to decreased processing capacity of the refinery the sales volumes of the gasoline totalled 261 thous. tons or 642 thous. tons less, diesel - 132 thous. tons or 533 thous. tons less, fuel oil - 680 thous. tons or 170 thous. tons less. Aviation fuel jet was not sold at all while in the first half of 2006 the sales volumes totalled 275 thous. tons.

Table 7.1. Key performance indicators of Mažeikių Nafta Companies' Group:

Indicator	1st half of 2007	1st half of 2006
Revenue, thous. LTL	4 032 063	6 826 542
EBITDA	(32 589)	437 724
EBITDA margin, %	(0.8)	6.4
Profit from operations, thous. LTL	(34 716)	435 566
Operation profit margin, %	(0.9)	6.4
Profit (loss) before income tax (thous. LTL)	(51 787)	438 188

Net profit (loss), (thous. LTL)	(50 605)	371 297
Net profit (loss) margin, %	(1.3)	5.4
Net profit (loss) per share, LTL	(0.07)	0.52
Average number of shares, pcs.	708 821 122	707 454 130

Table 7.2. Volumes refined, transhipped and transported by AB Mažeikių Nafta:

Indicator	1st half of 2007	1st half of 2006
Volumes refined, thous. t	3 179	4 709
Volumes transported, thous. t	3 476	10 438
Volumes transhipped, thous. t	-	2 527

The consequences of 12 October 2006 fire accident caused 32.5 % lower processing volumes. 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 revamped vacuum distillation block of Bitumen Unit, previously mothballed, was re-started. The revamped unit is capable of processing approximately 50 % of the quantity the fire-damaged unit could process.

Before suspension of crude oil supply by pipeline via Russia in July, 2006 the Pipeline Operator used to transport crude oil to the Refinery and Būtingė Oil Terminal and the diesel fuel to Ventspils Terminal (Latvia). From August, 2006 only diesel fuel is transported to Ventspils Terminal. Suspension of crude oil supply by Druzhba pipeline caused 66.7% lower transportation volumes by Biržai pipeline, if compared to the previous year, and was 3.5 million tons. While diesel fuel transportation volumes to Ventspils increased by 22.0%.

The crude oil transshipment export through Būtingė Terminal was suspended in July 2006 when the Company started importing the crude oil. In the first half of 2007 2.3 million tons of crude oil was imported through Būtingė Terminal.

Business activities of AB Mažeikių Nafta are closely related to the foreign markets; therefore the Company faces significant risks associated with refining margins, prices of goods, rate of interest, credit and currency exchange risks. Risk management activities are executed by Company's Management in conformity with the written risk management policies.

#### *Crude refining margin risk*

This is the main risk effecting the Company's activity results. The Company is very sensitive to this risk. To reduce the crude oil refineries' margin risk the Company prepared the Modernization Program. The Program includes the number of projects to be implemented within a four year period in order to increase profitability per ton of crude oil refined.

### *Continuity of operation*

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 and that the Company holds the property and business interruption insurance policies there is no reason for doubts regarding the appropriateness of the assumption when preparing this Report.

### *Crude oil supply risk*

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.

### *Prices of goods risk*

The Company confronts market risk related to instability of crude oil and petroleum product prices. Aiming to reduce price fluctuation risk, the Company from time to time concludes derivative price swap agreements.

### *Credit risk*

Financial instruments that potentially subject the Group to a concentration of credit risk consist principally of temporary cash investments and accounts receivable. Maximum exposure to credit risk is reflected in the carrying values of the financial assets; the effect of any rights of set-off is not significant.

The Group restricts placement of cash investments to financial institutions evaluated as highly creditworthy by distributing the risk in investment diversification way.

Concentrations of customers in the oil industry may impact the Group's overall exposure to credit risk, as these customers may be similarly effected by the changes in economic conditions. The Group has procedures in place to ensure on a continuous basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit established by the management. Management believes that there is no significant risk of loss to the Group beyond the provisions already established.

### *Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of finance leases to which the Group is lessee are fixed at inception of the lease. These leases expose the Group to fair value interest rate risk. The Group's cash flow and fair value interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

#### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed short-term credit lines available.

#### *Currency exchange risk*

The Group operates internationally and is exposed to currency exchange risk arising from various currency exposures, primarily with respect to the Polish Zloty and Lithuanian Litas. Currency exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group has a currency exchange risk management strategy that utilizes derivatives to reduce its exposure to unanticipated fluctuations in cash flows derived from sales to Poland caused by changes in foreign currency exchange rates.

Occasionally the Group uses forward and options contracts to manage their currency exchange risk arising from future commercial transactions, recognized assets and liabilities. Currency exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

#### *Technical and technological risk factors*

The revamped Vacuum Distillation Block of the Bitumen Unit was started up in February 2007. The revamped unit is capable of processing approximately 50 % 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. From 29 May 2007 the Company's property and business interruption risk is insured in the international insurance market according to all risks insurance and net profit insurance policies signed with Orlen Insurance Ltd. The Company's property is insured for their replacement cost. Company's third party liability and marine operations liability is insured in the international insurance market.

In 2007 the Company proceeded with the Modernization Program implementation. The Program anticipates all required measures upon implementation of which the production of the Refinery will comply with EU product quality requirements and increasingly stringent environmental requirements for emissions. Having failed to perform modernization works in full, there is a risk that the products may not comply with EU product quality requirements and lose competitiveness.

#### *Ecological risk factors*

AB Mažeikių Nafta belongs to the group of enterprises of increased ecological risk. The latter being effected by the quality of Company's products, efficiency of crude oil processing, as well as safety of Būtingė Affiliate activities related to crude oil transportation via the Baltic Sea.

At all times AB Mažeikių Nafta devoted special attention to ecology, prepared a long-term investment program. The implementation of the environmental management system according to ISO 14001 was launched in 2005. The process proceeds until the second half of 2007. The environment protection policy has been anticipated based on the environmental management system requirements. Environmental Management System implies identification of environmental issues and solutions for environmental obligations fulfilment and business efficiency achievement.

## 8. Important events of the accountable period

All the major events related to the Company's activities were presented to the Securities Commission of the Republic of Lithuania, Vilnius Stock Exchange, information on the date and place of General Meeting of Shareholders as well as other notices to be provided to shareholders and other persons are announced in the daily paper Lietuvos Rytas in accordance with the procedure established by the law of the Republic of Lithuania.

## 9. Plans and forecasts of the Issuer's activities

On 27 June 2007 the Company's Board of Directors approved the medium-term activity strategy of AB Mažeikių Nafta for the years 2007 to 2012 based on which it is projected to invest 1.6 billion USD within a five year period and to reach EBITDA of 0.7 billion USD in 2012.

The Company proceeds with the implementation of the Modernization Program. After implementation of these projects the crude oil conversion is supposed to increase as well as the profitability per ton of feedstock processed.

In 2007 it is projected to process 6.5 million tons of feedstock in the Refinery, import 5.8 million tons of crude oil through Būtingė Terminal and transport 6.8 million tons of diesel by Biržai Pipeline towards Ventpils.

In the middle of the second half of 2007 AB Mažeikių Nafta plans to perform a turnaround of the Refinery.

The Group will further pursue the goal of creating shareholder value by trying to achieve the operational excellence in the spheres of crude refining, production, logistics, marketing and financial management and organizational structure improvements, by becoming one of the most successful and efficient oil companies in North East Europe.

## 10. Information about Issuer's research and development activities

In the first half of 2007 the Company conducted neither research nor any development activities.

## 11. The structure of Issuer's authorized capital

The Company is registered with the Register of Enterprises of the Republic of Lithuania and administrated by the State Enterprise Centre of Registers (V. Kudirkos 18, LT - 03105 Vilnius). The Company's authorized capital amounts to 708,821,122 LTL. The following is the composition of AB Mažeikių Nafta authorized capital according to types of shares:

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Weight in authorized capital (%)
Ordinary registered shares	708 821 122	1	708 821 122	100,00
<b>Total:</b>	<b>708 821 122</b>	<b>-</b>	<b>708 821 122</b>	<b>100,00</b>

All the shares of AB Mažeikių Nafta are paid-up shares.

## 12. Shareholders

As of 30 June 2007 the total number of shareholders of AB Mažeikių Nafta was 3149.

The total number of AB Mažeikių Nafta shareholders at the last General Meeting of Shareholders held on 27 April 2007 (the record date of the meeting being 20 April 2007) was

707,305,109 ordinary registered shares (hereinafter - ORS) which by right of ownership were owned by two shareholders: Polski Koncern Naftowy Orlen S.A. (636,555,109 ORS) and the State, represented by the Ministry of Economy of the Republic of Lithuania (70,750,000 ORS). 1.1516.013 ordinary registered shares (0.21 % of authorized capital) by the right of ownership belonged to 3,908 individual shareholders.

The following is the data about the major shareholders that by the right of ownership held more than 5 % of the Company's authorized capital on 30 June 2007:

Name and surname of a shareholder (name of enterprise, type, registered office, code in the Register of Enterprises)	Number of ordinary registered shares owned by the shareholder (units)	Percentage of the authorized capital (%)	Percentage of votes granted by the owned shares (%)	Percentage of votes held in concert with other persons (%)
Polski Koncern Naftowy Orlen S.A. (KRS: 0000028860, REGON: 610188201)	637.177.400	89,89	89,89	89,89
The State, the Ministry of Economy of the Republic of Lithuania, Gedimino pr. 38/2, 01104 Vilnius. Company Code 188621919	70.750.000	9,98	9,98	9,98

On 15 February 2007 AB Mažeikių Nafta informed that it had received the Notice on Squeeze-Out of Shares in AB Mažeikių Nafta from its main shareholder PKN Orlen S.A: The purchase of shares within the squeeze-out process commenced on 20 February 2007, the price was equal to 10.25 LTL for one share.

On 23 May 2007 AB Mažeikių Nafta informed regarding finalized process of squeeze-out of shares of AB Mažeikių Nafta: AB Mažeikių Nafta informs about receipt of Notice on Squeeze-Out of Shares of AB Mažeikių Nafta Finalized on 21 May 2007 from its major shareholder PKN Orlen. On 23 May 2007 the Company's shareholder PKN Orlen S.A. referred to the court as established in Part 11 of Article 37 of Law on Securities of the Republic of Lithuania claiming to obligate the account administrators to make entries in the securities' accounts about transfer of ownership of the shares from individual shareholders who during the period of squeeze-out of shares failed to sell the shares to the shareholder PKN Orlen S.A.

To the best knowledge of the Company the shareholders PKN Orlen S.A. and the State represented by the Ministry of Economy of the Republic of Lithuania have made a shareholders' agreement which may probably contain the provision of the transfer of the shares of the Company and (or) restriction of the voting rights.

### 13. Personnel

The Company's employees were and still remain its most important asset. Diligent and conscientious work of our employees was one of the fundamental factors in our success.

Table 13.1. Information about the average monthly salary and the number of AB Mažeikių Nafta employees.

Division	Number of Employees	Average salary, LTL/month
Mažeikiai Oil Refinery	3251	3579
Pipeline and Terminal Operations Division	186	3552
AB Mažeikių Nafta	3437	3578

Table 13.2. Information about the educational background of AB Mažeikių Nafta employees (according to HR Department data):

Category	Number enrolled	Educational Background				
		university	college	vocational	secondary	secondary (not completed)
Managers	378	272	87	2	17	
Specialists	681	428	192	20	41	
Clerks	83	14	25	19	25	
Workers	2 299	96	556	826	783	38
Total:	3 441	810	860	867	866	38

A special attention in the Company is drawn to personnel trainings and improvement, psychological and professional preparation for constant changes. On 16 June 2006 AB Mažeikių Nafta signed a new Collective Bargaining Agreement which will remain effective until the end of 2008.

### 14. Procedure of amendment of Issuer's Articles of Association

Articles of Association of AB Mažeikių Nafta provide that only Company's General Meeting of Shareholders is entitled to amend the Articles of Association except for the cases provided by the Law on Public Companies of the Republic of Lithuania. When making a decision regarding the amendment of the Articles of Association  $\frac{3}{4}$  of weighted majority of the votes participating in the General Meeting of Shareholders is required.

### 15. Issuer's bodies

The bodies of AB Mažeikių Nafta are as follows:

- General Meeting of Shareholders;
- Supervisory Council;
- Board of Directors;

- Company's manager (General Director)

Articles of Association of AB Mažeikių Nafta provides that the Supervisory Council is elected in a General Meeting of Shareholders for a four-year term. Members of the Board of Directors are appointed by the Supervisory Council for a four-year term.

#### **SUPERVISORY COUNCIL (1 January 2007 – 27 April 2007)**

**Marek Moroz** – Chairman of the Supervisory Council. Elected as a member of the Supervisory Council on 14 December 2006 for the term of the current Supervisory Council. Director of Capital Department of PKN Orlen; member of the Supervisory Council of Orlen Upstream Sp. z o.o. No Company shares possessed.

**Vytautas Aršauskas** - Member of the Supervisory Council. Elected for a 4-year term. Chief Specialist of the Petroleum Division of the Energy Resources Department of the Ministry of Economy of the Republic of Lithuania. Member of the Supervisory Council of AB Klaipėdos Nafta. No Company shares possessed.

**Czesław Bugaj** - Member of the Supervisory Council. Elected on 14 December 2006 for the term of the current Supervisory Council. Deputy General Director of PKN Orlen. Member of the Supervisory Councils of Unipetrol a.s., Orlen Oil Sp. z o.o., Zakłady Azotowe Anwil S.A. and Rafineria Nafty Jedlicze S.A. No Company shares possessed.

**Vladas Kazimieras Gagilas** – Member of the Supervisory Council. Elected for a 4-year term. Director of the Energy Resources Department of the Ministry of Economy of the Republic of Lithuania. Member of the Board of AB Lietuvos Dujos; Chairman of the Board of AB Klaipėdos Nafta. No Company shares possessed.

**Genovaitė Geleževičienė** – Member of the Supervisory Council. Elected for a 4-year term. Head of the Analysis and Forecast Division of the Economy Strategy Department of the Ministry of Economy of the Republic of Lithuania. Member of the Board of UAB Toksika and State Enterprise Ignalina Nuclear Power Plant. Member of the Supervisory Council of AB Lietuvos Energija; Chairperson of the Supervisory Council of AB Alytaus Tekstilė; Member of the Council of the Public Enterprise Lithuanian Development Agency for Small and Medium-Sized Business Enterprises (SMEDA). No Company shares possessed.

**Piotr Kearney** - Member of the Supervisory Council. Elected on 14 December 2006 for the term of the current Supervisory Council. PKN Orlen Director of Strategy. Member of the Supervisory Councils of Unipetrol a.s. and PKN Orlen Upstream Sp. z o.o. No Company shares possessed.

**Marcin Wasilewski** – Member of the Supervisory Council. Elected on 14 December 2006 for the term of the current Supervisory Council. Specialist-Coordinator of PKN Orlen. Member of the Supervisory Councils of Orlen Automatyka Sp. z o.o. and Orlen Projekt S.A., Vice Chairman of the Supervisory Council of Orlen Wir Sp. z o.o. No Company shares possessed.

**Wojciech Wróblewski** - Member of the Supervisory Council. Elected on 14 December 2006 for the term of the current Supervisory Council. PKN Orlen Strategy Advisor. No Company shares possessed.

**Rafał Zwierz** - Member of the Supervisory Council. Elected on 14 December 2006 for the term of the current Supervisory Council. Lawyer, Weil, Gotshal & Manges. No Company shares possessed.

#### **SUPERVISORY COUNCIL (27 April 2007 – 30 June 2007)**

**Marek Moroz** – Chairman of the Supervisory Council. Elected as a member of the Supervisory Council for a 4-year term. Director of Capital Department of PKN Orlen; member of the Supervisory Council of Orlen Upstream Sp. z o.o. No Company shares possessed.

**Czesław Bugaj** - Member of the Supervisory Council. Elected for a 4-year term. PKN Orlen Deputy General Director. Member of the Supervisory Councils of Unepetrol a.s., Orlen Oil Sp. z o.o., Zakłady Azotowe Anwil S.A. and Rafineria Nafty Jedlicze S.A. No Company shares possessed.

**Piotr Kearney** - Member of the Supervisory Council. Elected for a 4-year term. PKN Orlen Director of Strategy. Member of the Supervisory Councils of UNIPETROL a.s. and PKN Orlen Upstream Sp. z o.o. No Company shares possessed.

**Arūnas Laurinaitis** - Member of the Supervisory Council. Elected for a 4-year term. Vice President of the Concern Achemos Grupė. No Company shares possessed.

**Robertas Tamošiūnas** - Member of the Supervisory Council. Elected for a 4-year term. Head of the Petroleum Division of the Energy Resources Department of the Ministry of Economy of the Republic of Lithuania. Chairman of Board of Directors of AB Klaipėdos Nafta. No Company shares possessed.

**Marcin Wasilewski** - Member of the Supervisory Council. Elected for a 4-year term. Specialist-Coordinator of PKN Orlen. Member of the Supervisory Councils of Orlen Automatika Sp. z o.o. and Orlen Projekt S.A., Vice Chairman of the Supervisory Council of Orlen Wir Sp. z o.o. No Company shares possessed.

**Wojciech Wróblewski** - Member of the Supervisory Council. Elected for a 4-year term. PKN Orlen Strategy Advisor. No Company shares possessed.

**Gediminas Vaičiūnas** - Member of the Supervisory Council. Elected for a 4-year term. Advisor on Energy Issues of the Office of the Government of the Republic of Lithuania. No Company shares possessed.

**Rafał Zwierz** - Member of the Supervisory Council. Elected for a 4-year term. Lawyer, Weil, Gotshal & Manges. No Company shares possessed.

#### **BOARD OF DIRECTORS (1 January 2007 – 18 January 2007)**

**Igor Adam Chalupec** - Chairman of the Board of Directors. Elected as a member of the Board of Directors on 15 December 2006 for the term of the current Board of Directors. President and Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Paul Nelson English** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. General Director of AB Mažeikių Nafta. No Company shares possessed.

**Piotr Kownacki** - Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Vice President of Auditing of PKN Orlen S.A. No Company shares possessed.

**Krystian Pater** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Executive Director of Refining of PKN Orlen S.A. No Company shares possessed.

**Paweł Szymański** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Member of the Board of Directors and CFO of PKN Orlen S.A. No Company shares possessed.

**Jan Maciejewicz** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Vice Chairman of the Board of Directors for Cost Management of PKN Orlen S.A. No Company shares possessed.

**Saulius Spėčius** - Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Advisor for State Investment to Prime Minister of the Republic of Lithuania Member of Privatization Commission. Member of the Board of Directors of AB Klaipėdos Nafta; Member of the Supervisory Council of AB Lietuvos Energija; Member of the Supervisory Council of AB Rytų Skirstomieji Tinklai. No Company shares possessed.

**BOARD OF DIRECTORS (18 January 2007 – 31 January 2007)**

**Igor Adam Chalupec** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Personal number 66052900453. No Company shares possessed.

**Paul Nelson English** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. General Director of AB Mažeikių Nafta. No Company shares possessed.

**Piotr Kownacki** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. President and Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Krystian Pater** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Executive Director of Refining of PKN Orlen S.A. No Company shares possessed.

**Paweł Szymański** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Member of the Board of Directors and CFO of PKN Orlen S.A. No Company shares possessed.

**Jan Maciejewicz** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Vice Chairman of the Board of Directors for Cost Management of PKN Orlen S.A. No Company shares possessed.

**Saulius Spėčius** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Advisor for State Investment to Prime Minister of the Republic of Lithuania Member of Privatization Commission. Member of the Board of Directors of AB Klaipėdos Nafta; Member of the Supervisory Council of AB Lietuvos Energija; Member of the Supervisory Council of AB Rytų Skirstomieji Tinklai. No Company shares possessed.

**BOARD OF DIRECTORS (31 January 2007 – 7 February 2007)**

**Paul Nelson English** - Member of the Board of Directors. 14 December 2006 for the term of the current Board of Directors. General Director of AB Mažeikių Nafta. No Company shares possessed.

**Dariusz Formela** – Member of the Board of Directors. Elected on 31 January 2007 for the term of the current Board of Directors. Executive Director of Organizational Issues of PKN Orlen S.A. Member of the Supervisory Council of UNIPETROL a.s., Chairman of the Supervisory Council of Orlen Administracja Sp. z o.o., Wisła Płock SA, Płocki Park Przemysłowo-Technologiczny S.A. No Company shares possessed.

**Piotr Kownacki** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. President and Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Krystian Pater** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Executive Director of Refining of PKN Orlen S.A. No Company shares possessed.

**Paweł Szymański** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Member of the Board of Directors and CFO of PKN Orlen S.A. No Company shares possessed.

**Jan Maciejewicz** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Vice Chairman of the Board of Directors for Cost Management of PKN Orlen S.A. No Company shares possessed.

**Saulius Spėčius** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Advisor for State Investment to Prime Minister of the Republic of Lithuania Member of Privatization Commission. Member of the Board of Directors

of AB Klaipėdos Nafta; Member of the Supervisory Council of AB Lietuvos Energija; Member of the Supervisory Council of AB Rytų Skirstomieji Tinklai. No Company shares possessed.

#### **BOARD OF DIRECTORS (7 February 2007—30 March 2007)**

**Piotr Kownacki** – Chairman of the Board of Directors. Elected as a member of the Board of Directors on 15 December 2006 for the term of the current Board of Directors. Elected as a member of the Board of Directors on 7 February 2007. President and Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Paul Nelson English** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. General Director of AB Mažeikių Nafta. No Company shares possessed.

**Dariusz Formela** – Member of the Board of Directors. Elected on 31 January 2007 for the term of the current Board of Directors. Executive Director of Organizational Issues of PKN Orlen S.A. Member of the Supervisory Council of UNIPETROL a.s., Chairman of the Supervisory Council of Orlen Administracja Sp. z o.o., Wisła Płock SA, Płocki Park Przemysłowo-Technologiczny S.A. No Company shares possessed.

**Krzysztof Pater** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Executive Director of Refining of PKN Orlen S.A. No Company shares possessed.

**Paweł Szymański** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Member of the Board of Directors and CFO of PKN Orlen S.A. No Company shares possessed.

**Jan Maciejewicz** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Vice Chairman of the Board of Directors for Cost Management of PKN Orlen S.A. No Company shares possessed.

**Saulius Spėčius** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Advisor for State Investment to Prime Minister of the Republic of Lithuania Member of Privatization Commission. Member of the Board of Directors of AB Klaipėdos Nafta; Member of the Supervisory Council of AB Lietuvos Energija; Member of the Supervisory Council of AB Rytų Skirstomieji Tinklai. No Company shares possessed.

#### **BOARD OF DIRECTORS (30 March 2007 – 23 May 2007)**

**Piotr Kownacki** – Chairman of the Board of Directors. Elected as a member of the Board of Directors on 15 December 2006 for the term of the current Board of Directors. Elected as a member of the Board of Directors on 7 February 2007. President and Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Paul Nelson English** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. General Director of AB Mažeikių Nafta. No Company shares possessed.

**Dariusz Formela** – Member of the Board of Directors. Elected on 31 January 2007 for the term of the current Board of Directors. Executive Director of Organizational Issues of PKN Orlen S.A. Member of the Supervisory Council of UNIPETROL a.s., Chairman of the Supervisory Council of Orlen Administracja Sp. z o.o., Wisła Płock SA, Płocki Park Przemysłowo-Technologiczny S.A. No Company shares possessed.

**Krzysztof Pater** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Executive Director of Refining of PKN Orlen S.A. No Company shares possessed.

**Paweł Szymański** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Member of the Board of Directors and CFO of PKN Orlen S.A. No Company shares possessed.

**Saulius Spėčius** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Advisor for State Investment to Prime Minister of the Republic of Lithuania Member of Privatization Commission. Member of the Board of Directors of AB Klaipėdos Nafta; Member of the Supervisory Council of AB Lietuvos Energija; Member of the Supervisory Council of AB Rytų Skirstomieji Tinklai. No Company shares possessed.

#### **BOARD OF DIRECTORS (23 May 2007 – 18 June 2007)**

**Piotr Kownacki** – Chairman of the Board of Directors. Elected as a member of the Board of Directors on 15 December 2006 for the term of the current Board of Directors. Elected as a member of the Board of Directors on 7 February 2007. President and Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Paul Nelson English** - Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. General Director of AB Mažeikių Nafta. No Company shares possessed.

**Dariusz Formela** – Member of the Board of Directors. Elected on 31 January 2007 for the term of the current Board of Directors. Executive Director of Organizational Issues of PKN Orlen S.A. Member of the Supervisory Council of UNIPETROL a.s., Chairman of the Supervisory Council of Orlen Administracja Sp. z o.o., Wisła Płock SA, Płocki Park Przemysłowo-Technologiczny S.A. No Company shares possessed.

**Cezary Filipowicz** – Member of the Board of Directors. Elected on 23 May 2007 for the term of the current Board of Directors. Vice Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Krystian Pater** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Executive Director of Refining of PKN Orlen S.A. No Company shares possessed.

**Paweł Szymański** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Member of the Board of Directors and CFO of PKN Orlen S.A. No Company shares possessed.

**Saulius Spėčius** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Advisor for State Investment to Prime Minister of the Republic of Lithuania Member of Privatization Commission. Member of the Board of Directors of AB Klaipėdos Nafta; Member of the Supervisory Council of AB Lietuvos Energija; Member of the Supervisory Council of AB Rytų Skirstomieji Tinklai. No Company shares possessed.

#### **BOARD OF DIRECTORS (23 May 2007 – 18 June 2007)**

**Piotr Kownacki** – Chairman of the Board of Directors. Elected as a member of the Board of Directors on 15 December 2006 for the term of the current Board of Directors. Elected as a member of the Board of Directors on 7 February 2007. President and Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Dariusz Formela** – Member of the Board of Directors. Elected on 31 January 2007 for the term of the current Board of Directors. Executive Director of Organizational Issues of PKN Orlen S.A. Member of the Supervisory Council of UNIPETROL a.s., Chairman of the Supervisory Council of Orlen Administracja Sp. z o.o., Wisła Płock SA, Płocki Park Przemysłowo-Technologiczny S.A. No Company shares possessed.

**Cezary Filipowicz** – Member of the Board of Directors. Elected on 23 May 2007 for the term of the current Board of Directors. Vice Chairman of the Board of Directors of PKN Orlen S.A. No Company shares possessed.

**Krystian Pater** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Executive Director of Refining of PKN Orlen S.A. No Company shares possessed.

**Paweł Szymański** – Member of the Board of Directors. Elected on 14 December 2006 for the term of the current Board of Directors. Member of the Board of Directors and CFO of PKN Orlen S.A. No Company shares possessed.

**Saulius Spėčius** – Member of the Board of Directors. Elected on 15 December 2006 for the term of the current Board of Directors. Advisor for State Investment to Prime Minister of the Republic of Lithuania Member of Privatization Commission. Member of the Board of Directors of AB Klaipėdos Nafta; Member of the Supervisory Council of AB Lietuvos Energija; Member of the Supervisory Council of AB Rytų Skirstomieji Tinklai. No Company shares possessed.

#### **Company's manager (1 January 2007 – 29 June 2007)**

**Paul Nelson English** (born in 1943). General Director of AB Mažeikių Nafta since 2002. University degree education, Bachelor of Science in Engineering Mechanics (1972) and Master of Science in Nuclear Engineering (1975).

1992-1999 Vice President and General Director of EL PASO/COASTAL CORPORATION, Coastal Aruba Refining Co.; 1999-2001 Senior Vice President of Catalyst & Chemical Division of EL PASO/COASTAL CORPORATION; 2001-2002 Senior Vice President of EL PASO/COASTAL CORPORATION and Director of Refining & Chemical Division of Coastal Aruba Refining Co.

No Company shares possessed. Not involved in management of other Lithuanian companies and their capital.

#### **Chief Financial Officer**

**Vita Petrošienė** (born in 1952). Chief Financial Officer of AB Mažeikių Nafta since 27 September 2002. University degree education. Diploma in Engineering. 05.1995 – 12.1995 AB Mažeikių Nafta, Deputy Director of Economics and Finance; 12.1995 – 11.1999 AB Mažeikių Nafta, Director of Economics and Finance; 11.1999 – 04.2001 AB Mažeikių Nafta, Director of Finance; 04.2001 – 09.2002 AB Mažeikių Nafta, Deputy Chief Financial Officer.

No Company shares possessed. Not involved in management of other Lithuanian companies and their capital.

## **16. Information about compliance with the Management Code**

In the first half of 2007 there were no any essential changes of the information regarding compliance with the Management Code as reflected in the annual report.