



Petrolinvest

**CONSOLIDATED
QUARTERLY REPORT
OF PETROLINVEST GROUP
FOR 1ST QUARTER 2008
ENDED ON 31 MARCH 2008**

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CONSOLIDATED QUARTERLY REPORT OF PETROLINVEST GROUP FOR 1ST QUARTER 2008
ENDED ON 31 MARCH 2008

1. SELECTED FINANCIAL DATA

1.1. Selected financial data of PETROLINVEST Group

	<i>for 3 months</i>		<i>for 3 months</i>	
	<i>ended 31 March</i>		<i>ended 31 March</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>PLN '000</i>		<i>EUR '000</i>	
1. Net revenue from the sale of products, goods and materials	41 189	37 985	11 518	9 773
2. Profit (loss) from operations	(10 800)	(8 206)	(3 020)	(2 111)
3. Gross profit (loss)	6 849	(9 608)	1 915	(2 472)
4. Net profit (loss) attributable to equity holders of the parent	2 248	(9 558)	629	(2 459)
5. Cash flows from operating activities	(13 586)	(10 591)	(3 799)	(2 725)
6. Cash flows from investing activities	(63 857)	(85 446)	(17 858)	(21 984)
7. Cash flows from financing activities	91 240	65 450	25 515	16 839
8. Net cash flows, total	13 797	(30 587)	3 858	(7 869)
9. Weighted average number of shares issued in units	5 873 002	5 286 000	5 873 002	5 286 000
10. Profit (loss) per share (in PLN/EUR)	0.38	(1.81)	0.11	(0.47)
11. Diluted profit (loss) per share (in PLN/EUR)	0.38	(1.81)	0.11	(0.47)
	<i>as at</i>		<i>as at</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>PLN '000</i>		<i>EUR '000</i>	
12. Total assets	1 103 838	1 035 776	313 074	267 677
13. Liabilities and provisions for liabilities	709 977	674 412	201 366	174 289
14. Non-current liabilities	637 464	546 380	180 800	141 202
15. Current liabilities	72 513	128 032	20 566	33 087
16. Equity attributable to equity holders of the parent	392 565	360 876	111 341	93 262
17. Share capital	58 730	58 730	16 657	15 178
18. Weighted average number of shares issued in units	5 873 002	5 517 584	5 873 002	5 517 584
19. Book value per share (in PLN/EUR)	66.84	65.40	18.96	16.90
20. Diluted book value per share (in PLN/EUR)	66.84	65.40	18.96	16.90
21. Declared or paid dividend per share (in PLN/EUR)	0.00	0.00	0.00	0.00

CONSOLIDATED QUARTERLY REPORT OF PETROLINVEST GROUP FOR 1ST QUARTER 2008
ENDED ON 31 MARCH 2008

1.2. Selected financial data of PETROLINVEST S.A.

	<i>for 3 months ended 31 March</i>		<i>for 3 months ended 31 March</i>	
	2008	2007	2008	2007
	<i>PLN '000</i>		<i>EUR '000</i>	
1. Net revenue from the sale of products, goods and materials	41 189	37 923	11 518	9 757
2. Profit (loss) from operations	(5 999)	(6 179)	(1 678)	(1 590)
3. Gross profit (loss)	(4 344)	(11 423)	(1 215)	(2 939)
4. Net profit (loss) attributable to equity holders of the parent	(5 353)	(11 655)	(1 497)	(2 999)
5. Cash flows from operating activities	(9 047)	(7 281)	(2 530)	(1 873)
6. Cash flows from investing activities	(55 522)	(72 179)	(15 527)	(18 570)
7. Cash flows from financing activities	88 213	65 457	24 669	16 841
8. Net cash flows, total	23 644	(14 003)	6 612	(3 603)
9. Weighted average number of shares issued in units	5 873 002	5 286 000	5 873 002	5 286 000
10. Profit (loss) per share (in PLN/EUR)	(0.91)	(2.20)	(0.25)	(0.57)
11. Diluted profit (loss) per share (in PLN/EUR)	(0.91)	(2.20)	(0.25)	(0.57)
	<i>as at</i>		<i>as at</i>	
	<i>31 March 2008</i>	<i>31 December 2007</i>	<i>31 March 2008</i>	<i>31 December 2007</i>
	<i>PLN '000</i>		<i>EUR '000</i>	
12. Total assets	1 018 943	932 281	288 996	240 931
13. Liabilities and provisions for liabilities	526 647	514 511	149 370	132 966
14. Non-current liabilities	462 562	427 302	131 193	110 428
15. Current liabilities	64 085	87 209	18 176	22 538
16. Equity attributable to equity holders of the parent	492 296	417 770	139 627	107 965
17. Share capital	58 730	58 730	16 657	15 178
18. Weighted average number of shares issued in units	5 873 002	5 517 584	5 873 002	5 517 584
19. Book value per share (in PLN/EUR)	83.82	75.72	23.77	19.57
20. Diluted book value per share (in PLN/EUR)	83.82	75.72	23.77	19.57
21. Declared or paid dividend per share (in PLN/EUR)	0.00	0.00	0.00	0.00

2. AVERAGE PLN/EUR EXCHANGE RATE FIXED BY NBP

	<i>for 3 months ended 31 March</i>	
	2008	2007
average rate in the period	3.5759	3.8868
	<i>as at</i>	
	<i>31 December 2008</i>	<i>31 December 2007</i>
rate at the end of the period	3.5258	3.8695

3. GENERAL INFORMATION REGARDING THE ISSUER AND THE ISSUER'S GROUP

PETROLINVEST S.A. Group is comprised of parent entity - PETROLINVEST S.A. (the "Company") as well as subsidiary companies (see point 4). For the needs of this Report, the parent company, its subsidiaries and jointly-controlled entities (see point 4) shall be referred to as PETROLINVEST Group (the Group).

PETROLINVEST S.A., the parent entity of PETROLINVEST Group, was incorporated pursuant to Resolution of the Shareholders' Meeting of Petrolinvest Sp. z o.o. (limited liability company) dated 22 December 2006 regarding its transformation into Spółka Akcyjna (a joint stock company). The resolution was registered with the National Court Register kept by the District Court, VIII Economic Department of the National Court Register under, entry no. KRS 0000270970 on 29 December 2006. The Company was granted statistical REGON number 190829082.

On 16 July 2007, rights to shares of PETROLINVEST S.A. were first quoted on the Warsaw Stock Exchange.

The Company's registered office is located in Poland, at Podolska 21, Gdynia.

The parent entity and the other entities of the Group have an unlimited period of operation.

The main areas of business activities of the Group include:

- activities incidental to oil and gas extraction,
- wholesale of solid, liquid and gaseous fuels and related products,
- retail sale of automotive fuel,
- manufacture of gaseous fuel,
- services connected with installation of metal structures,
- gas fittings and installations.

As of the date of publication of this Quarterly Report, the controlling shareholder of PETROLINVEST S.A. is PROKOM INVESTMENTS S.A. The controlling entity of PROKOM INVESTMENTS S.A. is Mr. Ryszard Krauze.

As set out in the Company's statutes, if the management board is composed of two or three persons, PROKOM INVESTMENTS S.A. has personal powers to appoint and dismiss the president of the management board while Mr. Ryszard Krauze, one of the shareholders of Petrolinvest S.A., has personal powers to appoint and dismiss the vice president. The number of board members is determined by PROKOM INVESTMENTS S.A. The supervisory board is composed of five members, two of them (including the chairman and deputy chairman of the supervisory board) are appointed and dismissed by PROKOM INVESTMENTS S.A. while one member of the supervisory board is appointed and dismissed by Mr. Ryszard Krauze.

4. ENTITIES OF THE GROUP SUBJECT TO CONSOLIDATION FOR 1ST QUARTER 2008

PETROLINVEST Group is composed of the parent entity, subsidiaries and jointly-controlled entities with the following profiles: prospecting and extraction, trade and service.

As of 31 March 2008, PETROLINVEST S.A. possessed stock/shares in the following companies:

Company name	Share capital		Shareholding	Consolidation method
Occidental Resources, Inc. (U.S.A.) (*)	199 332.77	USD	50%	Proportional
TOO EMBA JUG NIEFT (Republic of Kazakhstan)	145 000.00	KZT	50%	Proportional
TOO COMPANY PROFIT (Republic of Kazakhstan)	164 600.00	KZT	50%	Proportional
OOO SIEWIERGEOFIZYKA (Russian Federation)	100 000.00	RUB	59.999%	Full
OOO NIEFTIEGEOSEWIS (Russian Federation)	10 000.00	RUB	59.99%	Full
ZAO Pechora-Petroleum (Russian Federation)	20 000.00	RUB	59%	Full
UAB Petrolinvest Mockavos Perpyla (Lithuania)	2 000 000.00	LTL	87%	Full
TPG GAZ S.A. (Poland)	15 720 325.00	PLN	100%	Full

(*) Occidental Resources, Inc. owns 100% of the shares in OilTechnoGroup, registered in the Republic of Kazakhstan.

5. MATERIAL EVENTS OCCURRING AFTER THE END OF THE PERIOD WHICH HAD NOT BEEN REFLECTED IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR 1ST QUARTER 2008

- ✓ On 9 April 2008, the District Court for Gdańsk-Północ of Gdańsk, VIII Economic Department of the National Court Register, in a secret session, registered the increase of the share capital of the Company effected by way of issue of 290,474 ordinary bearer series D shares with a nominal value of PLN 10 each.

Consequently:

- following the registration the Company's share capital amounts to PLN 61,634,760; and
 - following the registration the total number of votes resulting from all shares hitherto issued by the Company amounts to 6,163,476.
- ✓ On 17 April 2008, the Management Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) passed a resolution regarding the admission and introduction to exchange trading at the WSE Main Market of 290,474 ordinary bearer series D shares of the Company with a nominal value of PLN 10 each. The Management Board of WSE resolved to introduce the Company's Series D Shares to exchange trading on the main market by way of an ordinary procedure as from 22 April 2008, provided however that Series D Shares are registered by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) on 22 April 2008 and are assigned code "PLPTRLI00018".
- ✓ On 18 April 2008, the Operations Department of the National Depository for Securities issued an Announcement stating that the registration of 290,474 of the Company's series D shares bearing code "PLPTRLI00018" will be effected on 22 April 2008.
- ✓ An Extraordinary General Shareholders' Meeting of PETROLINVEST S.A. was held on 29 April 2008; the General Meeting passed resolutions approving as follows:
- adoption of an incentive programme for management board members based on an issue of subscription warrants entitling their holders to take up series E shares of the Company ("Incentive Programme");
 - free issue of 264,285 subscription warrants entitling their holders to take up one Series E Share each, precluding the pre-emptive rights of the existing shareholders to subscribe for the Warrants; and
 - conditional share capital increase by an amount not higher than PLN 2,642,850 by way of issue of no more than 263,285 ordinary bearer series E shares with a nominal value of PLN 10 each, precluding the pre-emptive rights of the existing shareholders to subscribe for Series E Shares in order to grant the rights to Series E Shares to Warrant holders and the associated amendments to the Company's Statutes necessitated by the share capital increase. The issue price of Series E Shares was set at PLN 227 per share.
- ✓ On 8 May 2008, the Company was informed that the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan decided to renounce its right of first refusal and granted its unrestricted consent to the issue of shares, as well as convertible bonds and other instruments conferring rights to the Company's shares, and to trading of such instruments on organised and non-organised stock exchange markets. Obtaining this consent was one of the conditions precedent of the investment agreements concluded on 16 January 2008:
- the investment agreement between the Company and Dzhumageldy Rakhishevich Amankulov, Atameken-Prommash LLP, GEOKAPITAL LLP and MARBURG OIL LLP regarding the purchase by the Company of 50% of the shares in TOO EMBA JUG NIEFT,
 - the investment agreement between the Company and eleven shareholders of Occidental Resources Inc., a company incorporated under Utah state law, regarding the purchase by PETROLINVEST S.A. of 48.8% of the shares in Occidental Resources Inc.,
 - the investment agreement between the Company and Pruner Group Limited, Mars International Worldwide Inc. and Munivac Global Ventures Inc., regarding the purchase by the Company of 100% of the shares in Capital Energy S.A.
- Obtaining of the above-mentioned consent allows the Management Board to shape the Company's policy in respect of obtaining any necessary financing of its activities on domestic and international capital markets in a flexible manner; it enables the performance of investment agreements referred to in current report no 10/2008 (regarding the acquisition by the Company of 45% shares in Kazakhstancaspishelf JSC and 26.07% shares in Caspian Services Inc.), and materially increases the attractiveness of the Company's shares to investors.

6. CHANGES IN THE STRUCTURE OF THE COMPANY, INCLUDING MERGERS, ACQUISITIONS OR DISPOSALS OF THE ISSUER'S GROUP UNDERTAKINGS, LONG-TERM INVESTMENTS, DE-MERGERS, RESTRUCTURING AND DISCONTINUED OPERATIONS

There were no changes to the structure of PETROLINVEST S.A. Group in the first quarter of 2008; however, PETROLINVEST S.A. concluded conditional investment agreements associated with acquisitions of new assets and signed a letter of intent with respect to a new undertaking aimed at transferring LPG-related activities to a subsidiary TPG GAZ S.A., which—if effected—will materially affect the change of the current scope of business (sector) activity and the size of the Group (detailed information regarding the agreements is given in point 8 herein).

7. EXPLANATIONS REGARDING SEASONALITY OR CYCLICALITY OF THE ISSUER'S OPERATIONS IN THE PERIOD

As far as the Company's trading activities are concerned, which involve trading in LPG, selected product groups show a high seasonality.

The demand for automotive gas is higher in the months from May to September due to higher seasonal activity of motor vehicle users. In the winter months, there is less vehicular traffic, which is reflected by a decrease in sales of automotive gas.

The demand for gas for heating purposes concentrates in the period before the start of the winter season and throughout that season. The sales of gas for heating purposes are greatly limited in the spring and summer months.

The phenomena discussed above have a material impact on the Company's results generated on those operations. The first quarter is usually a period of a relative slow-down of sales and lower results generated on those operations.

8. BRIEF DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OR FAILURES OF THE ISSUER DURING THE PERIOD COVERED BY THE REPORT, INCLUDING A LIST OF THE MOST SIGNIFICANT EVENTS RELATED TO SUCH ACHIEVEMENTS OR FAILURES

PROSPECTING AND EXTRACTION

In the first quarter of 2008, PETROLINVEST Group continued its prospecting and research work, the scope of which is presented below.

OOO SIEWIERGEOFIZYKA

A report on the progress of work on the licence and a schedule of works for 2008 were prepared and filed with the competent local inspection authorities in the period required and were approved without reservations.

The following works were carried out in the first quarter of 2008:

- ✓ Interpretation of the first part of the 3D seismic image made in 2007.
- ✓ Field works on the second part of the 3D seismic image in the Northern part of the licence area.
- ✓ Further interpretation works of all available research results in order to prepare prospecting structures for drilling.

OOO NIEFTIEGOSERWIS

A report on the progress of work on the licence was prepared and filed with the competent local inspection authorities in the period required and was approved without reservations as far as the Yermolovskye licence is concerned. Due to the fact that part of the Yuzhno-Nyertsovskye licence area was put under environmental protection, a competent commission requested the company to prepare and present appropriate amendments to the schedule of works for 2008.

The following works were carried out in the first quarter of 2008:

- ✓ Field works on a part of the 3D seismic image in the Southern part of the Yuzhno-Nyertsovskye licence area.
- ✓ Prospective structures were selected for exploratory drilling based on interpretations of the research results obtained in the area of the Yermolovskye licence (3D seismic image, micro-seismic research and a surface geochemical image). Preparatory works were commenced to draw up geological research plans and technical designs of wells, access roads and sites for drilling devices.

ZAO PECHORA-PETROLEUM

A report on the progress of work on the licence was prepared and filed with the competent local inspection authorities in the period required and was approved without reservations as far as the Porozhskye licence is concerned. As far as the Vyerkhnye-Pechorskyye licence is concerned, a competent commission requested the company to prepare and agree a new work schedule.

The following works were carried out in the first quarter of 2008:

- ✓ Interpretation of the processed 2D seismic data was continued for the Porozhskyye licence.
- ✓ Prospective structures were selected for exploratory drilling based on interpretations of the obtained research results (3D seismic image, micro-seismic research and a surface geochemical image). Preparatory works were commenced to draw up geological research plans and technical designs of wells, access roads and sites for drilling devices.
- ✓ Field works on a new 2D seismic research were carried out in the Southern part of the Porozhskyye licence area.
- ✓ Access roads to a drilling site in the Vyerkhnye-Pechorskyye area were prepared. A drilling device was mobilised and assembled. Drilling of the Sriednie Palju 2 well was commenced.

TOO EMBA JUG NIEFT

A work programme performance report for 2007 and a schedule of works for 2008 were prepared and filed with the competent local inspection authorities in the period required. Both documents were admitted without reservations.

The following works were carried out in the first quarter of 2008:

- ✓ On the Zhubantam deposit, testing of the G-4D well was continued after drilling devices were supplemented. During testing approx. 20 sq. m. of fluid a day was extracted from 3 horizons with ca. 40% deposit waters. This does not exhaust the full potential of the well as there are other oil-bearing horizons remaining to be tested.
- ✓ The G 40 well was made on the Zhubantam deposit to a depth of 650 m. Based on well measurements, it was decided that 6 horizons shall be tested where there is high probability of crude oil saturation. Preparations to well testing were ongoing.
- ✓ On the Zhubantam-Zhusalisay concession, 101 (1491 m) and 107 (1700 m) wells were made. Traces of hydrocarbons were found only in the 107 well but they were non-commercial and the wells were closed down.
- ✓ Drilling of the SG-2 well to a depth of 4476 m was completed. No oil-bearing horizons were encountered.

TOO COMPANY PROFIT

- ✓ A work programme performance report for 2007 and a schedule of works for 2008 were prepared and filed with the competent local inspection authorities in the period required. Both documents were admitted without reservations.
- ✓ On 8 March 2008, the Company published information about **the signing by TOO Company Profit with the Energy and Mineral Resources Ministry of the Republic of Kazakhstan of Annex No. 1 to the Contract for prospecting for hydrocarbons** in the Kyzylorda oblast, the Republic of Kazakhstan ("Contract") also referred to as the Dautskoye Licence. As expected, the area covered by the Contract was extended by 903.12 sq. km. In connection with the extension of the licensed area, the obligation of TOO Company Profit to incur additional capital expenditure on geological and prospecting works was also increased by USD 32m. The obligation is to be performed within the next four years.

The Company Management Board were satisfied with news about the expansion of the territory covered by the Contract owned by TOO Company Profit. The expanded territory possesses a range of perspective geological structures, which have not been able to be tested in detail and drilled up to now. The Company Management Board drew attention to the fact that this decision by the Kazakhstan authorities reflects the positive perception of the Company as an investor.

The restated Contract augurs well for the discovery of significant amounts of crude oil; hence, even though the Company is not obliged to finance prospecting activities of TOO Company Profit, its Management may within the next 6 months consider the purposefulness and possibility of providing some financing for the investment programme covering the extended Contract area. The basic criteria in taking the decision regarding participation in the financing will be (i) the possibility of generating positive cash flows from the project in the nearest future, and (ii) resources available to be confirmed by an independent expert.

OIL TECHNO GROUP (subsidiary of Occidental Resources, Inc.)

A work programme performance report for 2007 and a schedule of works for 2008 were prepared and filed with the competent local inspection authorities in the period required. Both documents were admitted without reservations.

The following works were carried out in the first quarter of 2008:

- ✓ Work was ongoing to make the deep Koblanda 3 well to a depth of 6800 m.
- ✓ Processing of new seismic data, including 3D and 2D seismic images from the Koblanda, Bestau and Shyrak areas was continued.

OTHER EVENTS PERTAINING TO PROSPECTING AND EXTRACTION

- ✓ On 17 January 2008, the PETROLINVEST S.A. Management Board published the **report about contracts and licenses** (hereinafter: "concessions") for prospecting for and extracting oil by Prospecting and Extraction Companies that PETROLINVEST S.A. owns or has options to buy shares, which was received from the independent expert employed by the Company from **McDaniel & Associates Consultants**.

The Company Management Board draws attention to the fact that the report received from the independent expert, summarising the work of recent months carried out in concessions owned by the Company, constitutes significant progress and a qualitative change in relation to the report published by the Company in the Issue Prospectus prepared in connection with the public offer for B shares.

As a result of the analysis carried out by the independent expert covering:

- results of 2D and 3D seismic research,
- results of geochemical research,
- effects of new interpretations of earlier results, and
- results from wells made,

the independent expert defined the size of oil reserves in the concessions that are owned by the Company in appropriate categories in accordance with the classification of reserves in international standards and described in detail in the report mentioned above, which was not possible in the independent expert's report published in the Company's Issue Prospectus in 2007.

The Management Board of the Company also draws attention to the fact that the prospective oil reserves (*unrisked mean estimated of prospective resources*) of the companies TOO EMBA JUG NIEFT and Occidental Resources, Inc., estimated only for those structures for which the expert possessed sufficient documented research and analysis, amount to 81.6 million and 966.9 million barrels of equivalent oil respectively. Completion of the transaction for the

purchase of shares, which the Company informed about in the Current Report No. 3/2008 means in practice taking over full control of further work and future exploitation of all the reserves. The independent expert's opinion as well as the size of oil deposits as defined by him do not reflect oil deposits in concessions owned by companies that are part of the Capital Energy SA capital group, with whose shareholders the Company has signed an investment agreements, as mentioned in the Current Report No. 3/2008.

Furthermore, the independent expert categorised:

- 3.1 million barrels as reserves in the category "Proved Plus Probable Plus Possible" in the Zhubantam deposit, located in concessions owned by TOO EMBA JUG NIEFT,
- 10.7 million barrels as contingent resources in category 2C, in deposits owned by the company Aktau-Tranzit, in which PETROLINVEST owns an option to purchase 35% of shares,
- in total 42.1 million barrels as unrisksed mean estimated of prospective resources in the concession owned by a Russian company in which PETROLINVEST owns shares.

GAS SALES

- ✓ On 14 March 2008, the Company signed a **Letter of Intent with the company T.B.S. Enterprises – Limited Partnership**, registered in the United Kingdom (hereinafter referred to as the "Partner").

The Letter of Intent provides for a joint venture in which the Company will transfer its activities concerned with trading in LPG to TPG GAZ S.A. (a joint-stock company registered in Poland, now wholly-owned by the Company), including rights and obligations resulting from contracts concluded by the Company and other rights hitherto enjoyed by the Company with respect to the activities being transferred, excluding however the rights connected with the lease of the LPG sea terminal located in Port Gdynia, which will be made available by the Company to TPG GAZ S.A. for a consideration covering the Company's costs incurred in that respect.

The Partner and the Company will conclude an investment agreement within 90 days from the signing of the Letter of Intent whereby the Partner will take up a 49% interest in TPG GAZ S.A. and cover it with a cash contribution being an equivalent of USD 5m. In addition, the Partner will enable TPG GAZ S.A. to enter into a direct LPG supply contract with a Russian LPG producer for a period of at least 36 consecutive months and a total volume of no less than 450 thousand tonnes of gas.

The Partner also agreed that it shall not sell or in any way dispose of the shares of TPG GAZ S.A. acquired as a result of the investment agreement for a period of 48 months from the date of signing of the LPG supply contract by TPG GAZ S.A.

The Partner and the Company will have pre-emptive rights to acquire TPG GAZ S.A. shares should any of the parties decide to sell.

The parties also agreed that, in the case the investment agreement is concluded, the parties will cooperate in building the market value of TPG GAZ S.A. and introducing TPG GAZ S.A.'s shares to public trading on the market of their choice.

The execution of the investment agreement, should it be concluded, will be dependent upon obtaining relevant administrative, legal, corporate and other consents and permits.

The performance of resolutions from the Letter of Intent signed with the company T.B.S. Enterprises – Limited Partnership, the subject of which is a joint venture as part of which the Company shall transfer its LPG business to TPG GAZ S.A.:

- will lead to a significant increase in the scale of PETROLINVEST Group's LPG activities in Poland and throughout the whole of Central and Eastern Europe,
- will make possible the dynamic development of the distribution network based on high and stable deliveries from all directions from which deliveries of LPG will be made to Poland, both on the basis of currently owned assets and assets arising from acquisitions,
- will materially increase shareholder value for PETROLINVEST Group shareholders by significantly increasing the scale of gas sales as well as increasing the margin connected with cooperation with a leading Russian LPG producer.

CAPITAL ACQUISITIONS

- ✓ The Management Board of PETROLINVEST S.A. on 16 January 2008, on the basis of the Letter of Intent signed on 10 January 2008, signed an investment agreement with Dzhumageldy Rakhishevich Amankulov, Atameken-Prommash LLP, GEOKAPITAL LLP and MARBURG OIL LLP regarding **the purchase by the Company of 50% of the shares in TOO EMBA JUG NIEFT**, a Kazakhstan company in which PETROLINVEST S.A. already owns 50% of the shares.

The investment agreement envisages the issue of 543,034 shares in PETROLINVEST S.A., at an issue price PLN 320 per share, in exchange for 50% of the shares in TOO EMBA JUG NIEFT. In addition, in the event of confirmation that the prospective resources of TOO EMBA JUG NIEFT (*unrisksed mean estimated of prospective resources*) are equal to at least 160 million barrels of oil, an additional 271,517 shares in the Company shall be issued at an issue price equal to PLN 10. Furthermore, PETROLINVEST S.A. has a duty to recommend that two representatives of the Kazakh party be appointed to the Company's supervisory board.

The performance of the investment agreement has been made dependent on the fulfilment of a range of conditions, in particular on: the confirmation by a court-appointed auditor of the value of the contribution, gaining appropriate corporate consents, gaining by the company of consent and renouncing priority rights by the Kazakh Energy Ministry, gaining by the Kazakh party the appropriate anti-monopoly consents, the effective acquisition by investors of 2,353,149 PETROLINVEST S.A. shares in exchange for 48.8% of shares in Occidental Resources Inc. As a result of the performance of the investment agreement, PETROLINVEST S.A. will become the owner of 100% of the shares in TOO EMBA JUG NIEFT.

As part of the investment agreement, the Kazakh party has a duty not to sell shares in PETROLINVEST S.A. acquired in the performance of this agreement for a period of 12 months after the time of their acquisition.

- ✓ The Management Board of PETROLINVEST S.A. on 16 January 2008, on the basis of the Letter of Intent from 10 January 2008, signed an investment agreement between the Company and eleven shareholders of the company Occidental Resources Inc., a company under Utah state law, regarding the **purchase by PETROLINVEST S.A. of 48.8% of the shares in Occidental Resources Inc.**, in which the Company already owns 50% of the shares.

Occidental Resources Inc. is the owner of 100% of the shares in a Kazakh law company OilTechnoGroup. The investment agreement envisages the issue of 2,353,149 shares in PETROLINVEST S.A., at an issue price of PLN 320 per share in exchange for 48.8% of the shares in Occidental Resources Inc.

The performance of this investment agreement has been made dependent on the fulfilment of a range of conditions, in particular on: the confirmation by a court-appointed auditor of the value of the contribution, gaining appropriate corporate consents, the gaining by PETROLINVEST S.A. and Occidental Resources Inc. of consent and renouncing priority rights by the Kazakh Energy Ministry, gaining by the Kazakh party the appropriate anti-monopoly consents, the effective acquisition by investors of 517,034 shares in PETROLINVEST S.A. in exchange for 50% of the shares in TOO EMBA JUG NIEFT. As a result of the performance of the investment agreement, PETROLINVEST S.A. will become the owner of 98.8% of the shares in Occidental Resources Inc.

As part of the investment agreement, Occidental Resources, Inc. has a duty not to sell shares in PETROLINVEST S.A. acquired in the performance of this agreement for a period of 12 months after the time of their acquisition, with the exception of 382,813 shares about which the above limitation expires after 6 months.

- ✓ The Management Board of PETROLINVEST S.A. on 16 January 2008, on the basis of the Letter of Intent from 10 January 2008, signed an investment agreement between the Company and Pruner Group Limited, Mars International Worldwide Inc. and Munivac Global Ventures Inc., regarding the **purchase by the Company of 100% of the shares in Capital Energy S.A.**, a British Virgin Islands law company.

Capital Energy S.A. is the owner of the majority shareholdings described below in four Kazakh law companies that possess concessions for oil prospecting and extraction: BMB Munai LLP (75% holding), Bolz LLP (65% holding), Maksat-Munai LLP (100% holding) and Erkin Oil LLP (50% holding). The investment agreement envisages the issue of 964,190 shares in PETROLINVEST S.A., at an issue price of PLN 320 per share in exchange for 100% of the shares in Capital Energy S.A. As part of the valuation of Capital Energy S.A. the size of prospective resources (*unrisksed mean estimated of prospective resources*) at a level of 309 million bbl was taken into account, of which approx 50 million bbl are assessed as P2 (probable) reserves according to a report presented to the Company by Capital Energy S.A. shareholders, prepared by an independent expert.

The performance of the agreement has been made conditional on the Company receiving satisfactory results from a review of the assets of Capital Energy S.A., in particular a confirmation by independent experts of the size of oil resources owned by subsidiaries of Capital Energy S.A. (the results of research carried out by McDaniel & Associates may constitute a basis for negotiations into the final number of shares issued by PETROLINVEST S.A.), as well as on: the confirmation by a court-appointed auditor of the value of the contribution, gaining appropriate corporate consents, the gaining by PETROLINVEST S.A. and Capital Energy S.A. of consent and renouncing priority rights by the Kazakh Energy Ministry, gaining by the Kazakh party the appropriate anti-monopoly consents, the effective acquisition by investors of PETROLINVEST S.A. shares in exchange for 48.8% of the shares in Occidental Resources Inc. as well as 517,034 shares in PETROLINVEST S.A. in exchange for 50% of the shares in TOO EMBA JUG NIEFT.

As part of the investment agreement, shareholders of Capital Energy S.A. have a duty not to sell shares in PETROLINVEST S.A. acquired in the performance of this agreement for a period of 12 months after the time of their acquisition.

The signing of investment agreements for the purchase of stocks/shares in TOO EMBA JUG NIEFT, Occidental Resources Inc., and Capital Energy S.A. constitute a further step in realising the Company's strategy to consolidate its operations in Kazakhstan around deposits with the highest potential.

The Company's Management Board believes that the transactions envisaged in the signed agreements will result in:

- an increase in the prospective resources of PETROLINVEST Group by over 150 per cent and a significant increase in oil extraction already in 2008;
- increased shareholding of PETROLINVEST Group in TOO EMBA JUG NIEFT and Occidental Resources, Inc., which will provide full control over revenues generated by those companies and their resources without increasing investment commitments;

- simplified and more effective management and cash flow structures within PETROLINVEST Group, in the first instance in the area of dividend payments and loan repayments made by Occidental Resources Inc., TOO EMBA JUG NIEFT and Capital Energy S.A.;
- closer cooperation with the local business partners in respect of the joint investments in TOO EMBA JUG NIEFT and Occidental Resources, Inc.;
- obtaining the attractive geological potential of Capital Energy S.A. Group companies with relatively insignificant obligatory investment programs to be implemented.

Moreover, the new significant shareholders will strengthen PETROLINVEST Group's capabilities and potential for expansion in international markets and the Company's position in Kazakhstan.

- ✓ On 21 February 2008 an investment agreement was concluded between the Company and Mars International Worldwide Inc. and Munivac Global Ventures Inc., regarding the **purchase by the Company of 45% of the shares in Kazakhstancaspishelf JSC**, a Kazakh law company ("Kazakhstancaspishelf"), entitling the Company to 50% of the votes at the General Meeting of the company.

The investment agreement envisages the issue of 363,550 shares in the Company at an issue price of PLN 310 per share, in exchange for 193,807 shares in Kazakhstancaspishelf, constituting approx. 38.33% of the share capital entitling the Company to 42.59% of the votes at the General Meeting. Furthermore, the Company – or an entity indicated by the Company – shall purchase 33,705 shares in Kazakhstancaspishelf, constituting approx. 6.67% of the share capital and entitling the Company to 7.41% of the votes at the General Meeting, in exchange for a cash payment of USD 8,000 thousand.

The performance of this investment agreement has been made dependent on the fulfilment of a range of conditions, in particular on: the confirmation by a court-appointed auditor of the value of the contribution, gaining appropriate regulatory and corporate consents, in particular the seller obtaining anti-monopoly consents.

As part of the investment agreement, the seller has a duty not to sell shares in the Company acquired in the performance of this agreement for a period of 12 months after the time of their acquisition.

Kazakhstancaspishelf has been in existence since 1993 and specialises in 2D and 3D seismic research as well as preparing geological and geochemical analyses both on land and – thanks to owning a specialist fleet of ships – at sea. It is one of the leading companies in this field in Kazakhstan. The company cooperates with other companies such as KazMunaiGaz, TengizChevroil as well as with companies constituting a consortium that operates the Kashagan deposits in the Caspian sea.

- ✓ On 28 February 2008, an investment agreement was concluded between the Company and Mars International Worldwide Inc., regarding the **purchase by the Company of 26.07% of the shares in Caspian Services Inc.**, a company under Nevada State law, United States ("Caspian Services"), entitling the Company to 26.07% of the votes at the General Meeting. The investment agreement envisages the issue of 312,142 shares in the Company at an issue price of PLN 310 per share, in exchange for 13,165,177 of the shares in Caspian Services, comprising 26.07% of the share capital and entitling the Company to 26.07% of the votes at the General Meeting.

The performance of this investment agreement has been made dependent on the fulfilment of a range of conditions, in particular on: the confirmation by a court-appointed auditor of the value of the contribution, gaining appropriate regulatory and corporate consents, in particular the seller obtaining anti-monopoly consents.

As part of the investment agreement, the seller has a duty not to sell shares in the Company acquired in the performance of this agreement for a period of 12 months after the time of their acquisition.

This investment agreement was preceded by the signing on 21 February 2008 by the Company and Mars International Worldwide Inc. of a Letter of Intent.

Additionally, in connection with the conclusion of this agreement, the Company proposed Caspian Services loans of a value of USD 10 million, which entitle the Company – or an entity nominated by the Company – to acquire newly-issued shares in Caspian Services increased share capital. The issue price of the shares so acquired shall be USD 2.75 per share in Caspian Services, which shall constitute approx. 6.7% of the current share capital.

Furthermore, the Company has initially agreed to conclude an agreement with Mars International Worldwide Inc., in accordance with which the Company shall offer Mars International Worldwide Inc. 51,371 newly-issued shares in the Company in exchange for a cash payment of an amount equal to the nominal price of the above-mentioned shares and shall make a premium payment to Mars International Worldwide Inc. of USD 3,500 thousand. In exchange, Mars International Worldwide Inc. shall provide services connected with acquiring shares in the sector or oil industry services. The payment of the premium and the issue of shares is dependent on fulfilling a range of conditions.

Caspian Services is one of the leading companies in Kazakhstan providing services to prospecting and extraction companies operating in the Caspian Sea area. Caspian Services customers include Saipem, AGIP and Shell. The company employs over 500 staff employed in three areas of business:

- offshore marine services – aimed at prospecting and extraction companies operating in the Caspian Sea including the transport of passengers and goods as well as seismic research at sea;
- onshore seismic services (including 2D and 3D surveys);
- development of infrastructure of a sea port capable of servicing a fleet providing services to oil and gas prospecting and development companies in the Caspian Sea.

Caspian Services is listed on the OTC market in the United States. Its consolidated income for the 2007 fiscal year was USD 64.8 million (an increase of 51% in relation to 2006), EBITDA – USD 21 million (with an EBITDA margin of 32.4%), EBIT USD 14.9 million compared to USD 1.6 million in 2006.

The conclusion of investment agreements for the purchase of shares in Kazakhstancaspishelf JSC and in Caspian Services Inc. constitutes a strategic strengthening of PETROLINVEST Group by adding a strong service segment to the portfolio of prospecting and extraction companies. The Management Board of the Company believes that the performance of transactions that have already been signed will mean for the Company:

- acquiring companies that generate stable, positive cash flow and offer very promising growth prospects without the necessity of the Company engaging additional funds,
- PETROLINVEST Group acquiring companies that operate in the huge and dynamically growing market for servicing oil prospecting and extraction companies in the Caspian Sea region,
- the chance to benefit from synergy effects between Kazakhstancaspishelf and Caspian Services in all areas of services provided to the oil industry, as well as in functioning costs,
- the opportunity to gain orders as well as take advantage of the strong, business relations built up by the companies acquired with large international corporations, the state company KazMunaiGaz and Russian corporations,
- acquiring an experienced management team, and also – particularly in the case of Caspian Services, which is a public company registered in the United States – a group of unusually high transparency and corporate culture.
- The opportunity to expand PETROLINVEST Group's activities into drilling services, which up to now have not been provided by purchased companies.

CAPITAL AREA

- ✓ In the first quarter of 2008, the Company made a share issue of series D shares discussed in more detail in point 10 herein.
- ✓ On 19 February 2008, the Management Board of PETROLINVEST S.A. informed about the submission to the Polish Financial Supervision Authority of an application for the approval of the Company Registration Document.

9. DESCRIPTION OF FACTORS AND EVENTS, IN PARTICULARLY NON-RECURRING ONES, WHICH HAD A MATERIAL EFFECT ON FINANCIAL RESULTS

In the first quarter of 2008, there were no extraordinary events that had a material effect on the financial result achieved by the Group.

10. INFORMATION REGARDING ISSUE, REPURCHASE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

The Company, in the period covered by this Report, issued 290,474 series D shares. The aim of the issue was to provide the Company with appropriate financing to support its investment projects.

Issue of D-series shares

5 March 2008	The Management Board of the Company passed a ruling about the increase by an amount not higher than PLN 2,904,740 of the Company's share capital as part of the target capital – by the issue of not more than 290,474 ordinary bearer D-series shares of a nominal value of PLN 10 and regarding the exclusion of current shareholders in the allocation. The D-series shares were offered as part of a public offer aimed at qualified investors.
7 March 2008	Ending of the offer for D-series shares. 290,474 D-series shares were acquired as part of the offer at an issue price of PLN 275 per share. As a result of the offer, the Company obtained gross funds of PLN 79,880.4 thousand. The shares were bought by 22 investors. The aggregate costs of the offering amounted to PLN 864.1 thousand; the average cost of subscription per one security offered for subscription was PLN 2.97.
25 March 2008	A decision of the National Depository for Securities about the acceptance into the National Depository for Securities of D-series shares as well as issuing them the code PLPTRLI00018, under the condition of entering the increased share capital due to the issue of D-series shares into the commercial register on the condition that the company operating the regulated market takes a decision about entering the D-series shares into public trading in the same regulated market as other shares in the Company given the code PLPTRLI00018.

In connection with the issue of series D shares, the share capital was increased from PLN 58,730,020 to PLN 61,634,760. The share capital increase was registered with the National Court Register on 9 April 2008. Following the registration, the total number of votes resulting from all of the Company's shares issued is 6,163,476.

Series D shares were admitted and introduced to exchange trading in the WSE Main Market by way of an ordinary procedure on 22 April 2008.

11. INFORMATION ON ANY DIVIDED PAID OUT (OR DECLARED) IN AGGREGATE AND PER ONE SHARE, SEPARATELY FOR ORDINARY AND PREFERENCE SHARES

In the first quarter of 2008, the Company did not pay or declare dividends.

12. SELECTED FINANCIAL DATA, INCLUDING THE KEY ITEMS OF CONDENSED FINANCIAL STATEMENTS (ALSO TRANSLATED INTO EURO)

Selected financial data of the Group were presented in part one of this Report. Standalone data were presented in the "Condensed Interim Financial Statements of Petrolinvest S.A. for the period of 3 months ended 31 March 2008".

13. THE MANAGEMENT BOARD'S POSITION ON THE FEASIBILITY OF ACHIEVING THE RESULTS STATED IN THE FINANCIAL FORECASTS PUBLISHED EARLIER FOR THE YEAR IN VIEW OF THE FINANCIAL RESULTS PRESENTED IN THE QUARTERLY REPORT IN RELATION TO THE PROJECTED RESULTS

The Management Board of PETROLINVEST S.A. did not publish any forecasts for 2008.

14. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY (THROUGH SUBSIDIARY UNDERTAKINGS) 5% OR MORE OF THE TOTAL VOTE AT THE ISSUER'S GENERAL SHAREHOLDERS MEETING

The table below sets forth the number of shares held by Shareholders as at the date of publication of this quarterly Report, also showing changes in the shareholding structure which had taken place since the publication of the previous quarterly report.

Shareholder	Number of shares/ votes	Percentage held in share capital/ total vote at AGM	Change in number of shares	Number of shares/ votes	Percentage held in share capital/ total vote at AGM
Ryszard Krauze	527 800	8.99%	0	527 800	8.56%
PROKOM INVESTMENTS S.A.	2 336 000	39.78%	151 144	2 487 144	40.35%
NIHONSWI AG	1 216 250	20.71%	4 943	1 221 193	19.81%
Transcontinental Fund Limited	792 900	13.50%	0	792 900	12.86%
Other shareholders	1 000 052	17.02%	134 387	1 134 439	18.42%
TOTAL	5 873 002	100.00%	290 474	6 163 476	100.00%

15. STATEMENT OF CHANGES IN THE NUMBER OF THE ISSUER SHARES OR RIGHTS TO SUCH SHARES (OPTIONS) HELD BY THE ISSUER'S MANAGING OR SUPERVISORY PERSONS, ACCORDING TO INFORMATION AVAILABLE TO THE ISSUER, IN THE PERIOD FROM THE DATE OF THE PREVIOUS QUARTERLY REPORT

As at the date of publication of this Report, according to information available to the Company, the number of shares held by managing and supervisory persons is as follows:

Shareholder	Number of shares
Supervisory Board	
Ryszard Krauze	527 800
Dariusz Górka	1 321
Maciej Grelowski	1 321
Grzegorz Maciąg	1 321
Zbigniew Szachniewicz	1 321
Krzysztof Wilski	1 321
Management Board	
Paweł Gricuk	24 317
Zenon Grablewski	12 159
Marcin Balicki	1 216

There were no changes in the number of Company shares or rights to shares (options) held by the Company's managing or supervisory persons since the previous quarterly report; however, on 29 April 2008, the Extraordinary General Meeting resolved to adopt an incentive programme for the Company's management board members based on an issue of subscription warrants. Holders of the warrants will be entitled to take up in aggregate no more than 264,285 Series E

Shares (together with an issue of Series E Shares) representing 4.11 per cent of the Company's share capital. One Warrant will entitle the holder to purchase one Series E Share (for details refer to current report no 27 published on 29 April 2008).

16. PROCEEDINGS PENDING BEFORE COURT, COMPETENT ARBITRATION BODY OR ANY PUBLIC ADMINISTRATION AUTHORITY, INCLUDING INFORMATION ON ANY PROCEEDINGS CONCERNING THE ISSUER'S OR ITS SUBSIDIARY UNDERTAKING'S LIABILITIES OR CLAIMS WHOSE VALUE REPRESENTS 10% OR MORE OF THE ISSUER'S EQUITY

There are no proceedings pending before courts, competent arbitration bodies or any public administration authorities the value of which represents 10% or more of the Company's equity.

17. INFORMATION ON ANY ONE OR MORE TRANSACTIONS CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY UNDERTAKING WITH RELATED PARTIES, IF THE VALUE OF SUCH TRANSACTIONS (THE AGGREGATE VALUE OF ALL TRANSACTIONS CONCLUDED SINCE THE BEGINNING OF THE FINANCIAL YEAR) EXCEEDS THE ZŁOTY EQUIVALENT OF EUR 500,000

In the first quarter of 2008, there were no related party transactions concluded in PETROLINVEST Group that would exceed the zloty equivalent of EUR 500 thousand and that would not be considered common or routine and concluded at arm's length. All transactions were typical; the value and other terms of those transactions are presented in note 12 to the Condensed Interim Financial Statements.

18. INFORMATION ON SURETIES FOR LOANS OR GUARANTEES ISSUED BY THE ISSUER OR ITS SUBSIDIARY UNDERTAKING

In the first quarter of 2008, TOO EMBA JUG NIEFT provided a guarantee to Bank CenterCredit JSC securing a credit line totalling USD 37,800 thousand granted to TOO OilTechnoGroup on 13 April 2006, annexed on 31 March 2008. The guarantee will be in force until the final repayment of the liabilities resulting from the credit line which matures on 5 April 2012. The value of the guarantee is not limited to the principal amount of the credit line and covers other fees payable to Bank CenterCredit JSD under the credit facility agreement.

The guarantee does not provide for any charges to be paid for its granting. The guarantee specifies a contractual penalty—in case of non-payment of the amount due—equal to 0.1 per cent of such amount for each day of delay and a contractual penalty of 0.1 per cent of the total amount of the guarantee for other breaches of the guarantee.

TOO EMBA JUG NIEFT and TOO OilTechnoGroup are jointly-controlled by PETROLINVEST S.A.

19. OTHER INFORMATION WHICH THE ISSUER DEEMS RELEVANT FOR THE ASSESSMENT OF ITS PERSONNEL, ASSETS, FINANCIAL SITUATION, AND ITS NET RESULT, AS WELL AS THEIR CHANGES, AND FOR THE ASSESSMENT OF THE ISSUER'S ABILITY TO PERFORM ITS OBLIGATIONS

The Management Board of PETROLINVEST S.A. believes that information presented in this Report is an exhaustive description of the Company's personnel, assets and financial situation, and that no other events had taken place that have not be disclosed by the Company and that could be material for the assessment of the Company's standing.

20. FACTORS WHICH IN THE ISSUER'S OPINION WILL AFFECT ITS RESULTS IN A PERIOD COVERING AT LEAST THE NEXT QUARTER

The main factors that may affect the Company's results in the next quarter include primarily:

- ✓ With respect to prospecting and extraction:
 - fluctuations of exchange rates, including in particular USD to PLN, KZT to USD and RUB to USD;
 - fluctuations of interest rates that impact the Company's debt service costs.
- ✓ With respect to trading activities:
 - fluctuations of exchange rates, including in particular USD to PLN;
 - fluctuations of crude oil and LPG pricing in world markets and the relations between those prices and the prices that are possible to be achieved in the domestic market;
 - seasonal changes in the demand for liquefied gas for heating and automotive purposes.

21. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS WHICH OCCURRED SINCE THE END OF THE LAST FINANCIAL YEAR

PETROLINVEST Group's contingent liabilities increased after the end of the last financial year as a result of:

- ✓ the guarantee provided by TOO EMBA JUG NIEFT to secure the repayment by TOO OilTechnoGroup of liabilities due to Bank CenterCredit JSC in connection with the USD 37,800 thousand credit line. TOO EMBA JUG NIEFT and TOO OilTechnoGroup are jointly-controlled by PETROLINVEST S.A.
- ✓ the guarantee provided by Bank CenterCredit JSC amounting to USD 360.3 thousand to secure payments due under an agreement concluded between TOO OilTechnoGroup and Baker Hughes Services International, Inc.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	<i>for 3 months</i>	
	<i>ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>unaudited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>
Continuing operations		
Sale of goods	40 898	37 858
Rendering of services	291	127
Revenue	41 189	37 985
Value of goods and materials sold	38 989	35 707
Materials and energy	897	880
Employee benefits	5 879	3 502
Depreciation and amortisation	739	578
External services	4 816	4 778
Taxes and charges	907	832
Other expenses	829	409
Operating expenses	53 056	46 686
Gross profit/ (loss)	(11 867)	(8 701)
Other operating income	1 290	512
Other operating expenses	223	17
Finance income	24 160	2 104
Finance costs	6 511	3 506
Profit/ (loss) before tax	6 849	(9 608)
Income tax expense	3 793	87
Net profit/ (loss) from continuing operations	3 056	(9 695)
Net profit/ (loss)	3 056	(9 695)
Attributable to:		
Equity holders of the parent	2 248	(9 558)
Minority interest	808	(137)
Weighted average number of issued shares for basic earnings per share computations	5 873 002	5 286 000
Earnings (loss) per share in PLN	0.38	(1.81)

CONSOLIDATED QUARTERLY REPORT OF PETROLINVEST GROUP FOR 1ST QUARTER 2008
ENDED ON 31 MARCH 2008
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF PETROLINVEST S.A. GROUP

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

	<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2007</u>
	<i>unaudited</i>	<i>audited</i>	<i>unaudited</i>
	<u>PLN '000</u>	<u>PLN '000</u>	<u>PLN '000</u>
ASSETS			
Non-current assets (long-term)			
Goodwill	443 617	472 109	399 300
Intangible assets	542	576	108
Property, plant and equipment	69 213	53 572	42 162
Expenditure on exploration for and evaluation of mineral resources	291 749	288 463	117 871
Investment properties	2 567	2 567	2 232
Financial assets	122 161	103 400	204 719
Non-current receivables	15 324	12 560	0
Long-term deposits	1 695	1 747	857
Deferred tax	47 323	45 156	38 701
	<u>994 191</u>	<u>980 150</u>	<u>805 950</u>
Current assets (short-term)			
Inventories	9 503	8 302	4 559
Trade and other receivables	52 356	14 948	11 623
Income tax overpayment	79	69	0
Prepayments and deferred costs	3 813	1 875	13 171
Current investments	6 256	6 952	5 196
Cash and cash equivalents	37 640	23 480	15 589
	<u>109 647</u>	<u>55 626</u>	<u>50 138</u>
TOTAL ASSETS	<u>1 103 838</u>	<u>1 035 776</u>	<u>856 088</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	58 730	58 730	52 860
Foreign currency translation	(110 303)	(59 864)	8 118
Other reserves	471 013	391 133	277 547
Retained earnings	(26 875)	(29 123)	(26 197)
	<u>392 565</u>	<u>360 876</u>	<u>312 328</u>
Minority interest	<u>1 296</u>	<u>488</u>	<u>219</u>
Total equity	<u>393 861</u>	<u>361 364</u>	<u>312 547</u>
Non-current liabilities			
Non-current provisions	4 090	3 945	1 392
Deferred income tax liabilities	29 461	19 175	4 611
Interest-bearing loans and borrowings	469 491	382 387	248 688
Finance lease liabilities	321	248	273
Other non-current liabilities	134 101	140 625	112 672
	<u>637 464</u>	<u>546 380</u>	<u>367 636</u>
Current liabilities			
Current provisions	880	548	293
Current portion of interest-bearing loans and borrowings	13 766	59 483	24 801
Finance lease liabilities	180	180	241
Trade and other payables	56 194	65 960	149 864
Income tax liabilities	0	0	15
Accruals	1 493	1 861	691
	<u>72 513</u>	<u>128 032</u>	<u>175 905</u>
Total liabilities	<u>709 977</u>	<u>674 412</u>	<u>543 541</u>
TOTAL EQUITY AND LIABILITIES	<u>1 103 838</u>	<u>1 035 776</u>	<u>856 088</u>

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	<i>for 3 months</i>	
	<i>ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>unaudited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>
Cash flows from operating activities		
Profit/ (loss) before taxation	6 849	(9 608)
Adjustments for:	(20 435)	(983)
Depreciation and amortisation	739	578
Interest and dividends, net	848	385
Foreign exchange differences	(14 485)	638
Gain/ (loss) from investing activities	50	4
(Increase)/ decrease in receivables	(2 455)	7 870
(Increase)/ decrease in inventories	(1 241)	823
Increase/ (decrease) in payables except loans and borrowings	(7 190)	(7 760)
Change in prepayments and accruals	802	(3 596)
Change in provisions	1 120	(230)
Income tax paid	787	(16)
Other, including	590	321
financial fees paid	108	516
valuation (discount) of liabilities under share purchase transactions	523	1 388
other	(41)	(1 583)
Net cash flows from operating activities	(13 586)	(10 591)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	0	0
Purchase of property, plant and equipment and intangibles	(2 259)	(1 786)
Expenditure on exploration for and evaluation of mineral resources	(30 925)	(20 921)
Capitalised costs of external financing	(5 694)	0
Acquisition of subsidiary and jointly-controlled entity, net of cash acquired	(12 684)	(26 019)
Granting of loans	(11 495)	(36 416)
Long-term deposits	(118)	0
Other	(682)	(304)
Net cash flows from investing activities	(63 857)	(85 446)
Cash flows from financing activities		
Proceeds from share capital increase	41 565	0
Costs relating to share issue	(3 150)	(3 017)
Payment of finance lease liabilities	(15)	(65)
Proceeds from loans and borrowings	54 049	70 110
Repayment of loans and borrowings	(720)	(860)
Interest paid	(381)	(202)
Other	(108)	(516)
Net cash flows from financing activities	91 240	65 450
Net increase/ (decrease) in cash and cash equivalents	13 797	(30 587)
Cash and cash equivalents at the beginning of the period	23 480	25 716
Cash, cash equivalents and long-term deposits at the end of the period	37 277	(4 871)
Including restricted use cash	5 144	901

CONSOLIDATED QUARTERLY REPORT OF PETROLINVEST GROUP FOR 1ST QUARTER 2008
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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF PETROLINVEST S.A. GROUP

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to equity holders of the parent</i>						<i>Retained earnings/ Accumulated (losses)</i>	<i>Total</i>	<i>Minority interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Foreign currency translation</i>	<i>Other capital, including</i>							
				<i>From profit appropriation</i>	<i>From share premium</i>	<i>Unregistered share capital increase</i>				
<i>unadited</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	
As at 1 January 2008	58 730	(59 864)	391 133	15 441	375 692	0	(29 123)	360 876	488	361 364
Currency translation differences	0	(50 439)	0	0	0	0	0	(50 439)	0	(50 439)
Loss for the period	0	0	0	0	0	0	2 248	2 248	808	3 056
Revenues / expenses for the year	0	(50 439)	0	0	0	0	2 248	(48 191)	808	(47 383)
Share issue	0	0	79 880	0	0	79 880	0	79 880	0	79 880
As at 31 March 2008	58 730	(110 303)	471 013	15 441	375 692	79 880	(26 875)	392 565	1 296	393 861
<i>unadited</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
As at 1 January 2007	52 860	(2 085)	277 547	15 441	262 106	0	(16 639)	311 683	232	311 915
Currency translation differences	0	10 203	0	0	0	0	0	10 203	124	10 327
Loss for the period	0	0	0	0	0	0	(9 558)	(9 558)	(137)	(9 695)
Revenues / expenses for the period	0	10 203	0	0	0	0	(9 558)	645	(13)	632
As at 31 March 2007	52 860	8 118	277 547	15 441	262 106	0	(26 197)	312 328	219	312 547
<i>audited</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
As at 1 January 2007	52 860	(2 085)	277 547	15 441	262 106	0	(16 639)	311 683	232	311 915
Currency translation differences	0	(57 779)	0	0	0	0	0	(57 779)	274	(57 505)
Loss for the period	0	0	0	0	0	0	(12 484)	(12 484)	(18)	(12 502)
Revenues / expenses for the year	0	(57 779)	0	0	0	0	(12 484)	(70 263)	256	(70 007)
Share issue	5 870	0	127 379	0	127 379	0	0	133 249	0	133 249
Cost of share issue	0	0	(13 793)	0	(13 793)	0	0	(13 793)	0	(13 793)
As at 31 December 2007	58 730	(59 864)	391 133	15 441	375 692	0	(29 123)	360 876	488	361 364

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Segment information

The Company identifies two reportable business segments:

- a) *LPG* – trading activities carried out in Poland, comprising import, distribution and sale of liquefied petroleum gas (LPG) for heating and automotive purposes (auto gas), gas cylinders and wholesale distributors;
- b) *Prospecting and extraction* – operations carried out in the countries where Prospecting and Extraction Companies conduct their activities, including geophysical research, site preparation and drilling.

Results of the *LPG* segment are subject to seasonal fluctuations discussed in point 7 herein.

Results of the *Prospecting and extraction* segment are characteristic of a start-up phase of a prospecting project. Management expects that the negative results of the segment may be sustained until commercial production of crude oil is commenced.

<i>for 3 months ended 31 March 2008 and as at 31 March 2008</i>	<i>LPG</i>	<i>Prospecting and extraction</i>	<i>Total</i>
Segment revenue	40 898	0	40 898
Profit/ (loss) of the segment	(3 664)	(8 494)	(12 158)
Other unallocated revenue			1 581
Unallocated expenses			(223)
Profit/ (loss) from continuing operations before tax, finance income and costs			(10 800)
Finance costs			(6 511)
Finance income			24 160
Negative goodwill write-off			0
Profit/ (loss) before tax and minority interest			6 849
Income tax expense			3 793
Net profit/ (loss) for the year			3 056
Assets and liabilities			
Segment assets	69 143	921 237	990 380
Unallocated assets			113 458
Total assets	69 143	921 237	1 103 838
Segment liabilities	13 258	675 091	688 349
Unallocated liabilities			21 628
Equity			393 861
Total equity and liabilities	13 258	675 091	1 103 838
Capital expenditure:			
property, plant and equipment (including assets under construction)	2 259	0	2 259
expenditures on exploration for and evaluation of mineral resources	0	41 530	41 530
intangible assets	0	84	84
Depreciation	531	165	696
Amortisation	43	0	43

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<i>for 3 months ended 31 March 2007 and as at 31 December 2007</i>	<i>LPG</i>	<i>Prospecting and extraction</i>	<i>Total</i>
Segment revenue	37 985	0	37 985
Profit/ (loss) of the segment	(4 614)	(4 087)	(8 701)
Other unallocated revenue			512
Unallocated expenses			(17)
Profit/ (loss) from continuing operations before tax, finance income and costs			(8 206)
Finance costs			(3 506)
Finance income			2 104
Negative goodwill write-off			0
Profit/ (loss) before tax and minority interest			(9 608)
Income tax expense			87
Net profit/ (loss) for the year			(9 695)
Assets and liabilities			
Segment assets	59 572	926 124	985 696
Unallocated assets			50 080
Total assets	59 572	926 124	1 035 776
Segment liabilities	21 320	638 537	659 856
Unallocated liabilities			14 556
Equity			361 364
Total equity and liabilities	21 320	638 537	1 035 776
Capital expenditure:			
property, plant and equipment (including assets under construction)	1 786	0	1 786
expenditures on exploration for and evaluation of mineral resources	0	23 565	23 565
intangible assets	0	0	0
Depreciation	571	0	571
Amortisation	7	0	7

2) Finance income and expenses

2.1.) Finance income

	<i>for 3 months ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>unaudited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>
Bank interest receivable	1 389	394
Interest receivable on loans granted	745	1 594
Foreign exchange differences	22 026	0
Other	0	116
	24 160	2 104

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2.2) Finance costs

	<i>for 3 months ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>unaudited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>
Interest on bank loans and overdrafts	1 578	1 960
Lenders fees	112	353
Finance costs under finance leases	15	21
Valuation (discount) of future liabilities	4 801	610
Other	5	562
	6 511	3 506

3) Income tax

	<i>for 3 months ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>unaudited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>
<i>Current income tax</i>		
Current income tax charge	0	0
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	3 793	87
Income tax expense reported in income statement	3 793	87

4) Cash and cash equivalents

For the purposes of the interim condensed cash flow statement, cash and cash equivalents comprise the following:

	<i>31 March 2008</i>	<i>31 December 2007</i>	<i>31 March 2007</i>
	<i>unaudited</i>	<i>audited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
	Cash at bank and in hand	37 640	23 480
Revolving credit facility	(363)	0	(20 460)
Cash and cash equivalents in the cash flow statement	37 277	23 480	(4 871)

5) Property, plant and equipment and expenditure on exploration for and evaluation of mineral resources

In the period of 3 months ended 31 March 2008, Petrolinvest Group purchased property, plant and equipment with a value of PLN 2.3 million (2007: PLN 1.8 million).

In the period of 3 months ended 31 March 2008, Petrolinvest Group incurred expenditure on exploration for and evaluation of mineral resources amounting to PLN 41.5 million (2007: PLN 23.6 million).

6) Financial assets

	<i>31 March 2008</i>	<i>31 December 2007</i>	<i>31 March 2007</i>
	<i>unaudited</i>	<i>audited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
Loans granted and loan discounts	127 290	109 912	183 779
including current loans and borrowings	6 256	6 952	5 196
Payments under agreements for acquisition of financial assets	0	0	25 228
Other	1 127	440	908
Total financial assets, including	128 417	110 352	209 915
non-current	122 161	103 400	204 719
current	6 256	6 952	5 196

7) Acquisition of subsidiaries and jointly-controlled entities

No acquisition or take-up of shares in subsidiaries or jointly-controlled entities took place in the 3 months ended 31 March 2008. In that period, the Company concluded investment agreements and signed letters of intent connected with the acquisition of shares and stocks in prospecting and extraction companies as well as service providers. The agreements are described in more detail in point 8 to the consolidated quarterly report under CAPITAL ACQUISITIONS. None of the agreements has been finalised as at the date of approval of this consolidated report for Q1 2008 for publication.

8) Equity

The Company made an issue of D-series shares in March 2008. 290,474 D-series shares were acquired as part of the offer at an issue price of PLN 275 per share. As a result of the offer, the Company obtained gross funds of PLN 79,880 thousand. The share capital registration procedure had not yet been finalised with the National Court Register as at 31 March 2008. Hence, an amount of PLN 38,316 thousand was blocked on the account of the investment bank underwriting the issue until the registration procedure was completed. The share capital increase was registered with the National Court Register on 9 April 2008. The unregistered share capital was presented under other reserves on the balance sheet as at 31 March 2008.

9) Interest-bearing loans and borrowings

Bank CenterCredit JSC

In March 2008, OilTechnoGroup signed an annex to loan agreements with Bank CenterCredit JSC. Between 25 April and 15 August 2006, OilTechnoGroup concluded three loan agreements with Bank CenterCredit JSC totalling USD 37.8m. All of those agreements were concluded in line with an earlier arrangement regarding the granting of a credit line facility dated 3 April 2006. As agreed, the loans were to mature on 31 March 2008. Interest was agreed at 14% p.a. A pledge over the rights arising from the company' licence served as collateral for the bank's receivables. The annex signed in March 2008 provides as follows:

- The loan shall be repaid in instalments and the final repayment date shall be 5 April 2012.
- Interest was agreed at 18% p.a.
- The bank's receivables shall be collateralized by a pledge over the rights arising from the OTG Licence and the guarantee provided by EmbajugNieft.

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10) Receivables

	31 March 2008	31 December 2007	31 March 2007
	<i>unaudited</i>	<i>audited</i>	<i>unaudited</i>
	PLN '000	PLN '000	PLN '000
Trade receivables	13 255	14 260	6 813
Receivables from public authorities	15 634	12 780	4 767
including non-current	15 324	0	0
Receivables from employees	110	126	39
Related to share issue	38 316	0	0
Other receivables	365	342	4
	67 680	27 508	11 623

11) Trade and other payables and other current liabilities

	31 March 2008	31 December 2007	31 March 2007
	<i>unaudited</i>	<i>audited</i>	<i>unaudited</i>
	PLN '000	PLN '000	PLN '000
Trade liabilities	7 091	7 081	8 800
Liabilities to public authorities	5 382	10 395	3 188
Liabilities related to construction in progress	22 568	17 658	4 281
Liabilities resulting from acquisition of financial assets	48 708	61 258	146 154
Licence and share option liabilities	105 863	110 036	99 415
Other liabilities	683	157	698
	190 295	206 585	262 536

12) Related party transactions

The table below sets forth aggregate amounts of transactions concluded with related entities in the 3 months ended 31 March 2008 and 2007.

Related party		Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
		PLN '000	PLN '000	PLN '000	PLN '000
Ryszard Krauze	2008	0	0	50	320
	2007	0	0	50	320
Prokom Investments	2008	0	93	0	193 643
	2007	0	30	0	182 486

Agreements concluded with related entities in the 3 months ended 31 March 2008 are discussed below.

Agreements concluded between the Company and OOO Siewiergeofizyka

In the period from 1 January 2008 to the date of this Report, the Company concluded one agreement with OOO Siewiergeofizyka. The agreement was regarding a loan to be granted by the Company for a total amount of USD 4,000 thousand (up until the date of this Report, the Company advanced USD 2,132 thousand of the loan). The loan becomes payable on or before 31 January 2009. The aim of the loan is to finance the ongoing operations of OOO Siewiergeofizyka. Interest accruing on the loan is based on LIBOR.

Agreements concluded between the Company and ZAO Pechora Petroleum

In the period from 1 January 2008 to the date of this Report, the Company concluded two agreements with ZAO Pechora Petroleum. The agreements were regarding loans to be granted by the Company for a total amount of USD 6,500 thousand (up until the date of this Report, the Company advanced USD 3,025 thousand of the loans). The loans become payable on or before 31 January 2009. The aim of the loans is to finance the ongoing operations of ZAO Pechora Petroleum. Interest accruing on the loans is based on LIBOR.

Agreements concluded between the Company and EmbajugNieft

In the period from 1 January 2008 to the date of this Report, the Company concluded one agreement with TOO EmbajugNieft. The agreement was regarding a loan to be granted by the Company for a total amount of USD 20,000 thousand (up until the date of this Report, the Company advanced USD 2,000 thousand of the loan). The loan becomes payable on or before 31 January 2011. Interest accruing on the loans is based on LIBOR.

Agreements concluded between the Company and TPG GAZ S.A.

In the period from 1 January 2008 to the date of this Report, the Company concluded one loan agreements with TPG GAZ S.A. totalling PLN 20 thousand. The loan was advanced in full. The loan becomes payable on or before 31 December 2008. Interest was agreed at 5% p.a. In addition, in the period covered by this Report, the repayment periods of two loans totalling PLN 40 thousand, which originally matured on 31 January 2008, were prolonged until 31 December 2008.

CONDENSED INTERIM FINANCIAL STATEMENTS OF PETROLINVEST S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS OF PETROLINVEST S.A.

CONDENSED INTERIM INCOME STATEMENT

	<i>for 3 months</i>	
	<i>ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>unaudited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>
Continuing operations		
Sale of goods	40 898	37 858
Rendering of services	291	65
Revenue	41 189	37 923
Value of goods and materials sold	38 984	35 708
Materials and energy	839	842
Employee benefits	3 285	2 624
Depreciation and amortisation	555	501
External services	3 560	4 122
Taxes and charges	325	498
Other expenses	634	303
Operating expenses	48 182	44 598
Gross profit/ (loss)	(6 993)	(6 675)
Other operating income	1 159	512
Other operating expenses	165	16
Finance income	8 091	2 447
Finance costs	6 436	7 691
Profit/ (loss) before tax	(4 344)	(11 423)
Income tax expense	1 009	232
Net profit/ (loss) from continuing operations	(5 353)	(11 655)
Net profit/ (loss)	(5 353)	(11 655)
Weighted average number of issued shares for basic earnings per share computations	5 873 002	5 286 000
Earnings (loss) per share in PLN	(0.91)	(2.20)
Diluted earnings (loss) per share in PLN	(0.91)	(2.20)

CONDENSED INTERIM FINANCIAL STATEMENTS OF PETROLINVEST S.A.

CONDENSED INTERIM BALANCE SHEET

	<i>31 March 2008</i>	<i>31 December 2007</i>	<i>31 March 2007</i>
	<i>unaudited</i>	<i>audited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
ASSETS			
Non-current assets (long-term)			
Property, plant and equipment	46 898	45 227	38 974
Investment properties	2 567	2 567	2 232
Intangible assets	177	209	28
Financial assets	798 284	784 561	698 965
Deferred tax	10 163	6 696	2 946
	<u>858 089</u>	<u>839 260</u>	<u>743 145</u>
Current assets (short-term)			
Inventories	9 271	7 869	4 469
Trade and other receivables	51 255	14 318	7 400
Prepayments and deferred costs	3 576	1 338	13 157
Current investments	65 947	62 705	40 634
Cash and cash equivalents	30 770	6 764	828
Income tax overpayment	35	27	0
	<u>160 854</u>	<u>93 021</u>	<u>66 488</u>
TOTAL ASSETS	<u>1 018 943</u>	<u>932 281</u>	<u>809 633</u>
EQUITY AND LIABILITIES			
Equity			
Issued capital	58 730	58 730	52 860
Other reserves	471 166	391 286	277 700
Retained earnings	(37 600)	(32 246)	(26 874)
	<u>492 296</u>	<u>417 770</u>	<u>303 686</u>
Minority interest	0	0	0
Total equity	<u>492 296</u>	<u>417 770</u>	<u>303 686</u>
Non-current liabilities			
Interest-bearing loans and borrowings	415 559	382 387	185 892
Non-current provisions	347	337	228
Deferred income tax liabilities	16 029	11 553	4 757
Finance lease liabilities	321	245	273
Other non-current liabilities	30 306	32 780	15 253
	<u>462 562</u>	<u>427 302</u>	<u>206 403</u>
Current liabilities			
Trade and other payables	49 011	73 960	273 941
Finance lease liabilities	170	170	220
Current portion of interest-bearing loans and borrowings	13 691	11 553	24 692
Current provisions	0	0	0
Accruals	1 213	1 526	691
	<u>64 085</u>	<u>87 209</u>	<u>299 544</u>
Total liabilities	<u>526 647</u>	<u>514 511</u>	<u>505 947</u>
TOTAL EQUITY AND LIABILITIES	<u>1 018 943</u>	<u>932 281</u>	<u>809 633</u>

CONDENSED INTERIM FINANCIAL STATEMENTS OF PETROLINVEST S.A.

CONDENSED INTERIM CASH FLOW STATEMENT

	<i>for 3 months</i>	
	<i>ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>unaudited</i>	<i>unaudited</i>
	<i>PLN '000</i>	<i>PLN '000</i>
Cash flows from operating activities		
Profit/ (loss) before taxation	(4 345)	(11 422)
Adjustments for:	(4 702)	4 141
Depreciation and amortisation	555	501
Interest and dividends, net	2 949	(115)
Foreign exchange differences	(4 728)	654
Gain/(loss) from investing activities	(50)	0
(Increase)/ decrease in receivables	1 370	8 783
(Increase)/ decrease in inventories	(1 401)	551
Increase/ (decrease) in payables except loans and borrowings	(4 799)	(11 610)
Change in prepayments and accruals	599	835
Change in provisions	10	(505)
Other, including	793	5 047
borrowing costs	109	517
discount on share purchase liability	684	4 530
Net cash flows from operating activities	(9 047)	(7 281)
Cash flows from investing activities		
Sale of property, plant and equipment and intangibles	13	0
Purchase of property, plant and equipment and intangibles	(2 022)	(1 786)
Purchase of other financial assets	0	0
Acquisition of subsidiary and jointly-controlled entity	(17 193)	(25 648)
Interest received	778	0
Repayment of loans granted	5	5
Granting of loans	(36 421)	(44 446)
Other	(682)	(304)
Net cash flows from investing activities	(55 522)	(72 179)
Cash flows from financing activities		
Proceeds from share capital increase	41 565	0
Costs relating to 2008 share issue	(3 150)	(3 017)
Payment of finance lease liabilities	(59)	(60)
Proceeds from loans and borrowings	53 329	69 750
Repayment of loans and borrowings	0	(500)
Interest paid	(3 364)	(200)
Other	(108)	(516)
Net cash flows from financing activities	88 213	65 457
Net increase/ (decrease) in cash and cash equivalents	23 644	(14 003)
Cash and cash equivalents at the beginning of the period	6 764	(5 627)
Cash and cash equivalents at the end of the period	30 408	(19 630)
Including restricted use cash	0	0

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CONDENSED INTERIM FINANCIAL STATEMENTS OF PETROLINVEST S.A.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	<i>Share capital</i>	<i>Other capital, including</i>			<i>Unregistered share capital increase</i>	<i>Retained earnings/ Accumulated (losses)</i>	<i>Total</i>
	<i>PLN '000</i>	<i>PLN '000</i>	<i>From profit appropriation</i>	<i>From share premium</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
As at 1 January 2008	58 730	391 286	15 593	375 693	0	(32 246)	417 770
Loss for the period	0	0	0	0	0	(5 354)	(5 354)
Revenues / expenses for the year	0	0	0	0	0	(5 354)	(5 354)
Share issue	0	79 880	0	0	79 880	0	79 880
As at 31 March 2008	58 730	471 166	15 593	375 693	79 880	(37 601)	492 295
	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
As at 1 January 2007	52 860	277 700	15 593	262 107	0	(15 219)	315 341
Loss for the period	0	0	0	0	0	(11 655)	(11 655)
Revenues / expenses for the year	0	0	0	0	0	(11 655)	(11 655)
As at 31 March 2007	52 860	277 700	15 593	262 107	0	(26 874)	303 686
	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>	<i>PLN '000</i>
As at 1 January 2007	52 860	277 700	15 593	262 107	0	(15 219)	315 341
Loss for the period	0	0	0	0	0	(17 027)	(17 027)
Revenues / expenses for the year	0	0	0	0	0	(17 027)	(17 027)
Share issue	0	127 379	0	127 379	0	0	127 379
Cost of share issue	5 870	(13 793)	0	(13 793)	0	0	(7 923)
As at 31 December 2007	58 730	391 286	15 593	375 693	0	(32 246)	417 770