



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

THE LOTOS GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND TWELVE MONTHS
ENDED DECEMBER 31ST 2008**

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

FINANCIAL HIGHLIGHTS – CONSOLIDATED

THE LOTOS GROUP	PLN'000		EUR'000	
	Q1–Q4 cumulatively Jan 1 – Dec 31 2008	Q1–Q4 cumulatively Jan 1 – Dec 31 2007 (comparable data)	Q1–Q4 cumulatively Jan 1 – Dec 31 2008	Q1–Q4 cumulatively Jan 1 – Dec 31 2007 (comparable data)
	(unaudited)	(audited)	(unaudited)	(audited)
Sales revenue	16,316,343	13,125,123	4,619,445	3,475,197
Operating profit	(141,563)	713,664	(40,079)	188,960
Pre-tax profit	(519,730)	1,004,494	(147,145)	265,964
Net profit on continued operations	(421,974)	814,147	(119,468)	215,565
Net profit attributable to equity holders of the parent	(475,748)	777,160	(134,693)	205,772
Net profit attributable to minority interests	53,774	36,987	15,224	9,793
Net cash provided by/(used in) operating activities	319,882	157,830	90,564	41,789
Net cash provided by/(used in) investing activities	(2,424,019)	(816,440)	(686,283)	(216,172)
Net cash provided by/(used in) financing activities	1,965,526	513,145	556,475	135,868
Total net cash flow	(135,065)	(147,061)	(38,239)	(38,938)
Basic earnings per ordinary share (PLN/EUR)	(4.18)	6.84	(1.18)	1.81
Diluted earnings per ordinary share (PLN/EUR)	-	-	-	-
	PLN'000		EUR'000	
	As at Dec 31 2008	As at Dec 31 2007	As at Dec 31 2008	As at Dec 31 2007
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	12,117,092	9,720,384	2,904,106	2,713,675
Equity attributable to equity holders of the parent	5,350,843	5,816,227	1,282,438	1,623,737
Equity attributable to minority interests	385,718	334,691	92,445	93,437
Total equity	5,736,561	6,150,918	1,374,883	1,717,174

FINANCIAL HIGHLIGHTS – NON-CONSOLIDATED

GRUPA LOTOS S.A.	PLN'000		EUR'000	
	Q1–Q4 cumulatively Jan 1 – Dec 31 2008	Q1–Q4 cumulatively Jan 1 – Dec 31 2007 (comparable data)	Q1–Q4 cumulatively Jan 1 – Dec 31 2008	Q1–Q4 cumulatively Jan 1 – Dec 31 2007 (comparable data)
	(unaudited)	(audited)	(unaudited)	(audited)
Sales revenue	14,898,747	11,866,594	4,218,099	3,141,970
Operating profit	(573,646)	416,054	(162,409)	110,160
Pre-tax profit	(854,267)	872,137	(241,858)	230,920
Net profit on continued operations	(674,776)	745,084	(191,041)	197,279
Net cash provided by/(used in) operating activities	(146,453)	8,956	(41,463)	2,371
Net cash provided by/(used in) investing activities	(1,722,332)	(643,973)	(487,623)	(170,508)
Net cash provided by/(used in) financing activities	2,010,399	477,561	569,180	126,446
Total net cash flow	143,910	(155,152)	40,743	(41,080)
Basic earnings per ordinary share (PLN/EUR)	(5.93)	6.55	(1.68)	1.73
Diluted earnings per ordinary share (PLN/EUR)	-	-	-	-
	PLN'000		EUR'000	
	As at Dec 31 2008	As at Dec 31 2007	As at Dec 31 2008	As at Dec 31 2007
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	9,479,607	7,680,471	2,271,979	2,144,185
Equity	4,400,739	5,075,515	1,054,726	1,416,950

Items of the balance sheet as at December 31st 2008 contained in the "Financial Highlights" table were translated using the euro mid-exchange rate quoted by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.1724. Items of the income statement and the cash flow statement for the four quarters of 2008 contained in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 3.5321 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2008).

Items of the balance sheet as at December 31st 2007 contained in the "Financial Highlights" table were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 3.5820. Items of the income statement and the cash-flow statement the four quarters of 2007 contained in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 3.7768 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2007).

LOTOS Group
CONSOLIDATED BALANCE SHEETS
as at December 31st 2008 and December 31st 2007

(PLN '000)	Dec 31 2008 (unaudited)	Dec 31 2007 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	5,524,005	3,471,247
Prepayments for tangible assets under construction	1,200,640	781,780
Goodwill	45,562	58,207
Intangible assets	56,052	64,999
Investment property	4,898	3,445
Investments in associated undertakings	19,940	48,519
Financial assets	26,350	21,553
Deferred tax asset	119,760	31,732
Other non-current assets, including:	19,445	26,644
- non-current receivables	9,229	12,668
- prepayments	10,216	13,976
Total non-current assets	7,016,652	4,508,126
Current assets		
Inventories	2,454,850	2,589,322
Trade and other receivables, including:	1,559,854	1,542,465
- income tax receivables	197,668	1,867
Prepayments	40,492	31,868
Current financial assets	328,760	119,342
Cash and cash equivalents	712,410	924,995
Total current assets	5,096,366	5,207,992
Assets held for sale	4,074	4,266
Total assets	12,117,092	9,720,384

LOTOS Group
CONSOLIDATED BALANCE SHEETS
as at December 31st 2008 and December 31st 2007

(PLN '000)	Dec 31 2008	Dec 31 2007
	(unaudited)	(audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings/(deficit)	4,270,473	4,746,221
Translation reserve	(4,281)	(14,645)
	-----	-----
Equity attributable to equity holders of the parent	5,350,843	5,816,227
	-----	-----
Equity attributable to minority interests	385,718	334,691
	-----	-----
Total equity	5,736,561	6,150,918
	-----	-----
Non-current liabilities		
Interest-bearing loans and borrowings	3,439,182	842,943
Non-current provisions	259,794	208,594
Deferred tax liability	10,025	154,789
Other financial and other liabilities	9,330	9,323
	-----	-----
Total non-current liabilities	3,718,331	1,215,649
	-----	-----
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:		1,757,451
- income tax expense	1,878,927	20,446
Interest-bearing loans and borrowings	7,342	517,193
Current provisions	479,286	74,268
Other financial liabilities	83,217	4,905
	220,770	-----
	-----	-----
Total current liabilities	2,662,200	2,353,817
	-----	-----
Total liabilities	6,380,531	3,569,466
	=====	=====
Total equity and liabilities	12,117,092	9,720,384
	=====	=====

LOTOS Group
CONSOLIDATED INCOME STATEMENTS
for the three and twelve months ended December 31st 2008 and December 31st 2007

(PLN '000)	3 months ended Dec 31 2008 (unaudited)	12 months ended Dec 31 2008 (unaudited)	3 months ended Dec 31 2007 (unaudited)	12 months ended Dec 31 2007 (audited)
Sales revenue	3,772,731	16,316,343	3,980,451	13,125,123
Cost of sales	(4,077,735)	(15,293,969)	(3,486,441)	(11,346,692)
Gross profit on sales	(305,004)	1,022,374	494,010	1,778,431
Other operating income	7,804	27,009	28,142	81,845
Impairment losses on goodwill	(12,645)	(12,645)	(21,496)	(21,496)
Selling costs	(203,493)	(737,552)	(186,536)	(697,495)
General and administrative expenses	(110,687)	(351,458)	(109,082)	(335,440)
Other operating expenses	(37,121)	(89,291)	(51,696)	(92,181)
Operating profit	(661,146)	(141,563)	153,342	713,664
Financial income	(219,391)	94,824	160,068	313,549
Financial expenses	(232,145)	(472,991)	(18,347)	(44,995)
Share of profit of associated undertakings	-	-	22,288	22,276
Pre-tax profit/(loss)	(1,112,682)	(519,730)	317,351	1,004,494
Corporate income tax	212,809	97,756	(55,606)	(190,347)
Net profit/(loss) on continued operations	(899,873)	(421,974)	261,745	814,147
Attributable to:				
Equity holders of the parent	(903,800)	(475,748)	244,814	777,160
Minority interests	3,927	53,774	16,931	36,987
	(899,873)	(421,974)	261,745	814,147
Net earnings/(loss) per share (PLN)				
- basic	(7.95)	(4.18)	2.15	6.84
- diluted	-	-	-	-

LOTOS Group
CONSOLIDATED CASH FLOW STATEMENTS
for the twelve months ended December 31st 2008 and December 31st 2007

(PLN '000)	12 months ended Dec 31 2008	12 months ended Dec 31 2007 (comparable data)
	(unaudited)	(audited)
Cash flows from operating activities		
Net profit	(421,974)	814,147
Adjustments:		
Share in net profit of subordinated undertakings valued with equity method	-	(22,276)
Depreciation and amortisation	316,298	306,224
Foreign exchange (gains)/losses	348,971	4,091
Net interest and dividend paid	12,533	855
(Profit)/loss on investing activities	27,370	(41,766)
Income tax paid	(309,500)	(157,003)
Current income tax	(97,756)	190,347
Decrease/(increase) in receivables	176,940	(252,733)
Decrease/(increase) in inventories	134,081	(883,218)
(Decrease)/increase in liabilities and accruals and deferred income	(94,413)	253,101
Increase/(decrease) in provisions	38,076	(4,276)
(Increase) in prepayments and accrued income	(13,218)	(17,987)
Settlement of financial instruments	238,166	(31,632)
Other items, net	(35,692)	(44)
Net cash provided by/(used in) operating activities	319,882	157,830
Cash flows from investing activities		
Dividend received	27,661	47,318
Interest received	30,983	19,036
(Purchase)/sale of property, plant and equipment and intangible assets	(1,706,859)	(368,681)
(Purchase)/sale of current financial assets	1,509	184,007
Repayment of non-current loans advanced	17	-
Acquisition of Rafineria Nafty Glimar S.A., net of cash acquired	3,987	-
Acquisition of Krak-Gaz Sp. z o.o., net of cash acquired	-	(15,829)
Prepayments for tangible assets under construction	(778,875)	(681,601)
Other items, net	(2,442)	(690)
Net cash provided by/(used in) investing activities	(2,424,019)	(816,440)
Cash flows from financing activities		
Increase in loans and borrowings	2,354,260	579,791
Repayment of loans and borrowings	(85,520)	(23,217)
Interest paid	(61,456)	(21,603)
Dividend paid to equity holders of the parent	-	(40,932)
Dividend paid to minority interests	(2,578)	(8,593)
Decrease in finance lease liabilities	(856)	(942)
Settlement of financial instruments	(238,166)	31,632
Other items, net	(158)	(2,991)
Net cash provided by/(used in) financing activities	1,965,526	513,145
Effect of exchange rate fluctuations on cash held	3,546	(1,596)
Change in net cash	(135,065)	(147,061)
Cash at beginning of period	477,104	624,165
Cash at end of period	342,039	477,104
- restricted cash	84,526	17,296

LOTOS Group
STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY
for the twelve months ended December 31st 2008 and December 31st 2007

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings/ (deficit)	Translation reserve	Equity attributable to equity holders of the parent	Equity attributable to minority interests	Total equity
Jan 1 2007 (audited)	113,700	970,951	4,014,432	(3,556)	5,095,527	306,416	5,401,943
Net profit for twelve months ended Dec 31 2007	-	-	777,160	-	777,160	36,987	814,147
Dividend	-	-	(40,932)	-	(40,932)	(8,593)	(49,525)
Changes in the Group structure	-	-	2,377	-	2,377	(119)	2,258
Other	-	-	(6,816)	(11,089)	(17,905)	-	(17,905)
Dec 31 2007 (audited)	113,700	970,951	4,746,221	(14,645)	5,816,227	334,691	6,150,918
Jan 1 2008 (audited)	113,700	970,951	4,746,221	(14,645)	5,816,227	334,691	6,150,918
Net profit for twelve months ended Dec 31 2008	-	-	(475,748)	-	(475,748)	53,774	(421,974)
Dividend	-	-	-	-	-	(2,578)	(2,578)
Changes in the Group structure	-	-	-	-	-	(169)	(169)
Other	-	-	-	10,364	10,364	-	10,364
Dec 31 2008 (unaudited)	113,700	970,951	4,270,473	(4,281)	5,350,843	385,718	5,736,561

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

GRUPA LOTOS S.A.
NON-CONSOLIDATED BALANCE SHEETS
as at December 31st 2008 and December 31st 2007

(PLN '000)	Dec 31 2008 (unaudited)	Dec 31 2007 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	3,401,307	1,890,243
Prepayments for tangible assets under construction	1,194,489	766,004
Intangible assets	46,342	52,742
Financial assets	668,986	677,977
Deferred tax assets	57,261	-
Total non-current assets	5,368,385	3,386,966
Current assets		
Inventories	2,273,477	2,469,830
Trade and other receivables, including:	1,364,743	1,605,203
- income tax receivables	177,253	-
Prepayments	18,038	14,059
Current financial assets	302,250	99,969
Cash and cash equivalents	152,714	104,444
Total current assets	4,111,222	4,293,505
Total assets	9,479,607	7,680,471

GRUPA LOTOS S.A.
NON-CONSOLIDATED BALANCE SHEETS
as at December 31st 2008 and December 31st 2007

(PLN '000)	Dec 31 2008 (unaudited)	Dec 31 2007 (audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings/(deficit)	3,316,088	3,990,864
Total equity	4,400,739	5,075,515
Non-current liabilities		
Interest-bearing loans and borrowings	3,125,424	486,379
Non-current provisions	28,665	20,125
Deferred tax liability	-	122,431
Other financial liabilities	359	288
Total non-current liabilities	3,154,448	629,223
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities, including:	1,383,655	1,554,619
- income tax expense	-	5,430
Interest-bearing loans and borrowings	286,484	378,580
Current provisions	41,257	38,570
Other financial liabilities	213,024	3,964
Total current liabilities	1,924,420	1,975,733
Total liabilities	5,078,868	2,604,956
Total equity and liabilities	9,479,607	7,680,471

GRUPA LOTOS S.A.
NON-CONSOLIDATED INCOME STATEMENTS
for the three and twelve months ended December 31st 2008 and December 31st 2007

(PLN '000)	3 months ended Dec 31 2008 (unaudited)	12 months ended Dec 31 2008 (unaudited)	3 months ended Dec 31 2007 (unaudited)	12 months ended Dec 31 2007 (audited)
Sales revenue	3,273,888	14,898,747	3,633,062	11,866,594
Cost of sales	(3,940,407)	(14,867,156)	(3,320,463)	(10,851,429)
Gross profit on sales	(666,519)	31,591	312,599	1,015,165
Other operating income	795	6,218	9,436	41,376
Selling costs	(108,566)	(376,827)	(95,162)	(394,703)
General and administrative expenses	(61,783)	(220,861)	(58,347)	(195,567)
Other operating expenses	(6,476)	(13,767)	(39,719)	(50,217)
Operating profit/(loss)	(842,549)	(573,646)	128,807	416,054
Financial income	(239,194)	134,212	144,042	472,125
Financial expenses	(221,374)	(414,833)	(5,540)	(16,042)
Pre-tax profit/(loss)	(1,303,117)	(854,267)	267,309	872,137
Corporate income tax	243,407	179,491	(53,471)	(127,053)
Net profit/(loss) on continued operations	(1,059,710)	(674,776)	213,838	745,084
Net earnings/(loss) per share (PLN)				
- basic	(9.32)	(5.93)	1.88	6.55
- diluted	-	-	-	-

GRUPA LOTOS S.A.
NON-CONSOLIDATED CASH FLOW STATEMENTS
for the twelve months ended December 31st 2008 and December 31st 2007

(PLN '000)	12 months ended Dec 31 2008	12 months ended Dec 31 2007 (comparable data)
	(unaudited)	(audited)
Cash flows from operating activities		
Net profit	(674,776)	745,084
Adjustments:		
Depreciation and amortisation	183,685	180,413
Foreign exchange (gains)/losses	330,304	(2,975)
Net interest and dividend paid	(119,264)	(206,730)
(Profit)/loss on investing activities	14,987	(69,130)
Current income tax	(179,491)	127,053
Income tax paid	(182,886)	(117,899)
Decrease in receivables	417,512	203,262
Decrease/(increase) in inventories	196,297	(893,198)
(Decrease)/increase in liabilities and accruals and deferred income	(378,291)	92,436
Increase/(decrease) in provisions	11,227	(6,749)
(Increase) in prepayments and accrued income	(3,979)	(11,127)
Settlement of financial instruments	238,166	(31,632)
Other items, net	56	148
	-----	-----
Net cash provided by/(used in) operating activities	(146,453)	8,956
	-----	-----
Cash flows from investing activities		
(Purchase)/sale of financial assets	-	3,060
(Purchase)/sale of non-current financial assets	(3,483)	(4,537)
Repayment of loans advanced	3,700	3,700
Dividend received	130,333	205,218
Interest received	2,270	1,594
(Purchase)/sale of property, plant and equipment and intangible assets	(1,082,125)	(219,853)
Prepayments for tangible assets under construction	(773,027)	(655,193)
Cash acquired as part of the merger with LOTOS Partner Sp. z o.o.	-	22,038
	-----	-----
Net cash provided by/(used in) investing activities	(1,722,332)	(643,973)
	-----	-----
Cash flows from financing activities		
Increase in loans and borrowings	2,279,083	486,941
Interest paid	(30,310)	(8)
Dividend paid	-	(40,932)
Settlement of financial instruments	(238,166)	31,632
Other items, net	(208)	(72)
	-----	-----
Net cash provided by/(used in) financing activities	2,010,399	477,561
	-----	-----
Effect of exchange rate fluctuations on cash held	2,296	2,304
	=====	=====
Change in net cash	143,910	(155,152)
	=====	=====
Cash at beginning of period	(274,136)	(118,984)
	=====	=====
Cash at end of period	(130,226)	(274,136)
	=====	=====
- restricted cash	82,070	4,458

GRUPA LOTOS S.A.
STATEMENTS OF CHANGES IN NON-CONSOLIDATED EQUITY
for the twelve months ended December 31st 2008 and December 31st 2007

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings /(deficit)	Total equity
Jan 1 2007 (audited)	113,700	970,951	3,268,105	4,352,756
Net profit for 12 months ended Dec 31 2007	-	-	745,084	745,084
Dividend	-	-	(40,932)	(40,932)
Merger with LOTOS Partner Sp. z o. o.	-	-	18,607	18,607
Dec 31 2007 (audited)	113,700	970,951	3,990,864	5,075,515
Jan 1 2008 (audited)	113,700	970,951	3,990,864	5,075,515
Net profit for 12 months ended Dec 31 2008	-	-	(674,776)	(674,776)
Dec 31 2008 (unaudited)	113,700	970,951	3,316,088	4,400,739

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS AND THE TWELVE MONTHS ENDED DECEMBER 31ST 2008

1. General Information

Grupa LOTOS S.A. ("the Company", "the Parent Undertaking"), the parent undertaking of the LOTOS Group ("the Group"), was established by virtue of the Notarial Deed dated September 18th 1991. On April 10th 2002, the Company was entered into the National Court Register maintained by the District Court of Gdańsk, XII Commercial Division of the National Court Register (currently the District Court for Gdańsk – Północ, VII Commercial Division of the National Court Register), under entry No. KRS 0000106150. The Company was assigned the Industry Identification Number (REGON) 190541636.

The Parent Undertaking's registered address is ul. Elbląska 135, 80-718 Gdańsk, Poland.

In 2003, by virtue of its decision of May 28th 2003, the District Court of Gdańsk, XII Commercial Division of the National Court Register, changed the Company's name from Rafineria Gdańska Spółka Akcyjna to Grupa LOTOS Spółka Akcyjna.

The Group's core business consists in the production and processing of refined petroleum products and their wholesale and retail sale. The Group's business also includes acquisition of crude oil and natural gas reserves and their exploitation.

2. Composition of the Group

The following table presents the subsidiary undertakings of the LOTOS Group, their business profiles, consolidation method, and the Group's stakes in their share capitals.

Name	Registered office	Business profile	Method of consolidation/valuation of shares	Percentage of share capital held by the Group	
				Dec 31 2008	Dec 31 2007
Parent Undertaking					
Grupa LOTOS S.A.	Gdańsk	Production and processing of refined petroleum products (mainly fuels) and their wholesale	Not applicable	Not applicable	Not applicable
Direct Subsidiary Undertakings					
LOTOS Paliwa Sp. z o.o.	Gdańsk	Wholesale and retail sale of fuels, light fuel oil, management of the LOTOS service station network	full	100.00%	100.00%
LOTOS Partner Sp. z o.o.	Gdańsk	Sale of fuels and provision of services for retail networks of international concerns; logistic services	full	-	- ⁽¹⁾
LOTOS Gaz S.A. (parent undertaking of another group)	Mława	Production, wholesale and retail sale of LPG	full	100.00%	100.00%
LOTOS Oil S.A.	Gdańsk	Production and sale of lubricating oils and lubricants, and domestic sale of base oils	full	100.00%	100.00%
LOTOS Asfalt Sp. z o.o.	Gdańsk	Production and sale of bitumens	full	100.00%	100.00%
LOTOS Ekoenergia S.A.	Gdańsk	Construction of the key installations as part of the 10+ Programme; the company has not commenced operations	full	100.00%	100.00%

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

Name	Registered office	Business profile	Method of consolidation/ valuation of shares	Percentage of share capital held by the Group	
				Dec 31 2008	Dec 31 2007
LOTOS Kolej Sp. z o.o.	Gdańsk	Railway transport	full	100.00%	100.00%
LOTOS Serwis Sp. z o.o.	Gdańsk	Maintenance of mechanical and electric operations and controlling devices, repairs	full	100.00%	100.00%
LOTOS Lab Sp. z o.o.	Gdańsk	Laboratory testing	full	100.00%	100.00%
LOTOS Straż Sp. z o.o.	Gdańsk	Fire protection	full	100.00%	100.00%
LOTOS Ochrona Sp. z o.o.	Gdańsk	Personal and property protection	full	100.00%	100.00%
LOTOS Parafiny Sp. z o.o.	Jasło	Production and sale of paraffin	full	100.00%	100.00%
LOTOS Tank Sp. z o.o.	Jasło	Wholesale of petroleum products	full	100.00%	100.00% ⁽²⁾
LOTOS Czechowice S.A. (parent undertaking of another group)	Czechowice	Storage and distribution of fuels	full	80.04%	80.04%
LOTOS Jasło S.A. (parent undertaking of another group)	Jasło	Production and processing of refined petroleum products and their wholesale and retail sale ⁽³⁾	full	80.01%	80.01%
Petrobaltic S.A. (parent undertaking of another group)	Gdańsk	Acquisition of crude oil and natural gas reserves and their exploitation	full	69.00%	69.00%
UAB LOTOS Baltija	Lithuania	Wholesale and retail sale of lubricating oils in Lithuania, Belarus, Ukraine and Latvia	full ⁽⁴⁾	100.00%	100.00%
Rafineria Nafty GLIMAR S.A.	Gorlice	Refining; currently: provision of services	full	-(5)	91.54%
LOTOS Hydrokompleks Sp. z o.o. w likwidacji (in liquidation)	Gorlice	Construction and subsequent operation of hydrocomplex unit; the company has not commenced operations	not consolidated	-(6)	100.00%
LOTOS Park Technologiczny Sp. z o.o.	Jasło	Business and management consultancy services	full	86.91%	86.91%
Indirect Subsidiary Undertakings					
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Provision of services	full	80.04%	80.04%
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	The company does not conduct any operations	full	80.04%	80.04%
RC Serwis Sp. z o.o.	Czechowice-Dziedzice	Provision of services	(7)	86.91%	86.91%
PLASTEKOL Organizacja Odzysku S.A.	Jasło	Provision of services	full	66.81% ⁽⁸⁾	53.61%
Chemipetrol Sp. z o.o.	Jasło	Trading in paraffin emulsions and anti-caking agents	full ⁽⁴⁾	-(9)	80.01%
KRAK - GAZ Sp. z o.o.	Bochnia	Wholesale and retail sale of LPG	full ⁽¹⁰⁾	100.00%	100.00%
Miliana Shipping Company Ltd.	Cyprus	Provision of services	full	68.93%	68.93%
LOTOS Exploration and Production Norge AS	Stavanger, Norway	Oil exploration and production at the Norwegian continental shelf, provision of services related to oil exploration and production; the company commenced operations in November 2007	full ⁽⁴⁾	69.00% ⁽¹²⁾	100.00% ⁽¹¹⁾

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

Name	Registered office	Business profile	Method of consolidation/ valuation of shares	Percentage of share capital held by the Group	
				Dec 31 2008	Dec 31 2007
Aphrodite Offshore Services Ltd.	Netherlands Antilles	Provision of services	full ⁽⁴⁾	69.00%	69.00%

⁽¹⁾ On June 29th 2007, the District Court for Gdańsk-Północ in Gdańsk, VII Commercial Division of the National Court Register, issued a decision on registration of the merger of Grupa LOTOS S.A. and LOTOS Partner Sp. z o.o.

⁽²⁾ On April 11th 2007, Grupa LOTOS S.A. and LOTOS Jasło S.A. executed an agreement on the sale of 700 shares in LOTOS Tank Sp. z o.o. The shares, with the total par value of PLN 350 thousand, are equal and indivisible, and represent 70% of the share capital of LOTOS Tank Sp. z o.o. Grupa LOTOS S.A. acquired the shares for PLN 642.5 thousand, using its own financial resources. As a result of the transaction, Grupa LOTOS S.A. holds 1,000 shares, representing 100% of LOTOS Tank Sp. z o.o.'s share capital.

⁽³⁾ On November 1st 2008, LOTOS Jasło S.A. discontinued crude oil processing.

⁽⁴⁾ As from December 31st 2007, LOTOS Exploration and Production Norge AS, UAB LOTOS Baltija, Aphrodite Offshore Services Ltd., and Chemipetrol Sp. z o.o. started to be consolidated with the full method.

⁽⁵⁾ On January 19th 2005, the District Court of Nowy Sącz declared Rafineria Nafty GLIMAR S.A. of Gorlice bankrupt. Upon consideration on March 11th 2008 of the petition to discontinue the bankruptcy proceedings, submitted by bankruptcy administrator Capricorn Sp. z o.o. of Nowy Sącz, the District Court of Nowy Sącz, Commercial Court Division V, decided to discontinue the bankruptcy proceedings on the basis of Art. 361.2 of the Bankruptcy and Recovery Law. On July 25th 2008, the court's decision became final. As from July 25th 2008, the Rafineria Nafty GLIMAR Group started to be consolidated with the full method. Rafineria Nafty GLIMAR S.A. is the parent undertaking of a group which comprises the following companies: Zakład Transportu TRANSLIMAR Sp. z o.o. w upadłości (in bankruptcy), Zakład Produkcji Pasz i Bioetanolu AGRO GLIMAR Sp. z o.o. w likwidacji (in liquidation), and LOT Magazynowanie Paliw i Smarów Sp. z o.o. On December 1st 2008, Grupa LOTOS S.A. entered into an agreement with Podkarpacki Holding Budowy Dróg Drogbud Sp. z o.o. of Strzyżów concerning the sale of its shares in Rafineria Nafty GLIMAR S.A. (see Note 10 to these condensed consolidated financial statements).

⁽⁶⁾ On November 26th 2007, by virtue of a resolution of the Extraordinary General Shareholders Meeting, LOTOS Hydrokompleks Sp. z o.o., a wholly-owned subsidiary of Grupa LOTOS S.A., was placed in liquidation. On October 20th 2008, the District Court in Kraków issued a decision to delete the company from the National Court Register (see Note 10 to these condensed consolidated financial statements).

⁽⁷⁾ Shares contributed to LOTOS Park Technologiczny Sp. z o.o. by the LOTOS Czechowice Group on January 2nd 2006.

⁽⁸⁾ In May – June 2008, LOTOS Jasło S.A. acquired 165 shares in PLASTEKOL Organizacja Odzysku S.A. The acquired shares are equal and indivisible and represent 16.5% of the share capital of PLASTEKOL Organizacja Odzysku S.A. As a result of this transaction, LOTOS Jasło S.A. holds 835 shares, representing 83.5% of the share capital of Plastekol Organizacja Odzysku S.A. (see Note 10 to these condensed consolidated financial statements).

⁽⁹⁾ On December 30th 2008, LOTOS Jasło S.A. executed an agreement concerning the sale of 100% shares in Chemipetrol Sp. z o.o. (see Note 10 to these condensed consolidated financial statements).

⁽¹⁰⁾ On July 9th 2007, LOTOS Gaz S.A. entered into the final agreement to purchase 34,500 shares in KRAK - GAZ Sp. z o.o. and thus acquired 100% of the shares in KRAK – GAZ Sp. z o.o.

⁽¹¹⁾ On September 22nd 2007, the Central Register of Businesses in Brønnøysund registered LOTOS Exploration and Production Norge AS, registered office in Stavanger, Norway. Grupa LOTOS S.A. acquired 100% of the shares in the new entity by paying up its entire share capital of NOK 8,000 thousand (i.e. PLN 3,871 thousand, translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for September 17th 2007).

⁽¹²⁾ On May 19th 2008, the Management Board of Petrobaltic S.A. made a decision to initiate the registration procedure concerning the increase of the share capital and the acquisition by Petrobaltic S.A. of 80% of the shares in LOTOS Exploration and Production Norge AS. On June 12th 2008, Grupa LOTOS S.A. entered into an agreement with Petrobaltic S.A. to sell to Petrobaltic S.A. 8 million shares in LOTOS Exploration and Production Norge AS, representing 20% of the company's share capital. As a result of this transaction, Petrobaltic S.A. holds 40 million shares, representing 100% of the share capital of LOTOS Exploration and Production Norge AS (see Note 10 to these condensed consolidated financial statements).

As at December 31st 2008 and December 31st 2007, the Group's shares in the total vote at the General Shareholders Meetings of its subsidiary undertakings were equal to its shares in their share capitals.

3. Changes in the Composition of the Management and Supervisory Boards

In the period from January 1st 2008 to December 31st 2008 and as at the date of release of these condensed consolidated financial statements, the composition of the Management Board of Grupa LOTOS S.A. was as follows:

Paweł Olechnowicz – President of the Management Board, Chief Executive Officer,
Marek Sokołowski – Vice-President of the Management Board, Production and Development Director,
Mariusz Machajewski – Vice-President of the Management Board, Chief Financial Officer.

On October 16th 2008, the Supervisory Board of Grupa LOTOS S.A. resolved to open the recruitment procedure for the positions of Vice-President of the Management Board, Chief Commercial Officer, and Vice-President of the Management Board responsible for Oil & Gas Exploration and Production. By virtue of the Supervisory Board's decision of January 27th 2009, the procedure was closed without selecting any candidate.

Until June 30th 2008, the composition of the Supervisory Board was as follows:

Jan Stefanowicz – Chairman of the Supervisory Board,
Henryk Siodmok - Deputy Chairman of the Supervisory Board,
Grzegorz Szczodrowski - Secretary of the Supervisory Board,
Beata Zawadzka – Member of the Supervisory Board,
Marta Busz - Member of the Supervisory Board,
Izabela Emerling - Member of the Supervisory Board,
Jacek Mościcki - Member of the Supervisory Board.

On June 30th 2008, the General Shareholders Meeting appointed the Supervisory Board of Grupa LOTOS S.A. of the seventh term of office, including:

Wiesław Skwarko - Chairman of the Supervisory Board,
Radosław Barszcz - Member of the Supervisory Board,
Piotr Chajderowski - Member of the Supervisory Board,
Leszek Starosta - Member of the Supervisory Board,
Jan Stefanowicz - Member of the Supervisory Board,
Mariusz Obszyński - Member of the Supervisory Board.

Pursuant to Par. 11.2 of the Company's Articles of Association, shareholder State Treasury, represented by the Minister of the State Treasury, removed Ms Beata Zawadzka from the Supervisory Board (with effect from June 30th 2008) and appointed Ms Małgorzata Hirszel (with effect from July 1st 2008) in her place.

During its meeting held on August 12th 2008, the Supervisory Board established its internal organisation: Mr Leszek Starosta was elected Deputy Chairman of the Supervisory Board and Mr Mariusz Obszyński was appointed Secretary of the Supervisory Board.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

As at December 31st 2008, and as at the date of release of these condensed consolidated financial statements, the composition of the Supervisory Board of Grupa LOTOS S.A. was as follows:

Wiesław Skwarko – Chairman of the Supervisory Board,
Leszek Starosta – Deputy Chairman of the Supervisory Board,
Mariusz Obszyński – Secretary of the Supervisory Board,
Radosław Barszcz – Member of the Supervisory Board,
Piotr Chajderowski – Member of the Supervisory Board,
Małgorzata Hirszel – Member of the Supervisory Board,
Jan Stefanowicz – Member of the Supervisory Board.

4. Rules of Presentation

These condensed consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”) and the EU-endorsed IFRS.

The IFRS include the standards and interpretations adopted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretation Committee (“IFRIC”).

These condensed consolidated financial statements were prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* (“IAS 34”) and in compliance with the EU accounting standards applicable to interim financial reporting, published and binding as at December 31st 2008.

These condensed consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements of the Lotos Group for 2007, prepared in accordance with the IFRS.

The financial data as at December 31st 2008 and for the three and twelve months ended on that date, as well as the comparable financial data for the three months ended December 31st 2007, contained in these interim condensed financial statements, were not audited. The financial information as at December 31st 2007 and for the twelve months ended December 31st 2007, were audited by a qualified auditor, who issued an opinion on the financial statements on May 6th 2008.

In these condensed consolidated financial statements, the Parent Undertaking disclosed the financial information of the Group of Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu Petrobaltic S.A. (“Petrobaltic Group”) for the twelve months ended December 31st 2008, based on the assumption that GK Petrobaltic accounts for the shares in Naftos Gavyba (“NG”), its associated undertaking, using the equity method, as at December 31st 2007, adjusted for the dividend of PLN 28,746 thousand. The consolidated financial statements of the NG Group (“NG Group”), prepared in line with the accounting policies applicable in Lithuania, served as the basis for disclosure in the consolidated financial statements of NG’s value corresponding to the number of NG shares held by Petrobaltic S.A.

The measurement and reporting currency of these condensed consolidated financial statements is the Polish złoty (PLN). These consolidated financial statements are presented in the złoty (PLN), and all the figures are presented in thousands of złoty, unless indicated otherwise.

These condensed consolidated financial statements were approved for publication by the Management Board on February 23rd 2009.

5. Accounting Policies

The accounting policies and calculation methods adopted by the Company and the Group in the preparation of these condensed consolidated financial statements are the same as those used in the preparation of the consolidated financial statements for the year ended December 31st 2007 (see Note 10 of the Consolidated Financial Statements for 2007, prepared in accordance with the IFRS).

During the twelve months ended December 31st 2008, the Company and the Group reclassified the amounts resulting from settlement of financial instruments in the cash flow statement. Previously, such amounts were disclosed under cash flows from operating activities, while in these financial statements they were disclosed under cash flows from financing activities. In these condensed consolidated financial statements, the amounts resulting from settlement of financial instruments for the twelve months ended December 31st 2008 and the twelve months ended December 31st 2007, of PLN (238,166) thousand and PLN 31,632 thousand, respectively, are recognized under cash flows from financing activities.

The Group has reviewed the new interpretations, standards and amendments to the existing standards. The new interpretations, standards and amendments have no material impact on the accounting policies applied by the Group.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretation Committee:

- Amendment to IAS 23 *Borrowing Costs* (effective as of January 1st 2009, adopted by the European Union),
- Amendment to IAS 1 *Presentation of Financial Statements* (effective as of January 1st 2009, adopted by the European Union),
- IFRS 8 *Operating Segments* (applies to annual periods beginning after January 1st 2009),
- Revised IFRS 3 *Business Combinations* (applies to annual periods beginning after July 1st 2009, not yet adopted by the European Union),
- Revised IAS 27 *Consolidated and Separate Financial Statements* (applies to annual periods beginning after July 1st 2009, not yet adopted by the European Union),
- IFRIC 12 *Service Concession Arrangements* (applies to annual periods beginning after January 1st 2008, not yet adopted by the European Union),
- IFRIC 13 *Customer Loyalty Programmes* (applies to annual periods beginning after July 1st 2008, adopted by the European Union),
- IFRIC 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (applies to annual periods beginning after January 1st 2008, adopted by the European Union),
- Amendment to IFRS 2 *Share-Based Payments – Vesting Conditions and Cancellations* (applies to annual periods beginning on or after January 1st 2009, adopted by the European Union),
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Instruments and Obligations Arising on Liquidation* (apply to annual periods beginning on or after January 1st 2009, adopted by the European Union),
- Improvements to the International Financial Reporting Standards – a collection of amendments to the IFRS (in most cases, the amendments apply to annual periods beginning on or after January 1st 2009; adopted by the European Union),
- Amendments to IFRS 1 *First-Time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (apply to annual periods beginning on or after January 1st 2009, not adopted by the European Union),

- IFRIC 15 *Agreements for the Construction of Real Estate* (applies to annual periods beginning on or after January 1st 2009, not adopted by the European Union),
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (applies to annual periods beginning on or after October 1st 2008, not yet adopted by the European Union),
- Amendments to IAS 39 *Financial Instruments: Exposures Qualifying for Hedge Accounting* (applies to annual periods beginning on or after July 1st 2009, not yet adopted by the European Union).

The Management Board does not expect any material impact of the new standards and interpretations specified above on the accounting policies applied by the Group.

The Group does not prepare information on individual business segments, as it does not meet the requirements concerning business segmentation, as stipulated in IAS 14 *Segment Reporting*.

6. Rules of Translation of the Financial Highlights into the Euro

In the "Financial Highlights" table, the balance-sheet items as at December 31st 2008 were translated using the euro mid-exchange rate quoted by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.1724. Items of the income statement and the cash flow statement for the four quarters of 2008 were translated at the exchange rate of EUR 1 = PLN 3.5321 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2008).

In the "Financial Highlights" table, the balance-sheet items as at December 31st 2007 were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 3.5820. Items of the income statement and the cash-flow statement for the four quarters of 2007 were translated at the exchange rate of EUR 1 = PLN 3.7768 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2007).

7. Operations in the Interim Period

The Group's operations are not subject to seasonality or cyclicity in interim periods.

8. Dividends

On June 30th 2008, the General Shareholders Meeting of Grupa LOTOS S.A. adopted a resolution concerning the distribution of the net profit for 2007. Pursuant to the resolution, the Company's net profit for the year ended December 31st 2007, amounting to PLN 745,084 thousand, was distributed as follows:

- PLN 742,584 thousand to increase the Company's statutory reserve funds,
- PLN 2,500 thousand to increase the Company's special fund for financing Grupa LOTOS S.A.'s corporate social responsibility projects.

In these interim condensed consolidated financial statements, the Company presented distributed profit under retained earnings. In addition, the portion of the profit allocated to the special fund was recognised as cost in 2008 and presented under current provisions.

9. Earnings per Share

	12 months ended Dec 31 2008 (unaudited)	12 months ended Dec 31 2007 (audited)
Net profit attributable to equity holders of the parent (PLN '000) (A)	(475,748)	777,160
Weighted average number of shares (in thousands) (B)	113,700 =====	113,700 =====
Earnings per share (PLN) (A/B)	(4.18)	6.84

Earnings per share for each period are calculated by dividing the net profit for a given period by the weighted average number of shares in the period. The Group does not disclose diluted earnings/loss per share, since it has no instruments with a potential dilutive effect.

10. Changes in the LOTOS Group Structure

Changes in the Petrobaltic Group Structure

On May 19th 2008, the Management Board of Petrobaltic S.A. resolved to commence the procedure of registration of the share capital increase and acquisition of shares in LOTOS Exploration and Production Norge AS by Petrobaltic S.A. (in which Grupa LOTOS S.A. holds 69% of shares).

The share capital of LOTOS Exploration and Production Norge AS (E&P Norge AS) was increased from NOK 8 million (or PLN 3,354 thousand, translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for May 19th 2008) to NOK 40 million (or PLN 16,772 thousand, translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for May 19th 2008). The 32 million new shares created as part of the share capital increase, whose aggregate par value amounted to NOK 32 million, were equal and indivisible, and represented 80% of the share capital of E&P Norge AS following the increase. Petrobaltic S.A. treated the acquired shares as a long-term investment.

Petrobaltic S.A. became a shareholder of LOTOS E&P Norge AS by purchasing for cash 32 million of the new shares. The purchase price of the shares, equal to their total par value, was NOK 32 million (or PLN 13,782 thousand, translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for May 19th 2008) and was covered with Petrobaltic's internally-generated funds.

On May 27th 2008 Brønnøysundregistrene, the Norwegian companies registrar, registered the share capital increase at LOTOS E&P Norge AS, as well as the acquisition of the new shares, issued as part of the increase, by Petrobaltic S.A.

The change in the amount and structure of the share capital of LOTOS E&P Norge AS took effect upon completion of the share capital increase registration proceedings.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

Following the registration, LOTOS E&P Norge AS's share capital amounted to NOK 40 million (or PLN 17,276 thousand, translated at the PLN/NOK mid-exchange rate quoted by the National Bank of Poland for May 28th 2008), and was divided into 40 million equal and indivisible shares with the par value of NOK 1 per share, carrying the right to 40 million votes.

Following the registration, Petrobaltic S.A. acquired 32 million shares, with the aggregate par value of NOK 32 million. The shares were equal, indivisible and represented 80% of LOTOS E&P Norge AS's increased share capital. The remaining 20% of the shares were held by Grupa LOTOS S.A.

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

Petrobaltic S.A. became an investor in LOTOS E&P Norge AS as the leading company of the LOTOS Group in the field of oil and gas exploration and production, and after the finalization of the transaction held in aggregate 40 million shares, representing 100% of the share capital of LOTOS E&P Norge AS.

The acquisition of the shares by Petrobaltic S.A., and consequently the take-over of full control over LOTOS E&P Norge AS, was another step in pursuit of the assumed strategy and an element of the consistently implemented programme aimed at streamlining the structure of the LOTOS Group.

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

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

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

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

On August 26th 2008, the Management Board of Petrobaltic S.A. resolved to commence the procedure of registration of the share capital increase and acquisition of shares in LOTOS E&P Norge AS by Petrobaltic S.A. The share capital of LOTOS E&P Norge AS was increased from NOK 40 million to NOK 190 million. The new shares created as part of the share capital increase, whose aggregate par value amounted to NOK 150 million, were equal and indivisible and represented 78.9% of the share capital of E&P Norge AS following the increase. Petrobaltic S.A. treated the acquired shares as a long-term investment. Petrobaltic S.A. purchased the 150 million new shares in LOTOS E&P Norge AS for cash, and the purchase price of the shares, equal to their total par value of NOK 150 million (or PLN 62.8 million, translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for August 26th 2008), was covered with Petrobaltic's internally-generated funds.

Acquisition of Shares in PLASTEKOL Organizacja Odzysku S.A. by LOTOS Jasło S.A.

On May 19th 2008, LOTOS Jasło S.A. (in which Grupa LOTOS S.A. holds 80.01% of shares) acquired:

- 15 shares in PLASTEKOL Organizacja Odzysku S.A., representing 1.5% of the company's share capital – from Dariusz Kiełtyka – P.P.H.U. AGA of Biecz;
- 15 shares in PLASTEKOL Organizacja Odzysku S.A., representing 1.5% of the company's share capital – from Jacek Kiełtyka – P.P.H.U. BIKOR of Biecz.

Following the transaction, LOTOS Jasło S.A.'s share in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased from 67% to 70% (the number of shares held by LOTOS Jasło S.A. increased from 670 to 700).

On May 30th 2008, LOTOS Jasło S.A. purchased from WOLAR Sp. z o.o. of Szoldry, 60 shares in PLASTEKOL Organizacja Odzysku S.A., representing 6% of the company's share capital. Following the transaction, LOTOS Jasło S.A.'s share in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased from 70% to 76% (the number of shares held by LOTOS Jasło S.A. increased from 700 to 760).

On June 3rd 2008, LOTOS Jasło S.A. purchased from Przedsiębiorstwo EKOSYSTEM Sp. z o.o. of Wola Krzysztoporska, 45 shares in PLASTEKOL Organizacja Odzysku S.A., representing 4.5% of the company's share capital. Following the transaction, LOTOS Jasło S.A.'s share in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased from 76% to 80.5% (the number of shares held by LOTOS Jasło S.A. increased from 760 to 805).

On June 9th 2008, LOTOS Jasło S.A. purchased from AGROB-EKO Sp. z o.o. of Zabrze, 30 shares in PLASTEKOL Organizacja Odzysku S.A., representing 3% of the company's share capital. Following the transaction, LOTOS Jasło S.A.'s share in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased from 80.5% to 83.5% (the number of shares held by LOTOS Jasło S.A. increased from 805 to 835).

The purchased shares are equal and indivisible. They represent 16.5% of the share capital of PLASTEKOL Organizacja Odzysku S.A. Following the above transactions, LOTOS Jasło S.A. (in which Grupa LOTOS S.A. holds 80.01% of shares) holds 835 shares in PLASTEKOL Organizacja Odzysku S.A., representing 83.5% of the company's share capital.

Share Capital Increase at LOTOS Tank Sp. z o.o.

On July 24th 2008, Grupa LOTOS S.A., which exercises full control over LOTOS Tank Sp. z o.o., signed a declaration on acquisition of shares in the increased share capital of LOTOS Tank Sp. z o.o. The shares were fully paid up with cash. The share capital of LOTOS Tank Sp. z o.o. was increased from PLN 500 thousand to PLN 6,945 thousand, i.e. by PLN 6,445 thousand; the share capital increase was effected by increasing the par value of the 1,000 existing shares from PLN 500 to PLN 6,945 per share. Following the acquisition of the shares in the increased share capital of LOTOS Tank Sp. z o.o., Grupa LOTOS S.A. continues to hold 100% of the equal and indivisible shares in the company and is entitled to exercise 100% of the voting rights attached to the shares at the General Shareholders Meeting of LOTOS Tank Sp. z o.o. Grupa LOTOS S.A. treats the acquisition of the shares in the increased share capital of LOTOS Tank Sp. z o.o. as a long-term investment. The increase in the share capital of LOTOS Tank Sp. z o.o. was effected in connection with the development of the company's activities in the area of JET fuel sales. On July 31st 2008, Grupa LOTOS S.A. paid the price for the shares in the amount of PLN 6,445 thousand.

On September 18th 2008, the District Court of Rzeszów, XII Commercial Division of the National Court Register, registered the increase in the share capital of LOTOS Tank Sp. z o.o., which is fully controlled by Grupa LOTOS S.A. As a result, the share capital of LOTOS Tank Sp. z o.o. was increased to PLN 6,945 thousand, and is divided into 1,000 equal and indivisible shares with a par value of PLN 6,945 each, conferring 1,000 votes at the General Shareholders Meeting.

Acquisition of Shares in the Increased Share Capital of LOTOS Serwis Sp. z o.o. by Grupa LOTOS S.A.

On August 5th 2008, Grupa LOTOS S.A., which exercises full control over LOTOS Serwis Sp. z o.o., acquired shares in the increased share capital of LOTOS Serwis Sp. z o.o. Grupa LOTOS S.A. acquired the shares at a price equal to their par value; the shares were fully paid up with cash. The share capital of LOTOS Serwis Sp. z o.o. was increased from PLN 2,500 thousand to PLN 4,000 thousand, i.e. by PLN 1,500 thousand, through the creation of 3,000 new shares with the par value of PLN 500 per share. After acquiring the shares in the increased share capital of LOTOS Serwis Sp. z o.o., Grupa LOTOS S.A. holds 100% of the equal and indivisible shares in the company and 100% of the total vote at its General Shareholders Meeting. The core business of LOTOS Serwis Sp. z o.o. comprises maintenance of continuous operation and repair of equipment and installations for Grupa LOTOS S.A. and its subsidiaries. Grupa LOTOS S.A. treats the acquisition of the shares in the increased share capital of LOTOS Serwis Sp. z o.o. as a long-term investment. On August 8th 2008, Grupa LOTOS S.A. paid the price for the shares, in the amount of PLN 1,500 thousand.

On September 17th 2008, the District Court for Gdańsk-Północ in Gdańsk, registered the increase in the share capital of LOTOS Serwis Sp. z o.o. As a result, the share capital of LOTOS Serwis Sp. z o.o. was increased to PLN 4,000 thousand, divided into 8,000 equal and indivisible shares with a par value of PLN 500 per share, conferring 8,000 votes.

Consolidation of the Rafineria Nafty GLIMAR Group

On February 3rd 2005, an agreement of January 13th 2005 providing for the sale of shares in Rafineria Czechowice S.A. (80.04%), Rafineria Jasło S.A. (80.01%), Rafineria Nafty GLIMAR S.A. w upadłości (in bankruptcy) (91.54%) and Petrobaltic S.A. (69.00%) by Nafta Polska S.A. to Grupa LOTOS S.A., was performed. The total value of the agreement amounted to PLN 257,276 thousand.

On January 19th 2005, the District Court of Nowy Sącz declared Rafineria Nafty Glimar S.A. of Gorlice bankrupt. Since control of the assets of Rafineria Nafty Glimar S.A. was exercised by a bankruptcy administrator, the Rafineria Nafty GLIMAR Group was not consolidated by Grupa LOTOS S.A.

Having considered on March 11th 2008 the case of bankruptcy of Rafineria Nafty GLIMAR S.A. of Gorlice in connection with the motion for discontinuation of the bankruptcy proceedings, submitted by bankruptcy administrator Capricorn Sp. z o.o. of Nowy Sącz, the District Court of Nowy Sącz, Commercial Court Division V, decided to discontinue the bankruptcy proceedings pursuant to Art. 361.2 of the Bankruptcy and Recovery Law. The decision issued by the District Court of Nowy Sącz, Commercial Court Division V, was appealed against to the Regional Court of Kraków, Appellate Commercial Division XII. On July 25th 2008, the Regional Court of Kraków, Appellate Commercial Division XII, issued a decision (court docket No. XII Gz 242/08) dismissing the appeals. The decision of the District Court of Nowy Sącz, Commercial Court Division V, on discontinuation of the bankruptcy proceedings became final. Therefore, on July 25th 2008, Grupa LOTOS S.A. assumed control of the Rafineria Nafty GLIMAR Group, within the meaning of the IFRS.

As at July 25th 2008, the acquisition of the Rafineria Nafty GLIMAR Group by Grupa LOTOS S.A. was disclosed in accordance with the IFRS 3, with the application of the provisional fair values of identifiable assets, liabilities and contingent liabilities. It was assumed that the total values of identifiable assets of the Rafineria Nafty GLIMAR Group corresponded to the total values of its identifiable liabilities (the provisional fair value of identifiable liabilities and contingent liabilities was equal to the amount for which the identifiable liabilities and contingent liabilities could be discharged, i.e. an amount not higher than the provisional fair value of the assets). As a result of the acquisition of the Rafineria Nafty GLIMAR Group, no goodwill (i.e. excess of the acquisition cost over the value of acquired net assets) was recognised, since the fair value of net assets as at the acquisition date was equal to zero.

The following table presents the provisional fair values of the identifiable assets, liabilities and contingent liabilities as at the acquisition date:

(PLN '000)	<u>July 25th 2008</u>
Cost of business combination (acquisition cost)	0.001
Share in the equity of the acquired undertakings	91.54%
Current assets, including:	8,284
Cash and cash equivalents	3,987
Non-current assets	403,800
Total assets	412,084
Current liabilities, including accruals and deferred income	412,084
Total liabilities	412,084
Net assets	0
Company's share in net assets	0
Excess of Company's share in net assets over the acquisition cost	0

The provisional fair value of the assets corresponded to their book value as at July 25th 2008. The book value of the identifiable liabilities and contingent liabilities as at July 25th 2008 amounted to PLN 761,832 thousand. The provisional fair value of the identifiable liabilities and contingent liabilities as at July 25th 2008 was equal to the amount for which the identifiable liabilities and contingent liabilities could be discharged, i.e. an amount not higher than the provisional fair value of the assets, which as at July 25th 2008 was presented as equal to the assets' book value.

In accordance with IFRS 3, Grupa LOTOS S.A. is required to measure the goodwill related to the acquisition of Rafineria Nafty GLIMAR S.A. as at the acquisition date. Goodwill is measured as the excess of the cost of the business combination over the acquiring company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. The net fair value of the identifiable assets, liabilities and contingent liabilities should be determined on the basis of an independent valuation and may materially differ from their provisional value.

Any adjustments resulting, among other things, from establishing the net fair value of the identifiable assets, liabilities and contingent liabilities, should be recognised with retrospective effect as at the acquisition date, i.e. July 25th 2008, within 12 months as from the acquisition date.

On October 27th 2008, an Extraordinary General Shareholders Meeting of Rafineria Nafty GLIMAR S.A. was held, which adopted several resolutions, including a resolution concerning the company's further existence. Having considered the issue of the company's further existence in accordance with Art. 397 of the Commercial Companies Code, the Extraordinary General Shareholders Meeting of Rafineria Nafty Glimar S.A. found that further existence of the company would be purposeless and in connection with the foregoing, taking into consideration the specific circumstances of the matter, decided it was necessary to take steps aimed at winding up the company.

On December 1st 2008, Grupa LOTOS S.A. concluded an agreement with Podkarpacki Holding Budowy Dróg Drogbud Sp. z o.o. of Strzyżów concerning disposal of shares in Rafineria Nafty GLIMAR S.A.

Under the agreement, Grupa LOTOS S.A. sold 9,520,000 shares in Rafineria Nafty GLIMAR S.A. with a par value of PLN 10 per share, representing 91.54% of the company's share capital. The agreed transaction value was PLN 1,000 thousand. As at the agreement execution date, the carrying value of the shares in Grupa LOTOS S.A.'s accounting books was PLN 0.

As the Company sold its shares in Rafineria Nafty Glimar S.A., it did not measure the goodwill (the excess of the cost of the business combination over the acquiring company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities) on the basis of an independent valuation.

Deletion of LOTOS Hydrokompleks Sp. z o.o. from the National Court Register

On October 20th 2008, the District Court of Kraków decided to delete LOTOS Hydrokompleks Sp. z o.o. (wholly-owned by Grupa LOTOS S.A.) from the National Court Register on the basis of a resolution of the Extraordinary General Shareholders Meeting of August 29th 2008 concerning the closing of liquidation proceedings.

Sale of Shares in Chemipetrol Sp. z o.o. by LOTOS Jasło S.A.

On December 30th 2008, LOTOS Jasło S.A. (controlled by Grupa LOTOS S.A. in 80.01%) and Mr. Andrzej Dzięglewicz (President of the Management Board of Chemipetrol Sp. z o.o.) entered into an agreement concerning sale of shares in Chemipetrol Sp. z o.o.

The agreement provides for the sale of 1,100 shares in Chemipetrol Sp. z o.o. with the par value of PLN 50 per share, representing 100% of the company's share capital and conferring the right to 100% of the votes at its General Shareholders Meeting. The value of the transaction was set at PLN 266 thousand.

The transaction constituted an element of reorganisation and streamlining of the structure of the LOTOS Group. The ownership title to the shares was transferred onto the purchaser on December 30th 2008.

As at the agreement date, the book value of the shares in the accounting books of LOTOS Jasło S.A. was PLN 55 thousand.

11. Supplementary Information

Purchase of Interests in Norwegian Production Licences

On May 20th 2008, LOTOS Exploration and Production Norge AS signed an agreement with Norwegian company REVUS Energy ASA concerning purchase of 10% of interests in the North Sea production licences Nos. PL 316, PL 316B, PL 316CS and PL 316DS. The purchased licences covered the YME field and an additional exploration area. The YME field is located 110km off the coast in the southern part of the Norwegian sector of the North Sea. The recoverable crude oil reserves of the YME field which correspond to the 10% interest held by LOTOS E&P Norge AS, were estimated by the operator (Talisman) at ca. 6.8 million bbl (about 900 thousand tonnes). Production from the field was expected to start in the second half of 2009.

The value of the transaction was USD 52.5 million (the equivalent of PLN 114,770 thousand, translated at the USD/PLN mid exchange rate published by the National Bank of Poland for May 20th 2008). The acquisition of rights to tax exemptions held by the seller in connection with the investments made, accounted for about 20% of the price.

The agreement's entry into effect was conditional upon its approval by the General Shareholders Meeting of Petrobaltic S.A. (controlled by Grupa LOTOS S.A. in 69%) and the Norwegian Ministry of Energy and Crude Oil. The Ministry could only issue its approval after the process of formal prequalification of E&P Norge AS to conduct business on the Norwegian Continental Shelf has been completed.

On June 17th 2008, the General Shareholders Meeting of Petrobaltic S.A. adopted a resolution approving the financing of the production projects carried out by LOTOS Exploration and Production Norge AS in Norway.

Upon the fulfilment of all the conditions precedent (including the relevant approvals from the General Shareholders Meeting of Petrobaltic S.A. and from the Norwegian Ministry of Energy and Crude Oil), on August 29th 2008 LOTOS Exploration and Production Norge AS acquired all rights and obligations connected with the ownership of the 10% interest in the production licences. The value of the agreement was USD 52.5m (the equivalent of PLN 119.1m, translated at USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 29th 2008). That value was to be increased by the amount of the investment expenditure made by REVUS Energy ASA during the jointly agreed period preceding the assumption of rights and obligations connected with the licences, of approximately USD 12m (the equivalent of PLN 27.2m, translated at USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 29th 2008). The investment expenditure which remained to be made after August 29th 2008 (corresponding to the 10% interest in the YME field) before production could be started was estimated at about USD 65m (the equivalent of PLN 147.5m, translated at USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 29th 2008).

The transaction was financed using a loan (see Note VIII to these condensed consolidated financial statements) and the proceeds from an increase of the company's share capital by Petrobaltic S.A. (see Note 10 to these condensed consolidated financial statements).

The transaction was secured with an unconditional and irrevocable guarantee issued by Petrobaltic S.A. for the benefit of REVUS Energy ASA. Following the performance of the agreement by LOTOS Exploration and Production Norge AS, the guarantee expired and the guarantee document was returned to the issuer by REVUS Energy ASA, as described in Note 13 to these condensed consolidated financial statements.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

The total acquisition price of the 10% interest in production licences Nos. PL 316, PL 316B, PL 316CS and PL 316DS in the North Sea, comprising the purchase price (USD 52.5m), the advance payments made and the amount corresponding to the 10% share of LOTOS Exploration and Production Norge AS in the capital expenditure incurred by REVUS Energy ASA in the period from the agreement effective date until the day on which the conditions precedent were fulfilled, amounted to NOK 367,775 thousand.

On October 22nd 2008, LOTOS Exploration and Production Norge AS (a member of the LOTOS Group) signed an agreement with Norwegian company Det Norske Oljeselskap ASA concerning purchase of 10% of interests in the North Sea production licences No. PL 316, PL 316B, PL 316CS and PL 316DS. The transaction was the second transaction of purchase of interests in the YME field by LOTOS Exploration and Production Norge AS in 2008. The agreement provided for its entry into force after its approval by the Norwegian Ministry of Energy and Crude Oil and the Norwegian Ministry of Finance.

The value of the transaction was NOK 390m (the equivalent of PLN 161m, translated at the NOK/PLN mid-exchange rate published by the National Bank of Poland for October 22nd 2008). The acquisition of rights to tax exemptions held by the seller in connection with the investments made accounted for about 30% of the price. In addition, the price was to be increased by the amount of capital expenditure (corresponding to the 10% interest in the YME field) incurred from January 2008 to the transaction closing date, estimated at NOK 180m (the equivalent of PLN 74m, translated at the NOK/PLN mid exchange rate published by the National Bank of Poland for October 22nd 2008). Other capital expenditure (in the amount corresponding to the 10% interest in the YME field) to be incurred before production from the field could be started was estimated at approx. USD 50m (the equivalent of PLN 144m, translated at the USD/PLN mid-exchange rate published by the National Bank of Poland for October 22nd 2008).

Upon the fulfilment of all the conditions precedent, on December 30th 2008 LOTOS Exploration and Production Norge AS acquired all the rights and obligations connected with the ownership of 10% of interests in the North Sea production licences No. 316, 316B, 316CS and 316DS covering the YME field. The licences purchased from Det Norske Oljeselskap ASA cover the YME field development plan and exploration areas. In connection with the transaction, on January 20th 2009, the company paid the amount of NOK 547m (the equivalent of PLN 257.8m, translated at the NOK/PLN mid-exchange rate published by the National Bank of Poland for January 20th 2009), covering: the acquisition price, capital expenditure connected with the development of the YME field and costs of exploration work in the licence areas incurred between the economic date of the transaction and the date of its settlement, plus the interest accrued for the period. The transaction was financed using a loan (see Note VIII to these condensed consolidated financial statements) and the proceeds from an increase of the company's share capital by Petrobaltic S.A. (see Note 12 to these condensed consolidated financial statements).

As a result of finalisation of the two transactions carried out in 2008, LOTOS Exploration and Production Norge AS came to hold in total 20% of the interests in the YME field, which corresponds to recoverable crude oil reserves (as estimated by the operator – Talisman) of 13.6 million barrels (approx. 1,800 thousand tonnes).

In these condensed consolidated financial statements, the Group recognised the 20% interest in the YME production licence as a share in jointly controlled assets as defined in IAS 31 *Interests in Joint Ventures*), classified according to the nature of the assets, i.e. as tangible assets under construction. The amount disclosed as at December 31st 2008 was NOK 1,001,314 thousand (the equivalent of PLN 424,357 thousand, translated at the NOK/PLN mid-exchange rate published by the National Bank of Poland for December 31st 2008). As at December 31st 2008, the Group also disclosed its share in liabilities connected with financing of the assets attributable to LOTOS Exploration and Production Norge AS in the amount of NOK 581,983 thousand (the equivalent of PLN 246,644 thousand, translated at the NOK/PLN mid-exchange rate published by the National Bank of Poland for December 31st 2008), of which NOK 547,157 thousand (the equivalent of PLN 231,885 thousand, translated at the NOK/PLN mid-exchange rate published by the National Bank of Poland for December 31st 2008) represented the liability for the purchase of the 10% interest in the YME field; the purchase was effected on December 30th 2008 and the liability was payable by January 20th 2009.

Purchase of Interests in Exploration Licences by LOTOS Exploration and Production Norge AS

On August 26th 2008, LOTOS Exploration and Production Norge AS (wholly-owned by Petrobaltic S.A., which in turn is controlled by Grupa LOTOS S.A. in 69%) entered into an agreement on the purchase of a 20% interest in exploration licence PL455, covering an area of 1,365km² located in the southern part of the Norwegian sector of the North Sea. LOTOS Exploration and Production Norge AS signed the agreement with Noreco, a Norwegian exploration and production company. LOTOS Exploration and Production Norge AS will acquire a 20% interest in the licence in exchange for covering 40% of the estimated expenditure to be incurred by Noreco on the performance of seismic surveys under the PL455 licence, i.e. approx. NOK 38m (the equivalent of PLN 15.9m, translated using the mid-exchange rate for NOK quoted by the National Bank of Poland for August 26th 2008). The transaction was to take effect once relevant approvals have been obtained from the Norwegian Ministry of Finance and the Ministry of Energy and Crude Oil. Licence PL455 was granted to Noreco as part of the qualification round APA2007. Noreco is also the licence operator and – after the transaction with LOTOS Exploration and Production Norge AS – holds a 50% interest in the licence. The seismic survey is scheduled for the years 2008–2009, and in 2010 the licence area will be drilled to confirm its potential. In accordance with the Norwegian tax law, if the exploration proves unsuccessful, 78% of the incurred expenditure may be reimbursed.

On October 31st 2008, after all conditions precedent had been fulfilled, LOTOS Exploration and Production Norge AS acquired all rights and obligations related to the ownership of a 20% interest in exploration licence PL455.

Extension of Petrobaltic S.A.'s Licence for the Exploration for and Appraisal of Crude Oil and Natural Gas Fields in the Wolin Area

On June 16th 2008, Petrobaltic S.A. received the decision of the Minister of the Environment extending its licence for the exploration for and appraisal of crude oil and natural gas fields in the Wolin area, located in the western part of the Polish sea zone.

In accordance with the decision, Petrobaltic S.A. was granted a licence for the period of nine and a half years counting from the initial licence grant date, i.e. from December 14th 2001. The licence term was extended by three years relative to the original term.

Extension of Two Licences Granted to Petrobaltic S.A. for Production of Natural Gas from the B6 and B4 Fields

Petrobaltic S.A. received the decision of the Minister of the Environment concerning amendments to licence No. 2/2006 of November 7th 2006 for the production of natural gas from the B6 field, granted to Petrobaltic S.A. In accordance with the decision, Petrobaltic S.A. was granted a licence for the period of 26 years (previously – 20 years) counting from the original licence grant date, which means that the licence term was extended until November 2032. In accordance with the decision, the period in which production should begin under the licence was extended to 96 months (previously – 36 months) from the licence grant date.

Petrobaltic S.A. received the decision of the Minister of the Environment concerning amendments to licence No. 6/2006 of May 11th 2007 for the production of natural gas from the B4 field, granted to Petrobaltic S.A. In accordance with the decision, the period in which production should begin under the licence was extended to 84 months (previously – 24 months) from the licence grant date.

Interests in Four Exploration Licenses Granted to LOTOS Exploration and Production Norge AS

On December 18th 2008, as an outcome of the pre-qualification round APA 2008, LOTOS Exploration and Production Norge AS (wholly-owned by Petrobaltic S.A., which in turn is controlled by Grupa LOTOS S.A. in 69%) was granted interests in the following exploration licences in the southern area of the North Sea and in the Norwegian Sea:

1. Exploration licence PL 497: LOTOS Exploration and Production Norge AS – 10% interest (other partners: Det Norske Oljeselskap ASA (Operator) – 35% interest, Bridge Energy AS – 30% interest, Dana Petroleum Norway – 25% interest).
2. Exploration license PL 498: LOTOS Exploration and Production Norge AS (Operator) – 25% interest (other partners: Skagen 44 AS – 25% interest, 4 Sea Energy AS – 25% interest, Edison International Spa Norway branch – 25% interest).
3. Exploration license PL 503: LOTOS Exploration and Production Norge AS (Operator) – 25% interest (other partners: Skagen 44 AS – 25% interest, 4 Sea Energy AS – 25% interest, Edison International Spa Norway branch – 25% interest).
4. Exploration license PL 515: LOTOS Exploration and Production Norge AS – 20% interest (other partners: Rocksource ASA (Operator) – 60% interest, Skagen 44 AS – 20% interest).

In 2009, the estimated expenditure on exploration under the licenses granted to LOTOS Exploration and Production Norge AS is NOK 21.6m (the equivalent of PLN 9,232 thousand, translated using the mid-exchange rate for NOK quoted by the National Bank of Poland for December 18th 2008).

Updated “Strategy of the LOTOS Group until 2012”

On June 16th 2008, the Supervisory Board of Grupa LOTOS S.A. approved the updated “Strategy of the LOTOS Group until 2012”. In line with the updated Strategy, the Group will continue its policy focused on stimulating sustainable development of its core business, with an overriding strategic goal of creating value for shareholders.

The “Strategy of the LOTOS Group until 2012” was updated with respect to key objectives for each of the three main areas of the Company’s operations:

- exploration & production segment,
- operating segment,
- marketing segment.

1. Key Objectives of the Updated Strategy in the Area of Exploration & Production Are to:

- improve security of crude oil supplies processed by the refineries by securing direct access to hydrocarbon reserves,
- achieve stable growth of hydrocarbon production by 2012 through the implementation of programmes aimed at increasing production rates from the Baltic Sea deposits, which are covered by licences held by Petrobaltic S.A., as well as through the execution of new projects outside of Poland,
- increase the share capital of Grupa LOTOS S.A. by way of a contribution in-kind of shares in Petrobaltic S.A. held by the State Treasury.

According to the updated Strategy, the total output of the exploration & production segment will reach at least 10% of the LOTOS Group’s crude throughput volume in 2012 and will rise above 20% by 2015. The average ROACE (return on average capital employed) for the whole segment will be over 15%. The related investment expenditure in 2006–2012 is estimated at PLN 5.1bn.

2. Key Objectives of the Updated Strategy in the Operating Area

In the operating area, the key objective is to improve the economic effectiveness of crude oil processing, through increasing throughput volumes, with a concomitant increase in the conversion ratio and reduction in sulphur content. To this end, we are implementing the two-stage 10+ Programme. Additionally, the Group will build the necessary facilities which are not covered by the scope of the 10+ Programme, while upgrading some of the existing units.

These projects will yield the following outcomes:

- the annual crude processing capacity will have risen to 10.5 million tonnes, with a concomitant increase of the conversion ratio,
- universal configuration of the facilities will allow the Company to produce various types of fuels in response to market demand,
- the production of heavy fuel and bunker oil with high sulphur content will be minimised to comply with new environmental regulations which are being implemented,
- the Company will have gained more flexibility with respect to its overhaul policy, and thus the operational availability of its production units will increase,
- the existing fuel storage depots will be expanded and new logistics infrastructure will be created for shipment of large consignments by sea,
- it will become possible to simultaneously process various types of crude oil,
- the LOTOS Group's competitive position in relation to other European refineries will improve.

The expenditure on the implementation of the strategic objectives in the operating area in 2006–2012 is estimated at approx. PLN 6.7bn, including approx. PLN 5.2bn for the implementation of Stage I (scheduled for 2006–2010) of the 10+ Programme.

3. Key Objectives of the Updated Strategy in the Marketing Segment Are to:

- secure a 30% share in the Polish market of fuels by 2012,
- secure a 40% share in the Polish market of aviation fuels by 2012,
- enhance LPG sales efficiency,
- secure a 10% share in the retail market of fuels by 2012,
- enter the self-service filling stations segment,
- secure a 20% share of sales of fuels on motorways, once the main stage of the motorway construction programme is completed,
- expand the Group's network of filling stations by flexibly taking advantage of market opportunities, including opportunities for organic and non-organic growth.

The estimated expenditure on the strategic objectives in the marketing area in 2006–2012 may reach PLN 1.1bn.

4. Key Objectives of the Updated Strategy in relation to Financial Activities

It is assumed that the Company will use external financing to fund the implementation of its strategy, however, the debt to equity ratio should not at any time be higher than 0.8.

The assessment of effectiveness of the LOTOS Group's operations will be based on an analysis of the EBITDA margin (excl. excise duty) and return on capital employed, whose value until 2012 should not be lower than 9% and 12%, respectively. According to the LOTOS Group's strategy, the aggregate capital expenditure in 2006–2012 will total approx. PLN 12.9bn.

The payment of dividend will be dependent on the optimisation of the financing structure of the LOTOS Group. During the implementation of the key strategic programmes, the dividend will not exceed 10% of net profit. Following the implementation of the programmes, the dividend is intended to grow up to 30% of net profit.

The dividend policy for subsidiary undertakings is determined by the Management Board of Grupa LOTOS S.A., upon taking into consideration their financial standing and development programmes.

5. Development Directions for 2013–2020

The most important step aiming at increasing the Company's value – following the implementation of the strategic objectives until 2012 – is the development of the exploration and production segment, and the strengthening of the market position. The projects under consideration include:

- continuation of efforts aiming at increasing crude oil production, to exceed 20% of the processing capacities by 2015, with an upward trend in the subsequent years,
- construction of a heavy residue gasification unit, focused on hydrogen and energy carrier generation – Stage 2 of the 10+ Programme,
- launch of new-generation biofuel production,
- CO₂ sequestration – depositing CO₂ in geological structures,
- continuation of activities supporting construction of underground storage facilities for oil and petroleum products (caverns),
- development of technologies contributing to margin growth.

Decisions related to the development activities will be based on feasibility studies, and will be implemented in line with the LOTOS Group's financing capabilities. The Group does not exclude the possibility of entering into financing/equity arrangements or establishing a joint venture with a strategic partner.

Key macroeconomic and price-related assumptions adopted by Grupa LOTOS S.A. for the purpose of formulating the key assumptions of its financial policy until 2012:

	2009	2012
Oil price (2008 fixed prices)		
- dtd Brent (USD/bbl)	112.52	128.02
- Ural CIF Rotterdam (USD/bbl)	108.8	124.52
Crack spreads for products (2008 fixed prices)		
- Premium gasoline 10 ppm – Cargoes CIF NEW (USD/t)	145	145
- Diesel 10 ppm – Cargoes CIF NWE (USD/t)	178	178
- Gasoil 0.1% – Cargoes CIF NWE (USD/t)	140	140
- Fuel Oil 3.5% – Barges FOB Rotterdam (USD/t)	-271	-271
EUR/PLN	3.50	3.20
USD/PLN	2.56	2.48

Execution of the Common Terms Agreement and the Related Security Agreements between Grupa LOTOS S.A. and Group of Financial Institutions

On June 27th 2008, Grupa LOTOS S.A. and the following institutions: Banco Bilbao Vizcaya Argentaria S.A., Banco Bilbao Vizcaya Argentaria S.A., London Branch, Banco Bilbao Vizcaya Argentaria S.A., Milan Branch, Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank of Tokyo-Mitsubishi UFJ (Holland) N.V., BNP Paribas S.A., Caja de Ahorros y Monte de Piedad de Madrid, Caja de Ahorros y Monte de Piedad de Madrid, Zweigniederlassung Wien, Calyon, DnB Nor Bank ASA, Fortis Bank S.A./N.V., Fortis Bank S.A./N.V., - Succursale in Italia, ING Bank N.V. / ING Bank Śląski S.A., KBC Bank N.V., Dublin Branch / Kredyt Bank S.A, Nordea Bank Finland Plc, Nordea Bank Polska S.A. / Nordea Bank AB (Publ), Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, Rabobank Polska S.A. / Bank Gospodarki Żywnościowej S.A., SACE S.p.A. - Servizi Assicurativi del Commercio Estero, Société Générale S.A. (the Polish branch), Société Générale S.A., Sumitomo Mitsui Banking Corporation Europe Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and The Royal Bank of Scotland Plc, executed a credit facility agreement to finance the implementation of the 10+ Programme and the working capital of Grupa LOTOS S.A. Bank Calyon was appointed the Senior Facility Agent, while Société Générale S.A. (the Polish branch) was assigned the role of the Senior Security Agent.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

Concurrently, Grupa LOTOS S.A. executed a sub-agreement under the credit facility agreement, concerning a credit facility tranche guaranteed by SACE S.p.A. - Servizi Assicurativi del Commercio Estero, to which the following are parties: BNP Paribas S.A., Fortis Bank S.A./N.V., - Succursale in Italia, Banco Bilbao Vizcaya Argentaria S.A., Milan and SACE S.p.A. - Servizi Assicurativi del Commercio Estero.

The credit facility agreement along with the loan agreement for refinancing and financing of the inventories of Grupa LOTOS S.A. of December 20th 2007 secure funds sufficient to meet the Company's total requirement for external financing.

The agreement concerns a long-term credit facility for the total amount of USD 1,750,000 thousand (PLN 3,739,050 thousand translated at the mid-exchange rate quoted by the National Bank of Poland for June 27th 2008), comprising a term loan facility of USD 975,000 thousand (PLN 2,083,185 thousand translated at the mid-exchange rate quoted by the National Bank of Poland for June 27th 2008), a redrawable working capital loan facility of USD 200,000 thousand (PLN 427,320 thousand translated at the mid-exchange rate quoted by the National Bank of Poland for June 27th 2008), an investment loan of USD 425,000 thousand guaranteed by SACE S.p.A. - Servizi Assicurativi del Commercio Estero (PLN 908,055 thousand translated at the mid-exchange rate quoted by the National Bank of Poland for June 27th 2008) and a contingent term loan facility of USD 150,000 thousand (PLN 320,490 thousand translated at the mid-exchange rate quoted by the National Bank of Poland for June 27th 2008). The long-term credit facility must be repaid not later than 12.5 years after the first interest payment date. The other terms and conditions of the credit facility agreement, including those pertaining to the security, do not differ from the standard terms and conditions of such agreements.

The credit facility is secured principally with:

- 1) a mortgage with the highest ranking over Grupa LOTOS S.A.'s ownership title or perpetual usufruct right to the real property required for the conduct of operations by the existing and expanded Gdańsk refinery,
- 2) agreement creating a registered pledge over sets of existing and future (acquired over the period of implementation of the 10+ Programme) movables, owned by Grupa LOTOS S.A. and forming a part of or closely related with the Gdańsk refinery or financed under the aforementioned credit facility, used in production, storage and distribution of petroleum products and crude oil, along with the infrastructure and necessary auxiliary equipment, and in particular on the movables comprising the basic production installations, auxiliary production installations, equipment used to blend products, loading facilities, transport pipelines, storage tanks, CHP plants, wastewater treatment plants, water intakes, and water, electricity, process steam and compressed air systems;
- 3) agreement creating financial registered pledges over Grupa LOTOS S.A.'s claims under bank account agreements executed in connection with the financing of the 10+ Programme (the agreement creating the pledges does not cover claims under other bank account agreements concluded by Grupa LOTOS S.A.),
- 4) agreements for the assignment of the rights and debt claims of Grupa LOTOS S.A. arising under the agreements related to the implementation of the 10+ Programme, the agreements for the management of the 10+ Programme, hedging agreements, license agreements, insurance documents (related to the Gdańsk refinery and the 10+ Programme) as well as under sales contracts concluded by Grupa LOTOS S.A. with its subsidiaries, if the contracts' annual value exceeds PLN 10,000 thousand.

The documents constituting the security for the benefit of Société Générale S.A., the Polish branch (the Senior Security Agent), were executed concurrently with the credit facility agreement.

There are no links between Grupa LOTOS S.A. or its management staff and the banks for the benefit of which the pledges are to be created or their management staff.

The value of the assets of Grupa LOTOS S.A. which will be encumbered with the pledges and the mortgage specified above will not exceed PLN 2,195,551 thousand, based on the book value as at May 31st 2008 and the maximum amount to be secured with the pledges and the mortgage specified above is USD 2,625,000 thousand (PLN 5,608,575 thousand at the mid-exchange rate quoted by the National Bank of Poland for June 27th 2008).

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

On July 3rd 2008, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (operating under the name of Rabobank Nederlands) acceded to the agreement between Grupa LOTOS S.A. and a group of financial institutions and to the credit facility agreement to finance the implementation of the 10+ Programme and the working capital of Grupa LOTOS S.A. and the related security agreements.

On September 1st 2008, Bank DnB NORD Polska S.A. acceded to the credit facility agreement.

On September 5th 2008, the competent District Court entered into the register of pledges a registered pledge on Grupa LOTOS S.A.'s assets (i.e. over sets of existing and future – acquired over the period of implementation of the 10+ Programme – movables, owned by Grupa LOTOS S.A. and forming a part of or closely related with the Gdańsk refinery or financed under the credit facility agreement providing for the financing of the 10+ Programme, used in production, storage and distribution of petroleum products and crude oil, along with the infrastructure and necessary auxiliary equipment, and in particular on the movables comprising the basic production installations, auxiliary production installations, equipment used to blend products, loading facilities, transport pipelines, storage tanks, CHP plants, wastewater treatment plants, water intakes, and water, electricity, process steam and compressed air systems).

On November 25th 2008, a contractual blanket security (deposit) mortgage (*umowna łączna hipoteka kaucyjna*) over Grupa LOTOS S.A.'s ownership title or perpetual usufruct right to the real property required for the conduct of operations by the existing and expanded Gdańsk refinery, was registered in the Grupa LOTOS S.A.'s Land and Mortgage Register entry.

By the date of these condensed consolidated financial statements, Grupa LOTOS S.A. had fulfilled the conditions precedent to disbursement of a tranche of the term loan facility.

As at December 31st 2008, the Company had drawn under the term loan facility USD 710 million (the equivalent of PLN 2.103 million, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for December 31st 2008), including letters of credit issued for the amount of approx. USD 63 million (the equivalent of PLN 187 million, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for December 31st 2008) described in Note 13 items 8, 9, 15 and 16 to these condensed consolidated financial statements, issued for the total amount of EUR 47 million. The working capital loan was made available to Grupa LOTOS S.A. in the form of overdraft facilities which are used by the Company on an as-needed basis.

Impairment Losses on Goodwill

As at December 31st 2008, the Group recognised an impairment loss in the total amount of PLN 12,645 thousand on the goodwill arising on the acquisition of KRAK-GAZ Sp. z o.o. by LOTOS Gaz S.A. The impairment loss was recognised due to the effect of events presented below.

On June 20th 2008, the Director of Tax Supervision Authority in Kraków issued a post-inspection report as part of the proceedings instituted on November 21st 2006 (i.e. prior to the purchase of shares in KRAK-GAZ Sp. z o.o. by LOTOS Gaz S.A.) in order to review the correctness of settlement of excise tax for the years 2003–2004 by KRAK-GAZ Sp. z o.o. In the course of the proceedings, it was established that KRAK-GAZ Sp. z o.o. failed to pay the excise tax due in the total amount of PLN 7,545 thousand plus interest as at June 30th 2008.

On October 31st 2008, the Director of Tax Supervision Authority in Kraków issued a decision whereby the excise tax liability for the years 2003–2004 was established at PLN 16,408 thousand. On November 25th 2008, KRAK-GAZ Sp. z o.o. appealed against that administrative decision.

On November 26th 2008, the Director of the Customs Chamber initiated enforcement proceedings against KRAK-GAZ Sp. z o.o. by issuing enforcement orders covering the amount specified in the decision of the Director of Tax Supervision Authority.

On December 8th 2008, KRAK-GAZ Sp. z o.o. appealed against the decision to instigate enforcement proceedings. The Director of the Customs Chamber decided (in the letter of December 17th 2008) to allow the appeal concerning errors in calculating the amount of excise tax arrears and to discontinue the proceedings.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

On December 19th 2008, the company received another final decision and enforcement orders from the Customs Chamber, for the revised amounts of excise tax arrears and interest. The excise tax due for 2003-2004 was established at PLN 8,309 thousand (including interest and costs of enforcement). As at the date of these condensed consolidated financial statements, the tax proceedings concerning KRAK-GAZ Sp. z o.o.'s excise tax liabilities for 2003-2004 were pending.

Given KRAK-GAZ Sp. z o.o.'s potential excise tax liabilities for 2003-2004, as at December 31st 2008 the Group had created a provision for the principal amount and interest.

Taking into consideration the decision issued by the Director of Tax Supervision Authority in Kraków and the contents of the post-inspection report prepared by the Tax Supervision Authority in Kraków on June 20th 2008, the Management Board of LOTOS Gaz S.A. made two representations (on July 11th 2008 and December 9th 2008) towards the sellers of shares in KRAK-GAZ Sp. z o.o. regarding the reduction of the purchase price of shares in KRAK-GAZ Sp. z o.o. by a total amount of PLN 16,368 thousand. Accordingly, the sellers' claim for the last payment of the Purchase Price in the amount of PLN 1,500 thousand expired.

On July 28th 2008, the Management Board of LOTOS Gaz S.A. called upon the former owners of shares in KRAK-GAZ Sp. z o.o. to enter into mandatory negotiations, in line with the provisions of the share purchase agreement.

On December 15th 2008, the Management Board of LOTOS Gaz S.A. opened arbitration proceedings by serving a notice of arbitration hearing upon the sellers of shares in KRAK-GAZ Sp. z o.o. At present, the arbitration panel is being selected for the arbitration proceedings. Subsequently, at a date determined by the panel of arbitrators, a relevant statement of claim will be served. As at the date of these condensed consolidated financial statements, the case was pending.

LOTOS Gaz S.A. additionally obtained a decision from the Regional Court in Kraków, dated November 17th 2008, establishing a claim bond to secure LOTOS Gaz S.A.'s claims against the sellers of the shares up to the amount of PLN 5,975 thousand, with an enforcement clause setting the enforcement date at January 20th 2009. On February 2nd 2009, the sellers moved for the cancellation of the claim bond, as a result of which the proceedings continue, and any further steps aimed at seizing the sellers' assets are contingent upon whether the sellers' motion is granted.

12. Material Events Subsequent to Q4 2008

No material events occurred in the period from the balance-sheet date until the date of preparation of these condensed consolidated financial statements, except for those listed below:

1. On January 2nd 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a guarantee for PLN 1,500 thousand for the benefit of the Customs Office in Pruszków as excise security. The guarantee expires on June 30th 2009.

2. On January 2nd 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 3,000 thousand (the equivalent of PLN 12,517 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 2nd 2008) for the benefit of Umicore Precious Metals Refining, valid through October 15th 2009. The stand-by letter of credit was issued to secure lease payments under platinum lease agreement.

3. On January 16th 2009, Petrobaltic S.A. signed an agreement whereby it extended a loan of USD 55m (the equivalent of PLN 172m, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for January 16th 2009) to LOTOS Exploration and Production Norge AS. The loan will be used to finance further implementation of the YME Production Project (see Note 11 to these condensed consolidated financial statements), and in particular the capital expenditure on the project implementation, along with the cost of capital, including interest on the loan. The loan will be made available in three disbursements; the last disbursement is to be made by March 31st 2010.

In order to secure the repayment of the loan, on January 16th 2009, LOTOS Exploration and Production Norge AS issued for the benefit of Petrobaltic S.A. a blank promissory note with a "protest waived" clause and a promissory note declaration.

4. On January 20th 2009, the Management Board of Petrobaltic S.A. resolved to commence the procedure for registration of another share capital increase at LOTOS Exploration and Production Norge AS and acquisition of the new shares by Petrobaltic S.A.

The share capital of LOTOS Exploration and Production Norge AS was increased from NOK 190m (the equivalent of PLN 90m, translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for January 20th 2009) to NOK 430m (the equivalent of PLN 203m, translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for January 20th 2009). The new shares comprising the increased share capital, whose aggregate par value amounts to NOK 240m (the equivalent of PLN 113m, translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for January 20th 2009) are equal and indivisible, and they are treated by Petrobaltic S.A. as a long-term equity investment.

Petrobaltic S.A. covered the 240 million new shares in LOTOS Exploration and Production Norge AS with cash. The purchase price for the shares was equal to their par value, i.e. NOK 240m (the equivalent of PLN 113m, translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for January 20th 2009) and was covered with Petrobaltic's internally-generated funds.

5. On February 2nd 2009, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a guarantee for USD 18,000 thousand (the equivalent of PLN 62,690 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for February 2nd 2009) for the benefit of TOTAL DEUTSCHLAND GmbH. The guarantee was issued to secure the payment of amounts due for the delivery of diesel oil and gasoline, and remains valid through July 31st 2009.

6. On January 30th 2009, LOTOS Jasło S.A. acquired 15 shares in PLASTEKOL Organizacja Odzysku S.A., representing 1.5% of the company's share capital, from Krzysztof Boniecki, who conducts business activities under the business name of Przedsiębiorstwo Wielobranżowe ROBAC. Following the transaction, LOTOS Jasło S.A.'s holding in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased from 83.5% to 85% (or, from 835 to 850 shares).

On February 13th 2009, LOTOS Jasło S.A. acquired 30 shares in PLASTEKOL Organizacja Odzysku S.A., representing 3.0% of the company's share capital, from EKO-OPEN Sp. z o.o. Following the transaction, LOTOS Jasło S.A.'s holding in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased from 85% to 88% (or, from 850 to 880 shares).

7. In view of the unstable macroeconomic environment due to the current economic crisis and given the Company's ongoing investment programmes, on February 11th 2009 the Management Board of Grupa LOTOS S.A. prepared and adopted a package of anti-crisis measures for the LOTOS Group. The primary objectives of the measures is to ensure the implementation of those investment programmes which are key to Grupa LOTOS S.A. and its future shareholder value, and to guarantee the Company's liquidity in 2009.

The key elements of the package are cost savings of approximately PLN 170m in 2009 and suspension or abandonment of approx. PLN 220m of the investment expenditure planned for 2009, which in effect should improve the LOTOS Group's cash flow by about PLN 390m.

Given the uncertain market situation and limited possibilities to raise financing, the Company's Management Board decided to suspend the implementation of the investment projects provided for in the Company's strategy for 2006–2012, with the capex totalling approximately PLN 2.1bn. The limitations will not affect the key ongoing investment projects under the 10+ Programme, the development of the YME field on the Norwegian Continental Shelf, or the expenditure on the development of the B8 and B23 fields on the Baltic Sea, planned as part of the development programme for Petrobaltic S.A.

The limitations mean an over 25% reduction of the LOTOS Group's total capex planned for 2009-2012, and a nearly 40% capex reduction if the Company's investment commitments connected with the 10+ Programme and the development of the YME field are taken into account. This objective will be achieved by postponing of the implementation of certain projects.

The Company's Management Board will be closely monitoring the market situation and in the event of any significant changes will revise the plans described above.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

8. On February 26th 2009, at the request of LOTOS Asphalt Sp. z o.o., BRE Bank S.A. issued a documentary letter of credit for EUR 500 thousand (the equivalent of PLN 2,353 thousand, translated using the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for February 26th 2009) for the benefit of NARDINI S.p.A. The validity term of the letter of credit expires on June 30th 2009. The letter of credit was issued to secure the performance of a contract related to the construction of a tarpaper production plant.

9. On February 27th 2009, Grupa LOTOS S.A. issued a blank promissory note for the amount of up to PLN 400,000 thousand for the benefit of the Customs Office in Gdańsk to secure the Company's tax liability in connection with the suspended excise tax collection procedure. The blank promissory note is valid through January 13th 2011.

13. Contingent Liabilities

No material changes occurred with respect to contingent liabilities in the period from the end of the previous financial year, i.e. December 31st 2007 (see Note 42 to the consolidated financial statements for 2007, prepared in accordance with the IFRS), except for those listed below:

1. The validity of the blank promissory note of July 5th 2005 for PLN 200,000 thousand, issued to secure Grupa LOTOS S.A.'s tax liability connected with the suspended excise tax collection procedure, was extended until July 7th 2009. The validity term of the blank promissory note, which originally expired on July 7th 2006, was first extended until July 5th 2007 and then was further extended until July 7th 2008.

2. The validity of the blank promissory note of March 16th 2006 for PLN 200,000 thousand, issued to secure Grupa LOTOS S.A.'s tax liability connected with the suspended excise tax collection procedure, was extended until June 16th 2009. The validity term of the blank promissory note, which originally expired on March 16th 2007, was first extended until June 16th 2008.

3. On January 3rd 2007, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of CB&I LUMMUS GmbH in the form of a documentary letter of credit for the amount of EUR 19,034 thousand (the equivalent of PLN 72,843 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 3rd 2007). The original validity term of the guarantee expired on June 30th 2008. On June 24th 2008, the validity term of the letter of credit was extended until September 30th 2008. On September 16th 2008, the validity term of the letter of credit was further extended until October 30th 2008, and subsequently until December 31st 2008. On January 1st 2009, the validity term of the letter of credit was extended until January 31st 2009, and subsequently – until March 31st 2009. As a result of successive draws under the letter of credit, as at December 31st 2008, its value was EUR 346 thousand (the equivalent of PLN 1,444 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for December 31st 2008).

4. On April 27th 2007, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of the Customs Chamber to secure liabilities under customs-duty debts, taxes and other customs-related charges, for the amount of PLN 160,000 thousand. The guarantee expired on May 4th 2008, while the guarantor's liability continued until July 3rd 2008. On May 5th 2008, the value of the guarantee rose to PLN 200,000 thousand. The guarantee expires on May 4th 2009, while the guarantor's liability continues until July 3rd 2009. On December 17th 2008, the value of the guarantee decreased to PLN 125,000 thousand.

5. On July 10th 2007, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee in the form of a stand-by letter of credit for EUR 45,000 thousand (the equivalent of PLN 169,448 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for July 10th 2007) for the benefit of Technip Italy S.p.a. The letter of credit was issued to secure the provision of services connected with the construction of an MHC unit and an amine complex. The original validity term of the guarantee expired on December 31st 2007. On October 19th 2007, the validity term of the letter of credit was extended until June 30th 2008 and the total amount of the letter of credit was raised to EUR 52,313 thousand in the period January 1st – March 31st 2008, and subsequently up to EUR 53,462 thousand in the period April 1st – June 30th 2008. The amount of the stand-by letter of credit in the period July 1st – September 30th 2008 was EUR 47,355 thousand, and in the period October 1st – November 14th 2008 – EUR 45,515 thousand. On November 14th 2008, the letter of credit was cancelled by mutual agreement between the parties.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

6. On January 2nd 2008, at the request of Grupa LOTOS S.A., Bank Pekao S.A. issued a stand-by letter of credit for EUR 39,085 thousand (the equivalent of PLN 140,608 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 2nd 2008) for the benefit of Technip KTI S.p.a, valid through March 31st 2008. The letter of credit was issued to secure the performance of a construction contract related to the amine complex. On April 1st 2008, the validity period of the letter of credit was extended until June 30th 2008 and its amount decreased to EUR 37,634 thousand. The amount of the stand-by letter of credit in the period July 1st – September 30th 2008 was EUR 38,668 thousand, and in the period October 1st – November 4th 2008 – EUR 38,595 thousand. On November 4th 2008, the letter of credit was cancelled by mutual agreement between the parties.

7. On January 16th 2008, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a payment guarantee of USD 10,800 thousand (PLN 26,214 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for January 16th 2008) for the benefit of TOTAL DEUTSCHLAND GmbH in connection with the supply of gasoline. The guarantee expired on May 31st 2008.

8. On April 1st 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 5,195 thousand (the equivalent of PLN 18,240 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 1st 2008) for the benefit of LURGI S.A., valid through June 30th 2008. On July 1st 2008, the amount of the letter of credit was raised to EUR 10,979 thousand and its validity term was extended until September 30th 2008. The letter of credit was issued to secure the performance of a contract related to the construction of a hydrogen generation unit (HGU). On October 1st 2008, the validity term of the letter of credit was extended until December 31st 2008 and its value was again increased – to EUR 14,923 thousand. Then, on January 1st 2009, the validity term of the letter of credit was extended until March 31st 2009, and its amount decreased to EUR 14,234 thousand. Since December 17th 2008, the letter of credit has been financed under the term loan facility granted by the group of financial institutions (see Note 11 to these condensed consolidated financial statements).

9. On April 30th 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 7,230 thousand (the equivalent of PLN 25,019 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2008) for the benefit of LURGI S.A., valid through July 31st 2008. The letter of credit was issued to secure the performance of the EPC contract for the crude and vacuum distillation units (CDU/VDU). On July 31st 2008, the validity period of the letter of credit was extended until October 31st 2008. The value of the stand-by letter of credit was increased to EUR 15,356 thousand. On November 1st 2008, the validity term of the letter of credit was extended until January 31st 2009. The value of the stand-by letter of credit was raised to EUR 20,175 thousand (the equivalent of PLN 71,752 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for November 3rd 2008). On February 1st 2009, the validity term of the letter of credit was extended until April 30th 2009 and its value decreased to EUR 15,647 thousand. Since December 17th 2008, the letter of credit has been financed under the term loan facility granted by the group of financial institutions (see Note 11 to these condensed consolidated financial statements).

10. On May 2nd 2008, at the request of Grupa LOTOS S.A., Bank Millenium S.A. issued a guarantee for PLN 13,200 thousand for the benefit of the Customs Office of Bielsko-Biała as excise security. The guarantee expired on June 30th 2008.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

11. On June 2nd 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a documentary letter of credit for EUR 19,034 thousand (the equivalent of PLN 64,403 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for June 2nd 2008) for the benefit of CB&I LUMMUS GmbH. The original validity term of the letter of credit expired on December 31st 2008. The letter of credit was issued to secure the performance of a contract related to a diesel hydrodesulphurisation unit (HDS). On January 1st 2009, the validity term of the letter of credit was extended, first until January 31st 2009, and then until March 31st 2009. As a result of successive draws under the letter of credit, its value as at December 31st 2008 was EUR 2,913 thousand (the equivalent of PLN 12,154 thousand, translated using the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for December 31st 2008).

12. On June 26th 2008, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a payment guarantee for USD 12,000 thousand (the equivalent of PLN 25,704 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for June 26th 2008) for the benefit of TOTAL DEUTSCHLAND GmbH in connection with the supply of gasoline. The original validity term of the guarantee expired on December 31st 2008. On December 12th 2008, the validity term of the guarantee was extended until January 31st 2009. The guarantee expired with the end of its validity period.

13. On June 27th 2008, at the request of Grupa LOTOS S.A., Bank Millenium S.A. issued a guarantee for PLN 14,500 thousand for the benefit of the Customs Office of Pruszków as excise security. The guarantee expired on August 10th 2008.

14. On September 18th 2008, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a stand-by letter of credit for USD 10,000 thousand (the equivalent of PLN 23,428 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for September 18th 2008) for the benefit of PETROPLUS MARKETING AG. The validity period of the letter of credit expired on October 31st 2008. The letter of credit was issued to secure the payment for diesel oil supplies. The guarantee expired with the end of its validity period.

15. On October 22nd 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. opened a documentary letter of credit for EUR 19,034 thousand (the equivalent of PLN 70,690 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for October 22nd 2008) under the term loan facility granted by the group of financial institutions (see Note 11 to these condensed consolidated financial statements). The letter of credit, issued for the benefit of CB&I LUMMUS GmbH, is valid through June 30th 2009. It was issued to secure the performance of a contract related to a diesel hydrodesulphurisation unit (HDS). As a result of successive draws under the letter of credit, its value as at December 31st 2008 was EUR 11,830 thousand (the equivalent of PLN 49,359 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for December 31st 2008).

16. On December 19th 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. opened a stand-by letter of credit for EUR 500 thousand (the equivalent of PLN 2,057 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for December 19th 2008) under the term loan facility granted by the group of financial institutions (see Note 11 to these condensed consolidated financial statements). The letter of credit, issued for the benefit of LURGI S.A., is valid through May 31st 2009. The letter of credit was issued to secure the performance of a contract related to modernisation of a condensate station and construction of a fuel gas terminal.

17. On April 30th 2008, LOTOS Asfalt Sp. z o.o issued a blank promissory note for the benefit of BRE Bank S.A., valid through the date of repayment of debt and/or termination or expiry of the overdraft facility agreement. The promissory note was issued as security for repayment of the PLN 80,000 overdraft facility. The original validity term of the overdraft facility agreement expired on November 27th 2008. On November 28th 2008, the term of the overdraft facility agreement was extended until November 27th 2009, and the amount of the overdraft facility was reduced to PLN 30,000 thousand. The facility is secured with the blank promissory note, valid through the date of repayment of debt and/or termination or expiry of the overdraft facility agreement.

18. On June 17th 2008, Petrobaltic S.A. issued an unconditional and irrevocable guarantee for the benefit of the government of Norway covering all the activities undertaken by LOTOS Exploration and Production Norge AS as part of its exploration and production operations on the Norwegian Continental Shelf. In the guarantee, Petrobaltic S.A. undertook to assume full financial liability which may arise in connection with LOTOS Exploration and Production Norge AS' activities consisting in exploration for and extraction of natural resources from the sea bottom, including storage and transport, on the Norwegian Continental Shelf using means of transport other than ships.

19. On June 17th 2008, Petrobaltic S.A. issued an unconditional and irrevocable guarantee, payable on first demand, for the benefit of REVUS Energy ASA, securing the performance by LOTOS Exploration and Production Norge AS of its obligations under the agreement concluded with REVUS Energy ASA concerning transfer of interests in PL 316, PL 316B, PL 316CS and PL 316DS licenses on the Norwegian Continental Shelf. Petrobaltic S.A. undertook to pay any amounts which may become due to REVUS Energy ASA as if it they were owed by Petrobaltic S.A.

As a result of the settlement of the agreement between LOTOS Exploration and Production Norge AS and REVUS Energy ASA concerning transfer of interests in PL 316, PL 316B, PL 316CS and PL 316DS licences on the Norwegian Continental Shelf, as described in Note 11 to these condensed consolidated financial statements, the unconditional and irrevocable guarantee issued by Petrobaltic S.A. for the benefit of REVUS Energy ASA expired and the guarantee document was returned by REVUS Energy ASA to Petrobaltic S.A.

20. On August 26th 2008, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration, for the benefit of Petrobaltic S.A., in order to secure the repayment of a loan (see Note VIII to these condensed consolidated financial statements) and any other liabilities that may arise as a result of the execution and performance of the loan agreement. The loan agreement expires on December 31st 2012. The promissory note was issued to secure the repayment of the USD 50m loan (PLN 113m translated at the rate quoted by the National Bank of Poland for August 26th 2008).

21. On December 19th 2008, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration, for the benefit of Petrobaltic S.A., in order to secure the repayment of a loan (see Note VIII to these condensed consolidated financial statements), and any other liabilities that may arise as a result of the execution and performance of the loan agreement. The principal amount of the loan is to be repaid by January 31st 2010. The promissory note was issued to secure the repayment of the USD 10m loan (the equivalent of PLN 29m, translated at the rate quoted by the National Bank of Poland for December 19th 2008).

22. On June 30th 2008, LOTOS Gaz S.A. and ING Bank Śląski concluded a surety agreement whereby LOTOS Gaz S.A. issued a surety for the repayment of a PLN 10,000 thousand loan contracted by KRAK-GAZ Sp. z o.o. (under a loan agreement dated June 24th 2004). On December 16th 2008, KRAK-GAZ Sp. z o.o. repaid the loan and the surety granted by LOTOS Gaz S.A. expired.

23. The validity of a blank promissory note with a promissory note declaration, for the amount of PLN 10,000 thousand, issued by LOTOS Oil S.A. on March 18th 2007, which was submitted to the Customs Office to secure an excise tax liability, was extended until April 30th 2010. The original validity term of the promissory note expired on October 31st 2008.

GRUPA LOTOS S.A.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three and twelve months ended December 31st 2008

24. As at December 31st 2008, LOTOS Jasło S.A. had a blank promissory note securing an excise guarantee for PZU, the Rzeszów branch, for the amount of PLN 5,000 thousand. The validity term of the guarantee expired on January 31st 2009, while the guarantor's liability continues until May 1st 2009.

25. On April 17th 2008, LOTOS Biopaliwa Sp. z o.o. issued and submitted to the Customs Office of Bielsko-Biała two blank promissory notes with promissory note declarations, guaranteed by LOTOS Czechowice S.A., one for the amount of up to PLN 5,921 thousand and the other for the amount of up to PLN 4,263 thousand, as security for its excise tax liabilities. The promissory notes are valid until April 16th 2009.

26. On December 30th 2008, LOTOS Biopaliwa Sp. z o.o. issued and submitted to the Customs Office of Bielsko-Biała a blank promissory note with a promissory note declaration, guaranteed by LOTOS Czechowice S.A., for the amount of up to PLN 4,263 thousand, as security for its excise tax liabilities. The promissory note is valid until April 16th 2009.

27. In connection with the disposal of the shares in Rafineria Nafty GLIMAR S.A. by Grupa LOTOS S.A. (see Note 10 to these condensed consolidated financial statements), the contingent liabilities of Rafineria Nafty GLIMAR S.A. (described in Note 13 to the interim condensed consolidated financial statements of the LOTOS Group for the three and nine months ended September 30th 2008, prepared in accordance with the IFRS, published on November 13th 2008) are not presented in these financial statements.

14. Material Court, Arbitration or Administrative Proceedings, Other Risks of the Parent Undertaking or Its Subsidiaries

No changes have occurred with respect to pending court, arbitration, or administrative proceedings or with respect to other risks of the Parent Undertaking or its subsidiaries since the end of the previous financial year, i.e. December 31st 2007 (see Note 45 to the consolidated financial statements for 2007 prepared in accordance with the IFRS), except for those listed below:

1. On March 21st 2005, the President of the Competition and Consumer Protection Office issued a decision whereby anti-trust proceedings were instigated *ex officio* to investigate the issue of a suspected agreement between Polski Koncern Naftowy ORLEN S.A. of Płock and Grupa LOTOS S.A. of Gdańsk, concerning a simultaneous discontinuation of the production and distribution of the universal U95 gasoline. In the opinion of the Company's Management Board, given that in fact the production and sale of the U95 universal gasoline were not discontinued, the allegations of the Competition and Consumer Protection Office are unfounded. In April 2005, the Management Board motioned for issuing a decision to the effect that Grupa LOTOS S.A. has not been found to use competition inhibiting practices. In July 2005, the Company appealed to the Anti-Monopoly Court against the Competition and Consumer Protection Office's decision limiting access to a part of the evidence gathered in the case. Independent of the appeal, in September 2005, the Company filed another request with the Court to issue a decision to the effect that Grupa LOTOS S.A. does not use monopolistic practices. In October 2005 the Company received another decision of the Competition and Consumer Protection Office concerning limitation of access to a part of the evidence, against which the Company appealed to the Anti-Monopoly Court. The Regional Anti-Monopoly Court dismissed the appeals. Grupa LOTOS S.A. appealed to the Warsaw Court of Appeals against the Regional Anti-Monopoly Court's decisions, but these appeals were dismissed as well. Pursuant to the Court's Decision of April 18th 2007, Grupa LOTOS S.A.'s right of access to evidence in the anti-trust proceedings, namely to the materials obtained during inspections at PKN ORLEN S.A.'s offices, was restricted on the basis of a petition submitted by PKN ORLEN S.A. The restriction concerned the report on inspection of the offices in Warsaw together with appendices to the report, and a part of appendices to the report on inspection of the offices in Płock. Under the same Decision, PKN ORLEN S.A.'s petition was rejected to the extent concerning restriction of Grupa LOTOS S.A.'s right of access to the report on inspection of PKN ORLEN S.A.'s offices in Płock. On April 26th 2007, Grupa LOTOS S.A. filed a complaint against the Decision restricting Grupa LOTOS S.A.'s right of access to the evidence. On May 9th 2007, Grupa LOTOS S.A. received a notice from the Competition and Consumer Protection Office (UOKiK) to provide information on changes to U-95 and Pb95 gasoline prices. The information was sent to UOKiK on the same day. On August 2nd 2007, Grupa LOTOS S.A. sent a notification to UOKiK to the effect that the production of the U95 gasoline had been discontinued. On December 31st 2007, the President of UOKiK imposed a fine of PLN 1,000 thousand on Grupa LOTOS S.A. Consequently, on January 17th 2008 an appeal against the decision was filed with the Regional Court of Warsaw. On September 23rd 2008, the Regional Court of Warsaw - Competition and Consumer Protection Court sent a response by the President of the Competition and Consumer Protection Office to the appeal submitted by Grupa LOTOS S.A. against the of the President's decision. In response to Grupa LOTOS S.A.'s appeal, the President of the Competition and Consumer Protection Office stated that Grupa LOTOS S.A.'s objections both with reference to substantive and procedural laws were unfounded and requested that the complaint be dismissed in its entirety and that the President be awarded the costs of legal representation. As at the date of these condensed consolidated financial statements, the case was pending.

2. On May 18th 2001, PETROECCO JV Sp. z o.o. brought an action against the Company whereby it sought the courts' decision awarding an amount of PLN 6,975 thousand, together with statutory interest from May 1st 1999, as compensation for damage incurred as a result of the Company's monopolistic practices, which involved selling BS base oils in a manner favouring some customers, whose orders were executed to a disproportionately higher extent than the orders of PETROECCO JV Sp. z o.o.

The alleged use of the monopolistic practices by the Company was confirmed by a decision of the Competition and Consumer Protection Office of September 26th 1996, in which the Office ordered the Company to abandon such practices. The Company appealed against the decision. The Provincial Court of Warsaw – the Anti-Monopoly Court, changed, by virtue of its decision of October 22nd 1997, only the wording of the decision and ordered the Company to abandon monopolistic practices. The cassation complaint against this decision filed by the Company was dismissed by the Supreme Court by virtue of its decision of June 2nd 1999.

The Regional Court of Gdańsk, by virtue of its decision of December 21st 2002, dismissed the action for compensation, fully complying with the Company's objection referring to the statute of limitation. However, this decision was overruled on December 4th 2003 by the Gdańsk Court of Appeals, in case No. I ACa 824/03, and submitted for re-examination by the Regional Court of Gdańsk. The Court of Appeals found that the reference to the statute of limitation was not justified. According to the Court, it was only on June 2nd 1999 (the date of the Supreme Court's ruling) that PETROECCO JV Sp. z o.o. became aware that the damage it incurred resulted from monopolistic practices giving rise to the Company's liability in tort, and it is as of that date, in the Court's opinion, that the three-year period of limitation of compensation claims should be counted.

The case is pending before the Regional Court of Gdańsk (First Instance Court) and its file No. is IX GC 134/04. The Company defends itself by raising objections as to the merits of the case (it questions the fact that any damage was incurred by PETROECCO JV Sp. z o.o., the amount of the alleged damage, and the existence of the cause and effect relationship between the monopolistic practices and the damage). Following the hearing of June 2005, the Regional Court of Gdańsk ordered a court expert in accountancy and economics to draw up a report concerning the extent of the damage which the plaintiff incurred as a result of Grupa LOTOS S.A.'s activities. In the issued opinion, the expert witness indicated that based on the materials presented by PETROECCO JV Sp. z o.o. it was impossible to establish the amount of the losses or even state whether the losses were actually incurred. Besides, the expert pointed out that an opinion should be requested from an expert witness in a field other than accountancy. The lack of evidence required to issue such an opinion prevented the plaintiff from causing the appointment of another expert witness. The hearing was held on March 27th 2007. The ruling was scheduled to be announced on April 10th 2007, then postponed until April 20th 2007. Pursuant to the ruling of April 20th 2007, the suit was dismissed. On May 17th 2007, the Company filed an appeal against the decision on the cost of the proceedings. On June 4th 2007, Petroecco filed an appeal against the ruling issued on April 20th 2007. On August 12th 2007, the Company submitted its response to the appeal. On December 20th 2007, the Court dismissed PETROECCO JV Sp. z o.o.'s appeal against the decision of the Regional Court. On March 19th 2008, an enforcement motion was filed with a Court Enforcement Officer against PETROECCO JV Sp. z o.o. The enforcement proceedings are pending. On April 17th 2008, PETROECCO JV Sp. z o.o. lodged a cassation complaint against the ruling issued on December 20th 2007. The complaint was delivered to Grupa LOTOS S.A. on June 17th 2008. On June 30th 2008, Grupa LOTOS S.A. sent a response to the complaint. The case was referred to pre-trial proceedings scheduled for November 14th 2008. On January 14th 2009, the Supreme Court reversed the ruling appealed against and remanded the case for re-examination by the Court of Appeals in Gdańsk. As at the date of publication of these condensed consolidated financial statements, the case was pending.

3. On November 3rd 2005, Grupa LOTOS S.A. was served a nullity suit submitted by the Minister of State Treasury, concerning the agreement of August 18th 1998 between Grupa LOTOS S.A. and Polska Żegluga Morska, a state-owned company, providing for the sale of two shares in Naftoport Sp. z o.o., valued at PLN 3,340 thousand. On April 21st 2006, the Regional Court in Gdańsk, IX Commercial Division, issued a ruling dismissing the claim in its entirety. On June 8th 2006, the Minister of State Treasury appealed against the ruling of April 21st 2006 which dismissed the Minister's petition to declare invalidity of the agreement of August 18th 1998. On June 30th 2006, the Company filed its response to the appeal. On December 28th 2006, the Court of Appeals passed a ruling reversing the challenged decision of April 21st 2006 and declaring the agreement on the sale of two shares in Naftoport Sp. z o.o. as invalid. On April 6th 2007, the Company filed a cassation complaint and a request to stay enforcement of the decision of the second instance. By virtue of the ruling of the Court of Appeals of Szczecin dated April 20th 2007, the request to stay enforcement of the decision of the second instance was dismissed. On August 10th 2007, the Supreme Court issued a decision to accept the cassation complaint for consideration. On November 21st 2007, the Supreme Court issued a decision to remand the case back to the Court of Appeals in Szczecin. The hearing was held on May 7th 2008. The Court dismissed the claim in its entirety and decided that the costs of the proceedings in the amount of PLN 100 thousand would be returned to Grupa LOTOS S.A. The Court's decision became final with effect from May 7th 2008. On August 20th 2008, the State Treasury lodged a cassation complaint. On December 11th 2008, the case files arrived at the Supreme Court, Civil Chamber Division II. As at the date of publication of these condensed consolidated financial statements, the date for a closed session had not been fixed; the case is pending.

4. On July 30th 2007, Petrobaltic S.A. received a decision issued by the Permanent Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk of June 11th 2007 in a case brought by Energobaltic Sp. z o.o. against Petrobaltic S.A. The dispute concerned performance of contract No. EB/PKT – 02/01/2001 of December 17th 2001, whereunder Petrobaltic S.A. was to design and construct a gas transmission line that would deliver gas from its drilling platform to the heat and power plant operated by the plaintiff in Władysławowo. The plaintiff alleged a delay in performance of the contract by the defendant and demanded payment of contractual penalties, whereas the defendant claimed to have performed the contract by the prescribed deadline. The aforementioned decision granted Energobaltic Sp. z o.o.'s claim in its entirety and awarded against the defendant an amount of PLN 1,424 thousand plus statutory interest for the period from July 3rd 2003 until the payment date, as well as an amount of PLN 30 thousand on account of court fees and PLN 7 thousand as reimbursement of the legal representation costs. Given this decision and in view of substantial uncertainty as to the success of a possible appeal, a provision of PLN 2,157 thousand was created. On October 29th 2007, Petrobaltic S.A. lodged a complaint with the Regional Court of Gdańsk to repeal the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk. A hearing concerning Petrobaltic S.A.'s claim to repeal the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk was held on April 9th 2008. By virtue of the decision of March 12th 2008, the Regional Court of Gdańsk, IX Commercial Division, dismissed the motion to stay enforcement of the decision of the Permanent Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk, and by virtue of the decision of April 9th 2008, the Court dismissed Petrobaltic S.A.'s claim to repeal the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk. On April 10th 2008, Petrobaltic S.A. paid a part (PLN 666 thousand) of the amount awarded against it to the bank account of Energobaltic Sp. z o.o. Petrobaltic S.A. decided that the remaining portion of the amount awarded against it would be paid through a set-off of mutual claims under the electricity sales agreement, assuming that a result of the payment and the set-off, the claim expires. However, Energobaltic Sp. z o.o. refused to acknowledge the set-off; it decided to apply the amount paid by Petrobaltic S.A. towards the settlement of default interest, and to collect the remaining part of the principal amount due in court enforcement proceedings. On June 13th 2008, Petrobaltic S.A.'s bank account was attached and the amount of PLN 1,671 thousand was seized based on a notification on commencement of enforcement proceedings (file. ref. No. KM 1233/08). The enforcement was carried out by Court Enforcement Officer for Area III in Gdańsk at the request of Energobaltic Sp. z o.o. Petrobaltic S.A. filed action for payment of PLN 1,620 thousand against Energobaltic Sp. z o.o., which is pending before the Regional Court of Gdańsk, IX Commercial Division, file ref. No. IX GNc 257/08.

The action was brought in connection with Energobaltic Sp. z o.o. having enforced an amount earlier paid by Petrobaltic S.A. in connection with the decision of the Court of Conciliation at the District Chamber of Legal Counsels in Gdańsk of June 11th 2007.

On August 18th 2008, in the course of admonition proceedings, the Regional Court issued an order for payment against Energobaltic Sp. z o.o. for the amount of PLN 1,620 thousand plus statutory interest for the period from June 30th 2008 until the payment date, as well as PLN 27 thousand on account of court fees, including PLN 7 thousand as reimbursement of the legal representation costs, to be paid to Petrobaltic S.A. On September 5th 2008, the defendant lodged an objection against the order. On January 6th 2009, the plaintiff filed a reply to the objection. The case is pending before the Regional Court in Gdańsk, IX Commercial Division, file ref. No. IX GC 409/08.

As at the date of publication of these condensed consolidated financial statements, the case was pending.

5. On March 30th 2006, LOTOS Paliwa Sp. z o.o received a decision of the Gdańsk Tax Office of March 28th 2006 relating to the determination of the value added tax liability for January 2005. Acting pursuant to Art. 109 of the Act on Value Added Tax of March 11th 2004 (Dz. U. No. 54, item 535, as amended), the Head of the Tax Office assessed an additional tax liability against the company, related to the settlement of the purchase of an organised part of business of LOTOS Gaz S.A. (formerly LOTOS Mazowsze S.A.). On July 25th 2006, LOTOS Paliwa Sp. z o.o. received decision of the Head of the Gdańsk Tax Chamber, dated July 21st 2006, in which the Head of the Gdańsk Tax Chamber revoked in full the decision of the Gdańsk Tax Office determining the value added tax liability for January 2005 and assessing an additional tax liability, and remanded the case for re-examination by the Gdańsk Tax Office. On July 6th 2007, LOTOS Paliwa Sp. z o.o. was notified of decision no. PV/4400-96/124/VT/06/AR issued by the Head of the Gdańsk Tax Office, stating that the amount of tax difference to be refunded to the company was exceeded by PLN 23 thousand and requiring the company to additionally pay PLN 7 thousand on account of tax. LOTOS Paliwa Sp. z o.o. decided not to appeal against the decision as it considered it favourable for the company. According to a previous decision relating to the same matter and issued on March 28th 2006 (decision no. PV/440-95/124/VT/AG), the Head of the Gdańsk Tax Office decided that the company had understated its tax liability by PLN 24,055 thousand and obliged the company to additionally pay PLN 7,850 on account of tax (the decision was later repealed by virtue of a decision issued by the Head of the Tax Chamber in Gdańsk on July 21st 2006).

On July 6th 2007, the Head of the Gdańsk Tax Office issued decision No. VT/440-185/07/WP/DP on instigation of tax proceedings against LOTOS Paliwa Sp. z o.o to investigate the correctness of VAT settlements for March 2005. On September 11th 2007, LOTOS Paliwa Sp. z o.o. received a decision of the Gdańsk Tax Office of September 10th 2007 relating to the determination of the value added tax liability for March 2005. Acting pursuant to Art. 109 of the Act on Value Added Tax of March 11th 2004 (Dz. U. No. 54, item 535, as amended), the Head of the Tax Office assessed an additional tax liability against the company, related to the settlement of the purchase of an organised part of business of LOTOS Gaz S.A. Decision No. PV/4400-170/185/VT/07/DP stated that the amount of tax difference to be refunded was exceeded by PLN 26,141 thousand and required the company to pay an additional PLN 7,842 thousand on account of tax for March 2005. The amounts specified in the decision were paid by LOTOS Paliwa Sp. z o.o. On September 24th 2007, the company appealed against the decision of the Gdańsk Tax Office.

On January 18th 2008, the Head of the Tax Chamber of Gdańsk issued decision No. PC/4407-660/07/13 upholding decision No. PV/4400-96/124/VT/06/AR of the Head of the Gdańsk Tax Office, dated September 10th 2007, stating that the excess of input VAT over output VAT for March 2005 was PLN 5,292 thousand and that the amount of tax difference to be returned was PLN 5,292 thousand, and requiring the company to additionally pay PLN 7,842 thousand on account of value added tax for March 2005. On February 1st 2008, LOTOS Paliwa Sp. z o.o. appealed to the Provincial Administrative Court of Gdańsk against decision No. PC/4407-660/07/13 issued by the Head of the Tax Chamber of Gdańsk.

The decision concerns the right to reduce the tax amount due as settlement for the month in which the seller was provided by the buyer with a confirmation of receipt of an adjusting invoice, arising from settlement of the acquisition of LOTOS Gaz S.A., and compliance of additional tax sanctions in this respect with the constitution. As regards potential tax liabilities under the sanctions connected with the settlement of acquisition of an organised part of LOTOS Gaz S.A.'s business and corrections related to the VAT-7 tax returns, taking into account the results of legal and tax analyses, including the analysis carried out by external tax advisers, the Management Board of LOTOS Paliwa is of opinion that there is hardly any risk of unfavourable outcome of the dispute with the tax authorities, therefore no provisions were created in the financial statements with regard to these potential additional liabilities.

On June 24th 2008, a hearing was held before the Provincial Administrative Court of Gdańsk, whose judgement reversed the appealed decision of the Head of the Tax Chamber of Gdańsk and declared it unenforceable, awarding the costs of the proceedings against the Head of the Tax Chamber of Gdańsk.

On July 31st 2008, the Head of the Gdańsk Tax Chamber filed to the Supreme Administrative Court of Warsaw a cassation complaint against the decision of the Provincial Administrative Court of Gdańsk dated June 24th 2008. As at the date of these condensed consolidated financial statements, the case was pending.

6. At LOTOS Czechowice S.A., the Head of the Customs Office of Bielsko-Biała carried out an inspection to determine the correct amount of excise tax payable for the period from January 1st 2004 to September 30th 2004, in connection with the sale of oil for B ceramic moulds. As a result of the inspection, fiscal proceedings were instigated on May 18th 2005 on an ex officio basis. On May 5th 2006, LOTOS Czechowice S.A. received four decisions issued by the Head of the Customs Office of Bielsko-Biała, determining the excise tax liability for January, February, and March 2004. The proceedings aimed at determining the excise tax liability for April 2004 were discontinued. On May 19th 2006, the company filed with the Director of the Customs Chamber an appeal against the aforementioned decisions as well as requests to stay execution of the decisions. In August 2006, the company received decisions issued by the Head of the Customs Office, which discontinued the proceedings concerning excise tax for May–September 2004. On October 17th 2006, LOTOS Czechowice S.A. received the decision of the Director of the Customs Chamber of Katowice, setting the deadline by which the appeals against the decisions issued by the Head of the Customs Office of Bielsko-Biała, determining the excise tax liability for January–March 2004, would be considered, i.e. December 13th 2006. In the decision of February 9th 2007, Director of the Customs Chamber of Katowice set the deadline for resolving the case at April 13th 2007. By virtue of the decision of June 17th 2007, Director of the Katowice Customs Chamber set yet another deadline for resolving the case – August 13th 2007, and pursuant to its most recent decision of August 13th 2007, the Director of the Customs Office of Katowice set October 13th 2007 as the deadline for considering the appeal. On October 19th 2007, LOTOS Czechowice S.A. received three decisions issued by the Director of the Customs Chamber of Katowice, repealing in full the decisions determining the amount of excise tax liability for January, February, and March 2004, passed by the Head of the Customs Office of Bielsko-Biała. The case is to be reconsidered by the first instance body. On November 19th 2007, LOTOS Czechowice S.A. filed with the Provincial Administrative Court three complaints against the decisions issued by the Director of the Customs Chamber of Katowice which repealed the decisions of the Head of the Customs Office of Bielsko-Biała and remanded the cases back to the Head of the Customs Office of Bielsko-Biała. On April 2nd 2008, court hearings were held concerning the aforementioned complaints, and rulings were issued whereby the complaints were dismissed. After LOTOS Czechowice S.A. had requested and received the written statements of reasons, the Management Board resolved not to file a complaint to the Supreme Administrative Court. As a result, the cases were remanded back to the first instance body, i.e. to the Head of the Customs Office of Bielsko-Biała, and will be re-examined.

By virtue of its decisions of January 7th 2009, the Head of the Customs Office in Bielsko-Biała set March 18th 2009 as a new deadline for resolving the cases concerning the excise tax liability for the period January – March 2004. As at the date of these condensed consolidated financial statements, the case was pending.

In relation to the potential excise tax liabilities for the period January–March 2004, taking into account the conducted legal and tax analyses, including the analyses carried out by external tax advisers as well as an expert witness designated by the Director of the Customs Chamber, LOTOS Czechowice S.A. is of opinion that there is very little any risk of unfavourable outcome of the dispute with the tax authorities, therefore no provisions were created in the financial statements with regard to these potential liabilities.

7. On April 12th 2006, the Head of the Customs Office in Bielsko-Biała instigated proceedings concerning LOTOS Czechowice S.A. to determine the correct amount of the excise tax payable for the period September 1st – December 31st 2003, in connection with the sale of oil for B ceramic moulds. Before conclusion of the proceedings, it is difficult to determine whether the excise tax liabilities will be reassessed, and if so, what their amounts will be. By virtue of the decision of March 19th 2006, the Head of the Customs Office in Bielsko-Biała set the deadline for resolving the case at May 30th 2007. By virtue of the decision of August 13th 2007, the Head of the Customs Office in Bielsko-Biała set another deadline for resolving the case – October 17th 2007. By virtue of the decision issued on January 1st 2008, the Head of the Customs Office of Bielsko-Biała set June 30th 2008 as the new date for resolving the case. By virtue of the decisions of June 27th 2008, the Head of the Customs Office of Bielsko-Biała set August 31st 2008 as the new deadline for resolving the case concerning excise tax payable for the period September – December 2003, but under later decisions of September 3rd 2008 the deadline was extended again – until October 31st 2008.

On November 13th 2008, the Head of the Customs Office in Bielsko-Biała issued decisions determining the amounts of excise tax liability for September, October, November and December 2003, which exceeded the excise tax liability amounts reported by LOTOS Czechowice S.A. in its tax returns:

- by PLN 3,588 thousand – with respect to the tax liability for September 2003,
- by PLN 12,189 thousand – with respect to the tax liability for October 2003,
- by PLN 8,887 thousand – with respect to the tax liability for November 2003,
- by PLN 6,223 thousand – with respect to the tax liability for December 2003.

On November 21st 2008, LOTOS Czechowice S.A. filed a request with the Head of the Customs Office in Bielsko-Biała to stay enforcement of the decision related to the excise tax liability for September – December 2003. On December 1st 2008, LOTOS Czechowice S.A. filed an appeal against the decision issued by the Head of the Customs Office determining the excise tax liabilities in amounts exceeding those declared by the company, with the Director of the Customs Chamber in Katowice, through the agency of the Head of the Customs Office in Bielsko-Biała. On December 4th 2008, the Director of the Customs Chamber in Katowice initiated enforcement proceedings against LOTOS Czechowice S.A. by issuing enforcement orders with respect to the decisions of the Head of the Customs Office in Bielsko-Biała regarding excise tax liabilities for September – December 2003, and by seizing the amounts owed from LOTOS Czechowice S.A.'s bank accounts. The additional excise tax liability amounts payable under the decisions were increased by the costs of enforcement proceedings in the total amount of PLN 2,460 thousand and late interest determined as at the date of issuing the enforcement orders in the total amount of PLN 10,121 thousand.

On December 12th 2008, the company filed requests with the Director of the Customs Chamber in Katowice to stay the enforcement proceedings instigated by virtue of the enforcement orders.

On December 12th 2008, the Head of the Customs Office in Bielsko-Biała granted the request filed by the company on November 21st 2008 and issued Decision to stay enforcement of the decision concerning the excise tax liability for December 2003.

On the same day, the Director of the Customs Chamber in Katowice issued decisions to stay enforcement of the decisions concerning the excise tax liabilities for the period September – November 2003, and, invoking the decisions to stay enforcement of the Customs Office Head's decisions concerning the period September – December 2003, issued decisions to suspend the enforcement proceedings.

On December 15th 2008, the Director of the Customs Chamber in Katowice filed eight requests with the District Court of Pszczyna, along with enforcement orders, to register compulsory ordinary mortgages each with the value of PLN 5,446 thousand (PLN 43,569 thousand in total) encumbering LOTOS Czechowice S.A.'s properties in the relevant Land and Mortgage Register entries.

On December 17th and 18th 2008, the District Court of Pszczyna registered the seven ordinary compulsory mortgages as was requested. On December 23rd 2008, the Court resolved to dismiss one of the requests filed by the Director of the Customs Chamber in Katowice on the grounds of having encountered obstacles in registration (inconsistencies between the contents of the Land and Mortgage Register entry and the request).

On February 23rd 2008, LOTOS Czechowice S.A. received four decisions of the Director of the Customs Chamber in Katowice repealing the earlier decisions of the Head of the Customs Office in Bielsko-Biala and remanding the cases for re-examination. As at the date of these condensed consolidated financial statements, the case was pending.

In relation to the potential excise tax liabilities for the period September–December 2003, taking into account the conducted legal and tax analyses, including the analyses carried out by external tax advisers as well as an expert witness designated by the Director of the Customs Chamber, LOTOS Czechowice S.A. is of opinion that there is very little risk of unfavourable outcome of the dispute with the tax authorities, therefore no provisions were created in the financial statements with regard to these potential liabilities.

8. On December 4th 2003, in the course of payment order proceedings, the Regional Court of Krosno issued a decision in favour of LOTOS Jaslo S.A., whereby it ordered payment of PLN 4,829 thousand, together with interest, representing claims under unpaid invoices for goods sold (file No. VIII GNc 292/03). The order for payment became final. Due to the fact that on April 2nd 2004 the debtor was declared bankrupt, with a possibility of concluding an arrangement, LOTOS Jaslo S.A. submitted to the judge-commissioner its claims in the total amount of PLN 7,668 thousand, including: (i) PLN 6,138 thousand – outstanding principal of the payment due for the goods sold; (ii) PLN 1,498 thousand – delayed payment interest; and (iii) PLN 32 thousand – costs of litigation before the Regional Court of Krosno related to the case. The claims of up to PLN 2,580 thousand, including the principal and interest, are not subject to the arrangement as they are secured on the bankruptcy estate by a security (deposit) mortgage (*hipoteka kaucyjna*). As at December 31st 2008, subject to the execution of the terms of the arrangement, the amount receivable was PLN 1,110 thousand.

15. Issue, Redemption and Repayment of Debt and Equity Securities

No debt or equity securities were issued, redeemed or repaid in the period between January 1st and December 31st 2008.

SUPPLEMENTARY INFORMATION PROVIDED UNDER THE REGULATION OF THE MINISTER OF FINANCE ON CURRENT AND PERIODIC INFORMATION TO BE PUBLISHED BY ISSUERS OF SECURITIES, DATED OCTOBER 19TH 2005

Pursuant to Par. 91 of the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities, dated October 19th 2005, (Dz.U. of 2005, No. 209, item 1744), the Management Board of Grupa LOTOS S.A. hereby releases the following information:

I Organisation of the LOTOS Group and Consolidated Undertakings

The structure of the LOTOS Group as well as the consolidated undertakings are presented in Note 2 to these condensed consolidated financial statements for the three and twelve months ended December 31st 2008.

II Effects of Changes in the Structure of the LOTOS Group

Q4 2008 saw no changes in the structure of the LOTOS Group, except for those disclosed in Note 10 to these condensed consolidated financial statements.

III Seasonal or Cyclical Nature of the Company's Business in Q4 2008

In Q4 2008, the operations of Grupa LOTOS S.A. were not affected by seasonality or cyclicity.

IV Issue, Redemption or Repurchase of Debt and Equity Securities in Q4 2008

In Q4 2008, no debt or equity securities were issued, redeemed or repurchased.

V Shareholders Holding 5% or More of the Total Vote at the General Shareholders Meeting of the Parent Undertaking as at the Date of this Report

As at the date of this report, the shareholder structure of Grupa LOTOS S.A. was as follows:

	Number of shares	Number of votes	Par value of shares (PLN)	% of share capital held ⁽¹⁾
State Treasury	7,878,030	7,878,030	7,878,030	6.93 %
Nafta Polska S.A.	59,025,000	59,025,000	59,025,000	51.91 %
Other	46,796,970	46,796,970	46,796,970	41.16 %
Total	113,700,000	113,700,000	113,700,000	100.00 %

⁽¹⁾ The percentage of share capital held equals the percentage share in the total vote.

From the date of the previous quarterly report until the publication date of this report, there were no changes in Grupa LOTOS S.A.'s share capital structure or with respect to its shareholders holding 5% or more of the total vote at the Company's General Shareholders Meeting .

The share capital comprises 113,700,000 ordinary shares, fully paid-up, with a par value of PLN 1 per share. Each share confers the right to one vote at the General Shareholders Meeting and carries the right to dividend.

VI Changes in the Number of the Company Shares or Rights to the Company Shares Held by the Management and Supervisory Staff, in Accordance with the Information Available to the Company

	As at the date of previous quarterly report	Acquisition	Sale	Other	As at Feb 16 2009
Marek Sokołowski, Vice-President of the Management Board, Production and Development Director	8,636	-	-	-	8,636
Total	8,636	-	-	-	8,636

To the best of the Company's knowledge, members of the Supervisory Board do not hold any Company shares or rights to the Company shares.

VII Material Court, Arbitration or Administrative Proceedings and other Risks Concerning the Parent Undertaking or its Subsidiary Undertakings

There are no pending court, arbitration or administrative proceedings concerning liabilities or claims with a value equal to or exceeding 10% of the Company's equity.

Material court, arbitration or administrative proceedings and other risks concerning the Parent Undertaking or its subsidiary undertakings are described in Note 14 to these condensed consolidated financial statements.

VIII Information on Non-Recurring Transactions between Related Undertakings of the Group

In the period January 1st–December 31st 2008, no non-recurring transactions with a value exceeding the PLN equivalent of EUR 500 thousand occurred between the related undertakings of the Group, apart from the transactions described below and in Note 12 to these condensed consolidated financial statements.

As part of a cooperation agreement between Petrobaltic S.A. and LOTOS Exploration and Production Norge AS concerning cooperation in the area of financing of production projects, on August 26th 2008 Petrobaltic S.A. signed an agreement to grant a loan in the amount of USD 50m (the equivalent of PLN 113m, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 26th 2008) to LOTOS Exploration and Production Norge AS. The loan will be used to finance the launch of the YME Production Project, i.e. the cost of crude oil price hedging transactions and the price of the acquired interests in the Project (including the refinancing of the deposit and the cost of capital) and to finance the capital expenditure on the Project, including the cost of capital (together with the interest on the loan)².

Until August 28th 2008, Petrobaltic S.A. disbursed the entire loan to LOTOS Exploration and Production Norge AS. The repayment of the loan principal was divided into three instalments: the amount of USD 25m is to be repaid by December 31st 2010, USD 12.5m – by December 31st 2011 and USD 12.5m – by December 31st 2012.

On December 19th 2008, Petrobaltic S.A. signed an agreement to grant a loan in the amount of USD 10m (the equivalent of PLN 29m, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for December 19th 2008) to LOTOS Exploration and Production Norge AS. The loan will be used to finance the continuation of the YME Production Project (under the PL316 license), in particular the capital expenditure on the Project, including the cost of capital (together with the interest on the loan).

By December 30th 2008, Petrobaltic S.A. disbursed the entire loan to LOTOS Exploration and Production Norge AS. The loan principal is to be repaid by January 31st 2010.

LOTOS Exploration and Production Norge AS created security in the form of blank promissory notes with "protest waived" clauses and a promissory note declarations, for the benefit of Petrobaltic S.A., in order to secure the repayment of the loans (including principal, interest and default interest, if any) and any other liabilities that may arise as a result of the execution and performance of the loan agreements described above (see Note 13 to these condensed consolidated financial statements).

IX Information on Loan or Borrowing Sureties or Guarantees Issued by the Parent Undertaking or Its Subsidiaries, where the Aggregate Value of Such Sureties or Guarantees Issued to a Single Entity or Its Subsidiaries Represents 10% or More of the Company's Equity

In the period from January 1st to December 31st 2008, the Parent Undertaking and its subsidiaries issued no loan sureties or guarantees to any entity or its subsidiary whose value would represent 10% or more of the Company's equity, apart from those described in Note 13 to these condensed consolidated financial statements.

X Information Material for the Assessment of the Personnel, Assets, Financial Standing and the Financial Result of the Group and their Changes, and for the Assessment of the Parent Undertaking's Ability to Fulfil Its Obligations

There is no other information material for the assessment of the personnel, assets, financial standing and the financial result of the Group and their changes, or for the assessment of the Group's ability to fulfil its obligations, apart from the information contained in other sections of these condensed consolidated financial statements and in the notes to these financial statements.

XI Management Board's Position Regarding the Feasibility of Meeting Forecasts Published Earlier for a Given Year in the Light of the Results Presented in the Quarterly Report in Relation to the Forecast Results

Grupa LOTOS S.A.'s Management Board has not published any forecasts concerning the Company's performance in 2008.

On February 4th 2009, in Current Report No. 3/2009 Grupa LOTOS S.A. published selected consolidated operational and financial estimates of the LOTOS Group for Q4 2008 and the entire year 2008.

LOTOS Group's estimated operating loss for 2008 was approx. PLN (190) million. The difference between the estimated operating loss as published in the Current Report and the actual result disclosed in these financial statements follows from an approx. PLN 16 million decrease in cost of sales, a PLN 7.5 million reduction in other operating expenses and the reclassification of PLN 24.5 million foreign exchange differences related to liabilities under investment projects from cost of sales to financial expenses.

XII Factors with a Bearing on the LOTOS Group's Results in the Next Quarter or in a Longer Term, according to Grupa LOTOS S.A.'s Assessment

The Management Board believes that the factors presented below will have a bearing on the Company's and the Group's results in the next quarter of 2009 or in a longer time horizon:

- oil and petroleum products prices
- PLN/USD exchange rate
- supply and demand for petroleum products
- PLN/EUR exchange rate
- since January 1st 2008, producers and importers have been required to achieve the National Target Ratio specifying the minimum content of bio-components in fuels marketed in Poland
- adoption of the anti-crisis package
- overhaul shutdown, scheduled to start in mid-March 2009.

XIII Signatures of the Management Board Members and the Person Responsible for Keeping the Accounting Books of Grupa LOTOS S.A.

President of the Management Board, CEO	
	Paweł Olechnowicz
Vice-President of the Management Board, Chief Financial Officer	
	Mariusz Machajewski
Vice-President of the Management Board, Production and Development Director	
	Marek Sokołowski
Chief Accountant	
	Tomasz Południewski