



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

## **THE LOTOS GROUP**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31ST 2009  
PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL  
REPORTING STANDARDS**

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**THE LOTOS GROUP  
FINANCIAL HIGHLIGHTS**

**FINANCIAL HIGHLIGHTS – CONSOLIDATED**

THE LOTOS GROUP	PLN'000		EUR'000	
	Q1 cumulatively Jan 1 – Mar 31 2009	Q1 cumulatively Jan 1 – Mar 31 2008 (comparable data)	Q1 cumulatively Jan 1 – Mar 31 2009	Q1 cumulatively Jan 1 – Mar 31 2008 (comparable data)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	2,716,635	3,561,473	590,650	1,001,145
Operating profit	1,738	94,699	378	26,620
Pre-tax profit/ (loss)	(789,829)	350,100	(171,724)	98,415
Profit/ (loss) from continuing operations	(666,347)	278,757	(144,877)	78,360
Profit/ (loss) from continuing operations attributable to equity holders of the parent	(658,980)	267,916	(143,275)	75,312
Profit/ (loss) from continuing operations attributable to minority interests	(7,367)	10,841	(1,602)	3,047
Total comprehensive income	(547,168)	275,161	(118,965)	77,349
Comprehensive income attributable to owners of the parent	(539,801)	264,320	(117,363)	74,301
Comprehensive income attributable to minority interests	(7,367)	10,841	(1,602)	3,047
Net cash provided by/(used in) operating activities	56,638	83,524	12,314	23,479
Net cash provided by/(used in) investing activities	(862,234)	(429,986)	(187,467)	(120,871)
Net cash provided by/(used in) financing activities	619,485	479,001	134,688	134,649
Total net cash flow	(183,203)	125,877	(39,832)	35,385
Basic earnings/ (loss) per ordinary share (PLN/EUR)	(5.80)	2.36	(1.26)	0.66
Diluted earnings/ (loss) per ordinary share (PLN/EUR)	-	-	-	-
	PLN'000		EUR'000	
	As at Mar 31 2009	As at Dec 31 2008	As at Mar 31 2009	As at Dec 31 2008
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	13,014,219	12,201,998	2,768,217	2,924,455
Equity attributable to owners of the parent	4,864,334	5,404,135	1,034,678	1,295,210
Equity attributable to minority interests	388,479	395,917	82,632	94,890
Total equity	5,252,813	5,800,052	1,117,311	1,390,100

**FINANCIAL HIGHLIGHTS – NON-CONSOLIDATED**

GRUPA LOTOS S.A.	PLN'000		EUR'000	
	Q1 cumulatively Jan 1 – Mar 31 2009	Q1 cumulatively Jan 1 – Mar 31 2008 (comparable data)	Q1 cumulatively Jan 1 – Mar 31 2009	Q1 cumulatively Jan 1 – Mar 31 2008 (comparable data)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	2,436,383	3,348,838	529,718	941,372
Operating profit/ (loss)	(46,332)	66,050	(10,073)	18,567
Pre-tax profit/ (loss)	(759,773)	318,970	(165,190)	89,664
Profit/ (loss) from continuing operations	(620,907)	257,985	(134,997)	72,521
Total comprehensive income	(620,907)	257,985	(134,997)	72,521
Net cash provided by/(used in) operating activities	182,048	86,087	39,581	24,199
Net cash provided by/(used in) investing activities	(682,595)	(402,275)	(148,410)	(113,081)
Net cash provided by/(used in) financing activities	638,820	482,663	138,892	135,679
Total net cash flow	138,546	163,353	30,123	45,919
Basic earnings/(loss) per ordinary share (PLN/EUR)	(5.46)	2.27	(1.19)	0.64
Diluted earnings/(loss) per ordinary share (PLN/EUR)	-	-	-	-
	PLN'000		EUR'000	
	As at Mar 31 2009	As at Dec 31 2008	As at Mar 31 2009	As at Dec 31 2008
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	10,432,934	9,491,020	2,219,159	2,274,715
Equity	3,778,904	4,399,811	803,800	1,054,504

Items of the balance sheet as at March 31st 2009 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 4.7013. Items of the income statement and the cash-flow statement for the first quarter of 2009 contained in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 4.5994 (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 – March 31st 2009).

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 first quarter of 2008 contained in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 3.5574 (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 – March 31st 2008).

**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2009 and December 31st 2008

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(PLN '000)	Mar 31 2009 (unaudited)	Dec 31 2008 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,953,915	5,532,612
Prepayments for tangible assets under construction	857,014	1,200,713
Goodwill	45,562	45,562
Intangible assets	81,574	55,921
Investment property	4,825	4,898
Investments in associates	73,488	73,488
Non-current financial assets	26,516	26,516
Deferred tax assets	267,114	132,223
Other non-current assets, including:	21,672	21,911
- non-current receivables	8,777	9,152
- prepayments and accrued income	12,895	12,759
	-----	-----
<b>Total non-current assets</b>	<b>8,331,680</b>	<b>7,093,844</b>
	-----	-----
<b>Current assets</b>		
Inventories	2,509,346	2,447,247
Trade and other receivables	1,280,585	1,364,881
Current tax receivable	48,908	199,971
Prepayments and accrued income	70,828	45,863
Current financial assets	300,530	328,760
Cash and cash equivalents	463,927	712,801
	-----	-----
<b>Total current assets</b>	<b>4,674,124</b>	<b>5,099,523</b>
	-----	-----
<b>Assets held for sale</b>	<b>8,415</b>	<b>8,631</b>
	-----	-----
	=====	=====
<b>Total assets</b>	<b>13,014,219</b>	<b>12,201,998</b>
	=====	=====

**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2009 and December 31st 2008

(PLN '000)	Mar 31 2009 (unaudited)	Dec 31 2008 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings	3,652,150	4,311,130
Translation of foreign operations	127,533	8,354
	-----	-----
<b>Equity attributable to owners of the parent</b>	<b>4,864,334</b>	<b>5,404,135</b>
	-----	-----
<b>Equity attributable to minority interests</b>	<b>388,479</b>	<b>395,917</b>
	-----	-----
<b>Total equity</b>	<b>5,252,813</b>	<b>5,800,052</b>
	-----	-----
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	4,786,489	3,412,245
Long-term provisions	274,259	267,903
Deferred tax liabilities	9,681	10,411
Other financial and other liabilities	8,924	9,961
	-----	-----
<b>Total non-current liabilities</b>	<b>5,079,353</b>	<b>3,700,520</b>
	-----	-----
<b>Current liabilities</b>		
Trade and other payables and accruals and deferred income	1,734,419	1,886,440
Current tax payable	3,176	8,069
Interest-bearing loans and borrowings	509,866	507,360
Short-term provisions	81,864	80,470
Other financial liabilities	352,728	219,087
	-----	-----
<b>Total current liabilities</b>	<b>2,682,053</b>	<b>2,701,426</b>
	-----	-----
<b>Total liabilities</b>	<b>7,761,406</b>	<b>6,401,946</b>
	=====	=====
<b>Total equity and liabilities</b>	<b>13,014,219</b>	<b>12,201,998</b>
	=====	=====

**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the three months ended March 31st 2009 and March 31st 2008

(PLN '000)	3 months ended	3 months ended
	Mar 31 2009	Mar 31 2008
	(unaudited)	(unaudited)
Sales revenue	2,716,635	3,561,473
Cost of sales	(2,475,352)	(3,214,096)
<b>Gross profit</b>	<b>241,283</b>	<b>347,377</b>
Other operating income	11,471	4,937
Selling costs	(158,864)	(161,052)
General and administrative expenses	(84,470)	(87,322)
Other operating expenses	(7,682)	(9,241)
<b>Operating profit</b>	<b>1,738</b>	<b>94,699</b>
Finance income	6,315	398,155
Finance expenses	(797,882)	(142,754)
<b>Pre-tax profit/(loss)</b>	<b>(789,829)</b>	<b>350,100</b>
Corporate income tax	123,482	(71,343)
<b>Net profit/(loss) from continuing operations</b>	<b>(666,347)</b>	<b>278,757</b>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	119,179	(3,596)
<b>Other comprehensive income, net</b>	<b>119,179</b>	<b>(3,596)</b>
<b>Total comprehensive income</b>	<b>(547,168)</b>	<b>275,161</b>
<b>Net profit/(loss) attributable to:</b>		
Owners of the parent	(658,980)	267,916
Minority interests	(7,367)	10,841
	<b>(666,347)</b>	<b>278,757</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	(539,801)	264,320
Minority interests	(7,367)	10,841
	<b>(547,168)</b>	<b>275,161</b>
<b>Net earnings/(loss) per share (PLN)</b>		
- basic	(5.80)	2.36
- diluted	-	-

**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the three months ended March 31st 2009 and March 31st 2008

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(PLN '000)	3 months ended Mar 31 2009	3 months ended Mar 31 2008 (comparable data)
	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>		
<b>Net profit/(loss) from continuing operations</b>	<b>(666,347)</b>	<b>278,757</b>
Adjustments:		
Depreciation and amortisation	73,305	79,611
Foreign exchange (gains)/losses	577,130	(59,979)
Net interest and dividend paid	11,547	6,856
(Profit)/loss on investing activities	151,341	133,080
Income tax paid	(25,075)	(71,411)
Current income tax	(123,482)	71,343
Decrease in receivables	76,537	75,149
(Increase) in inventories	(62,103)	(292,284)
(Decrease)/increase in liabilities and accruals and deferred income	(19,398)	146,296
Increase/(decrease) in provisions	7,750	(1,517)
(Increase) in prepayments and accrued income	(19,779)	(20,513)
Settlement of financial instruments	75,212	(261,864)
	-----	-----
<b>Net cash provided by/(used in) operating activities</b>	<b>56,638</b>	<b>83,524</b>
	-----	-----
<b>Cash flows from investing activities</b>		
Interest received	4,061	6,179
Sale/ (purchase) of property, plant and equipment and intangible assets	(735,900)	(127,147)
Sale/ (purchase) of current financial assets	(17)	572
Prepayments for tangible assets under construction	(130,378)	(309,606)
Other items, net	-	16
	-----	-----
<b>Net cash provided by/(used in) investing activities</b>	<b>(862,234)</b>	<b>(429,986)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Increase in loans and borrowings	760,043	231,994
Repayment of loans and borrowings	(19,664)	(6,982)
Interest paid	(45,362)	(7,698)
Decrease in finance lease liabilities	(219)	(177)
Settlement of financial instruments	(75,212)	261,864
Other items, net	(101)	-
	-----	-----
<b>Net cash provided by/(used in) financing activities</b>	<b>619,485</b>	<b>479,001</b>
	-----	-----
Effect of exchange rate fluctuations on cash held	2,908	(6,662)
	=====	=====
<b>Change in net cash</b>	<b>(183,203)</b>	<b>125,877</b>
	=====	=====
<b>Cash at beginning of period</b>	<b>338,353</b>	<b>477,104</b>
	=====	=====
<b>Cash at end of period</b>	<b>155,150</b>	<b>602,981</b>
	=====	=====
- restricted cash	147,061	20,275

**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended March 31st 2009 and March 31st 2008

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings	Translation of foreign operations	Equity attributable to owners of the parent	Equity attributable to minority interests	Total equity
<b>Jan 1 2008 (audited)</b>	113,700	970,951	4,746,221	(14,645)	5,816,227	334,691	6,150,918
Total comprehensive income for the three months ended Mar 31 2008	-	-	267,916	(3,596)	264,320	10,841	275,161
<b>Mar 31 2008 (unaudited)</b>	113,700	970,951	5,014,137	(18,241)	6,080,547	345,532	6,426,079
<b>Jan 1 2009 (audited)</b>	113,700	970,951	4,311,130	8,354	5,404,135	395,917	5,800,052
Total comprehensive income for the three months ended Mar 31 2009	-	-	(658,980)	119,179	(539,801)	(7,367)	(547,168)
Other	-	-	-	-	-	(71)	(71)
<b>Mar 31 2009 (unaudited)</b>	113,700	970,951	3,652,150	127,533	4,864,334	388,479	5,252,813



Grupa LOTOS S.A.  
**STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2009 and December 31st 2008

**STATEMENT OF FINANCIAL POSITION**

(PLN '000)	<b>Mar 31 2009</b>	<b>Dec 31 2008</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,593,692	3,401,685
Prepayments for tangible assets under construction	857,747	1,194,489
Intangible assets	45,101	46,382
Financial assets	668,986	668,986
Deferred tax assets	197,093	58,227
	-----	-----
<b>Total non-current assets</b>	<b>6,362,619</b>	<b>5,369,769</b>
	-----	-----
<b>Current assets</b>		
Inventories	2,286,259	2,273,445
Trade and other receivables	1,237,470	1,197,452
Current tax receivable	-	177,252
Prepayments	24,405	18,138
Current financial assets	274,074	302,250
Cash and cash equivalents	248,107	152,714
	-----	-----
<b>Total current assets</b>	<b>4,070,315</b>	<b>4,121,251</b>
	-----	-----
	=====	=====
<b>Total assets</b>	<b>10,432,934</b>	<b>9,491,020</b>
	=====	=====

**Grupa LOTOS S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**as at March 31st 2009 and December 31st 2008**

(PLN '000)	<b>Mar 31 2009</b>	<b>Dec 31 2008</b>
	(unaudited)	(audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	113,700	113,700
Statutory reserve funds	970,951	970,951
Retained earnings	2,694,253	3,315,160
<b>Total equity</b>	<b>3,778,904</b>	<b>4,399,811</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	4,486,062	3,098,491
Long-term provisions	29,035	28,665
Other financial liabilities	359	359
<b>Total non-current liabilities</b>	<b>4,515,456</b>	<b>3,127,515</b>
<b>Current liabilities</b>		
Trade payables, accruals and deferred income, and other liabilities	1,421,962	1,394,575
Interest-bearing loans and borrowings	333,530	314,478
Short-term provisions	41,258	41,617
Other financial liabilities	341 824	213,024
<b>Total current liabilities</b>	<b>2,138,574</b>	<b>1,963,694</b>
<b>Total liabilities</b>	<b>6,654,030</b>	<b>5,091,209</b>
<b>Total equity and liabilities</b>	<b>10,432,934</b>	<b>9,491,020</b>

Grupa LOTOS S.A.  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the three months ended March 31st 2009 and March 31st 2008

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**STATEMENT OF COMPREHENSIVE INCOME**

(PLN '000)	Three months ended Mar 31 2009 <u>(unaudited)</u>	Three months ended Mar 31 2008 <u>(unaudited)</u>
Sales revenue	2,436,383	3,348,838
Cost of sales	(2,348,889)	(3,136,821)
<b>Gross profit</b>	<b>87,494</b>	<b>212,017</b>
Other operating income	2,080	896
Selling costs	(84,608)	(90,470)
General and administrative expenses	(50,822)	(55,461)
Other operating expenses	(476)	(932)
<b>Operating profit/(loss)</b>	<b>(46,332)</b>	<b>66,050</b>
Finance income	61,600	386,073
Finance expenses	(775,041)	(133,153)
<b>Pre-tax profit/(loss)</b>	<b>(759,773)</b>	<b>318,970</b>
Corporate income tax	138,866	(60,985)
<b>Net profit/(loss) from continuing operations</b>	<b>(620,907)</b>	<b>257,985</b>
<b>Total comprehensive income</b>	<b>(620,907)</b>	<b>257,985</b>
<b>Net earnings/(loss) per share (PLN)</b>		
- basic	(5.46)	2.27
- diluted	-	-

**Grupa LOTOS S.A.**  
**STATEMENT OF CASH FLOWS**  
for the three months ended March 31st 2009 March 31st 2008

(PLN '000)	Three months ended Mar 31 2009 <u>(unaudited)</u>	Three months ended Mar 31 2008 <u>(comparable data)</u> <u>(unaudited)</u>
<b>STATEMENT OF CASH FLOWS</b>		
<b>Cash flows from operating activities</b>		
<b>Net profit/ (loss)</b>	<b>(620,907)</b>	<b>257,985</b>
Adjustments:		
Depreciation and amortisation	42,898	46,165
Foreign exchange (gains)/losses	574,543	(59,891)
Net interest and dividend paid	(52,465)	6,122
(Profit)/loss on investing activities	146,531	134,099
Current income tax	(138,866)	60,985
Income tax paid	-	(47,287)
(Increase)/decrease in receivables	(22,841)	89,633
(Increase) in inventories	(12,814)	(257,935)
Increase in liabilities and accruals and deferred income	197,013	120,664
Increase in provisions	11	695
(Increase) in prepayments and accrued income	(6,267)	(3,284)
Settlement of financial instruments	75,212	(261,864)
	-----	-----
<b>Net cash provided by/(used in) operating activities</b>	<b>182,048</b>	<b>86,087</b>
	-----	-----
<b>Cash flows from investing activities</b>		
Dividend received	55,949	-
Interest received	928	323
Sale/(purchase) of property, plant and equipment and intangible assets	(616,432)	(100,171)
Prepayments for tangible assets under construction	(123,040)	(302,427)
	-----	-----
<b>Net cash provided by/(used in) investing activities</b>	<b>(682,595)</b>	<b>(402,275)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Increase in loans and borrowings	752,795	221,978
Interest paid	(38,717)	(1,117)
Settlement of financial instruments	(75,212)	261,864
Other items, net	(46)	(62)
	-----	-----
<b>Net cash provided by/(used in) financing activities</b>	<b>638,820</b>	<b>482,663</b>
	-----	-----
<b>Effect of exchange rate fluctuations on cash held</b>	<b>273</b>	<b>(3,122)</b>
	=====	=====
<b>Change in net cash</b>	<b>138,546</b>	<b>163,353</b>
	=====	=====
<b>Cash at beginning of period</b>	<b>(134,303)</b>	<b>(274,136)</b>
	=====	=====
<b>Cash at end of period</b>	<b>4,243</b>	<b>(110,783)</b>
	=====	=====
- restricted cash	143,497	7,729

**Grupa LOTOS S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
for the three months ended March 31st 2009 and March 31st 2008

**STATEMENT OF CHANGES IN EQUITY**

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings	Total equity
<b>Jan 1 2008 (audited)</b>	<b>113,700</b>	<b>970,951</b>	<b>3,990,864</b>	<b>5,075,515</b>
Total comprehensive income for the three months ended Mar 31 2008	-	-	257,985	257,985
<b>Mar 31 2008 (unaudited)</b>	<b>113,700</b>	<b>970,951</b>	<b>4,248,849</b>	<b>5,333,500</b>
<b>Jan 1 2009 (audited)</b>	<b>113,700</b>	<b>970,951</b>	<b>3,315,160</b>	<b>4,399,811</b>
Total comprehensive income for the three months ended Mar 31 2009	-	-	(620,907)	(620,907)
<b>Mar 31 2009 (unaudited)</b>	<b>113,700</b>	<b>970,951</b>	<b>2,694,253</b>	<b>3,778,904</b>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31ST 2009**

**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 n/ valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2009	Dec 31 2008	Mar 31 2008
<b>Parent Undertaking</b>						
Grupa LOTOS S.A.	Gdańsk	Production and processing of refined petroleum products (mainly fuels) and their wholesale	Not applicable	Not applicable	Not applicable	Not applicable
<b>Direct Subsidiary Undertakings</b>						
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%	100.00%
LOTOS Gaz S.A. (parent undertaking of another group)	Mława	Production, wholesale and retail sale of LPG	full	100.00%	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%	100.00%
LOTOS Asfalt Sp. z o.o.	Gdańsk	Production and sale of bitumens	full	100.00%	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%	100.00%
LOTOS Kolej Sp. z o.o.	Gdańsk	Railway transport	full	100.00%	100.00%	100.00%

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Name	Registered office	Business profile	Method of consolidation / valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2009	Dec 31 2008	Mar 31 2008
LOTOS Serwis Sp. z o.o.	Gdańsk	Maintenance of mechanical and electric operations and controlling devices, repairs	full	100.00%	100.00%	100.00%
LOTOS Lab Sp. z o.o.	Gdańsk	Laboratory testing	full	100.00%	100.00%	100.00%
LOTOS Straż Sp. z o.o.	Gdańsk	Fire protection	full	100.00%	100.00%	100.00%
LOTOS Ochrona Sp. z o.o.	Gdańsk	Personal and property protection	full	100.00%	100.00%	100.00%
LOTOS Parafiny Sp. z o.o.	Jasło	Production and sale of paraffin	full	100.00%	100.00%	100.00%
LOTOS Tank Sp. z o.o.	Jasło	Wholesale of petroleum products	full	100.00%	100.00%	100.00%
LOTOS Czechowice S.A. (parent undertaking of another group)	Czechowice	Storage and distribution of fuels	full	80.04%	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	full	80.01%	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%	69.00%
UAB LOTOS Baltija	Lithuania	Wholesale and retail sale of lubricating oils in Lithuania, Belarus, Ukraine and Latvia	full	100.00%	100.00%	100.00%
Rafineria Nafty GLIMAR S.A.	Gorlice	Refining; currently: provision of services	full	-	- <sup>(1)</sup>	91.54%
LOTOS Hydrokompleks Sp. z o.o. w likwidacji (in liquidation) <sup>(2)</sup>	Gorlice	Construction and subsequent operation of hydrocomplex unit; the company has not commenced operations	not consolidated	-	-	100.00%
LOTOS Park Technologiczny Sp. z o.o.	Jasło	Business and management consultancy services	full	86.91%	86.91%	86.91%
<b>Indirect Subsidiary Undertakings</b>						
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Provision of services	full	80.04%	80.04%	80.04%
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Production of fatty acid methyl esters (FAME) <sup>(3)</sup>	full	80.04%	80.04%	80.04%
RC Serwis Sp. z o.o.	Czechowice-Dziedzice	Provision of services	- <sup>(4)</sup>	86.91%	86.91%	86.91%
PLASTEKOL Organizacja Odzysku S.A.	Jasło	Provision of services	full	70.41% <sup>(6)</sup>	66.81% <sup>(5)</sup>	53.61%
Chemipetrol Sp. z o.o.	Jasło	Trading in paraffin emulsions and anti-caking agents	full	-	- <sup>(7)</sup>	80.01%
KRAK - GAZ Sp. z o.o. <sup>(8)</sup>	Bochnia	Wholesale and retail sale of LPG	full	100.00%	100.00%	100.00%
Miliana Shipping Company Ltd.	Cyprus	Provision of services	full	68.93%	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	69.00%	69.00% <sup>(9)</sup>	100.00%

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

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Name	Registered office	Business profile	Method of consolidation/ valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2009	Dec 31 2008	Mar 31 2008
Aphrodite Offshore Services Ltd.	Netherlands Antilles	Provision of services	full	69.00%	69.00%	69.00%

<sup>(1)</sup> 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 TRANSGLIMAR 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. The agreement provided for the sale of 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> On March 1st 2009, LOTOS Biopaliwa Sp. z o.o. commenced operations.

<sup>(4)</sup> Shares contributed to LOTOS Park Technologiczny Sp. z o.o. by the LOTOS Czechowice Group on January 2nd 2006.

<sup>(5)</sup> 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.

<sup>(6)</sup> In January–February 2009, LOTOS Jasło S.A. acquired 45 shares in PLASTEKOL Organizacja Odzysku S.A., representing 4.5% of the company's share capital. As a result of the executed transactions, LOTOS Jasło S.A.'s share in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased from 83.5% to 88% (or from 835 to 880 shares). (see Note 11 to these condensed consolidated financial statements).

<sup>(7)</sup> On December 30th 2008, LOTOS Jasło S.A. executed an agreement concerning the sale of 100% of the shares in Chemipetrol Sp. z o.o.

<sup>(8)</sup> On April 30th 2009, KRAK-GAZ Sp. z o.o. filed a bankruptcy petition with the District Court for Kraków Śródmieście, VIII Commercial Division for Bankruptcy and Recovery.

<sup>(9)</sup> 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. Petrobaltic S.A. purchased 32 million new shares for the price equal to their par value, i.e. NOK 32m (or PLN 13,782 thousand, translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for May 19th 2008). 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. The shares transferred under the agreement, with the total par value of NOK 8m (or PLN 3,376 thousand, translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for June 12th 2008), conferring the right to 8 million votes, are equal and indivisible shares and represent 20% of the share capital of LOTOS E&P Norge AS. Their acquisition is treated by Petrobaltic S.A. as a long-term investment. As a result of the transaction, Petrobaltic S.A. holds 40 million shares, representing 100% of the share capital of LOTOS Exploration and Production Norge AS.

As at March 31st 2009, December 31st 2008 and March 31st 2008, 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.



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

In the period from January 1st to March 31st 2009 and as at the date of approval 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  
Mariusz Machajewski – Vice-President of the Management Board, Chief Financial Officer,  
Marek Sokółowski – Vice-President of the Management Board, Production and Development Director.

On March 10th 2009, the Company received a resignation, with effect from March 10th 2009, by Mr Piotr Chajderowski, Member of the Supervisory Board of Grupa LOTOS S.A. of the seventh term of office, from his position as Member of the Company's Supervisory Board of the seventh term of office.

As at March 31st 2009, 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,  
Małgorzata Hirszel – Member of the Supervisory Board,  
Jan Stefanowicz – Member of the Supervisory Board.

On April 27th 2009, the General Shareholders Meeting of Grupa LOTOS S.A. adopted a resolution to appoint Mr Ireneusz Fąfara to the Company's Supervisory Board of the seventh term of office.

As at the date of approval 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,  
Małgorzata Hirszel – Member of the Supervisory Board,  
Jan Stefanowicz – Member of the Supervisory Board,  
Ireneusz Fąfara – Member of the Supervisory Board.

### **4. Rules of Presentation**

These condensed consolidated financial statements of the LOTOS Group 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 at the time of preparing these condensed consolidated financial statements of the LOTOS Group.

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

These condensed consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements of the Lotos Group for 2008, prepared in accordance with the IFRS.

The financial data as at March 31st 2009 and for the three months ended on that date, as well as the comparable financial data for the three months ended March 31st 2008, contained in these condensed consolidated financial statements, were not audited. The financial information as at December 31st 2008 was audited by a qualified auditor, who issued an opinion on the financial statements on April 27th 2009.

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In these condensed consolidated financial statements, the Group disclosed the financial information of the Group of Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu Petrobaltic S.A. ("Petrobaltic Group") for the three months ended March 31st 2009, based on the assumption that the Petrobaltic Group accounts for the shares in Naftos Gavyba ("NG"), its associated undertaking, using the equity method, as at December 31st 2008. 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 zloty (PLN). These consolidated financial statements are presented in the zloty (PLN), and all the figures are presented in thousands of zloty, unless indicated otherwise.

These condensed consolidated financial statements were approved for publication by the Management Board on May 11th 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 2008 (see Note 10 of the Consolidated Financial Statements for 2008, prepared in accordance with the IFRS).

With the exception of the Parent Undertaking, the foreign undertakings, Petrobaltic S.A., LOTOS Asphalt Sp. z o.o., LOTOS Oil S.A. and LOTOS Paliwa Sp. z o.o., the Group companies maintain their accounting books in accordance with the accounting standards defined in the Polish Accountancy Act of September 29th 1994 (the "Act") and the regulations issued thereunder ("Polish Accounting Standards" – "PAS"). These consolidated financial statements include adjustments which are absent from the accounting books of the Group's undertakings, and which have been introduced to ensure consistency of the undertakings' financial information with the IFRS.

In the statement of cash flows, the Company and the Group presented settlement of financial instruments under cash flows from financing activities. In the condensed consolidated financial statements for the three months ended March 31st 2008, the Company and the Group presented settlement of financial instruments under cash flows from operating activities. The Company and the Group reclassified the amount resulting from settlement of financial instruments for the three months ended March 31st 2008: the amount (of PLN 261,864 thousand) was presented under cash flows from financing activities.

The Group has reviewed the new interpretations, standards and amendments to the existing standards. Except for the Revised IAS 1 *Presentation of Financial Statements* and IFRS 8 *Operating Segments*, the new interpretations, standards and amendments to existing standards which are in effect and have been adopted by the European Union, have no material impact on the accounting policies applied by the Group.

The following interpretations, standards and amendments to the existing standards have been adopted or are pending adoption by the European Union, and are effective as at January 1st 2009:

- Amendment to IAS 23 *Borrowing Costs* (adopted by the European Union)
- Amendment to IAS 1 *Presentation of Financial Statements* (adopted by the European Union)
- IFRS 8 *Operating Segments* (adopted by the European Union)
- IFRIC 12 *Service Concession Arrangements* (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* (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* (adopted by the European Union)
- Improvements to the International Financial Reporting Standards – a collection of amendments to the IFRS (endorsed 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* (endorsed by the European Union)

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- IFRIC 15 *Agreements for the Construction of Real Estate* (not yet endorsed 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 endorsed by the European Union)

*Application of the Revised IAS 1*

In connection with the application of IAS 1 *Presentation of the Financial Statements* (revised in 2007), in these condensed consolidated financial statements the Group used new terminology as prescribed by the standard to name the particular sections of the financial statements. Furthermore, in compliance with the new standard, in the consolidated statement of changes in equity the Group presented only transactions with the owners. Other items were presented in the consolidated statement of comprehensive income.

*Application of the IFRS 8*

International Financial Reporting Standard 8 *Operating Segments* (IFRS 8) superseded International Accounting Standard 14 *Segment Reporting*. Under International Accounting Standard 14 *Segment Reporting*, the Group did not prepare information on the business segments as it did not meet the criteria of identification of business segments as set forth in the standard.

IFRS 8 requires the disclosure of information on the Group's operating segments based on internal reports that are regularly reviewed by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to each segment and to assess the segments' performance.

For management purposes, the LOTOS Group is divided into business units which correspond to the business segments.

The Group's operating activity comprises two main reportable operating segments:

- upstream segment – comprising activities related to the acquisition of crude oil and natural gas reserves, and crude oil and natural gas production
- downstream segment – comprising the production and processing of refined petroleum products and their wholesale and retail sale, as well as auxiliary, transport and service activities

The segments are identified at the Group's level. The Company is included in the downstream segment. The upstream segment is comprised of the Petrobaltic Group.

Segment performance is assessed on the basis of sales revenue, EBIT (= operating profit/(loss)) and EBITDA (= operating profit/(loss) before depreciation and amortisation).

The segments' sales revenue, EBIT and EBITDA do not account for intersegment adjustments.

Financial information of the operating segments used by the CEO to assess their performance is presented in Note 10 to these condensed consolidated financial statements.

The following interpretations, standards, and amendments to existing standards, have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretation Committee but have not been adopted by the European Union:

- 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)
- Amendments to IAS 39 *Financial Instruments: Exposures Qualifying for Hedge Accounting* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)
- Revised IFRS 1 *First-Time Adoption of IFRSs* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)
- IFRIC 17 *Distributions of Non-Cash Assets to Owners* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)
- IFRIC 18 *Transfers of Assets from Customers* (applies to annual periods beginning on or after July 1st 2009, not yet endorsed by the European Union)

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- Amendments to IFRIC 9 and IAS 39 *Embedded Derivatives* (applies to annual periods ending after June 30th 2009, not yet endorsed 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 2010, not yet endorsed by the European Union)

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

## 6. Translation of Financial Highlights into the Euro

In the “Financial Highlights” table, items of the balance sheet as at March 31st 2009 were translated using the euro mid-exchange rate quoted by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.7013. Items of the income statement and the cash-flow statement for the first quarter of 2009 (cumulative) were translated using the exchange rate of EUR 1 = PLN 4.5994 (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–March 31st 2009).

In the “Financial Highlights” table, items of the balance-sheet as at December 31st 2008 were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 4.1724. Items of the income statement and cash-flow statement for the first quarter of 2008 (cumulative) were translated using the exchange rate of EUR 1 = PLN 3.5574 (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–March 31st 2008).

## 7. Operations in the Interim Period

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

## 8. Dividends

By the date of publication of these condensed consolidated financial statements, the Parent Undertaking’s Management Board did not adopt a resolution concerning proposed coverage of loss for 2008.

## 9. Earnings/(Loss) per Share

	<b>Three months ended Mar 31 2009 (unaudited)</b>	<b>Three months ended Mar 31 2008 (unaudited)</b>
Net profit/(loss) attributable to owners of the parent (PLN ‘000) (A)	(658,980)	267,916
Weighted average number of shares (in thousands) (B)	113,700 =====	113,700 =====
Earnings/(loss) per share (PLN) (A/B)	(5.80)	2.36

Earnings/(loss) per share for each period are/(is) calculated by dividing the net profit/(loss) 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.

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**10. Segments' Revenue and Operating Results**

PLN '000

	Upstream segment	Downstream segment	Other <sup>(1)</sup>	Consolidation adjustments	Consolidated
<b>Three months ended Mar 31st 2009</b>					
<b>(unaudited)</b>					
<b>Sales revenue:</b>	<b>35,790</b>	<b>2,679,539</b>	<b>72,502</b>	<b>(71,196)</b>	<b>2,716,635</b>
<i>Intersegment sales</i>	35,133	20,653	15,410	(71,196)	-
<i>External sales</i>	657	2,658,886	57,092	-	2,716,635
<b>EBIT</b>	<b>(15,426)</b>	<b>(6,351)</b>	<b>(7,033)</b>	<b>30,548</b>	<b>1,738</b>
Amortisation and depreciation	10,932	62,212	299	(138)	73,305
<b>EBITDA</b>	<b>(4,494)</b>	<b>55,861</b>	<b>(6,734)</b>	<b>30,410</b>	<b>75,043</b>
<b>Three months ended Mar 31st 2008</b>					
<b>(unaudited)</b>					
<b>Sales revenue:</b>	<b>81,451</b>	<b>3,504,804</b>	<b>108,218</b>	<b>(133,000)</b>	<b>3,561,473</b>
<i>Intersegment sales</i>	80,727	29,312	22,961	(133,000)	-
<i>External sales</i>	724	3,475,492	85,257	-	3,561,473
<b>EBIT</b>	<b>35,620</b>	<b>58,170</b>	<b>(6,048)</b>	<b>6,957</b>	<b>94,699</b>
Amortisation and depreciation	12,990	66,831	569	(779)	79,611
<b>EBITDA</b>	<b>48,610</b>	<b>125,001</b>	<b>(5,479)</b>	<b>6,178</b>	<b>174,310</b>

<sup>(1)</sup> includes LOTOS Ekoenergia S.A., LOTOS Park Technologiczny Sp. z o.o. and the LOTOS Gaz Group, which are not included in either segment.

## **11. Changes in the LOTOS Group Structure**

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

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 activity 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).

### **Share capital increase at LOTOS Exploration and Production Norge AS**

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.

On February 26th 2009, the Norwegian companies registrar Brønnøysundregistrene registered the share capital increase at LOTOS Exploration and Production Norge AS.

## **12. Supplementary Information**

### **Package of Anti-Crisis Measures for the LOTOS Group**

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 objective 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 flows by about PLN 390m.

Given the uncertain market situation and limited possibilities to raise financing, Grupa LOTOS S.A.'s Management Board decided to suspend the implementation of the investment projects provided for in the Group'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.

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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.

**Conclusion of a Significant Agreement between Grupa LOTOS S.A. and TOTAL DEUTSCHLAND GmbH**

On February 1st 2009, Grupa LOTOS S.A. entered into an agreement with TOTAL DEUTSCHLAND GmbH of Berlin, Germany, under which Grupa LOTOS S.A. will purchase liquid fuels from TOTAL DEUTSCHLAND GmbH. The agreement was executed for a specified period from February 1st to December 31st 2009 and its estimated value is PLN 563m (VAT excl.).

The agreement does not contain any provisions concerning contractual penalties. Both parties have the right to seek full damages before a court of general jurisdiction in Berlin, such courts having competence over the agreement as it is governed by the German law. The other terms and conditions of the agreement do not differ from the terms and conditions commonly applied in agreements of such type.

**Conclusion of a Significant Agreement between Grupa LOTOS S.A. and NESTE OIL (SUISSE) SA**

On December 10th 2008, Grupa LOTOS S.A. entered into an agreement with Neste Oil (Suisse) SA of Vernier, Switzerland, under which Grupa LOTOS S.A. will purchase liquid fuels from Neste Oil (Suisse) SA. The agreement was executed for a specified period from January 1st to December 31st 2009 and its estimated value is PLN 624m (Vat excl.).

The agreement does not contain any provisions concerning contractual penalties. Both parties have the right to seek full damages before a court of general jurisdiction in London, such courts having competence over the agreement as it is governed by the English law. The other terms and conditions of the agreement do not differ from the terms and conditions commonly applied in agreements of such type.

**13. Material Events After Q1 2009**

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 April 1st 2009, the validity term of the documentary letter of credit for the benefit of CB&I LUMMUS GmbH, issued by Bank PKO BP S.A. at the request of Grupa LOTOS S.A. on January 3rd 2007, was extended until May 31st 2009 (see Note 14, item 1).

2. On April 1st 2009, the validity term of the documentary letter of credit for the benefit of CB&I LUMMUS GmbH, issued by Bank PKO BP S.A. at the request of Grupa LOTOS S.A. on June 2nd 2008, was extended until May 31st 2009 (see Note 14, item 4).

3. On April 1st 2009, Petrobaltic S.A. signed an agreement to grant a loan in the amount of USD 2.5m (the equivalent of PLN 8.8m, as translated using the USD/PLN mid-exchange rate quoted by the National Bank of Poland for April 1st 2009) to LOTOS Exploration and Production Norge AS. The loan will be used to finance further implementation of the YME Production Project. The loan principal is to be repaid by June 30th 2010.

In order to secure the repayment of the loan, on April 1st 2009 LOTOS Exploration and Production Norge AS issued a blank promissory note with a "protest waived" clause and a promissory note declaration for the benefit of Petrobaltic S.A.

4. On April 6th 2009, LOTOS Jasło S.A. acquired 30 shares in PLASTEKOL Organizacja Odzysku S.A., representing 3% of the company's share capital, from Jan B. Tyliś, who conducts business activity under the business name of Przedsiębiorstwo Handlowo - Usługowe TYL-OIL. Following the transaction, LOTOS Jasło S.A.'s stake in PLASTEKOL Organizacja Odzysku S.A. increased from 88% to 91% (or from 880 to 910 shares).

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5. At the request of Grupa LOTOS S.A., on April 7th 2009 Deutsche Bank Polska S.A. issued for the benefit of a Customs Office an instrument for the amount PLN 10,000 thousand to secure a tax liability related to transit of excise goods. The original validity term of the security was to expire on April 30th 2010. On April 16th 2009, it was extended until May 31st 2010.

6. In order to secure the payment of excise tax liability, on April 15th 2009 LOTOS Biopaliwa Sp. z o.o. issued (and submitted to the Customs Office in Bielsko-Biała) a blank promissory note for up to PLN 18,820 thousand, guaranteed by LOTOS Czechowice S.A., along with a promissory note declaration. The promissory note is valid through June 30th 2010.

7. Security in the form of two blank promissory notes with promissory note declarations (one for up to PLN 5,921 thousand and the other for up to PLN 4,263 thousand) was valid until April 16th 2009. The promissory notes were issued on April 17th 2008 by LOTOS Biopaliwa Sp. z o.o. to secure its excise tax liabilities and submitted to the Customs Office of Bielsko-Biała. They were guaranteed by LOTOS Czechowice S.A.

8. Security in the form of a blank promissory note with a promissory note declaration (for up to PLN 4,263 thousand) was valid until April 16th 2009. LOTOS Biopaliwa Sp. z o.o. issued the promissory note as security for its excise tax liabilities on December 30th 2008 and submitted it to the Customs Office of Bielsko-Biała. The promissory note was guaranteed by LOTOS Czechowice S.A.

9. On April 30th 2009, the validity term of the documentary letter of credit for the benefit of LURGI S.A., issued by Bank PKO BP S.A. at the request of Grupa LOTOS S.A. on April 30th 2008, was extended until June 30th 2009 and its amount decreased to EUR 11,906 thousand (the equivalent of PLN 52,194 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2009; see item 3 of Note 14 to these condensed consolidated financial statements).

10. On April 30th 2009, KRAK-GAZ Sp. z o.o. filed a bankruptcy petition with the District Court for Kraków Śródmieście, VIII Commercial Division for Bankruptcy and Recovery.

11. On April 30th 2009, Grupa LOTOS S.A. signed an agreement to grant a loan in the amount of USD 13,000 (the equivalent of PLN 42,717 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2009) to LOTOS Exploration and Production Norge AS. The loan will be used to finance the expenditure related to the YME Production Project. The loan is repayable by July 31st 2009.

On April 30th 2009, 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 Grupa LOTOS S.A., in order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement).

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

#### **14. 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 2008 (see Note 42 to the Consolidated Financial Statements for 2008, prepared in accordance with the IFRS), except for those listed below:

1. 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. The validity term of the letter of credit was extended several times. The most recent extension of its validity term was until March 31st 2009 (see item 1 of Note 13 to these condensed consolidated financial statements). As a result of successive draws under the letter of credit, as at March 31st 2009, its value was EUR 238 thousand (the equivalent of PLN 1,119 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for March 31st 2009)



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2. 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. On March 31st 2009, the letter of credit expired.

3. 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 (see item 9 of Note 13 to these condensed consolidated financial statements). Since December 17th 2008, the letter of credit has been financed under the term loan facility granted by the group of financial institutions.

4. 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 (see item 2 of Note 13 to these condensed consolidated financial statements). As a result of successive draws under the letter of credit, its value as at March 31st 2009 was EUR 2,404 thousand (the equivalent of PLN 11,302 thousand, translated using the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for March 31st 2009).

5. 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.

6. 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. 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 March 31st 2009 was EUR 1,871 thousand (the equivalent of PLN 8,796 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for at March 31st 2009).

7. 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. 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.

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8. 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 security for excise duty. The guarantee expires on June 30th 2009.
9. 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 2009) 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 a platinum lease agreement.
10. 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, which was issued to secure payment of amounts due for the delivery of diesel oil and gasoline, remains valid through July 31st 2009.
11. On February 27th 2009, Grupa LOTOS S.A. submitted security for excise duty in the form of a blank promissory note for up to PLN 400,000 thousand, issued 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.
12. In order to secure the repayment of a loan, on January 15th 2009, LOTOS Exploration and Production Norge AS issued a blank promissory note with a "protest waived" clause and a promissory note declaration for the benefit of Petrobaltic S.A. The loan, amounting to USD 55m (the equivalent of PLN 177m, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for January 15th 2009), will be used to finance further implementation of the YME Production Project, in particular the capital expenditure on the Project along with the cost of capital, including interest on the loan. The loan will be paid in three instalments and the date of the last instalment is March 31st 2010 (see Note VIII to these condensed consolidated financial statements).
13. In order to secure the repayment of a loan, on March 9th 2009 LOTOS Exploration and Production Norge AS issued a blank promissory note with a "protest waived" clause and a promissory note declaration for the benefit of Petrobaltic S.A. The loan of USD 7.5m (the equivalent of PLN 28m, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for March 9th 2009) will be used to finance further implementation of the YME Production Project. The principal amount is to be repaid by January 29th 2010 (see Note VIII to these condensed consolidated financial statements).
14. On February 10th 2009, LOTOS Oil S.A. submitted security for excise duty in the form of a promissory note for the amount of PLN 5,000 thousand, along with a promissory note declaration, issued for the benefit of a Customs Office in order to secure the company's excise tax liability related to transit of excise goods. The promissory note is valid from March 1st 2009 to February 28th 2011.
15. 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 at 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.
16. In connection with an annex to a credit facility agreement (under which the facility limit was reduced), on February 27th 2009 LOTOS Jasło S.A. reduced the amount of security (in the form of a blank promissory note) for the company's liabilities under the overdraft working-capital facility contracted with Bank PKO BP S.A., Krosno Branch, from PLN 18,000 thousand to PLN 10,000 thousand. The validity term of the promissory note expires on July 29th 2011.
17. As at March 31st 2009, LOTOS Jasło S.A. had a blank promissory note securing an excise guarantee for PZU, 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.

### **15. Material Court, Arbitration or Administrative Proceedings and Other Risks Concerning the Parent Undertaking or Its Subsidiary Undertakings**

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 2008 (see Note 45 to the consolidated financial statements for 2008 prepared in accordance with the IFRS), except for those listed below:

1. 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. IACa 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. 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. On March 10th 2009, the case files were delivered to the Court of Appeals. On April 3rd 2009, the Court Enforcement Officer sent the decision on discontinuation of the enforcement proceedings. As at the date of approval of these condensed consolidated financial statements, the case was pending.

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2. 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. In a closed session held on March 6th 2009, the Court accepted the complaint for consideration. The date of the hearing was set for May 6th 2009; during the hearing, the Supreme Court remanded the case for re-examination. As at the date of approval of these condensed consolidated financial statements, the case was pending.

3. 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

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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. On April 1st 2009, the first hearing was held. The hearing was adjourned. The Court decided that the next hearing would be held on May 19th 2009. As at the date of approval of these condensed consolidated financial statements, the case was pending.

4. 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 approval of these condensed consolidated financial statements, LOTOS Czechowice S.A. did not receive a decision resolving the case or a ruling extending the term for examining the case.

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.

5. 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 –

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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 (*hipoteka przymusowa zwykła*) 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-Biała and remanding the cases for re-examination.

Given the decisions of the Director of the Katowice Customs Chamber of March 4th 2009 to discontinue the enforcement proceedings concerning the excise tax liabilities for September–December 2003, the Director of the Katowice Customs Chamber filed relevant requests with the District Court of Pszczyna to de-register the mortgages. As at the date of approval of these condensed consolidated financial statements, the case was pending.

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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.

6. On December 4th 2003, in the course of payment order proceedings, the Regional Court of Krosno issued a decision in favour of LOTOS Jasło 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 Jasło 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 March 31st 2009, subject to the execution of the terms of the arrangement, the amount receivable was PLN 1,018 thousand.

#### **16. 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 March 31st 2009.

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**SUPPLEMENTARY INFORMATION PROVIDED UNDER THE MINISTER OF FINANCE'S REGULATION ON CURRENT AND PERIODIC INFORMATION TO BE PUBLISHED BY ISSUERS OF SECURITIES AND CONDITIONS FOR RECOGNITION AS EQUIVALENT OF INFORMATION WHOSE DISCLOSURE IS REQUIRED UNDER THE LAWS OF A NON-MEMBER STATE, DATED FEBRUARY 19TH 2009**

Pursuant to Par. 87 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. of 2009, No. 33, item 259), 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 months ended March 31st 2009.

**II. Effects of Changes in the Structure of the LOTOS Group**

Q1 2009 saw no changes in the structure of the LOTOS Group, except for those disclosed in Note 11 to these condensed consolidated financial statements.

**III. Seasonal or Cyclical Nature of the Company's Business in Q1 2009**

In Q1 2009, the operations of Grupa LOTOS S.A. were not affected by seasonality or cyclicity.

**IV. Issue, Redemption or Repurchase of Non-Equity and Equity Securities in Q1 2009**

In Q1 2009, no non-equity or equity securities were issued, redeemed or repurchased.



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

As at the date of release 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 <sup>(1)</sup>
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 shareholders	46,796,970	46,796,970	46,796,970	41.16 %
<b>Total</b>	<b>113,700,000</b>	<b>113,700,000</b>	<b>113,700,000</b>	<b>100.00 %</b>

<sup>(1)</sup> 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 Feb 16 2009	Acquisition	Sale	Other	As at May 4 2009
Marek Sokółowski	8,636	-	-	-	8,636
Vice-President of the Management Board, Production and Development Director					
<b>Total</b>	<b>8,636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,636</b>

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 unit or aggregate 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 15 to these condensed consolidated financial statements.

### **VIII. Information on Material Related Party Transactions**

In the period from January 1st to March 31st 2009, there were no material related party transactions within the Group, other than the transactions described below and in items 3 and 11 of Note 13 to these condensed consolidated financial statements.

On January 15th 2009, Petrobaltic S.A. signed an agreement to grant a loan in the amount of USD 55m (the equivalent of PLN 177m, translated at the mid-exchange rate quoted by the National Bank of Poland for January 15th 2009) to LOTOS Exploration and Production Norge AS. The loan will be used to finance further implementation of the YME Production Project, in particular the capital expenditure on the Project implementation, along with the cost of capital, including interest on the loan. The loan will be paid in three instalments and the date of the last instalment is March 31st 2010.

On March 9th 2009 Petrobaltic S.A. signed an agreement to grant a loan in the amount of USD 7.5m (the equivalent of PLN 28m, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for March 9th 2009) to LOTOS Exploration and Production Norge AS. LOTOS Exploration and Production Norge AS issued a blank promissory note with a "protest waived" clause and a promissory note declaration for the benefit of Petrobaltic S.A. The loan will be used to finance further implementation of the YME Production Project. The principal amount is to be repaid by January 29th 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 items 12 and 13 of Note 14 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 March 31st 2009, 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 14 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.

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**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 2009.

**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, which started in mid-March 2009.

**XIII. Segment Information**

Financial information concerning the operating segments is presented in Note 5 and Note 10 to these condensed consolidated financial statements for the three months ended March 31st 2009.

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**XIV. 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