



*(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 2010**

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**THE LOTOS GROUP  
FINANCIAL HIGHLIGHTS**

**FINANCIAL HIGHLIGHTS – CONSOLIDATED**

THE LOTOS GROUP	PLN'000		EUR'000	
	3 months ended Mar 31 2010	3 months ended Mar 31 2009 (comparable data)	3 months ended Mar 31 2010	3 months ended Mar 31 2009 (comparable data)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	3,911,603	2,716,635	986,060	590,650
Operating profit	66,359	12,673	16,728	2,755
Pre-tax profit/(loss)	4,112	(778,894)	1,037	(169,347)
Net profit/(loss) from continuing operations	26,839	(657,490)	6,766	(142,951)
Profit/(loss) from continuing operations attributable to owners of the Parent	25,538	(650,123)	6,438	(141,350)
Profit/(loss) from continuing operations attributable to non-controlling interests	1,301	(7,367)	328	(1,602)
Total comprehensive income	18,803	(538,311)	4,740	(117,039)
Comprehensive income attributable to owners of the Parent	17,556	(530,944)	4,426	(115,438)
Comprehensive income attributable to non-controlling interests	1,247	(7,367)	314	(1,602)
Net cash provided by/(used in) operating activities	410,139	56,638	103,390	12,314
Net cash provided by/(used in) investing activities	(372,912)	(862,234)	(94,006)	(187,467)
Net cash provided by/(used in) financing activities	275,543	619,485	69,461	134,688
Total net cash flow	307,218	(183,203)	77,445	(39,832)
Basic earnings/(loss) per share (PLN/EUR)	0.20	(5.01)	0.05	(1.09)
Diluted earnings/(loss) per share (PLN/EUR)	-	-	-	-
	PLN'000		EUR'000	
	As at Mar 31 2010	As at Dec 31 2009	As at Mar 31 2010	As at Dec 31 2009
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	15,607,605	15,062,506	4,041,118	3,666,449
Equity attributable to owners of the Parent	6,705,592	6,677,002	1,736,210	1,625,287
Non-controlling interests	17,111	36,752	4,430	8,946
Total equity	6,722,703	6,713,754	1,740,641	1,634,233

**FINANCIAL HIGHLIGHTS – SEPARATE**

GRUPA LOTOS S.A.	PLN'000		EUR'000	
	3 months ended Mar 31 2010	3 months ended Mar 31 2009 (comparable data)	3 months ended Mar 31 2010	3 months ended Mar 31 2009 (comparable data)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	3,676,512	2,436,383	926,797	529,718
Operating profit/(loss)	11,344	(35,397)	2,860	(7,696)
Pre-tax profit/(loss)	16,386	(748,838)	4,131	(162,812)
Profit/(loss) from continuing operations	22,840	(612,050)	5,758	(133,072)
Total comprehensive income	22,840	(612,050)	5,758	(132,072)
Net cash provided by/(used in) operating activities	305,639	182,048	77,047	39,581
Net cash provided by/(used in) investing activities	(215,253)	(682,595)	(54,262)	(148,410)
Net cash provided by/(used in) financing activities	287,037	638,820	72,358	138,892
Total net cash flow	371,169	138,546	93,567	30,123
Basic earnings/(loss) per share (PLN/EUR)	0.18	(4.71)	0.04	(1.02)
Diluted earnings/(loss) per share (PLN/EUR)	-	-	-	-
	PLN'000		EUR'000	
	As at Mar 31 2010	As at Dec 31 2009	As at Mar 31 2010	As at Dec 31 2009
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	12,969,083	12,396,184	3,357,952	3,017,425
Equity	5,370,548	5,347,708	1,390,541	1,301,716

Items of the statement of financial position as at March 31st 2010 presented in the "Financial Highlights" table were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 3.8622. Items of the statement of comprehensive income and the statement of cash flows for the three months ended March 31st 2010 presented in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 3.9669 (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 2010).

Items of the statement of financial position as at December 31st 2009 presented 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 4.1082. Items of the statement of comprehensive income and the statement of cash flows for the three months ended March 31st 2009 presented in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = 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).

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

**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2010 and December 31st 2009

(PLN '000)	<b>Mar 31 2010</b>	<b>Dec 31 2009</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,692,623	9,361,963
Prepayments for tangible assets under construction	130,932	153,536
Goodwill	46,688	46,688
Intangible assets	86,413	89,240
Investment property	3,656	3,762
Investments in associates	88,255	88,255
Non-current financial assets	84,653	86,052
Deferred tax assets	90,385	74,267
Non-current receivables	23,937	22,061
Prepayments and accrued income	4,601	5,087
	-----	-----
<b>Total non-current assets</b>	<b>10,252,143</b>	<b>9,930,911</b>
	-----	-----
<b>Current assets</b>		
Inventories	3,088,270	3,023,144
Trade and other receivables	1,701,733	1,536,854
Current tax receivable	76,862	131,299
Prepayments and accrued income	54,531	25,982
Current financial assets	14,100	47,029
Cash and cash equivalents	415,429	362,078
	-----	-----
<b>Total current assets</b>	<b>5,350,925</b>	<b>5,126,386</b>
	-----	-----
<b>Assets held for sale</b>	<b>4,537</b>	<b>5,209</b>
	-----	-----
	=====	=====
<b>Total assets</b>	<b>15,607,605</b>	<b>15,062,506</b>
	=====	=====

**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2010 and December 31st 2009

(PLN '000)	Mar 31 2010 (unaudited)	Dec 31 2009 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	129,873	129,873
Statutory reserve funds	1,311,348	1,311,348
Retained earnings	5,258,076	5,221,504
Translation of foreign operations	6,295	14,277
	-----	-----
<b>Equity attributable to owners of the Parent</b>	<b>6,705,592</b>	<b>6,677,002</b>
	-----	-----
<b>Non-controlling interests</b>	<b>17,111</b>	<b>36,752</b>
	-----	-----
<b>Total equity</b>	<b>6,722,703</b>	<b>6,713,754</b>
	-----	-----
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	5,247,381	4,942,590
Long-term provisions	275,124	275,057
Deferred tax liabilities	52,020	59,556
Other financial liabilities	256,269	300,389
Accruals and deferred income and other liabilities	52,652	52,130
	-----	-----
<b>Total non-current liabilities</b>	<b>5,883,446</b>	<b>5,629,722</b>
	-----	-----
<b>Current liabilities</b>		
Trade payables, accruals and deferred income, and other liabilities	2,290,746	1,890,654
Current tax payable	2,522	11,867
Interest-bearing loans and borrowings	600,535	758,481
Short-term provisions	36,783	38,897
Other financial liabilities	70,870	19,131
	-----	-----
<b>Total current liabilities</b>	<b>3,001,456</b>	<b>2,719,030</b>
	-----	-----
<b>Total liabilities</b>	<b>8,884,902</b>	<b>8,348,752</b>
	=====	=====
<b>Total equity and liabilities</b>	<b>15,607,605</b>	<b>15,062,506</b>
	=====	=====

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**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the three months ended March 31st 2010 and March 31st 2009

(PLN '000)	3 months ended Mar 31 2010	3 months ended Mar 31 2009 (comparable data)
	(unaudited)	(unaudited)
Sales revenue	3,911,603	2,716,635
Cost of sales	(3,562,817)	(2,464,417)
<b>Gross profit/(loss)</b>	<b>348,786</b>	<b>252,218</b>
Other operating income	7,187	11,471
Selling costs	(175,372)	(158,864)
General and administrative expenses	(87,178)	(84,470)
Other operating expenses	(27,064)	(7,682)
<b>Operating profit</b>	<b>66,359</b>	<b>12,673</b>
Finance income	66,035	6,315
Finance expenses	(128,282)	(797,882)
<b>Pre-tax profit/(loss)</b>	<b>4,112</b>	<b>(778,894)</b>
Corporate income tax	22,727	121,404
<b>Net profit/(loss) from continuing operations</b>	<b>26,839</b>	<b>(657,490)</b>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	(8,036)	119,179
<b>Other comprehensive income, net</b>	<b>(8,036)</b>	<b>(119,179)</b>
<b>Total comprehensive income</b>	<b>18,803</b>	<b>(538,311)</b>
<b>Net profit/(loss) from continuing operations attributable to:</b>		
Owners of the Parent	25,538	(650,123)
Non-controlling interests	1,301	(7,367)
	<b>26,839</b>	<b>(657,490)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent	17,556	(530,944)
Non-controlling interests	1,247	(7,367)
	<b>18,803</b>	<b>(538,311)</b>
<b>Net earnings/(loss) from continuing operations per share (PLN)</b>		
Weighted average number of shares (in thousands)	129,873	129,873
- basic	0.20	(5.01)
- diluted	-	-

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**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the three months ended March 31st 2010 and March 31st 2009

(PLN '000)	3 months ended Mar 31 2010	3 months ended Mar 31 2009 (comparable data)
	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>		
<b>Net profit/(loss) from continuing operations</b>	<b>26,839</b>	<b>(657,490)</b>
Adjustments:		
Share in net profit of subordinated undertakings accounted for using the equity method	-	-
Depreciation and amortisation	79,779	62,370
Foreign exchange (gains)/losses	45,715	577,130
Interest and dividends	(2,477)	11,547
(Profit)/loss on investing activities	61,155	151,341
Income tax paid	(29,769)	(25,075)
Current income tax	(22,727)	(121,404)
(Increase)/decrease in receivables	(159,529)	76,537
(Increase) in inventories	(65,126)	(62,103)
Increase/(decrease) in liabilities and accruals and deferred income	445,073	(19,398)
(Decrease)/Increase in provisions	(2,047)	7,750
(Increase) in prepayments and accrued income	(29,138)	(19,779)
Settlement of financial instruments	62,567	75,212
Other adjustments	(176)	-
<b>Net cash provided by/(used in) operating activities</b>	<b>410,139</b>	<b>56,638</b>
<b>Cash flows from investing activities</b>		
Interest received	155	4,061
Sale/ (purchase) of tangible assets, tangible assets under construction and intangible assets	(333,853)	(735,900)
Sale/ (purchase) of current financial assets	21	(17)
Non-current loans advanced	(8)	-
Prepayments for tangible assets under construction	(39,227)	(130,378)
<b>Net cash provided by/(used in) investing activities</b>	<b>(372,912)</b>	<b>(862,234)</b>
<b>Cash flows from financing activities</b>		
Increase in loans and borrowings	474,350	760,043
Repayment of loans and borrowings	(113,275)	(19,664)
Interest paid	(22,377)	(45,362)
Decrease in finance lease liabilities	(670)	(219)
Settlement of financial instruments	(62,567)	(75,212)
Other items, net	82	(101)
<b>Net cash provided by/(used in) financing activities</b>	<b>275,543</b>	<b>619,485</b>
Effect of exchange rate fluctuations on cash held	(5,552)	2,908
<b>Change in net cash</b>	<b>307,218</b>	<b>(183,203)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(148,635)</b>	<b>338,353</b>
<b>Cash and cash equivalents at end of period</b>	<b>158,583</b>	<b>155,150</b>
- restricted cash	83,203	147,061

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**THE LOTOS GROUP**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended March 31st 2010 and March 31st 2009

(PLN '000)	Share capital	Statutory reserve funds	Retained earnings	Translation of foreign operations	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Jan 1 2009 (audited)</b> <b>(comparable data)</b>	<b>113,700</b>	<b>970,951</b>	<b>4,297,823</b>	<b>7,060</b>	<b>5,389,534</b>	<b>396,078</b>	<b>5,785,612</b>
Total comprehensive income for the three months ended Mar 31 2009	-	-	(650,123)	119,179	(530,944)	(7,367)	(538,311)
Changes in the Group's organisational structure	-	-	-	-	-	(71)	(71)
<b>Mar 31 2009 (unaudited)</b> <b>(comparable data)</b>	<b>113,700</b>	<b>970,951</b>	<b>3,647,700</b>	<b>126,239</b>	<b>4,858,590</b>	<b>388,640</b>	<b>5,247,230</b>
<b>Jan 1 2010 (audited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>5,221,504</b>	<b>14,277</b>	<b>6,677,002</b>	<b>36,752</b>	<b>6,713,754</b>
Total comprehensive income for the three months ended Mar 31 2010	-	-	25,538	(7,982)	17,556	1,247	18,803
Changes in ownership interest	-	-	11,034	-	11,034	(20,888)	(9,854)
<b>Mar 31 2010 (unaudited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>5,258,076</b>	<b>6,295</b>	<b>6,705,592</b>	<b>17,111</b>	<b>6,722,703</b>

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**GRUPA LOTOS S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2010 and December 31st 2009

(PLN '000)	<u>Mar 31 2010</u> <u>(unaudited)</u>	<u>Dec 31 2009</u> <u>(audited)</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,907,390	6,606,584
Prepayments for tangible assets under construction	127,173	150,699
Intangible assets	42,232	43,928
Non-current financial assets	1,084,437	1,078,148
Prepayments and accrued income	3,584	3,676
<b>Total non-current assets</b>	<b>8,164,816</b>	<b>7,883,035</b>
<b>Current assets</b>		
Inventories	2,940,302	2,894,236
Trade and other receivables	1,688,332	1,428,666
Current tax receivable	-	71,622
Prepayments and accrued income	22,856	15,355
Current financial assets	50,090	85,050
Cash and cash equivalents	102,687	18,220
<b>Total current assets</b>	<b>4,804,267</b>	<b>4,513,149</b>
<b>Total assets</b>	<b>12,969,083</b>	<b>12,396,184</b>

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**GRUPA LOTOS S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2010 and December 31st 2009

(PLN '000)	<b>Mar 31 2010</b> (unaudited)	<b>Dec 31 2009</b> (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	129,873	129,873
Statutory reserve funds	1,311,348	1,311,348
Retained earnings	3,929,327	3,906,487
<b>Total equity</b>	<b>5,370,548</b>	<b>5,347,708</b>
<b>Non-current liabilities</b>		
Interest-bearing loans	4,983,669	4,662,659
Long-term provisions	28,800	28,820
Deferred tax liabilities	24,419	30,874
Other financial liabilities	163,418	220,230
<b>Total non-current liabilities</b>	<b>5,200,306</b>	<b>4,942,583</b>
<b>Current liabilities</b>		
Trade payables, accruals and deferred income, and other liabilities	2,062,722	1,612,978
Interest-bearing loans	267,771	471,926
Short-term provisions	5,723	7,712
Other financial liabilities	62,013	13,277
<b>Total current liabilities</b>	<b>2,398,229</b>	<b>2,105,893</b>
<b>Total liabilities</b>	<b>7,598,535</b>	<b>7,048,476</b>
<b>Total equity and liabilities</b>	<b>12,969,083</b>	<b>12,396,184</b>

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**GRUPA LOTOS S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the three months ended March 31st 2010 and March 31st 2009

(PLN '000)	3 months ended Mar 31 2010 <u>(unaudited)</u>	3 months ended Mar 31 2009 (comparable data) <u>(unaudited)</u>
Sales revenue	3,676,512	2,436,383
Cost of sales	(3,515,998)	(2,337,954)
<b>Gross profit</b>	<b>160,514</b>	<b>98,429</b>
Other operating income	2,609	2,080
Selling costs	(96,874)	(84,608)
General and administrative expenses	(54,528)	(50,822)
Other operating expenses	(377)	(476)
<b>Operating profit/(loss)</b>	<b>11,344</b>	<b>(35,397)</b>
Finance income	101,780	61,600
Finance expenses	(96,738)	(775,041)
<b>Pre-tax profit/(loss)</b>	<b>16,386</b>	<b>(748,838)</b>
Corporate income tax	6,454	136,788
<b>Net profit/(loss) from continuing operations</b>	<b>22,840</b>	<b>(612,050)</b>
<b>Other comprehensive income, net</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>22,840</b>	<b>(612,050)</b>
<b>Net earnings/(loss) from continuing operations per share (PLN)</b>		
Weighted average number of shares (in thousands)	129,873	129,873
- basic	0.18	(4.71)
- diluted	-	-

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**GRUPA LOTOS S.A.**  
**STATEMENT OF CASH FLOWS**  
for the three months ended March 31st 2010 and March 31st 2009

(PLN '000)	3 months ended Mar 31 2010	3 months ended Mar 31 2009
	(unaudited)	(comparable data) (unaudited)
<b>Cash flows from operating activities</b>		
<b>Net profit/(loss) from continuing operations</b>	<b>22,840</b>	<b>(612,050)</b>
Adjustments:		
Depreciation and amortisation	36,992	31,963
Foreign exchange (gains)/losses	31,739	574,543
Interest and dividends	(51,685)	(52,465)
(Gain)/loss on investing activities	31,217	146,531
Current income tax	(6,454)	(136,788)
(Increase) in receivables	(259,049)	(22,841)
(Increase) in inventories	(46,066)	(12,814)
Increase in liabilities and accruals and deferred income	492,956	197,013
(Decrease)/increase in provisions	(2,009)	11
(Increase) in prepayments and accrued income	(7,409)	(6,267)
Settlement of financial instruments	62,567	75,212
<b>Net cash provided by/(used in) operating activities</b>	<b>305,639</b>	<b>182,048</b>
<b>Cash flows from investing activities</b>		
Dividend received	51,969	55,949
Interest received	115	928
(Purchase)/sale of tangible assets, tangible assets under construction and intangible assets	(228,305)	(616,432)
Prepayments for tangible assets under construction	(39,032)	(123,040)
<b>Net cash provided by/(used in) investing activities</b>	<b>(215,253)</b>	<b>(682,595)</b>
<b>Cash flows from financing activities</b>		
Increase in loans and borrowings	415,097	752,795
Repayment of loans and borrowings	(51,958)	-
Interest paid	(13,488)	(38,717)
Settlement of financial instruments	(62,567)	(75,212)
Other items, net	(47)	(46)
<b>Net cash provided by/(used in) financing activities</b>	<b>287,037</b>	<b>638,820</b>
Effect of exchange rate fluctuations on cash held	(6,254)	273
<b>Change in net cash</b>	<b>371,169</b>	<b>138,546</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(443,798)</b>	<b>(134,303)</b>
<b>Cash and cash equivalents at end of period</b>	<b>(72,629)</b>	<b>4,243</b>
- restricted cash	77,448	143,497

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**GRUPA LOTOS S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
for the three months ended March 31st 2010 and March 31st 2009

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(PLN '000)	Share capital	Statutory reserve funds	Retained earnings	Total equity
<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	- =====	- =====	(612,050) =====	(612,050) =====
<b>Mar 31 2009 (comparable data) (unaudited)</b>	<b>113,700</b> =====	<b>970,951</b> =====	<b>2,703,110</b> =====	<b>3,787,761</b> =====
<b>Jan 1 2010 (audited)</b>	<b>129,873</b> -----	<b>1,311,348</b> -----	<b>3,906,487</b> -----	<b>5,347,708</b> -----
Total comprehensive income for the three months ended Mar 31 2010	- =====	- =====	22,840 =====	22,840 =====
<b>Mar 31 2010 (unaudited)</b>	<b>129,873</b> =====	<b>1,311,348</b> =====	<b>3,929,327</b> =====	<b>5,370,548</b> =====

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31ST 2010**

**1. General Information**

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

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

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

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

**2. Composition of the Group**

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

Name	Registered office	Business profile	Method of consolidation/valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2010	Dec 31 2009	Mar 31 2009
<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. <sup>(1)</sup>	Mława	Production, wholesale and retail sale of LPG, the company does not conduct operations at the moment	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	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%
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%

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**THE LOTOS GROUP**  
**Notes to the interim condensed consolidated financial statements**  
**for the three months ended March 31st 2010**

Name	Registered office	Business profile	Method of consolidation/ valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2010	Dec 31 2009	Mar 31 2009
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.	Gdańsk <sup>(2)</sup>	Wholesale of petroleum products	full	100.00%	100.00%	100.00%
LOTOS Czechowice S.A. (parent undertaking of another group)	Czechowice-Dziedzice	Storage and distribution of fuels	full	95.68% <sup>(4)</sup>	85.04% <sup>(3)</sup>	80.04%
LOTOS Jasło S.A. (parent undertaking of another group)	Jasło	Services related to distribution of petroleum products, storage of fuels, building and maintenance of fuel stocks; production and processing of refined petroleum products and their wholesale and retail sale	full	96.87% <sup>(4)</sup>	85.01% <sup>(3)</sup>	80.01%
LOTOS Petrobaltic S.A. <sup>(5)</sup> (parent undertaking of another group)	Gdańsk	Acquisition of crude oil and natural gas reserves and their exploitation	full	99.32%	99.32% <sup>(3)</sup>	69.00%
UAB LOTOS Baltija	Lithuania	Wholesale and retail sale of lubricating oils in Lithuania, Belarus, Ukraine and Latvia; from January 2009 – business and legal advisory services	full	100.00%	100.00%	100.00%
LOTOS Park Technologiczny Sp. z o.o.	Jasło	Business and management consultancy services/the company does not conduct operations at the moment	full	100% <sup>(6)</sup>	0.29% <sup>(6)</sup>	86.91%
<b>Indirect Subsidiary Undertakings</b>						
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Provision of services	full	95.68% <sup>(8)</sup>	85.04% <sup>(7)</sup>	80.04%
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Production of fatty acid methyl esters (FAME) <sup>(9)</sup>	full	95.68% <sup>(8)</sup>	85.04% <sup>(7)</sup>	80.04%
RC Serwis Sp. z o.o.	Czechowice-Dziedzice	Provision of services	_(10)	-	_(11)	86.91%
PLASTEKOL Organizacja Odzysku S.A.	Jasło	Provision of services	full	92.51% <sup>(8)</sup>	81.18% <sup>(7,12)</sup>	70.41% <sup>(12)</sup>
KRAK - GAZ Sp. z o.o. in bankruptcy by liquidation	Kraków	Wholesale and retail sale of LPG		_(1)		100.00%
Miliana Shipping Company Ltd.	Cyprus	Provision of services	full	99.32 %	99.32 % <sup>(7)</sup>	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	99.32%	99.32% <sup>(7)</sup>	69.00% <sup>(13)</sup>
Aphrodite Offshore Services Ltd.	Netherlands Antilles	Provision of services	full	99.32%	99.32% <sup>(7)</sup>	69.00%
Energobaltic Sp. z o.o.	Władysławowo <sup>(15)</sup>	Production activities	full <sup>(14)</sup>	99.32%	99.32%	32.16%

<sup>(1)</sup> Until July 23rd 2009 LOTOS Gaz S.A. controlled KRAK-GAZ Sp. z o.o., a subsidiary. 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. On July

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**THE LOTOS GROUP**  
**Notes to the interim condensed consolidated financial statements**  
**for the three months ended March 31st 2010**

23rd 2009, the District Court for Kraków Śródmieście, VIII Commercial Division for Bankruptcy and Recovery resolved to declare KRAK-GAZ Sp. z o.o.'s bankruptcy by liquidation of the company's assets.

(2) On August 12th 2009, the registered office of LOTOS Tank Sp. z o.o. was relocated from Jasło to Gdańsk.

(3) On July 9th 2009, an agreement was signed providing for the acquisition by the State Treasury of Grupa LOTOS S.A. shares. In exchange, the State Treasury made non-cash contributions to Grupa LOTOS S.A. in the form of 30.32% of shares in LOTOS Petrobaltic S.A., 5% of shares in LOTOS Czechowice S.A. and 5% of shares in LOTOS Jasło S.A.

(4) By March 31st 2010, Grupa LOTOS S.A. acquired from non-controlling interests an additional 10.64% of shares in LOTOS Czechowice S.A. and 11.86% of shares in LOTOS Jasło S.A. (see Note 15 to these interim condensed consolidated financial statements).

(5) On March 31st 2010, change in the name of Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu Petrobaltic Spółka Akcyjna to LOTOS Petrobaltic Spółka Akcyjna (abbreviated name: LOTOS Petrobaltic S.A.) was entered in the National Court Register.

(6) On November 20th 2009, the then-shareholders of LOTOS Park Technologiczny Sp. z o.o. sold their shares to LOTOS Park Technologiczny Sp. z o.o.:

- Grupa LOTOS S.A. – 9,400 shares out of the total of 9,500 shares held,

- LOTOS Czechowice S.A. – the entire stake of 12,314 shares,

- LOTOS Jasło S.A. – the entire stake of 9,866 shares,

- LOTOS Serwis Sp. z o.o. – the entire stake of 2,834 shares,

- Partner Holding Management Sp. z o.o. - the entire stake of 100 shares.

LOTOS Park Technologiczny Sp. z o.o. acquired its own shares with a view to their voluntary retirement by way of reduction of the share capital. Following the transaction, the shareholder structure of LOTOS Park Technologiczny Sp. z o.o. is as follows:

LOTOS Park Technologiczny Sp. z o.o. – 99.71%,

Grupa LOTOS S.A. – 0.29%.

Grupa LOTOS S.A. exercises control over LOTOS Park Technologiczny Sp. z o.o. given the GM powers vested in Grupa LOTOS S.A. as the only shareholder entitled to exercise rights attached to the shares held.

On March 31st 2010, reduction in the share capital of LOTOS Park Technologiczny Sp. z o.o. to PLN 50 thousand was registered. The share capital of LOTOS Park Technologiczny Sp. z o.o. is divided into 100 shares.

Following registration of the changes in the National Court Register, Grupa LOTOS S.A. holds a 100% stake in LOTOS Park Technologiczny Sp. z o.o.

(7) The shareholding changes described in item (3) above led to changes in the Group's indirect interests in the share capitals of the subsidiaries of Petrobaltic S.A. (currently LOTOS Petrobaltic S.A.), LOTOS Czechowice S.A. and LOTOS Jasło S.A.

(8) The shareholding changes described in item (4) above led to changes in the Group's indirect interests in the share capitals of the subsidiaries of LOTOS Czechowice S.A. and LOTOS Jasło S.A.

(9) On March 1st 2009, LOTOS Biopaliwa Sp. z o.o. commenced operations.

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

(11) On November 6th 2009, LOTOS Park Technologiczny Sp. z o.o. sold 100% of shares in RC Serwis Sp. z o.o. to a third party for PLN 1,800 thousand. As a result of this transaction, the Group realised a gain of PLN 688 thousand.

(12) In May – June 2008 and January – December 2009, LOTOS Jasło S.A. acquired shares in PLASTEKOL Organizacja Odzysku S.A. As a result of the executed transactions, LOTOS Jasło S.A.'s share in the share capital of PLASTEKOL Organizacja Odzysku S.A. increased to 95.5%.

(13) On May 19th 2008, the Management Board of Petrobaltic S.A. (currently LOTOS 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. As a result of the transaction, Petrobaltic S.A. (currently LOTOS Petrobaltic S.A.) holds 40 million shares, representing 100% of the share capital of LOTOS Exploration and Production Norge AS.

(14) On November 27th 2009, Petrobaltic S.A. acquired control over Energobaltic Sp. z o.o..

(15) The relocation of Energobaltic Sp. z o.o.'s registered office from Gdańsk to Władysławowo was registered on January 25th 2010.

As at March 31st 2010 and December 31st 2009, the Group held an indirect equity interest of 40.31% in associated undertaking AB Geonafta. As at March 31st 2010, the Group held an indirect equity interest of 29.46% in associated undertaking AB Naftos Gavyba (currently AB Geonafta).

In these interim condensed consolidated financial statements, the LOTOS Group presented the financial information concerning the LOTOS Petrobaltic Group for the three months ended March 31st 2010 assuming that the LOTOS Petrobaltic Group carried the equity-accounted interest in its associated undertaking AB Geonafta as at December 31st 2009 at PLN 88,255 thousand. The value of the interest in AB Geonafta disclosed in these consolidated financial statements is based on the consolidated financial statements of the AB Geonafta Group for 2009, drawn up in accordance with the IFRS.

As at March 31st 2010 and March 31st 2009, 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. As at December 31st 2009, 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, except in the case of LOTOS Park Technologiczny Sp. z o.o. (see Note 15 to these interim condensed consolidated financial statements).

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

In the period from January 1st 2010 until the date of approval of these interim 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 Sokołowski – Vice-President of the Management Board, Chief Operation Officer,  
Maciej Szozda – Vice-President of the Management Board, Chief Commercial Officer.

As at January 1st 2010, 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.

On February 11th 2010, the Extraordinary General Shareholders Meeting of Grupa LOTOS S.A. adopted a resolution to remove Mr Mariusz Obszyński, Mr Radosław Barszcz and Mr Jan Stefanowicz from their positions on the Supervisory Board. Next, Messrs Oskar Pawłowski, Michał Rumiński and Rafał Wardziński were appointed as members of the Supervisory Board of the seventh term of office.

On March 29th 2010, the Company received a resignation by Mr Ireneusz Fąfara, Member of the Supervisory Board of Grupa LOTOS S.A., from his position as Member of the Company's Supervisory Board.

As at the date of approval of these interim 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,  
Oskar Pawłowski – Secretary of the Supervisory Board,  
Małgorzata Hirszel – Member of the Supervisory Board,  
Michał Rumiński – Member of the Supervisory Board,  
Rafał Wardziński – Member of the Supervisory Board.

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

These interim 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 relevant EU-endorsed IFRS applicable to interim financial reporting, which had been published and were effective at the time of preparing these interim condensed consolidated financial statements of the LOTOS Group.

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

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the LOTOS Group for 2009, prepared in accordance with the IFRS.

The financial information as at March 31st 2010 and for the three months ended on that date, as well as the comparable financial data for the three months ended March 31st 2009, contained in these interim condensed consolidated financial statements, were not audited. The financial information as at December 31st 2009 was audited by a qualified auditor, who issued an opinion on the financial statements on April 26th 2010.

The Company and the Group adjusted the comparable data for the period of three months ended March 31st 2009 to reflect in the case of selected items of property plant and equipment the component approach required by IAS 16 *Property, Plant and Equipment*, adopted in the Grupa LOTOS S.A.'s financial statements for 2009

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prepared in accordance with the IFRS and in the consolidated financial statements of the LOTOS Group for 2009 prepared in accordance with the IFRS. In connection with the foregoing, in the consolidated and separate statements of comprehensive income for the three months ended March 31st 2009, cost of sales and income tax decreased respectively by PLN 10,935 thousand and PLN 2,078 thousand, and net loss from continuing operations shrank by PLN 8,857 thousand. The data disclosed in the consolidated and separate statements of cash flows for the three months ended March 31st 2009 was adjusted accordingly by PLN 8,857 thousand under net loss from continuing operations, by PLN 10,935 thousand under depreciation and amortisation and by PLN 2,078 thousand under current income tax.

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

These interim condensed consolidated financial statements were approved for publication by the Management Board on May 5th 2010.

## **5. Accounting Policies**

The accounting policies and calculation methods adopted by the Group in the preparation of these interim condensed consolidated financial statements are the same as those used in the preparation of the consolidated financial statements for the year ended December 31st 2009 (see Note 10 to the consolidated financial statements for 2009, prepared in accordance with the IFRS).

With the exception of the Parent Undertaking, the foreign undertakings, LOTOS 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. 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.

The Group has reviewed the new interpretations, standards and amendments to the existing standards. 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 in periods beginning on or after January 1st 2010:

- Amendment to IFRS 32 – *Classification of Rights Issues* (applies to annual periods beginning on or after February 1st 2010, endorsed by the European Union),
- Amendment to IFRS 2 – *Group Cash-Settled Share-Based Payment Arrangements* (applies to annual periods beginning on or after January 1st 2010, 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, endorsed by the European Union).

The following standards, amendments to existing standards and interpretations 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:

- IFRS for Small and Medium-Sized Entities (applies as of the issue date, i.e. July 9th 2009, not yet endorsed by the European Union)
- Amendments to IFRS 1 *First-Time Adoption of IFRSs* (apply to annual periods beginning on or after January 1st 2010, not yet endorsed by the European Union)
- Revised IAS 24 *Related Party Disclosures* (applies to annual periods beginning on or after January 1st 2011, not yet endorsed by the European Union),
- IFRS 9 *Financial Instruments* (applies from January 1st 2013, not yet endorsed by the European Union),
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (applies to annual periods beginning on or after July 1st 2010, not yet endorsed by the European Union),
- Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* (apply from January 2011, not yet endorsed by the European Union),

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- Amendments to IFRS 1 *First-Time Adoption of IFRSs - Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters* (apply to annual periods beginning on or after July 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**

Items of the statement of financial position as at March 31st 2010 presented in the "Financial Highlights" table were translated using the euro mid-exchange rate published by the National Bank of Poland for that date, i.e. EUR 1 = PLN 3.8622. Items of the statement of comprehensive income and the statement of cash flows for the three months ended March 31st 2010 presented in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = PLN 3.9669 (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 2010).

Items of the statement of financial position as at December 31st 2009 presented 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 4.1082. Items of the statement of comprehensive income and the statement of cash flows for the three months ended March 31st 2009 presented in the "Financial Highlights" table were translated at the exchange rate of EUR 1 = 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).

#### **7. Seasonality and Cyclicity of Operations in the Interim Period**

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

#### **8. Amounts with Significant Bearing on Assets, Liabilities, Equity, Net Profit/Loss or Cash Flows Which Are Non-Typical Due to Their Type, Value, Effect or Frequency**

In the period from January 1st to March 31st 2010, no events occurred which would significantly affect the Group's assets, liabilities, equity, net profit/loss or cash flows, other than those presented in Note 9 to these interim condensed consolidated financial statements.

#### **9. Changes of Estimates of Amounts Reported in Prior Interim Periods of the Current Financial Year or Changes in Estimates of Amounts Reported in Prior Financial Years, if Those Changes Have a Material Effect in the Current Interim Period**

The following changes in estimates reported in prior financial years occurred:

- The LOTOS Petrobaltic Group recognised impairment losses on tangible assets under construction of PLN 21,803 thousand under other operating expenses,
- the value of amortisation and depreciation for the three months ended March 31st 2010 includes the amount of PLN 2,097 thousand related to a change in useful lives of property, plant and equipment and intangible assets made by the Group.

#### **10. Issue, Redemption and Repayment of Debt and Equity Securities**

In the period between January 1st and March 31st 2010 there were no transactions relating to issue, redemption or repayment of debt or equity securities.

#### **11. Dividends**

As at the date of publication of these interim condensed consolidated financial statements, the Management Board of the Parent Undertaking has not yet adopted a resolution on distribution of the profit for 2009.

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## 12. Earnings/(Loss) per Share

	<b>3 months ended March 31 2010</b>	<b>3 months ended March 31 2009 (comparable data)</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit/(loss) from continuing operations attributable to owners of the Parent (PLN '000) (A)	25,538	(650,123)
Weighted average number of shares (in thousands) (B)	129,873	129,873 <sup>(1)</sup>
	=====	=====
Earnings/(loss) per share (PLN) (A/B)	0.20	(5.01)

<sup>(1)</sup> Loss per share for the three months ended March 31st 2009 was calculated based on the number of shares in the period January 1st – March 31st 2010.

Earnings/(loss) per share for each period are calculated by dividing the profit/(loss) from continuing operations attributable to owners of the Parent 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.

## 13. Business Segments

PLN '000	<b>Upstream segment</b>	<b>Downstream segment</b>	<b>Other<sup>(1)</sup></b>	<b>Consolidation adjustments</b>	<b>Consolidated</b>
	<b>3 months ended Mar 31 2010</b>				
	<b>(unaudited)</b>				
<b>Sales revenue:</b>	<b>134,204</b>	<b>3,913,557</b>	<b>6,158</b>	<b>(142,316)</b>	<b>3,911,603</b>
Intersegment sales	134,098	7,359	859	(142,316)	-
External sales	106	3,906,198	5,299	-	3,911,603
	-----	-----	-----	-----	-----
Operating profit (EBIT)	<b>39,423</b>	<b>33,243</b>	<b>125</b>	<b>(6,432)</b>	<b>66,359</b>
	-----	-----	-----	-----	-----
Amortisation and depreciation	15,827	61,979	2,397	(424)	79,779
	=====	=====	=====	=====	=====
Operating profit before amortisation and depreciation (EBITDA)	<b>55,250</b>	<b>95,222</b>	<b>2,522</b>	<b>(6,856)</b>	<b>146,138</b>
	=====	=====	=====	=====	=====
	<b>Upstream segment</b>	<b>Downstream segment</b>	<b>Other<sup>(1)</sup></b>	<b>Consolidation adjustments</b>	<b>Consolidated</b>
PLN '000	<b>Mar 31 2010</b>				
	<b>(unaudited)</b>				
<b>Total assets</b>	<b>1,945,082</b>	<b>14,142,587</b>	<b>148,154</b>	<b>(628,218)</b>	<b>15,607,605</b>
	=====	=====	=====	=====	=====

<sup>(1)</sup> Includes LOTOS Ekoenergia S.A., LOTOS Park Technologiczny Sp. z o.o., LOTOS Gaz S.A. and Energobaltic Sp. z o.o.

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PLN '000	Upstream segment	Downstream segment	Other <sup>(1)</sup>	Consolidation adjustments	Consolidated
	<b>3 months ended Mar 31 2009</b>				
	<b>(comparable data)</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>
Intersegment sales	35,133	20,653	15,410	(71,196)	-
External sales	657	2,658,886	57,092	-	2,716,635
Operating profit/(loss) <b>(EBIT)</b>	<b>(15,426)</b>	<b>4,584</b>	<b>(7,033)</b>	<b>30,548</b>	<b>12,673</b>
Amortisation and depreciation	10,932	51,277	299	(138)	62,370
Operating profit/(loss) before amortisation and depreciation <b>(EBITDA)</b>	<b>(4,494)</b>	<b>55,861</b>	<b>(6,734)</b>	<b>30,410</b>	<b>75,043</b>
	<b>Upstream segment</b>	<b>Downstream segment <sup>(2)</sup></b>	<b>Other <sup>(3)</sup></b>	<b>Consolidation adjustments</b>	<b>Consolidated</b>
PLN '000	<b>Dec 31 2009</b>				
	<b>(audited)</b>				
<b>Total assets</b>	<b>1,858,851</b>	<b>13,627,572</b>	<b>152,173</b>	<b>(576,090)</b>	<b>15,062,506</b>

<sup>(1)</sup> Includes LOTOS Ekoenergia S.A., LOTOS Park Technologiczny Sp. z o.o. and the LOTOS Gaz Group.

<sup>(2)</sup> Including an organised part of business in the form of the LPG Trading Division of LOTOS Gaz, acquired by LOTOS Paliwa Sp. z o.o. from LOTOS Gaz S.A.

<sup>(3)</sup> Includes LOTOS Ekoenergia S.A., LOTOS Park Technologiczny Sp. z o.o., the LOTOS Gaz Group (until the date of loss of control over KRAK-GAZ Sp. z o.o.) and Energobaltic Sp. z o.o. (from the date of acquiring control by Petrobaltic S.A.).

#### **14. Material Events Occurring after the End of the Interim Period and not Reflected in the Interim Consolidated Financial Statements for the Interim Period**

1. Excise duty security connected with the movement of excise goods, dated March 18th 2007, in the form of a blank promissory note with a promissory note declaration for the amount of PLN 10,000 thousand, issued by LOTOS Oil S.A. for the benefit of the Customs Office, expired on April 30th 2010. The original validity term of the promissory note expired on October 31st 2008. On April 20th 2010, LOTOS Oil S.A. submitted a blank promissory note for the amount of PLN 10,000 thousand for the benefit of the Customs Office as security in respect of movement of excise goods. The security remains valid from May 1st 2010 until April 30th 2011.
2. On April 19th 2010, LOTOS Czechowice S.A. received decisions issued on April 14th 2010 by the Head of the Customs Office of Bielsko-Biala relating to excise duty liabilities for January–March 2004 (see Note 46 to the consolidated financial statements for 2009, prepared in accordance with the IFRS) which again determined the amounts of excise duty liabilities which exceeded the excise duty liability amounts reported by LOTOS Czechowice S.A. in its tax returns:
  - by PLN 1,239 thousand – with respect to the tax liability for January 2004,
  - by PLN 538 thousand - with respect to the tax liability for February 2004,
  - by PLN 8 thousand - with respect to the tax liability for March 2004.Appeals against the decisions to the Director of the Customs Chamber of Katowice were lodged through the Head of the Customs Office of Bielsko-Biala by the statutory deadline. As at the date of approval of these interim condensed consolidated financial statements, the case was pending.
3. At a hearing held on April 27th 2010 the court adjourned until May 6th 2010 the rendering of judgement in the anti-trust proceedings initiated *ex officio* as a result of the decision issued by the President of the Competition and Consumer Protection Office on March 21st 2005 concerning distribution of the U95 universal gasoline (see Note 46 to the consolidated financial statements for 2009 prepared in accordance with the IFRS).

#### **15. Changes in the Entity's Structure in the Interim Period, Including Changes which Follow from Mergers, Acquisitions or Sale of Subsidiaries, Long-Term Investments, Restructurings or Discontinuations of any Businesses**

There were no significant changes in the Group structure since the end of the previous financial year, i.e. December 31st 2009 (see Note 2 to the consolidated financial statements for 2009 prepared in accordance with the IFRS), except for the changes listed below and described in Note 2 of the Notes to these interim condensed consolidated financial statements:

##### **Registration of Reduction in the Share Capital of LOTOS Park Technologiczny Sp. z o.o.**

On November 20th 2009, the then-shareholders of LOTOS Park Technologiczny Sp. z o.o. sold their shares to LOTOS Park Technologiczny:

- Grupa LOTOS S.A. – 9,400 shares out of the total of 9,500 shares held,
- LOTOS Czechowice S.A. – the entire stake of 12,314 shares,
- LOTOS Jaslo S.A. – the entire stake of 9,866 shares,
- LOTOS Serwis Sp. z o.o. – the entire stake of 2,834 shares,
- Partner Holding Management Sp. z o.o. - the entire stake of 100 shares.

LOTOS Park Technologiczny Sp. z o.o. acquired its own shares with a view to their voluntary retirement by way of reduction of the share capital.

Following the transaction, the shareholder structure of LOTOS Park Technologiczny Sp. z o.o. is as follows:

LOTOS Park Technologiczny Sp. z o.o. – 99.71%,  
Grupa LOTOS S.A. – 0.29%.

Grupa LOTOS S.A. exercises control over LOTOS Park Technologiczny Sp. z o.o. given the GM powers vested in Grupa LOTOS S.A. as the only shareholder entitled to exercise rights attached to the shares held.

On March 31st 2010, reduction in the share capital of LOTOS Park Technologiczny Sp. z o.o. to PLN 50 thousand was registered. The share capital of LOTOS Park Technologiczny Sp. z o.o. is divided into 100 shares.

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Following registration of the changes in the National Court Register, Grupa LOTOS S.A. holds a 100% stake in LOTOS Park Technologiczny Sp. z o.o.

**Acquisition of LOTOS Jasło S.A. Shares**

On February 4th 2010, Grupa LOTOS S.A. made an offer to purchase LOTOS Jasło S.A. shares. The offer was addressed only to the following persons: employees and former employees of LOTOS Jasło S.A. who acquired the shares free of charge under the Act on Commercialisation and Privatisation of State-Owned Enterprises, dated August 30th 1996, as well as their heirs and members of their immediate family who acquired the shares as a donation directly from such persons. The offer was valid until March 22nd 2010. The purchase price offered for the shares was PLN 4.90 per share in the period from February 8th 2010 to March 8th 2010, and PLN 4.23 per share in the period from March 9th 2010 to March 22nd 2010. As at the date of approval of these interim condensed consolidated financial statements, the process of buying of the shares, which commenced on March 9th 2010, is in progress.

**Acquisition of LOTOS Czechowice S.A. Shares**

On February 4th 2010, Grupa LOTOS S.A. made an offer to purchase LOTOS Czechowice S.A. shares. The offer was addressed only to the following persons: employees and former employees of LOTOS Czechowice S.A. who acquired the shares free of charge under the Act on Commercialisation and Privatisation of State-Owned Enterprises, dated August 30th 1996, as well as their heirs and members of their immediate family who acquired the shares as a donation directly from such persons. The offer was valid until March 22nd 2010. The purchase price offered for the shares was PLN 7.98 per share in the period from February 8th 2010 to March 8th 2010, and PLN 6.89 per share in the period from March 9th 2010 to March 22nd 2010. As at the date of approval of these interim condensed consolidated financial statements, the process of buying of the shares, which commenced on March 9th 2010, is in progress.

**Accounting for the Acquisition of Shares in LOTOS Jasło S.A. and LOTOS Czechowice S.A. from Non-Controlling Interests**

By March 31st 2010 Grupa LOTOS S.A. acquired 798,017 shares in LOTOS Czechowice S.A. with the total value of PLN 6,368 thousand, representing 10.64% of the company's share capital, and 711,477 shares in LOTOS Jasło S.A. with the total value of PLN 3,486 thousand, representing 11.86% of the company's share capital. As a result of the executed transactions, as at March 31st 2010 Grupa LOTOS S.A. holds 95.68% of the share capital of LOTOS Czechowice S.A. and 96.87% of the share capital of LOTOS Jasło S.A.

In line with the revised IAS 27 *Consolidated and Separate Financial Statements*, the transaction described above was accounted for as an equity transaction, as a result of which an amount of PLN 11,034 thousand was recognised under retained earnings attributable to the Parent Undertaking.

Accounting for the acquisition of LOTOS Jasło S.A. and LOTOS Czechowice S.A. shares from non-controlling interests, as at March 31st 2010

(PLN '000)

Value of non-controlling interests as at March 31st 2010 (A)	20,888
Value of the acquired 10.64% of shares in LOTOS Czechowice S.A. and 11.86% of shares in LOTOS Jasło S.A. (B)	9,854
Excess of the value of non-controlling interests over the value of the acquired shares (A-B)	11,034



## **16. Changes in Contingent Liabilities and Assets from the Previous Balance-Sheet Date**

### **16.1 Contingent Liabilities and Contingent Assets**

No material changes occurred with respect to contingent liabilities in the period from the end of the previous financial year, i.e. December 31st 2009 (see Note 43 to the consolidated financial statements for 2009, prepared in accordance with the IFRS), except for those listed below and those described in item 1 of Note 14 to these interim condensed consolidated financial statements:

1. 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 initial validity term of the guarantee, which was issued to secure payment of amounts due for the delivery of diesel oil and gasoline, was until July 31st 2009. On July 6th 2009, the guarantee validity term was extended until January 29th 2010. Next, with effect from August 1st 2009, the guarantee amount was changed to USD 10,500 thousand (i.e. PLN 30,285 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 3rd 2009). The guarantee expired with the end of its validity period.
2. 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 a loan in the amount of USD 13,000 thousand (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) (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). The loan is intended for financing of the expenditure related to the YME Production Project. The original loan repayment date (July 31st 2009) was extended, initially until September 30th 2009 and subsequently until January 29th 2010. Thereafter, the loan repayment date was extended once again until December 30th 2010. The created security in the form of the blank promissory note with a "protest waived" clause and the promissory note declaration remains valid.
3. On July 1st 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of the Customs Office of Pruszków for the amount of PLN 1,500 thousand as excise security. The original validity term of the guarantee was to expire on December 31st 2009, but was subsequently extended until September 30th 2010. On November 20th 2009, the validity term of the bank guarantee was extended once again, until October 31st 2010. As the excise security expired, the original guarantee document was returned to the issuer and on February 26th 2010 the liability ceased to exist.
4. On July 21st 2009, at the request of Grupa LOTOS S.A., Bank Pekao S.A. issued a payment guarantee for USD 10,500 thousand (i.e. PLN 31,524 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for July 21st 2009) for the benefit of TOTAL DEUTSCHLAND GmbH in connection with gasoline and Diesel oil supplies. The guarantee is valid through January 31st 2010. The guarantee expired with the end of its validity period.
5. On November 2nd 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for PLN 16,000 thousand for the benefit of the Customs Office in Pruszków as excise security. The guarantee was to expire on September 30th 2010. As the excise security expired, the original guarantee document was returned to the issuer and on February 26th 2010 the liability ceased to exist.
6. On December 10th 2009, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a documentary letter of credit in the amount of PLN 7,150 thousand for the benefit of Gunvor International B.V. The documentary letter of credit constituted security under a contract for the supply of a light fuel oil component, and was valid until January 15th 2010. The letter of credit expired with the end of its validity period.
7. On December 31st 2009, at the request of Grupa LOTOS S.A., Bank Pekao S.A. issued a stand-by letter of credit in the amount of PLN 8,800 thousand for the benefit of Gunvor International B.V. The documentary letter of credit constituted security under a contract for the supply of a light fuel oil component, and was valid until February 15th 2010. The letter of credit expired with the end of its validity period.
8. On July 24th 2009, the District Court of Katowice decided to enter in the register of pledges a pledge on inventories of LOTOS Biopaliwa Sp. z o.o. which – along with an assignment of the insurance policy

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- pursuant to an annex to the loan agreement – served as security for the repayment of the entire amount of the PLN 30,000 thousand loan advanced by Bank Pekao S.A. At the company's request and with the Bank's consent, on April 1st 2010 the District Court of Katowice deleted the pledge from the register of pledges.
9. In compliance with the provisions of the investment loan agreement of December 14th 2006, on January 8th 2010 by virtue of a decision of the District Court of Katowice a pledge over a set of movables of LOTOS Biopaliwa Sp. z o.o. (in the form of the fatty acid methyl esters (FAME) production installation) for up to PLN 113,546 thousand was entered into the register of pledges.
  10. On January 13th 2010, LOTOS Asphalt Sp. z o.o. issued a blank promissory note with a "protest waived" clause for the amount of PLN 7,000 thousand, along with a promissory note declaration, for the benefit of the Customs Office of Gdańsk as excise security. The security remains valid from March 1st 2010 until February 28th 2011.
  11. On February 11th 2010, by virtue of a decision of the District Court of Katowice, a pledge over a set of inventories of LOTOS Biopaliwa Sp. z o.o. for up to PLN 45,000 thousand was registered. The pledge constitutes security for repayment of an overdraft facility contracted with Bank Pekao S.A. of Warsaw on February 4th 2010 (contractual overdraft facility limit: PLN 30,000 thousand).
  12. On February 16th 2010 LOTOS Jasło S.A. was returned the nine blank promissory notes valid until January 19th 2010 which had been issued for the benefit of Nafta Polska S.A. Under the promissory note declarations of January 19th 2000, the promissory notes secured the liabilities of Rafineria Jasło S.A. under claims concerning environmental damage on the property specified in the agreement of January 19th 2000 between Rafineria Jasło S.A. (currently LOTOS Jasło S.A.) and Carbon Black Polska Sp. z o.o. The promissory notes could be filled in by Nafta Polska S.A. if LOTOS Jasło S.A. failed to perform any of its obligations under the above agreement. As provided for in the declarations, each promissory note could be filled in with an amount of PLN 1,000 thousand (see Note 43 to the consolidated financial statements for 2009, prepared in accordance with the IFRS).
  13. In connection with the transaction of November 27th 2009, concerning acquisition of debt claims from Stablewood Power Ventures (Władysławowo) Ltd. under a loan advanced to Energobaltic Sp. z o.o. (see Note 17 to the consolidated financial statements for 2009, prepared in accordance with the IFRS), and in connection with the agreement of March 1st 2010 on assignment of debt claims, relating to the Agreement of November 21st 2001, as amended, Petrobaltic S.A. took over the security in the form of a blank promissory note issued by Energobaltic Sp. z o.o. with a "protest waived" clause and a promissory note declaration.
  14. On March 17th 2010, LOTOS Asphalt Sp. z o.o. issued a blank promissory note with a promissory note declaration for the benefit of BRE Bank S.A., valid through the date of repayment of debt under, and/or termination or expiry of, an overdraft facility agreement. The promissory note was issued as security for repayment of a PLN 30,000 thousand overdraft facility. The overdraft facility agreement is valid until March 15th 2011.
  15. On March 17th 2010, LOTOS Asphalt Sp. z o.o. issued a blank promissory note with a promissory note declaration for the benefit of PKO BP S.A., valid through the date of repayment of debt under, and/or termination or expiry of, an overdraft facility agreement. The promissory note was issued as security for repayment of a PLN 100,000 thousand overdraft facility. The overdraft facility agreement is valid until March 16th 2011.

## **16.2 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 relating to the Company or its subsidiaries since the end of the previous financial year, i.e. December 31st 2009 (see Note 46 to the consolidated financial statements for 2009 prepared in accordance with the IFRS), apart from those described as events occurring after the end of the interim period in items 2 and 3 of Note 14 to these interim condensed consolidated financial statements.

## **17. Other Information**

### **Licence Granted to LOTOS Exploration and Production Norge AS**

On January 19th 2010, following completion of the APA 2009 license round, LOTOS Exploration and Production Norge AS was granted a 50% interest in, and the operator status with respect to, license PL 556 located in the Norwegian Sea (the remaining 50% interest in the license was granted to Skeie Energy AS) and a 10% interest in license PL 497B (an extension of license PL 497). On March 10th 2010, relevant license interest agreements were signed.

The license work programme envisages carrying out analytical work in the first year following the grant of the license, to obtain a basis for any potential decision as to drilling an exploratory borehole. The cost of analytical work corresponding to the 50% license interest is estimated at NOK 6 million (i.e. PLN 2.96 million, if translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for January 20th 2010).

### **Significant Agreement between Grupa LOTOS S.A. and LOTOS Asphalt Sp. z o.o.**

On February 26th 2010 Grupa LOTOS S.A. entered into an agreement with LOTOS Asphalt Sp. z o.o. of Gdańsk, under which Grupa LOTOS S.A. will sell marine fuel to LOTOS Asphalt Sp. z o.o. The agreement was concluded for an unspecified term, starting on March 1st 2010. Its estimated value over five subsequent years totals approximately PLN 570m. The maximum value of contractual penalties is estimated at approximately PLN 5.5m.

### **Significant Agreement between LOTOS Paliwa Sp. z o.o. and Anwim S.A.**

On April 1st 2010, the turnover generated by LOTOS Paliwa Sp. z o.o. (a wholly-owned subsidiary of Grupa LOTOS S.A.) under the agreement of July 23rd 2007 with Anwim S.A. of Warsaw reached to PLN 616m in the 12 months ended on April 1st 2010. The agreement was concluded for an unspecified term and it provides for sale of liquid fuels by LOTOS Paliwa Sp. z o.o. to Anwim S.A. The agreement provides for standard contractual penalties whose value may exceed the equivalent of EUR 200 thousand, and depends on the quantity of non-supplied or uncollected product. The agreement does not contain any provisions which would prevent the parties from seeking additional compensation above the contractual penalties. The other terms and conditions of the agreement do not differ from the terms and conditions commonly used in agreements of such type.

**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 and Par. 83.1 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 interim condensed consolidated financial statements.

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

Q1 2010 saw no changes in the structure of the LOTOS Group other than those disclosed in Note 15 to these interim condensed consolidated financial statements.

**III. Seasonal or Cyclical Nature of the Company's Business in Q1 2010**

In Q1 2010, 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 2010**

In Q1 2010, no non-equity or equity securities were issued, redeemed or repurchased.

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

As at December 31st 2009, 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	83,076,392	83,076,392	83,076,392	63.97%
ING OFE	6,524,479	6,524,479	6,524,479	5.02%
Other shareholders	40,272,491	40,272,491	40,272,491	31.01%
<b>Total</b>	<b>129,873,362</b>	<b>129,873,362</b>	<b>129,873,362</b>	<b>100.00%</b>

<sup>(1)</sup> The percentage of share capital held equals the percentage share in the total vote.

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As at December 31st 2009, the share capital comprised 129,873,362 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.

As at the date of release of these interim condensed consolidated financial statements, 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>(1,2)</sup>
State Treasury	69,076,392	69,076,392	69,076,392	53.19%
ING OFE	6,524,479	6,524,479	6,524,479	5.02%
Other shareholders	54,272,491	54,272,491	54,272,491	41.79%
<b>Total</b>	<b>129,873,362</b>	<b>129,873,362</b>	<b>129,873,362</b>	<b>100.00%</b>

<sup>(1)</sup> The percentage of share capital held equals the percentage share in the total vote.

<sup>(2)</sup> Percentage of share capital as at January 22nd 2010. By the date of release of these interim condensed consolidated financial statements, the Company had not received any information on any changes with respect to its shareholders holding 5% or more of the total vote at the General Shareholders Meeting.

The share capital comprises 129,873,362 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.

#### **Change in the Number of Grupa LOTOS S.A. Shares Held by the State Treasury**

Based on orders placed and accepted on January 22nd 2010, on January 22nd 2010 the State Treasury sold in block transactions an aggregate of 14,000,000 ordinary bearer shares in Grupa LOTOS S.A., representing 10.78% of Grupa LOTOS S.A.'s share capital and conferring the rights to 14,000,000 votes, or 10.78% of the total vote, in the Company.

Prior to the change, the State Treasury, represented by the Minister of State Treasury, held in aggregate 83,076,392 ordinary bearer shares in Grupa LOTOS S.A., representing 63.97% of the Company's share capital and conferring the rights to 83,076,392 votes, or 63.97% of the total vote in Grupa LOTOS S.A.

After the change, the State Treasury, represented by the Minister of State Treasury, holds in aggregate 69,076,392 ordinary bearer shares in Grupa LOTOS S.A., representing in aggregate 53.19% of the Company's share capital and conferring the rights to 69,076,392 votes, or 53.19% of the total vote in Grupa LOTOS S.A.

According to the information received by the Company, the State Treasury is not currently aware of any Grupa Lotos S.A. shares being held by its subsidiaries.

#### **Introduction to Stock-Exchange Trading of Grupa LOTOS S.A. Series A Shares; Assimilation of Grupa LOTOS S.A. Shares by the Polish NDS**

By virtue of Resolution No. 26/2010 of January 18th 2010, the Management Board of the Warsaw Stock Exchange decided to introduce to trading on the main market, on January 19th 2010, by way of the ordinary procedure, 57,987,030 Series A shares in Grupa LOTOS S.A., with a par value of PLN 1 per share, designated by the National Depository for Securities with code No. PLLOTOS00033.

By virtue of Resolution No. 33/10 of its Management Board, the National Depository for Securities decided to assimilate, on January 19th 2010, 57,987,030 ordinary bearer shares in Grupa LOTOS S.A., created through a conversion, on January 19th 2010, of 57,987,030 ordinary registered shares (code No. PLLOTOS00033) with 55,635,609 ordinary bearer shares in Grupa LOTOS S.A. (code No. PLLOTOS00025). The assimilated shares were assigned code No. PLLOTOS00025.

As of January 19th 2010, 113,622,639 shares in Grupa LOTOS S.A. were marked with code No. PLLOTOS00025, and 77,361 shares in Grupa LOTOS S.A. were marked with code No. PLLOTOS00033.

By virtue of Resolution No. 316/2010 of April 1st 2010, the Management Board of the Warsaw Stock Exchange decided to introduce to trading on the main market, on April 12th 2010, by way of the ordinary procedure, 8,250 Series A shares in Grupa LOTOS S.A., with a par value of PLN 1 per share, designated by the National

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**for the three months ended March 31st 2010**

Depository for Securities with code No. PLLOTOS00033. Under the provisions of the resolution, the shares are to be introduced to trading on April 12th 2010 on a condition that the National Depository for Securities converts, on April 12th 2010, the aforementioned registered shares in Grupa LOTOS S.A. into ordinary bearer shares and assimilates them, on April 12th 2010, with the shares in Grupa LOTOS S.A. already traded on the stock-exchange under code No. PLLOTOS00025.

By virtue of Resolution No. 185/10 of its Management Board, the National Depository for Securities decided to assimilate, on April 12th 2010, 8,250 ordinary bearer shares in Grupa LOTOS S.A., created through a conversion, on April 12th 2010, of 8,250 ordinary registered shares (code No. PLLOTOS00033), with 113,622,639 ordinary bearer shares in Grupa LOTOS S.A. (code No. PLLOTOS00025). The assimilated shares were assigned code No. PLLOTOS00025.

As of April 12th 2010, 113,630,889 shares in Grupa LOTOS S.A. have been marked with code No. PLLOTOS00025, and 69,111 shares in Grupa LOTOS S.A. have been marked with code No. PLLOTOS00033.

**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 18 2010	Acquisition	Sale	Other	As at Apr 26 2010
Marek Sokółowski Vice-President of the Management Board, Chief Operation Officer	8,636	-	-	-	8,636
<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, the Supervisory Board members do not hold any Company shares or rights to the Company shares.

Due to changes in the composition of Grupa LOTOS S.A.'s Supervisory Board (see Note 3 to these interim consolidated financial statements), information on the number of Grupa LOTOS S.A. shares held by Messrs Mariusz Obszyński, Radosław Barszcz and Jan Stefanowicz is provided as at February 11th 2010, and by Mr Ireneusz Fąfara – as at March 29th 2010.

**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 16.2 and in items 2 and 3 of Note 14 to these interim condensed consolidated financial statements.

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

Transactions with related undertakings are executed on typical market terms. The transactions executed in the period from January 1st to March 31st 2010 are additionally described in Note 17 to these interim 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 2010, 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 16.1 to these interim 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**

Apart from the information contained in these interim condensed consolidated financial statements and in the notes to these financial statements, 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.

**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 2010.

**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 or in a longer time horizon:

- prices of crude oil and of petroleum products,
- PLN/USD exchange rate,
- supply and demand for petroleum products,
- PLN/EUR exchange rate,
- from 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,
- commissioning of the new installations constructed as part of the 10+ Programme.

**XIII. Segment Information**

Information concerning business segments is presented in Note 13 to these interim condensed consolidated financial statements.



**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, Chief Executive Officer	
	Paweł Olechnowicz
Vice-President of the Management Board, Chief Financial Officer	
	Mariusz Machajewski
Vice-President of the Management Board, Chief Operation Officer	
	Marek Sokołowski
Vice-President of the Management Board, Chief Commercial Officer	
	Maciej Szozda
Chief Accountant	
	Tomasz Południewski