



(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 2011**

FINANCIAL HIGHLIGHTS - CONSOLIDATED	3
FINANCIAL HIGHLIGHTS – SEPARATE.....	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	8
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION.....	9
INTERIM CONDENSED STATEMENT OF CASH FLOWS.....	10
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	11
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31ST 2011	12
1. General information	12
2. Composition of the Group.....	12
3. Changes in the composition of the Management and Supervisory Boards	14
4. Rules of Presentation	15
4.1 Change of information presented in previous reporting periods.....	15
5. Accounting policies.....	16
5.1 New standards and interpretations	17
6. Translation of financial highlights into the euro	18
7. Seasonality and cyclicity of operations in the interim period	18
8. Amounts with significant bearing on assets, liabilities, equity, net profit/loss or cash flows which are non-typical due to their nature, value, effect or frequency	18
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 on the current interim period.....	18
10. Issue, redemption and repayment of debt and equity securities	19
11. Dividends.....	19
12. Earnings per share	19
13. Business segments	20
14. Material events occurring after the end of the interim period and not reflected in the consolidated financial statements for the interim period	22
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.....	22
16. Changes in contingent liabilities or assets since the previous balance-sheet date.....	27
16.1 Contingent Liabilities	27
16.2 Material court, arbitration or administrative proceedings and other risks relating to the Parent Undertaking or its subsidiaries	32
17. Other information.....	34
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.....	37
I. Organisation of the LOTOS Group, and consolidated undertaking	37
II. Effects of changes in the structure of the LOTOS Group	37
III. Seasonal or cyclical nature of the Company's business in Q1 2011.....	37
IV. Issue, redemption or repurchase of non-equity and equity securities in Q1 2011.....	37
V. Shareholders holding 5% or more of the total vote at the General Shareholders Meeting of the Parent Undertaking as at this report release date.....	38
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	39
VII. Material court, arbitration or administrative proceedings and other risks of the Parent Undertaking or its subsidiary undertakings.....	40
VIII. Information on material related party transactions	40
IX. Information on loan or borrowing sureties or guarantees issued by the Parent Undertaking or its subsidiaries, or guarantees issued jointly to one entity or its subsidiary, where the aggregate value of such sureties or guarantees represents 10% or more of the Company's equity.....	40
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	40
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	40
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.....	41
XIII. Segment information	41
XIV. Signatures of the Management Board members and the person responsible for keeping the accounting books of Grupa LOTOS S.A.	42

**THE LOTOS GROUP
FINANCIAL HIGHLIGHTS**

FINANCIAL HIGHLIGHTS - CONSOLIDATED

THE LOTOS GROUP	PLN '000		EUR '000	
	3 months ended Mar 31 2011	3 months ended Mar 31 2010 (restated)	3 months ended Mar 31 2011	3 months ended Mar 31 2010 (restated)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	6,519,506	3,911,603	1,640,457	986,060
Operating profit	412,553	132,000	103,808	33,275
Pre-tax profit	751,451	815	189,082	205
Net profit from continuing operations	635,530	24,168	159,914	6,092
Profit from continuing operations attributable to owners of the Parent	635,245	22,867	159,842	5,764
Profit from continuing operations attributable to non-controlling interests	285	1,301	72	328
Total comprehensive income	802,489	16,132	201,925	4,067
Comprehensive income attributable to owners of the Parent	802,203	14,885	201,853	3,752
Comprehensive income attributable to non-controlling interests	286	1,247	72	314
Net cash provided by / (used in) operating activities	343,450	410,140	86,420	103,391
Net cash provided by (used in) investing activities	(224,927)	(372,953)	(56,597)	(94,016)
Net cash provided by/ (used in) financing activities	241,515	275,488	60,771	69,447
Total net cash flow	356,802	307,123	89,780	77,421
Basic earnings per share (PLN/EUR)	4.89	0.18	1.23	0.05
Diluted earnings per share (PLN/EUR)	-	-	-	-
	PLN '000		EUR '000	
	As at Mar 31 2011	As at Dec 31 2010	As at Mar 31 2011	As at Dec 31 2010
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	19,006,553	17,736,029	4,737,544	4,478,456
Equity attributable to owners of the Parent	8,303,958	7,498,819	2,069,832	1,893,498
Non-controlling interests	3,366	14,658	839	3,701
Total equity	8,307,324	7,513,477	2,070,671	1,897,199

FINANCIAL HIGHLIGHTS – SEPARATE

Grupa LOTOS S.A.	PLN '000		EUR '000	
	3 months ended Mar 31 2011	3 months ended Mar 31 2010 (restated)	3 months ended Mar 31 2011	3 months ended Mar 31 2010 (restated)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenue	6,212,049	3,676,512	1,563,094	926,797
Operating profit	352,076	76,985	88,590	19,407
Pre-tax profit	548,935	13,089	138,125	3,300
Net profit from continuing operations	447,586	20,169	112,623	5,084
Total comprehensive income	613,027	20,169	154,252	5,084
Net cash provided by/ (used in) operating activities	399,992	305,640	100,647	77,048
Net cash provided by (used in) investing activities	(100,577)	(215,294)	(25,307)	(54,273)
Net cash provided by/ (used in) financing activities	127,905	286,982	32,184	72,344
Total net cash flow	422,920	371,074	106,416	93,543
Basic earnings per share(PLN/EUR)	3.45	0.16	0.87	0.04
Diluted earnings per share (PLN/EUR)	-	-	-	-
	PLN '000		EUR '000	
	As at Mar 31 2011	As at Dec 31 2010	As at Mar 31 2011	As at Dec 31 2010
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	15,520,645	14,686,730	3,868,652	3,708,489
Equity	6,558,080	5,945,053	1,634,657	1,501,162

Items of the statement of financial position as at March 31st 2011, 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 4.0119. Items of the statement of comprehensive income and the statement of cash flows for the three months ended March 31st 2011, presented in the “Financial Highlights” table, were translated at the exchange rate of EUR 1 = PLN 3.9742 (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 2011).

Items of the statement of financial position as at December 31st 2010, 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 3.9603. 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).

THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended March 31st 2011 and March 31st 2010

(PLN '000)	3 months ended Mar 31 2011	3 months ended Mar 31 2010
	(unaudited)	(restated) (unaudited)
Sales revenue	6,519,506	3,911,603
Cost of sales	(5,778,067)	(3,499,499)
Gross profit	741,439	412,104
Selling costs	(221,943)	(175,372)
General and administrative expenses	(108,420)	(84,855)
Other operating income	7,028	7,187
Other operating expenses	(5,551)	(27,064)
Operating profit	412,553	132,000
Finance income	362,889	8,566
Finance expenses	(27,566)	(139,751)
Share of investments in associates	2,896	-
Loss of control over subsidiary	679	-
Pre-tax profit	751,451	815
Corporate income tax	(115,921)	23,353
Net profit from continuing operations	635,530	24,168
Other comprehensive income		
Exchange differences on translation of foreign operations	1,281	(8,036)
Cash flow hedge accounting	165,441	-
Other	237	-
Other comprehensive income (net)	166,959	(8,036)
Total comprehensive income	802,489	16,132
Net profit from continuing operations attributable to:		
Owners of the Parent	635,245	22,867
Non-controlling interests	285	1,301
	635,530	24,168
Total comprehensive income attributable to:		
Owners of the Parent	802,203	14,885
Non-controlling interests	286	1,247
	802,489	16,132
Net earnings from continuing operations attributable to owners of the Parent per share (PLN)		
Weighted average number of shares ('000)	129,873	129,873
- basic	4.89	0.18
- diluted	-	-

THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at March 31st 2011 and December 31st 2010

(PLN '000)	Mar 31 2011 (unaudited)	Dec 31 2010 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	6,228,382	6,173,798
Tangible assets under construction	4,255,830	4,213,684
Goodwill	46,688	46,688
Intangible assets	410,143	94,825
Investment property	3,141	3,376
Investments in associates accounted for using the equity method	-	93,064
Non-current financial assets	57,606	64,358
Deferred tax assets	153,134	159,901
Non-current receivables	30,598	28,612
Prepayments and accrued income	7,195	4,003
Total non-current assets	11,192,717	10,882,309
Non-current assets held for sale	-	6,018
Current assets		
Inventories, including:	4,742,066	4,506,791
- mandatory stocks	3,305,760	2,980,241
Trade and other receivables	2,287,215	1,821,939
Current income tax receivable	56,233	47,492
Prepayments and accrued income	58,353	32,674
Current financial assets	114,778	45,647
Cash and cash equivalents	555,191	391,266
Total current assets	7,813,836	6,845,809
Current assets held for sale, including:	-	1,893
- cash and cash equivalents	-	77
- other current assets	-	1,816
Total assets	19,006,553	17,736,029
EQUITY AND LIABILITIES		
Equity		
Share capital	129,873	129,873
Statutory reserve funds	1,311,348	1,311,348
Revaluation reserve	165,441	-
Retained earnings	6,683,735	6,045,317
Translation of foreign operations	13,561	12,281
Equity attributable to owners of the Parent	8,303,958	7,498,819
Non-controlling interests	3,366	14,658
Total equity	8,307,324	7,513,477
Non-current liabilities		
Interest-bearing loans and borrowings	4,385,788	4,403,453
Long-term provisions	336,298	320,722
Deferred tax liabilities	207,624	123,143
Other financial liabilities	145,860	179,096
Accruals and deferred income and other liabilities	40,379	40,141
Total non-current liabilities	5,115,949	5,066,555
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities	3,510,524	2,960,776
Current income tax payable	25,003	15,188
Interest-bearing loans and borrowings	1,837,159	1,932,006
Bonds	87,792	52,670
Short-term provisions	18,257	20,218
Other financial liabilities	104,545	174,966
Total current liabilities	5,583,280	5,155,824
Liabilities associated with assets held for sale	-	173
Total liabilities	10,699,229	10,222,552
Total equity and liabilities	19,006,553	17,736,029

THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended March 31st 2011 and March 31st 2010

(PLN '000)	3 months ended Mar 31 2011 (unaudited)	3 months ended Mar 31 2010 (restated) (unaudited)
Cash flows from operating activities		
Net profit from continuing operations	635,530	24,168
Adjustments:		
Share in net profit of subordinated undertakings accounted for using the equity method	(2,896)	-
Depreciation and amortisation	121,196	79,779
Foreign exchange (gains)/losses	(121,583)	45,715
Interest and dividends	20,350	(2,476)
(Gain)/loss from investing activities	(127,535)	30,041
Income tax paid	(26,380)	(29,769)
Current income tax	115,921	(23,353)
(Increase) in receivables	(443,507)	(159,529)
(Increase) in inventories	(215,850)	(65,126)
Increase in liabilities and accruals and deferred income	504,784	445,073
(Decrease) in provisions	(1,340)	(2,047)
(Increase) in prepayments and accrued income	(21,870)	(29,138)
Settlement and valuation of financial instruments	(93,133)	96,978
Other adjustments	(237)	(176)
Net cash provided by/(used in) operating activities	343,450	410,140
Cash flows from investing activities		
Interest received	311	155
Sale/(purchase) of tangible and intangible assets	(171,397)	(333,853)
Prepayments for tangible assets under construction	(3,272)	(39,227)
Sale/(purchase) of current financial assets	-	21
Sale of non-current financial assets	121	-
Loss of control over subsidiary, net of cash	1,104	-
Non-current loans advanced	-	(8)
Other cash outflow on financial assets	(826)	(41)
Acquisition of UAB Meditus, net of cash acquired in the business combination	(52,345)	-
Other items, net	1,377	-
Net cash provided by/(used in) investing activities	(224,927)	(372,953)
Cash flows from financing activities		
Increase in loans and borrowings	372,396	474,350
Issue of bonds	166,792	-
Cash flows attributable to changes in interest in a subsidiary undertaking not resulting in loss of control over non-current financial assets	(8,497)	-
Repayment of loans and borrowings	(57,400)	(113,275)
Redemption of bonds	(132,000)	-
Interest paid	(24,501)	(22,432)
Dividends paid	(1,465)	-
Decrease in finance lease liabilities	(1,081)	(670)
Settlement of financial instruments	(72,295)	(62,567)
Other items, net	(434)	82
Net cash provided by/(used in) financing activities	241,515	275,488
Effect of exchange rate fluctuations on cash held	(3,236)	(5,552)
Change in net cash	356,802	307,123
Cash and cash equivalents at beginning of period	116,435	(155,660)
Cash and cash equivalents at end of period	473,237	151,463
- restricted cash	143,692	94,403

THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended March 31st 2011 and March 31st 2010

(PLN '000)	Share capital	Statutory reserve funds	Revaluation reserve	Retained earnings	Translation of foreign operations	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Jan 1 2010 (audited) (restated)	129,873	1,311,348	-	5,353,895	14,277	6,809,393	36,752	6,846,145
Net profit from continuing operations for the three months ended Mar 31 2010	-	-	-	22,867	-	22,867	1,301	24,168
Changes in ownership interest	-	-	-	11,034	-	11,034	(20,888)	(9,854)
Other total comprehensive income for the three months ended Mar 31 2010	-	-	-	-	(7,982)	(7,982)	(54)	(8,036)
Mar 31 2010 (unaudited) (restated)	129,873	1,311,348	-	5,387,796	6,295	6,835,312	17,111	6,852,423
Jan 1 2011 (audited)	129,873	1,311,348	-	6,045,317	12,281	7,498,819	14,658	7,513,477
Net profit from continuing operations for the three months ended Mar 31 2011	-	-	-	635,245	-	635,245	285	635,530
Change in the Group's organisational structure	-	-	-	-	-	-	(221)	(221)
Changes in ownership interest	-	-	-	2,936	-	2,936	(11,357)	(8,421)
Other total comprehensive income for the three months ended Mar 31 2011	-	-	165,441	237	1,280	166,958	1	166,959
Mar 31 2011 (unaudited)	129,873	1,311,348	165,441	6,683,735	13,561	8,303,958	3,366	8,307,324

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

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended March 31st 2011 and March 31st 2010

(PLN '000)	3 months ended Mar 31 2011	3 months ended Mar 31 2010 (restated)
	(unaudited)	(unaudited)
Sales revenue	6,212,049	3,676,512
Cost of sales	(5,662,892)	(3,450,357)
Gross profit	549,157	226,155
Selling costs	(132,443)	(96,874)
General and administrative expenses	(64,523)	(54,528)
Other operating income	800	2,609
Other operating expenses	(915)	(377)
Operating profit	352,076	76,985
Finance income	212,548	53,595
Finance expenses	(15,689)	(117,491)
Pre-tax profit	548,935	13,089
Corporate income tax	(101,349)	7,080
Net profit from continuing operations	447,586	20,169
Other comprehensive income		
Cash flow hedge accounting	165,441	-
Other comprehensive income (net)	165,441	-
Total comprehensive income	613,027	20,169
Net earnings from continuing operations per share (PLN)		
Weighted average number of shares ('000)	129,873	129,873
- basic	3.45	0.16
- diluted	-	-

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
as at March 31st 2011 and December 31st 2010

(PLN '000)	Mar 31 2011 (unaudited)	Dec 31 2010 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	4,423,814	4,423,681
Tangible assets under construction	2,949,214	2,972,034
Intangible assets	47,021	48,655
Non-current financial assets	1,058,192	1,055,530
Prepayments and accrued income	3,756	3,311
Total non-current assets	8,481,997	8,503,211
Current assets		
Inventories, including:	4,467,395	4,298,500
- mandatory stocks	3,303,968	2,976,818
Trade and other receivables	2,116,138	1,721,759
Prepayments and accrued income	26,887	22,503
Current financial assets	181,649	117,179
Cash and cash equivalents	246,579	23,578
Total current assets	7,038,648	6,183,519
Total assets	15,520,645	14,686,730
EQUITY AND LIABILITIES		
Equity		
Share capital	129,873	129,873
Statutory reserve funds	1,311,348	1,311,348
Revaluation reserve	165,441	-
Retained earnings	4,951,418	4,503,832
Total equity	6,558,080	5,945,053
Non-current liabilities		
Interest-bearing loans	4,024,224	4,141,016
Long-term provisions	31,523	31,420
Deferred tax liabilities	187,963	104,869
Other financial liabilities	75,230	107,537
Total non-current liabilities	4,318,940	4,384,842
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities	3,096,145	2,623,515
Current income tax payable	17,740	12,037
Interest-bearing loans	1,424,898	1,548,210
Short-term provisions	5,403	6,672
Other financial liabilities	99,439	166,401
Total current liabilities	4,643,625	4,356,835
Total liabilities	8,962,565	8,741,677
Total equity and liabilities	15,520,645	14,686,730

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
for the three months ended March 31st 2011 and March 31st 2010

(PLN '000)	3 months ended Mar 31 2011	3 months ended Mar 31 2010 (restated)
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net profit from continuing operations	447,586	20,169
Adjustments:		
Depreciation and amortisation	70,350	36,992
Foreign exchange losses/(gains)	(97,874)	31,739
Interest and dividends	2,267	(51,684)
Loss from investing activities	941	103
Current income tax	101,349	(7,080)
Income tax paid	(12,551)	-
(Increase) in receivables	(386,759)	(259,049)
(Increase) in inventories	(168,895)	(46,066)
Increase in liabilities and accruals and deferred income	536,078	492,956
Decrease in provisions	(1,166)	(2,009)
Increase in prepayments and accrued income	(4,859)	(7,409)
Settlement and valuation of financial instruments	(86,475)	96,978
Net cash provided by/(used in) operating activities	399,992	305,640
Cash flows from investing activities		
(Purchase)/sale of non-current financial assets	(9,492)	-
Dividends received	-	51,969
Interest received	208	115
(Purchase)/sale of tangible and intangible assets	(89,818)	(228,305)
Prepayments for tangible assets under construction	(50)	(39,032)
Loans advanced	(599)	-
Other cash provided by/(used on) financial assets	(826)	(41)
Net cash provided by/(used in) investing activities	(100,577)	(215,294)
Cash flows from financing activities		
Increase in loans and borrowings	215,487	415,097
Repayment of loans and borrowings	-	(51,958)
Interest paid	(15,129)	(13,543)
Settlement of financial instruments	(72,397)	(62,567)
Other items, net	(56)	(47)
Net cash provided by/(used in) financing activities	127,905	286,982
Effect of exchange rate fluctuations on cash held	(4,400)	(6,254)
Change in net cash	422,920	371,074
Cash and cash equivalents at beginning of period	(178,401)	(450,823)
Cash and cash equivalents at end of period	244,519	(79,749)
- restricted cash	96,696	70,328

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended March 31st 2011 and March 31st 2010

(PLN '000)	Share capital	Statutory reserve funds	Revaluation reserve	Retained earnings	Total equity
Jan 1 2010 (audited) (restated)	129,873	1,311,348	-	4,038,878	5,480,099
Total comprehensive income for the three months ended Mar 31 2010	-	-	-	20,169	20,169
Mar 31 2010 (unaudited) (restated)	129,873	1,311,348	-	4,059,047	5,500,268
Jan 1 2011 (audited)	129,873	1,311,348	-	4,503,832	5,945,053
Net profit from continuing operations for the three months ended Mar 31 2011	-	-	-	447,586	447,586
Other comprehensive income, net, for the three months ended Mar 31 2011	-	-	165,441	-	165,441
Mar 31 2011 (unaudited)	129,873	1,311,348	165,441	4,951,418	6,558,080

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31ST 2011

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 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

As at March 31st 2011, the LOTOS Group comprised Grupa LOTOS S.A. (the Parent Undertaking) and 29 production and service companies, including:

- 16 subsidiaries of Grupa LOTOS S.A.
- 13 indirect subsidiaries of Grupa LOTOS S.A.

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 2011	Dec 31 2010	Mar 31 2010
Parent Undertaking						
Grupa LOTOS S.A.	Gdańsk	Production and processing of refined petroleum products (mainly fuels) and their wholesale	Not applicable	Not applicable	Not applicable	Not applicable
Direct subsidiaries						
LOTOS Paliwa Sp. z o.o.	Gdańsk	Wholesale and retail sale of fuels and light fuel oil, management of the LOTOS service station network	full	100.00%	100.00%	100.00%
LOTOS Gaz S.A. w likwidacji (in liquidation) ⁽¹⁾	Mława	The company does not conduct business operations	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 Sp. z o.o. ⁽²⁾	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%

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

Name	Registered office	Business profile	Method of consolidation/ valuation of shares	Percentage of share capital held by the Group		
				Mar 31 2011	Dec 31 2010	Mar 31 2010
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	Trading in aviation fuel	full	100.00%	100.00%	100.00%
LOTOS Czechowice S.A. (parent undertaking of another group)	Czechowice-Dziedzice	Storage and distribution of fuels	full	97.55% ⁽⁵⁾	97.55% ⁽⁴⁾	95.68% ⁽³⁾
LOTOS Jasło S.A.	Jasło	Renting and operating of own or leased real estate from Mar 24 2011	full	98.12% ⁽⁵⁾	98.12% ⁽⁴⁾	96.87% ⁽³⁾
LOTOS Petrobaltic S.A. ⁽⁷⁾ (parent undertaking of another group)	Gdańsk	Acquisition of crude oil and natural gas reserves and their exploitation	full	99.93% ⁽⁶⁾	99.32%	99.32%
LOTOS Park Technologiczny Sp. z o.o.	Jasło	The company does not conduct business operations	full	100.00%	100.00%	100.00% ⁽⁸⁾
Indirect subsidiaries and companies accounted for using the proportional method						
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Production and distribution of electricity, heat and gas	full	97.55%	97.55% ^(10, 11)	95.68% ⁽⁹⁾
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Production of fatty acid methyl esters (FAME)	full	97.55%	97.55% ^(10, 11)	95.68% ⁽⁹⁾
PLASTEKOL Organizacja Odzysku S.A.	Jasło	Provision of services		- ⁽¹²⁾	93.70% ⁽¹⁰⁾	92.51% ⁽⁹⁾
Miliana Shipping Company Ltd.	Cyprus	Services consisting in the storage and transport of crude oil	full	99.93% ⁽¹³⁾	99.32%	99.32%
LOTOS Exploration and Production Norge AS	Stavanger, Norway	Oil exploration and production on the Norwegian Continental Shelf, provision of services related to oil exploration and production	full	99.93% ⁽¹³⁾	99.32% ⁽¹⁴⁾	99.32%
Aphrodite Offshore Services Ltd.	Netherlands Antilles	Sea transport services	full	99.93% ⁽¹³⁾	99.32%	99.32%
Energobaltic Sp. z o.o.	Władysławowo	Production of electricity, heat, LPG and natural gas condensate	full	99.93% ⁽¹³⁾	99.32%	99.32%
UAB LOTOS Baltija (parent undertaking of another group) ⁽¹⁶⁾	Vilnius, Lithuania	Business and legal advisory services	full	99.93%	99.32% ⁽¹⁵⁾	100.00%
UAB Meditus	Vilnius, Lithuania	Business and legal advisory services	full	99.93% ^(13, 16)	-	-
AB Geonafta (parent undertaking of another group)	Gargždai, Lithuania	Crude oil exploration and production, drilling services, and purchase and sale of crude oil	full	99.93% ^(13, 16, 17)	40.31%	40.31%
UAB Genciu Nafta	Gargždai, Lithuania	Crude oil exploration and production	full	99.93% ^(13, 16)	40.31%	40.31%
UAB Manifoldas	Gargždai, Lithuania	Crude oil exploration and production	proportional method	49.96% ^(13, 16)	20.15%	20.15%
UAB Minijos Nafta	Gargždai, Lithuania	Crude oil exploration and production	proportional method	49.96% ^(13, 16)	20.15%	20.15%

⁽¹⁾ On January 10th 2011, the General Shareholders Meeting of LOTOS Gaz S.A. adopted a resolution to dissolve LOTOS Gaz S.A. by way of its liquidation (see Note 15 to these interim condensed consolidated financial statements).

⁽²⁾ On May 6th 2010, a change in the company's legal form (from a joint stock company to a limited liability company) was registered. Currently the company operates under the name LOTOS Ekoenergia Sp. z o.o.

⁽³⁾ 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.

⁽⁴⁾ By December 31st 2010, Grupa LOTOS S.A. acquired from non-controlling interests an additional 12.51% of shares in LOTOS Czechowice S.A. and 13.11% of shares in LOTOS Jasło S.A.

⁽⁵⁾ Following the transactions carried out as part of the squeeze-out described in Note 15 to these interim condensed consolidated financial statements, and relevant entries being made in the share registers of LOTOS Czechowice S.A. and LOTOS Jasło S.A.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

respectively on April 7th and 8th 2011, Grupa LOTOS S.A. holds a 100% stake in LOTOS Czechowice S.A. and a 100% stake in LOTOS Jasło S.A.

⁽⁶⁾ By March 31st 2011, Grupa LOTOS S.A. acquired from non-controlling interests an additional 0.61% of shares in LOTOS Petrobaltic S.A. (see Note 15 to these interim condensed consolidated financial statements).

⁽⁷⁾ On March 31st 2010, a 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.

⁽⁸⁾ On March 31st 2010, a 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.

⁽⁹⁾ 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 LOTOS Czechowice S.A. and LOTOS Jasło S.A.

⁽¹⁰⁾ 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.

⁽¹¹⁾ On November 5th 2010, Grupa LOTOS S.A. purchased from LOTOS Czechowice S.A. one share in LOTOS Biopaliwa Sp. z o.o., representing 0.005% of the share capital of LOTOS Biopaliwa Sp. z o.o., and one share in RCEkoenergia Sp. z o.o., representing 0.005% of the share capital of RCEkoenergia Sp. z o.o. (see Note 15 to these interim condensed consolidated financial statements).

⁽¹²⁾ On February 11th 2011, LOTOS Jasło S.A. executed an agreement for the sale of a block of 95.5% of shares in PLASTEKOL Organizacja Odzysku S.A. to a third party (see Note 15 to these interim condensed consolidated financial statements).

⁽¹³⁾ The shareholding changes described in item ⁽⁶⁾ above led to changes in the Group's indirect interests in the share capitals of the subsidiaries of LOTOS Petrobaltic S.A.

⁽¹⁴⁾ On November 15th 2010, the share capital of LOTOS Exploration and Production Norge AS was increased by NOK 1. The new share in the company with a par value of NOK 1 (the equivalent of PLN 0.4822, as translated using the NOK mid exchange rate quoted by the National Bank of Poland for November 15th 2010) was acquired by Grupa LOTOS S.A.

⁽¹⁵⁾ On December 9th 2010, Grupa LOTOS S.A. and LOTOS Petrobaltic S.A. executed an agreement for the sale of 5,876 shares in UAB LOTOS Baltija, representing 100% of the company's share capital, for a total sale price of PLN 485 thousand.

⁽¹⁶⁾ Following approvals by the General Shareholders Meeting of LOTOS Petrobaltic S.A. and the Lithuanian anti-trust authority, on February 3rd 2011 UAB LOTOS Baltija (a subsidiary of LOTOS Petrobaltic S.A.) acquired 100% of shares in UAB Meditus, which holds 59.41% of shares in AB Geonafta. LOTOS Petrobaltic S.A. directly holds 40.59% of shares in AB Geonafta, therefore, as a result of the transaction, LOTOS Petrobaltic S.A. gained control of AB Geonafta (see Note 15 to these interim condensed consolidated financial statements).

⁽¹⁷⁾ On March 23rd 2011, LOTOS Petrobaltic S.A. and Grupa LOTOS S.A. executed an agreement whereby Grupa LOTOS S.A. purchased 1 share in AB Geonafta for LTL 3 thousand (PLN 3.5 thousand) (see Note 15 to these interim condensed consolidated financial statements).

As at March 31st 2011, 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 Petrobaltic S.A., LOTOS Czechowice S.A., and LOTOS Jasło S.A. (see Note 15 to these interim condensed consolidated financial statements). As at December 31st 2010 and March 31st 2010, 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.

In the comparative data for the three months ended March 31st 2010, the LOTOS Group presented the financial information concerning the LOTOS Petrobaltic Group 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 the consolidated financial statements is based on the consolidated financial statements of the AB Geonafta Group for 2009, drawn up in accordance with the IFRS.

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

In the period from January 1st 2011 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 Sokółowski – Vice-President of the Management Board, Chief Operation Officer,
Maciej Szozda – Vice-President of the Management Board, Chief Commercial Officer.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

As at January 1st 2011 and 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,
Ewa Sibrecht-Ośka – Member of the Supervisory Board,
Rafał Lorek – Independent 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 IFRSs 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 ("IFRSs") include the standards and interpretations approved by the International Accounting Standards Board ("the 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 2010, prepared in accordance with the IFRSs.

The financial information as at March 31st 2011 and for the three months ended on that date, as well as the comparative financial data for the three months ended March 31st 2010, contained in these interim condensed consolidated financial statements, were not audited. The financial information as at December 31st 2010 was audited by a qualified auditor, who issued an opinion on the financial statements on April 11th 2011.

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

These interim condensed consolidated financial statements were approved for publication by the Management Board on May 10th 2011.

4.1 Change of information presented in previous reporting periods

1. In the statement of cash flows for the three months ended March 31st 2010, valuation of financial instruments of PLN 34,411 thousand, disclosed under "(Gain)/loss from investing activities", was transferred to "Settlement and valuation of financial instruments".
2. As at March 31st 2010, the Group reclassified certain items which had earlier been presented as restricted cash and cash equivalents into non-current financial assets. These items included the PLN 5,874 thousand deposit securing the repayment of interest on the loan intended for financing of inventory, and the PLN 1,246 thousand security deposit (margin). In connection with the foregoing, cash flows from investing activities and cash flows from financing activities for the three months ended March 31st 2010 changed respectively by PLN (55) thousand and PLN (41) thousand.
3. Furthermore, as at March 31st 2010 the Group presented in restricted cash PLN 18,320 thousand of its cash in bank account on which a hold had been placed.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

4. In connection with the introduction as from January 1st 2011 of amended accounting policies concerning the foreign exchange rates applicable to business transactions denominated in foreign currencies (referred to in Note 5 to these financial statements), the Group changed the comparative data for the three months ended March 31st 2010. Accordingly, cost of sales fell by PLN 65,641 thousand, finance expenses grew by PLN 17,456 thousand, and finance income decreased by PLN 48,185 thousand.
5. Moreover, in the three months ended March 31st 2010, foreign exchange gains and losses were netted off at the Group level. For the three months ended March 31st 2010, the adjusted value of finance income and expenses from foreign exchange differences decreased by PLN 9,217 thousand.

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 2010 (see Note 10 to the consolidated financial statements for 2010, prepared in accordance with the IFRS), except to the extent of:

- the change in accounting policies as regards the exchange rates used to translate business transactions denominated in foreign currencies, introduced from January 1st 2011. As of January 1st 2011, such business transactions will be recognised as at the transaction date (i) using the exchange rate actually applied on that date given the nature of the transaction – in the case of sale or purchase of foreign currencies, and (ii) using the mid exchange rate quoted for a given currency by the National Bank of Poland for a day preceding the transaction date – in the case of payment of receivables or liabilities where there is no rationale for using the actual exchange rate, and in the case of other transactions. Application of the new accounting policies will not affect the Group's total net result, but will affect the values presented in the operating and financial parts of the statement of comprehensive income.

Furthermore, starting from January 1st 2011, the Company introduced cash flow hedge accounting with respect to foreign-currency denominated loans intended for financing of the 10+ Programme, designated as hedges of future USD-denominated petroleum product sales transactions.

As from January 1st 2011, the Group has changed the rules for the presentation of measurement and settlement of financial instruments. The effect of measurement and settlement of financial instruments is presented on a net basis in finance income or expenses. This presentation change had no effect on the comparative data presented in these financial statements.

In April 2009, the International Accounting Standards Board released the second collection of amendments to its accounting standards, which aim to eliminate any inconsistencies or ambiguities. Different transitional provisions apply to the individual standards. Implementation of the following amendments led to changes in the Group's accounting policies, but had no impact on its financial standing or performance.

IAS 7 Statement of Cash Flows. It has been made clear that only expenditure which leads to recognition of an asset may be classified as cash flows from investing activities.

IAS 36 Impairment of Assets. The amendment clarifies that the largest unit to which goodwill acquired in a business combination may be allocated for the purpose of impairment testing is an operating segment, as defined in IFRS 8, before aggregation for reporting purposes. This amendment had no impact on the Group's consolidated financial statements.

IFRS 8 Operating Segments. It has been clarified that segment assets and liabilities should be disclosed only when such assets and liabilities are included in the measures used by the chief operating decision maker. As the Group's chief operating decision maker reviews segment assets, the Group continues to disclose the required information in Note 13 to these interim condensed consolidated financial statements.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

The Parent Undertaking and LOTOS Petrobaltic S.A., LOTOS Exploration and Production Norge AS, LOTOS Asfalt Sp. z o.o., LOTOS Oil S.A., LOTOS Paliwa Sp. z o.o., LOTOS Kolej Sp. z o.o., LOTOS Tank Sp. z o.o., LOTOS Serwis Sp. z o.o., AB Geonafta and UAB Minijos Nafta maintain their accounting books in accordance with the accounting policies prescribed by the International Financial Reporting Standards. The other Group companies maintain their accounting books in accordance with the accounting standards defined in the Polish Accountancy Act of September 29th 1994 and the accounting policies and standards applicable at their foreign locations. These consolidated financial statements include adjustments which are absent from the accounting books of the Group's undertakings applying standards other than IFRS, 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 the 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.

5.1 New standards and interpretations

The following new 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 9 *Financial Instruments* (effective for periods beginning on or after January 1st 2013),
- Amendments to IFRS 7 – *Financial Instruments: Disclosures: Transfers of Financial Assets* (effective for annual periods beginning on or after July 1st 2011),
- Amendments to IAS 12 – *Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning on or after January 1st 2012),
- Amendments to IFRS 1 – *First-Time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (effective for periods beginning on or after July 1st 2011).

The Group has not decided to choose the option of early application of any of the above standards, interpretations, or amendments which have been published but have not yet become effective.

By the date of approval of these financial statements, the first phase of IFRS 9 – *Financial Instruments: Classification and Measurement* (effective for annual periods beginning on or after January 1st 2013), has not been endorsed by the European Union. During the next phases, the International Accounting Standards Board will focus on hedge accounting and impairment. The project is scheduled for completion in mid-2011. Implementation of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will analyse this effect along with the effect from the other phases of the project after their publication, in order to present a coherent picture.

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

The following new standards, amendments to the existing standards and interpretations, which have been adopted by the European Union, are effective in periods beginning after January 1st 2011:

- Amendments to IFRIC 14 IAS 19 — *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirement* (effective for periods beginning on or after January 1st 2011),
- Revised IAS 24 *Related Party Disclosures* (effective for annual periods beginning on or after January 1st 2011),
- Amendments introduced as part of the improvements to IFRSs published in May 2010 (some changes are effective for annual periods beginning on July 1st 2010, some for annual periods beginning on January 1st 2011).

6. Translation of financial highlights into the euro

Items of the statement of financial position as at March 31st 2011, 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 4.0119. Items of the statement of comprehensive income and the statement of cash flows for the three months ended March 31st 2011, presented in the "Financial Highlights" table, were translated at the exchange rate of EUR 1 = PLN 3.9742 (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 2011).

Items of the statement of financial position as at December 31st 2010, 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 3.9603. 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).

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 nature, value, effect or frequency

In the period January 1st – March 31st 2011, the effect of any surplus on remeasurement of loans and borrowings denominated in foreign currencies taken to the statement of comprehensive income amounted to PLN 124,007 thousand and was presented in finance income.

In the period January 1st – March 31st 2011, foreign exchange gains recognised in revaluation reserve in connection with the introduction of hedge accounting amounted to PLN 165,441 thousand.

The effect of accounting for the transaction of takeover of the Lithuanian assets has been described in more detail in Note 15 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 on the current interim period

No material changes in estimates reported in prior financial years occurred.

10. Issue, redemption and repayment of debt and equity securities

Issue of bonds by LOTOS Asphalt Sp. z o.o.

In the three months ended March 31st 2011, LOTOS Asphalt Sp. z o.o. issued short-term bearer bonds under the Bond Issue Programme Agreement of July 27th 2010.

As part of the Bond Issue Programme, LOTOS Asphalt Sp. z o.o. may carry out numerous bonds issues. The company's total liabilities under bonds outstanding at any given time may not exceed PLN 300,000 thousand (based on the par value of the bonds). The term of the Programme is five years. The bonds which have been issued are denominated in the Polish zloty and have been offered in a private placement. The bonds were issued as unsecured zero-coupon bearer bonds in book-entry form. The bonds will be redeemed at their par value.

The issued bonds were acquired by third-party investors as well as by the Group members (see Note 17 to these interim condensed consolidated financial statements).

As at March 31st 2011, the par value of bonds issued to investors outside the Group and to related undertakings was respectively PLN 88,000 thousand (December 31st 2010: PLN 53,000 thousand) and PLN 38,000 thousand. As at March 31st 2010, the Group's liabilities under outstanding bonds were PLN 87,792 thousand (December 31st 2010: PLN 52,670 thousand).

During the three months ended March 31st 2011, the par value of the bonds issued by the Group was PLN 167,000 thousand. During the three months ended March 31st 2011, the Group redeemed bonds with a total par value of PLN 132,000 thousand. During the three months ended March 31st 2011, the proceeds from the bonds issued by the Group were PLN 166,792 thousand. During the three months ended March 31st 2011, the Group's bonds issue expenses were PLN 132,000 thousand.

Other than the issue of bonds discussed above, in the period between January 1st and March 31st 2011 no debt or equity securities were issued, redeemed or repaid.

11. Dividends

On May 10th 2011, the Management Board of the Parent Undertaking adopted a resolution concerning proposed distribution of the net profit for 2010. Pursuant to the resolution, the Company's net profit for the year ended December 31st 2010, of PLN 464,954 thousand, is proposed to be allocated for:

- contribution to the Company's statutory reserve funds – PLN 463,454 thousand,
- contribution to the Special Account designated for financing corporate social responsibility (CSR) projects – PLN 1,500 thousand.

12. Earnings per share

	3 months ended Mar 31 2011	3 months ended Mar 31 2010 (restated)
	(unaudited)	(unaudited)
Profit from continuing operations attributable to owners of the Parent (PLN '000) (A)	635,245	22,867
Weighted average number of shares (in thousands) (B)	129,873	129,873
Earnings per share (PLN) (A/B)	4.89	0.18

Earnings per share for each period are calculated by dividing the profit 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 present diluted earnings per share, since it has no instruments with a dilutive effect.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

13. Business segments

PLN '000	Upstream segment	Downstream segment	Other ⁽¹⁾	Consolidation adjustments	Consolidated
	3 months ended Mar 31 2011				
	(unaudited)				
Sales revenue:	103,763	6,485,496	5,258	(75,011)	6,519,506
Intersegment sales	62,212	9,373	3,426	(75,011)	-
External sales	41,551	6,476,123	1,832	-	6,519,506
Operating profit/(loss) (EBIT)	23,622	390,662	(1,171)	(560)	412,553
Amortisation and depreciation	23,194	95,903	2,424	(325)	121,196
Operating profit before amortisation and depreciation (EBITDA)	46,816	486,565	1,253	(885)	533,749
	Mar 31 2011				
	(unaudited)				
Total assets	2,576,757	16,870,894	145,179	(586,277)	19,006,553
- including net exploration and appraisal assets	80,446	-	-	-	80,446

⁽¹⁾ Includes LOTOS Ekoenergia Sp. z o.o., LOTOS Park Technologiczny Sp. z o.o., LOTOS Gaz S.A. w likwidacji (in liquidation) and Energobaltic Sp. z o.o.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

PLN '000	Upstream segment	Downstream segment	Other ⁽¹⁾	Consolidation adjustments	Consolidated
3 months ended Mar 31 2010					
(restated)					
(unaudited)					
Sales revenue:	134,204	3,913,557	6,158	(142,316)	3,911,603
Intersegment sales	134,098	7,359	859	(142,316)	-
External sales	106	3,906,198	5,299	-	3,911,603
Operating profit (EBIT)	39,423	98,884	125	(6,432)	132,000
Amortisation and depreciation	15,827	61,979	2,397	(424)	79,779
Operating profit before amortisation and depreciation (EBITDA)	55,250	160,863	2,522	(6,856)	211,779
Dec 31 2010					
(audited)					
Total assets	2,103,955	16,069,180	148,131	(585,237)	17,736,029
- including net exploration and appraisal assets	73,193	-	-	-	73,193

⁽¹⁾ Includes LOTOS Ekoenergia Sp. z o.o., LOTOS Park Technologiczny Sp. z o.o., LOTOS Gaz S.A. w likwidacji (in liquidation) & Energobaltic Sp. z o.o.

14. Material events occurring after the end of the interim period and not reflected in the consolidated financial statements for the interim period

1. From April 7th and 8th 2011, following the transactions carried out as part of the squeeze-out described in Note 15 to these interim condensed consolidated financial statements and relevant entries being made in the share registers respectively of LOTOS Czechowice S.A. and LOTOS Jasło S.A., Grupa LOTOS S.A. has held a 100% stake in LOTOS Czechowice S.A. and a 100% stake in LOTOS Jasło S.A.
2. On April 6th 2011, Grupa LOTOS S.A. signed an agreement with Eminent Energy Ltd of Nicosia on the supply of REBCO crude oil to Grupa LOTOS S.A. in April 2011. The agreement provides for supplies of the crude through the Druzhba Pipeline. The aggregate net value of agreements concluded between the two companies over the last 12 months totalled approx. USD 240.56m (PLN 670.27m), and reached the value of a significant agreement, as it exceeded 10% of Grupa LOTOS S.A.'s equity. The largest transaction (in terms of value) concluded between the two companies was the agreement of April 6th 2011 providing for the supplies of REBCO crude to Grupa LOTOS S.A. Its estimated net value amounted to USD 84.82m (PLN 237.38m, translated using the mid exchange rate for USD quoted by the National Bank of Poland for April 6th 2011). The agreement does not include any condition precedent or specify any date of events giving rise to a claim (dies a quo), it does not provide for any contractual penalties and its terms and conditions do not differ from the terms and conditions commonly applied in agreements of such type.
3. On April 20th 2011, Grupa LOTOS S.A. signed an agreement with Statoil ASA of Stavanger, Norway ("Statoil ASA") on the supply of crude oil to Grupa LOTOS S.A. The aggregate value of the agreements concluded between Grupa LOTOS S.A. and Statoil ASA and its subsidiary undertakings over the last 12 months totalled approx. PLN 791.3m, reaching the value of a significant agreement, as it exceeded 10% of Grupa LOTOS S.A.'s equity. In value terms, the largest of the agreements concluded between the two companies was the agreement of January 12th 2011 providing for the supply of crude to Grupa LOTOS S.A. Its estimated value amounted to PLN 285.9m, translated using the mid exchange rate for USD quoted by the National Bank of Poland for January 12th 2011. The agreement does not include any condition precedent or specify any date of events giving rise to a claim (dies a quo), and it does not provide for any contractual penalties.
4. On May 5th 2011, LOTOS Petrobaltic S.A. received a decision of the Minister of Environment, dated April 27th 2011, amending the licence of December 14th 2001 for exploration for, and appraisal of, crude oil and natural gas reserves in the Sambia - E area, including exploration and appraisal of Cambrian, Ordovician and Silurian formations within the licence area, and extending the licence term until December 14th 2014.

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

In the period from the end of the previous financial year, i.e. December 31st 2010 (see Note 2 to the consolidated financial statements for 2010, prepared in accordance with the IFRS), the Group's structure was subject to the changes listed below and described in Notes 2 and 14 to these interim condensed consolidated financial statements:

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 through 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. On May 20th 2010, Grupa LOTOS S.A. made another offer to purchase shares in LOTOS Jasło S.A. at a price of PLN 4.45 per share. The offer was addressed to all remaining shareholders and was valid until June 11th 2010. The share purchase process was completed at the end of 2010. With respect to the remaining shares held by minority shareholders, on November 30th 2010 the General Shareholders Meeting of LOTOS Jasło S.A. adopted a resolution regarding minority squeeze-out (see Note 14 to these interim condensed consolidated financial statements).

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 through 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. On May 20th 2010, Grupa LOTOS S.A. made another offer to purchase shares in LOTOS Czechowice S.A. at a price of PLN 7.25 per share. The offer was addressed to all remaining shareholders and was valid until June 11th 2010. The share purchase process was completed at the end of 2010. With respect to the remaining shares held by minority shareholders, on December 1st 2010 the General Shareholders Meeting of LOTOS Czechowice S.A. adopted a resolution regarding minority squeeze-out (see Note 14 to these interim condensed consolidated financial statements).

Accounting for the acquisition of shares in LOTOS Jasło S.A. and LOTOS Czechowice S.A. from non-controlling interests as part of the minority squeeze-out process

In the period January 1st – March 31st 2011, as part of the process of squeeze-out of non-controlling interests described above, Grupa LOTOS S.A. acquired 108,113 shares in LOTOS Czechowice S.A. with the total value of PLN 1,080 thousand, representing 1.45% of the company's share capital, and 54,260 shares in LOTOS Jasło S.A. with the total value of PLN 229 thousand, representing 0.90% of the company's share capital. As a result of the executed transactions, as at March 31st 2011 Grupa LOTOS S.A. held 99.00% of the share capital of LOTOS Czechowice S.A. and 99.02% 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 1,503 thousand was recognised under retained earnings attributable to the Parent.

Accounting for the acquisition of shares in LOTOS Jasło S.A. and LOTOS Czechowice S.A. from non-controlling interests as part of the minority squeeze-out process, as at March 31st 2011:

(PLN '000)

Value of non-controlling interests as at Mar 31 2011 (A)	2,807
Value of the acquired 1.45% of shares in LOTOS Czechowice S.A. and 0.91% of shares in LOTOS Jasło S.A. (B)	1,309
Costs related to the acquisition (C)	(5)
Excess of the value of non-controlling interests over the value of the acquired shares (A-B-C)	1,503

Offer to purchase LOTOS Petrobaltic S.A. shares

On December 17th 2010, Grupa LOTOS S.A. made an offer to purchase LOTOS Petrobaltic S.A. shares. The offer was addressed only to the following persons: employees and former employees of LOTOS Petrobaltic 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 through donation directly from such persons. The offer was valid until January 30th 2011. The purchase price was PLN 126 per share. As at the date of approval of these interim condensed consolidated financial statements, the share purchase process has not been completed.

By March 31st 2011 and April 7th 2011, Grupa LOTOS S.A. has purchased from minority shareholders 56,486 shares in LOTOS Petrobaltic S.A., representing 0.61% of the company's share capital. As a result of the executed transactions, Grupa LOTOS S.A. currently holds 99.93% of the share capital of LOTOS Petrobaltic S.A., including 99.32% of shares entered in the company's share register, which confer the right to vote at the company's General Shareholders Meeting.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

Accounting for the acquisition of shares in LOTOS Petrobaltic S.A. from non-controlling interests

By March 31st 2011, Grupa LOTOS S.A. acquired 56,486 shares in LOTOS Petrobaltic S.A. with the aggregate value of PLN 7,188 thousand, representing 0.61% of the company's share capital.

As a result of the executed transactions, as at March 31st 2011 Grupa LOTOS S.A. held a 99.93% stake in Lotos Petrobaltic S.A., including 99.32% of shares entered in the company's share register, which confer the right to vote at the company's General Shareholders Meeting.

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 1,433 thousand was recognised under retained earnings attributable to the Parent.

Accounting for the acquisition of shares in LOTOS Petrobaltic S.A. from non-controlling interests as at March 31st 2011:

(PLN '000)

Value of non-controlling interests as at Mar 31 2011 (A)	8,550
Value of the acquired 0.61% of shares in LOTOS Petrobaltic S.A. (B)	7,188
Costs related to the acquisition (C)	(71)
Excess of the value of non-controlling interests over the value of the acquired shares (A-B-C)	1,433

LOTOS Gaz S.A. placed in liquidation

On January 10th 2011, the General Shareholders Meeting of LOTOS Gaz S.A. adopted a resolution to dissolve LOTOS Gaz S.A. by way of its liquidation. Furthermore, on January 3rd 2011 the Management Board of LOTOS Gaz S.A. filed a petition with the Commercial Division of the District Court of Płock requesting a declaration of bankruptcy of LOTOS Gaz S.A. According to the information received by the Company, the petition was effectively withdrawn, and the bankruptcy proceedings were discontinued on January 7th 2011.

Acquisition of shares in AB Geonafta by an indirect subsidiary

Following approvals by the General Shareholders Meeting of LOTOS Petrobaltic S.A. and the Lithuanian anti-trust authority, on February 3rd 2011 UAB LOTOS Baltija (a subsidiary of LOTOS Petrobaltic S.A.) acquired 100% of shares in UAB Meditus, which holds 59.41% of shares in AB Geonafta. LOTOS Petrobaltic S.A. directly holds 40.59% of shares in AB Geonafta, therefore, as a result of the transaction, LOTOS Petrobaltic S.A. gained control of AB Geonafta.

AB Geonafta is the parent undertaking of its own group, which comprises:

- UAB Minijos Nafta (50% of shares held by AB Geonafta),
- UAB Genciu Nafta (100% of shares held by AB Geonafta),
- UAB Manifoldas (50% of shares held by AB Geonafta).

The business of AB Geonafta and its group members, including UAB Genciu Nafta, UAB Minijos Nafta and UAB Manifoldas, consists in oil exploration and production in Lithuania. Oil production operations are conducted on shore. As at the transaction date, the volume of crude oil reserves and resources (2P and 2C) attributable to the AB Geonafta Group was approximately 1 million tonnes.

The acquisition price of UAB Meditus, which holds 59.41% of shares in AB Geonafta, comprises EUR 56.8m, adjusted for net debt and a portion of the potential payment to be received from one of AB Geonafta's debtors.

Given the fact that as at the business combination date, the Group held a 40.59% stake in AB Geonafta, acquired jointly with its group through the purchase of 100% shares in UAB Meditus by UAB LOTOS Baltija, the business combination was provisionally accounted for and presented as a business combination achieved in stages within the meaning of the revised IFRS 3 Business Combinations. In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in finance income or expenses.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

When initially accounting for the business combination, the Group used the initial fair values of the identified acquired assets and assumed liabilities, which may differ from the fair values of identifiable acquired assets and assumed liabilities that will be used when finally accounting for the business combination (in accordance with the revised IFRS 3, a business combination must be accounted for within a year from the acquisition date).

The Group initially accounted for the business combination as at February 3rd 2011 in the following manner:

(PLN '000)	Feb 3 2011
Consideration transferred (acquisition-date fair value) (A)	292,545
Acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (B)	219,878
Total (A+B)	512,423
 Equity interest in the acquiree	 100%
 Current assets, including:	 194,068
Cash and cash equivalents	37,513
 Non-current assets, including:	 403,178
Intangible assets	317,746
Property, plant and equipment	77,288
Total assets	597,246
 Provisions	 15,116
Non-current liabilities	38,387
Current liabilities, and accruals and deferred income	31,320
Total liabilities and provisions	84,823
 Net assets	 512,423
 Company's share in net assets	 512,423
 Goodwill	 -

(A) Represents the acquisition-date fair value of the consideration transferred for 100% of shares in UAB Meditus, which holds 59.41% of shares in AB Geonafta.

(B) Represents the fair value of the 40.59% shares in AB Geonafta, held directly by LOTOS Petrobaltic S.A.

As part of the business combination, the Group recognised identifiable intangible assets in the amount of PLN 317,746 thousand, representing licences awarded to AB Geonafta and its group companies, including UAB Genciu Nafta, UAB Minijos Nafta, and UAB Manifoldas, which confer the right to exploit crude oil reserves in Lithuania.

The remeasurement of LOTOS Petrobaltic S.A.'s previously held 40.59% interest in AB Geonafta at its acquisition-date fair value was posted to finance income in the amount of PLN 123,918 thousand.

Until February 3rd 2011, the LOTOS Petrobaltic Group held 40.59% of shares in AB Geonafta. The share in the growth of net assets of the AB Geonafta Group in the period from January 1st 2011 until the business combination date amounted to PLN 2,896 thousand, and has been presented in the consolidated financial statements for the three months ended March 31st 2011 under "Share of investments in associates".

By March 31st 2011, UAB LOTOS Baltija paid its liabilities for the shares acquired in UAB Meditus, in the amount of LTL 184,115 thousand (PLN 213,923 thousand, translated at the mid exchange rate for LTL quoted by the National Bank of Poland for March 31st 2011), including LTL 105,571 thousand (PLN 122,663 thousand, translated at the mid exchange rate for LTL quoted by the National Bank of Poland for March 31st 2011) in connection with assuming previous liabilities of shareholders selling shares in UAB Meditus towards the acquirees.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

After deducting the cash acquired in the business combination, of LTL 33,066 thousand (PLN 38,419 thousand, translated at the mid exchange rate for LTL quoted by the National Bank of Poland for March 31st 2011), the acquisition value of UAB Meditus as shown in the consolidated statement of cash flows amounted to PLN (52,345) thousand.

As at the balance-sheet date of March 31st 2011, the value of UAB LOTOS Baltija's liability in respect of the shares acquired in UAB Meditus amounted to LTL 73,748 thousand (PLN 85,688 thousand, translated at the mid exchange rate for LTL quoted by the National Bank of Poland for March 31st 2011).

Sale of investment areas, including an organised part of business and shares in PLASTEKOL Organizacja Odzysku S.A. by LOTOS Jasło S.A.

On February 11th 2011, LOTOS Jasło S.A. entered into an agreement with an external partner concerning sale of five investment areas, including an organised part of the business of, and a block of 95.5% of shares in, PLASTEKOL Organizacja Odzysku S.A. The effect of the loss of control over the subsidiary has been presented in the statement of comprehensive income for the three months ended March 31st 2011 under "Loss of control over subsidiary", in the amount of PLN 679 thousand.

Acquisition of shares in AB Geonafta by Grupa LOTOS S.A.

On March 23rd 2011, LOTOS Petrobaltic S.A. and Grupa LOTOS S.A. executed an agreement whereby 1 share in AB Geonafta was transferred to Grupa LOTOS S.A. for LTL 3 thousand (PLN 3.5 thousand).

Following the transaction, the shareholder structure of AB Geonafta is as follows:
LOTOS Petrobaltic S.A. – 40.59%,
UAB Meditus – 59.41%,
Grupa LOTOS S.A. – 0.00062%.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

16. Changes in contingent liabilities or assets since the previous balance-sheet date

16.1 Contingent liabilities

Contingent liabilities under issued sureties and guarantees

Mar 31 2011 (PLN '000)	Value of contingent liability in foreign currency	Currency of contingent liability	Value of contingent liability in PLN ⁽¹⁾	Contingent liability expiry date	Bank or other institution which issued the contingent liability instrument	Type of contingent liability instrument issued / information on debtor
Beneficiary						
Contingent liability instruments issued by or upon the instructions of Grupa LOTOS S.A.						
Port Lotniczy Rzeszów–Jasionka Sp. z o.o.	4,116	PLN	4,116	Dec 31 2011	PKO BP S.A.	Bank guarantees
Other (each with a unit value of less than PLN 1,000 thousand)	870	PLN	870	-	-	Bank guarantees
Other (each with a unit value of less than PLN 1,000 thousand)	171	EUR	682	-	-	Bank guarantees
Other (each with a unit value of less than PLN 1,000 thousand)	36	USD	102	-	-	Bank guarantees
Total contingent liability instruments issued by or upon the instructions of Grupa LOTOS S.A.			5,770			
Contingent liability instruments issued by or upon the instructions of the LOTOS Group companies						
Government of Norway	-	-	-	unspecified	LOTOS Petrobaltic S.A.	Guarantee covering all the activities undertaken by LOTOS Exploration and Production Norge AS as part of its exploration and production operations on the Norwegian Continental Shelf
National Fund for Environmental Protection and Water Management	23,431 ⁽²⁾	PLN	23,431	Feb 20 2015	Bank Pekao S.A.	Bank guarantee
Other, including:	17,151	PLN	17,151	-	-	-
bank guarantees	4,614	PLN	4,614	-	-	-
bank performance bonds	11,537	PLN	11,537	-	-	-
Total other contingent liability instruments issued by or upon the instructions of the LOTOS Group companies			40,582			
TOTAL FOR THE GROUP			46,352			

⁽¹⁾ Contingent liabilities in foreign currencies were translated at the mid exchange rates quoted by the National Bank of Poland for March 31st 2011.

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

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

⁽²⁾The bank guarantee secures the PLN 35,000 thousand loan of June 29th 2007 contracted by LOTOS Biopaliwa Sp. z o.o. with the National Fund for Environmental Protection and Water Management.

December 31st 2010 (PLN '000)	Value of contingent liability in foreign currency	Currency of contingent liability	Value of contingent liability in PLN ⁽¹⁾	Contingent liability expiry date	Bank or other institution which issued the contingent liability instrument	Type of contingent liability instrument issued / information on debtor
Beneficiary						
Contingent liability instruments issued by or upon the instructions of Grupa LOTOS S.A.						
VITOL S.A.	9,130	USD	27,062	Jan 15 2011 ⁽²⁾	Deutsche Bank	Stand-by letter of credit
Other (each with a unit value of less than PLN 1,000 thousand)	734	PLN	734	-	-	Bank guarantees
Other (each with a unit value of less than PLN 1,000 thousand)	169	EUR	669	-	-	Bank guarantees
Other (each with a unit value of less than PLN 1,000 thousand)	36	USD	107	-	-	Bank guarantees
Total contingent liability instruments issued by or upon the instructions of Grupa LOTOS S.A.			28,572			
Contingent liability instruments issued by or upon the instructions of the LOTOS Group companies						
Government of Norway	-	-	-	unspecified	LOTOS Petrobaltic S.A.	Guarantee covering all the activities undertaken by LOTOS Exploration and Production Norge AS as part of its exploration and production operations on the Norwegian Continental Shelf
National Fund for Environmental Protection and Water Management	25,056 ⁽³⁾	PLN	25,056	Feb 20 2015	Bank Pekao S.A.	Bank guarantee
Other, including:	15,975	PLN	15,975	-	-	-
bank guarantees	5,614	PLN	5,614	-	-	-
bank performance bonds	10,361	PLN	10,361	-	-	-
Other (EUR)	143	EUR	566	-	-	-
Total other contingent liability instruments issued by or upon the instructions of the LOTOS Group companies			41,597			
TOTAL FOR THE GROUP			70,169			

⁽¹⁾ Contingent liabilities in foreign currencies were translated at the mid exchange rates quoted by the National Bank of Poland for December 31st 2010.

⁽²⁾ Contingent liabilities expired upon the lapse of their validity term.

⁽³⁾ The bank guarantee secures the PLN 35,000 thousand loan of June 29th 2007 contracted by LOTOS Biopaliwa Sp. z o.o. with the National Fund for Environmental Protection and Water Management.

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

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

Contingent liabilities under promissory notes

Mar 31 2011 (PLN '000)	Amount of promissory note(s) in foreign currency	Currency of promissory note(s)	Amount of promissory note(s) in PLN ⁽¹⁾	Expiry date of promissory note(s)	Type
Promissory notes issued by Grupa LOTOS S.A.					
Head of the Customs Office in Gdańsk	240,000	PLN	240,000	Aug 19 2011	Lump sum security for a tax liability of PLN 800,000 thousand
PKO BP S.A.	200,000	PLN	200,000	Aug 25 2011	Security for a bank loan
Total promissory notes issued by Grupa LOTOS S.A.			440,000		
Promissory notes issued by the LOTOS Group companies					
Head of the Customs Office in Gdańsk	10,000	PLN	10,000	Apr 30 2011	Security for a tax liability
National Fund for Environmental Protection and Water Management	1,500	PLN	1,500	Sep 30 2012	Security for a subsidy
Head of the Customs Office in Gdańsk	7,000	PLN	7,000	Feb 29 2012 ⁽²⁾	Security for excise duty
BRE Bank S.A.	30,000	PLN	30,000	Mar 15 2012 ⁽³⁾	Security for a bank loan
PKO BP S.A.	100,000	PLN	100,000	Apr 29 2011 ⁽⁴⁾	Security for a bank loan
Head of the Customs Office in Bielsko Biala	13,174	PLN	13,174	Jun 30 2011	Global excise duty security (guarantee) related to the movement of excise goods between warehouses under a duty suspension arrangement
Bank Polska Kasa Opieki S.A.	200,000	PLN	200,000	- ⁽⁵⁾	Security for a bank loan
Stablewood Power Ventures (Wladyslawowo) Ltd.	13,000	USD	36,698	Jun 30 2013 ⁽⁶⁾	Security for cash liabilities under acquisition of shares and debt claims
Bank Ochrony Środowiska S.A.	27,413	PLN	27,413	Jun 30 2016	Security for liabilities under bank loan agreements
Bank Ochrony Środowiska S.A.	9,490	PLN	9,490	Dec 20 2016	Security for liabilities under bank loan agreements
BRE Bank S.A.	20,000	PLN	20,000	Jun 15 2011	Security for liabilities under bank loan agreements
Millennium Leasing Sp. z o.o.	11,192 ⁽⁷⁾	EUR	44,901 ⁽⁸⁾	-	Security for liabilities under lease agreements
NORDEA FINANCE POLSKA S.A.	18,582 ⁽⁷⁾	EUR	74,549 ⁽⁹⁾	-	Security for liabilities under lease agreements
Other (each with a unit value of less than PLN 1,000 thousand)	1,090	PLN	1,090	-	-
Total promissory notes issued by the LOTOS Group companies			575,815		
TOTAL FOR THE GROUP			1,015,815		

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

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

(1) Contingent liabilities in foreign currencies were translated at the mid exchange rates quoted by the National Bank of Poland for March 31st 2011.

(2) The original validity term (February 28th 2011) was extended until February 29th 2012.

(3) The validity term was extended until March 15th 2012.

(4) The validity term was extended until April 29th 2011.

(5) Bank loan agreement of November 15th 2010.

(6) The date of payment of the last instalment of the price for the acquisition of shares and debt claims from Stablewood Power Ventures (Wladyslawowo) Ltd.

(7) The value of leased assets.

(8) As at March 31st 2011, the value of liabilities under lease payments was PLN 26,274 thousand.

(9) As at March 31st 2011, the value of liabilities under lease payments was PLN 44,309 thousand.

Dec 31 2010 (PLN '000)	Amount of promissory note(s) in foreign currency	Currency of promissory note(s)	Amount of promissory note(s) in PLN ⁽¹⁾	Expiry date of promissory note(s)	Type
Promissory notes issued by Grupa LOTOS S.A.					
Head of the Customs Office in Gdańsk	240,000	PLN	240,000	Aug 19 2011	Lump sum security for a tax liability of PLN 800,000 thousand
PKO BP S.A.	200,000	PLN	200,000	Aug 25 2011 ⁽²⁾	Security for a bank loan
Total promissory notes issued by Grupa LOTOS S.A.			440,000		
Promissory notes issued by the LOTOS Group companies					
Head of the Customs Office in Gdańsk	10,000	PLN	10,000	Apr 30 2011	Security for a tax liability
Head of the Customs Office in Gdańsk	5,000	PLN	5,000	Feb 28 2011 ⁽³⁾	Security for a tax liability
National Fund for Environmental Protection and Water Management	1,500	PLN	1,500	Sep 30 2012	Security for a subsidy
Head of the Customs Office in Gdańsk	7,000	PLN	7,000	Feb 29 2012 ⁽⁴⁾	Security for excise duty
BRE Bank S.A.	30,000	PLN	30,000	Mar 15 2012 ⁽⁵⁾	Security for a bank loan
PKO BP S.A.	100,000	PLN	100,000	Apr 16 2011 ⁽⁶⁾	Security for a bank loan
Head of the Customs Office in Bielsko Biala	13,174	PLN	13,174	Jun 30 2011	Global excise duty security (guarantee) related to the movement of excise goods between warehouses under a duty suspension arrangement
Bank Polska Kasa Opieki S.A.	200,000	PLN	200,000	- ⁽⁷⁾	Security for a bank loan
Stablewood Power Ventures (Wladyslawowo) Ltd.	13,000	USD	38,533	Jun 30 2013 ⁽⁸⁾	Security for cash liabilities under acquisition of shares and debt claims
Bank Ochrony Środowiska S.A.	27,413	PLN	27,413	Jun 30 2016	Security for liabilities under bank loan agreements

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

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

Dec 31 2010 (PLN '000)	Amount of promissory note(s) in foreign currency	Currency of promissory note(s)	Amount of promissory note(s) in PLN ⁽¹⁾	Expiry date of promissory note(s)	Type
Beneficiary of promissory note					
Bank Ochrony Środowiska S.A.	9,490	PLN	9,490	Dec 20 2016	Security for liabilities under bank loan agreements
BRE Bank S.A.	20,000	PLN	20,000	Jun 15 2011	Security for liabilities under bank loan agreements
Millennium Leasing Sp. z o.o.	11,192 ⁽⁹⁾	EUR	44,324 ⁽¹⁰⁾	-	Security for liabilities under lease agreements
NORDEA FINANCE POLSKA S.A.	18,582 ⁽⁹⁾	EUR	73,590 ⁽¹¹⁾	-	Security for liabilities under lease agreements
Other (each with a unit value of less than PLN 1,000 thousand)	1,490	PLN	1,490	-	-
Total promissory notes issued by the LOTOS Group companies			581,514		
TOTAL FOR THE GROUP			1,021,514		

⁽¹⁾ Contingent liabilities in foreign currencies were translated at the mid exchange rates quoted by the National Bank of Poland for December 31st 2010.

⁽²⁾ On August 25th 2010, an annex to the credit facility agreement was executed under which the credit facility term end date was changed to August 25th 2011 and the credit facility amount was changed from PLN 250,000 thousand to PLN 200,000 thousand.

⁽³⁾ Contingent liability expired upon the lapse of its validity term.

⁽⁴⁾ The original validity term (February 28th 2011) was extended until February 29th 2012.

⁽⁵⁾ The validity term was extended until March 15th 2012.

⁽⁶⁾ The validity term was extended until April 16th 2011.

⁽⁷⁾ Bank loan agreement of November 15th 2010.

⁽⁸⁾ The date of payment of the last instalment of the price for the acquisition of shares and debt claims from Stablewood Power Ventures (Wladyslawowo) Ltd.

⁽⁹⁾ The value of leased assets.

⁽¹⁰⁾ As at December 31st 2010, the value of liabilities under lease payments was PLN 14,959 thousand.

⁽¹¹⁾ As at December 31st 2010, the value of liabilities under lease payments was PLN 43,381 thousand.

Other material changes in contingent liabilities

As at March 31st 2011, there were no material changes in other contingent liabilities.

Contingent investment commitments

As at March 31st 2011, the Company's commitments under material agreements related to expenditure on property, plant and equipment (the 10+ Programme) amounted to PLN 24.4m (PLN 29.8m as at December 31st 2010).

16.2 Material court, arbitration or administrative proceedings and other risks relating to the Parent Undertaking or its subsidiaries

The following changes occurred with respect to pending court, arbitration, or administrative proceedings or with respect to other risks of the Company or its subsidiaries since the end of the previous financial year, i.e. December 31st 2010 (see Note 38.4 to the 2010 consolidated financial statements prepared in accordance with the IFRS):

1. On March 21st 2005, the President of the Competition and Consumer Protection Office issued a decision whereby anti-trust proceedings were instigated *ex officio* to investigate the issue of a suspected agreement between Polski Koncern Naftowy ORLEN S.A. of Płock and Grupa LOTOS S.A. of Gdańsk, concerning a simultaneous discontinuation of the production and distribution of the U95 universal gasoline. In the opinion of the Company's Management Board, given that in fact the production and sale of the U95 universal gasoline were not discontinued, the allegations of the Competition and Consumer Protection Office are unfounded. In April 2005, the Management Board motioned for issuing a decision to the effect that Grupa LOTOS S.A. has not been found to use practices restricting competition.

In July 2005, the Company appealed to the Anti-Monopoly Court against the Competition and Consumer Protection Office's decision limiting access to a part of the evidence gathered in the case. Independent of the appeal, in September 2005 the Company filed another request with the Court to issue a decision to the effect that Grupa LOTOS S.A. does not use monopolistic practices. In October 2005, the Company received another decision of the Competition and Consumer Protection Office concerning limitation of access to a part of the evidence, against which the Company appealed to the Anti-Monopoly Court. The Regional Court - Competition and Consumer Protection Court, dismissed the appeals. Grupa LOTOS S.A. appealed to the Warsaw Court of Appeals against the Regional Court's decisions, but those appeals were dismissed as well.

Pursuant to a Decision of April 18th 2007, Grupa LOTOS S.A.'s right of access to evidence in the anti-trust proceedings, namely to the materials obtained during inspections at PKN ORLEN S.A.'s offices, was restricted on the basis of a petition submitted by PKN ORLEN S.A. The restriction concerned the report on inspection of the offices in Warsaw together with appendices to the report, and a part of appendices to the report on inspection of the offices in Płock. Under the same Decision, PKN ORLEN S.A.'s petition was rejected to the extent concerning restriction of Grupa LOTOS S.A.'s right of access to the report on inspection of PKN ORLEN S.A.'s offices in Płock. On April 26th 2007, Grupa LOTOS S.A. filed a complaint against the Decision restricting Grupa LOTOS S.A.'s right of access to the evidence. On May 9th 2007, Grupa LOTOS S.A. received a notice from the Competition and Consumer Protection Office to provide information on changes to U-95 and Pb95 gasoline prices. The information was sent to the Office on the same day. On August 2nd 2007, Grupa LOTOS S.A. sent a notification to the Office to the effect that the production of the U95 gasoline had been discontinued. On December 31st 2007, the President of the Office imposed a fine of PLN 1,000 thousand on Grupa LOTOS S.A. Consequently, on January 17th 2008, an appeal against the decision was filed with the Regional Court of Warsaw.

On September 23rd 2008, the Regional Court of Warsaw - Competition and Consumer Protection Court sent a response by the President of the Competition and Consumer Protection Office to the appeal submitted by Grupa LOTOS S.A. against the President's decision. In response to Grupa LOTOS S.A.'s appeal, the President of the Competition and Consumer Protection Office stated that Grupa LOTOS S.A.'s objections both with reference to substantive and procedural laws were unfounded and requested that the appeal be dismissed in its entirety and that the President be awarded the costs of legal representation.

On April 27th 2010, the Court adjourned the rendering of judgment until May 6th 2010. On May 6th 2010, the Regional Court of Warsaw passed a decision dismissing the appeal against the decision of the Competition and Consumer Protection Office concerning 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, and upheld the fines of PLN 1,000 thousand and PLN

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

4,000 thousand imposed by the Competition and Consumer Protection Office respectively on Grupa LOTOS S.A. and PKN ORLEN S.A. The court ruling dismissing the appeal against the President's decision was received on June 15th 2010. On June 28th 2010, Grupa LOTOS S.A. lodged an appeal against the court ruling. Subsequently, Grupa LOTOS S.A. and the Competition and Consumer Protection Office responded to the appeal by PKN ORLEN S.A., while PKN ORLEN S.A. and the Competition and Consumer Protection Office responded to the appeal by Grupa LOTOS S.A. On February 11th 2011, the Court issued a ruling dismissing the appeal lodged by Grupa LOTOS S.A. and PKN ORLEN S.A. Having analysed the grounds for this decision, the Company will consider filing a cassation complaint. As at the date of approval of these interim condensed consolidated financial statements, the case was pending.

Provisions in the amount of PLN 1,000 thousand were created in these interim condensed consolidated financial statements to cover the risk of losing a potential dispute. On March 10th 2011, the Company paid the liability of PLN 1,000 thousand, imposed under the court ruling of February 11th 2011.

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 of Gdańsk, IX Commercial Division, issued a ruling dismissing the suit 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 nullity suit regarding 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 of 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. On May 7th 2008, the court's decision became final. 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 by the Szczecin Court of Appeals. At the hearing held on September 30th 2009, the Court of Appeals dismissed the action and awarded reimbursement of the cost of court proceedings to Grupa LOTOS S.A. by the State Treasury. On January 11th 2010, the State Treasury lodged a cassation complaint against the ruling to the Court of Appeals. The complaint, along with the court's decision to accept the complaint for consideration, was served on the Company on June 6th 2010. On July 8th 2010, the Supreme Court overruled the Court of Appeals' judgment and remanded the case for re-examination. On February 17th 2011, a hearing was held before the Court of Appeals in Szczecin, but the Court did not issue any ruling due to the complexity of the case. As at the date of approval of these interim condensed consolidated financial statements, the case was pending.

The Company's Management Board is of the opinion that the risk of an unfavourable ruling in a potential dispute is low, therefore no provisions for potential damages were created in these interim condensed consolidated financial statements.

3. In May 2009, LOTOS Gaz S.A. filed a notification of suspected offence of fraud to the detriment of LOTOS Gaz S.A. by the sellers of KRAK-GAZ Sp. z o.o. An investigation was launched by the prosecutor's office. In February 2010, the proceedings were extended to investigate the issue of whether the persons who participated in the process of acquisition KRAK-GAZ Sp. z o.o. on Grupa LOTOS S.A.'s side exercised due care. The proceedings were resumed on April 4th 2011 following preparation of an expert's opinion. As at the date of approval of these interim condensed consolidated financial statements, the proceedings were pending.

17. Other information

1. On January 10th 2011, Grupa LOTOS S.A. entered into an agreement with BP Europa SE of Hamburg, operating in Poland through BP Europa SE Polish Branch of Kraków, on sale of liquid fuels by Grupa LOTOS S.A. to BP Europa SE Polish Branch of Kraków. The agreement was concluded for a specified period from January 10th to December 31st 2011. Its estimated net value is approx. PLN 1.7bn. The maximum value of contractual penalties is estimated at approximately PLN 29m. The agreement does not contain any provisions under which the parties would be entitled to seek any additional compensation above the contractual penalties. The other terms and conditions of the agreement do not differ from standard provisions commonly applied in agreements of such type.
2. On January 18th 2011, following completion of the APA 2010 licence round, LOTOS Exploration and Production Norge AS was granted a 25% interest in, and the operator status with respect to, license PL 503B located in the Norwegian Sea. The remaining 75% interest in the license was distributed in equal parts among three other companies, including Skagen 44AS, Edison International Norway Branch and 4Sea Energy AS.
In line with a programme of work for the aggregate area covering licence PL 503 and the adjacent licence PL 503B described above (i.e. an area of approx. 1,500 sq km), 3D seismic surveys are planned to be carried out in mid-2011, on the basis of which a decision will be made whether to drill an exploration well. The cost of the work corresponding to the 25% license interest is estimated at NOK 17.5m (i.e. PLN 8.7m, translated at the NOK mid exchange rate quoted by the National Bank of Poland for January 19th 2011).
3. On February 21st 2011, the Management Board of Grupa LOTOS S.A. was notified that LOTOS Exploration and Production Norge AS had relinquished the 50% interest in licence PL 556 in the Norwegian Sea, awarded to it as part of the APA 2009 license round.
As the operator of licence PL 556 (the remaining 50% interest in the licence having been awarded to Skeie Energy AS), LOTOS Exploration and Production Norge AS had recommended that no commitments be made to undertake exploratory drilling as part of another phase of the field development process. LOTOS Exploration and Production Norge AS's recommendation and decision to relinquish its rights to licence PL 556 were based on an evaluation of the geological potential of the licence area, made as part of the first exploration phase which ended on February 19th 2011.
4. On February 28th 2011, Grupa LOTOS S.A. signed an agreement with Petraco Oil Company Ltd of Guernsey on the supply of REBCO crude oil to Grupa LOTOS S.A. in March 2011. The agreement provides for supplies of the crude through the Druzhba Pipeline. The aggregate value of agreements concluded between the two companies in the period from the publication of the most recent report (Current Report No. 32/2010 of December 13th 2010) to date reached approx. USD 301.3m (PLN 866.69m, translated using the mid exchange rate for USD quoted by the National Bank of Poland for February 28th 2011), i.e. the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The largest transaction (in terms of value) was the agreement of February 28th 2011 providing for the supplies of REBCO crude oil, whose value amounted to USD 197.0m (PLN 566.67m translated using the mid exchange rate for USD, quoted by the National Bank of Poland for February 28th 2011). The agreement does not include any condition precedent or specify any date of events giving rise to a claim (*dies a quo*), it does not provide for any contractual penalties and its terms and conditions do not differ from the terms and conditions commonly applied in agreements of such type.

Loans advanced within the Group

1. On January 8th 2011, Grupa LOTOS S.A. signed an annex to the agreement under which a loan was advanced to LOTOS Gaz S.A. Under the annex, the principal amount of the loan is to be repaid by December 31st 2011. On June 29th 2010, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 2,000 thousand to LOTOS Gaz S.A. Security for 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) will be provided in the form of an assignment by LOTOS Gaz S.A. of future accounts receivable related to payment of the price for the sale of its assets, subject to a condition precedent that LOTOS Gaz S.A. is not discharging its obligations towards Grupa LOTOS S.A. By March 31st 2011, LOTOS Gaz S.A. repaid the amount of PLN 1,100 thousand under the loan.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

2. On December 14th 2010, LOTOS Petrobaltic S.A. signed an agreement to grant a loan of EUR 3,000 thousand (i.e. PLN 11,973 thousand, translated at the mid exchange rate for EUR quoted by the National Bank of Poland for December 14th 2010) to UAB LOTOS Baltija. The loan is intended for financing equity investments. The principal amount of the loan is to be repaid in instalments, and the date of the last instalment was set for December 31st 2015. The loan is secured with a blank promissory note with a "protest waived" clause and a promissory note declaration, issued by UAB LOTOS Baltija for the benefit of LOTOS Petrobaltic S.A. By March 31st 2011, LOTOS Petrobaltic S.A. disbursed the total amount of the loan to UAB LOTOS Baltija.
3. On December 14th 2010, LOTOS Petrobaltic S.A. signed an agreement to grant a loan of EUR 9,000 thousand (i.e. PLN 35,920 thousand, translated at the mid exchange rate for EUR quoted by the National Bank of Poland for December 14th 2010) to UAB LOTOS Baltija. The loan is intended for financing equity investments. The principal amount of the loan is to be repaid in instalments, and the date of the last instalment was set for December 31st 2015. The loan is secured with a blank promissory note with a "protest waived" clause and a promissory note declaration issued by UAB LOTOS Baltija for the benefit of LOTOS Petrobaltic S.A. By March 31st 2011, LOTOS Petrobaltic S.A. disbursed EUR 6,370 thousand to UAB LOTOS Baltija.
4. By March 31st 2011, LOTOS Czechowice S.A. disbursed PLN 3,000 thousand to RCEkoenergia Sp. z o.o. under the loan agreement concluded on July 27th 2010 between RCEkoenergia Sp. z o.o. and LOTOS Czechowice S.A. The PLN 5,900 thousand loan was advanced to finance investment projects related to modernisation of the CHP plant in 2010-2011. The repayment of the loan is secured with RCEkoenergia's assets (a mortgage of PLN 8,850 thousand) and a blank promissory note up to PLN 5,900 thousand.
5. The agreement concluded on February 4th 2011 between UAB Meditus and UAB LOTOS Baltija, providing for a loan of EUR 9,798 thousand (i.e. PLN 38,382 thousand, translated at the mid exchange rate for EUR quoted by the National Bank of Poland for February 3rd 2011), came into force on February 3rd 2011. The principal amount of the loan is to be repaid by UAB Meditus by April 15th 2012.
6. On March 8th 2011, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 247 thousand to LOTOS Gaz S.A. The principal amount of the loan is to be repaid by July 31st 2011. Security for 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) will be provided in the form of an assignment by LOTOS Gaz S.A. of future accounts receivable related to payment of the price for the sale of its assets.
7. On March 29th 2011, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 352 thousand to LOTOS Gaz S.A. The principal amount of the loan is to be repaid by July 31st 2011. Security for 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) will be provided in the form of an assignment by LOTOS Gaz S.A. of future accounts receivable related to payment of the price for the sale of its assets.
8. On March 31st 2011, LOTOS Jaslo S.A. repaid the loan advanced to it by LOTOS Czechowice S.A., given the execution of a PLN 10,000 thousand loan agreement on May 25th 2010. In accordance with the annex of September 30th 2010, the loan and all unpaid interest accrued on the loan was to be repaid in four instalments, with the last instalment to be paid by April 30th 2012.

As at March 31st 2011, the total carrying value of intra-Group loans stood at PLN 765,849 thousand, and the total nominal value of the intra-Group loans was as follows:

- loans denominated in PLN: PLN 5,782 thousand,
- loans denominated in USD: USD 222,500 thousand (the equivalent of PLN 628,095 thousand, translated at the mid exchange rate for USD quoted by the National Bank of Poland for March 31st 2011),
- loans denominated in EUR: EUR 21,168 thousand (the equivalent of PLN 84,924 thousand, translated at the mid exchange rate for EUR quoted by the National Bank of Poland for March 31st 2011).

Supplementary information on intra-group transactions

- On December 21st 2010, LOTOS Petrobaltic S.A. i and UAB LOTOS Baltija signed an agreement whereby LOTOS Petrobaltic S.A. undertook to issue a surety for the benefit of Nordea Bank Polska S.A. and Nordea Bank Finland PLC Lithuania Branch, in an amount of up to EUR 47,300 thousand (i.e. PLN 188,935 thousand, translated at the exchange rate for EUR quoted by the National Bank of Poland for December 21st 2010) in respect of UAB LOTOS Baltija's liabilities under the agreement for a loan of EUR 43,000 thousand (i.e. PLN 171,759 thousand, translated at the exchange rate for EUR quoted by the National Bank of Poland for December 21st 2010) between UAB LOTOS Baltija and the banks. The surety will remain valid until June 14th 2012. The commitment is related to the transaction consisting in the acquisition of shares in AB Geonafta by an indirect subsidiary, which has been described at greater length in Note 15 to these interim condensed consolidated financial statements.

- During the three months ended March 31st 2011, LOTOS Czechowice S.A. and LOTOS Serwis Sp. z o.o. purchased notes issued by LOTOS Asphalt Sp. z o.o. as part of the Note Issue Programme described at greater length in Note 10 to these interim condensed consolidated financial statements. As at March 31st 2011, the liabilities of LOTOS Asphalt Sp. z o.o. under intra-group note issues amounted to PLN 38,000 thousand (at par value), including:
 - PLN 25,000 thousand towards LOTOS Czechowice S.A.
 - PLN 13,000 thousand towards LOTOS Serwis S.A.

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, as amended (Dz. U. of 2009, No. 33, item 259, as amended), 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 2011 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 2011

In Q1 2011, 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 2011

Other than as described in Note 10 to these interim condensed consolidated financial statements, in Q1 2011 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 this report release date

As at the date of release of the interim condensed consolidated financial statements for the twelve months ended December 31st 2010, the shareholder structure of Grupa LOTOS S.A. was as follows:

	Number of shares	Number of votes	Par value of shares (PLN)	% of share capital held ⁽¹⁾
State Treasury ⁽²⁾	69,076,392	69,076,392	69,076,392	53.19%
Other shareholders	60,796,970	60,796,970	60,796,970	46.81%
Total	129,873,362	129,873,362	129,873,362	100.00%

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

⁽²⁾ In accordance with the shareholder's representation delivered to Grupa LOTOS S.A. on January 29th 2010. By the date of publication of these interim condensed consolidated financial statements, the Company has not received from the shareholder any other representation concerning any changes in the number of the Company shares held.

As at the date of release of the interim condensed consolidated financial statements for the twelve months ended December 31st 2010, 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.

Acceptance of Grupa LOTOS S.A. Series C shares for registration with the Polish NDS and their admission and introduction to stock-exchange trading

By virtue of Resolution No. 895/10 of the Management Board of the Polish National Depository for Securities (the Polish NDS), dated December 29th 2010, the Polish NDS decided to accept the deposit of 16,173,362 Series C ordinary bearer shares in Grupa LOTOS S.A. with a par value of PLN 1 per share, assigning them code No. PLLOTOS00025, provided that a decision is made by the market operator to introduce these shares to trading on the regulated market on which other Grupa LOTOS S.A. shares marked with code No. PLLOTOS00025 are traded.

By virtue of Resolution No. 16/2011 of January 4th 2011, the Management Board of the Warsaw Stock Exchange decided to admit 16,173,362 Series C ordinary bearer shares in Grupa LOTOS S.A. with a par value of PLN 1 per share to stock-exchange trading on the main market. Pursuant to the above resolution, the WSE Management Board decided to introduce the Grupa LOTOS S.A. Series C shares referred to above to trading on the main market, by way of the ordinary procedure, as of January 10th 2011.

In line with an announcement by the Operations Department of the Polish NDS, on January 10th 2011 16,173,362 Grupa LOTOS S.A. shares were registered with the Polish NDS and assigned code No. ISIN PLLOTOS00025. Following the registration, the total number of shares registered under code No. ISIN PLLOTOS00025 was 129,804,251.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three months ended March 31st 2011

Reduction of ING Otworthy Fundusz Emerytalny's share of total vote at the General Shareholders Meeting of Grupa LOTOS S.A.

On February 7th 2011, the Management Board of Grupa LOTOS S.A. received a notification to the effect that following a disposal of the Company shares, settled on February 2nd 2011, ING Otworthy Fundusz Emerytalny reduced its share in the total vote at the Company's General Shareholders Meeting below the 5% threshold.

Prior to the disposal, ING Otworthy Fundusz Emerytalny held 6,640,532 shares in Grupa LOTOS S.A., representing 5.11% of the Company's share capital and carrying the right to 6,640,532 votes, or 5.11% of the total vote, at the GM.

On February 7th 2011, 5,957,442 Grupa LOTOS S.A. shares were registered on the securities account of ING Otworthy Fundusz Emerytalny, representing 4.59% of the Company's share capital and conferring the right to 5,957,442 votes, or 4.59% of the total vote, at the Company's GM.

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 ⁽¹⁾
State Treasury ⁽²⁾	69,076,392	69,076,392	69,076,392	53.19%
Other shareholders	60,796,970	60,796,970	60,796,970	46.81%
Total	129,873,362	129,873,362	129,873,362	100.00%

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

⁽²⁾ In accordance with the shareholder's representation delivered to Grupa LOTOS S.A. on January 29th 2010. By the date of publication of these interim condensed consolidated financial statements, the Company has not received from the shareholder any other representation concerning any changes in the number of the Company shares held.

As at the date of release of these interim condensed consolidated financial statements, 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.

VI. Changes in the number of the Company shares or rights to the Company shares held by the management and supervisory staff, in accordance with the information available to the Company

	As at the date of release of the previous periodic report	Acquisition	Sale	Other	As at the date of release of the present periodic report ⁽¹⁾
Marek Sokołowski	8,636	-	-	-	8,636
Vice-President of the Management Board, Chief Operation Officer					
Total	8,636	-	-	-	8,636

⁽¹⁾ Based on the representations as at May 4th 2011.

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

VII. Material court, arbitration or administrative proceedings and other risks of 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 to these interim condensed consolidated financial statements.

VIII. Information on material related party transactions

Transactions with related undertakings are executed on market terms. The transactions executed in the period from January 1st to March 31st 2011 have additionally been 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, or guarantees issued jointly to one entity or its subsidiary, where the aggregate value of such sureties or guarantees 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 or borrowing sureties, and issued no guarantees to any entity or its subsidiary, where the value of the loan or borrowing sureties or the value of such guarantees would represent 10% or more of the Company's equity. Material liabilities have been described in Notes 16.1 and 17 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 2011.

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,
- supply and demand for petroleum products,
- PLN/USD exchange rate,
- 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,
- abolishment of the bio-component corporate income tax credit available to producers of bio-components,
- abolishment of the bio-component excise tax credit available to producers of fuels,
- commissioning of further 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