



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

THE LOTOS GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31ST 2011**

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**THE LOTOS GROUP
FINANCIAL HIGHLIGHTS**

FINANCIAL HIGHLIGHTS - CONSOLIDATED

THE LOTOS GROUP	PLN '000		EUR '000	
	12 months ended Dec 31 2011	12 months ended Dec 31 2010 (restated)	12 months ended Dec 31 2011	12 months ended Dec 31 2010 (restated)
	(unaudited)	(audited)	(unaudited)	(audited)
Sales revenue	29,258,539	19,662,804	7,067,109	4,910,300
Operating profit	1,016,521	1,061,354	245,531	265,047
Pre-tax profit	584,878	721,939	141,271	180,286
Net profit from continuing operations	654,209	681,353	158,018	170,151
Profit from continuing operations attributable to owners of the Parent	653,789	679,180	157,916	169,608
Profit from continuing operations attributable to non-controlling interests	420	2,173	101	543
Total comprehensive income	274,678	678,609	66,346	169,466
Total comprehensive income attributable to owners of the Parent	274,230	676,450	66,238	168,927
Total comprehensive income attributable to non-controlling interests	448	2,159	108	539
Net cash provided by/(used in) operating activities	904,746	880,999	218,532	220,008
Net cash provided by/(used in) investing activities	(853,311)	(1,053,896)	(206,109)	(263,184)
Net cash provided by/(used in) financing activities	(35,349)	458,688	(8,538)	114,546
Total net cash flow	39,567	283,821	9,557	70,877
Basic earnings per share (PLN/EUR)	5.03	5.23	1.22	1.31
Diluted earnings per share (PLN/EUR)	-	-	-	-
	PLN '000		EUR '000	
	As at Dec 31 2011	As at Dec 31 2010 (restated)	As at Dec 31 2011	As at Dec 31 2010 (restated)
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	20,350,524	17,727,364	4,607,527	4,476,268
Equity attributable to owners of the Parent	7,777,315	7,498,819	1,760,848	1,893,498
Non-controlling interests	1,037	14,658	235	3,701
Total equity	7,778,352	7,513,477	1,761,083	1,897,199

FINANCIAL HIGHLIGHTS – SEPARATE

Grupa LOTOS S.A.	PLN '000		EUR '000	
	12 months ended Dec 31 2011	12 months ended Dec 31 2010 (restated)	12 months ended Dec 31 2011	12 months ended Dec 31 2010 (restated)
	(unaudited)	(audited)	(unaudited)	(audited)
Sales revenue	27,287,946	18,124,675	6,591,132	4,526,190
Operating profit	604,817	606,305	146,088	151,410
Pre-tax profit	323,088	520,433	78,039	129,965
Net profit from continuing operations	306,205	464,954	73,961	116,111
Total comprehensive income	(110,344)	464,954	(26,652)	116,111
Net cash provided by/(used in) operating activities	142,763	282,395	34,483	70,521
Net cash provided by/(used in) investing activities	(33,016)	(407,232)	(7,975)	(101,696)
Net cash provided by/(used in) financing activities	(113,629)	401,470	(27,446)	100,257
Total net cash flow	21,906	273,685	5,291	68,346
Basic earnings per share (PLN/EUR)	2.36	3.58	0.57	0.89
Diluted earnings per share (PLN/EUR)	-	-	-	-
	PLN '000		EUR '000	
	As at Dec 31 2011	As at Dec 31 2010 (restated)	As at Dec 31 2011	As at Dec 31 2010 (restated)
	(unaudited)	(audited)	(unaudited)	(audited)
Total assets	16,449,326	14,678,065	3,724,263	3,706,301
Equity	5,834,709	5,945,053	1,321,026	1,501,162

Items of the statement of financial position as at December 31st 2011, presented in the "Financial Highlights" table, were translated using the EUR mid-exchange rate published by the National Bank of Poland for December 30th 2011, i.e. EUR 1 = PLN 4.4168. Items of the statement of comprehensive income and the statement of cash flows for the twelve months ended December 31st 2011, presented in the "Financial Highlights" table, were translated at the exchange rate of EUR 1 = PLN 4.1401 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2011).

Items of the statement of financial position as at December 31st 2010, presented in the "Financial Highlights" table, were translated using the EUR 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 twelve months ended December 31st 2010, presented in the "Financial Highlights" table, were translated at the exchange rate of EUR 1 = PLN 4.0044 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2010).

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

(PLN '000)	3 months ended Dec 31 2011	12 months ended Dec 31 2011	3 months ended Dec 31 2010 (restated)	12 months ended Dec 31 2010 (restated)
	(unaudited)	(unaudited)	(unaudited)	(audited)
Sales revenue	8,364,428	29,258,539	5,735,448	19,662,804
Cost of sales	(7,503,377)	(26,555,494)	(5,028,160)	(17,269,213)
Gross profit	861,051	2,703,045	707,288	2,393,591
Selling costs	(268,750)	(998,567)	(241,224)	(872,382)
General and administrative expenses	(133,565)	(431,544)	(117,393)	(377,118)
Other operating income	10,122	43,005	27,139	56,959
Other operating expenses	(278,688)	(299,418)	(71,061)	(139,696)
Operating profit	190,170	1,016,521	304,749	1,061,354
Finance income	4,574	127,186	6,422	23,428
Finance expenses	(230,070)	(562,404)	(84,791)	(381,492)
Share of investments in associates	-	2,896	18,649	18,649
Loss of control over subsidiary	-	679	-	-
Pre-tax profit/(loss)	(35,326)	584,878	245,029	721,939
Corporate income tax	129,109	69,331	6,467	(40,586)
Net profit from continuing operations	93,783	654,209	251,496	681,353
Other comprehensive income				
Exchange differences on translation of foreign operations	(2,297)	44,365	(6,220)	(4,882)
Cash flow hedge accounting	(177,237)	(513,177)	(739)	(739)
Income tax on other comprehensive income	34,117	89,281	2,877	2,877
Other comprehensive income (net)	(145,417)	(379,531)	(4,082)	(2,744)
Total comprehensive income	(51,634)	274,678	247,414	678,609
Net profit from continuing operations attributable to:				
Owners of the Parent	93,722	653,789	251,328	679,180
Non-controlling interests	61	420	168	2,173
	93,783	654,209	251,496	681,353
Total comprehensive income attributable to:				
Owners of the Parent	(51,698)	274,230	247,270	676,450
Non-controlling interests	64	448	144	2,159
	(51,634)	274,678	247,414	678,609
Net profit from continuing operations attributable to owners of the Parent per share (PLN)				
Weighted average number of shares ('000)	129,873	129,873	129,873	129,873
- basic	0.72	5.03	1.94	5.23
- diluted	-	-	-	-

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

(PLN '000)	Dec 31 2011	Dec 31 2010
	(unaudited)	(restated) (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	8,964,399	6,173,798
Tangible assets under construction	1,543,597	4,213,684
Goodwill	46,688	46,688
Intangible assets	402,273	94,825
Investment property	-	3,376
Investments in equity-accounted associates	-	93,064
Non-current financial assets	96,234	54,099
Deferred tax assets	376,453	159,901
Non-current receivables	33,259	28,612
Prepayments and accrued income	6,761	4,003
Total non-current assets	11,469,664	10,872,050
Non-current assets held for sale	25,337	6,018
Current assets		
Inventories, including:	5,863,269	4,506,791
- mandatory reserves	4,427,752	2,980,241
Trade and other receivables	2,185,684	1,821,939
Current income tax receivable	133,072	47,492
Prepayments and accrued income	79,810	32,674
Current financial assets	129,052	55,906
Cash and cash equivalents	382,272	382,601
Total current assets	8,773,159	6,847,403
Current assets held for sale, including:	82,364	1,893
- cash and cash equivalents	87	77
- other current assets	82,277	1,816
Total assets	20,350,524	17,727,364
EQUITY AND LIABILITIES		
Equity		
Share capital	129,873	129,873
Statutory reserve funds	1,311,348	1,311,348
Cash flow hedging reserve	(416,207)	(739)
Retained earnings	6,704,111	6,046,056
Translation reserve	48,190	12,281
Equity attributable to owners of the Parent	7,777,315	7,498,819
Non-controlling interests	1,037	14,658
Total equity	7,778,352	7,513,477
Non-current liabilities		
Interest-bearing loans and borrowings	4,983,889	4,403,453
Long-term provisions	377,023	320,722
Deferred tax liabilities	50,145	123,143
Other financial liabilities	304,949	151,666
Accruals and deferred income and other liabilities	27,960	40,141
Total non-current liabilities	5,743,966	5,039,125
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities	4,192,722	2,960,776
Current income tax payable	7,474	15,188
Interest-bearing loans and borrowings	2,407,189	1,923,341
Notes	-	52,670
Short-term provisions	23,358	20,218
Other financial liabilities	157,345	202,396
Total current liabilities	6,788,088	5,174,589
Liabilities associated with assets held for sale	40,118	173
Total liabilities	12,572,172	10,213,887
Total equity and liabilities	20,350,524	17,727,364

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THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the twelve months ended December 31st 2011

(PLN '000)	12 months ended Dec 31 2011	12 months ended Dec 31 2010
	(unaudited)	(restated) (audited)
Cash flows from operating activities		
Net profit from continuing operations	654,209	681,353
Adjustments:		
Share in net profit of equity-accounted subordinated entities	(2,896)	(18,649)
Depreciation and amortisation	592,315	389,901
Foreign exchange (gains)/losses	286,764	155,181
Interest and dividends	148,638	58,344
(Gain)/loss from investing activities	167,521	87,097
Income tax paid	(179,024)	(84,219)
Current income tax	(69,331)	40,586
(Increase) in receivables	(415,429)	(298,709)
(Increase) in inventories	(1,360,337)	(1,483,647)
Increase in liabilities and accruals and deferred income	985,007	1,157,920
Increase in provisions	36,250	9,851
(Increase) in prepayments and accrued income	(13,484)	(6,969)
Settlement and valuation of financial instruments	130,430	193,036
Other adjustments	(55,887)	(77)
Net cash provided by/(used in) operating activities	904,746	880,999
Cash flows from investing activities		
Interest received	3,135	1,378
Dividends received	514	10,490
Sale/(purchase) of tangible and intangible assets	(658,393)	(1,009,937)
Prepayments for tangible assets under construction	(12,295)	(57,064)
Sale/(purchase) of non-current financial assets	(15,530)	(14)
Sale of current financial assets	-	83
Loss of control over subsidiary, net of cash	1,104	-
Other cash inflows/(outflows) on financial assets	(47,717)	-
Acquisition of UAB Meditus, net of cash acquired	(108,879)	-
Loans advanced	(1,805)	(8)
Repayment of loans advanced	308	-
Other items, net	(13,753)	1,176
Net cash provided by/(used in) investing activities	(853,311)	(1,053,896)
Cash flows from financing activities		
Increase in loans and borrowings	876,876	1,273,297
Issue of notes	572,712	102,670
Cash flows attributable to changes in interest in a subsidiary not resulting in loss of control over non-current financial assets	(9,588)	(11,554)
Repayment of loans and borrowings	(597,082)	(630,530)
Redemption of notes	(628,000)	(50,000)
Interest paid	(136,980)	(97,804)
Decrease in finance lease liabilities	(8,532)	(4,786)
Settlement of financial instruments	(106,912)	(119,585)
Other items, net	2,157	(3,020)
Net cash provided by/(used in) financing activities	(35,349)	458,688
Effect of exchange rate fluctuations on cash held	23,481	(1,970)
Change in net cash	39,567	283,821
Cash and cash equivalents at beginning of period	118,233	(165,588)
Cash and cash equivalents at end of period	157,800	118,233
- restricted cash	4,382	33,654

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THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the twelve months ended December 31st 2011

(PLN '000)	Share capital	Statutory reserve funds	Cash flow hedging reserve	Retained earnings	Translation reserve	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Jan 1 2010 (restated) (audited)	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 twelve months ended Dec 31 2010	-	-	-	679,180	-	679,180	2,173	681,353
Changes in ownership interest	-	-	-	12,976	-	12,976	(24,253)	(11,277)
Other comprehensive income, net, for the twelve months ended Dec 31 2010	-	-	(739)	5	(1,996)	(2,730)	(14)	(2,744)
Dec 31 2010 (audited)	129,873	1,311,348	(739)	6,046,056	12,281	7,498,819	14,658	7,513,477
Jan 1 2011 (audited)	129,873	1,311,348	(739)	6,046,056	12,281	7,498,819	14,658	7,513,477
Net profit from continuing operations for the twelve months ended Dec 31 2011	-	-	-	653,789	-	653,789	420	654,209
Change in the Group's organisational structure	-	-	-	-	-	-	(215)	(215)
Changes in ownership interest	-	-	-	4,266	-	4,266	(13,854)	(9,588)
Other comprehensive income, net, for the twelve months ended Dec 31 2011	-	-	(415,468)	-	35,909	(379,559)	28	(379,531)
Dec 31 2011 (unaudited)	129,873	1,311,348	(416,207)	6,704,111	48,190	7,777,315	1,037	7,778,352

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

(PLN '000)	3 months ended Dec 31 2011	12 months ended Dec 31 2011	3 months ended Dec 31 2010 (restated)	12 months ended Dec 31 2010 (restated)
	(unaudited)	(unaudited)	(unaudited)	(audited)
Sales revenue	7,738,012	27,287,946	5,281,874	18,124,675
Cost of sales	(7,290,265)	(25,892,860)	(4,866,840)	(16,839,383)
Gross profit	447,747	1,395,086	415,034	1,285,292
Selling costs	(141,367)	(538,707)	(126,432)	(450,087)
General and administrative expenses	(72,783)	(234,541)	(67,796)	(216,586)
Other operating income	1,369	4,760	9,993	17,902
Other operating expenses	(17,385)	(21,781)	(4,102)	(30,216)
Operating profit	217,581	604,817	226,697	606,305
Finance income	2,555	247,335	864	255,057
Finance expenses	(205,762)	(529,064)	(76,959)	(340,929)
Pre-tax profit	14,374	323,088	150,602	520,433
Corporate income tax	(4,194)	(16,883)	(32,160)	(55,479)
Net profit from continuing operations	10,180	306,205	118,442	464,954
Other comprehensive income				
Cash flow hedge accounting	(177,263)	(514,258)	-	-
Income tax on other comprehensive income	33,680	97,709	-	-
Other comprehensive income (net)	(143,583)	(416,549)	-	-
Total comprehensive income	(133,403)	(110,344)	118,442	464,954
Net earnings from continuing operations per share (PLN)				
Weighted average number of shares ('000)	129,873	129,873	129,873	129,873
- basic	0.08	2.36	0.91	3.58
- diluted	-	-	-	-

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

(PLN '000)	Dec 31 2011	Dec 31 2010
	(unaudited)	(restated)
	(audited)	(audited)
ASSETS		
Non-current assets		
Property, plant and equipment	7,023,127	4,423,681
Tangible assets under construction	56,157	2,972,034
Intangible assets	81,509	48,655
Non-current financial assets	1,208,538	1,045,271
Prepayments and accrued income	3,872	3,311
Total non-current assets	8,373,203	8,492,952
Current assets		
Inventories, including:	5,644,307	4,298,500
- mandatory reserves	4,425,263	2,976,818
Trade and other receivables	2,217,727	1,721,759
Current income tax receivable	73,512	-
Prepayments and accrued income	28,306	22,503
Current financial assets	82,730	127,438
Cash and cash equivalents	3,598	14,913
Total current assets	8,050,180	6,185,113
Assets held for sale	25,943	-
Total assets	16,449,326	14,678,065
EQUITY AND LIABILITIES		
Equity		
Share capital	129,873	129,873
Statutory reserve funds	1,311,348	1,311,348
Cash flow hedging reserve	(416,549)	-
Retained earnings	4,810,037	4,503,832
Total equity	5,834,709	5,945,053
Non-current liabilities		
Interest-bearing loans	4,786,893	4,141,016
Long-term provisions	41,036	31,420
Deferred tax liabilities	24,030	104,869
Other financial liabilities	127,364	80,107
Total non-current liabilities	4,979,323	4,357,412
Current liabilities		
Trade payables, accruals and deferred income, and other liabilities	3,816,016	2,623,515
Current income tax payable	-	12,037
Interest-bearing loans	1,681,323	1,539,545
Short-term provisions	8,521	6,672
Other financial liabilities	129,434	193,831
Total current liabilities	5,635,294	4,375,600
Total liabilities	10,614,617	8,733,012
Total equity and liabilities	16,449,326	14,678,065

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
for the twelve months ended December 31st 2011

(PLN '000)	12 months ended Dec 31 2011	12 months ended Dec 31 2010 (restated)
	(unaudited)	(audited)
Cash flows from operating activities		
Net profit from continuing operations	306,205	464,954
Adjustments:		
Depreciation and amortisation	375,596	215,585
Foreign exchange (gains)/losses	321,938	172,706
Interest and dividends	(142,174)	(233,765)
(Gain)/loss from investing activities	20,922	6,165
Current income tax	16,883	55,479
Income tax paid	(85,561)	-
(Increase) in receivables	(495,968)	(293,097)
(Increase) in inventories	(1,345,806)	(1,404,264)
Increase in liabilities and accruals and deferred income	1,088,891	1,110,830
Increase in provisions	11,465	1,560
(Increase) in prepayments and accrued income	(6,728)	(7,148)
Settlement and valuation of financial instruments	109,725	193,390
Other items, net	(32,625)	-
Net cash provided by/(used in) operating activities	142,763	282,395
Cash flows from investing activities		
(Purchase)/sale of non-current financial assets	(144,678)	(11,074)
Dividends received	240,479	251,936
Interest received	2,650	558
(Purchase)/sale of tangible and intangible assets	(152,313)	(586,985)
Prepayments for tangible assets under construction	(3,315)	(47,557)
Loans advanced	(972)	(21,816)
Other cash inflows/(outflows) on financial assets	(46,744)	6,606
Repayment of loans advanced	71,877	1,100
Net cash provided by/(used in) investing activities	(33,016)	(407,232)
Cash flows from financing activities		
Increase in loans and borrowings	388,689	831,007
Repayment of loans and borrowings	(308,483)	(248,085)
Interest paid	(87,038)	(61,004)
Settlement of financial instruments	(106,730)	(120,201)
Other items, net	(67)	(247)
Net cash provided by/ (used in) financing activities	(113,629)	401,470
Effect of exchange rate fluctuations on cash held	25,788	(2,948)
Change in net cash	21,906	273,685
Cash at beginning of period	(187,066)	(460,751)
Cash at end of period	(165,160)	(187,066)
- restricted cash	2,892	14,356

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the twelve months ended December 31st 2011

(PLN '000)	Share capital	Statutory reserve funds	Cash flow hedging reserve	Retained earnings	Total equity
Jan 1 2010 (restated) (audited)	129,873	1,311,348	-	4,038,878	5,480,099
Total comprehensive income for the twelve months ended Dec 31 2010	-	-	-	464,954	464,954
Dec 31 2010 (audited)	129,873	1,311,348	-	4,503,832	5,945,053
Jan 1 2011 (audited)	129,873	1,311,348	-	4,503,832	5,945,053
Net profit from continuing operations for the twelve months ended Dec 31 2011	-	-	-	306,205	306,205
Other comprehensive income, net, for the twelve months ended Dec 31 2011	-	-	(416,549)	-	(416,549)
Dec 31 2011 (unaudited)	129,873	1,311,348	(416,549)	4,810,037	5,834,709

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31st 2011

1. General information

Grupa LOTOS S.A. ("the Company", "the Parent"), the parent entity 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 has been assigned Industry Identification Number (REGON) 190541636.

The Parent'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 deposits and oil and gas production.

2. Composition of the Group

As at December 31st 2011, the LOTOS Group comprised Grupa LOTOS S.A. (the Parent) and 34 production and service companies, including:

- 16 subsidiaries of Grupa LOTOS S.A.
- 16 indirect subsidiaries of Grupa LOTOS S.A. and two companies accounted for using the proportional method.

The following table presents the subsidiaries of the LOTOS Group, their core business, consolidation method, and the Group's interests in their share capitals.

Name	Registered office	Core business	Method of consolidation/ accounting for the interest	Percentage of share capital held by the Group	
				Dec 31 2011	Dec 31 2010
Parent					
Grupa LOTOS S.A.	Gdańsk	Production and processing of refined petroleum products (mainly fuels) and their wholesale	Not applicable	Not applicable	Not applicable
Direct subsidiaries					
LOTOS Paliwa Sp. z o.o.	Gdańsk	Wholesale and retail sale of fuels, light fuel oil, management of the LOTOS service station network	full	100.00%	100.00%
LOTOS Gaz S.A. w likwidacji (in liquidation) ⁽¹⁾	Kraków ⁽¹⁾	The company is not conducting operations	full	100.00%	100.00%
LOTOS Oil S.A.	Gdańsk	Production and sale of lubricating oils and lubricants, and sale of base oils	full	100.00%	100.00%
LOTOS Asphalt Sp. z o.o.	Gdańsk	Production and sale of bitumens	full	100.00% ⁽²⁾	100.00%
LOTOS Ekoenergia Sp. z o.o. ⁽³⁾	Gdańsk	The company has not commenced operations	full	100.00%	100.00%
LOTOS Kolej Sp. z o.o.	Gdańsk	Railway transport	full	100.00%	100.00%
LOTOS Serwis Sp. z o.o.	Gdańsk	Maintenance of mechanical and electric operations and controlling devices, overhaul and repair services	full	100.00%	100.00%
LOTOS LAB Sp. z o.o.	Gdańsk	Laboratory testing	full	100.00%	100.00%
LOTOS Straż Sp. z o.o.	Gdańsk	Fire protection	full	100.00%	100.00%
LOTOS Ochrona Sp. z o.o.	Gdańsk	Personal and property protection	full	100.00%	100.00%

(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 and twelve months ended December 31st 2011

Name	Registered office	Core business	Method of consolidation/ accounting for the interest	Percentage of share capital held by the Group	
				Dec 31 2011	Dec 31 2010
LOTOS Parafiny Sp. z o.o.	Jasło	Production and sale of paraffin	full	100.00% ⁽⁴⁾	100.00%
LOTOS Tank Sp. z o.o.	Gdańsk	Trading in aviation fuel until Oct 16 2011, at present – logistics services	full	100.00%	100.00%
LOTOS Czechowice S.A. (parent of another group)	Czechowice-Dziedzice	Storage and distribution of fuels	full	100.00% ⁽⁶⁾	97.55% ⁽⁵⁾
LOTOS Jasło S.A.	Jasło	Storage and distribution of fuels. Renting and operating of own or leased real estate from March 24th 2011	full	100.00% ⁽⁶⁾	98.12% ⁽⁵⁾
LOTOS Petrobaltic S.A. ⁽⁸⁾ (parent of another group)	Gdańsk	Acquisition of crude oil and natural gas deposits and their exploitation	full	99.95% ⁽⁷⁾	99.32%
LOTOS Park Technologiczny Sp. z o.o.	Jasło	The company is not conducting operations	full	100.00%	100.00% ⁽⁹⁾
Indirect subsidiaries					
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Production and distribution of electricity, heat and gas	full	100.00% ⁽¹⁰⁾	97.55% ^(10, 11)
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Production of fatty acid methyl esters (FAME)	full	100.00% ⁽¹⁰⁾	97.55% ^(10, 11)
PLASTEKOL Organizacja Odzysku S.A.	Jasło	Provision of services		– ⁽¹²⁾	93.70% ⁽¹⁰⁾
Miliana Shipholding Company Ltd. (Miliana Shipping Company Ltd.) (parent of another group) ⁽¹⁵⁾	Nicosia, Cyprus	Storage and transport of crude oil, other sea transport related services, and managing own financial assets	full	99.95% ^(13, 14)	99.32%
Miliana Shipmanagement Ltd.	Nicosia, Cyprus	Provision of sea transport and related services	full	99.95% ^(13, 15)	-
Miliana Shipping Group Ltd. (parent of another group) ⁽¹⁵⁾	Nicosia, Cyprus	The company is not conducting operations	full	99.95% ^(13, 15)	-
Bazalt Navigation Co. Ltd.	Nicosia, Cyprus	Ship chartering	full	99.95% ^(13, 15)	-
Granit Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.95% ^(13, 15)	-
Kambr Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.95% ^(13, 15)	-
St. Barbara Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.95% ^(13, 15)	-
Petro Icarus Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.95% ^(13, 15)	-
Petro Aphrodite Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.95% ^(13, 15)	-
LOTOS Exploration and Production Norge AS	Stavanger, Norway	Oil exploration and production at the Norwegian Continental Shelf, provision of services related to oil exploration and production	full	99.95% ^(13, 16)	99.32% ⁽¹⁶⁾
Aphrodite Offshore Services N.V.	Curaçao, Netherlands Antilles	The company has been dormant since October 17th 2011	full	99.95% ⁽¹³⁾	99.32%
Energobaltic Sp. z o.o.	Władysławowo	Production of electricity, heat, LPG and natural gas condensate	full	99.95% ⁽¹³⁾	99.32%
AB LOTOS Baltija (parent of another group) ^(18, 19)	Vilnius, Lithuania	Business and legal advisory services	full	– ^(13, 18)	99.32% ⁽¹⁷⁾
AB Meditus (parent of another group) ^(18, 20)	Vilnius, Lithuania	Business and legal advisory services	full	– ^(13, 18)	-
AB LOTOS Geonafta (parent of another group) ⁽¹⁸⁾	Gargždai, Lithuania	Crude oil exploration and production, drilling services, and purchase and sale of crude oil	full	43.18% ^(13, 18, 21)	40.31%
UAB Genciu Nafta	Gargždai, Lithuania	Crude oil exploration and production	full	99.95% ^(13, 18)	40.31%

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Name	Registered office	Core business	Method of consolidation/ accounting for the interest	Percentage of share capital held by the Group	
				Dec 31 2011	Dec 31 2010
Companies accounted for using the proportional method					
UAB Manifodas	Gargždai, Lithuania	Crude oil exploration and production	proportional	49.98% ^(13, 18)	20.15%
UAB Minijos Nafta	Gargždai, Lithuania	Crude oil exploration and production	proportional	49.98% ^(13, 18)	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). The company's new registered address in Kraków was registered on July 8th 2011. Previously, the company was based in Mława.

⁽²⁾ On December 29th 2010, the share capital increase at LOTOS Asfalt Sp. z o.o. was registered. The share capital was increased from PLN 2,000 thousand to PLN 20,000 thousand, by way of raising the par value of the existing shares from PLN 500 per share to PLN 5,000 per share.

⁽³⁾ 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.

⁽⁴⁾ On December 7th 2011, the share capital increase at LOTOS Parafiny Sp. z o.o. was registered. The share capital was increased from PLN 19,783 thousand to PLN 28,783 thousand, by way of creating 9,000 new shares, each with a value of PLN 1,000 thousand.

⁽⁵⁾ By December 31st 2010, Grupa LOTOS S.A. acquired from non-controlling shareholders an additional 12.51% of shares in LOTOS Czechowice S.A. and 13.11% of shares in LOTOS Jasło S.A.

⁽⁶⁾ 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. respectively on April 7th and 8th 2011, Grupa LOTOS S.A. holds a 100% interest in LOTOS Czechowice S.A. and a 100% interest in LOTOS Jasło S.A.

⁽⁷⁾ By December 31st 2011, Grupa LOTOS S.A. acquired from non-controlling shareholders an additional 0.63% of shares in LOTOS Petrobaltic S.A. Moreover, on November 29th 2011, an increase in the share capital of LOTOS Petrobaltic S.A. was registered. The share capital was increased from PLN 92,400 thousand to PLN 96,600 thousand i.e. by PLN 4,200 thousand, through the issue of 420,000 Series B registered shares with a par value of PLN 10 per share in return for a cash contribution. Grupa LOTOS S.A. acquired in total 419,979 new Series B shares in return for a cash contribution of PLN 80,968 thousand. As at December 31st 2011, Grupa LOTOS S.A. held a 99.95% stake in LOTOS Petrobaltic S.A. (see Note 15 to these interim condensed consolidated financial statements).

⁽⁸⁾ 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.

⁽⁹⁾ 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% interest in LOTOS Park Technologiczny Sp. z o.o.

⁽¹⁰⁾ The shareholding changes described in items ^(5, 6) 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. acquired from LOTOS Czechowice S.A. one share in LOTOS Biopaliwa Sp. z o.o., representing 0.005% of the company's share capital, and one share in RCEkoenergia Sp. z o.o., representing 0.005% of the company's share capital.

⁽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 ⁽⁷⁾ above led to changes in the Group's indirect interests in the share capitals of the subsidiaries of LOTOS Petrobaltic S.A.

⁽¹⁴⁾ On June 24th 2011, LOTOS Petrobaltic S.A. acquired one share in Miliana Shipping Company Ltd. under an agreement of April 21st 2011 providing for the sale of one share in Miliana Shipping Company Ltd. by Aphrodite Offshore Services N.V. to LOTOS Petrobaltic S.A. for a price of USD 19.8 thousand (PLN 53.8 thousand translated at the mid-exchange rate for USD quoted by the National Bank of Poland for April 21st 2011). LOTOS Petrobaltic S.A. currently holds 100% of shares in Miliana Shipping Company Ltd.

⁽¹⁵⁾ In connection with the restructuring of the sea shipping business in the LOTOS Petrobaltic Group, on July 22nd 2011 Miliana Shipping Company Ltd. established two subsidiaries registered in the Republic of Cyprus: Miliana Shipmanagement Ltd. and Miliana Shipping Group Ltd. Miliana Shipping Company Ltd. is the sole shareholder in both entities. Indirectly through LOTOS Petrobaltic S.A., the Group holds 99.95% in each of the companies. Furthermore, on September 13th 2011, LOTOS Petrobaltic S.A. received a formal confirmation that on July 28th 2011 Miliana Shipping Company Ltd. assumed control of four companies, including Granit Navigation Company Limited, Kambr Navigation Company Limited, Petro Icarus Company Limited and St. Barbara Navigation Company Limited, and another two companies, i.e. Bazalt Navigation Company Limited and Petro Aphrodite Company Limited on July 29th 2011 (see Note 15 to these interim condensed consolidated financial statement).

On January 23rd 2012, the change in the company's name from Miliana Shipping Company Limited to Miliana Shipholding Company Limited was registered.

⁽¹⁶⁾ On November 15th 2010, the share capital of LOTOS Exploration and Production Norge AS was increased by NOK 1. One new share in the company, with a par value of NOK 1 (i.e. PLN 0.4822, 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.

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On December 21st 2011, an increase in the share capital of LOTOS Exploration and Production Norge AS was registered. The share capital increased from NOK 430,000,001 to NOK 572,733,964, i.e. by NOK 142,733,963, through the issue of new Series B shares with a par value of NOK 1 per share in return for a cash contribution. All the new issue shares were acquired by LOTOS Petrobaltic S.A.

⁽¹⁷⁾ 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.

⁽¹⁸⁾ 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.

On November 30th 2011, the merger of AB Geonafta, AB LOTOS Baltija, and AB Meditus, as well as a name change from AB Geonafta to AB LOTOS Geonafta were registered. Following registration of the merger, the shareholder structure of AB LOTOS Geonafta was as follows: LOTOS Petrobaltic S.A. – 43.1980822%, Grupa LOTOS S.A. – 0.0005934%, own shares held by AB LOTOS Geonafta – 56.8013244%. However, the proportions of shares conferring the right to vote at the General Shareholders Meeting of AB LOTOS Geonafta were as follows: LOTOS Petrobaltic S.A. – 99.99862%, Grupa LOTOS S.A. – 0.00137%. LOTOS Petrobaltic S.A. retained control of AB LOTOS Geonafta. AB LOTOS Geonafta intends to voluntarily cancel its own shares acquired in the merger process (see Note 15 to these interim condensed consolidated financial statements).

⁽¹⁹⁾ On May 23rd 2011, a change in the legal form of UAB LOTOS Baltija to AB LOTOS Baltija was registered. Currently, the company operates under the name AB LOTOS Baltija (see Note 15 to these interim condensed consolidated financial statements).

⁽²⁰⁾ On May 10th 2011, a change in the legal form of UAB Meditus to AB Meditus was registered. Currently, the company operates under the name AB Meditus (see Note 15 to these interim condensed consolidated financial statements).

⁽²¹⁾ On March 23rd 2011, LOTOS Petrobaltic S.A. and Grupa LOTOS S.A. executed an agreement whereby Grupa LOTOS S.A. purchased one share in AB Geonafta for LTL 3 thousand (PLN 3.5 thousand) (see Note 15 to these interim condensed consolidated financial statements).

As at December 31st 2011, the Group's shares in the total vote at the general shareholders meetings of its subsidiaries were equal to its interests in their share capitals, except in the case of AB LOTOS Geonafta (see Note 15 to these interim condensed consolidated financial statements). As at December 31st 2010, the Group's shares in the total vote at the general shareholders meetings of its subsidiaries were equal to its interests in their share capitals.

In the presented comparative data for the twelve months ended December 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 associate AB Geonafta as at December 31st 2010 at PLN 93,064 thousand, including a dividend of PLN 9,782 thousand approved by the Annual General Shareholders Meeting of AB Geonafta on May 17th 2010 in a relevant resolution. 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 2010, 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 Parent's Management Board 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.

As at January 1st 2011, the composition of Grupa LOTOS S.A.'s Supervisory Board of the seventh term of office 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.

On June 27th 2011, the General Shareholders Meeting of Grupa LOTOS S.A. appointed the Company's Supervisory Board for the eighth term of office. The following persons were appointed to the Supervisory Board: Małgorzata Hirszel, Ewa Sibrecht-Ośka, Leszek Starosta, Oskar Pawłowski, Michał Rumiński and Rafał Wardziński. The General Shareholders Meeting appointed Mr Wiesław Skwarko the Chairman of the Supervisory Board. In

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accordance with the Company's Articles of Association, Mr Wiesław Skwarko was appointed to the Supervisory Board by the State Treasury.

On November 8th 2011, Mrs Ewa Sibrecht-Ośka submitted her resignation as Member of the Supervisory Board of Grupa LOTOS S.A.

As at December 31st 2011, the composition of the Supervisory Board of Grupa LOTOS S.A. of the eighth term of office was as follows:

Wiesław Skwarko – Chairman of the Supervisory Board,
Rafał Wardziński – 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,
Leszek Starosta – Member of the Supervisory Board.

On January 27th 2012 Mr Rafał Wardziński, Deputy Chairman of the Supervisory Board of Grupa LOTOS S.A., submitted his resignation as member of the Supervisory Board of Grupa LOTOS S.A. As a result, the number of Supervisory Board members fell below the minimum number of six required by the Company's Articles of Association, which meant that the Supervisory Board as a body lost its ability to perform the obligations and exercise the powers stipulated in the generally applicable laws and in the Company's Articles of Association. In view of this situation, at the request of Shareholder State Treasury, an Extraordinary General Shareholders Meeting of Grupa LOTOS S.A. was convened for February 29th 2012.

4. Basis of presentation

These interim condensed consolidated financial statements of the LOTOS Group have been prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* ("IAS 34") and in compliance with the relevant EU-endorsed IFRS applicable to interim financial reporting, which had been published and were effective at the time of preparing these interim condensed consolidated financial statements of the LOTOS Group.

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

These interim condensed consolidated financial statements have been prepared on the assumption that the Group companies will continue their business activities in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements, no circumstances have been identified that might pose a threat to the Group companies continuing as going concerns.

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 IFRS.

The financial information as at December 31st 2011 and for the three and twelve months ended on that date, as well as the comparative financial data for the three months ended December 31st 2010, contained in these interim condensed consolidated financial statements, were not audited. The financial information for the twelve months ended December 31st 2010 and 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 the 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 February 20th 2012.

4.1 Change of information presented in previous reporting periods

1. 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 interim condensed consolidated financial statements), the Group changed the comparative data for the twelve months ended December 31st 2010. Accordingly, cost of sales fell by PLN 298,039 thousand, finance income decreased by PLN 199,400 thousand, and finance expenses grew by PLN 98,639 thousand.
2. As at December 31st 2010, in its statement of financial position the Group reclassified certain items which had earlier been presented as restricted cash and cash equivalents into interest-bearing current loans. These items included the PLN 8,665 thousand (January 1st 2010: PLN 9,928 thousand) deposits securing the repayment of interest and principal payments under loans intended for financing of the 10+ Programme. Furthermore, in the cash flow statement, restricted cash as at December 31st 2010 and cash flows from operating activities for the twelve months ended December 31st 2010, changed respectively by PLN (8,665) thousand and PLN 1,263 thousand.
3. In the twelve months ended December 31st 2010, the Group adjusted its sales revenue and cost of sales. For the twelve months of 2010, sales revenue and cost of sales decreased by PLN 17,729 thousand.
4. The Group has analysed the expected time of realisation of interest rate risk hedges (IRS) and has classified them as current or non-current assets and liabilities, based on the related cash flows. The Group has adjusted the comparable data. As at December 31st 2010, the value of current and non-current interest rate risk hedge (IRS) assets and liabilities amounted respectively to PLN 10,259 thousand, PLN 18,828 thousand, PLN 148,253 thousand and PLN 79,644 thousand.
5. As at January 1st 2011, the amount of cash and cash equivalents in the statement of cash flows changed by PLN 10,463 thousand in connection with an overdraft facility which is not classified as cash equivalents.
6. In the twelve months ended December 31st 2010, the Group reclassified some of the general and administrative expenses. As a result of the adjustment, general and administrative expenses fell by PLN 24,025 thousand, selling costs rose by PLN 1,092 thousand, and cost of sales increased by PLN 22,933 thousand. In the three months ended December 31st 2010, general and administrative expenses fell by PLN 6,338 thousand, selling costs rose by PLN 187 thousand, and cost of sales increased by PLN 6,151 thousand due to the adjustment.
7. 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. As a result of this change, both finance income and finance expenses for the twelve months ended December 31st 2010 decreased by PLN 3,112 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 that:

- starting from January 1st 2011, the Group changed its accounting policies as regards the exchange rates used to translate business transactions denominated in foreign currencies. 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 due to 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.

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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.

The Parent and LOTOS Petrobaltic S.A., LOTOS Exploration and Production Norge AS, LOTOS Asphalt 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 LOTOS Geonafra 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 companies applying standards other than IFRS, and which have been introduced to ensure consistency of the entities' financial information with the IFRS.

The following new standards, amendments to 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 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13) – some changes are effective for annual periods beginning on July 1st 2010, some for annual periods beginning on January 1st 2011,
- Amendments to IFRS 7 *Financial Instruments: Disclosures: Transfers of Financial Assets* (effective for annual periods beginning on or after July 1st 2011).

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: Classification and Measurement* (effective for periods beginning on or after January 1st 2015; previously for periods beginning on or after January 1st 2013),
- 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),
- IFRS 10 *Consolidated Financial Statements* (effective for periods beginning on or after January 1st 2013),
- IFRS 11 *Joint Arrangements* (effective for periods beginning on or after January 1st 2013),
- IFRS 12 *Disclosure of Interests in Other Entities* (effective for periods beginning on or after January 1st 2013),
- IFRS 13 *Fair Value Measurement* (effective for periods beginning on or after January 1st 2013),
- Amendment to IAS 19 *Employee Benefits* (effective for periods beginning on or after January 1st 2013),
- Amendment to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (effective for periods beginning on or after July 1st 2012),
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective for periods beginning on or after January 1st 2013).

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 interim condensed consolidated financial statements, the first phase of IFRS 9 *Financial Instruments: Classification and Measurement* (effective for annual periods beginning on or after January

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1st 2015; previously 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. 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 new standards and interpretations specified above to have any material impact on the accounting policies applied by the Group.

6. Translation of financial highlights into the euro

Items of the statement of financial position as at December 31st 2011, presented in the "Financial Highlights" table, were translated using the EUR mid-exchange rate published by the National Bank of Poland for December 30th 2011, i.e. EUR 1 = PLN 4.4168. Items of the statement of comprehensive income and the statement of cash flows for the twelve months ended December 31st 2011, presented in the "Financial Highlights" table, were translated at the exchange rate of EUR 1 = PLN 4.1401 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2011).

Items of the statement of financial position as at December 31st 2010, presented in the "Financial Highlights" table, were translated using the EUR 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 twelve months ended December 31st 2010, presented in the "Financial Highlights" table, were translated at the exchange rate of EUR 1 = PLN 4.0044 (the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each full month in the period January 1st – December 31st 2010).

7. Seasonality and cyclicity of operations in the interim period

There was no seasonality or cyclicity in the Group's operations in the interim period.

8. Amounts with a 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 – December 31st 2011, the effect of the loss on remeasurement of loans and borrowings denominated in foreign currencies recognised in the statement of comprehensive income amounted to PLN 778,364 thousand and was presented in finance expenses (PLN 264,106 thousand) and in other comprehensive income, net (PLN 514,258 thousand).

In the period January 1st – December 31st 2011, foreign exchange loss recognised in the cash flow hedging reserve amounted to PLN 513,177 thousand (including PLN 514,258 thousand net loss on valuation of foreign-currency loans and borrowings), before the PLN 97,709 thousand adjustment for a tax effect.

In the period January 1st – December 31st 2011, the gross value of the Company's mandatory reserves rose by PLN 1,448,445 thousand in connection with higher production and sales, among other things due to higher throughput capacity of the Gdańsk Refinery.

The effect of accounting for the acquisition of the Lithuanian assets has been described in more detail in Note 15 to these interim condensed consolidated financial statements.

The Group tested for impairment the interests held by LOTOS Exploration and Production Norge AS in the hydrocarbon reserves held under the acquired production licences covering the YME field development project, and recognised an impairment loss of NOK 382m (i.e. PLN 217m, translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for December 30th 2011) on the tested asset. See Note 17 to these interim condensed consolidated financial statements. The effect (net of deferred tax) of the impairment loss on the tested asset in the net profit from continuing operations was NOK 148 (i.e. PLN 84 translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for December 30th 2011).

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

There were no material changes in estimates reported in prior financial years.

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

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

In the twelve months ended December 31st 2011, LOTOS Asphalt Sp. z o.o. issued short-term bearer notes under the Note Issue Programme Agreement of July 27th 2010.

As part of the Note Issue Programme, LOTOS Asphalt Sp. z o.o. may carry out numerous notes issues. The company's total liabilities under notes outstanding at any given time may not exceed PLN 300,000 thousand (based on the par value of the notes). The term of the Programme is five years. The notes are issued as PLN-denominated, unsecured, zero-coupon bearer notes in book-entry form, redeemable at par value, and offered in private placement.

The notes were acquired by third-party investors as well as by the Group members. The table below presents the par value of notes issued to third-party investors in the period January 1st – December 31st 2011.

PLN '000	Nominal value of issued notes	Discount	Liabilities under outstanding notes
As at Jan 1 2011	53,000 =====	(330) =====	52,670 =====
Increase (issue)	575,000	(2,248)	
Decrease (redemption)	(628,000)	2,578	
As at Dec 31 2011	- =====	- =====	- =====

During the twelve months ended December 31st 2011, the proceeds from the notes issued by the Group for third party investors were PLN 572,752 thousand, net of the issue expenses. During the twelve months ended December 31st 2011, the Group's spending related to the redemption of notes amounted to PLN 628,000 thousand.

Furthermore, in the period January 1st – December 31st 2011, LOTOS Asphalt Sp. z o.o. issued notes with the total par value of PLN 242,400 thousand. The notes were acquired by the Group members (see Note 17 to these interim condensed consolidated financial statements). In the period January 1st – December 31st 2011, LOTOS Asphalt Sp. z o.o. redeemed all issued notes from the Group members.

No other debt or equity securities were issued, redeemed or repaid in the period between January 1st and December 31st 2011.

11. Dividends

On June 27th 2011, the General Shareholders Meeting of Grupa LOTOS S.A. adopted a resolution on distribution of the Company's net profit for the year ended December 31st 2010. Pursuant to the resolution, the Company's net profit for the year ended December 31st 2010, totalling PLN 464,954 thousand, was excluded in whole from distribution to the Company Shareholders and allocated as follows:

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

In these interim condensed financial statements, the Company presented profit after distribution under retained earnings. In addition, the allocation of profit to the Special Account was recognised as an expense in the twelve months ended December 31st 2011 and presented under short-term provisions.

On September 5th 2011, Grupa LOTOS S.A. received a decision issued by the District Court for Gdańsk-Północ in Gdańsk, VII Commercial Division of the National Court Register, concerning registration of amendments to the Company's Articles of Association on August 30th 2011. The amendments were introduced by virtue of Resolutions No. 4 and No. 5 of the Extraordinary General Shareholders Meeting of Grupa LOTOS S.A., held on August 8th 2011. Some of the amendments to the Articles of Association introduce the possibility of payment of interim dividends.

12. Earnings per share

	12 months ended Dec 31 2011	12 months ended Dec 31 2010 (restated)
	(unaudited)	(audited)
Profit from continuing operations attributable to owners of the Parent (PLN '000) (A)	653,789	679,180
Weighted average number of shares (in thousands) (B)	129,873	129,873
Earnings per share (PLN) (A/B)	5.03	5.23

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.

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13. Business Segments

PLN '000	Upstream Segment		Downstream Segment		Other ⁽¹⁾		Consolidation adjustments		Consolidated	
	3 months ended Dec 31 2011	12 months ended Dec 31 2011	3 months ended Dec 31 2011	12 months ended Dec 31 2011	3 months ended Dec 31 2011	12 months ended Dec 31 2011	3 months ended Dec 31 2011	12 months ended Dec 31 2011	3 months ended Dec 31 2011	12 months ended Dec 31 2011
	(unaudited)									
Sales revenue:	139,230	582,252	8,312,343	29,061,228	7,393	23,350	(94,538)	(408,291)	8,364,428	29,258,539
Intersegment sales	77,803	350,476	11,215	40,460	5,520	17,355	(94,538)	(408,291)	-	-
External sales	61,427	231,776	8,301,128	29,020,768	1,873	5,995	-	-	8,364,428	29,258,539
Operating profit/(loss) (EBIT)	(200,984)	(49,585)	354,251	1,063,860	3,756	3,117	33,147	(871)	190,170	1,016,521
Amortisation and depreciation	27,544	103,730	134,035	480,272	2,357	9,703	(387)	(1,390)	163,549	592,315
Operating profit/(loss) before amortisation and depreciation (EBITDA)	(173,440)	54,145	488,286	1,544,132	6,113	12,820	32,760	(2,261)	353,719	1,608,836

PLN '000	Upstream Segment		Downstream Segment		Other ⁽¹⁾		Consolidation adjustments		Consolidated	
	Dec 31 2011									
	(unaudited)									
Total assets		2,999,484		17,908,282		146,889		(704,131)		20,350,524
- including net exploration and appraisal assets		91,216		-		-		-		91,216

⁽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.

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PLN '000	Upstream Segment		Downstream Segment		Other ⁽¹⁾		Consolidation adjustments		Consolidated	
	3 months ended Dec 31 2010	12 months ended Dec 31 2010	3 months ended Dec 31 2010	12 months ended Dec 31 2010	3 months ended Dec 31 2010	12 months ended Dec 31 2010	3 months ended Dec 31 2010	12 months ended Dec 31 2010	3 months ended Dec 31 2010	12 months ended Dec 31 2010
	(restated) (audited)									
Sales revenue:	48,050	327,089	5,742,715	19,684,666	5,315	21,084	(60,632)	(370,035)	5,735,448	19,662,804
Intersegment sales	47,974	326,766	9,139	33,265	3,519	10,004	(60,632)	(370,035)	-	-
External sales	76	323	5,733,576	19,651,401	1,796	11,080	-	-	5,735,448	19,662,804
Operating profit/(loss) (EBIT)	(55,926)	24,672	339,334	1,003,293	(417)	(1,382)	21,758	34,771	304,749	1,061,354
Depreciation and amortisation	14,272	60,065	99,986	321,184	2,528	10,009	(338)	(1,357)	116,448	389,901
Operating profit/(loss) before amortisation and depreciation (EBITDA)	(41,654)	84,737	439,320	1,324,477	2,111	8,627	21,420	33,414	421,197	1,451,255
PLN '000	Upstream Segment		Downstream Segment		Other ⁽¹⁾		Consolidation adjustments		Consolidated	
	Dec 31 2010									
	(restated) (audited)									
Total assets	2,103,955		16,060,515		148,131		(585,237)		17,727,364	
- 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) and Energobaltic Sp. z o.o.

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

1. On January 10th 2012, 100% of shares in LOTOS Parafiny Sp. z o.o. were sold to a third party, namely to Krokus Chem Sp. z o.o., in which Fundusz Nova Polonia Natexis LPiI and the management staff of LOTOS Parafiny Sp. z o.o. hold interests. On November 30th 2011, Grupa LOTOS S.A. and Krokus Chem Sp. z o.o. signed a preliminary agreement to sell 100% of shares in LOTOS Parafiny Sp. z o.o. As an additional element of the transaction, on November 29th 2011 the parties signed a seven-year agreement on supply of slack waxes by Grupa LOTOS S.A. to LOTOS Parafiny Sp. z o.o. (see Note 17 to these interim condensed consolidated financial statements).
2. On January 14th 2012, the court registered an increase in the share capital of LOTOS Exploration and Production Norge AS by NOK 91,984,477, to NOK 664,718,441, through the issue of new Series B shares with a par value of NOK 1 per share. All the new Series B shares were subscribed for by LOTOS Petrobaltic S.A.
3. On January 17th 2012, following completion of the APA 2011 licence round, LOTOS Exploration and Production Norge AS was awarded interests in two exploration licences located in the Norwegian Sea. Interests in licence PL643 – block 6406/ & 6406/4 (Halten Terrace) were awarded to LOTOS Exploration and Production Norge AS – 30%, VNG Norge AS – 40% (licence operator), and Edison International Spa – 30%. Interests in licence PL655 – block 6610/2 (Træna Basin) were awarded to LOTOS Exploration and Production Norge AS – 30%, Wintershall – 30% (licence operator), Centrica – 20%, and VNG – 20%.
4. On January 23rd 2012 a name change from Miliana Shipping Company Limited to Miliana Shipholding Company Limited was registered.
5. On February 2nd 2012, the increase in the share capital of LOTOS Petrobaltic S.A. was registered. In exercise of its pre-emptive rights, on December 15th 2011 Grupa LOTOS S.A. subscribed for new Series C shares. In connection with the issue of 280,000 registered Series C shares with a value of PLN 10 per share, the share capital of LOTOS Petrobaltic S.A. was increased by PLN 2,800 thousand, i.e. from PLN 96,600 thousand to PLN 99,400 thousand. Grupa LOTOS S.A. was allocated 279,996 shares. Following registration of the share capital increase, Grupa LOTOS S.A. holds a 99.95% interest in LOTOS Petrobaltic S.A.

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 non-controlling shareholders, on November 30th 2010 the General Shareholders Meeting of LOTOS Jasło S.A. adopted a resolution regarding a minority squeeze-out. Following the transactions carried out as part of the squeeze-out process and relevant entries being made in the share register of LOTOS Jasło S.A., as of April 8th 2011 Grupa LOTOS S.A. has held a 100% interest in LOTOS Jasło S.A.

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 non-controlling shareholders, on December 1st 2010 the General Shareholders Meeting of LOTOS Czechowice S.A. adopted a resolution regarding a minority squeeze-out. Following the transactions carried out as part of the squeeze-out process and relevant entries being made in the share register of LOTOS Czechowice S.A., as of April 7th 2011 Grupa LOTOS S.A. has held a 100% interest in LOTOS Czechowice S.A.

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

In the period January 1st – December 31st 2011, as part of the minority squeeze-out process described above Grupa LOTOS S.A. acquired 183,429 shares in LOTOS Czechowice S.A. with a total value of PLN 1,833 thousand, representing 2.45% of the company's share capital, and 112,908 shares in LOTOS Jasło S.A. with a total value of PLN 471 thousand, representing 1.88% of the company's share capital. As a result of the executed transactions, as at December 31st 2011 Grupa LOTOS S.A. held 100% of the share capital of LOTOS Czechowice S.A. and 100% of the share capital of LOTOS Jasło S.A.

In line with the revised IAS 27 *Consolidated and Separate Financial Statements*, the transactions described above have been accounted for as equity transactions, as a result of which an amount of PLN 2,773 thousand was recognised under retained earnings attributable to the Parent.

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

(PLN '000)

Value of non-controlling interests as at Dec 31 2011 (A)	5,072
Value of the acquired 2.45% of shares in LOTOS Czechowice S.A. and 1.88% of shares in LOTOS Jasło S.A. (B)	2,304
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)	2,773

Offer to purchase Series A shares in LOTOS Petrobaltic S.A.

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.

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

By December 31st 2011, Grupa LOTOS S.A. acquired 57,850 shares in LOTOS Petrobaltic S.A. with an aggregate value of PLN 7,422 thousand, representing 0.63% of the company's share capital.

In line with the revised IAS 27 *Consolidated and Separate Financial Statements*, the transaction described above has been accounted for as an equity transaction, as a result of which an amount of PLN 1,492 thousand was recognised under retained earnings attributable to the Parent.

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

(PLN '000)

Value of non-controlling interests as at Dec 31 2011 (A)	8,782
Value of the acquired 0.63% of shares in LOTOS Petrobaltic S.A. (B)	7,422
Costs related to the acquisition (C)	(133)
Excess of the value of non-controlling interests over the value of the acquired shares (A-B-C)	1,492

Increase of the share capital of LOTOS Petrobaltic S.A.

On November 29th 2011, the court registered the increase in the share capital of LOTOS Petrobaltic S.A. by PLN 4,200 thousand, i.e. from PLN 92,400 thousand to PLN 96,600 thousand, through the issue of 420,000 Series B registered shares with a par value of PLN 10 per share, paid for with cash. Grupa LOTOS S.A. acquired in total 419,979 new Series B shares, in return for a cash contribution of PLN 80,968 thousand.

As a result of the executed transactions, consisting in the purchase of shares in LOTOS Petrobaltic S.A. from non-controlling shareholders and the increase in the share capital of LOTOS Petrobaltic S.A., as at December 31st 2011 Grupa LOTOS S.A. held a 99.95% interest in LOTOS Petrobaltic S.A., including 9,654,829 shares conferring the right to vote at the company's General Shareholders Meeting.

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. These developments had no effect on the data disclosed in the interim condensed consolidated financial statements.

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. As at the acquisition date, LOTOS Petrobaltic S.A. held directly 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 (currently AB LOTOS Geonafta) is the parent 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 (currently AB LOTOS 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, comprised 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% interest 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.

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). In addition, the Group is currently making analyses to determine an optimum tax strategy, the tax effect of which will also be reflected when finally accounting for the business combination.

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The Group provisionally 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) ⁽¹⁾	172,775
Acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (B)	200,698
Total (A+B)	373,473
Equity interest in the acquiree	100%
Current assets, including:	74,222
Cash and cash equivalents	37,513
Non-current assets, including:	384,977
Intangible assets	291,836
Property, plant and equipment	85,281
Total assets	459,199
Provisions	16,019
Non-current liabilities	38,387
Current liabilities, and accruals and deferred income	31,320
Total liabilities and provisions	85,726
Net assets	373,473
Company's share in net assets	373,473
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.

⁽¹⁾ For the purpose of provisionally accounting for the business combination, the consideration transferred of PLN 292,545 thousand (at acquisition-date fair value) was reduced by the value of the previously assumed liabilities of the shareholders selling UAB Meditus shares towards the acquirees, of LTL 105,571 thousand (PLN 119,770 thousand, translated at the mid-exchange rate for LTL quoted by the National Bank of Poland for February 3rd 2011).

As part of the business combination, the Group recognised identifiable intangible assets in the amount of PLN 291,836 thousand, representing licences awarded to AB Geonafta and its group companies, including UAB Genciu Nafta, UAB Miniijos Nafta and UAB Manifoldas. The licences confer the right to exploit crude oil and natural gas reserves in Lithuania.

The increase of the value of LOTOS Petrobaltic S.A.'s previously held 40.59% interest in AB Geonafta, resulting from its valuation at the acquisition-date fair value, was posted to finance income in the amount of PLN 104,738 thousand.

Until February 3rd 2011 (the business combination date), 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 statement of comprehensive income for the twelve months ended December 31st 2011 under "Share of investments in associates".

By December 31st 2011, AB LOTOS Baltija settled its liabilities for the shares acquired in UAB Meditus, in the amount of LTL 229,437 thousand (PLN 293,496 thousand, translated at the LTL mid-exchange rate quoted by the National Bank of Poland for December 30th 2011), including LTL 105,571 thousand (PLN 135,046 thousand, translated at the LTL mid-exchange rate quoted by the National Bank of Poland for December 30th 2011) in connection with assuming previous liabilities of shareholders selling shares in UAB Meditus towards the acquirees.

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After deducting the cash acquired in the business combination, of LTL 33,066 thousand (PLN 42,298 thousand, translated at the LTL mid-exchange rate quoted by the National Bank of Poland for December 30th 2011), the acquisition value of UAB Meditus as shown in the consolidated statement of cash flows for the twelve months ended December 31st 2011 amounted to LTL (90,800) thousand (i.e. PLN 108,879 thousand).

As at the balance sheet date of December 31st 2011, total liabilities of AB LOTOS Geonafta (previously AB LOTOS Baltija) related to acquisition of shares in UAB Meditus amounted to LTL 28,426 thousand (PLN 36,363 thousand, translated at the LTL mid-exchange rate quoted by the National Bank of Poland for December 30th 2011), of which LTL 20,457 thousand (PLN 26,169 thousand, translated at the LTL mid-exchange rate quoted by the National Bank of Poland for December 30th 2011) remained frozen on an escrow account for one year from the business combination date to secure AB LOTOS Geonafta's (previously AB LOTOS Baltija's) potential claims against the selling shareholders.

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 business 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 twelve months ended December 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 one 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 was as follows:

LOTOS Petrobaltic S.A. – 40.59%,
UAB Meditus – 59.41%,
Grupa LOTOS S.A. – 0.00062%.

Change in the legal form of AB Meditus

On May 10th 2011, a change in the legal form of UAB Meditus to AB Meditus was registered. Furthermore, on November 30th 2011, the merger of AB Geonafta, AB LOTOS Baltija, and AB Meditus (described below) was registered.

Change in the legal form of AB LOTOS Baltija

On May 23rd 2011, a change in the legal form of UAB LOTOS Baltija to AB LOTOS Baltija was registered. Furthermore, on November 30th 2011, the merger of AB Geonafta, AB LOTOS Baltija, and AB Meditus (described below) was registered.

Acquisition of one share in Miliana Shipping Company Ltd. by LOTOS Petrobaltic S.A.

On June 24th 2011, LOTOS Petrobaltic S.A. acquired one share in Miliana Shipping Company Ltd. under the agreement of April 21st 2011 regarding the sale of one share in Miliana Shipping Company Ltd. by Aphrodite Offshore Services N.V. to LOTOS Petrobaltic S.A. for a price of USD 19.8 thousand (PLN 53.8 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for April 21st 2011).

LOTOS Petrobaltic S.A. currently holds 100% of shares in Miliana Shipping Company Ltd.

Incorporation of new subsidiaries by Miliana Shipping Company Ltd.

In connection with the restructuring of the sea shipping business within the LOTOS Petrobaltic Group, on July 22nd 2011 Miliana Shipping Company Ltd. established two subsidiaries registered in the Republic of Cyprus: Miliana Shipmanagement Ltd. and Miliana Shipping Group Ltd. Miliana Shipping Company Ltd. is the sole shareholder in both entities.

On September 13th 2011, LOTOS Petrobaltic S.A. received a formal confirmation that on July 28th 2011 Miliana Shipping Company Ltd. assumed control of four companies, including Granit Navigation Company Limited, Kambr Navigation Company Limited, Petro Icarus Company Limited and St. Barbara Navigation Company Limited, and another two companies, i.e. Bazalt Navigation Company Limited and Petro Aphrodite Company Limited on July 29th 2011.

Increase of the share capital of Miliana Shipping Company Ltd.

On October 12th 2011, the General Shareholders Meeting of Miliana Shipping Company Ltd. adopted a resolution to increase the share capital of Miliana Shipping Company Ltd. by 9,000 shares with a par value of EUR 1.71 per share and to allocate these shares to LOTOS Petrobaltic S.A. in return for a non-cash contribution in the form of Granit and Bazalt ships. The share capital increase at Miliana Shipping Company Ltd. and the transfer of the ships took place on November 1st 2011.

Increase of the share capital of shipping companies. Transfer of ships to shipping companies

Miliana Shipping Company increased the share capital of:

- Petro Icarus Company Ltd.
- Kambr Navigation Company Ltd.
- St. Barbara Navigation Company Ltd.
- Granit Navigation Company Ltd.
- Bazalt Navigation Company Ltd.

by acquiring new shares in these companies in exchange for the contribution of MV Icarus III, MV Kambr, MV ST. Barbara, MV Granit, and MV Bazalt ships.

The ships were transferred as follows. On October 1st 2011, Miliana Shipping Company Ltd. contributed ships m/v Kambr and m/t Icarus III respectively to Kambr Navigation Company Ltd. and Petro Icarus Company Ltd. On October 6th 2011, an agreement for the sale of m/v Aphrodite I was concluded between Aphrodite Offshore Services N.V. (Seller), and Petro Aphrodite Company Limited (Buyer). On October 26th 2011, Miliana Shipping Company Ltd. contributed m/v St.Barbara to St.Barbara Navigation Company Ltd. Then, on November 22nd 2011 Miliana Shipping Company Ltd. contributed ahts Bazalt and ahts Granit respectively to Bazalt Navigation Company Ltd. and to Granit Navigation Company Ltd. The total value of the six transferred ships has been determined at about EUR 17,027 thousand.

Increase of the share capital of Miliana Shipping Group Ltd.

On December 13th 2011, the share capital of Miliana Shipping Group Ltd. was increased by 1,000 shares with a par value of EUR 1 per share. The new shares were acquired by Miliana Shipping Company Ltd. in exchange for a non-cash contribution in the form of shares in the following companies:

- Petro Icarus Company Ltd.
- Kambr Navigation Company Ltd.
- Petro Aphrodite Company Ltd.
- St. Barbara Navigation Company Ltd.
- Granit Navigation Company Ltd.
- Bazalt Navigation Company Ltd.

On December 12th and 13th 2011, Cypriot certificates were issued confirming transfer of shares in the six companies from Miliana Shipping Company Ltd. to Miliana Shipping Group Ltd., which marked completion the process aimed at forming the target capital structure for the sea shipping business of the LOTOS Petrobaltic Group.

On January 23rd 2012 a name change from Miliana Shipping Company Limited to Miliana Shipholding Company Limited was registered.

Merger of AB LOTOS Baltija, AB Meditus, and AB Geonafta

on November 30th 2011, the merger of AB Geonafta, AB LOTOS Baltija, and AB Meditus, as well as the name change from AB Geonafta to AB LOTOS Geonafta were registered. As a result of the merger transaction, the share capital of AB LOTOS Geonafta rose from LTL 161,126 to LTL 168,526. In connection with the merger, the shareholder structure of AB LOTOS Geonafta changed.

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Prior to registration of the merger, the shareholder structure of AB LOTOS Geonafta was as follows:

- AB Meditus (a wholly-owned subsidiary of AB LOTOS Baltija, which in turn is wholly-owned by LOTOS Petrobaltic S.A.) – 59.4094063%,
- LOTOS Petrobaltic S.A. – 40.589973%,
- Grupa LOTOS S.A. – 0.0006206%.

Following registration of the merger, the shareholder structure of AB LOTOS Geonafta was as follows:

- LOTOS Petrobaltic S.A. – 43.1980822%,
- Grupa LOTOS S.A. – 0.0005934%,
- own shares held by AB LOTOS Geonafta – 56.8013244%.

The proportions of shares conferring the right to vote at the General Shareholders Meeting of AB LOTOS Geonafta were as follows:

- LOTOS Petrobaltic S.A. 99.99862%,
- Grupa LOTOS S.A. 0.00137%.

LOTOS Petrobaltic S.A. retained control of AB LOTOS Geonafta. AB LOTOS Geonafta intends to voluntarily cancel its own shares acquired in the merger process.

Increase of the share capital of LOTOS Parafiny Sp. z o.o.

On December 7th 2011, the court registered an increase in the share capital of LOTOS Parafiny Sp. z o.o., from PLN 19,783 thousand to PLN 28,783 thousand, through the issue of 9,000 new shares with a value of PLN 1,000 per share. The share capital increase was financed using own funds of LOTOS Parafiny Sp. z o.o. All the new shares were acquired by Grupa LOTOS S.A.

Increase of the share capital of LOTOS Exploration and Production Norge AS

On December 21st 2011, the court registered an increase in the share capital of LOTOS Exploration and Production Norge AS from NOK 430,000,001 to NOK 572,733,964, i.e. by NOK 142,733,963, through the issue of new Series B shares with a par value of NOK 1 per share in return for a cash contribution. All the new issue shares were acquired by LOTOS Petrobaltic S.A.

Increase of the share capital of LOTOS Asphalt Sp. z o.o.

On December 29th 2011, the court registered an increase in the share capital of LOTOS Asphalt Sp. z o.o. from PLN 2,000 thousand to PLN 20,000 thousand, carried out by way of increasing the par value of the existing shares from PLN 500 per share to PLN 5,000 per share. The share capital increase was financed using own funds of LOTOS Asphalt Sp. z o.o.

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

16.1 Contingent liabilities

Contingent liabilities under issued sureties and guarantees

Dec 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 2012 ⁽²⁾	PKO BP S.A.	Bank guarantee
UOP CH SARL	700	USD	2,392	Jan 15 2012	Deutsche Bank	Bank guarantee
Port Lotniczy Wrocław	5,547	PLN	5,547	Jan 30 2013	ING Bank Śląski S.A.	Bank guarantee
Other (each with a unit value of less than PLN 1,000 thousand)	2,210	PLN	2,210	-	-	Bank guarantees
Other (each with a unit value of less than PLN 1,000 thousand)	134	EUR	591	-	-	Bank guarantees
Other (each with a unit value of less than PLN 1,000 thousand)	36	USD	123	-	-	Bank guarantees
Total contingent liability instruments issued by or upon the instructions of Grupa LOTOS S.A.			14,979			
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	18,556 ⁽³⁾	PLN	18,556	Feb 20 2015	Bank Pekao S.A.	Bank guarantee
Other, including:	25,652	PLN	25,652	-	-	-
bank guarantees	5,168	PLN	5,168	-	-	-
bank performance bonds	18,634	PLN	18,634	-	-	-
Total other contingent liability instruments issued by or upon the instructions of the LOTOS Group companies			44,208			
TOTAL FOR THE GROUP			59,187			

⁽¹⁾ Contingent liabilities in foreign currencies were translated at the mid-exchange rates quoted by the National Bank of Poland for December 30th 2011.

⁽²⁾ The initial validity term (December 31st 2011) was extended until December 31st 2012 under a relevant annex.

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

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Dec 31 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 borrowing of June 29th 2007 contracted by LOTOS Biopaliwa Sp. z o.o. from the National Fund for Environmental Protection and Water Management.

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Contingent liabilities under promissory notes

Dec 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
Beneficiary of promissory note					
Promissory notes issued by Grupa LOTOS S.A.					
Head of the Customs Office in Gdańsk	240,000	PLN	240,000	Aug 19 2012 ⁽²⁾	Lump sum security for a tax liability of PLN 800,000 thousand
PKO BP S.A.	300,000	PLN	300,000	Nov 25 2016 ⁽³⁾	Security for a bank loan
Total promissory notes issued by Grupa LOTOS S.A.			540,000		
Promissory notes issued by the LOTOS Group companies					
Head of the Customs Office in Gdańsk	10,000	PLN	10,000	Apr 30 2012 ⁽⁴⁾	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 ⁽⁵⁾	Security for excise duty
BRE Bank S.A.	50,000	PLN	50,000	Mar 15 2012 ⁽⁶⁾	Security for a bank loan
PKO BP S.A.	60,000	PLN	60,000	Mar 16 2012 ⁽⁷⁾	Security for a bank loan
National Fund for Environmental Protection and Water Management	3,450	PLN	3,450	Dec 31 2012	Security for subsidy
Head of the Customs Office in Bielsko-Biała	13,224	PLN	13,224	Jun 30 2012	Global excise duty security (guarantee)
Bank Polska Kasa Opieki S.A.	200,000	PLN	200,000	- ⁽⁸⁾	Security for a bank loan
Stablewood Power Ventures (Wladyslawowo) Ltd.	8,000	USD	27,339	Jun 30 2013 ⁽⁹⁾	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 agreement
Bank Ochrony Środowiska S.A.	9,490	PLN	9,490	Dec 20 2016	Security for liabilities under bank loan agreement
NORDEA BANK POLSKA S.A.	20,000	PLN	20,000	Jul 31 2012	Security for liabilities under bank loan agreement
BRE Bank S.A.	35,000	PLN	35,000	Apr 25 2012	Security for liabilities under bank loan agreement
Millennium Leasing Sp. z o.o.	9,824 ^{(10), (12)}	EUR	43,390	-	Security for liabilities under lease agreement
NORDEA FINANCE POLSKA S.A.	16,143 ^{(11), (12)}	EUR	71,301	-	Security for liabilities under lease agreement
Other (each with a unit value of less than PLN 1,000 thousand)	2,142	PLN	2,142	-	-
Total promissory notes issued by the LOTOS Group companies			581,249		
TOTAL FOR THE GROUP			1,121,249		

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- (1) Contingent liabilities in foreign currencies were translated at the mid-exchange rates quoted by the National Bank of Poland for December 30th 2011.
(2) The previous validity term for the excise duty security was August 19th 2011.
(3) As from November 25th 2011, by way of a relevant annex to the credit facility agreement, the validity term was extended until November 25th 2016, and the credit limit amount was changed from PLN 200,000 thousand to PLN 300,000 thousand.
(4) Previous validity term (April 30th 2011) was extended until April 30th 2012.
(5) The original validity term (February 28th 2011) was extended until February 29th 2012.
(6) The validity term was extended until March 15th 2012 and the loan amount was increased from PLN 30,000 thousand to PLN 50,000 thousand.
(7) The validity term was extended until March 16th 2012 and the loan amount was changed from PLN 100,000 thousand to PLN 60,000 thousand.
(8) Bank loan agreement of November 15th 2010.
(9) 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.
(10) The value of leased assets was EUR 11,192.
(11) The value of leased assets was EUR 18,582.
(12) The value of lease payment liabilities as at December 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
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-Biała	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

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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					
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 ⁽⁹⁾	Security for liabilities under bank loan agreements
Millennium Leasing Sp. z o.o.	11,192 ⁽¹⁰⁾	EUR	44,324 ⁽¹¹⁾	-	Security for liabilities under lease agreements
NORDEA FINANCE POLSKA S.A.	18,582 ⁽¹⁰⁾	EUR	73,590 ⁽¹²⁾	-	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 term was extended until March 15th 2012.

⁽⁶⁾ The 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 agreement expired on April 26th 2011.

⁽¹⁰⁾ The value of leased assets.

⁽¹¹⁾ As at December 31st 2010, the value of liabilities under lease payments was PLN 14,959 thousand.

⁽¹²⁾ As at December 31st 2010, the value of liabilities under lease payments was PLN 43,381 thousand.

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Other material changes in contingent liabilities

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

Commitments under investment agreements

As at December 31st 2011, the Company did not have any commitments under material agreements related to expenditure on property, plant and equipment (the 10+ Programme) (as at December 31st 2010 its commitments amounted to PLN 29.8m).

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

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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 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. On May 30th 2011, Grupa LOTOS S.A. filed a cassation complaint against the ruling, in which it appealed the ruling in its entirety, requesting its reversal. On the same day, a cassation complaint was submitted by PKN Orlen S.A. On June 17th 2011, a response to the cassation complaint filed by Grupa LOTOS S.A. was submitted, in which the President of the Competition and Consumer Protection Office requested that the complaint be dismissed and costs of proceedings be awarded to the Office. On December 2nd 2011, the Supreme Court refused to accept the cassation appeals for consideration. As at the date of approval of these interim condensed consolidated financial statements, the case was closed.

On March 10th 2011, using a previously created provision, the Company paid the liability of PLN 1,000 thousand, imposed by the court ruling of February 11th 2011.

2. On May 18th 2001, PETROECCO JV Sp. z o.o. brought an action against the Company whereby it sought the courts' decision awarding an amount of PLN 6,975 thousand, together with statutory interest from May 1st 1999, as compensation for damage incurred as a result of the Company's monopolistic practices, which involved selling BS base oils in a manner favouring some customers, whose orders were executed to a disproportionately higher extent than the orders of PETROECCO JV Sp. z o.o. The alleged use of the monopolistic practices by the Company was confirmed by a decision of the Anti-Monopoly Office of September 26th 1996, in which the Office ordered the Company to abandon such practices. The Company appealed against the decision. The Provincial Court of Warsaw – the Anti-Monopoly Court, changed, by virtue of its decision of October 22nd 1997, only the wording of the decision and ordered the Company to abandon monopolistic practices. The cassation complaint against this decision filed by the Company was dismissed by the Supreme Court by virtue of its decision of June 2nd 1999.

The Regional Court of Gdańsk, by virtue of its decision of December 21st 2002, dismissed the action for compensation, fully complying with the Company's objection referring to the statute of limitation. However, this decision was overruled on December 4th 2003 by the Gdańsk Court of Appeals, in case No. I ACa 824/03, and remanded for re-examination by the Regional Court of Gdańsk. The Court of Appeals found that the reference to the statute of limitation was not justified. According to the Court, it was only on June 2nd 1999 (the date of the Supreme Court's ruling) that PETROECCO JV Sp. z o.o. became aware that the damage it incurred resulted from monopolistic practices giving rise to the Company's liability in tort, and it is as of that date, in the Court's opinion, that the three-year period of limitation of compensation claims should be counted. The case was pending before the Regional Court of Gdańsk (First Instance Court); court docket No. IX GC134/04. The Company has also defended itself by raising objections as to the merits of the case (it questions the fact that any damage was incurred by PETROECCO JV Sp. z o.o., the amount of the alleged damage, and the existence of the cause and effect relationship between the monopolistic practices and the damage). Following a hearing held in June 2005, the Regional Court of Gdańsk ordered an court expert in accountancy and economics to draw up an opinion concerning the extent of the damage which the plaintiff incurred as a result of Grupa LOTOS S.A.'s activities. In the issued opinion, the court expert stated that based on the materials presented by PETROECCO JV Sp. z o.o. it was not possible to establish the amount of the losses or even state whether any losses were actually incurred. Besides, the expert pointed out that an opinion should be requested from an court expert in a field other than accountancy. The lack of evidence required to issue an opinion prevented the plaintiff from procuring the appointment of another expert witness. Another hearing was held on March 27th 2007. Announcement of the ruling was scheduled for April 10th 2007, and subsequently postponed until April 20th 2007. Pursuant to the ruling of April 20th 2007, the action was dismissed. On May 17th 2007, the Company filed an appeal against the court's decision regarding the cost of the proceedings. On June 4th 2007, PETROECCO JV Sp. z o.o. lodged an appeal against the ruling issued on April 20th 2007. On August 12th 2007, the Company submitted its response to the appeal. On December 20th 2007, the Court dismissed PETROECCO JV Sp. z o.o.'s appeal against the Regional Court's decision. On March 19th 2008, an enforcement motion was filed with a Court Enforcement Officer against PETROECCO JV Sp. z o.o. On April 17th 2008, PETROECCO JV Sp. z o.o. lodged a cassation complaint against the ruling of December 20th 2007. The complaint was delivered to Grupa LOTOS S.A. on June 17th 2008. On June 30th 2008, Grupa LOTOS S.A. sent a response to the complaint. The case was referred to pre-trial proceedings scheduled for November 14th 2008. On January 14th 2009, the Supreme Court reversed the ruling appealed against and remanded the case for re-examination by the Court of Appeals in Gdańsk. On March 10th 2009, the case files were delivered to the Court of Appeals. On April 3rd 2009, the Court

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Enforcement Officer sent the decision on discontinuation of the enforcement proceedings. On May 14th 2009, the Court of Appeals referred the case to the Regional Court for re-examination. During a hearing held on November 3rd 2009, the Court obliged PETROECCO JV Sp. z o.o. to appoint an expert. On October 1st 2010, a hearing was held during which the expert was heard. On May 16th 2011, Grupa LOTOS S.A. sent its response to the summons to submit a representation concerning sustaining the motion for evidence from an expert's opinion and to pay a PLN 23 thousand advance towards the cost of the opinion. On May 18th 2011, a court paper was received from PETROECCO JV Sp. z o.o. which upheld the previous position on the above matter. 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 and disclosed in the interim condensed consolidated financial statements.

3. On November 3rd 2005, Grupa LOTOS S.A. was served a nullity suit submitted by the Minister of State Treasury, concerning the agreement of August 18th 1998 between Grupa LOTOS S.A. and Polska Żegluga Morska, a state-owned company, providing for the sale of two shares in Naftoport Sp. z o.o., valued at PLN 3,340 thousand. On April 21st 2006, the Regional Court 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 Szczecin Court of Appeals, which, however, did not issue any ruling due to the complexity of the case. On July 13th 2011, the Supreme Court issued its decision concerning a legal issue presented by the Court of Appeals. On November 23rd 2011, the Court refused the Minister of State Treasury's appeal. 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.

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

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obliged the company to additionally pay PLN 7,850 on account of tax (the decision was later repealed by virtue of a decision issued by the Head of the Tax Chamber in Gdańsk on July 21st 2006).

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

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

The decision concerns the right to reduce the tax amount due as settlement for the month in which the seller was provided by the buyer with a confirmation of receipt of an adjusting invoice, arising from settlement of the acquisition of an organised part of business of LOTOS Gaz S.A., and compliance of additional tax sanctions in this respect with the constitution.

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

On July 31st 2008, the Head of the Gdańsk Tax Chamber filed with the Supreme Administrative Court of Warsaw a cassation complaint against the decision of the Provincial Administrative Court of Gdańsk dated June 24th 2008.

On January 19th 2010, the Supreme Administrative Court of Warsaw reversed the decision issued in respect of LOTOS Paliwa Sp. z o.o. by the Provincial Administrative Court of Gdańsk concerning the correctness of VAT settlements for March 2005 and remanded the case for re-examination. On June 17th 2010, the Provincial Administrative Court of Gdańsk dismissed LOTOS Paliwa Sp. z o.o.'s complaint. In connection with the foregoing, the previously reported amount receivable in connection with the sanction paid by LOTOS Paliwa Sp. z o.o. concerning an additional tax liability of PLN 7,850 thousand, was included in other operating expenses of LOTOS Paliwa Sp. z o.o. for 2010. On August 25th 2010, LOTOS Paliwa Sp. z o.o. lodged a cassation complaint with the Supreme Administrative Court of Warsaw. On July 28th 2011, the Supreme Administrative Court dismissed the cassation complaint lodged by LOTOS Paliwa Sp. z o.o. LOTOS Paliwa Sp. z o.o. does not expect any additional costs related to the settlement of the purchase of an organised part of business of LOTOS Gaz S.A.

5. 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. By virtue of a decision issued by the District Prosecutor's Office of Warszawa Śródmieście-Północ, on May 27th 2011 the investigation was discontinued. On June 12th 2011, LOTOS Gaz S.A. w likwidacji (in liquidation) filed a complaint against the District Prosecutor's Office's decision. Following consideration of the complaint, the decision was reversed. By virtue of a decision of December 29th 2011, the District Prosecutor's Office of Warszawa Śródmieście-Północ once again discontinued the investigation. As at the date of approval of these consolidated financial statements, the proceedings at the prosecutor's office were closed.
6. On December 15th 2008, the Management Board of LOTOS Gaz S.A. instigated arbitration proceedings against the sellers of shares in KRAK-GAZ Sp. z o.o. On April 14th 2010, the Arbitration Court issued its award in the case instituted by LOTOS Gaz S.A. against the sellers of the company shares and in the cross action for payment instituted by the sellers. The court awarded (i) to LOTOS Gaz S.A.: PLN 4,155 thousand along with interest from December 19th 2008 until the payment date, to be paid jointly and severally by the defendants, and (ii) to the sellers, based on the cross action: PLN 1,682 thousand along with interest from July 5th 2009 until the payment date, to be paid by LOTOS Gaz S.A. Furthermore, as reimbursement of the costs

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of proceedings, the court awarded PLN 209 thousand to LOTOS Gaz S.A. to be paid by the sellers, and PLN 98 thousand to the sellers to be paid by LOTOS Gaz. S.A. Any other mutual claims for reimbursement of costs/expenses between the parties were cancelled by the court. Following a complaint submitted by LOTOS Gaz S.A. requesting reversal of the Arbitration Court's award, by virtue of its decision of August 13th 2010, the Regional Court of Kraków stayed enforcement of the Arbitration Court's award in full. The complaint lodged by the sellers against this decision was dismissed; the ruling dismissing the complaint became final on October 15th 2010. Pursuant to the decision of September 15th 2011, the Regional Court of Kraków overruled the award issued by the Arbitration Court in full (the decision is final). As at the date of approval of these consolidated financial statements and the case was pending.

7. On January 16th 2012, an arbitration court's session was held to hear a case concerning claims brought by Single Buoy Moorings Inc. against Talisman Energy Norge AS. On January 25th 2011, Single Buoy Moorings Inc. ("SBM"), supplier of the MOPU (Mobile Operating and Production Unit) intended to be used to conduct production from the YME field, filed a petition for payment to an arbitration court in Norway against Talisman Energy Norge AS (operator of the PL316 and PL316B licences covering the YME field) and other holders of interests in the YME project. The petitioner demanded:
- USD 90,000 thousand as an additional bonus for delivering the MOPU within the deadline set forth for its delivery in the agreement,
 - USD 3,700 thousand as reimbursement of costs incurred in connection with using a different method to transport the MOPU.

The liability of LOTOS Exploration and Production Norge AS for SBM's claims amounts to 20% of the above amounts, i.e. USD 18,740 thousand in total. According to information obtained by LOTOS Norge from Talisman Energy Norge AS, the licence operator and leader of the YME project, in the light of the MOPU Supply Agreement, SBM's claims are unfounded.

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 approximately 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 estimated cost of the work, attributable to the 25% interest in the licence, amounts to approximately NOK 17.5m (i.e. approximately PLN 8.7m, translated using the mid-exchange rate for NOK quoted by the National Bank of Poland for January 19th 2011).
3. On February 21st 2011, the Parent's Management Board 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 provided 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 Current Report of December 13th 2010 until February 28th 2011 reached approximately USD 301.3m (i.e. 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 agreement of February 28th 2011 providing for the supplies of REBCO crude oil, whose value amounted to USD 197m (i.e. PLN 566.67m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for February 28th 2011), was the highest-value agreement of the series. 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.
5. On April 6th 2011, Grupa LOTOS S.A. signed an agreement with Eminent Energy Ltd of Nicosia on the supply of REBCO crude oil through the Druzhba Pipeline to Grupa LOTOS S.A. in April 2011. The aggregate net value of agreements concluded between the two companies in the last twelve months totalled approximately 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 highest-value transaction concluded between the two companies was the agreement of April 6th 2011 providing for the supplies of REBCO crude to Grupa LOTOS S.A. in April 2011. Its estimated net value amounted to USD 84.82m (i.e. 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.
6. 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 subsidiaries in the last twelve months totalled approximately PLN 791.3m, reaching the value of a significant agreement, as it exceeded 10% of Grupa LOTOS S.A.'s equity. The highest-value transaction was the crude oil supply agreement executed by Grupa LOTOS S.A. and Statoil ASA on January 12th 2011. Its value was estimated at PLN 285.9m (translated using the USD mid-exchange rate 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.
7. On June 10th 2011, the value of agreements executed between Grupa LOTOS S.A. and Petraco Oil Company Ltd of Guernsey in the period from the publication of Current Report of March 1st 2011 until June 10th 2011 totalled approximately USD 306.6m (i.e. PLN 834.4m, translated at the USD mid-exchange rate quoted by the National Bank of Poland for June 10th 2011), reaching the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the crude oil supply agreement of May 25th 2011, valued at USD 108.5m (i.e. PLN 304.9m, translated using the USD mid-exchange rate quoted by the National Bank of Poland for May 25th 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.
8. On May 5th 2011, LOTOS Petrobaltic S.A. received the decision of the Minister of the Environment of April 27th 2011 which amended the Sambia - E licence by extending the licence term until December 14th 2014.
9. The exploration and appraisal licence for the Wolin area expired on June 14th 2011. As there was no need to extend the licence, LOTOS Petrobaltic S.A. sent a licence expiry request to the Ministry of the Environment.
10. On June 30th 2011, LOTOS Exploration and Production Norge AS acquired a 25% interest in licence PL 455 from Noreco, the licence operator. Concurrently, the Norwegian authorities agreed for LOTOS Exploration and Production Norge AS to assume operatorship of the licence. Following the transaction, LOTOS Exploration and Production Norge AS holds a 45% interest in licence PL455 (up from 20%) and E&P Holding – a 55% interest (up from 30%). E&P Holding's former name was Skeie Energy.
11. On July 11th 2011, Grupa LOTOS S.A. received a notification to the effect that its assets have been included in the list of assets, facilities, installations, equipment, and services comprising critical infrastructure. On August 23rd 2011, the Parent's Management Board appointed the Critical Infrastructure Protection Officer (see Note 44.1 to the consolidated financial statements for 2010, prepared in accordance with the IFRS).

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12. On July 29th 2011, by virtue of the decision of the Marshal of the Gdańsk Province, Grupa LOTOS S.A. obtained additional carbon dioxide (CO₂) emission allowances for the installations newly placed in service (175 thousand tonnes for 2011 and 185 thousand tonnes for 2012). In total, taking into account the decision referred to above, Grupa LOTOS S.A. has been granted average annual allowance of 1,889 thousand tonnes of carbon dioxide (CO₂) for 2011 and of 1,899 thousand tonnes of carbon dioxide (CO₂) for 2012.
13. Following the agreement signed by Grupa LOTOS S.A. and Petraco Oil Company Ltd. of Guernsey on August 22nd 2011, the total value of all agreements concluded between the two parties in the period from the release of Current Report of June 10th 2011 until August 22nd 2011 amounted to approximately USD 286.4m (PLN 829.9m, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for August 22nd 2011), and reached the value of a significant agreement, exceeding 10% of Grupa LOTOS S.A.'s equity. The highest-value transaction was the agreement of June 14th 2011 on the supply of REBCO crude oil, which is worth USD 81.3m (i.e. PLN 235.3m, translated at the USD mid-exchange rate quoted by the National Bank of Poland for June 14th 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 used in agreements of such type.
14. On August 23rd 2011, Grupa LOTOS S.A. and a consortium of four banks, comprising:
- BANK POLSKA KASA OPIEKI S.A. of Warsaw,
 - POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI S.A. of Warsaw,
 - BRE BANK S.A. of Warsaw, and
 - RABOBANK POLSKA S.A. of Warsaw,
- signed an amending agreement to extend by 12 months, i.e. until December 20th 2012, the credit facility agreement for the refinancing and financing of inventories of Grupa LOTOS S.A., executed on December 20th 2007, providing for a revolving credit facility of USD 400m (PLN 1,148,520 thousand, translated at the mid-exchange rates quoted by the National Bank of Poland for August 23rd 2011).

The amending agreement was signed on the basis of provisions of the credit facility agreement of December 20th 2007, which permitted an extension of the credit facility term by an additional calendar year. Concurrently, starting from December 20th 2011, RABOBANK POLSKA S.A. will no longer be a party to the credit facility agreement. Pursuant to documents signed along with the amending agreement, as of that date its entire credit commitment is to be taken over by BRE BANK S.A. and NORDEA BANK POLSKA S.A. of Gdynia. The other terms and conditions of the credit facility agreement of December 20th 2007 as well as its provisions concerning penalties do not differ from those commonly used in agreements of such type.

As of December 20th 2011, Rabobank Polska SA ceased to be a party to the credit facility agreement and its credit commitment was taken over two banks: BRE Bank S.A. (a consortium member) and Nordea Bank Polska S.A. (a new bank to join the consortium).

15. In connection with the agreement concluded between Grupa LOTOS S.A. and Neste Oil Oyj of Espoo on October 18th 2011, the total value of agreements concluded between the Company and the Neste Oil Group in the last 12 months reached PLN 702m, i.e. the value of a significant agreement (more than 10% of the equity of Grupa LOTOS S.A.). The highest-value transaction was the agreement of August 11th 2011, concerning the purchase of liquid fuels by Grupa Lotos S.A. from Neste Oil Suisse of Geneva, whose estimated value is PLN 62m. 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 used in agreements of such type.
16. On October 28th 2011, Grupa LOTOS S.A. signed an agreement with Eminent Energy Ltd of Nicosia on the supply of crude oil to Grupa LOTOS S.A. in November 2011. The aggregate value of agreements concluded between the two companies in the period from the publication of Current Report of April 7th 2011 reached approximately USD 251.23m (i.e. PLN 765.27m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for October 28th 2011), i.e. attained the value of a significant agreement (10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement of October 28th 2011, whose estimated value as at October 28th 2011 was USD 78.19m (i.e. PLN 238.17m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for October 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 used in agreements of such type.

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17. Following the agreement for supplies of REBCO oil in November 2011, executed between Grupa LOTOS S.A. and Petraco Oil Company Ltd. of Guernsey on November 8th 2011, the value of agreements between the two companies in the period from the publication of Current Report of August 22nd 2011 reached approximately USD 197.48m (i.e. PLN 625.64m, translated at the USD mid-exchange rate quoted by the National Bank of Poland for the event date), attaining the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the REBCO crude supply agreement of September 2nd 2011, valued at USD 81.80m (i.e. PLN 239.49m, translated using the USD mid-exchange rate quoted by the National Bank of Poland for September 2nd 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 used in agreements of such type.
18. Following the execution of an annex to the agreement providing for the sale of liquid fuels by Grupa LOTOS S.A. to Statoil Poland Sp. z o.o. of Warsaw on November 9th 2011, the total value of agreements signed between the LOTOS Group and the Statoil Group in the period from the publication of Current Report of April 21st 2011 reached approximately PLN 9.85bn. The agreement referred to in the previous sentence was the highest-value transaction of the series. It has been effective starting from January 1st 2009, and its term has been extended under a relevant annex until December 31st 2013. Its estimated value in 2012–2013 is PLN 9.17bn. The estimated maximum value of contractual penalties is PLN 137m. 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.
19. Following the agreement for sale of heavy fuel oil in the period from December 2011 to March 2012, entered into by Grupa LOTOS S.A. and O.W. Supply & Trading A/S of Denmark on November 28th 2011, the total value of agreements between Grupa LOTOS S.A. and O.W. Supply & Trading A/S in the last 12 months reached approximately USD 216.52m (i.e. PLN 729.78m, translated at the USD mid-exchange rate quoted by the National Bank of Poland for November 28th 2011), attaining the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement for sale of heavy fuel oil of November 28th 2011, valued at USD 68.76m (i.e. PLN 231.75m, translated using the USD mid-exchange rate quoted by the National Bank of Poland for November 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 used in agreements of such type.
20. On November 29th 2011, an annex was signed to the comprehensive gaseous fuel supply agreement of June 16th 2010 between Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") of Warsaw and Grupa LOTOS S.A. (agreement for an indefinite term). Under the annex, the starting date of gaseous fuel supplies by PGNiG S.A. to Grupa LOTOS S.A. was changed from December 16th 2011 to April 30th 2012, and consequently the estimated natural gas supply volume in 2012 decreased from 403 million cubic metres to 337 million cubic metres. Additionally, according to the new provisions, on justified request by Grupa LOTOS S.A., the starting date of natural gas supplies may be postponed further until July 31st 2012. Moreover, the annex changes the planned, target annual volume of natural gas supplies from 447 million cubic metres to 585 million cubic metres. Other provisions of the Agreement remained unchanged. The estimated value of the Agreement during its five-year term amounts to approximately PLN 3,240bn.
21. On November 29th 2011, Grupa LOTOS S.A. signed an agreement to supply slack waxes to LOTOS Parafiny Sp. z o.o. The agreement was concluded for a specified period from January 1st 2012 to December 31st 2018, and its estimated net value totals PLN 780m. The maximum net value of contractual penalties is PLN 98m. The agreement does not contain any provisions which would prevent the parties from seeking additional compensation above the contractual penalties. The other terms and conditions of the agreement do not differ from standard provisions commonly applied in agreements of such type. Execution of the above agreement was connected with Grupa LOTOS S.A.'s plans to sell its shares in LOTOS Parafiny Sp. z o.o. as part of implementation of Grupa LOTOS S.A.'s strategy which provides for concentrating on the core business and optimising the asset portfolio, potentially by selling assets which are unrelated to the core business (see Note 14 to these interim condensed consolidated financial statements).
22. Following the agreement executed between Grupa LOTOS S.A. and Neste Polska Sp. z o.o. of Warsaw on December 23rd 2011, the total value of agreements between Grupa LOTOS S.A. and the Neste Oil Group concluded in the period from the date of release of Current Report of October 19th 2011 reached approximately PLN 1.5bn, attaining the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the abovementioned agreement for sale of liquid fuels by Grupa LOTOS S.A. to Neste Polska of December 23rd 2011. The agreement was concluded for a specified

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period from January 1st 2012 to December 31st 2012. Its estimated net value is approximately PLN 960m. The maximum value of contractual penalties is estimated at approximately PLN 14m. 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 the terms and conditions commonly applied in agreements of such type.

23. On December 29th 2011, Grupa LOTOS S.A. signed an agreement with Eminent Energy Ltd of Nicosia on the supply of crude oil to Grupa LOTOS S.A. in January 2012. The aggregate value of agreements concluded between the two companies in the period from the publication of Current Report of October 28th 2011 reached approximately USD 266.93m (i.e. PLN 910.92m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for December 29th 2011), which is more than 10% of Grupa LOTOS S.A.'s equity. The highest-value transaction was the agreement of November 24th 2011, whose estimated value as at December 29th 2011 was USD 140.16m (i.e. PLN 478.31m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for December 29th 2011). The agreement does not contain 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.
24. On December 29th 2011, Grupa LOTOS S.A. and Mercuria Energy Trading SA of Geneva executed an agreement for crude oil supplies to Grupa LOTOS S.A. in January 2012. The estimated aggregate value of agreements concluded between the two companies in the last twelve months reached approximately USD 318.05m (i.e. PLN 1,085.39m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for December 29th 2011), which is more than 10% of Grupa LOTOS S.A.'s equity. The highest-value transaction was the agreement of December 29th 2011, whose estimated value as at December 29th 2011 was USD 153.11m (i.e. PLN 522.51m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for December 29th 2011). The agreement does not contain 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.
25. During the last twelve months Grupa LOTOS S.A. concluded agreements with members of the Shell Group whose total value reached approximately PLN 5,092m, i.e. the value of a significant agreement (more than 10% of the equity of Grupa LOTOS S.A.). On December 29th 2011, Grupa LOTOS S.A. and Shell Polska Sp. z o.o. concluded an agreement for a specified period (from January 1st 2012 to December 31st 2012) providing for sale of liquid fuels by Grupa LOTOS S.A. to Shell Polska Sp. z o.o., which was the highest-value agreement of the series. The estimated net value of the agreement of December 29th 2011 is approximately PLN 4,400m, and the maximum net amount of contractual penalties under this agreement is about PLN 64m. The agreement does not contain any provisions which would prevent the parties from seeking additional compensation above the contractual penalties. The other terms and conditions of the agreement do not differ from the terms and conditions commonly applied in agreements of such type.
26. In the period from January 10th 2011 to January 3rd 2012, Grupa LOTOS S.A. signed agreements with members of the BP Group whose total value reached approximately PLN 1,841m, i.e. the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). On January 3rd 2012, Grupa LOTOS S.A. and BP Europa SE Polish Branch executed an agreement for a specified period (from January 3rd 2012 to December 31st 2012), providing for sale of liquid fuels by Grupa LOTOS S.A. to BP Europa SE, which was the highest-value agreement in the series. The estimated net value of the agreement of January 3rd 2012 is approximately PLN 1,300m, and the maximum net amount of contractual penalties under this agreement is around PLN 19m. 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 the terms and conditions commonly applied in agreements of such type.
27. In the twelve months to January 25th 2012, Grupa LOTOS S.A. entered into agreements with TNK Trade Ltd. whose total value reached approximately USD 213.65m, (i.e. PLN 704.84m, translated using the mid-exchange rate for USD quoted by the National Bank of Poland for January 25th 2012) i.e. the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). On December 28th 2011, Grupa LOTOS S.A. and TNK Trade Ltd. executed an agreement a specified period (from December 28th 2011 to January 31st 2012) providing for crude oil supplies to Grupa LOTOS S.A., which was the highest-value agreement in the series. The net value of the agreement of December 28th 2011 is estimated at approximately USD 40.35m (i.e. PLN 135.61m, translated using the USD mid-exchange rate quoted by the National Bank of Poland for December 28th 2011). The agreement does not include any condition precedent or specify any date of events giving rise to a claim (*dies a quo*), nor does it provide for any contractual

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penalties. The other terms and conditions of the agreement do not differ from the terms and conditions commonly applied in agreements of such type.

28. The Group tested for impairment (based on a discounted cash flow analysis) its assets in the form of LOTOS Exploration and Production Norge AS's interests in the hydrocarbon reserves held under the acquired production licences covering the YME field development project. As at December 31st 2011, the carrying amount of these interests was NOK 2,697 million (i.e. PLN 1,531 million, translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for December 30th 2011), taking into account the tax effect connected with the YME field purchase transaction.

The YME field impairment test as at December 31st 2011 was carried out assuming a change in crude oil prices by +/-15%/bbl relative to Brent crude spot and forward prices as at December 31st 2011, a +/-15% change on the USD/NOK forward rate as at December 31st 2011, and a +/-15% change in the YME field reserves, analysing a weighted average cost of capital of 9.7% subject to a 78% marginal tax rate (applicable in Norway).

Based on the best of the Group's knowledge as at the date of preparation of these interim condensed consolidated financial statements, it has been assumed for the needs of the test that production from the field will start in January 2013.

The Group determines the recoverable amount of the YME field based on the values in use, using the discounted cash flow method. Future cash flows were calculated by LOTOS Exploration and Production Norge AS based on 10-year production volume and cost forecasts prepared by Talisman Energy AS (the field operator).

As at December 31st 2011, the carrying amount of the assets related to the YME field exceeded the upper limit of the recoverable amount ranges determined assuming a +/-15%/bbl change in crude oil prices, a +/-15% change in the USD/NOK exchange rate and a +/-15% change in the field reserves, and analysing a weighted average cost of capital of 9.7% after tax and launch of production in January 2013. In view of the foregoing, an impairment loss has been recognised on the tested asset, of NOK 382m (i.e. PLN 217m, translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for December 30th 2011). The effect (net of deferred tax) of the impairment loss on the testes asset in the net profit from continuing operations was NOK 148 (i.e. PLN 84 translated at the mid-exchange rate for NOK quoted by the National Bank of Poland for December 30th 2011).

Sensitivity to changes in the adopted assumptions

Calculation of the YME field's recoverable amount is most sensitive to the following variables:

- volatility in crude oil prices,
- volume of recoverable crude oil reserves in the YME field,
- date of commencement of production from the YME field,
- NOK/USD exchange rate fluctuations,
- discount rates.

Due to high market volatility, in particular with respect to crude oil prices, the adopted assumptions might be subject to reasonable changes, as a result of which it may be necessary to further reduce the carrying amount of the YME field due to the fact that it will exceed its recoverable amount. Therefore, it is uncertain whether the assets recognised in connection with the YME field will be realised, as the projected cash flows depend on a number of future developments, in particular regarding crude price fluctuations.

Intercompany loans

1. On December 21st 2011, Grupa LOTOS executed another annex to be signed in 2011 in connection with the agreement providing for a loan to LOTOS Gaz S.A. Under this annex, the principal amount of the loan is to be repaid by November 30th 2012. A previous annex to this agreement, which provided for repayment of the principal amount of the loan by December 31st 2011, was signed on January 8th 2011. The original agreement was executed on June 29th 2010 and provided for a loan of PLN 2,000 thousand. 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. fails to discharge its obligations towards Grupa LOTOS S.A. w likwidacji (in liquidation). By December 31st 2011, LOTOS Gaz S.A. repaid PLN 1,100 thousand under the loan.

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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 (subsequent to the merger – AB LOTOS Geonafta). 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. LOTOS Petrobaltic S.A. disbursed the total amount of the loan to UAB LOTOS Baltija by March 31st 2011.
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 (subsequent to the merger – AB LOTOS Geonafta). 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 December 31st 2011, LOTOS Petrobaltic S.A. disbursed EUR 8,280 thousand to UAB LOTOS Baltija.
4. By December 31st 2011, LOTOS Czechowice S.A. disbursed PLN 5,900 thousand to RCEkoenergia Sp. z o.o. under a 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 the modernisation of the CHP plant in 2010-2011. Repayment of the loan is secured with RCEkoenergia Sp. z o.o.'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 AB Meditus and AB 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 was to be repaid by AB Meditus by April 15th 2012. As a result of the merger of AB Geonafta, AB LOTOS Baltija and AB Meditus on November 30th 2011, AB LOTOS Baltija's EUR 9,798 thousand debt claim towards AB Meditus under the loan agreement of February 4th 2011 was settled by way of a set off of AB LOTOS Baltija's debt claims against AB Meditus' debt, in each case incorporated by AB Geonafta as part of the merger between the three companies.
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. w likwidacji (in liquidation). The original repayment date of the principal amount of the loan, in accordance with an annex to the agreement, was changed to June 30th 2012. 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. w likwidacji (in liquidation) 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. w likwidacji (in liquidation). The original repayment date of the principal amount of the loan, in accordance with an annex to the agreement, was changed to June 30th 2012. 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. w likwidacji (in liquidation) of future accounts receivable related to payment of the price for the sale of its assets.
8. On March 31st 2011, LOTOS Jasło S.A. repaid early in full the PLN 10,000 thousand loan advanced to it by LOTOS Czechowice S.A. 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.
9. On May 26th 2011, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 123 thousand to LOTOS Gaz S.A. w likwidacji (in liquidation). The final date for repayment of the loan along with interest has been extended until November 30th 2012. The loan is secured with a blank promissory note with a “protest waived” clause and a promissory note declaration, issued by LOTOS Gaz S.A. w likwidacji (in liquidation) for the benefit of Grupa LOTOS S.A.

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10. On June 21st 2011, new annexes were signed to the following agreements providing for loans by LOTOS Petrobaltic S.A. to LOTOS Exploration and Production Norge AS to finance the implementation of the YME Production Project:

- USD 50,000 thousand loan of August 26th 2008 (PLN 113,370 thousand, translated at the exchange rate quoted by the National Bank of Poland for August 26th 2008). The loan is to be repaid by instalments, with the last instalment payable on or before March 31st 2013.
- USD 10,000 thousand loan of December 19th 2008 (PLN 29,130 thousand, translated at the USD exchange rate quoted by the National Bank of Poland for December 19th 2008). The repayment date was set for April 30th 2013.
- USD 55,000 thousand loan of January 15th 2009 (PLN 176,605 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for January 15th 2009). The loan is to be repaid by instalments, with the last instalment repayable on or before December 31st 2013.
- USD 7,500 thousand loan of March 9th 2009 (PLN 28,094 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for March 9th 2009). The loan repayment date was set for December 31st 2013.
- USD 2,500 thousand loan of April 1st 2009 (PLN 8,806 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for April 1st 2009). The loan repayment date was set for December 31st 2013.
- USD 11,000 thousand loan of May 19th 2009 (PLN 35,355 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for May 19th 2009), the loan repayment date was set for December 31st 2013.
- USD 10,500 thousand loan of June 9th 2009 (PLN 34,004 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for June 9th 2009). The loan is to be repaid by instalments, with the last instalment payable on or before March 31st 2014.
- USD 6,000 thousand loan of July 13th 2009 (PLN 18,960 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for July 13th 2009). The loan repayment date was set for March 31st 2014.
- USD 20,000 thousand loan of June 14th 2010 (PLN 66,780 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for June 14th 2010). The loan is to be repaid by instalments, with the last instalment payable on or before December 31st 2014.
- USD 15,000 thousand loan of August 16th 2010 (PLN 46,945 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for August 16th 2010). The loan is to be repaid by instalments, with the last instalment payable on or before September 30th 2015.
- USD 15,000 thousand loan of November 10th 2010 (PLN 42,330 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for November 10th 2010). The loan is to be repaid by instalments, with the last instalment payable on or before September 30th 2015.

The loans are secured with blank promissory notes with "protest waived" clauses and promissory note declarations issued by LOTOS Exploration and Production Norge AS for the benefit of LOTOS Petrobaltic S.A.

11. On July 14th 2011 LOTOS Petrobaltic S.A. signed an agreement to grant a loan of USD 15,000 thousand (PLN 42,464 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for July 14th 2011) to LOTOS Exploration and Production Norge AS. The loan is to be repaid by June 30th 2016. The loan is secured with a blank promissory note with a "protest waived" clause and a promissory note declaration, issued by LOTOS Exploration and Production Norge AS for the benefit of LOTOS Petrobaltic S.A. On July 15th 2011, LOTOS Petrobaltic S.A. disbursed to LOTOS Exploration and Production Norge AS the first tranche of USD 3,000 thousand (PLN 8,564 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for July 15th 2011). On August 18th 2011, LOTOS Petrobaltic S.A. disbursed to LOTOS Exploration and Production Norge AS the second tranche of USD 10,000 thousand (PLN 28,722 thousand, translated at USD mid-exchange rate quoted by the National Bank of Poland for August 18th 2011). On September 26th 2011, LOTOS Petrobaltic S.A. disbursed to LOTOS Exploration and Production Norge AS the third tranche of USD 1,000 thousand (PLN 3,277 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for September 26th 2011). By December 31st 2011, the entire loan amount was disbursed by LOTOS Petrobaltic S.A.

12. On August 5th 2011, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 160 thousand to LOTOS Gaz S.A. w likwidacji (in liquidation). The principal amount along with interest is to be repaid by June 30th 2012. The loan is secured with a blank promissory note with a "protest waived" clause and a promissory note declaration, issued by LOTOS Gaz S.A. w likwidacji (in liquidation) for the benefit of Grupa LOTOS S.A.

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13. On September 16th 2011, LOTOS Exploration and Production Norge AS (borrower) and AB Geonafta (lender) entered into a loan agreement. The loan amount as per the agreement was USD 5,000 thousand (PLN 15,753 thousand, translated at USD mid-exchange rate quoted by the National Bank of Poland for September 16th 2011). The principal amount along with interest was repaid by November 7th 2011. The loan was secured with a promissory note issued by LOTOS Exploration and Production Norge AS for the benefit of the AB Geonafta.
14. On October 10th 2011, an agreement was signed between Aphrodite Offshore Services N.V. (lender) and Petro Aphrodite Company Ltd. (borrower) providing for an unsecured loan of USD 500 thousand (i.e. PLN 1,593 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for October 10th 2011). The loan is to be repaid in 36 monthly instalments, with the first instalment payable on January 1st 2012.
15. On October 10th 2011, an agreement was signed between Miliana Shipping Company Ltd. (lender) and Miliana Shipmanagement Ltd. (borrower) providing for an unsecured loan of USD 1,800 thousand (i.e. PLN 5,736 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for October 10th 2011). The loan is to be repaid in 18 monthly instalments, with the first instalment payable on August 31st 2012.
16. On October 24th 2011, AB Geonafta signed an agreement to grant a loan of USD 20,000 thousand (i.e. PLN 63,410 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for October 24th 2010) to LOTOS Exploration and Production Norge AS. The loan was to be repaid within three months from the day the loan agreement was signed by both parties. On January 16th 2012 an annex to the agreement was signed, under which the final repayment date of the loan was postponed until December 31st 2014. The loan is secured with a promissory note with a "protest waived" clause, issued by LOTOS Exploration and Production Norge AS for the benefit of the AB Geonafta.
17. On October 31st 2011, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 90 thousand to LOTOS Gaz S.A. w likwidacji (in liquidation). The principal amount along with interest is to be repaid by September 30th 2012. The loan is secured with a blank promissory note with a "protest waived" clause and a promissory note declaration, issued by LOTOS Gaz S.A. w likwidacji (in liquidation) for the benefit of Grupa LOTOS S.A.
18. On November 21st 2011, LOTOS Exploration and Production Norge AS repaid the principal of, and the interest on, the loan contracted with Grupa LOTOS S.A. on April 30th 2009 in the amount of USD 13,000 thousand (i.e. PLN 42,717 thousand, as translated at the USD exchange rate quoted by the National Bank of Poland for April 30th 2009). The loan was used for financing the expenditure related to the YME Production Project. Under the latest annex to the agreement, the principal amount along with interest was to be repaid by May 30th 2012.
19. On November 21st 2011, LOTOS Exploration and Production Norge AS repaid the principal of, and the interest on, the loan contracted with Grupa LOTOS S.A. on October 22nd 2010 in the amount of USD 7,000 thousand (i.e. PLN 20,031 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for October 22nd 2010). The loan was used for financing of further implementation of the YME Production Project. Under an annex to the agreement, the principal amount along with interest was to be repaid by May 30th 2012.

As at December 31st 2011, the total carrying amount of intercompany loans stood at PLN 964,418 thousand, and the total nominal value of intercompany loans was as follows:

- loans denominated in PLN: PLN 8,275 thousand,
- loans denominated in USD: USD 239,800 thousand (PLN 819,493 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for December 30th 2011),
- loans denominated in EUR: EUR 13,280 thousand (PLN 58,655 thousand, translated at the EUR mid-exchange rate quoted by the National Bank of Poland for December 30th 2011).

Supplementary information on intercompany transactions

- On December 21st 2010, LOTOS Petrobaltic S.A. and UAB LOTOS Baltija (subsequent to the merger – AB LOTOS Geonafta) entered into an agreement whereby LOTOS Petrobaltic S.A. agreed to issue a surety of up to EUR 47,300 thousand (PLN 188,935 thousand, translated at the EUR mid-exchange rate quoted by the National Bank of Poland for December 21st 2010) for the benefit of Nordea Bank Polska S.A. and Nordea Bank Finland PLC Lithuania Branch in respect of the liabilities of UAB LOTOS Baltija under an agreement for a loan of EUR 43,000 thousand (PLN 171,759 thousand, translated at the EUR exchange rate quoted by the National Bank of Poland for December 21st 2010) executed between UAB LOTOS Baltija and the above banks. The surety remains valid until June 14th 2012. The liability 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.

- In connection with the fact that LOTOS Exploration & Production Norge AS signed an annex to the loan agreement of December 17th 2010, on June 22nd 2011 LOTOS Petrobaltic S.A. issued a new surety for the benefit of Bank PKO BP S.A. in respect of the liabilities of LOTOS Exploration & Production Norge AS under the agreement on the loan granted by the bank to LOTOS Exploration & Production Norge AS. Under the annex, the debt limit was increased to USD 80,000 thousand (PLN 220,808 thousand, translated at the USD exchange rate quoted by the National Bank of Poland for June 22nd 2011). The surety was granted for the lower of USD 80,000 thousand and PLN 239,201 thousand. The surety remains valid until January 31st 2013. The above surety of June 22nd 2011 replaced a previous surety granted under the agreement of December 21st 2010 between LOTOS Petrobaltic S.A. and LOTOS Exploration & Production Norge AS, under which LOTOS Petrobaltic S.A. agreed to grant Bank PKO BP S.A. a surety of up to USD 65,000 thousand (PLN 197,405 thousand, translated at the USD exchange rate quoted by the National Bank of Poland for December 21st 2010) in respect of the liabilities of LOTOS Exploration & Production Norge AS under the loan agreement of December 17th 2010.
To secure any potential claims of LOTOS Petrobaltic S.A. against LOTOS Exploration & Production Norge AS which may arise in connection with the surety, LOTOS Exploration & Production Norge AS issued a blank promissory note with a “protest waived” clause and a promissory note declaration.

- During the twelve months ended December 31st 2011, LOTOS Czechowice S.A., LOTOS Serwis Sp. z o.o., and LOTOS Lab 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 December 31st 2011, LOTOS Asphalt Sp. z o.o. had no liabilities under intercompany note issuance.

- On November 9th 2011, LOTOS Asphalt Sp. z o.o. signed an annex to the agreement of November 3rd 2009 concerning purchase of notes issued by LOTOS Exploration and Production Norge AS, which modified the financial terms of the purchased notes and their redemption date. The agreement provided for the purchase of 40 thousand of notes issued by LOTOS Exploration and Production Norge AS, with a par value of USD 1 thousand each. The total transaction value was determined at USD 40,000 thousand and the redemption date was set for November 13th 2013. The redemption date was postponed by one year for half of the notes' principal amount, i.e. for USD 20,000 thousand the redemption date is 2013, and for the rest (another USD 20,000 thousand) the redemption date is 2014.

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 Parent's Management Board hereby releases the following information:

I. Organisation of the LOTOS Group, and consolidated entities

The structure of the LOTOS Group as well as the consolidated entities are presented in Note 2 to these interim condensed consolidated financial statements.

II. Effects of changes in the structure of the LOTOS Group

In Q4 2011, there were changes in the structure of the LOTOS Group. The changes are discussed in Note 15 to these interim condensed consolidated financial statements.

III. Seasonal or cyclical nature of the Company's business in Q4 2011

In Q4 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 Q4 2011

Other than as described in Note 10 to these interim condensed consolidated financial statements, in Q4 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 as at this report release date

As at the date of release of the previous 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.

As at the date of release of the previous 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.

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.

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 Parent's Management Board 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 Company's General Shareholders Meeting. 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 General Shareholders Meeting of Grupa LOTOS S.A.

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 Sokółowski	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 February 16th 2012.

To the best of the Company's knowledge, other Management Board and Supervisory Board members do not hold any Company shares or rights to the Company shares as at the date of release of this periodic report and did not hold any Company shares or rights to the Company shares as at the release date of the previous periodic report.

VII. Material court, arbitration or administrative proceedings and other risks of the parent or its subsidiaries

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 or its subsidiaries are described in Note 16.2 to these interim condensed consolidated financial statements.

VIII. Information on material related party transactions

Related-party transactions are executed on market terms. Transactions executed in the period from January 1st to December 31st 2011 are in Note 17 to these interim condensed consolidated financial statements.

IX. Information on loan or borrowing sureties or guarantees issued by the parent 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 December 31st 2011, the Parent and its subsidiaries issued no loan sureties or guarantees to any entity or its subsidiary whose value would represent 10% or more of the Company's equity. Material liabilities are described in Note 16.1 and Note 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'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 did not publish 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 term:

- 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 Indicative Target specifying the minimum content of bio-components in fuels marketed in Poland,
- abolishment as from April 30th 2011 of the bio-component corporate income tax credit previously available to producers of bio-components,
- abolishment as from April 30th 2011 of the bio-component excise duty credit previously available to producers of fuels.

XIII. Segmental information

Segmental information 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