CAPITAL GROUP GRUPA LOTOS S.A.

**LONG-FORM AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

I. GENERAL NOTES

1. Background

The holding company of the Capital Group Grupa LOTOS S.A Group (hereinafter 'the Group' or 'the Capital Group') is Grupa LOTOS S.A. ('the holding company', 'the Company').

The holding company was incorporated on the basis of a Notarial Deed dated 18 September 1991. The Company's registered office is located in Gdańsk at Elbląska Street 135.

The holding company is an issuer of securities as referred to in art. 4 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards (EC Official Journal L243 dated 11 September 2002, page 1, polish special edition chapter 13, title 29 page 609) and, based on the article 55.5 of the Accounting Act dated 29 September 1994 (2009 Journal of Laws No. 152 item 1223 with subsequent amendments – 'the Accounting Act'), prepares consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU. This requirement relates to the consolidated financial statements for the financial year beginning in 2005 and later.

The holding company was entered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000106150 on 10 April 2002.

The Company was issued with tax identification number (NIP) 5830000960 on 9 June 1993 and statistical number (REGON) 190541636 on 25 February 1998.

The principal activities of the holding company are as follows:

- production of crude oil and natural gas (PKD 06)
- manufacturing and processing of coke and crude oil refined products (PKD 19),
- manufacturing of technical gases (PKD 20.11),
- production of other basic inorganic chemicals (PKD 20.13),
- production of other basic organic chemicals (PKD 20.14),
- production of basic plastics (PKD 20.16),
- production and supply of electricity, gas, steam, hot water and air for air-conditioning systems (PKD 35),
- uptake, treatment, and supply of water (PKD 36),
- works relating to pipeline, telecommunication line and Power line construction (PKD 42.2),
- electrical, water and sewage as well as other construction installations (PKD 43.2),
- wholesale of fuels and derivatives products (PKD 46.71),
- wholesale of chemical products (PKD 46.75),
- railway transport of goods (PKD 49.2),
- pipeline transport (PKD 49.5),
- reloading of goods (PKD 52.24),
- warehousing and storage of goods (PKD 52.1),
- technical test and analyses (PKD 71.2),
- other scientific and technical research and development(PKD 72.19).

(in thousand zlotys)

1. Background (continued)

The scope of activities of the Group's subsidiaries, jointly controlled entities and associates are similar to this of the holding company.

As at 31 December 2011, the Company's issued share capital amounted to 129 873 thousand zlotys. Equity as at that date amounted to 7 782 383 thousand zlotys.

In accordance with article 69 Act on the public offer and conditions for introduction of financial instruments to the organized trading system and public companies dated 25 July 2005 (Journal of Law No. 184 from 2005, item 1539, with amendments), the ownership structure of the Company's issued share capital as at 31 December 2011 was as follows:

	Number of shares	Number of votes	Par value of shares	% of issued share capital
State Treasury	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	129 873 363	129 873 363	129 873 363	100,00%

During the period covered by the financial statements for the financial year ended 31 December 2011 and during the period between the balance sheet date to 17 April 2012, the following changes occurred in the ownership structure of the holding company:

- Grupa LOTOS S.A. "C" class shares accepted for registration with the National Depository for Securities. Admittance and introduction to public trading of Grupa LOTOS S.A. "C" class shares.

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

The Management Board of the Warsaw Stock Exchange S.A. (WSE), by virtue of Resolution No. 16/2011 dated 4 January 2011 decided to admit as of 10 January 2011 to public trading 16,173,362 "C" class ordinary shares of Grupa LOTOS S.A. with a par value of 1 zloty per share. Based on the above-mentioned Resolution, the WSE Board has decided to introduce to public trading, by way of ordinary procedure, the said "C" class shares of Grupa LOTOS S.A. on 10 January 2011.

According to the Announcement of the Operating Department of the Polish NDS, 16,173,362 ordinary shares were registered under ISIN code PLLOTOS00025 on 10 January 2011. The total number of shares under ISIN code PLLOTOS00025 after the registration was 129,804,251.

(in thousand zlotys)

2. Background (continued)

- Decrease in ING Otwarty Fundusz Emerytalny's share in the total number of votes at the General Shareholders Meeting of Grupa LOTOS S.A.

On 7 February 2011, the Management Board of Grupa LOTOS S.A. was notified that ING OFE's share in the total number of votes at the General Shareholders Meeting of the Company decreased below 5% following its disposal of shares in the Company on 2 February 2011.

Prior to the disposal, ING OFE held 6,640,532 shares in Grupa LOTOS S.A., which represented 5.11% of the Company's share capital and gave right to 6,640,532 votes at the General Shareholders Meeting (5.11% of the total number of votes). On 7 February 2011, the securities account of ING OFE showed 5,957,442 shares in Grupa LOTOS S.A., which represented 4.59% of its share capital and gave right to 5,957,442 votes at the General Shareholders Meeting of Grupa LOTOS S.A. (4.59% of the total number of votes).

There were no movements in the share capital in the reporting period.

As at 17 April 2012, the holding company's Management Board was composed of:

Paweł Olechnowicz	- President, General Director
Marek Sokołowski	- Member, Director of Production and Development
Mariusz Machajewski	- Member, Finance Director
Maciej Szozda	- Member, Sales Director

There were no changes in the holding company's Management Board during the reporting period as well as from the balance sheet date to the date of the opinion.

(in thousand zlotys)

2. Group Structure

As at 31 December 2011, the Grupa LOTOS S.A. Group consisted of the following subsidiaries (direct or indirect):

Entity name	Consolidation method	Type of opinion	Name of authorised entity that audited financial statements	Balance sheet date
LOTOS Oil S.A.	Purchase accounting	Unqualified opinion	Ernst & Young Audit Sp. z o.o.	31.12.2011
LOTOS Paliwa Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audit Sp. z o.o.	31.12.2011
LOTOS Asfalt Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audit Sp. z o.o.	31.12.2011
LOTOS Kolej Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audit Sp. z o.o.	31.12.2011
LOTOS Petrobaltic S.A. (holding company has its own capital group)	Purchase accounting	Unqualified opinion with an emphasis of matter	Ernst & Young Audit Sp. z o.o.	31.12.2011
Energobaltic Sp. z o.o.	Purchase accounting	Unqualified opinion with an emphasis of matter	Ernst & Young Audit Sp. z o.o.	31.12.2011
LOTOS Exploration and Production Norge AS	Purchase accounting	Unqualified opinion with emphasis of matters	Ernst & Young AS, Norway	31.12.2011
AB Geonafta (holding company has its own capital group)	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	31.12.2011
UAB Genciu Nafta	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	31.12.2011
LOTOS Czechowice S.A. (holding company has its own capital group)	Purchase accounting	Unqualified opinion with an emphasis of matter	Rewit Południe Sp. z o.o.	31.12.2011
LOTOS Jasło S.A.	Purchase accounting	Unqualified opinion with an emphasis of matter	Kancelaria biegłych rewidentów Rewido Sp. z o.o.	31.12.2011
LOTOS Parafiny Sp. z o.o.	Purchase accounting	Unqualified opinion	Kancelaria biegłych rewidentów Rewido Sp. z o.o.	31.12.2011

(in thousand zlotys)

LOTOS Serwis Sp. z o.o.	Purchase accounting	Unqualified opinion	FY Audit Sp. z o.o	31.12.2011
LOTOS Lab Sp. z o.o.	Purchase accounting	Unqualified opinion	FY Audit Sp. z o.o.	31.12.2011
LOTOS Tank Sp. z o.o.	Purchase accounting	Unqualified opinion	FY Audit Sp. z o.o .	31.12.2011
RCEkoenergia Sp. z o.o.	Purchase accounting	Unqualified opinion	Rewit Południe Sp. z o.o.	31.12.2011
LOTOS Biopaliwa Sp. z o.o.	Purchase accounting	Unqualified opinion with an emphasis of matter	Rewit Południe Sp. z o.o.	31.12.2011
Miliana Shipping Company Ltd. (holding company has its own capital group)	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2011
LOTOS Gaz S.A. company in liquidation	Purchase accounting	No audit obligation	No audit obligation	31.12.2011
LOTOS Ekoenergia Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2011
LOTOS Straż Sp. z o.o	Purchase accounting	No audit obligation	No audit obligation	31.12.2011
LOTOS Ochrona Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2011
LOTOS Park Technologiczny Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2011
Aphrodite Offshore Services N.V.	Purchase accounting	No audit obligation	No audit obligation	31.12.2011

As at December 2011 percentage share in the total number of votes held by the Group in the subsidiaries and associates equal to the share of the Group in the share capital of the respective subordinate entity.

As at 31 December 2011 shares in the following joint-venture (direct and indirect) were recognised in the Group's consolidated financial statements using the proportionate consolidation method:

Entity name	**Registered office**	**Type of activity**
UAB Manifoldas	Gargždai, Lithuania	oil exploration, prospecting and production
UAB Minijos Nafta	Gargždai, Lithuania	oil exploration, prospecting and production

Details of the type and impact of changes in entities included in the consolidation as compared to the prior year may be found in Note 2 of the the additional notes and explanations to the consolidated financial statements of the Group for the year ended 31 December 2011.

3. Consolidated Financial Statements

3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audit sp. z o.o. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under no. 130.

Ernst & Young Audit sp. z o.o. was appointed by the Supervisory Board on 17 December 2009 to audit the Group's financial statements.

Ernst & Young Audit sp. z o.o. and the key certified auditor in charge of the audit meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009 (Journal of Laws 2009, No. 77, item 649 with subsequent amendments).

Under the contract executed on 18 May 2010 with the holding company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2011.

Our responsibility was to express an opinion on the consolidated financial statements based on our audit. The auditing procedures applied to the consolidated financial statements were designed to enable us to express an opinion on the consolidated financial statements taken as a whole. Our procedures did not extend to supplementary information that does not have an impact on the consolidated financial statements taken as a whole.

Based on our audit, we issued an unqualified auditors' opinion with an emphasis of matter dated 17 April 2012, stating the following:

"To the Supervisory Board of Grupa LOTOS S.A.

1. We have audited the attached consolidated financial statements of Capital Group Grupa LOTOS S.A. ('the Group'), for which the holding company is Grupa LOTOS S.A. ('the Company') located in Gdańsk at 135 Elbląska Street, for the year ended 31 December 2011 containing, the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the period from 1 January 2011 to 31 December 2011 and the additional notes and explanations ('the attached consolidated financial statements').
2. The truth and fairness[1] of the attached consolidated financial statements, the preparation of the attached consolidated financial statements in accordance with the required applicable accounting policies and the proper maintenance of the consolidation documentation are the responsibility of the Company's Management Board. In addition, the Company's Management Board and Members of the Supervisory Board are required to ensure that the attached consolidated financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (2009 Journal of Laws No. 152 item 1223

[1] Translation of the following expression in Polish: '*rzetelność i jasność*'

with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached consolidated financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies and whether they truly and fairly[2] reflect, in all material respects, the financial position and results of the operations of the Group.

3. We conducted our audit of the attached consolidated financial statements in accordance with:
   - chapter 7 of the Accounting Act,
   - national auditing standards issued by the National Council of Statutory Auditors,

   in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached consolidated financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the attached consolidated financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements treated as a whole.

4. The consolidated financial statements for the prior financial year ended 31 December 2010 were subject to our audit and on 11 April 2011 we have issued an unqualified opinion with an emphasis of matter on these financial statements concerning the uncertainty indicated by the Company's Management relating to the recoverability of the assets recognized due to the purchase of interest and exploration expenses incurred in respect of the YME oil field.

5. In our opinion, the attached consolidated financial statements, in all material respects:
   - present truly and fairly all information material for the assessment of the results of the Group's operations for the period from 1 January 2011 to 31 December 2011, as well as its financial position[3] as at 31 December 2011;
   - have been prepared in accordance with International Financial Reporting Standards as adopted by the EU;
   - are in respect of the form and content, in accordance with the legal regulations governing the preparation of financial statements.

6. As disclosed in note No. 17 of the additional notes and explanations to the attached consolidated financial statements, the Group recognized under construction in progress the expenditures incurred by LOTOS Exploration and Production Norge AS for the purchase of 20% interest in Norwegian production licences relating to the YME field as well as the costs of drilling and other costs of said field exploration. The Group carried out an impairment test for the said assets described in the mentioned note, based on the analysis of discounted cash flows for the 20% interest held in hydrocarbons' reserves acquired as part of the production licences for the development of the YME field, and as the result in 2011 recognized an impairment allowance in the amount of 256 million zloty (with an impact on the net financial result amounted to 90 million zloty after deferred tax adjustment), revaluating the amount of capitalized expenditures to the total amount of 1218

[2] Translation of the following expression in Polish: '*rzetelne i jasne*'
[3] Translation of the following expression in Polish: '*sytuacja majątkowa i finansowa*'

million zloty. Without qualifying our opinion, we draw attention to the uncertainty indicated by the Company's Management concerning recoverability of the remaining assets recognized in the attached consolidated financial statements in respect of the YME field due to the fact that the forecasted cash flows are determined by a series of futures events, in particular, by market volatility of crude oil prices as well as the ability of obtaining further significant funding required to start the production.

7. We have read the 'Directors' Report for the period from 1 January 2010 to 31 December 2010 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws No. 33, item 259 with subsequent amendments)."

We conducted the audit of the consolidated financial statements during the period from 18 July 2011 to 17 April 2012. We were present in the place where the holding company's books of account are kept from 18 July 2011 to 5 August 2011, from 12 September 2011 to 16 September 2011, from 14 November 2011 to 25 November 2011, from 5 December 2011 to 9 December 2011, from 23 January 2012 to 2 March 2012, from 12 March 2012 to 14 March 2012 and from 3 April 2012 to 5 April 2012.

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the truth and fairness[4] of the consolidated financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and the correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements, consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated 17 April 2012, from the Management Board of the holding company confirming that:

- the information included in the consolidation documentation was complete,
- all contingent liabilities had been disclosed in the consolidated financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the consolidated financial statements,

and confirmed that the information provided to us was true and fair to the best of the holding company Management Board's knowledge and belief, and included all events that could have had an effect on the consolidated financial statements.

[4] Translation of the following expression in Polish: "*rzetelność i jasność*"

3.3 Consolidated financial statements for prior financial year

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by Marcin Zieliński, key certified auditor no. 10402, acting on behalf of Ernst & Young Audit sp z o.o., Rondo ONZ 1, Warsaw, registered on the list of entities authorised to audit financial statements under no. 130. The key certified auditor issued an unqualified opinion with an emphasis of matter on the consolidated financial statements for the year ended 31 December 2010. The emphasis of matter concerned the uncertainty indicated by the holding company's Management relating to the recoverability of the assets recognized due to the purchase of interest and exploration expenses incurred in respect of the YME oil field.

The consolidated financial statements for the year ended 31 December 2010 were approved by the General Shareholders' Meeting on 27 June 2011.

The consolidated financial statements of the Group for the financial year ended 31 December 2010, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 4 July 2011 with the National Court Register.

The consolidated balance sheet as at 31 December 2010, the consolidated profit and loss account, the statement of changes in consolidated equity and the consolidated cash flow statement for the year ended 31 December 2010, together with the auditors' opinion and a copy of the resolution approving the financial statements were published in Monitor Polski B number 686 on 28 February 2012.

(in thousand zlotys)

4. Analytical Review

4.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Group for the years 2009 – 2011. The ratios were calculated on the basis of financial information included in the consolidated financial statements for the years ended 31 December 2010 and 31 December 2011, including the fact that:

- financial data for the year 2010 was presented according to the adjustments described in Note 9.2 of the additional notes, included in the consolidated financial statement for the year ended 31 December 2011,
- financial data for the year 2009 was presented according to the adjustments described in Note 9.2 of the additional notes, included in the consolidated financial statement for the year ended 31 December 2010.

The ratios for the year 2009 were calculated on the basis of financial information included in the consolidated financial statements for the year ended 31 December 2009 audited by another auditor acting on behalf on another authorised firm and do not take into account any implications of the qualification included in the auditors' opinion.

	2011	2010	2009
Total assets	20 423 220	17 727 364	15 225 952
Shareholders' equity	7 782 383	7 513 477	6 846 145
Net profit/ loss	649 322	681 353	911 812
Return on assets (%)	3,2%	3,8%	6,0%
Net profit x 100% / Total assets			
Return on equity (%)	8,6%	10,0%	15,4%
Net profit x 100% / Shareholders' equity at the beginning of the period			
Profit margin (%)	2,2%	3,5%	6,4%
Net profit x 100% / Sales of finished goods, goods for resale and raw materials			
Liquidity I	1,29	1,33	1,88
Current assets / Short-term creditors			

	2011	2010	2009
Liquidity III	0,06	0,07	0,13
Cash and cash equivalents / Short-term creditors			
Debtors days	26 days	32 days	37 days
Trade debtors x 365 / Sales of finished goods, goods for resale and raw materials			
Creditors days	37 days	36 days	24 days
Trade creditors x 365 / Costs of finished goods, goods for resale and raw materials sold			
Inventory days	76 days	89 days	80 days
Inventory x 365 / Costs of finished goods, goods for resale and raw materials sold			
Stability of financing (%)	66,7%	70,9%	82,1%
(Equity + long-term provisions and liabilities) x 100% / Total liabilities, provisions and equity			
Debt ratio (%)	61,9%	57,6%	55,0%
(Total liabilities and provisions) x 100% / Total assets			
Rate of inflation:			
Yearly average	4,3%	2,6%	3,5%
December to December	4,6%	3,1%	3,5%

4.2 Comments

The following trends may be observed based on the above financial ratios:

All of the profitability indices decreased in 2011 in comparison to prior years. It was caused by the decrease in net profit throughout all analyzed years together with mutual increase in asset, equity and changes in sales.

4.2.Comments (continued)

Return on assets ratio, which amounted to 3.2% in 2011, has decreased by 0.6% pp in comparison to 2010, when it amounted to 3.8%, whereas in 2009 the ratio was 6.0%. Return on equity ratio has decreased by 1.4 pp to the level of 8.6% in 2011 compared to 2010 when it amounted to 10.0%. In 2009 return on equity ratio reached 15.4%.

Profit margin has decreased by 1.3 pp in 2011 to the level of 2.2% in comparison to 3.5% and 6.4% in 2010 and 2009 respectively.

Liquidity I ratio was 1.29 in 2011 and reached almost the same level as in 2010, when it amounted to 1.33. The ratio decreased in comparison to 2009, when it reached 1.88. The decline was caused by a considerable rise in short term payables combined with a slower increase in working capital.

Liquidity III ratio was declining systematically in years 2009-2011. The ratio amounted to 0.06 in 2011 in comparison to 0.07 in 2010 and 0.13 in 2009. The changes in the analyzed period were mainly caused by significant increase in debt financing in relation to investment project Program 10+.

Debtors days ratio fluctuated in years 2011-2009. It amounted to 37 days in 2009, 32 days in 2010 and 26 days in 2011. The reason behind these fluctuation is a lower increase in trade receivables in comparison to increase in net sales.

Creditors days ratio was moderately raising in years 2011-2009. It amounted to 24 days in 2009, 36 days in 2010 and 37 days in 2011. These upward trend was mainly triggered by a faster rise in short term payables compared to increase in operating costs.

The inventory days ratio was fluctuating over 2009-2011. It amounted to 80 days in 2009, 89 days in 2010 and 76 days in 2011. The reason behind the aforesaid trend was increase in inventory level in the Group accompanied by fluctuating rates of increase in operating costs.

The Group's stability of financing ratio and the debt ratio at 31 December 2011 indicate increasing debt financing level in comparison with the prior periods. The debt ratio increased systematically in years 2009-2011 from the level of 55.0 % in 2009 to the level of 57.6% in 2010 and 57.6% in 2011. The analyzed rise was caused by the significant upswing in liabilities compared to the total assets, mainly due to end of debt raising process in relation to investment project Program 10+.

The Group's stability of financing ratio and the debt ratio at 31 December 2011 indicates the lower share of the constant capital in the Group's financing structure. In years 2009-2011 the Group's stability of financing ratio was decreasing. It amounted to 82.1% in 2009, increase to the level of 70.9% in 2010 and finally reached the level of 66.7% in 2011.

4.3 Going concern

Nothing came to our attention during the audit that caused us to believe that the holding company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2011 as a result of an intended or compulsory withdrawal from or a substantial limitation in its current operations.

In Note 2 of the additional notes and explanations to the attached consolidated financial statements for the year ended 31 December 2011, the Management Board of the holding company has stated that the financial statements of the Group entities included in the consolidated financial statements were prepared on the assumption that these entities will continue as a going concern for a period of at least twelve months subsequent to 31 December 2011 and that there are no circumstances that would indicate a threat to its continued activity.

II. DETAILED REPORT

1. Completeness and accuracy of consolidation documentation

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the audited consolidated financial statements, and which were not subsequently adjusted. These would include matters related to the requirements applicable to the consolidation documentation (and in particular eliminations relating to consolidation adjustments).

2. Accounting policies for the valuation of assets and liabilities

The Group's accounting policies and rules for the presentation of data are detailed in note 10 of the additional notes and explanations to the Group's consolidated financial statements for the year ended 31 December 2011.

3. Structure of assets, liabilities and equity

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2011.

The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

3.1 Goodwill on consolidation and amortisation

The method of determining goodwill on consolidation, the method on determining impairment of goodwill, the impairment charged in the financial year and up to the balance sheet date were presented in note 2 and note 10.4 of the additional notes and explanations to the attached consolidated financial statements.

3.2 Shareholders' funds including non-controlling interest

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. Non-controlling interest amounted to 947 thousand zlotys as at 31 December 2011. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in note 32 of the additional notes and explanations to the attached consolidated financial statements.

3.3 Financial year

The financial statements of all Group companies forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2011 and include the financial data for the period from 1 January 2011 to 31 December 2011.

4. Consolidation adjustments

4.1 Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities.

All eliminations of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of the consolidated companies reconcile with the consolidation documentation.

4.2 Elimination of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends

All eliminations of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends reconcile with the consolidation documentation.

5. Disposal of all or part of shares in a subordinated entity

The effects of the sale of 95,5% shares of „PLASTEKOL Organizacja Odzysku" S.A were disclosed in the Group's consolidated financial statements in accordance with the appropriate legal documents and consolidation documentation.

6. Items which have an impact on the group's result for the year

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year ended 31 December 2011.

7. The appropriateness of the departures from the consolidation methods and application of the equity accounting as defined in International Financial Reporting Standards as adopted by the EU

During the process of preparation of the consolidated financial statements there were no departures from the consolidation methods or application of the equity accounting

8. Additional Notes and Explanations to the Consolidated Financial Statements

The additional notes and explanations to the consolidated financial statements for the year ended 31 December 2011 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

(in thousand zlotys)

9. Directors' Report

We have read the 'Directors' Report for the period from 1 January 2011 to 31 December 2011 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws No. 33, item 259 with subsequent amendments).

10. Conformity with Law and Regulations

We have obtained a letter of representations from the Management Board of the holding company confirming that no laws, regulations or provisions of the Group entities' Articles of Association were breached during the financial year.

11. Work of Experts

During our audit we have taken into account the results of the work of the following independent experts:

- independent actuaries responsible for the calculation of the present value of the Group's future liabilities towards employees, other than salaries.
- independent valuation experts responsible for valuation of the acquired shares in AB Geonafta.

on behalf of
Ernst & Young Audit sp. z o.o.
Rondo ONZ 1, 00-124 Warsaw
Reg. No. 130

Key Certified Auditor	Partner
Marcin Zieliński certified auditor No. 10402	Jacek Hryniuk

Warsaw, 17 April 2012