



THE LOTOS GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30TH 2012**

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

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**THE LOTOS GROUP
FINANCIAL HIGHLIGHTS**

FINANCIAL HIGHLIGHTS - CONSOLIDATED

| THE LOTOS GROUP | PLN '000 | | EUR '000 | |
|--|----------------------------|---------------------------------------|----------------------------|---------------------------------------|
| | 9 months ended Sep 30 2012 | 9 months ended Sep 30 2011 (restated) | 9 months ended Sep 30 2012 | 9 months ended Sep 30 2011 (restated) |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenue | 24,785,234 | 20,894,111 | 5,908,562 | 5,170,146 |
| Operating profit | 161,351 | 942,371 | 38,465 | 233,185 |
| Pre-tax profit | 198,279 | 630,807 | 47,268 | 156,090 |
| Net profit | 694,149 | 575,274 | 165,478 | 142,349 |
| Net profit attributable to owners of the Parent | 694,154 | 574,906 | 165,479 | 142,258 |
| Net profit/(loss) attributable to non-controlling interests | (5) | 368 | (1) | 91 |
| Total comprehensive income | 961,398 | 344,696 | 229,188 | 85,293 |
| Total comprehensive income attributable to owners of the Parent | 961,415 | 344,302 | 229,192 | 85,196 |
| Total comprehensive income attributable to non-controlling interests | (17) | 394 | (4) | 97 |
| Net cash from operating activities | 951,411 | 203,572 | 226,807 | 50,373 |
| Net cash from investing activities | (489,544) | (592,289) | (116,703) | (146,559) |
| Net cash from financing activities | (476,943) | 263,913 | (113,699) | 65,304 |
| Total net cash flow | (35,380) | (105,494) | (8,434) | (26,104) |
| Basic earnings per share (PLN/EUR) | 5.34 | 4.43 | 1.27 | 1.10 |
| Diluted earnings per share (PLN/EUR) | | | | |
| | PLN '000 | | EUR '000 | |
| | As at Sep 30 2012 | As at Dec 31 2011 | As at Sep 30 2012 | As at Dec 31 2011 |
| | (unaudited) | (audited) | (unaudited) | (audited) |
| Total assets | 20,357,887 | 20,423,220 | 4,948,682 | 4,623,986 |
| Equity attributable to owners of the Parent | 8,742,853 | 7,781,436 | 2,125,250 | 1,761,781 |
| Non-controlling interests | 925 | 947 | 225 | 214 |
| Total equity | 8,743,778 | 7,782,383 | 2,125,475 | 1,761,996 |

FINANCIAL HIGHLIGHTS - SEPARATE

| GRUPA LOTOS S.A. | PLN '000 | | EUR '000 | |
|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 9 months ended Sep 30 2012 | 9 months ended Sep 30 2011 | 9 months ended Sep 30 2012 | 9 months ended Sep 30 2011 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenue | 23,327,807 | 19,549,934 | 5,561,125 | 4,837,536 |
| Operating profit | 490,987 | 387,236 | 117,047 | 95,820 |
| Pre-tax profit | 882,904 | 308,714 | 210,476 | 76,390 |
| Net profit | 769,178 | 296,025 | 183,365 | 73,250 |
| Total comprehensive income | 1,058,548 | 23,059 | 252,348 | 5,706 |
| Net cash from operating activities | 165,905 | 59,030 | 39,550 | 14,607 |
| Net cash from investing activities | 105,635 | 68,818 | 25,182 | 17,029 |
| Net cash from financing activities | (327,876) | (720) | (78,162) | (178) |
| Total net cash flow | (76,659) | 147,682 | (18,275) | 36,543 |
| Basic earnings per share (PLN/EUR) | 5.92 | 2.28 | 1.41 | 0.56 |
| Diluted earnings per share (PLN/EUR) | - | - | - | - |
| | PLN '000 | | EUR '000 | |
| | As at Sep 30 2012 | As at Dec 31 2011 | As at Sep 30 2012 | As at Dec 31 2011 |
| | (unaudited) | (audited) | (unaudited) | (audited) |
| Total assets | 16,753,322 | 16,449,524 | 4,072,469 | 3,724,308 |
| Equity | 6,891,990 | 5,833,442 | 1,675,334 | 1,320,739 |

Items of the statement of financial position as at September 30th 2012, presented in the Financial Highlights, have been translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for September 30th 2012, i.e. EUR 1 = PLN 4.1138. Items of the statement of comprehensive income and the statement of cash flows for the nine months ended September 30th 2012, presented in the Financial Highlights, have been translated at the exchange rate of EUR 1 = PLN 4.1948 (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 – September 30th 2012).

Items of the statement of financial position as at December 31st 2011, presented in Financial Highlights, have been translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for December 31st 2011, i.e. EUR 1 = PLN 4.4168. Items of the statement of comprehensive income and the statement of cash flows for the nine months ended September 30th 2011, presented in the Financial Highlights, have been translated at the exchange rate of EUR 1 = PLN 4.0413 (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 – September 30th 2011).



THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three and nine months ended September 30th 2012

| (PLN '000) | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 | 3 months ended Sep 30 2011 (restated) | 9 months ended Sep 30 2011 (restated) |
|---|-------------------------------|-------------------------------|---|---|
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenue | 8,568,780 | 24,785,234 | 7,597,501 | 20,894,111 |
| Cost of sales | (7,592,184) | (22,619,312) | (7,149,276) | (19,063,159) |
| Gross profit | 976,596 | 2,165,922 | 448,225 | 1,830,952 |
| Distribution costs | (266,362) | (772,124) | (260,589) | (729,817) |
| Administrative expenses | (108,049) | (316,583) | (100,006) | (297,979) |
| Other income | 9,709 | 23,290 | 5,472 | 32,883 |
| Other expenses | (8,098) | (960,120) | (4,950) | (20,730) |
| Effect of accounting for the step acquisition of control | | | | |
| (AB LOTOS Geonafta) | - | - | - | 126,383 |
| Loss of control over subsidiary | - | 20,966 | - | 679 |
| Operating profit | 603,796 | 161,351 | 88,152 | 942,371 |
| Finance income | 204,596 | 223,485 | 7,826 | 17,874 |
| Finance cost | (59,458) | (186,557) | (532,957) | (332,334) |
| Share of investments in associates | - | - | - | 2,896 |
| Pre-tax profit/(loss) | 748,934 | 198,279 | (436,979) | 630,807 |
| Corporate income tax | (122,927) | 495,870 | 105,613 | (55,533) |
| Net profit/(loss) | 626,007 | 694,149 | (331,366) | 575,274 |
| Other comprehensive income | | | | |
| Exchange differences on translating foreign operations | (8,669) | (27,307) | 56,501 | 51,028 |
| Cash flow hedge accounting | 314,996 | 357,247 | (585,347) | (335,940) |
| Income tax on other comprehensive income | (58,203) | (62,691) | 100,614 | 54,334 |
| Other comprehensive income (net) | 248,124 | 267,249 | (428,232) | (230,578) |
| Total comprehensive income | 874,131 | 961,398 | (759,598) | 344,696 |
| Net profit (loss) attributable to: | | | | |
| Owners of the Parent | 625,969 | 694,154 | (331,400) | 574,906 |
| Non-controlling interests | 38 | (5) | 34 | 368 |
| | 626,007 | 694,149 | (331,366) | 575,274 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Parent | 874,097 | 961,415 | (759,660) | 344,302 |
| Non-controlling interests | 34 | (17) | 62 | 394 |
| | 874,131 | 961,398 | (759,598) | 344,696 |
| Net profit/(loss) attributable to owners of the Parent per share (PLN) | | | | |
| Weighted average number of shares ('000) | 129,873 | 129,873 | 129,873 | 129,873 |
| - basic | 4.82 | 5.34 | (2.55) | 4.43 |
| - diluted | - | - | - | - |

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

THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at September 30th 2012

| (PLN '000) | Sep 30 2012 (unaudited) | Dec 31 2011 (audited) |
|---|----------------------------|--------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 8,690,791 | 8,965,480 |
| Tangible assets under construction | 850,496 | 1,558,070 |
| Goodwill | 46,688 | 46,688 |
| Intangible assets | 429,916 | 475,580 |
| Investment property | 1,008 | - |
| Non-current financial assets | 60,844 | 96,189 |
| Deferred tax assets | 1,084,644 | 400,128 |
| Non-current receivables | 33,825 | 33,313 |
| Prepayments and accrued income | 17,146 | 6,789 |
| Total non-current assets | 11,215,358 | 11,582,237 |
| Current assets | | |
| Inventories, including: | 5,834,766 | 5,855,840 |
| - mandatory reserves | 4,415,684 | 4,427,752 |
| Trade and other receivables | 2,494,725 | 2,190,029 |
| Income tax receivable | 69,116 | 132,876 |
| Prepayments and accrued income | 37,616 | 40,382 |
| Current financial assets | 223,881 | 129,052 |
| Cash and cash equivalents | 480,767 | 383,680 |
| Total current assets | 9,140,871 | 8,731,859 |
| Assets held for sale | 1,658 | 109,124 |
| Total assets | 20,357,887 | 20,423,220 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 129,873 | 129,873 |
| Statutory reserve funds | 1,311,348 | 1,311,348 |
| Cash flow hedging reserve | (129,911) | (419,281) |
| Retained earnings | 7,394,552 | 6,700,396 |
| Translation reserve | 36,991 | 59,100 |
| Equity attributable to owners of the Parent | 8,742,853 | 7,781,436 |
| Non-controlling interests | 925 | 947 |
| Total equity | 8,743,778 | 7,782,383 |
| Non-current liabilities | | |
| Interest-bearing borrowings and other debt instruments | 4,364,068 | 4,983,889 |
| Long-term provisions | 406,253 | 399,104 |
| Deferred tax liabilities | 277,868 | 105,226 |
| Other financial liabilities | 239,078 | 304,949 |
| Accruals and deferred income, and other liabilities | 40,289 | 54,371 |
| Total non-current liabilities | 5,327,556 | 5,847,539 |
| Current liabilities | | |
| Trade payables, accruals and deferred income, and other liabilities | 3,839,786 | 4,156,553 |
| Income tax payable | 12,744 | 7,420 |
| Interest-bearing borrowings and other debt instruments | 2,302,405 | 2,407,740 |
| Short-term provisions | 15,838 | 21,358 |
| Other financial liabilities | 115,780 | 159,829 |
| Total current liabilities | 6,286,553 | 6,752,900 |
| Liabilities directly associated with assets held for sale | - | 40,398 |
| Total liabilities | 11,614,109 | 12,640,837 |
| Total equity and liabilities | 20,357,887 | 20,423,220 |

THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended September 30th 2012

| (PLN '000) | 9 months ended Sep 30 2012 | 9 months ended Sep 30 2011 (restated) |
|---|-------------------------------|---|
| | (unaudited) | (unaudited) |
| Cash flows from operating activities | | |
| Net profit | 694,149 | 575,274 |
| Adjustments: | | |
| Share in net profit of equity-accounted subordinated entities | - | (2,896) |
| Depreciation and amortisation | 494,393 | 439,808 |
| Foreign exchange (gains)/losses | (109,359) | 186,585 |
| Interest and dividends | 148,736 | 100,410 |
| (Gain)/loss from investing activities | 925,689 | (126,589) |
| Current income tax | (495,870) | 55,533 |
| Income tax paid | (73,122) | (135,079) |
| (Increase) in receivables | (317,208) | (533,182) |
| Decrease/(Increase) in inventories | 21,288 | (1,285,573) |
| (Decrease)/ increase in liabilities and accruals and deferred income | (240,745) | 898,164 |
| (Decrease)/Increase in provisions | (4,024) | 5,635 |
| (Increase) in prepayments and accrued income | (8,285) | (12,937) |
| Settlement and valuation of financial instruments | (89,991) | 72,415 |
| Other adjustments | 5,760 | (33,996) |
| Net cash from operating activities | 951,411 | 203,572 |
| Cash flows from investing activities | | |
| Interest received | 4,904 | 1,954 |
| Dividends received | 567 | 514 |
| Sale of property, plant and equipment and intangible assets | 12,184 | 11,614 |
| Sale of non-current financial assets | 450 | 580 |
| Repayment of loans advanced | 1,544 | - |
| Loss of control over subsidiary, net of cash | 78,000 | 1,104 |
| Other cash inflows on financial assets | - | 946 |
| Acquisition of UAB Meditus, net of cash acquired | (24,853) | (106,273) |
| Purchase of non-current financial assets | (13,007) | (14,265) |
| Loans advanced | - | (585) |
| Purchase of property, plant and equipment and intangible assets | (400,059) | (448,223) |
| Prepayments for tangible assets under construction | (101,934) | (12,122) |
| Other cash outflows on financial assets | (47,340) | (27,533) |
| Net cash from investing activities | (489,544) | (592,289) |
| Cash flows from financing activities | | |
| Proceeds from borrowings and other debt instruments | 394,594 | 657,922 |
| Issue of notes | 362,367 | 572,712 |
| Cash flows attributable to changes in interest in a subsidiary not resulting in loss of control | (3) | (9,580) |
| Repayment of borrowings and other debt instruments | (673,356) | (300,043) |
| Interest paid | (142,792) | (83,083) |
| Redemption of notes | (364,000) | (508,000) |
| Decrease in finance lease liabilities | (11,292) | (4,563) |
| Settlement of financial instruments | (37,199) | (61,452) |
| Other cash used in financing activities | (5,262) | - |
| Net cash from financing activities | (476,943) | 263,913 |
| Effect of exchange rate fluctuations on cash held | (20,304) | 19,310 |
| Change in net cash | (35,380) | (105,494) |
| Cash at beginning of period | 161,552 | 118,233 |
| Cash at end of period | 126,172 | 12,739 |
| - restricted cash | 2,111 | 34,111 |

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

THE LOTOS GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended September 30th 2012

| (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 2012 (audited) | 129,873 | 1,311,348 | (419,281) | 6,700,396 | 59,100 | 7,781,436 | 947 | 7,782,383 |
| Net profit/(loss) for the nine months ended September 30th 2012 | - | - | - | 694,154 | - | 694,154 | (5) | 694,149 |
| Other comprehensive income, net, for the nine months ended September 30th 2012 | - | - | 289,370 | - | (22,109) | 267,261 | (12) | 267,249 |
| Changes in ownership interest | - | - | - | 2 | - | 2 | (5) | (3) |
| Sep 30 2012 (unaudited) | 129,873 | 1,311,348 | (129,911) | 7,394,552 | 36,991 | 8,742,853 | 925 | 8,743,778 |
| Jan 1 2011 (restated) (audited) | 129,873 | 1,311,348 | (739) | 6,046,056 | 12,281 | 7,498,819 | 14,658 | 7,513,477 |
| Net profit for the nine months ended September 30th 2011 | - | - | - | 574,906 | - | 574,906 | 368 | 575,274 |
| Other comprehensive income, net, for the nine months ended September 30th 2011 | - | - | (271,911) | - | 41,307 | (230,604) | 26 | (230,578) |
| Change in the Group's organisational structure | - | - | - | - | - | - | (220) | (220) |
| Changes in ownership interest | - | - | - | 4,200 | - | 4,200 | (13,780) | (9,580) |
| Sep 30 2011 (restated) (unaudited) | 129,873 | 1,311,348 | (272,650) | 6,625,162 | 53,588 | 7,847,321 | 1,052 | 7,848,373 |

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

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three and nine months ended September 30th 2012

| (PLN '000) | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 | 3 months ended Sep 30 2011 (restated) | 9 months ended Sep 30 2011 (restated) |
|--|-------------------------------|-------------------------------|---|---|
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenue | 7,972,351 | 23,327,807 | 7,028,327 | 19,549,934 |
| Cost of sales | (7,410,312) | (22,233,499) | (6,942,588) | (18,602,595) |
| Gross profit | 562,039 | 1,094,308 | 85,739 | 947,339 |
| Distribution costs | (144,649) | (435,488) | (136,708) | (397,340) |
| Administrative expenses | (53,182) | (165,879) | (54,602) | (161,758) |
| Other income | 841 | 3,303 | 1,210 | 3,391 |
| Other expenses | (1,053) | (5,257) | (362) | (4,396) |
| Operating profit/(loss) | 363,996 | 490,987 | (104,723) | 387,236 |
| Finance income | 169,265 | 466,360 | 1,834 | 244,780 |
| Finance costs | (41,441) | (126,500) | (509,934) | (323,302) |
| Gain on disposal of investments | - | 52,057 | - | - |
| Pre-tax profit/(loss) | 491,820 | 882,904 | (612,823) | 308,714 |
| Corporate income tax | (93,546) | (113,726) | 115,754 | (12,689) |
| Net profit/(loss) | 398,274 | 769,178 | (497,069) | 296,025 |
| Other comprehensive income | | | | |
| Cash flow hedge accounting | 314,996 | 357,247 | (585,859) | (336,995) |
| Income tax on other comprehensive income | (59,849) | (67,877) | 111,313 | 64,029 |
| Other comprehensive income (net) | 255,147 | 289,370 | (474,546) | (272,966) |
| Total comprehensive income | 653,421 | 1,058,548 | (971,615) | 23,059 |
| Net profit/(loss) per share (PLN) | | | | |
| Weighted average number of shares ('000) | 129,873 | 129,873 | 129,873 | 129,873 |
| - basic | 3.07 | 5.92 | (3.83) | 2.28 |
| - diluted | - | - | - | - |

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

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
as at September 30th 2012

| (PLN '000) | Sep 30 2012 (unaudited) | Dec 31 2011 (audited) |
|---|----------------------------|--------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 6,765,855 | 7,024,570 |
| Tangible assets under construction | 80,442 | 54,421 |
| Intangible assets | 84,201 | 83,354 |
| Non-current financial assets | 1,171,863 | 1,208,537 |
| Prepayments and accrued income | 3,805 | 3,900 |
| Total non-current assets | 8,106,166 | 8,374,782 |
| Current assets | | |
| Inventories, including: | 5,562,665 | 5,637,321 |
| - mandatory reserves | 4,413,436 | 4,425,263 |
| Trade and other receivables | 2,674,220 | 2,223,332 |
| Income tax receivable | 8,247 | 73,512 |
| Prepayments and accrued income | 10,820 | 28,306 |
| Current financial assets | 347,570 | 82,730 |
| Cash and cash equivalents | 43,634 | 3,598 |
| Total current assets | 8,647,156 | 8,048,799 |
| Assets held for sale | - | 25,943 |
| Total assets | 16,753,322 | 16,449,524 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 129,873 | 129,873 |
| Statutory reserve funds | 1,311,348 | 1,311,348 |
| Cash flow hedging reserve | (129,911) | (419,281) |
| Retained earnings | 5,580,680 | 4,811,502 |
| Total equity | 6,891,990 | 5,833,442 |
| Non-current liabilities | | |
| Interest-bearing borrowings | 4,127,083 | 4,786,893 |
| Long-term provisions | 41,211 | 41,036 |
| Deferred tax liabilities | 207,142 | 23,182 |
| Other financial liabilities | 89,722 | 127,364 |
| Total non-current liabilities | 4,465,158 | 4,978,475 |
| Current liabilities | | |
| Trade payables, accruals and deferred income, and other liabilities | 3,567,759 | 3,817,503 |
| Interest-bearing borrowings | 1,727,653 | 1,682,149 |
| Short-term provisions | 4,940 | 8,521 |
| Other financial liabilities | 95,822 | 129,434 |
| Total current liabilities | 5,396,174 | 5,637,607 |
| Total liabilities | 9,861,332 | 10,616,082 |
| Total equity and liabilities | 16,753,322 | 16,449,524 |

GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
for the nine months ended September 30th 2012

| (PLN '000) | 9 months ended Sep 30 2012 | 9 months ended Sep 30 2011 |
|--|-------------------------------|----------------------------------|
| | (unaudited) | (unaudited) |
| Cash flows from operating activities | | |
| Net profit | 769,178 | 296,025 |
| Adjustments: | | |
| Depreciation and amortisation | 313,681 | 268,593 |
| Foreign exchange (gains)/losses | (70,729) | 202,483 |
| Interest and dividends | (192,077) | (173,516) |
| (Gain)/loss from investing activities | (51,715) | 1,077 |
| Current income tax | 113,726 | 12,689 |
| Income tax paid | (7,745) | (85,561) |
| (Increase) in receivables | (450,888) | (297,320) |
| Decrease/(Increase) in inventories | 74,656 | (1,262,514) |
| (Decrease)/ increase in liabilities and accruals and deferred income | (276,225) | 1,066,722 |
| (Decrease) in provisions | (3,406) | (30) |
| Decrease/(Increase) in prepayments and accrued income | 17,308 | (752) |
| Settlement and valuation of financial instruments | (72,742) | 60,201 |
| Other adjustments | 2,883 | (29,067) |
| | ----- | ----- |
| Net cash from operating activities | 165,905 | 59,030 |
| | ----- | ----- |
| Cash flows from investing activities | | |
| Sale of non-current financial assets | 78,536 | - |
| Sale of property, plant and equipment and intangible assets | 24 | 316 |
| Dividends received | 287,328 | 240,479 |
| Interest received | 4,840 | 1,575 |
| Repayment of loans advanced | 650 | - |
| Loans advanced | (126,579) | (882) |
| Purchase of non-current financial assets | (3) | (9,721) |
| Other cash outflows on financial assets | (47,340) | (27,529) |
| Purchase of property, plant and equipment and intangible assets | (69,072) | (132,105) |
| Prepayments for tangible assets under construction | (6,297) | (3,315) |
| Cash pool expenses | (16,453) | - |
| Other cash from investing activities | 1 | - |
| | ----- | ----- |
| Net cash from investing activities | 105,635 | 68,818 |
| | ----- | ----- |
| Cash flows from financing activities | | |
| Increase in borrowings and other debt instruments | 184,525 | 321,291 |
| Repayment of borrowings and other debt instruments | (376,427) | (209,958) |
| Interest paid | (97,428) | (43,569) |
| Settlement of financial instruments | (38,546) | (68,417) |
| Decrease in finance lease liabilities | - | (67) |
| | ----- | ----- |
| Net cash from financing activities | (327,876) | (720) |
| | ----- | ----- |
| Effect of exchange rate fluctuations on cash held | (20,323) | 20,554 |
| | ----- | ----- |
| Change in net cash | (76,659) | 147,682 |
| | ----- | ----- |
| Cash at beginning of period | (165,987) | (187,066) |
| | ----- | ----- |
| Cash at end of period | (242,646) | (39,384) |
| | ----- | ----- |
| - restricted cash | 922 | 14,690 |

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GRUPA LOTOS S.A.
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended September 30th 2012

| (PLN '000) | Share capital | Statutory reserve funds | Cash flow hedging reserve | Retained earnings | Total equity |
|--|----------------|-------------------------|---------------------------|-------------------|------------------|
| Jan 1 2012 (audited) | 129,873 | 1,311,348 | (419,281) | 4,811,502 | 5,833,442 |
| Net profit for the nine months ended September 30th 2012 | - | - | - | 769,178 | 769,178 |
| Other comprehensive income, net, for the nine months ended Sep 30 2012 | - | - | 289,370 | - | 289,370 |
| Sep 30 2012 (unaudited) | 129,873 | 1,311,348 | (129,911) | 5,580,680 | 6,891,990 |
| Jan 1 2011 (audited) | 129,873 | 1,311,348 | - | 4,503,832 | 5,945,053 |
| Net profit for the nine months ended September 30th 2011 | - | - | - | 296,025 | 296,025 |
| Other comprehensive income, net, for the nine months ended Sep 30 2011 | - | - | (272,966) | - | (272,966) |
| Sep 30 2011 (unaudited) | 129,873 | 1,311,348 | (272,966) | 4,799,857 | 5,968,112 |

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30TH 2012

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 LOTOS Group

As at September 30th 2012, the LOTOS Group comprised Grupa LOTOS S.A. (the Parent) and 33 production and service companies, including:

- 14 subsidiaries of Grupa LOTOS S.A.,
- 17 indirect subsidiaries of Grupa LOTOS S.A. and 2 companies accounted for using the proportional method.

The following table presents the subsidiaries of the LOTOS Group S.A., 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 | Ownership interest (%) | | |
|---|-----------------------|--|--|------------------------|------------------------|----------------|
| | | | | Sep 30 2012 | Dec 31 2011 | Sep 30 2011 |
| Parent | | | | | | |
| Grupa LOTOS S.A. | Gdańsk | Production and processing of refined petroleum products (mainly fuels) and their wholesale | Not applicable | Not applicable | Not applicable | Not applicable |
| Direct subsidiaries | | | | | | |
| LOTOS Paliwa Sp. z o.o. | Gdańsk | Wholesale and retail sale of fuels and light fuel oil, management of the LOTOS service station network | full | 100.00% | 100.00% | 100.00% |
| LOTOS Gaz S.A. w likwidacji (in liquidation) ⁽¹⁾ | Kraków ⁽¹⁾ | Dormant | full | 100.00% | 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% | 100.00% |
| LOTOS Asphalt Sp. z o.o. | Gdańsk | Production and sale of bitumens | full | 100.00% | 100.00% ⁽²⁾ | 100.00% |
| LOTOS Kolej Sp. z o.o. | Gdańsk | Railway transport | full | 100.00% | 100.00% | 100.00% |
| LOTOS Serwis Sp. z o.o. | Gdańsk | Maintenance of mechanical and electrical systems and controlling devices, overhaul and repair services | full | 100.00% | 100.00% | 100.00% |
| LOTOS LAB Sp. z o.o. | Gdańsk | Laboratory analyses | full | 100.00% | 100.00% | 100.00% |

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Notes to the interim condensed consolidated financial statements
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| Name | Registered office | Core business | Method of consolidation/ accounting for the interest | Ownership interest (%) | | |
|--|----------------------|---|---|------------------------|------------------------|----------------------------|
| | | | | Sep 30 2012 | Dec 31 2011 | Sep 30 2011 |
| LOTOS Straż Sp. z o.o. | Gdańsk | Fire safety | full | 100.00% | 100.00% | 100.00% |
| LOTOS Ochrona Sp. z o.o. | Gdańsk | Personal and property protection | full | 100.00% | 100.00% | 100.00% |
| LOTOS Parafiny Sp. z o.o. | Jasło | Production and sale of paraffin | full | _(4) | 100.00% ⁽³⁾ | 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% | 100.00% |
| LOTOS Czechowice S.A. (parent company of another group) | Czechowice-Dziedzice | Storage and distribution of fuels | full | 100.00% | 100.00% | 100.00% ⁽⁵⁾ |
| LOTOS Jasło S.A. | Jasło | Storage and distribution of fuels Renting and operating of own or leased real estate | full | 100.00% | 100.00% | 100.00% ⁽⁵⁾ |
| LOTOS Petrobaltic S.A. (parent of another group) | Gdańsk | Acquisition of crude oil and natural gas deposits and their exploitation | full | 99.95% ⁽⁷⁾ | 99.95% ⁽⁷⁾ | 99.94% ⁽⁶⁾ |
| LOTOS Park Technologiczny Sp. z o.o. | Jasło | The company does not conduct operations | full | 100.00% | 100.00% | 100.00% |
| Indirect subsidiaries | | | | | | |
| RCEkoenergia Sp. z o.o. | Czechowice-Dziedzice | Production and distribution of electricity, heat and gas | full | 100,00% | 100,00% | 100,00% ⁽⁸⁾ |
| LOTOS Biopaliwa Sp. z o.o. | Czechowice-Dziedzice | Production of fatty acid methyl esters (FAME) | full | 100,00% | 100,00% | 100,00% ⁽⁸⁾ |
| PLASTEKOL Organizacja Odzysku S.A. | Jasło | Provision of services | | _(9) | | |
| Miliana Shipholding Company Ltd. (Miliana Shipping Company Ltd.) (parent of another group) ⁽¹²⁾ | Nicosia, Cyprus | Storage and transport of crude oil, other sea transport related services, and managing own financial assets | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 11) |
| LOTOS Ekoenergia Sp. z o.o. ⁽¹³⁾ | Gdańsk | The company has not commenced operations ⁽¹³⁾ | full | 99.95% ⁽¹³⁾ | 100.00% | 100.00% |
| Miliana Shipmanagement Ltd. | Nicosia, Cyprus | Provision of sea transport and related services | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |
| Miliana Shipping Group Ltd. (parent of another group) ⁽¹²⁾ | Nicosia, Cyprus | Management of own assets | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |
| Bazalt Navigation Company Ltd. | Nicosia, Cyprus | Ship chartering | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |
| Granit Navigation Company Ltd. | Nicosia, Cyprus | Ship chartering | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |
| Kambr Navigation Company Ltd. | Nicosia, Cyprus | Ship chartering | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |
| St. Barbara Navigation Company Ltd. | Nicosia, Cyprus | Ship chartering | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |
| Petro Icarus Company Ltd. | Nicosia, Cyprus | Ship chartering | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |
| Petro Aphrodite Company Ltd. | Nicosia, Cyprus | Ship chartering | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ^(10, 12) |

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| Name | Registered office | Core business | Method of consolidation/ accounting for the interest | Ownership interest (%) | | |
|--|-------------------------------|--|--|--------------------------------|----------------------------|--------------------------------|
| | | | | Sep 30 2012 | Dec 31 2011 | Sep 30 2011 |
| LOTOS Exploration and Production Norge AS | Stavanger, Norway | Oil exploration and production on the Norwegian Continental Shelf, provision of services related to oil exploration and production | full | 99.95% ^(10, 14) | 99.95% ^(10, 14) | 99.94% ⁽¹⁰⁾ |
| Aphrodite Offshore Services N.V. | Curaçao, Netherlands Antilles | Dormant since October 17th 2011 | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ⁽¹⁰⁾ |
| Energobaltic Sp. z o.o. | Władysławowo | Production of electricity, heat, LPG and natural gas condensate | full | 99.95% ⁽¹⁰⁾ | 99.95% ⁽¹⁰⁾ | 99.94% ⁽¹⁰⁾ |
| AB LOTOS Baltija (parent of another group) ^(15, 16) | Vilnius, Lithuania | Business and legal advisory services | full | _(10,15) | | 99.94% ⁽¹⁰⁾ |
| AB Meditus (parent of another group) ^(15, 17) | Vilnius, Lithuania | Business and legal advisory services | full | _(10, 15) | | 99.94% ^(10, 15) |
| AB LOTOS Geonafta (parent of another group) ⁽¹⁵⁾ | Gargždai, Lithuania | Crude oil exploration and production, drilling services, and purchase and sale of crude oil | full | 99.95% ^(10, 15) | 99.95% ^(10, 15) | 99.94% ^(10, 15, 18) |
| UAB Genciu Nafta | Gargždai, Lithuania | Crude oil exploration and production | full | 99.95% ^(10, 15, 19) | 99.95% ^(10, 15) | 99.94% ^(10, 15) |
| Companies accounted for using the proportional method | | | | | | |
| UAB Manifoldas | Gargždai, Lithuania | Crude oil exploration and production | proportional | 49.98% ^(10, 15, 20) | 49.98% ^(10, 15) | 49.97% ^(10, 15) |
| UAB Minijos Nafta | Gargždai, Lithuania | Crude oil exploration and production | proportional | 49.98% ^(10, 15) | 49.98% ^(10, 15) | 49.97% ^(10, 15) |

⁽¹⁾ On January 10th 2011, the General 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 that LOTOS Gaz S.A. be declared bankrupt. 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 consolidated financial statements. The company's new business address in Kraków was registered on July 8th 2011. Previously, the company was based in Mława.

⁽²⁾ On December 29th 2011, the share capital increase at LOTOS Asphalt 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. The share capital increase was financed using own funds of LOTOS Asphalt Sp. z o.o.

⁽³⁾ 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, with a par value of PLN 1,000 thousand 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.

⁽⁴⁾ 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 LP II 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. (see Note 19).

⁽⁵⁾ Following the transactions carried out as part of the squeeze-out, and relevant entries having been made in the share registers of LOTOS Czechowice S.A. and LOTOS Jasło S.A. on April 7th and 8th 2011, respectively, Grupa LOTOS S.A. holds a 100% interest in LOTOS Czechowice S.A. and a 100% interest in LOTOS Jasło S.A.

⁽⁶⁾ By September 30th 2011, Grupa LOTOS S.A. acquired from non-controlling interests an additional 0.62% of shares in LOTOS Petrobaltic S.A. As a result of the executed transactions, as at September 30th 2011 Grupa LOTOS S.A. held 99.94% of shares (i.e. 9,234,784 shares) in LOTOS Petrobaltic S.A., including 9,234,242 shares entered in the share register of LOTOS Petrobaltic S.A. conferring the right to vote at the company's General Meeting. On October 14th 2011, after further entries had been made in the share register of LOTOS Petrobaltic S.A., Grupa LOTOS S.A. became the holder of 9,234,784 shares conferring the right to vote at the company's General Meeting.

⁽⁷⁾ By December 31st 2011, Grupa LOTOS S.A. acquired from non-controlling interests a further 0.63% of shares in LOTOS Petrobaltic S.A., and 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

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registered shares with a par value of PLN 10 per share, acquired 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 totalling PLN 80,968 thousand. As at December 31st 2011, Grupa LOTOS S.A. held a 99.95% interest in LOTOS Petrobaltic S.A.

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. 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, through the issue of 280,000 registered Series C shares with a value of PLN 10 per share. Grupa LOTOS S.A. was allocated 279,996 shares.

In the period from January 1st to September 31st 2012, Grupa LOTOS S.A. acquired 26 shares in LOTOS Petrobaltic S.A. with an aggregate value of PLN 3 thousand, representing 0.0003% of the company's share capital (see Note 19).

⁽⁸⁾ The shareholding changes described in item ⁽⁵⁾ above resulted in changes in the Group's indirect interests in the share capitals of the subsidiaries of LOTOS Czechowice S.A.

⁽⁹⁾ On February 11th 2011, LOTOS Jaslo S.A. entered into an agreement with an external partner concerning sale of five investment areas, including an organised part of business and a holding of 95.5% of shares in PLASTEKOL Organizacja Odzysku S.A. The effect of loss of control over the subsidiary, of PLN 679 thousand, is presented in the interim condensed consolidated statement of comprehensive income for the nine months ended September 30th 2011 under "Loss of control over subsidiary".

⁽¹⁰⁾ The shareholding changes described in items ^(6, 7) above resulted in changes in the Group's indirect interests in the share capitals of the subsidiaries of LOTOS Petrobaltic S.A.

⁽¹¹⁾ 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 USD mid-exchange 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.

⁽¹²⁾ 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.

Furthermore, on September 13th 2011, LOTOS Petrobaltic S.A. received a formal confirmation that on July 28th 2011 Miliana Shipping Company Ltd. assumed control over four companies, i.e. 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.

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

⁽¹³⁾ On July 31st 2012, Grupa LOTOS S.A. sold 100% of shares in LOTOS Ekoenergia Sp. z o.o. to Miliana Shipholding Company Ltd. As of October 1st 2012, LOTOS Ekoenergia Sp. z o.o. has conducted business operations involving the provision of advisory services related to the safe operation of ships, acquisition of marine vessels and coordination of ship chartering agreements; as well as organisation of sea transport (see Note 19). On October 17th 2012, a change of the company name from LOTOS Ekoenergia Sp. z o.o. to Technical Ship Management Sp. z o.o. was registered.

⁽¹⁴⁾ 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.

On January 14th 2012, the court registered an increase in the share capital of LOTOS Exploration and Production Norge AS by NOK 91,984 thousand, to NOK 664,718 thousand, 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.

⁽¹⁵⁾ Following corporate approvals by the General 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. On the acquisition date, LOTOS Petrobaltic S.A. directly held 40.59% of shares in AB Geonafta. 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 the name change from AB Geonafta to AB LOTOS Geonafta were registered. Following the merger, AB LOTOS Geonafta's share capital increased from LTL 161,126 to LTL 168,526. Following registration of the merger, the shareholder structure of AB LOTOS Geonafta was as follows: LOTOS Petrobaltic S.A. – 43.1980822%, Grupa LOTOS – 0.0005934%, own shares held by AB LOTOS Geonafta – 56.8013244%, however, the proportions of shares conferring the right to vote at the General 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.

On May 14th 2012, an increase in the share capital of AB LOTOS Geonafta, from LTL 168,526 to LTL 505,578, through an increase in the par value of the shares from LTL 1 to LTL 3, was registered with the Lithuanian Register of Enterprises. The share capital increase was financed using the company's own funds and had no effect on the shareholder structure of AB LOTOS Geonafta (LOTOS Petrobaltic S.A. – 43.1980822%, Grupa LOTOS – 0.0005934%, own shares held by AB LOTOS Geonafta – 56.8013244%). The respective interests conferring the right to vote at the General Meeting of AB LOTOS Geonafta were as follows: LOTOS Petrobaltic S.A. – 99.99862%, Grupa LOTOS S.A. – 0.00137%.

On June 1st 2012, the General Meeting of AB LOTOS Geonafta resolved to reduce the company's share capital by LTL 287 thousand, through a buyback of 95,725 own shares with a par value of LTL 3 per share.

On August 20th 2012, the reduction in the share capital of AB LOTOS Geonafta to 72,801 shares (with a par value of LTL 1 per share), with a total value of LTL 218, thousand was registered. Prior to the reduction, the share capital of AB LOTOS Geonafta comprised 168,526 shares (with a par value of LTL 3 per share), with a total value of LTL 505,578 thousand. Following the registration of the share capital reduction through the buyback of own shares, the ownership structure of AB LOTOS Geonafta is as follows: LOTOS Petrobaltic S.A. – 99.99862%, Grupa LOTOS S.A. – 0.00137%.

⁽¹⁶⁾ On May 23rd 2011, a change in the legal form of UAB LOTOS Baltija to AB LOTOS Baltija was registered. Until the merger referred to in ⁽¹⁵⁾, the company operated under the name of AB LOTOS Baltija.

⁽¹⁷⁾ On May 10th 2011, a change in the legal form of UAB Meditus to AB Meditus was registered. Until the merger referred to in ⁽¹⁵⁾, the company operated under the name of AB Meditus.

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⁽¹⁸⁾ 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 Geonafra for LTL 3 thousand (PLN 3.5 thousand).

⁽¹⁹⁾ On July 13th 2012, a reduction in the share capital of UAB Genciu Nafta, from LTL 16,900 thousand to LTL 10 thousand, was registered. The number of company shares was decreased by 1,689,000 shares, with a par value of LTL 10 per share.

⁽²⁰⁾ On September 27th 2012, AB LOTOS Geonafra concluded an agreement for purchase of 50% shares in UAB Manifoldas from a natural person. The transaction will be closed on or before December 31st 2012 following its approval by the Lithuanian anti-trust authority.

As at September 30th 2012 and as at December 31st 2011, the Group's interests in the total vote at the general meetings of its subsidiaries were equal to its ownership interests in their share capitals. As at September 30th 2011, the Group's interests in the total vote at the general meetings of its subsidiaries were equal to its respective ownership interests, except in the case of LOTOS Petrobaltic S.A. (see above).

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

As at January 1st 2012, the composition of Grupa LOTOS S.A. 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 Sokołowski – Vice-President of the Management Board, Chief Operation Officer,
Maciej Szozda – Vice-President of the Management Board, Chief Commercial Officer.

On June 21st 2012, the Supervisory Board of Grupa LOTOS S.A. resolved to appoint the following persons to the Management Board of the eighth joint term of office, with effect as of June 28th 2012:

Paweł Olechnowicz as President of the Management Board,
Mariusz Machajewski as Vice-President of the Management Board, Chief Financial Officer,
Zbigniew Paszkowicz as Vice-President of the Management Board, Chief Exploration & Production Officer,
Marek Sokołowski as Vice-President of the Management Board, Chief Operation Officer,
Maciej Szozda as Vice-President of the Management Board, Chief Commercial Officer.

As at the date of approval of these interim condensed consolidated financial statements, the composition of the Management Board of Grupa LOTOS S.A. of the eighth term of office was as follows:

Paweł Olechnowicz – President of the Management Board, Chief Executive Officer,
Mariusz Machajewski – Vice-President of the Management Board, Chief Financial Officer,
Zbigniew Paszkowicz – Vice-President of the Management Board, Chief Exploration & Production Officer,
Marek Sokołowski – Vice-President of the Management Board, Chief Operation Officer,
Maciej Szozda – Vice-President of the Management Board, Chief Commercial Officer.

As at January 1st 2012, the composition of Grupa LOTOS S.A. Supervisory Board 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.

On February 29th 2012, the Extraordinary General Meeting of Grupa LOTOS S.A. resolved to change the composition of the Company's Supervisory Board and appointed Ms Agnieszka Trzaskalska and Mr Marcin Majeranowski as Members of the Supervisory Board, and removed from office Mr Leszek Starosta.

As at the date of approval of these interim condensed consolidated financial statements, 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,
Marcin Majeranowski – 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,
Agnieszka Trzaskalska – Member of the Supervisory Board.

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4. Basis of preparation and 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 IFRSs applicable to interim financial reporting, which had been published and were effective at the time of preparing these interim condensed consolidated financial statements of the LOTOS Group. These financial statements present the Group's financial position as at September 30th 2012 and December 31st 2011, as well as its operating results and cash flows for the three and nine months ended September 30th 2012 and September 30th 2011.

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 as a going concern 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's companies continuing as going concerns.

These interim condensed consolidated financial statements should be read in conjunction with the 2011 consolidated financial statements of the LOTOS Group prepared in accordance with IFRS, released on April 20th 2012.

The financial information as at September 30th 2012 and for the three and nine months ended on that date, as well as the comparative financial data for the three and nine months ended September 30th 2011, contained in these interim condensed consolidated financial statements, have not been audited. The financial information as at December 31st 2011 has been audited by a qualified auditor, who issued an opinion on the financial statements on April 17th 2012.

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

These interim condensed consolidated financial statements were approved for publication by the Management Board of Grupa LOTOS S.A. on October 29th 2012.

4.1 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 2011 (see Note 10 to the consolidated financial statements for 2011, prepared in accordance with the IFRS).

In the nine months ended September 30th 2012, the Company extended the scope of application of cash flow hedge accounting through the establishment of new hedging relationships 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.

The Parent and LOTOS Petrobaltic S.A., LOTOS Exploration and Production Norge AS, LOTOS Asfalt Sp. z o.o., LOTOS Oil S.A., LOTOS Paliwa Sp. z o.o., LOTOS Kolej Sp. z o.o., LOTOS Tank Sp. z o.o., LOTOS Serwis Sp. z o.o., AB LOTOS Geonaftha and UAB Minijos Nafta maintain their accounting books in accordance with the accounting policies prescribed by the International Financial Reporting Standards. The other Group companies maintain their accounting books in accordance with the accounting standards defined in the Polish Accountancy Act of September 29th 1994 and the accounting policies and standards applicable at their foreign locations. These consolidated financial statements include adjustments which are absent from the accounting books of the Group's entities 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 the existing standards and interpretations which have been adopted by the European Union are effective in periods beginning after January 1st 2012:

- Amendments to IFRS 7 Financial Instruments: Disclosures: Transfers of Financial Assets (effective for annual periods beginning on or after July 1st 2011).

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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.

4.2 Exchange rates

The following exchange rates were applied for the purposes of the balance-sheet valuation and translation of foreign entities' financial statements into the Polish zloty:

| | Mid-exchange rate quoted by the NBP for: | | Average exchange rate quoted by the NBP for ⁽¹⁾ | | |
|-----|--|-------------|--|--------------------------------|-------------------------------|
| | Sep 30 2012 | Dec 31 2011 | 9 months ended Sep 30 2012 | 12 months ended Dec 31 2011 | 9 months ended Sep 30 2011 |
| USD | 3.1780 | 3.4174 | 3.2596 | 2.9679 | 2.8523 |
| EUR | 4.1138 | 4.4168 | 4.1948 | 4.1401 | 4.0413 |
| NOK | 0.5591 | 0.5676 | 0.5602 | 0.5315 | 0.5181 |
| LTL | 1.1914 | 1.2792 | 1.2149 | 1.1991 | 1.1704 |

⁽¹⁾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 – September 30th 2012, January 1st – December 31st 2011 and January 1st – September 30th 2011.

4.3 Change of information presented in previous reporting periods, change of accounting policies and correction of errors

- In the consolidated statement of comprehensive income for the year ended December 31st 2011, the Group reclassified some of cost items previously disclosed under administrative expenses (perpetual usufruct charges, property insurance, and licence charges) to distribution costs and cost of sales. As a result of this change, for the nine months ended September 30th 2011 administrative expenses fell PLN 24,855 thousand (PLN 9,806 thousand for the three months ended September 30th 2011), while distribution costs rose by PLN 979 thousand (PLN 317 thousand for the three months ended September 30th 2011), and cost of sales went up by PLN 23,876 thousand (PLN 9,489 thousand for the three months ended September 30th 2011).
- In the consolidated financial statements for the year ended December 31st 2011, the Group accounted for the final settlement of the business combination of February 3rd 2011, consisting in acquisition of AB Geonafta shares by an indirect subsidiary. As a result, in the consolidated statement of comprehensive income for the nine months ended September 30th 2011, under "Effect of accounting for the step acquisition of control over AB LOTOS Geonafta" totalling PLN 126,383 thousand, the Group recognised the gain on bargain purchase of PLN 19,920 thousand and the increase in the value of LOTOS Petrobaltic S.A.'s 40.59% interest in AB Geonafta, previously held by LOTOS Petrobaltic S.A., resulting from its measurement to fair value at the acquisition date, of PLN 106,463 thousand. Further, in the consolidated statement of comprehensive income for the nine months ended September 30th 2011, cost of sales increased by PLN 11,042 thousand (PLN 4,518 thousand for the three months ended September 30th 2011), finance income fell by PLN 104,738 thousand, corporate income tax decreased by PLN 4,245 thousand (PLN 1,729 thousand for the three months ended September 30th 2011), and other comprehensive income increased by PLN 3,536 thousand (PLN 9,229 thousand for the three months ended September 30th 2011). In the consolidated statement of cash flows from operating activities for the nine months ended September 30th 2011, the following items changed: depreciation/amortisation by PLN 11,042 thousand, (gain)/loss from investing activities by PLN (21,645) thousand, current income tax by PLN (4,245) thousand.
- In the consolidated financial statements for the year ended December 31st 2011, the Group reclassified certain items previously recognised under investment commitments to other liabilities. As a result of this change, as at September 30th 2011 and January 1st 2011, other liabilities increased by PLN 3,498 thousand and PLN 866 thousand, respectively. Consequently, in the interim condensed consolidated statement of cash flows for the nine months ended September 30th 2011, the amount of cash flows from operating activities and cash flows from investing activities changed by PLN 2,632 thousand.
- In the statement of cash flows for the year ended December 31st 2011, the Group changed the presentation of sale and purchase of property, plant and equipment and intangible assets, which had previously been presented on a net basis in cash flows from investing activities under "Sale/(Purchase) of tangible and intangible assets". As a result of this change, in cash flows from investing activities for the nine months ended September 30th 2011 sale of property, plant and equipment and intangible assets was presented as "Sale of property, plant and equipment and intangible assets" totalling PLN 11,614 thousand, while purchase of property, plant and equipment and intangible assets was presented as "Purchase of property, plant and equipment and intangible assets" totalling PLN (445,591) thousand. The change did not affect the comparative

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data presented in the interim condensed consolidated statement of cash flows under "Net cash from investing activities".

5. New standards and interpretations

New standards, amendments to the existing standards and interpretations which have been adopted by the European Union:

- 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).

The Management Board is assessing whether the introduction of the new standards and interpretations specified above will have any material impact on the accounting policies applied by the Group.

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),
- 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),
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective for periods beginning on or after January 1st 2013),
- Amendments to IFRS 7 – Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1st 2013),
- Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1st 2014),
- Amendments to IFRS 1 – First-Time Adoption of International Financial Reporting Standards: Government Loans (effective for annual periods beginning on or after January 1st 2013),
- Amendments introduced as part of the Improvements to IFRSs (published in May 2012) (effective for annual periods beginning on January 1st 2013),
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Transition Guidance (effective for annual 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 1st 2015), had 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 is assessing whether the introduction of the new standards and interpretations specified above will have any material impact on the accounting policies applied by the Group.

6. Brief description of significant achievements or failures in the interim period

Except for those described in these interim condensed consolidated financial statements, there were no other material achievements or failures.

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 – September 30th 2012, the effect of the gain on remeasurement of borrowings and other debt instruments denominated in foreign currencies, recognised in the statement of comprehensive income, amounted to PLN 476,281 thousand and has been presented in finance income (PLN 119,034 thousand) and in other comprehensive income, net (PLN 357,247 thousand).

In the period January 1st – September 30th 2012, foreign exchange gains recognised in the cash flow hedging reserve amounted to PLN 357,247 thousand and related exclusively to the gain on valuation of borrowings denominated in foreign currencies, used as hedging instruments, before the PLN 67,877 thousand adjustment for a tax effect.

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.

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

In the nine months ended September 30th 2012, LOTOS Asphalt Sp. z o.o. issued short-term bearer notes under the Note Issuance Programme Agreement of July 27th 2010.

As part of the Note Issuance 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 nominal value of the notes). The term of the programme is five years. The notes are denominated in the Polish zloty and are offered in private placements. The notes are issued as unsecured zero-coupon bearer notes in book-entry form and are redeemed at nominal values.

The issued notes were acquired by third-party investors and by the Group companies. The nominal value of notes issued to investors outside the Group in the period from January 1st to September 30th 2012 is presented in the table below:

| PLN '000 | Nominal value of notes issued | Discount | Liabilities under notes issued |
|------------------------------------|----------------------------------|----------|--------------------------------|
| Jan 1 2012 (audited) | - | - | - |
| Increase (issue) | 364,000 | (1,607) | |
| Decrease (redemption) | (364,000) | 1,607 | |
| Sep 30 2012 (unaudited) | - | - | - |

In the nine months ended September 30th 2012, the proceeds from the notes issued by the Group were PLN 362,393 thousand, net of the issue expenses. In the nine months ended September 30th 2012, the issue expenses were PLN 364,000 thousand.

In the nine months ended September 30th 2012, LOTOS Asphalt Sp. z o.o. issued notes with a total nominal value of PLN 214,200 thousand. The notes were acquired by the Group companies (see Note 21). In the nine months ended September 30th 2012, LOTOS Asphalt Sp. z o.o. redeemed all the outstanding notes from the Group companies.

No other debt or equity securities were issued, redeemed or repaid in the nine months ended September 30th 2012.

11. Dividends

On June 28th 2012, the General Meeting of Grupa LOTOS S.A. adopted a resolution on distribution of the Company's net profit for the year ended December 31st 2011. The General Meeting resolved not to distribute the Company's net profit for the year ended December 31st 2011, totalling PLN 307,670 thousand, to the Company shareholders, and to allocate the profit as follows:

- PLN 306,170 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 consolidated financial statements, the Company presented profit after distribution under Retained earnings. Further, the allocation of profit to the Special Account was recognised as an expense in the nine months ended September 30th 2012 and presented under short-term provisions.

12. Earnings/(loss) per share

| | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 | 3 months ended Sep 30 2011 | 9 months ended Sep 30 2011 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Net profit/(loss) attributable to owners of the Parent (PLN '000) (A) | 625,969 | 694,154 | (331,400) | 574,906 |
| Weighted average number of shares (in thousands) (B) | 129,873 | 129,873 | 129,873 | 129,873 |
| | ===== | ===== | ===== | ===== |
| Net earnings/(loss) per share (PLN) (A/B) | 4.82 | 5.34 | (2.55) | 4.43 |

Net earnings/(loss) per share for each period are calculated by dividing the net profit/(loss) attributable to owners of the Parent for a given period by the weighted average number of shares in the period.

The Group does not disclose the diluted earnings/(loss) per share, since there are no dilutive instruments outstanding.

During the nine months ended September 30th 2012 and the nine months ended September 30th 2011, the Group did not discontinue any activities.

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13. Deferred tax

| PLN '000 | Statement of financial position | | Statement of comprehensive income for the nine months ended |
|---|---------------------------------|-------------|---|
| | Sep 30 2012 | Dec 31 2011 | Sep 30 2012 |
| | (unaudited) | (audited) | (unaudited) |
| Deferred tax assets | 1,084,644 | 400,128 | 684,516 |
| Deferred tax liabilities | 277,868 | 105,226 | 172,642 |
| | ===== | ===== | ===== |
| Deferred tax expense | | | 511,874 |
| | | | ===== |
| Exchange differences on translating foreign operations | | | (234) |
| Deferred tax disclosed under other comprehensive income | | | 62,691 |
| | | | ===== |
| Deferred tax expense recognised under consolidated net profit | | | 574,331 |
| | | | ===== |

14. Impairment losses

| PLN '000 | Property, plant and equipment and intangible assets | Assets held for sale | Inventories | Receivables | Total |
|--|---|----------------------|---------------|----------------|------------------|
| Jan 1 2012 (audited) | 436,830 | - | 11,437 | 195,646 | 643,913 |
| Increase | 937,441 ⁽¹⁾ | - | 6,345 | 11,830 | 955,616 |
| Exchange differences on translating foreign operations | (7,175) | - | (81) | (1,234) | (8,490) |
| Release | (2,350) | - | (9,251) | (2,285) | (13,886) |
| Use | (1,535) | (142) | (305) | (5,306) | (7,288) |
| Reclassification into assets held for sale | (390) | 390 | - | - | - |
| | ===== | ===== | ===== | ===== | ===== |
| Sep 30 2012 (unaudited) | 1,362,821 | 248 | 8,145 | 198,651 | 1,569,865 |
| | ===== | ===== | ===== | ===== | ===== |

⁽¹⁾ including a NOK 1,672 m (PLN 936,7, translated at the NOK exchange rate being 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 – September 30th 2012) impairment loss recognised with respect to assets related to the YME field in the three months ended June 30th 2012.

15. Purchase or sale of property, plant and equipment

In the nine months ended September 30th 2012, the Group acquired property, plant and equipment and intangible assets in the amount of PLN 471,437 thousand.

In the nine months ended September 30th 2012, the Group sold property, plant and equipment and intangible assets with a total carrying amount of PLN 6,378 thousand.

16. Provisions

| PLN '000 | Provision for land reclamation | Length-of-service awards and retirement severance payments | Provision for Offshore Oil and Gas Facilities | Other provisions | Total |
|--|-----------------------------------|--|--|---------------------|----------------|
| Jan 1 2012 (audited) | 60,557 | 131,801 | 222,586 | 5,518 | 420,462 |
| Increase, including: | (369) | 9,691 | 6,024 | 1,529 | 16,875 |
| - currency translation differences on foreign operations | (1,311) | (51) | (889) | - | (2,251) |
| Release | (13) | (2,466) | - | (894) | (3,373) |
| Use | (136) | (10,348) | (7) | (1,382) | (11,873) |
| | ===== | ===== | ===== | ===== | ===== |
| Sep 30 2012 (unaudited) | 60,039 | 128,678 | 228,603 | 4,771 | 422,091 |
| | ===== | ===== | ===== | ===== | ===== |

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17. Business segments

| PLN '000 | Upstream segment ⁽¹⁾ | | Downstream segment | | Other ⁽²⁾ | | Consolidation adjustments | | Consolidated | |
|---|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 | 3 months ended Sep 30 2012 | 9 months ended Sep 30 2012 |
| | (unaudited) | | | | | | | | | |
| Revenue: | 125,415 | 626,977 | 8,530,282 | 24,626,987 | 5,799 | 20,070 | (92,716) | (488,800) | 8,568,780 | 24,785,234 |
| Intersegment sales | 78,753 | 442,626 | 9,587 | 31,410 | 4,376 | 14,764 | (92,716) | (488,800) | - | - |
| External sales | 46,662 | 184,351 | 8,520,695 | 24,595,577 | 1,423 | 5,306 | - | - | 8,568,780 | 24,785,234 |
| Operating profit/(loss) (EBIT) | 46,425 | (654,893) | 524,223 | 812,130 | 718 | 4,572 | 32,430 | (458) | 603,796 | 161,351 |
| Depreciation and amortisation | 30,766 | 93,530 | 131,418 | 394,471 | 2,771 | 7,737 | (450) | (1,345) | 164,505 | 494,393 |
| Operating profit/(loss) before amortisation and depreciation (EBITDA) | 77,191 | (561,363) | 655,641 | 1,206,601 | 3,489 | 12,309 | 31,980 | (1,803) | 768,301 | 655,744 |
| PLN '000 | Upstream segment | | Downstream segment | | Other ⁽²⁾ | | Consolidation adjustments | | Consolidated | |
| | Sep 30 2012 (unaudited) | | | | | | | | | |
| Total assets | | 2,997,206 | | 18,116,118 | | 148,087 | | (903,524) | | 20,357,887 |
| - including net exploration and appraisal assets | | 133,180 | | - | | - | | - | | 133,180 |

⁽¹⁾ In the upstream segment, the Operating profit/(loss) (EBIT) includes a NOK 1,672m (PLN 936,7, translated at the NOK exchange rate being 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 – September 30th 2012) impairment loss recognised with respect to assets related to the YME field in the three months ended June 30th 2012.

⁽²⁾ Includes 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 Sep 30 2011 | 9 months ended Sep 30 2011 | 3 months ended Sep 30 2011 | 9 months ended Sep 30 2011 | 3 months ended Sep 30 2011 | 9 months ended Sep 30 2011 | 3 months ended Sep 30 2011 | 9 months ended Sep 30 2011 | 3 months ended Sep 30 2011 | 9 months ended Sep 30 2011 |
| | (unaudited) (restated) | | | | | | | | | |
| Revenue: | 128,877 | 443,022 | 7,544,603 | 20,748,885 | 5,158 | 15,957 | (81,137) | (313,753) | 7,597,501 | 20,894,111 |
| Intersegment sales | 66,368 | 272,673 | 10,478 | 29,245 | 4,291 | 11,835 | (81,137) | (313,753) | - | - |
| External sales | 62,509 | 170,349 | 7,534,125 | 20,719,640 | 867 | 4,122 | - | - | 7,597,501 | 20,894,111 |
| Operating profit/(loss) (EBIT) | 38,989 | 266,740 | 55,595 | 710,288 | (533) | (639) | (5,899) | (34,018) | 88,152 | 942,371 |
| Depreciation and amortisation | 32,103 | 87,228 | 132,236 | 346,237 | 2,423 | 7,346 | (339) | (1,003) | 166,423 | 439,808 |
| Operating profit/(loss) before amortisation and depreciation (EBITDA) | 71,092 | 353,968 | 187,831 | 1,056,525 | 1,890 | 6,707 | (6,238) | (35,021) | 254,575 | 1,382,179 |

| PLN '000 | Upstream segment | | Downstream segment | | Other ⁽¹⁾ | | Consolidation adjustments | | Consolidated | |
|--|--|------------------|--------------------|-------------------|----------------------|----------------|---------------------------|------------------|--------------|-------------------|
| | Dec 31 2011 (audited) (restated) | | | | | | | | | |
| Total assets | | 3,061,580 | | 17,901,203 | | 147,187 | | (686,750) | | 20,423,220 |
| - including net exploration and appraisal assets | | 89,581 | | - | | - | | - | | 89,581 |

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

1. On October 10th 2012, Grupa LOTOS S.A. and a syndicate of five banks including

- BANK POLSKA KASA OPIEKI S.A. of Warsaw,
- BRE BANK S.A. of Warsaw,
- ING BANK ŚLĄSKI S.A. of Katowice,
- NORDEA BANK AB (publ) of Stockholm,
- SOCIETE GENERALE S.A. of Paris,

executed a credit facility agreement to refinance the existing inventory financing facility granted to Grupa LOTOS S.A. under a credit facility agreement of December 20th 2007, as amended, by a syndicate of 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 NORDEA BANK POLSKA S.A. of Gdynia. The agreement provides for a revolving credit facility of up to USD 400m (PLN 1,268m, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for October 10th 2012), intended to finance/refinance Grupa LOTOS S.A.'s inventories. The lending period is 12 months, starting from December 20th 2012, with an option to extend it for subsequent 12-month periods. The credit facility is secured primarily by an agreement on registered pledge over the Company's inventories (along with related assignment of rights under inventory storage agreements and insurance policies), and an agreement on pledge over cash receivables under an agreement for the keeping of bank accounts of Grupa LOTOS S.A. concluded in connection with the credit facility agreement (along with a power of attorney over the accounts). The other terms and conditions of the credit facility agreement, including provisions concerning penalties, do not differ from those commonly used in agreements of such type.

The agreement is subject to a condition precedent, i.e. it will enter into force once the Company's Supervisory Board adopts a resolution approving the agreement.

19. 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 2011 (see Note 2 to the consolidated financial statements for 2011, prepared in accordance with the IFRS), the Group's structure was subject to the changes listed below and described in Note 2 to these interim condensed consolidated financial statements.

Acquisition of Series A shares in LOTOS Petrobaltic S.A. and increase of the share capital of 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. The voluntary share purchase process was completed at the end of March 2012.

With respect to the remaining shares held by non-controlling shareholders, excluding the shares held by the State Treasury, on May 8th 2012 the Extraordinary General Meeting of LOTOS Petrobaltic S.A. adopted a resolution regarding a minority squeeze-out by a majority shareholder, that is Grupa LOTOS S.A.

In the period from January 1st to September 30th 2012, Grupa LOTOS S.A. acquired 26 shares in LOTOS Petrobaltic S.A. with an aggregate value of PLN 3 thousand, representing 0.0003% of the company's share capital.

In line with IAS 27 Consolidated and Separate Financial Statements, the transaction has been accounted for as an equity transaction, as a result of which an amount of PLN 2 thousand was recognised under retained earnings attributable to the Parent and the value of non-controlling interests decreased by PLN 5 thousand.

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. 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, through the issue of 280,000 registered Series C shares with a par value of PLN 10 per share. Grupa LOTOS S.A. was allocated 279,996 shares.

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As a result of the executed transactions, consisting in the purchase of shares in LOTOS Petrobaltic S.A. from non-controlling shareholders in 2011 and 2012 and the increase in the share capital of LOTOS Petrobaltic S.A., as at September 30th 2012 Grupa LOTOS S.A. held a 99.95% interest in LOTOS Petrobaltic S.A., including 9,934,851 shares conferring the right to vote at the company's General Meeting.

Sale of shares in LOTOS Parafiny Sp. z o.o. to a third party

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 executed a seven-year agreement for supply of slack waxes by Grupa LOTOS S.A. to LOTOS Parafiny Sp. z o.o. The agreement was concluded for a period from January 1st 2012 to December 31st 2018 and its estimated net value is PLN 780m. The maximum net value of contractual penalties is estimated at 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 contract do not differ from the terms and conditions commonly applied in agreements of such type.

The effect of loss of control over the subsidiary, of PLN 20,966 thousand, is presented in the statement of comprehensive income for the nine months ended September 30th 2012 under Loss of control over subsidiary. In the consolidated statement of cash flows for the nine months ended September 30th 2012, net cash proceeds from the above transaction in the amount of PLN 78,000 thousand were presented under Loss of control over subsidiary, net of cash. As at December 31st 2011, the assets and liabilities of LOTOS Parafiny Sp. z o.o. were presented in the consolidated financial statements in related entity assets held for sale and the associated liabilities. LOTOS Parafiny Sp. z o.o. was classified in the downstream segment.

Sale of shares in LOTOS Ekoenergia Sp. z o.o. to an indirect subsidiary

On July 31st 2012, Grupa LOTOS S.A. sold 100% of shares in LOTOS Ekoenergia Sp. z o.o. to Milianna Shipholding Company Ltd. As of October 1st 2012, LOTOS Ekoenergia Sp. z o.o. has conducted business operations involving the provision of advisory services related to the safe operation of ships, acquisition of marine vessels and coordination of ship chartering agreements; as well as organisation of sea transport. LOTOS Ekoenergia Sp. z o.o. belongs to the upstream segment.

On October 17th 2012, a change of the company name from LOTOS Ekoenergia Sp. z o.o. to Technical Ship Management Sp. z o.o. was registered.

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20. Changes in contingent liabilities, contingent assets, guarantees and other security instruments since the previous balance-sheet date

20.1 Promissory notes, bank guarantees or other types of security instruments

Bank guarantees and other types of security instruments issued upon the instructions of the Parent and the LOTOS Group companies, and issued by the LOTOS Group companies

| Sep 30 2012 (PLN '000) | Value of security in foreign currency | Currency of security | Value of security in PLN ⁽¹⁾ | Security expiry date | Bank or other institution issuing the security instrument | Type of security / information on debtor |
|---|---|-------------------------|---|-------------------------|---|--|
| Beneficiary | | | | | | |
| Security instruments issued upon the instructions of Grupa LOTOS S.A. | | | | | | |
| Port Lotniczy Rzeszów–Jasionka Sp. z o.o. | 4,116 | PLN | 4,116 | 2012-12-31 | PKO BP S.A. | Bank guarantee |
| Port Lotniczy Wrocław | 5,547 | PLN | 5,547 | 2013-01-30 | ING Bank Śląski S.A. | Bank guarantee |
| Other (each with a unit value of less than PLN 1,000 thousand) | 3,170 | PLN | 3,170 | - | - | Bank guarantees |
| Other (each with a unit value of less than PLN 1,000 thousand) | 160 | EUR | 658 | - | - | Bank guarantees |
| Total security instruments issued upon the instructions of Grupa LOTOS S.A. | | | 13,491 | | | |
| Security 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 | 13,681 ⁽²⁾ | PLN | 13,681 | 2015-02-20 | Bank Pekao S.A. | Bank guarantee |
| Other, including: | 19,273 | PLN | 19,273 | - | - | - |
| bank guarantees | 4,840 | PLN | 4,840 | - | - | - |
| bank performance bonds | 12,683 | PLN | 12,683 | - | - | - |
| Total other security instruments issued by or upon the instructions of the LOTOS Group companies | | | 32,954 | | | |
| TOTAL FOR THE GROUP | | | 46,445 | | | |

⁽¹⁾The values of security instruments denominated in foreign currencies have been translated at the respective mid-exchange rates quoted by the National Bank of Poland for September 30th 2012.

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

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| Dec 31 2011 (PLN '000) | Value of security in foreign currency | Currency of security | Value of security in PLN ⁽¹⁾ | Security expiry date | Bank or other institution issuing the security instrument | Type of security / information on debtor |
|---|---|-------------------------|---|---------------------------|---|--|
| Beneficiary | | | | | | |
| Security instruments issued upon the instructions of Grupa LOTOS S.A. | | | | | | |
| Port Lotniczy Rzeszów–Jasionka Sp. z o.o. | 4,116 | PLN | 4,116 | 2012-12-31 ⁽²⁾ | PKO BP S.A. | Bank guarantee |
| UOP CH SARL | 700 | USD | 2,392 | 2012-01-15 ⁽³⁾ | Deutsche Bank | Bank guarantee |
| Port Lotniczy Wrocław | 5,547 | PLN | 5,547 | 2013-01-30 | 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 security instruments issued upon the instructions of Grupa LOTOS S.A. | | | 14,979 | | | |
| Security 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 ⁽⁴⁾ | PLN | 18,556 | 2015-02-20 | 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 security instruments issued by or upon the instructions of the LOTOS Group companies | | | 44,208 | | | |
| TOTAL FOR THE GROUP | | | 59,187 | | | |

⁽¹⁾ The values of security instruments denominated in foreign currencies have been translated using the respective mid-exchange rates quoted by the National Bank of Poland for December 31st 2011.

⁽²⁾ The original validity term (December 31st 2011) has been extended under a relevant annex until December 31st 2012.

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

⁽⁴⁾ The bank guarantee secures the PLN 35,000 thousand loan of June 29th 2007 contracted by LOTOS Biopaliwa Sp. z o.o. with the National Fund for Environmental Protection and Water Management.

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Promissory notes

| Sep 30 2012 (PLN '000) | Promissory note(s) amount in foreign currency | Currency of promissory note(s) | 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 | 2013-08-19 | Contingent liability in the form of lump sum security for a tax liability of PLN 800,000 thousand |
| PKO BP S.A. | 300,000 | PLN | 300,000 | 2016-11-25 | Security for a bank borrowing |
| 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 | 2013-04-30 ⁽²⁾ | Security for a tax liability |
| National Fund for Environmental Protection and Water Management | 1,500 | PLN | 1,500 | 2012-09-30 | Security for a subsidy |
| Head of the Customs Office in Gdańsk | 7,000 | PLN | 7,000 | 2013-02-28 | Security for excise duty |
| BRE Bank S.A. | 50,000 | PLN | 50,000 | 2013-03-15 ⁽³⁾ | Security for bank borrowings |
| PKO BP S.A. | 60,000 | PLN | 60,000 | 2014-06-14 ⁽⁴⁾ | Security for bank borrowings |
| National Fund for Environmental Protection and Water Management | 3,450 | PLN | 3,450 | 2012-12-31 | Security for a subsidy |
| Head of the Customs Office in Bielsko-Biala | 13,224 | PLN | 13,224 | 2013-06-30 | Global excise duty security |
| Bank Polska Kasa Opieki S.A. | 200,000 | PLN | 200,000 | - ⁽⁵⁾ | Security for bank borrowings |
| Stablewood Power Ventures (Wladyslawowo) Ltd. | 4,000 | USD | 12,712 | 2013-06-30 ⁽⁶⁾ | Security for cash liabilities under acquisition of shares and debt claims |
| Bank Ochrony Środowiska S.A. | 27,413 | PLN | 27,413 | 2016-06-30 | Security for liabilities under a credit facility agreement |
| Bank Ochrony Środowiska S.A. | 9,490 | PLN | 9,490 | 2016-12-20 | Security for liabilities under a credit facility agreement |
| BRE Bank S.A. | 35,000 | PLN | 35,000 | 2013-04-25 ⁽⁷⁾ | Security for liabilities under a credit facility agreement |
| Millennium Leasing Sp. z o.o. | 9,172 ^{(8), (10)} | EUR | 37,732 | - | Security for liabilities under lease agreements |
| NORDEA FINANCE POLSKA S.A. | 15,072 ^{(9), (10)} | EUR | 62,003 | - | Security for liabilities under lease agreements |
| Other (each with a unit value of less than PLN 1,000 thousand) | 2,128 | PLN | 2,128 | - | - |
| Total promissory notes issued by the LOTOS Group companies | | | 531,652 | | |
| TOTAL FOR THE GROUP | | | 1,071,652 | | |

⁽¹⁾The values of security instruments denominated in foreign currencies have been translated at the respective mid-exchange rates quoted by the National Bank of Poland for September 30th 2012.

⁽²⁾ The validity term (April 30th 2012) was extended until April 30th 2013.

⁽³⁾ The validity term has been extended until March 15th 2013.

⁽⁴⁾ The validity term (May 18th 2012) was extended until June 14th 2014.

⁽⁵⁾ Credit facility agreement of November 7th 2011.

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

⁽⁷⁾ The validity term, previously expiring on April 25th 2012, has been extended until April 25th 2013.

⁽⁸⁾ The value of leased assets is EUR 11,192.

⁽⁹⁾ The value of leased assets is EUR 18,582.

⁽¹⁰⁾ The value of payment liabilities as at September 30th 2012.

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| Dec 31 2011 (PLN '000) | Promissory note(s) amount in foreign currency | Currency of promissory note(s) | Promissory note(s) amount 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 | 2012-08-19 ⁽²⁾ | Contingent liability in the form of lump sum security for a tax liability of PLN 800,000 thousand |
| PKO BP S.A. | 300,000 | PLN | 300,000 | 2016-11-25 ⁽³⁾ | Security for bank borrowings |
| 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 | 2012-04-30 ⁽⁴⁾ | Security for a tax liability |
| National Fund for Environmental Protection and Water Management | 1,500 | PLN | 1,500 | 2012-09-30 | Security for a subsidy |
| Head of the Customs Office in Gdańsk | 7,000 | PLN | 7,000 | 2012-02-29 ⁽⁵⁾ | Security for excise duty |
| BRE Bank S.A. | 50,000 | PLN | 50,000 | 2013-03-15 ⁽⁶⁾ | Security for bank borrowings |
| PKO BP S.A. | 60,000 | PLN | 60,000 | 2012-04-16 ⁽⁷⁾ | Security for bank borrowings |
| National Fund for Environmental Protection and Water Management | 3,450 | PLN | 3,450 | 2012-12-31 | Security for a subsidy |
| Head of the Customs Office in Bielsko-Biala | 13,224 | PLN | 13,224 | 2012-06-30 | Global excise duty security |
| Bank Polska Kasa Opieki S.A. | 200,000 | PLN | 200,000 | - | Security for bank borrowings |
| Stablewood Power Ventures (Wladyslawowo) Ltd. | 8,000 | USD | 27,339 | 2013-06-30 ⁽⁹⁾ | Security for cash liabilities under acquisition of shares and debt claims |
| Bank Ochrony Środowiska S.A. | 27,413 | PLN | 27,413 | 2016-06-30 | Security for liabilities under a credit facility agreement |
| Bank Ochrony Środowiska S.A. | 9,490 | PLN | 9,490 | 2016-12-20 | Security for liabilities under a credit facility agreement |
| NORDEA BANK POLSKA S.A. | 20,000 | PLN | 20,000 | 2012-07-31 | Security for liabilities under a credit facility agreement |
| BRE Bank S.A. | 35,000 | PLN | 35,000 | 2012-04-25 | Security for liabilities under a credit facility agreement |
| Millennium Leasing Sp. z o.o. | 9,824 ^{(10), (12)} | EUR | 43,390 | - | Security for liabilities under lease agreements |
| NORDEA FINANCE POLSKA S.A. | 16,143 ^{(11), (12)} | EUR | 71,301 | - | Security for liabilities under lease agreements |
| 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 | | |

⁽¹⁾ The values of security instruments denominated in foreign currencies have been translated using the respective mid-exchange rates quoted by the National Bank of Poland for December 31st 2011.

⁽²⁾ The previous validity term of the security for excise duty was August 19th 2011.

⁽³⁾ Under a relevant annex, effective of November 25th 2011, the credit facility term end date was postponed to November 25th 2016 and the facility amount was changed from PLN 200,000 thousand to PLN 300,000 thousand.

⁽⁴⁾ The validity term (April 30th 2011) has been extended until April 30th 2012.

⁽⁵⁾ The original validity term (February 28th 2011) has been extended until February 29th 2012.

⁽⁶⁾ The validity term has been extended until March 15th 2012 and again until March 15th 2013, and the facility amount was increased from PLN 30,000 thousand to PLN 50,000 thousand.

⁽⁷⁾ The validity term has been extended until March 16th 2012 and again until April 16th 2012, and the facility amount was changed from PLN 100,000 thousand to PLN 60,000 thousand.

⁽⁸⁾ Credit facility agreement of November 7th 2011.

⁽⁹⁾ The date of payment of the last instalment of the price of the shares and debt claims from Stablewood Power Ventures (Wladyslawowo) Ltd.

⁽¹⁰⁾ The value of leased assets is EUR 11,192.

⁽¹¹⁾ The value of leased assets is EUR 18,582.

⁽¹²⁾ The value of payment liabilities as at December 31st 2011.

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Commitments under purchase agreements related to property, plant and equipment

As at September 30th 2012, the Group did not have any commitments under material agreements related to expenditure on property, plant and equipment.

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

The following changes occurred with respect to material 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 2011 (see Note 38.4 to the 2011 consolidated financial statements prepared in accordance with the IFRS):

1. On May 18th 2001, PETROECCO JV Sp. z o.o. brought an action against the Company whereby it sought the courts' decision awarding an amount of PLN 6,975 thousand, together with statutory interest from May 1st 1999, as compensation for damage incurred as a result of the Company's monopolistic practices, which involved selling BS base oils in a manner favouring some customers, whose orders were executed to a disproportionately higher extent than the orders of PETROECCO JV Sp. z o.o. The alleged use of the monopolistic practices by the Company was confirmed by a decision of the 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 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 pleading was received from PETROECCO JV Sp. z o.o. which upheld the previous position on the above

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matter. On March 14th 2012, an opinion favourable to Grupa LOTOS S.A. was received from the Oil and Gas Institute of Kraków. The Company presented its position on the matter on March 28th 2012. According to the opinion, PETROECCO JV Sp. z o.o. did not have the capacity to manufacture the declared amount of the product, therefore the claim could not have arisen. Moreover, the experts stated that PETROECCO JV Sp. z o.o. could use substitute oils in the production process, hence Grupa LOTOS S.A.'s failure to supply oils did not affect the company's production capacity. On March 22nd 2012, a pleading was received from PETROECCO JV Sp. z o.o. stating its objections to the opinion. A pleading and a copy of the complaint against the Regional Court's decision on the cost of the expert's opinion were received from PETROECCO JV Sp. z o.o. on June 14th 2012 and June 18th 2012, respectively. On June 25th 2012, Grupa LOTOS S.A. sent a response to the complaint. 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.

2. On November 3rd 2005, Grupa LOTOS S.A. was served a nullity suit submitted by the Minister of State Treasury, concerning the agreement of August 18th 1998 between Grupa LOTOS S.A. and Polska Żegluga Morska, a state-owned company, providing for the sale of two shares in Naftoport Sp. z o.o., valued at PLN 3,340 thousand. On April 21st 2006, the Regional Court of Gdańsk, IX Commercial Division, issued a ruling dismissing the suit in its entirety. On June 8th 2006, the Minister of State Treasury appealed against the ruling of April 21st 2006 which dismissed the Minister's nullity suit regarding the agreement of August 18th 1998. On June 30th 2006, the Company filed its response to the appeal. On December 28th 2006, the Court of Appeals passed a ruling reversing the challenged decision of April 21st 2006 and declaring the agreement on the sale of two shares in Naftoport Sp. z o.o. as invalid. On April 6th 2007, the Company filed a cassation complaint and a request to stay enforcement of the decision of the second instance. By virtue of the ruling of the Court of Appeals of Szczecin dated April 20th 2007, the request to stay enforcement of the decision of the second instance was dismissed. On August 10th 2007, the Supreme Court issued a decision to accept the cassation complaint for consideration. On November 21st 2007, the Supreme Court issued a decision to remand the case back to the Court of Appeals of Szczecin. The hearing was held on May 7th 2008. The court dismissed the claim in its entirety and decided that the costs of the proceedings in the amount of PLN 100 thousand would be returned to Grupa LOTOS S.A. On May 7th 2008, the court's decision became final. On August 20th 2008, the State Treasury lodged a cassation complaint. On December 11th 2008, the case files arrived at the Supreme Court, Civil Chamber Division II. In a closed session held on March 6th 2009, the court accepted the complaint for consideration. The date of the hearing was set for May 6th 2009; during the hearing, the Supreme Court remanded the case for re-examination by the Szczecin Court of Appeals. At the hearing held on September 30th 2009, the Court of Appeals dismissed the action and awarded reimbursement of the cost of court proceedings to Grupa LOTOS S.A. by the State Treasury. On January 11th 2010, the State Treasury lodged a cassation complaint against the ruling to the Court of Appeals. The complaint, along with the court's decision to accept the complaint for consideration, was served on the Company on June 6th 2010. On July 8th 2010, the Supreme Court overruled the Court of Appeals' judgment and remanded the case for re-examination. On February 17th 2011, a hearing was held before the 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. On March 6th 2012, the State Treasury's cassation complaint was received, to which Polska Żegluga Morska replied on March 20th 2012. On September 19th 2012, Grupa LOTOS S.A. filed a pleading concerning the cassation complaint. As at the date of approval of these interim condensed consolidated financial statements the case was pending.

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

3. On January 16th 2012, the arbitration court held a session to hear a case concerning claims brought by Single Buoy Moorings Inc. ("SBM") – supplier of the MOPU (Mobile Operating and Production Unit) to be used in production operations on the YME field. The petition in which SBM presented its claims against Talisman Energy Norge AS and other holders of interests in the YME project was filed with the arbitration court in Norway on January 25th 2011. The petitioner demanded:
 - USD 90,000 thousand as an additional bonus for delivering the MOPU within the deadline set forth 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 is 20% of the amounts, i.e. USD 18,740 thousand in total. According to information obtained by LOTOS Exploration and Production Norge AS

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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.

On February 20th 2012, a decision in the arbitration proceedings was announced. All claims of Single Buoy Moorings Inc. were dismissed and the arbitration proceedings were closed.

Further, as at the date of approval of these interim condensed consolidated financial statements preparations related to the second arbitration proceedings concerning claims brought by Single Buoy Moorings Inc. ("SBM") against the YME consortium were under way. The claim involves disputed costs of USD 330,000 thousand relating to dealings between the parties under the agreement on delivery of the MOPU to Norway. A detailed review of the disputed amounts will be made further on in the proceedings. The share of SBM's claims attributable to LOTOS Exploration and Production Norge AS is 20%.

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 July 23rd 2009, the District Court for Kraków-Śródmieście in Kraków declared KRAK-GAZ Sp. z o.o. bankrupt. The company's estate is managed by a bankruptcy administrator. As at the date of approval of these interim condensed consolidated financial statements, the bankruptcy proceedings were pending. On March 13th 2012, the judge commissioner conducting the bankruptcy proceedings of KRAK-GAZ Sp. z o.o. issued a decision admitting objections to the list of debt claims and recognised the claim of LOTOS Gaz S.A. w likwidacji (in liquidation) in the total amount of PLN 23,695 thousand, including principal amount of PLN 21,435 thousand, and acknowledged claims of PLN 21,132 thousand as secured with mortgages. As at the date of approval of these interim condensed consolidated financial statements, the decision is final.
5. Court proceedings are pending against LOTOS Paliwa Sp. z o.o., instigated by Mr Andrzej Wójcik who conducts business activity under the business name of WANDEKO. On October 28th 2009, the Regional Court of Gdańsk, Commercial Division IX, issued a default judgement awarding PLN 1,921 thousand plus contractual interest from the company to the plaintiff. LOTOS Paliwa Sp. z o.o. recognised a PLN 15,318 thousand provision for the awarded amount, including interest. The company appealed against the judgement by lodging an objection to the default judgement with the Regional Court of Gdańsk on November 10th 2009. Due to the objection, the case is under examination as to its merits by the court of first instance. The default judgement does not constitute an enforceable document as the judgement was reversed following the company's appeal. Concurrently, as by virtue of statutory provisions a default judgement constitutes an interlocutory injunction, LOTOS Paliwa Sp. z o.o. applied for this restriction to be lifted as well. By virtue of a non-final decision of April 14th 2010, the Regional Court of Gdańsk lifted the interlocutory injunction in its entirety, as requested by LOTOS Paliwa Sp. z o.o.. Following a complaint by Mr Andrzej Wójcik of May 18th 2010, in its decision of October 13th 2010 the Gdańsk Court of Appeals changed the decision of the Regional Court of Gdańsk, as a result of which the default judgement continues to constitute an interlocutory injunction. By virtue of its decision of December 28th 2010, the Court of Appeals dismissed Mr Andrzej Wójcik's complaint against the decision issued by the Regional Court of Gdańsk rejecting reversal of the decision to lift the court order making default judgement immediately enforceable, and awarded reimbursement of the cost of proceedings to LOTOS Paliwa Sp. z o.o. The most recent hearing was held on May 22nd 2012 and as at the date of approval of these consolidated financial statements the case was pending.

20.2.1 Material settlements under court proceedings

In the period January 1st – September 30th 2012, none of the Group companies was a party to material settlements under court proceedings.

21. Other information

1. 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 in the Norwegian Sea. Interests in licence PL 643 – 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 PL 655 – block 6610/2 (Træna Basin) were awarded to LOTOS Exploration and Production Norge AS – 30%, Wintershall – 30% (licence operator), Centrica – 20%, and VNG – 20%.
2. 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 for a specified period (from December 28th 2011 to January 31st 2012) providing for supply of crude oil 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 penalties. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
3. In the period from January 10th 2011 to January 3rd 2012, Grupa LOTOS S.A. and the BP Group entities entered into agreements for a total value of approximately PLN 1,841m, in aggregate attaining the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement of January 3rd 2012 between Grupa LOTOS S.A. and BP Europa SE, Polish Branch, which was made for a specified period from January 3rd 2012 to December 31st 2012 and provided for sale of liquid fuels by Grupa LOTOS S.A. to BP Europa SE. 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 contract do not differ from the terms and conditions commonly applied in agreements of such type.
4. In the period from November 8th 2011 to February 29th 2012, Grupa LOTOS S.A. and Petraco Oil Company Ltd. entered into agreements whose total value approximated PLN 848m, attaining the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement of December 29th 2011, which was made for a specified period from January 1st 2012 to January 31st 2012 and provided for supply of crude oil to Grupa LOTOS S.A. The estimated value of the agreement of December 29th 2011 was PLN 297m. 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 penalties. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
5. On March 14th 2012, having obtained the relevant corporate approvals, LOTOS Exploration and Production Norge AS decided to abandon licences PL 515 and PL 455. Following a repeated assessment of PL 455 licence documentation, LOTOS Exploration and Production Norge AS requested the Norwegian Ministry of Energy and Petroleum for a 12 month extension of the PL 455 licence to perform supplementary analytical work. LOTOS Exploration and Production Norge AS received a decision of the Norwegian Ministry of Energy and Petroleum that the deadline for the decision concerning the licence PL 455 was extended until March 1st 2013. Extension of the licence term will allow additional, supplementary geological analyses to be performed in order to lessen the risk related to drilling of an exploratory well, or will allow the company to make an informed decision to abandon the PL 455 licence if high geological risk is confirmed.
6. In the period from December 29th 2011 to April 2nd 2012, Grupa LOTOS S.A. and Eminent Energy Ltd entered into agreements for a total value of approximately PLN 841m, attaining in aggregate the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement between Grupa LOTOS S.A. and Eminent Energy Ltd. of February 24th 2012, which was made for a specified period from March 1st 2012 to March 31st 2012 and provided for supply of crude oil to Grupa LOTOS S.A. Its estimated value was PLN 303m. 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 penalties. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
7. On April 2nd 2012, Grupa LOTOS S.A. and Mercuria Energy Trading SA entered into two agreements for a specified period (from April 2nd 2012 to April 30th 2012) providing for supply of crude oil to Grupa LOTOS S.A. The total value of the two agreements was approximately PLN 808m, attaining in aggregate the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction in the series

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- had an estimated value of PLN 539m. 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 penalties. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
8. In the period from November 9th 2011 to April 18th 2012, Grupa LOTOS S.A. entered into agreements with companies of the Statoil Group whose total value reached approximately PLN 935m, i.e. the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). On January 13th 2012, Grupa LOTOS S.A. and Statoil ASA of Stavanger executed an agreement for a specified period (from January 13th 2012 to January 31st 2012), which was the highest-value agreement in the series – it provided for sale to Grupa LOTOS S.A. of crude oil with the value of approximately PLN 357m. 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 penalties. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
 9. On April 30th 2012, Grupa LOTOS S.A. and Mercuria Energy Trading SA entered into an agreement for a specified period (from May 1st 2012 to May 31st 2012) providing for supply of crude oil to Grupa LOTOS S.A. The value of the agreement was approximately PLN 1,060m, i.e. the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). 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 penalties. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
 10. In the period from May 9th 2011 to May 9th 2012, Grupa LOTOS S.A. and the Chevron Group entities entered into agreements with a total value of approximately PLN 683m, exceeding in aggregate the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement between Grupa LOTOS S.A. and Chevron Products U.K. of London of May 9th 2012, which was made for a specified period from March 1st 2012 to August 31st 2012 and provided for sales of heavy fuel oil to Chevron Products U.K. The value of the agreement of May 9th 2012 was approximately PLN 200m. 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 penalties. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
 11. On May 16th 2012, Grupa LOTOS S.A. and LOTOS Kolej Sp. z o.o. executed an annex to the agreement for provision of transport services and other services related to railway transport of August 10th 2009. Under the Annex, the term of the Agreement was extended until December 31st 2022. Also, the minimum annual volume of cargo Grupa LOTOS S.A. undertook to ship using LOTOS Kolej Sp. z o.o.'s transport services was increased. Other material terms and conditions of the Agreement remained unchanged. The value of the Agreement as amended by the Annex is estimated at PLN 2,751m for the entire period of the Agreement, and exceeds the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity).
 12. In the period from March 1st 2012 to July 4th 2012, Grupa LOTOS S.A. and Petraco Oil Company Ltd. entered into agreements for a total value of approximately PLN 1.5bn, exceeding in aggregate the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement of May 24th 2012, which was made for a specified period from May 24th 2012 to June 20th 2012 and provided for supply of crude oil to Grupa LOTOS S.A. The value of the agreement of May 24th 2012 was approximately PLN 270m. 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.
 13. In the period from May 1st 2012 to July 4th 2012, Grupa LOTOS S.A. and Mercuria Energy Trading SA of Geneva entered into agreements for a total value of approximately PLN 702m, exceeding in aggregate the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement of July 4th 2012, which was made for a specified period from July 4th 2012 to July 31st 2012 and provided for supply of crude oil to Grupa LOTOS S.A. The value of the agreement of July 4th 2012 was approximately PLN 461m. 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.
 14. In the period from December 31st 2011 to August 22nd 2012, Grupa LOTOS S.A. and the Shell Group companies entered into agreements for a total value of approximately PLN 643m, exceeding in aggregate the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement between Grupa LOTOS S.A. and Shell International Trading and Shipping Company Limited of London of July 27th 2012, which was made for a specified period from August 1st 2012 to August 31st 2012 and provided for supply of crude oil to Grupa LOTOS S.A. The value of the agreement of July 27th 2012 was approximately PLN 276m. The agreement does not include any condition precedent or specify any date of

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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.

15. In the period from April 19th 2012 to August 22nd 2012, Grupa LOTOS S.A. and the Statoil Group companies entered into agreements for a total value of approximately PLN 651m, exceeding in aggregate the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement between Grupa LOTOS S.A. and Statoil ASA of Stavanger of July 25th 2012, which was made for a specified period from August 1st 2012 to August 31st 2012 and provided for supply of crude oil to Grupa LOTOS S.A. Its estimated value was PLN 255m. 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.
16. In the period from July 4th 2012 to September 12th 2012, Grupa LOTOS S.A. and Mercuria Energy Trading SA of Geneva entered into agreements for a total value of approximately PLN 1,249m, exceeding in aggregate the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement of September 12th 2012, which was made for a specified period from September 1st 2012 to September 30th 2012 and provided for supply of crude oil to Grupa LOTOS S.A. The value of the agreement of September 12th 2012 was approximately PLN 785m. 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.
17. In the 12 months to September 12th 2012, Grupa LOTOS S.A. and the ORLEN Group companies entered into agreements for a total value of approximately PLN 651m, exceeding in aggregate the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the agreement between Grupa LOTOS S.A. and PKN Orlen of December 22nd 2011, which was made for a specified period (from June 1st 2012 to December 31st 2012) and provided for sale of LPG by Grupa LOTOS S.A. to Orlen Gaz Sp. z o.o. Its estimated value was PLN 56m.
18. In the period from January 4th 2012 to October 1st 2012, Grupa LOTOS S.A. and the BP Group entities entered into agreements for a total value of approximately PLN 626m, in aggregate attaining the value of a significant agreement (over 10% of Grupa LOTOS S.A.'s equity). The highest-value transaction was the sale agreement of March 28th 2012 between Grupa LOTOS S.A. and BP Oil International Ltd., which provided for sale of diesel oil by Grupa LOTOS S.A. Its estimated value was approximately PLN 72m. 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.

Intercompany loans

1. On January 16th 2012, an annex was executed to the agreement of October 24th 2011, under which a loan of USD 20,000 thousand (i.e. PLN 63,410 thousand translated at the USD mid-exchange rate quoted by the National Bank of Poland for October 24th 2011) was advanced to LOTOS Exploration and Production Norge AS by AB LOTOS Geonafra. Under the annex, the repayment date was extended until December 31st 2014. Originally, the loan was to be repaid within three months of the date the loan agreement was signed by both parties. 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 Geonafra.
2. On January 31st 2012, LOTOS Gaz S.A. w likwidacji (in liquidation) repaid another portion (PLN 650 thousand) of the PLN 2,000 thousand loan advanced to it by Grupa LOTOS S.A. on June 29th 2010. By September 30th 2012, LOTOS Gaz S.A. w likwidacji (in liquidation) repaid PLN 1,750 thousand under the loan. The outstanding loan amount is to be repaid by November 30th 2012.
3. On February 22nd 2012, Grupa LOTOS S.A. signed an agreement to grant a loan of USD 10,000 thousand (or PLN 31,635 thousand as translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for February 22nd 2012) to LOTOS Exploration and Production Norge AS. The loan was used mainly to finance the YME project. The loan principal and interest are to be repaid by January 31st 2013. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of Grupa LOTOS S.A. security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration.
4. On March 16th 2012, Grupa LOTOS S.A. signed an agreement to grant a loan of USD 10,000 thousand (or PLN 31,688 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for March 16th 2012) to LOTOS Exploration and Production Norge AS. The loan was used mainly to finance the YME project. The loan principal and interest are to be repaid by January 31st 2013. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities

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that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of Grupa LOTOS S.A. security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration.

5. On April 16th 2012, LOTOS Petrobaltic S.A. executed an agreement to grant a USD 10,700 thousand (PLN 34,549 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for April 16th 2012) loan to LOTOS Exploration and Production Norge AS. The loan principal and interest are to be repaid by November 30th 2014. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of LOTOS Petrobaltic S.A. security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration As requested by LOTOS Exploration and Production Norge AS, by September 30th 2012 LOTOS Petrobaltic S.A. had disbursed USD 9,700 thousand under the loan.
6. On May 31st 2012, LOTOS Petrobaltic S.A. and AB LOTOS Geonafta entered into an agreement to settle their mutual receivables. As part of the settlement LOTOS Petrobaltic S.A. repaid a loan of EUR 2,000 thousand (PLN 7,982 thousand, translated at the mid-exchange rate for EUR quoted by the National Bank of Poland for December 14th 2010) granted by AB LOTOS Geonafta under a loan agreement of December 14th 2010. The loan principal was to be repaid by December 31st 2015.
7. On May 24th 2012, LOTOS Petrobaltic S.A. executed an agreement to grant a USD 11,300 thousand (PLN 39,300 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for May 24th 2012) loan to LOTOS Exploration and Production Norge AS. The loan is to be repaid by December 31st 2017. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of LOTOS Petrobaltic S.A. security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration
8. On June 27th 2012, LOTOS Petrobaltic S.A. signed an agreement to grant a USD 10,500 thousand (PLN 35,716 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for June 27th 2012) loan to LOTOS Exploration and Production Norge AS. The loan is to be repaid by December 31st 2017. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of LOTOS Petrobaltic S.A. security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration As requested by LOTOS Exploration and Production Norge AS, by September 30th 2012 LOTOS Petrobaltic S.A. had disbursed the total amount of the loan.
9. On June 29th 2012, annexes were signed whereby the final dates for repayment of the loans granted by Grupa LOTOS S.A. to LOTOS Gaz S.A. w likwidacji (in liquidation) were postponed. The repayment date for the PLN 247 thousand loan granted under a loan agreement of March 8th 2011, the PLN 352 thousand loan granted under a loan agreement of March 29th 2011, and the PLN 160 thousand loan granted under a loan agreement of August 5th 2011, was extended until May 31st 2013.
10. On July 30th 2012, LOTOS Petrobaltic S.A. signed an agreement to grant a USD 7,500 thousand (PLN 25,335 thousand, translated at the mid-exchange rate for USD quoted by the National Bank of Poland for July 30th 2012) loan to LOTOS Exploration and Production Norge AS. The loan is to be repaid by December 31st 2017. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of LOTOS Petrobaltic S.A. security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration
11. On August 7th 2012, LOTOS Ekoenergia Sp. z o.o. granted a PLN 400 thousand loan to Miliana Shipholding Company Ltd. The loan is to be repaid by August 31st 2013.
12. On August 29th 2012, LOTOS Petrobaltic S.A. signed an agreement to grant a loan of USD 10,000 thousand (PLN 33,081 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for August 29th 2012) to LOTOS Exploration and Production Norge AS. The loan is to be repaid by December 31st 2017. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of LOTOS Petrobaltic S.A. security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration
13. On August 29th 2012, Grupa LOTOS S.A. signed an agreement to grant a loan of USD 10,000 thousand (PLN 33,081 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for August

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29th 2012) to LOTOS Petrobaltic S.A. The loan principal with interest is to be repaid by July 31st 2013. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Petrobaltic S.A. created security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration for the benefit of Grupa LOTOS S.A.

14. On September 14th 2012, LOTOS Petrobaltic S.A. signed an agreement to grant a loan of USD 10,000 thousand (PLN 31,131 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for September 14th 2012) to LOTOS Exploration and Production Norge AS. The loan is to be repaid by December 31st 2017. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created for the benefit of LOTOS Petrobaltic S.A. security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration
15. On September 27th 2012, Grupa LOTOS S.A. signed an agreement to grant a loan of USD 9,500 thousand (PLN 30,624 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for September 27th 2012) to LOTOS Petrobaltic S.A. The loan principal with interest is to be repaid by July 31st 2013. In order to secure the repayment of the loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Petrobaltic S.A. created security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration for the benefit of Grupa LOTOS S.A.
16. On September 27th 2012, an annex was signed whereby the final dates for repayment of the loan granted by Grupa LOTOS S.A. to LOTOS Gaz S.A. w likwidacji (in liquidation) were postponed. The repayment date for the PLN 90 thousand loan granted under the agreement of October 31st 2011 was postponed until August 31st 2013. The loan principal with interest was to be repaid by September 30th 2012.

As at September 30th 2012, the total carrying amount of intercompany loans was PLN 1,225,529 thousand, and the total nominal value of these loans was as follows:

- loans denominated in PLN: PLN 6,774 thousand,
- loans denominated in USD: USD 338,089 thousand (PLN 1,074,447 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for September 30th 2012),
- loans denominated in EUR: EUR 9,870 thousand (PLN 40,603 thousand, translated at the EUR mid-exchange rate quoted by the National Bank of Poland for September 30th 2012).

Supplementary information on intercompany transactions

- Due to early repayment of a bank borrowing, the 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) issued under the agreement of December 21st 2010 by LOTOS Petrobaltic S.A. 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 (currently AB LOTOS Geonafta) under a credit agreement for a 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) borrowing executed between UAB LOTOS Baltija and the specified banks, expired on April 16th 2012. Originally, the surety was supposed to be effective until June 14th 2012.
- On April 16th 2012, LOTOS Petrobaltic S.A. issued a surety for the benefit of Nordea Bank Polska and Nordea Bank Finland PLC Lithuania Branch in respect of the liabilities of AB LOTOS Geonafta under the credit facility agreements of April 5th 2012 between AB LOTOS Geonafta and the said banks. The credit facility amount is USD 57,298 thousand (PLN 181,509 thousand, translated at the USD exchange-rate quoted by the National Bank for April 5th 2012). The surety was issued up to the lower of USD 63,027 thousand or PLN 293,828 thousand. The date until which the surety applies has been determined as the earlier of the date on which all the security under the credit facility agreements has been created or February 29th 2016. As security for potential claims, a blank promissory note with a "protest waived" clause and a promissory note declaration was issued by AB LOTOS Geonafta for the benefit of LOTOS Petrobaltic S.A. In view of the fact that all the security under the credit facility agreements was created as at September 30th 2012, the surety issued by LOTOS Petrobaltic S.A. no longer applies.
- In the nine months ended September 30th 2012, LOTOS Serwis Sp. z o.o., LOTOS Lab Sp. z o.o. and LOTOS Czechowice S.A. purchased notes issued by LOTOS Asphalt Sp. z o.o. as part of the Note Issuance Programme described at greater length in Note 10 to these interim condensed consolidated financial statements. As at September 30th 2012, LOTOS Asphalt Sp. z o.o. had no liabilities under intercompany note issues.

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

Pursuant to Par. 87 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 Q3 2012, there were changes in the structure of the LOTOS Group. The changes are discussed in Note 19 to these interim condensed consolidated financial statements.

III. Seasonal or cyclical nature of the Company's business in Q3 2012

In Q3 2012, 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 Q3 2012

Other than as described in Note 10 to these interim condensed consolidated financial statements, in Q3 2012 no non-equity or equity securities were issued, redeemed or repurchased.

V. Shareholders holding 5% or more of the total vote at the General Meeting of the Parent as at this report release date

As at the date of release of the previous interim condensed consolidated financial statements (i.e. August 21st 2012), 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 Meeting and carries the right to dividend.

THE LOTOS GROUP
Notes to the interim condensed consolidated financial statements
for the three and nine months ended September 30th 2012

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 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 ⁽¹⁾ | Acquisition | Sale | Other | As at the date of release of the present periodic report ⁽²⁾ |
|---|--|-------------|----------|----------|---|
| Marek Sokołowski <i>Vice-President of the Management Board, Chief Operation Officer</i> | 8,636 | - | - | - | 8,636 |
| Zbigniew Paszkowicz <i>Vice-President of the Management Board, Chief Exploration and</i> | 1,000 | - | - | - | 1,000 |
| Total | 9,636 | - | - | - | 9,636 |

⁽¹⁾ Based on the representations as at August 13th 2012.

⁽²⁾ Based on the representations as at October 24th 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, and material settlements under court proceedings

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 20.2 to these interim condensed consolidated financial statements. Material settlements under court proceedings are described in Note 20.2.1 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 September 30th 2012 are presented in Note 21 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 September 30th 2012, 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 20.1 and Note 21 to these interim condensed consolidated financial statements.

X. Defaults under credit facilities or loans or breaches of material covenants of credit facility or loan agreements, with respect to which no remedial action was taken by the end of the reporting period

In the period January 1st - September 30th 2012, the Group did not default on any of its credit facilities or debt instruments or breach any material covenants under its credit facilities or debt instruments.

XI. Changes in the method of determination of fair value of financial instruments measured at fair value and in the classification of financial assets due to change in their purpose or use

In the period from January 1st to September 30th 2012, the Group did not modify its method of determination of fair value of financial instruments measured at fair value or classification of financial assets due to change in their purpose or use.

XII. 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.

XIII. Management Board's position regarding the feasibility of meeting forecasts published earlier for a given year in the light of the results presented in the quarterly report in relation to the forecast results

Grupa LOTOS S.A.'s Management Board has not published any forecasts concerning the Company's performance in 2012.

XIV. 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,
- results of analyses regarding development of the YME field,
- extending the scope of cash flow hedge accounting through the establishment of new hedging relationships 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.

XV. Segmental information

Segmental information is presented in Note 17 to these interim condensed consolidated financial statements.

XVI. 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 Exploration and Production Officer, | |
| | Zbigniew Paszkowicz |
| 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 |