



**THE LOTOS GROUP**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31ST 2013**

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

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**FINANCIAL HIGHLIGHTS - CONSOLIDATED**

	PLN '000		EUR '000	
	3 months ended Mar 31 2013 (unaudited)	3 months ended Mar 31 2012 (restated) (unaudited)	3 months ended Mar 31 2013 (unaudited)	3 months ended Mar 31 2012 (restated) (unaudited)
Revenue	7,177,377	7,832,342	1,719,626	1,876,010
Operating profit/(loss)	(25,571)	418,986	(6,127)	100,356
Pre-tax profit/(loss)	(220,291)	736,998	(52,779)	176,526
Net profit/(loss)	(147,340)	597,114	(35,301)	143,021
Net profit/(loss) attributable to owners of the Parent	(147,352)	597,050	(35,304)	143,006
Net profit attributable to non-controlling interests	12	64	3	15
Total comprehensive income	(312,063)	847,993	(74,767)	203,112
Total comprehensive income attributable to owners of the Parent	(312,078)	847,943	(74,771)	203,100
Total comprehensive income attributable to non-controlling interests	15	50	4	12
Net cash from operating activities	508,707	(308,833)	121,881	(73,972)
Net cash from investing activities	(196,659)	(138,677)	(47,117)	(33,216)
Net cash from financing activities	(80,618)	12,571	(19,315)	3,011
Total net cash flow	231,430	(434,939)	55,448	(104,177)
Basic earnings/(loss) per share (PLN/EUR)	(1.13)	4.60	(0.27)	1.10
Diluted earnings/(loss) per share (PLN/EUR)	(1.13)	4.60	(0.27)	1.10

	PLN '000		EUR '000	
	As at Mar 31 2013 (unaudited)	As at Dec 31 2012 (audited)	As at Mar 31 2013 (unaudited)	As at Dec 31 2012 (audited)
Total assets	19,932,149	20,056,379	4,771,425	4,905,919
Equity attributable to owners of the Parent	8,749,775	9,061,740	2,094,550	2,216,560
Non-controlling interests	374	699	90	171
Total equity	8,750,149	9,062,439	2,094,640	2,216,731

**FINANCIAL HIGHLIGHTS - SEPARATE**

	PLN '000		EUR '000	
	3 months ended Mar 31 2013 (unaudited)	3 months ended Mar 31 2012 (restated) (unaudited)	3 months ended Mar 31 2013 (unaudited)	3 months ended Mar 31 2012 (restated) (unaudited)
Revenue	6,894,898	7,524,990	1,651,947	1,802,393
Operating profit/(loss)	(75,454)	315,453	(18,078)	75,558
Pre-tax profit/(loss)	(225,554)	679,865	(54,040)	162,842
Net profit/(loss)	(182,596)	549,185	(43,748)	131,541
Total comprehensive income	(363,290)	826,069	(87,041)	197,861
Net cash from operating activities	371,172	(202,476)	88,929	(48,497)
Net cash from investing activities	(83,447)	(14,649)	(19,993)	(3,509)
Net cash from financing activities	(69,295)	23,117	(16,602)	5,537
Total net cash flow	218,430	(194,008)	52,334	(46,469)
Basic earnings/(loss) per share (PLN/EUR)	(1.41)	4.23	(0.34)	1.01
Diluted earnings/(loss) per share (PLN/EUR)	(1.41)	4.23	(0.34)	1.01

	PLN '000		EUR '000	
	As at Mar 31 2013 (unaudited)	As at Dec 31 2012 (audited)	As at Mar 31 2013 (unaudited)	As at Dec 31 2012 (audited)
Total assets	15,697,502	16,012,117	3,757,721	3,916,667
Equity	6,689,063	7,052,353	1,601,250	1,725,051

Items in the tables above have been translated at the following EUR exchange rates:

Items of the statement of financial position have been translated at the mid-exchange rates quoted by the National Bank of Poland for the last day of the reporting period:

<b>As at Mar 31 2013</b> EUR 1 = PLN 4.1774	<b>As at Dec 31 2012</b> EUR 1 = PLN 4.0882
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Items of the statement of comprehensive income and the statement of cash flows have been translated using the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period:

<b>3 months ended Mar 31 2013</b> EUR 1 = PLN 4.1738	<b>3 months ended Mar 31 2012</b> EUR 1 = PLN 4.1750
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**THE LOTOS GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the three months ended March 31st 2013

(PLN '000)	3 months ended Mar 31 2013	3 months ended Mar 31 2012 (restated)
	(unaudited)	(unaudited)
Revenue	7,177,377	7,832,342
Cost of sales	(6,834,891)	(7,088,245)
<b>Gross profit</b>	<b>342,486</b>	<b>744,097</b>
Distribution costs	(252,818)	(242,890)
Administrative expenses	(108,834)	(101,624)
Other income	4,726	5,871
Other expenses	(11,131)	(7,434)
Loss of control over subsidiary	-	20,966
<b>Operating profit/(loss)</b>	<b>(25,571)</b>	<b>418,986</b>
Finance income	4,500	376,982
Finance costs	(199,220)	(58,970)
<b>Pre-tax profit/(loss)</b>	<b>(220,291)</b>	<b>736,998</b>
Corporate income tax	72,951	(139,884)
<b>Net profit/(loss)</b>	<b>(147,340)</b>	<b>597,114</b>
<b>Other comprehensive income</b>		
<i>Items that may be subsequently reclassified to profit/loss:</i>		
Exchange differences on translating foreign operations	15,971	(32,102)
Cash flow hedges	(223,079)	341,832
Income tax on other comprehensive income	42,385	(58,851)
<b>Other comprehensive income, net</b>	<b>(164,723)</b>	<b>250,879</b>
<b>Total comprehensive income</b>	<b>(312,063)</b>	<b>847,993</b>
<b>Net profit/(loss) attributable to:</b>		
Owners of the Parent	(147,352)	597,050
Non-controlling interests	12	64
	<b>(147,340)</b>	<b>597,114</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent	(312,078)	847,943
Non-controlling interests	15	50
	<b>(312,063)</b>	<b>847,993</b>
<b>Net profit/(loss) per share attributable to owners of the Parent (in PLN)</b>		
Weighted average number of shares ('000)	129,873	129,873
- basic	(1.13)	4.60
- diluted	(1.13)	4.60

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

**THE LOTOS GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2013

(PLN '000)	Mar 31 2013 (unaudited)	Dec 31 2012 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,649,964	9,685,850
Goodwill	46,688	46,688
Other intangible assets	540,413	544,468
Deferred tax assets	1,179,642	1,121,314
Derivative financial instruments	475	-
Other non-current assets	379,117	107,232
<b>Total non-current assets</b>	<b>11,796,299</b>	<b>11,505,552</b>
<b>Current assets</b>		
Inventories	5,747,841	5,965,705
- including mandatory reserves	4,154,491	4,353,207
Trade receivables	1,581,060	1,640,360
Current tax assets	95,503	90,566
Derivative financial instruments	77,706	121,334
Other current assets	347,000	462,101
Cash and cash equivalents	285,082	268,333
<b>Total current assets</b>	<b>8,134,192</b>	<b>8,548,399</b>
<b>Assets held for sale</b>	<b>1,658</b>	<b>2,428</b>
<b>Total assets</b>	<b>19,932,149</b>	<b>20,056,379</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	129,873	129,873
Share premium	1,311,348	1,311,348
Cash flow hedging reserve	(217,495)	(36,801)
Retained earnings	7,476,179	7,623,418
Currency-translation differences	49,870	33,902
<b>Equity attributable to owners of the Parent</b>	<b>8,749,775</b>	<b>9,061,740</b>
<b>Non-controlling interests</b>	<b>374</b>	<b>699</b>
<b>Total equity</b>	<b>8,750,149</b>	<b>9,062,439</b>
<b>Non-current liabilities</b>		
Borrowings, other debt instruments and finance lease liabilities	4,858,170	4,462,098
Derivative financial instruments	72,058	88,325
Deferred tax liabilities	233,879	322,169
Employee benefit obligations	130,707	129,862
Other liabilities and provisions	712,840	412,260
<b>Total non-current liabilities</b>	<b>6,007,654</b>	<b>5,414,714</b>
<b>Current liabilities</b>		
Borrowings, other debt instruments and finance lease liabilities	1,793,851	2,094,602
Derivative financial instruments	103,864	91,000
Trade and other payables	1,858,007	2,178,760
Current tax payables	16,755	5,752
Employee benefit obligations	123,650	110,930
Other liabilities and provisions	1,278,219	1,098,182
<b>Total current liabilities</b>	<b>5,174,346</b>	<b>5,579,226</b>
<b>Total liabilities</b>	<b>11,182,000</b>	<b>10,993,940</b>
<b>Total equity and liabilities</b>	<b>19,932,149</b>	<b>20,056,379</b>

**THE LOTOS GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended March 31st 2013**  
prepared using the indirect method

(PLN '000)	3 months ended Mar 31 2013	3 months ended Mar 31 2012 (restated)
	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>		
<b>Net profit/(loss)</b>	<b>(147,340)</b>	<b>597,114</b>
Adjustments:	678,282	(896,994)
Corporate income tax	(72,951)	139,884
Depreciation and amortisation expense	168,888	165,268
Foreign exchange (gains)/losses	59,970	(221,186)
Interest and dividends	45,685	48,048
(Gain)/Loss from investing activities	8,385	(22,124)
Settlement and valuation of financial instruments	82,133	(143,470)
Decrease in trade receivables	59,300	5,268
Decrease/(Increase) in other assets	120,444	(42,738)
Decrease/(Increase) in inventories	344,001	(334,508)
(Decrease) in trade and other payables	(320,753)	(422,851)
Increase/(Decrease) in other liabilities and provisions	169,615	(89,193)
Increase in employee benefit obligations	13,565	20,608
Income tax paid	(22,235)	(8,953)
<b>Net cash from operating activities</b>	<b>508,707</b>	<b>(308,833)</b>
<b>Cash flows from investing activities</b>		
Interest received	865	1,233
Sale of property, plant and equipment and other intangible assets	3,044	8,027
Sale of non-current financial assets	-	250
Repayment of loans advanced	-	1,537
Loss of control over subsidiary, net of cash disposed of	-	78,000
Purchase of property, plant and equipment and other intangible assets	(198,454)	(190,991)
Acquisition of a subsidiary, net of cash acquired	-	(24,737)
Bank deposits for financing of maintenance shutdown	-	(11,725)
Security deposits (margins)	(2,536)	(2,485)
Settlement of derivative financial instruments	422	2,214
<b>Net cash from investing activities</b>	<b>(196,659)</b>	<b>(138,677)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	167,960	188,449
Cash flows attributable to changes in interest in a subsidiary not resulting in loss of control	(227)	(3)
Repayment of borrowings	(149,343)	(92,743)
Interest paid	(42,420)	(51,943)
Decrease in finance lease liabilities	(4,458)	(3,493)
Settlement of derivative financial instruments	(52,130)	(27,696)
<b>Net cash from financing activities</b>	<b>(80,618)</b>	<b>12,571</b>
<b>Total net cash flow</b>	<b>231,430</b>	<b>(434,939)</b>
Effect of exchange rate fluctuations on cash held	13,087	(21,869)
<b>Change in net cash</b>	<b>244,517</b>	<b>(456,808)</b>
<b>Cash at beginning of period</b>	<b>(240,655)</b>	<b>161,552</b>
<b>Cash at end of period</b>	<b>3,862</b>	<b>(295,256)</b>

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

**THE LOTOS GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended March 31st 2013

(PLN '000)	Share capital	Share premium	Cash flow hedging reserve	Retained earnings	Translation reserve	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Jan 1 2013 (audited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(36,801)</b>	<b>7,623,418</b>	<b>33,902</b>	<b>9,061,740</b>	<b>699</b>	<b>9,062,439</b>
<i>Net profit/(loss)</i>	-	-	-	(147,352)	-	(147,352)	12	(147,340)
<i>Other comprehensive income, net</i>	-	-	(180,694)	-	15,968	(164,726)	3	(164,723)
Total comprehensive income	-	-	(180,694)	(147,352)	15,968	(312,078)	15	(312,063)
Purchase of shares from non-controlling shareholders	-	-	-	113	-	113	(340)	(227)
<b>Mar 31 2013 (unaudited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(217,495)</b>	<b>7,476,179</b>	<b>49,870</b>	<b>8,749,775</b>	<b>374</b>	<b>8,750,149</b>
<b>Jan 1 2012 (audited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(419,281)</b>	<b>6,700,396</b>	<b>59,100</b>	<b>7,781,436</b>	<b>947</b>	<b>7,782,383</b>
<i>Net profit</i>	-	-	-	597,050	-	597,050	64	597,114
<i>Other comprehensive income, net</i>	-	-	276,884	-	(25,991)	250,893	(14)	250,879
Total comprehensive income	-	-	276,884	597,050	(25,991)	847,943	50	847,993
Purchase of shares from non-controlling shareholders	-	-	-	2	-	2	(5)	(3)
<b>Mar 31 2012 (unaudited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(142,397)</b>	<b>7,297,448</b>	<b>33,109</b>	<b>8,629,381</b>	<b>992</b>	<b>8,630,373</b>

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

**GRUPA LOTOS S.A.**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three months ended March 31st 2013**

(PLN '000)	3 months ended Mar 31 2013	3 months ended Mar 31 2012 (restated)
	(unaudited)	(unaudited)
Revenue	6,894,898	7,524,990
Cost of sales	(6,769,188)	(7,013,728)
<b>Gross profit</b>	<b>125,710</b>	<b>511,262</b>
Distribution costs	(149,143)	(142,691)
Administrative expenses	(51,563)	(52,799)
Other income	1,387	1,467
Other expenses	(1,845)	(1,786)
<b>Operating profit/(loss)</b>	<b>(75,454)</b>	<b>315,453</b>
Finance income	3,603	353,721
Finance costs	(153,703)	(41,366)
Gain on disposal of investments	-	52,057
<b>Pre-tax profit/(loss)</b>	<b>(225,554)</b>	<b>679,865</b>
Corporate income tax	42,958	(130,680)
<b>Net profit/(loss)</b>	<b>(182,596)</b>	<b>549,185</b>
<b>Other comprehensive income</b>		
<i>Items that may be subsequently reclassified to profit/loss:</i>		
Cash flow hedges	(223,079)	341,832
Income tax on other comprehensive income	42,385	(64,948)
<b>Other comprehensive income, net</b>	<b>(180,694)</b>	<b>276,884</b>
<b>Total comprehensive income</b>	<b>(363,290)</b>	<b>826,069</b>
<b>Earnings/(loss) per share (PLN)</b>		
Weighted average number of shares ('000)	129,873	129,873
- basic	(1.41)	4.23
- diluted	(1.41)	4.23

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



**THE LOTOS GROUP**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
as at March 31st 2013

(PLN '000)	Mar 31 2013	Dec 31 2012
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,723,840	6,799,992
Intangible assets	89,285	90,196
Shares	910,520	910,520
Derivative financial instruments	475	-
Other non-current assets	376,861	342,948
<b>Total non-current assets</b>	<b>8,100,981</b>	<b>8,143,656</b>
<b>Current assets</b>		
Inventories	5,476,772	5,705,717
- including mandatory reserves	4,153,036	4,350,326
Trade receivables	1,768,116	1,670,509
Current tax assets	2,283	9,429
Derivative financial instruments	77,706	121,334
Other current assets	251,233	358,586
Cash and cash equivalents	20,411	2,886
<b>Total current assets</b>	<b>7,596,521</b>	<b>7,868,461</b>
<b>Total assets</b>	<b>15,697,502</b>	<b>16,012,117</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	129,873	129,873
Share premium	1,311,348	1,311,348
Cash flow hedging reserve	(217,495)	(36,801)
Retained earnings	5,465,337	5,647,933
<b>Total equity</b>	<b>6,689,063</b>	<b>7,052,353</b>
<b>Non-current liabilities</b>		
Bank borrowings	4,215,970	4,069,561
Derivative financial instruments	72,058	88,325
Deferred tax liabilities	161,395	246,144
Employee benefit obligations	45,668	45,262
<b>Total non-current liabilities</b>	<b>4,495,091</b>	<b>4,449,292</b>
<b>Current liabilities</b>		
Bank borrowings	1,387,961	1,462,557
Derivative financial instruments	107,946	102,524
Trade and other payables	1,932,988	2,161,910
Employee benefit obligations	38,401	35,857
Other liabilities and provisions	1,046,052	747,624
<b>Total current liabilities</b>	<b>4,513,348</b>	<b>4,510,472</b>
<b>Total liabilities</b>	<b>9,008,439</b>	<b>8,959,764</b>
<b>Total equity and liabilities</b>	<b>15,697,502</b>	<b>16,012,117</b>

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

**THE LOTOS GROUP**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
for the three months ended March 31st 2013  
prepared using the indirect method

(PLN '000)	3 months ended Mar 31 2013	3 months ended Mar 31 2012 (restated)
	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>		
<b>Net profit/(loss)</b>	<b>(182,596)</b>	<b>549,185</b>
Adjustments:	554,658	(749,569)
Corporate income tax	(42,958)	130,680
Depreciation and amortisation expense	104,238	105,070
Foreign exchange (gains)/losses	35,488	(203,279)
Interest and dividends	29,747	31,988
(Gain)/Loss from investing activities	25	(51,876)
Settlement and valuation of derivative financial instruments	74,915	(126,402)
(Increase)/Decrease in trade receivables	(97,607)	52,730
Decrease in other assets	121,150	26,580
Decrease/(Increase) in inventories	355,082	(313,835)
(Decrease) in trade and other payables	(228,922)	(210,513)
Increase/(Decrease) in other liabilities and provisions	200,550	(196,699)
Increase in employee benefit obligations	2,950	5,987
Income tax paid	(890)	(2,092)
<b>Net cash from operating activities</b>	<b>371,172</b>	<b>(202,476)</b>
<b>Cash flows from investing activities</b>		
Interest received	875	1,168
Sale of property, plant and equipment and intangible assets	4	17
Sale of shares in related entities	-	78,000
Repayment of loans advanced to related entities	-	650
Purchase of property, plant and equipment and intangible assets	(52,172)	(19,765)
Acquisition of shares in related entities	-	(3)
Loans advanced to related entities	(30,000)	(62,720)
Bank deposits for financing of maintenance shutdown	-	(11,725)
Security deposit (margin)	(2,536)	(2,485)
Cash pool expenses	(40)	-
Settlement of derivative financial instruments	422	2,214
<b>Net cash from investing activities</b>	<b>(83,447)</b>	<b>(14,649)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	101,702	162,159
Repayment of borrowings	(91,091)	(77,360)
Interest paid	(27,547)	(32,719)
Settlement of derivative financial instruments	(52,359)	(28,963)
<b>Net cash from financing activities</b>	<b>(69,295)</b>	<b>23,117</b>
<b>Total net cash flow</b>	<b>218,430</b>	<b>(194,008)</b>
Effect of exchange rate fluctuations on cash held	12,555	(21,849)
<b>Change in net cash</b>	<b>230,985</b>	<b>(215,857)</b>
<b>Cash at beginning of period</b>	<b>(406,359)</b>	<b>(165,987)</b>
<b>Cash at end of period</b>	<b>(175,374)</b>	<b>(381,844)</b>

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

GRUPA LOTOS S.A.  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended March 31st 2013

PLN '000	Share capital	Share premium	Cash flow hedging reserve	Retained earnings	Total equity
<b>Jan 1 2013 (audited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(36,801)</b>	<b>5,647,933</b>	<b>7,052,353</b>
<i>Net loss</i>	-	-	-	(182,596)	(182,596)
<i>Other comprehensive income, net</i>	-	-	(180,694)	-	(180,694)
Total comprehensive income	-	-	(180,694)	(182,596)	(363,290)
<b>Mar 31 2013 (unaudited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(217,495)</b>	<b>5,465,337</b>	<b>6,689,063</b>
<b>Jan 1 2012 (audited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(419,281)</b>	<b>4,811,502</b>	<b>5,833,442</b>
<i>Net profit</i>	-	-	-	549,185	549,185
<i>Other comprehensive income, net</i>	-	-	276,884	-	276,884
Total comprehensive income	-	-	276,884	549,185	826,069
<b>Mar 31 2012 (unaudited)</b>	<b>129,873</b>	<b>1,311,348</b>	<b>(142,397)</b>	<b>5,360,687</b>	<b>6,659,511</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31ST 2013**

**1. General information**

Grupa LOTOS Spółka Akcyjna ("Grupa LOTOS S.A.", the "Company", the "Parent"), was established on September 18th 1991. The Company's registered address is ul. Elbląska 135, 80-718 Gdańsk, Poland.

The core business of the LOTOS Group (the "LOTOS Group" the "Group") 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. Based on the classification applied by the Warsaw Stock Exchange, Grupa LOTOS S.A. is included in the fuel sector.

**2. Composition of the LOTOS Group**

As at December 31st 2013, the LOTOS Group comprised Grupa LOTOS S.A. (the Parent) and 34 production and service companies, including:

- 14 subsidiaries of Grupa LOTOS S.A.,
- 20 indirect subsidiaries of Grupa LOTOS S.A.

The Group also holds shares in a jointly-controlled entity.

Detailed information on the registered addresses and business profiles of the consolidated entities, the Group's ownership interests and the method of consolidation applied is presented below.

Company name	Registered office	Business profile	Method of consolidation	Ownership interest (%)		
				Mar 31 2013	Dec 31 2012	Mar 31 2012
<b>Parent</b>						
Grupa LOTOS	Gdańsk	Production and processing of refined petroleum products (mainly fuels) and their wholesale	Not applicable	Not applicable	Not applicable	Not applicable
<b>Direct subsidiaries</b>						
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)	Kraków	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%	100.00%
LOTOS Kolej Sp. z o.o.	Gdańsk	Rail 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%
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 Tank Sp. z o.o.	Gdańsk	Until October 16th 2011 – trading in aviation fuel and, as of January 1st 2013 – logistics services	full	100.00%	100.00%	100.00%
LOTOS Czechowice S.A. (parent of another group: LOTOS Czechowice Group)	Czechowice-Dziedzice	Storage and distribution of fuels	full	100.00%	100.00%	100.00%
LOTOS Jasło S.A. <sup>(1)</sup>	Jasło	Storage and distribution of fuels Renting and operating of own or leased real estate	full	100.00%	100.00%	100.00%
LOTOS Petrobaltic S.A. (parent of another group: LOTOS Petrobaltic Group)	Gdańsk	Acquisition of crude oil and natural gas deposits and their exploitation	full	99.98% <sup>(2)</sup>	99.96%	99.95%
LOTOS Park Technologiczny Sp. z o.o.	Jasło	Dormant	full	100.00%	100.00%	100.00%

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

**THE LOTOS GROUP**  
**Notes to the interim condensed consolidated financial statements**  
**for the three months ended March 31st 2013**

Company name	Registered office	Business profile	Method of consolidation	Ownership interest (%)		
				Mar 31 2013	Dec 31 2012	Mar 31 2012
<b>Indirect subsidiaries</b>						
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Production and distribution of electricity, heat and gas	full	100.00%	100.00%	100.00%
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Production of fatty acid methyl esters (FAME)	full	100.00%	100.00%	100.00%
Miliana Shipholding Company Ltd. (parent of another group: Miliana Shipholding Group)	Nicosia, Cyprus	Storage and transport of crude oil, other sea transport related services, and managing own financial assets	full	99.98% <sup>(3)</sup>	99.96%	99.95%
Technical Ship Management Sp. z o.o.	Gdańsk	On October 1st 2012, the company launched sea transport support activities involving advisory on the operation of ships	full	99.98% <sup>(3)</sup>	99.96%	100.00%
Miliana Shipmanagement Ltd.	Nicosia, Cyprus	Provision of sea transport and related services	full	99.98% <sup>(3)</sup>	99.96%	99.95%
Miliana Shipping Group Ltd. (parent of another group: Miliana Shipping Group Group)	Nicosia, Cyprus	Management of own assets	full	99.98% <sup>(3)</sup>	99.96%	99.95%
Bazalt Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.98% <sup>(3)</sup>	99.96%	99.95%
Granit Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.98% <sup>(3)</sup>	99.96%	99.95%
Kambr Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.98% <sup>(3)</sup>	99.96%	99.95%
St. Barbara Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.98% <sup>(3)</sup>	99.96%	99.95%
Petro Icarus Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.98% <sup>(3)</sup>	99.96%	99.95%
Petro Aphrodite Company Ltd.	Nicosia, Cyprus	Ship chartering	full	99.98% <sup>(3)</sup>	99.96%	99.95%
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	99.98% <sup>(3)</sup>	99.96%	99.95%
Aphrodite Offshore Services N.V.	Curaçao, Netherlands Antilles	Dormant	full	99.98% <sup>(3)</sup>	99.96%	99.95%
ENERGOBALTIC Sp. z o.o.	Władysławowo	Production of electricity, heat, LPG and natural gas condensate	full	99.98% <sup>(3)</sup>	99.96%	99.95%
AB LOTOS Geonafra (parent of another group: AB LOTOS Geonafra Group)	Gargždai, Lithuania	Crude oil exploration and production, drilling services, and purchase and sale of crude oil	full	99.98% <sup>(3)</sup>	99.96%	99.95%
UAB Genciu Nafta	Gargždai, Lithuania	Crude oil exploration and production	full	99.98% <sup>(3)</sup>	99.96%	99.95%
UAB Manifoldas	Gargždai, Lithuania	Crude oil exploration and production	full	99.98% <sup>(3)</sup>	99.96%	49.98%
Baltic Gas Sp. z o.o.	Gdańsk	The company has not commenced operations	non-consolidated <sup>(4)</sup>	99.98% <sup>(3)</sup>	99.96%	-
Baltic Gas spółka z ograniczoną odpowiedzialnością i wspólnicy spółka komandytowa	Gdańsk	The company has not commenced operations	non-consolidated <sup>(4)</sup>	99.98% <sup>(3)</sup>	99.96%	-
<b>Jointly-controlled companies</b>						
UAB Minijos Nafta	Gargždai, Lithuania	Crude oil exploration and production	proportional	49.99% <sup>(3)</sup>	49.98%	49.98%

<sup>(1)</sup> On April 18th 2013, a change of the company's name from LOTOS Jasło S.A. to LOTOS Infrastruktura S.A. was registered.

<sup>(2)</sup> In the period from January 1st to March 31st 2013, Grupa LOTOS S.A. continued the process of purchase of LOTOS Petrobaltic S.A. shares from its non-controlling shareholders. Following acquisition of shares in LOTOS Petrobaltic S.A. from its non-controlling shareholders as part of the squeeze-out process, as at March 31st 2013 Grupa LOTOS S.A. held a 99.98% interest in the share capital of LOTOS Petrobaltic S.A. (9,938,078 shares), including 9,937,448 shares (99.97% of the share capital) entered in the share register (see Note 3 to these interim condensed consolidated financial statements).

<sup>(3)</sup> The shareholding changes described in item <sup>(2)</sup> above resulted in changes in the Group's indirect interests in the share capitals of companies of the LOTOS Petrobaltic Group and of jointly-controlled company UAB Minijos Nafta.

<sup>(4)</sup> Those entities have been excluded from consolidation since the figures reported in their financial statements as at March 31st 2013 were immaterial from the point of view of fulfilment of the obligation defined in IAS 27 Consolidated and Separate Financial Statements.

### **3. 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 discontinuation of any businesses**

In the period from the end of the previous financial year, i.e. December 31st 2012 (see Note 2 to the consolidated financial statements for 2012), 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.**

In 2013 Grupa LOTOS S.A. continued to purchase LOTOS Petrobaltic S.A. shares from the company's non-controlling shareholders as part of the squeeze-out process. In the period from January 1st to March 31st 2013, Grupa LOTOS S.A. purchased 1,806 shares with the aggregate value of PLN 227 thousand, representing 0.0182% of the company's share capital, of which 1,176 LOTOS Petrobaltic S.A. shares with the aggregate value of PLN 148 thousand, representing 0.0118% of the company's share capital, were entered in the share register.

In line with IAS 27 Consolidated and Separate Financial Statements, the above transactions have been accounted for as equity transactions, as a result of which an amount of PLN 113 thousand was recognised under retained earnings attributable to the Parent, and the value of non-controlling interests decreased by PLN 340 thousand.

Following the acquisition of shares in LOTOS Petrobaltic S.A. from its non-controlling shareholders as part of the squeeze-out process, as at March 31st 2013 Grupa LOTOS S.A. held a 99.98% interest in the share capital of LOTOS Petrobaltic S.A. (9,938,078 shares), including 9,937,448 shares (99.97% of the share capital) entered in the share register, in respect of which the voting rights can be exercised.

### **4. Changes in the composition of the Management and Supervisory Boards**

As at January 1st 2013 and 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 Sokolowski – Vice-President of the Management Board, Chief Operation Officer,  
Maciej Szozda – Vice-President of the Management Board, Chief Commercial Officer.

As at January 1st 2013 and as at the date of approval of these interim condensed consolidated financial statements, the composition of the Supervisory Board of Grupa LOTOS S.A. 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.

### **5. Basis of preparation and presentation**

These interim condensed consolidated financial statements of the LOTOS Group ("these interim consolidated financial statements", "these interim financial statements") have been prepared in accordance with the EU-endorsed International Financial Reporting Standards ("IFRS"), as published and effective on March 31st 2013, including in particular International Accounting Standard No. 34 Interim Financial Reporting.

These interim condensed consolidated financial statements present the financial position of the Group as at March 31st 2013 and December 31st 2012, as well as its performance and cash flows for the three months ended March 31st 2013 and March 31st 2012.

These interim financial statements should be read in conjunction with the audited *consolidated financial statements of the LOTOS Group for 2012*, published on March 21st 2013.

The financial information as at March 31st 2013 and for the three months ended on that date, as well as the comparative financial data for the three months ended March 31st 2012, have not been audited, whereas the financial information as at December 31st 2012 has been audited. The auditor's opinion on the *consolidated financial statements of the LOTOS Group for 2012* was issued on March 19th 2013.

The Parent's functional currency and the reporting currency of these interim consolidated financial statements is the Polish zloty, and all the amounts presented herein, unless indicated otherwise, are stated in thousands of zloty.

## 5.1 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 2012 (see Note 7 to the consolidated financial statements for 2012).

The following new standards, amendments to the existing standards and interpretations which have been endorsed by the European Union (the "EU") are effective in periods beginning after January 1st 2013:

- IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after January 1st 2013; in the EU effective for annual periods beginning on or after January 1st 2014),
- IFRS 11 Joint Arrangements (effective for annual periods beginning on or after January 1st 2013; in the EU effective for annual periods beginning on or after January 1st 2014),
- IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after January 1st 2013; in the EU effective for annual periods beginning on or after January 1st 2014),
- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after January 1st 2013),
- IAS 27 Separate Financial Statements (as amended in 2011) (effective for annual periods beginning on or after January 1st 2013; in the EU effective for annual periods beginning on or after January 1st 2014),
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) (effective for annual periods beginning on or after January 1st 2013; in the EU effective for annual periods beginning on or after January 1st 2014),
- Amendment to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after July 1st 2012),
- Amendments to IFRS 7 – Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1st 2013),
- Amendment to IAS 19 Employee Benefits (effective for annual periods beginning on or after January 1st 2013),
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective for annual periods beginning on or after January 1st 2013),
- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after January 1st 2012; in the EU effective for annual periods beginning on or after January 1st 2013),
- 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 annual periods beginning on or after July 1st 2011; in the EU effective for annual periods beginning on or after January 1st 2013),
- 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 to IFRS 10, IFRS 11 and IFRS 12 Transition Guidance (effective for annual periods beginning on or after January 1st 2013).

As of January 1st 2014, the Group intends to apply the following set of standards: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The method of proportionate consolidation applied by the Group in respect of UAB Minijos Nafta, controlled jointly by AB LOTOS Geonafta, is expected to change to the equity method for financial statements prepared for periods beginning on or after January 1st 2014.

## 5.2 New standards and interpretations

New standards, amendments to the existing standards and interpretations which have been endorsed by the European Union (the "EU"):

- Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1st 2014).

New standards, amendments to the existing standards and interpretations which have not been endorsed by the European Union are as follows:

- IFRS 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after January 1st 2015),
- 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 12 and IAS 27 Investment Entities (effective for annual periods beginning on or after January 1st 2014).

As at the date of approval of these 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 Group has not opted for early application of any of the standards, interpretations, or amendments which have not yet become effective. The Company's Management Board is analysing and assessing the effect of the new standards and interpretations on the accounting policies applied by the Group and on the Group's future financial statements.

### 5.3 Exchange rates

The following exchange rates, determined on the basis of the exchange rates quoted by the National Bank of Poland (the "NBP"), have been used for the purpose of balance-sheet valuation and translation of the financial statements of foreign entities and groups:

<b>Mid-exchange rate quoted by the NBP for</b>	<b>Mar 31 2013</b> <sup>(1)</sup>	<b>Dec 31 2012</b> <sup>(2)</sup>
USD	3.2590	3.0996
EUR	4.1774	4.0882
NOK	0.5584	0.5552
LTL	1.2099	1.1840

<sup>(1)</sup> NBP's mid-exchange rates table, effective for March 31st 2013.

<sup>(2)</sup> NBP's mid-exchange rates table, effective for December 31st 2012.

<b>NBP's average exchange rate for the reporting period</b>	<b>3 months ended</b> <b>Mar 31 2013</b> <sup>(1)</sup>	<b>3 months ended</b> <b>Mar 31 2012</b> <sup>(2)</sup>
USD	3.1714	3.1318
EUR	4.1738	4.1750
NOK	0.5589	0.5514
LTL	1.2088	1.2092

<sup>(1)</sup> Based on the arithmetic mean of the mid-exchange rates quoted by the NBP for the last day of each full month in the period January 1st – March 31st 2013.

<sup>(2)</sup> Based on the arithmetic mean of the mid-exchange rates quoted by the NBP for the last day of each full month in the period January 1st – March 31st 2012.

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

The Group reclassified some of its costs (amortisation/depreciation, overhauls, real estate tax) previously recognised as administrative expenses, into cost of sales. The Group accordingly restated its comparative data for the three months ended March 31st 2012. As a result of this change, administrative expenses fell by PLN 4,181 thousand, while cost of sales increased by PLN 4,181 thousand.

The Group changed its policies with respect to the presentation in the consolidated statement of cash flows of settlement of futures contracts to purchase carbon dioxide (CO<sub>2</sub>) emission allowances. As a result of this change, in the statement of cash flows for the three months ended March 31st 2012, cash from investing activities increased, and cash from financing activities decreased, by PLN 2,214 thousand.

### 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–March 31st 2013, the effect of the loss on remeasurement of borrowings denominated in foreign currencies, recognised in the statement of comprehensive income, amounted to PLN 292,059 thousand and has been presented in finance costs (PLN 68,980 thousand) and in other comprehensive income, net (PLN 223,079 thousand).

In the period January 1st–March 31st 2012, foreign exchange losses recognised in the cash flow hedging reserve amounted to PLN 223,079 thousand and related exclusively to the loss on remeasurement of borrowings denominated in foreign currencies, used as hedging instruments, before the PLN 42,385 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**

Under the Note Programme Agreement of July 27th 2010, LOTOS Asphalt Sp. z o.o. may carry out multiple note 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.

No other debt or equity securities were issued, redeemed or repaid in the three months ended March 31st 2013.

**11. Dividends**

As at the date of publication of these interim condensed consolidated financial statements, the Company's Management Board had not adopted a resolution containing its recommendation as to the distribution of the 2012 profit.

As at March 31st 2013 and December 31st 2012, Grupa LOTOS S.A.'s ability to distribute funds in the form of dividends was limited. The limitations followed from the credit facility agreement executed on June 27th 2008 for the financing of the 10+ Programme, which provides that the dividend amount may be made conditional upon fulfilment of specific requirements, including generation of sufficient cash surplus and achievement of financial ratios at prescribed levels.

**12. Earnings/(loss) per share**

	<b>3 months ended Mar 31 2013</b>	<b>3 months ended Mar 31 2012</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net profit/(loss) attributable to owners of the Parent (PLN '000) (A)	(147,352)	597,050
Weighted average number of shares ('000) (B)	129,873	129,873
Earnings/(loss) per share (PLN) (A/B)	(1.13)	4.60

Earnings/(loss) per share for each reporting period are calculated by dividing the net profit/(loss) for the reporting period by the weighted average number of shares in the reporting period.

Diluted earnings/(loss) per share are equal to basic earnings/(loss) per share since the Group carries no instruments with a dilutive effect.

**THE LOTOS GROUP**  
Notes to the interim condensed consolidated financial statements  
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**13. Business segments**

PLN '000	Upstream segment	Downstream segment	Other <sup>(1)</sup>	Consolidation adjustments	Consolidated
<b>3 months ended Mar 31 2013</b>					
<b>(unaudited)</b>					
<b>Revenue:</b>	<b>196,063</b>	<b>7,176,896</b>	<b>5,778</b>	<b>(201,360)</b>	<b>7,177,377</b>
<i>Intersegment sales</i>	187,328	10,266	3,766	(201,360)	-
<i>External sales</i>	8,735	7,166,630	2,012	-	7,177,377
<b>Operating profit/(loss)(EBIT)</b>	<b>70,333</b>	<b>(48,964)</b>	<b>157</b>	<b>(47,097)</b>	<b>(25,571)</b>
Depreciation and amortisation expense	36,274	130,706	2,358	(450)	168,888
<b>Operating profit/(loss) before amortisation and depreciation (EBITDA)</b>	<b>106,607</b>	<b>81,742</b>	<b>2,515</b>	<b>(47,547)</b>	<b>143,317</b>

PLN '000	Upstream segment	Downstream segment	Other <sup>(1)</sup>	Consolidation adjustments	Consolidated
<b>Mar 31 2013</b>					
<b>(unaudited)</b>					
<b>Total assets</b>	<b>3,746,623</b>	<b>16,959,833</b>	<b>147,197</b>	<b>(921,504)</b>	<b>19,932,149</b>
<i>- including net exploration and appraisal assets</i>	183,425	-	-	-	183,425

PLN '000	Upstream segment	Downstream segment	Other <sup>(1)</sup>	Consolidation adjustments	Consolidated
<b>3 months ended Mar 31 2012</b>					
<b>(restated)</b>					
<b>(unaudited)</b>					
<b>Revenue:</b>	<b>264,332</b>	<b>7,778,117</b>	<b>7,005</b>	<b>(217,112)</b>	<b>7,832,342</b>
<i>Intersegment sales</i>	201,236	10,978	4,898	(217,112)	-
<i>External sales</i>	63,096	7,767,139	2,107	-	7,832,342
<b>Operating profit/(loss)(EBIT)</b>	<b>134,508</b>	<b>345,379</b>	<b>1,380</b>	<b>(62,281)</b>	<b>418,986</b>
Depreciation and amortisation expense	31,211	131,955	2,545	(443)	165,268
<b>Operating profit/(loss) before amortisation and depreciation (EBITDA)</b>	<b>165,719</b>	<b>477,334</b>	<b>3,925</b>	<b>(62,724)</b>	<b>584,254</b>

PLN '000	Upstream segment	Downstream segment	Other <sup>(1)</sup>	Consolidation adjustments	Consolidated
<b>Dec 31 2012</b>					
<b>(audited)</b>					
<b>Total assets</b>	<b>3,366,025</b>	<b>17,334,548</b>	<b>148,607</b>	<b>(792,801)</b>	<b>20,056,379</b>
<i>- including net exploration and appraisal assets</i>	150,033	-	-	-	150,033

<sup>(1)</sup> 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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#### 14. Deferred tax

PLN '000	Statement of financial position		Statement of comprehensive income for the three months ended
	Mar 31 2013 (unaudited)	Dec 31 2012 (audited)	Mar 31 2013 (unaudited)
Deferred tax assets	1,179,642	1,121,314	58,328
Deferred tax liabilities	233,879	322,169	(88,290)
<b>Deferred tax expense</b>			<b>146,618</b>
<i>Exchange differences on translating foreign operations</i>			<i>(8,879)</i>
<i>Deferred tax disclosed under other comprehensive income, net</i>			<i>(42,385)</i>
<b>Deferred tax expense recognised in the consolidated statement of comprehensive income</b>			<b>95,354</b>

#### 15. Impairment losses

PLN '000	Property, plant and equipment	Other intangible assets	Inventories	Receivables	Total
<b>Jan 1 2013 (audited)</b>	<b>1,316,600</b>	<b>151,065</b>	<b>2,293</b>	<b>177,152</b>	<b>1,647,110</b>
Recognised	65	4,385	-	4,470	8,920
Exchange differences on translating foreign operations	6,974	1,096	19	47	8,136
Used	(502)	-	-	(194)	(696)
Reversed	(122)	(900)	-	(930)	(1,952)
<b>Mar 31 2013 (unaudited)</b>	<b>1,323,015</b>	<b>155,646</b>	<b>2,312</b>	<b>180,545</b>	<b>1,661,518</b>

#### 16. Purchase or sale of property, plant and equipment and other intangible assets

In the period January 1st–March 31st 2013, the Group acquired property, plant and equipment and other intangible assets in the amount of PLN 113,315 thousand.

In the period January 1st–March 31st 2013, the Group sold property, plant and equipment and other intangible assets with a total carrying amount of PLN 262 thousand.

As at March 31st 2013, the Group's commitments under agreements related to expenditure on property, plant and equipment amounted to PLN 90,585 thousand.

### 17. Change in liabilities under length-of-service awards and post-employment benefits

PLN '000	Length-of-service awards	Post-employment benefits	Total
<b>Jan 1 2013 (audited)</b>	<b>110,441</b>	<b>35,175</b>	<b>145,616</b>
Recognised	1,743	362	2,105
Exchange differences on translating foreign operations	-	10	10
Used	(486)	(270)	(756)
Reversed	(202)	(42)	(244)
Benefits paid	(1,371)	(380)	(1,751)
<b>Mar 31 2013 (unaudited)</b>	<b>110,125</b>	<b>34,855</b>	<b>144,980</b>
<i>including:</i>			
<i>non-current</i>	101,797	28,910	130,707
<i>current</i>	8,328	5,945	14,273

### 18. Provisions

PLN '000	Provisions for decommissioning and reclamation costs			Other provisions	Total
	Provisions for retired refinery installations	Provision for onshore oil and gas facilities	Provision for offshore oil and gas facilities		
<b>Jan 1 2013 (audited)</b>	<b>41,770</b>	<b>18,268</b>	<b>297,949</b>	<b>33,755</b>	<b>391,742</b>
Recognised	-	491	-	3	494
Change in provisions for liabilities attributable to the approaching maturity date (discount reversal effect)	-	360	1,327	-	1,687
Exchange differences on translating foreign operations	-	399	674	73	1,146
Used	(112)	-	(3)	(1,627)	(1,742)
Released	(115)	(814)	-	-	(929)
<b>Mar 31 2013 (unaudited)</b>	<b>41,543</b>	<b>18,704</b>	<b>299,947</b>	<b>32,204</b>	<b>392,398</b>
<i>including:</i>					
<i>non-current</i>	35,669	18,704	299,947	12,006	366,326
<i>current</i>	5,874	-	-	20,198	26,072

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

On April 9th 2013, CalEnergy Resources Poland Sp. z o.o. became a limited partner in Baltic Gas Sp. z o.o. i wspólnicy spółka komandytowa, contributing PLN 5 thousand to the company, created earlier by LOTOS Petrobaltic S.A. to implement an investment agreement executed with CalEnergy in October 2012. At the same time, LOTOS Petrobaltic S.A., as the second limited partner, increased its equity interest in the company from PLN 5 thousand to PLN 52,000 thousand, making a cash payment of PLN 295 thousand and an in-kind contribution worth PLN 51,700 thousand. LOTOS Petrobaltic S.A. and CalEnergy Resources Poland Sp. z o.o. signed a cooperation agreement on the development of the B4 and B6 gas fields. The agreement is subject to a few conditions precedent. The project provides for joint operations carried out through a special purpose vehicle. Under the preparatory work schedule, seismics acquisition and selection of a preliminary field development concept are scheduled for 2013–2014. On completion of that stage, the partners will be able to make a final investment decision concerning the development of the B-4 and B-6 fields.

Acquisition of the equity interest in the company by CalEnergy marked the end of preparation for joint operations on the fields and the beginning of CalEnergy's financial commitment to the project. During the preparatory work, a number of conditions precedent were met, including the transfer of licences upon LOTOS Petrobaltic S.A.'s consent. By virtue of the Minister of Environment's decision dated March 13th 2013, the following licences have been transferred to Baltic Gas spółka z ograniczoną odpowiedzialnością i wspólnicy spółka komandytowa:

- licence for exploration and appraisal of oil and gas deposits in the Gaz Północ area,
- licence for extraction of natural gasoline gas from the B-4 field located in the Polish economic zone of the Baltic Sea,
- licence for extraction of natural gas condensate from the B-6 field located in the Polish economic zone of the Baltic Sea.

Under the investment agreement, CalEnergy Resources Poland Sp. z o.o. will finance the cost of seismic surveys, selection of development concept and preparation of the front end engineering design, attributable to both CalEnergy Resources Poland Sp. z o.o. and LOTOS Petrobaltic S.A.

On April 10th 2013, LOTOS Petrobaltic sold a 50% interest in Baltic Gas Sp. z o.o. to CalEnergy Resources Poland Sp. z o.o.

## **20. Contingent liabilities and assets**

### **20.1 Material court, arbitration or administrative proceedings and other risks of the Parent or its subsidiaries**

The following changes occurred with respect to pending material court, arbitration, or administrative proceedings or with respect to other risks of the Company or its subsidiaries after the end of the previous financial year, i.e. December 31st 2012 (see Note 36.1 to the consolidated financial statements for 2012):

1. On May 18th 2001, PETROECCO JV Sp. z o.o. brought an action against the Company whereby it sought the court's decision awarding an amount of PLN 6,975 thousand, plus 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 was also ordered to abandon monopolistic practices pursuant to a decision of the Provincial Court of Warsaw – the Anti-Monopoly Court of October 22nd 1997.

The Regional Court of Gdańsk, by virtue of its decision of December 21st 2002, dismissed the action for compensation filed by PETROECCO JV Sp. z o.o., 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 and remanded for re-examination by the Regional Court. The Company questioned 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. After two further hearings at which expert witnesses provided their evidence, by virtue of a ruling of April 20th 2007 the action was dismissed. Following the appeal and cassation proceedings in 2007, initiated by PETROECCO JV Sp. z o.o., the case was remanded for re-examination by the Regional Court of Gdańsk. As a result of further hearings (held on November 3rd 2009, October 1st 2010, December 6th 2012, February 8th 2013), after evidence was taken based on an opinion of the expert witness of Instytut Nafty i Gazu (Oil and Gas Institute) of Kraków, which was favourable to Grupa LOTOS S.A., and after the parties exchanged process letters, the Court dismissed the action filed by PETROECCO JV Sp. z o.o. in its entirety on February 22nd 2013. As at the date of approval of these interim condensed consolidated financial statements, the ruling was not final yet.

Given that there was little risk of an unfavourable outcome of the case, Grupa LOTOS S.A. did not recognise any provisions for potential liabilities related to the case. By virtue of its ruling of February 22nd 2013, the Court awarded PLN 57.6 thousand to Grupa LOTOS S.A. as a reimbursement of the costs of proceedings.

2. 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. In 2009, 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. 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

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Sp. z o.o. The most recent hearing was held on April 5th 2013 and as at the date of approval of these interim condensed consolidated financial statements the case was pending.

On January 11th 2013, the Court Enforcement Officer issued a decision reversing the earlier seizure (dated December 14th 2009) of receivables from LOTOS Paliwa Sp. z o.o.'s bank account to secure the claims of Mr Andrzej Wójcik.

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 90m as an additional bonus for delivering the MOPU within the deadline set forth in the agreement,
  - USD 3.7m 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 was 20% of the amounts, i.e. USD 18.7m in total. On February 20th 2012, a decision in the arbitration proceedings was announced. All claims of Single Buoy Moorings Inc. ("SBM") were dismissed and the arbitration proceedings were closed.

There were also second arbitration proceedings pending with respect to SBM's claims against the YME consortium and mutual claims. SBM's claims were reported and subsequently modified by the letters of December 14th 2011, May 2nd 2012 and October 16th 2012, and involved disputed costs of approximately USD 330m relating to dealings between the parties under the agreement for the delivery of the Mobile Operating and Production Unit (MOPU) to Norway.

On March 12th 2013, Talisman Energy Norge AS (the YME field operator) and SBM (owner of the platform) announced that an agreement was reached to terminate all existing contracts and agreements executed by the parties in connection with the YME project and remove the platform from the YME field. Under the agreement, SBM paid joint venture partners an amount of USD 470m. Acting on behalf of the licence holders, Talisman Energy Norge AS agreed to make all the necessary preparations and remove the platform from the field. SBM Offshore will be responsible for towing and scrapping the platform onshore. Concurrently, ownership of the subsea structure supplied by SBM will be transferred to the joint venture partners. The parties will cover the costs of decommissioning work as set out in the agreement. The settlement was approved by all partners in the YME licence, including LOTOS Exploration and Production Norge AS. The settlement includes an arrangement concerning termination of all arbitration proceedings between SBM and Talisman Energy Norge AS.

In accordance with the provisions of the agreement with SBM, USD 12.22m was paid to LOTOS Exploration and Production Norge AS's bank account by March 31st 2013. The amount represents a part of LOTOS Exploration and Production Norge AS's 20% interest in the amount of USD 470m, paid by SBM to the consortium members. The balance of the Group's share in the amount due to the consortium members under the agreement, that is USD 81.78m, was transferred to the escrow account of the YME Project, and will be gradually used to finance the work connected with the removal of the MOPU and infrastructure from the field, as defined in the agreement.

The Group disclosed the amounts due to it under the agreement in its interim condensed consolidated statement of financial position as at March 31st 2013 as: *Other liabilities and provisions* under *Non-current liabilities* - PLN 304,944 thousand; *Cash and cash equivalents* - PLN 38,913 thousand, and *Other non-current assets* - PLN 266,031 thousand (the amounts of those items as disclosed in the accounting books of LOTOS Exploration and Production Norge AS were translated at the NOK/PLN mid-exchange rate quoted by the National Bank of Poland for the last day of reporting period).

4. On March 11th 2013, LOTOS Petrobaltic S.A. received the final pre-court payment notice for approximately GBP 6.5m from AGR Subsea Ltd. ("AGR"). The claim concerns AGR's remuneration for performance of an agreement to unearth the legs of the Baltic Beta platform. LOTOS Petrobaltic S.A. questioned the figure quoted by AGR as remuneration for services. In the course of negotiations, LOTOS Petrobaltic S.A. has proposed to pay PLN 16m (the equivalent of GBP 3.2m, translated at the mid-exchange rate quoted by the National Bank of Poland for December 31st 2012) to AGR under the claim. AGR Subsea Ltd. did not accept the settlement and sent a payment notice to LOTOS Petrobaltic S.A. The dispute between the parties concerns the nature of the contract, the reasons behind its delayed and incomplete performance, as well as whether LOTOS Petrobaltic S.A. had grounds to terminate the contract and demand reimbursement of costs incurred for replacement contractors hired by LOTOS Petrobaltic S.A. to complete the work. Given the complex nature of the dispute, LOTOS Petrobaltic S.A. recognises the risk arising in relation to court proceedings, as in case of an unfavourable verdict, LOTOS Petrobaltic S.A. may have to incur additional expenses related to court proceedings, including costs of legal representation and costs of enforcement proceedings.

As at December 31st 2013, the Group recognised a liability of PLN 16m (the equivalent of GBP 3.2m, translated at the mid-exchange rate quoted by the National Bank of Poland for December 31st 2012) towards AGR Subsea Ltd. for unearthing the legs of the Baltic Beta platform.

### **20.1.1 Material settlements under court proceedings**

In the period from January 1st to March 31st 2013, the Group recorded no material settlements under court proceedings, other than those presented in Note 20.1 to these interim condensed consolidated financial statements.

### **20.2 Other contingent liabilities**

- As at March 31st 2013, Grupa LOTOS S.A. had a PLN 240,000 thousand blank promissory note deposited at the Customs Office in Gdańsk as lump-sum security for excise duty for the amount of PLN 800,000 thousand. The security is valid until August 19th 2013.

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- An unconditional and irrevocable guarantee issued by LOTOS Petrobaltic S.A. for the benefit of the government of Norway on June 17th 2008, concerning the activities of LOTOS Exploration and Production Norge AS related to its exploration and production operations on the Norwegian Continental Shelf, was effective as at March 31st 2013. In the guarantee, LOTOS Petrobaltic S.A. undertook to assume any financial liabilities which may arise in connection with the operations of LOTOS Exploration and Production Norge AS on the Norwegian Continental Shelf, consisting in exploration for and extraction of the natural resources from the sea bottom, including their storage and transport using means of transport other than ships.

## 21. Other information

- In the period from January 15th 2012 to January 15th 2013, Grupa LOTOS S.A. entered into contracts with ADM Group companies totalling approximately PLN 745m, i.e. the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). On January 15th 2013, Grupa LOTOS S.A. and ADM Malbork S.A. of Malbork executed an annex to the agreement of February 24th 2012 concerning purchase of bio-components – fatty acid methyl esters. Under the annex the term of the agreement was extended until December 31st 2013. The estimated value of the agreement in the period from January 1st to December 31st 2013 is PLN 285m, making it the highest-value contract executed with ADM Group companies. The estimated amount of contractual penalties is PLN 43m. Under the agreement, the parties are entitled to seek additional compensation in excess of the contractual penalties.
- On January 17th 2013, Grupa LOTOS S.A. signed an indefinite term contract with AB LOTOS Geonafta for the supply of crude oil to Grupa LOTOS S.A. Under the contract, crude oil will be delivered by sea. The estimated value of the contract over its five-year term is approximately PLN 822m. The contract does not provide for any contractual penalties and its terms and conditions do not differ from the terms and conditions commonly applied in contract of such type.
- In the period from January 22nd 2012 to January 22nd 2013, Grupa LOTOS S.A. entered into contracts with Neste Group companies totalling approximately PLN 813m, i.e. the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). The contract of the largest value was the one of July 17th 2012, for the sale of gasoline by Grupa LOTOS S.A. to Neste Oil (Suisse) SA of Geneva, Switzerland. The contract was concluded for the period from August 1st to December 31st 2012 and its estimated value (exclusive of VAT) is approximately PLN 152m. The contract does not include any condition precedent or subsequent, specify any date of events giving rise to a claim (dies a quo) or 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. The other terms and conditions of the contract do not differ from the terms and conditions commonly applied in agreements of such type.
- In line with the schedule, the Gdańsk refinery of Grupa LOTOS S.A. will undergo a technological overhaul from March 29th 2013 to May 10th 2013. Crude oil processing will be suspended for approximately 23 days. Following the completion of the 10+ Programme, the refinery's configuration makes it possible to divide repair work between the two production lines, while shortening the necessary downtime. The shutdown will decrease the refinery's processing capacity by 8% in 2013. Apart from the repairs, work will be performed under an investment programme designed to increase the capacities of individual units and to reduce operating expenses. The stoppage of production units will not result in suspension of shipment or sale of products (kept in storage tanks and purchased from other suppliers).

### **Intercompany loans**

- On January 30th 2013, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 23,000 thousand to LOTOS Petrobaltic S.A. The repayment date for the principal and interest is December 31st 2015. 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.
- On March 5th 2013, Grupa LOTOS S.A. signed an agreement to grant a loan of PLN 7,000 thousand to LOTOS Petrobaltic S.A. The repayment date for the principal and interest is December 31st 2015. 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.

As at March 31st 2013, the total carrying amount of intercompany loans stood at PLN 1,359,115 thousand, and the total nominal value of these loans was as follows:

- loans denominated in PLN: PLN 128,121 thousand,
- loans denominated in USD: PLN 1,066,644 thousand (USD 327,292 thousand, translated at the average mid-exchange rate quoted by the National Bank of Poland for the reporting period ended March 31st 2013),
- loans denominated in EUR: PLN 35,341 thousand (EUR 8,460 thousand, translated at the average mid-exchange rate quoted by the National Bank of Poland for the reporting period ended March 31st 2013),

Furthermore, on March 29th 2013 LOTOS Petrobaltic S.A. executed a loan commitment agreement with LOTOS Exploration & Production Norge AS, to secure a multi-purpose credit facility advanced to LOTOS Exploration & Production Norge AS by Bank PKO BP S.A. Under the commitment agreement, LOTOS Petrobaltic S.A. agreed to advance loans to LOTOS Exploration & Production Norge AS if: (1) LOTOS Exploration & Production Norge AS fails to purchase interest in the Draugen field or any similar production field on the Norwegian Continental Shelf by September 30th 2013, (2) LOTOS Exploration & Production Norge AS does not have sufficient funds to repay the credit facility of USD 80,000 thousand. In such a case, LOTOS Petrobaltic

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S.A. agreed to transfer the amount due under the agreement to the Lending Bank. In addition, the multi-purpose credit facility advanced to LOTOS Exploration & Production Norge AS by Bank PKO BP S.A. is secured by a surety granted by LOTOS Petrobaltic S.A. to Bank PKO BP S.A. in respect of liabilities of LOTOS Exploration & Production Norge AS. The surety is for the lower of USD 80,000 thousand and PLN 293,828 thousand.



**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; 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 Q1 2013, there were changes in the structure of the LOTOS Group. The changes are discussed in Note 3 to these interim condensed consolidated financial statements.

**III. Seasonal or cyclical nature of the Group's business in Q1 2013**

In Q1 2013, the operations of the Group were not affected by seasonality or cyclicity.

**IV. Issue, redemption or repurchase of non-equity and equity securities in Q1 2013**

In Q1 2013, no non-equity or equity securities were issued, redeemed or repurchased. For information on the Note Programme of LOTOS Asphalt Sp. z o.o., see Note 10 to these interim condensed consolidated financial statements.

**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 these interim condensed consolidated financial statements and as at December 31st 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 <sup>(1)</sup>
State Treasury <sup>(2, 3)</sup>	69,076,392	69,076,392	69,076,392	53.19%
Other shareholders	60,796,970	60,796,970	60,796,970	46.81%
<b>Total</b>	<b>129,873,362</b>	<b>129,873,362</b>	<b>129,873,362</b>	<b>100.00%</b>

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

<sup>(2)</sup> In accordance with the shareholder's representation delivered to Grupa LOTOS S.A. on January 29th 2010.

<sup>(3)</sup> By the date of publication of these interim condensed consolidated financial statements, the Company had 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 and as at December 31st 2012, 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.

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**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 report for 2012 <sup>(1)</sup>	Acquisition	Sale	Other	As at the date of release of these interim financial statements <sup>(2)</sup>
Marek Sokolowski <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 Production</i>	1,000	-	-	-	1,000
<b>Total</b>	<b>9,636</b>				<b>9,636</b>

<sup>(1)</sup> Based on the representations as at March 11th 2013.

<sup>(2)</sup> Based on the representations as at April 24th 2013.

To the best of the Company's knowledge, other Management Board and Supervisory Board members did not hold any Company shares or rights to the Company shares as at the date of release of these interim financial statements and of the 2012 report.

**VII. Material 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, as well as 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 20.1 to these interim condensed consolidated financial statements. Material settlements under court proceedings are described in Note 20.1.1 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 March 31st 2013 are presented in Note 21 to these interim condensed consolidated financial statements.

**IX. Information on sureties in respect of loans or guarantees issued by the Parent or its subsidiaries, jointly to one entity or its subsidiary, where the aggregate value of such sureties or guarantees represents 10% or more of the Company's equity**

In the period from January 1st to March 31st 2013, 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 20.2 and Note 21 to these interim condensed consolidated financial statements.

**X. Defaults under credit facilities or other borrowings, or breaches of material covenants of agreements on credit facilities or other borrowings, with respect to which no remedial action was taken by the end of the reporting period**

In the period January 1st–March 31st 2013, no Group company defaulted on its credit facilities or other borrowings or breached any material covenants under agreements on credit facilities or other borrowings.

**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 March 31st 2013, 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 fulfill its obligations.

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

**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 did not publish any forecasts concerning the Company's performance in 2013.

**XIV. Factors with a bearing on the 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 - the requirement for producers and importers 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 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 the analyses concerning development of the YME field, including performance of the agreement of March 12th 2013 referred to in Note 20.1.3 to these interim consolidated financial statements,
- maintenance shutdown which began in late March 2013.

**XV. Segmental information**

Segmental information is presented in Note 13 to these interim condensed consolidated financial statements.

**XVI. Approval of the interim condensed consolidated financial statements**

These interim condensed consolidated financial statements were approved for publication by the Management Board on April 26th 2013.

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 Sokółowski
Vice-President of the Management Board, Chief Commercial Officer	
	Maciej Szozda
Chief Accountant	
	Tomasz Południowski