

**LOTOS CAPITAL GROUP**

**LONG-FORM AUDITORS' REPORT  
ON THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

## **I. GENERAL NOTES**

### **1. Background**

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

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

The holding company is an issuer of securities as referred to in art. 4 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards (EC Official Journal L243 dated 11 September 2002, page 1, Polish special edition chapter 13, title 29 page 609) and, based on the article 55.5 of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'), prepares consolidated financial statements of the Group in accordance with The International Financial Reporting Standards as adopted by the EU. This requirement relates to the consolidated financial statements for the financial year beginning in 2005 and later.

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

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

The principal activities of the holding company are as follows:

- manufacturing and processing of coke and crude oil refined products (PKD 19.20.Z),
- production of other basic organic chemicals (PKD 20.14),
- wholesale of fuels and derivatives products (PKD 46.71),
- wholesale of chemical products (PKD 46.75),
- pipeline transport (PKD 49.5),
- warehousing and storage of goods (PKD 52.1),
- activities of head office and holding companies; management consultancy activities (PKD 70).

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

## 1. Background (continued)

As at 31 December 2015, the Company's issued share capital amounted to 184.873 thousand zlotys. Equity as at that date amounted to 7.712.198 thousand zlotys.

In accordance with article 69 Act on the public offer and conditions for introduction of financial instruments to the organized trading system and public companies dated 29 July 2005 (Journal of Law No. 184 from 2005, item 1539, with amendments), in accordance with the current report no 6/2016 dated 27 January 2016 the ownership structure of the Company's issued share capital was as follows:

	Number of shares	Number of votes	Par value of shares	% of issued share capital
State Treasury	98.329.515	98.329.515	98.329.515	53,19%
NN OFE	10.584.287	10.584.287	10.584.287	5,73%
Other shareholders	75.959.560	75.959.560	75.959.560	41,08%
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Total	184.873.362	184.873.362	184.873.362	100,00%
	=====	=====	=====	=====

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

As at 2 March 2016, the holding company's Management Board was composed of:

Paweł Olechnowicz	- President, General Director
Marek Sokółowski	- Vice-President, Director of Strategy and Development
Mariusz Machajewski	- Vice-President, Finance Director
Maciej Szozda	- Vice-President, Director of Production and Sales
Zbigniew Paszkowicz	- Vice-President, Director of Exploration and Production

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

## 2. Group Structure

As at 31 December 2015, LOTOS Capital Group consisted of the following subsidiaries (direct or indirect):

<b>Entity name</b>	<b>Consolidation method</b>	<b>Type of opinion</b>	<b>Name of authorised entity that audited financial statements</b>	<b>Balance sheet date</b>
LOTOS Paliwa Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.12.2015
LOTOS Oil Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.12.2015
LOTOS Asfalt Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.12.2015
LOTOS Kolej Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.12.2015
LOTOS Petrobaltic S.A. (the holding company has its own capital group)	Purchase accounting	Unqualified opinion with an emphasis of matter	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.12.2015
Energobaltic Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.12.2015
B8 Spółka z ograniczoną odpowiedzialnością BALTIC S.K.A.	Purchase accounting	Unqualified opinion with an emphasis of matter	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.10.2015
B8 Sp. z o.o.	Purchase accounting	Unqualified opinion	Stowarzyszenie Ekspertów Księgowych i Podatkowych Sp. z o.o.	31.12.2015
SPV Baltic Sp. z o.o.	Purchase accounting	Unqualified opinion with an emphasis of matter	Ernst & Young Audyt Polska sp. z o.o. sp. k.	31.12.2015
LOTOS Exploration and Production Norge AS	Purchase accounting	Unqualified opinion	Ernst & Young Audit AS, Norway	31.12.2015
AB LOTOS Geonafta (the holding company has its own capital group)	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	31.12.2015

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UAB Genciu Nafta	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	31.12.2015
UAB Manifoldas	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	31.12.2015
LOTOS Serwis Sp. z o.o.	Purchase accounting	Unqualified opinion	Audytorium, Biegli rewidenci Sp. p.	31.12.2015
LOTOS Lab Sp. z o.o.	Purchase accounting	Unqualified opinion	Stowarzyszenie Ekspertów Księgowych i Podatkowych Sp. z o.o.	31.12.2015
LOTOS Terminale S.A. (the holding company has its own capital group)	Purchase accounting	Unqualified opinion with an emphasis of matter	REWIT Południe Sp. z o.o.	31.12.2015
LOTOS Biopaliwa Sp. z o.o.	Purchase accounting	Unqualified opinion	REWIT Południe Sp. z o.o.	31.12.2015
LOTOS Infrastruktura S.A. (the holding company has its own capital group)	Purchase accounting	Unqualified opinion	POLINVEST-AUDIT Sp. z o.o.	31.12.2015
RCEkonergia Sp. z o.o.	Purchase accounting	Unqualified opinion	POLINVEST-AUDIT Sp. z o.o.	31.12.2015
LOTOS Straż Sp. z o.o.	Purchase accounting	Unqualified opinion	Stowarzyszenie Ekspertów Księgowych i Podatkowych Sp. z o.o.	31.12.2015
LOTOS Ochrona Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2015
Miliana Shipholding Company Ltd. (the holding company has its own capital group)	Purchase accounting	Unqualified opinion	Savvides Audit Limited - Cyprus	31.12.2015
Aphrodite Offshore Services N.V.	Purchase accounting	No audit obligation	No audit obligation	31.12.2015
LOTOS Gaz S.A. w likwidacji	Purchase accounting	No audit obligation	No audit obligation	31.12.2015

## 2. Group Structure (continued)

As at 31 December 2015 shares in the following joint-venture (direct and indirect) were recognised in the Group's consolidated financial statements using the equity method:

Entity name	Type of activity
UAB Minijos Nafta	Oil exploration, prospecting and production
LOTOS-Air BP Polska Sp. z o.o.	Sale of aviation fuel and logistics services
Baltic Gas Sp. z o.o.	Oil and gas production (support activities for oil and gas production)
Baltic Gas sp. z o.o. i wspólnicy sp.k	Crude oil and gas production

Details of the type and impact of changes in entities included in the consolidation as compared to the prior year may be found in Note 2 of the notes to the consolidated financial statements of the Group for the year ended 31 December 2015.

## 3. Consolidated Financial Statements

### 3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under no. 130.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. was appointed by Supervisory Board on 31 October 2012 to audit the Group's financial statements.

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

Under the contract executed on 30 July 2013 with the holding company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2015.

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

### **3.1 Auditors' opinion and audit of consolidated financial statements (continued)**

Based on our audit, we issued an unqualified auditors' opinion dated 2 March 2016, stating the following:

#### **'To the (General) Shareholders Meeting and the Supervisory Board of Grupa LOTOS S.A.**

1. We have audited the attached consolidated financial statements of LOTOS Capital Group ('the Group'), for which the holding company is Grupa LOTOS S.A. ('the Company') located in Gdańsk at 135 Elbląska Street, for the year ended 31 December 2015 containing, the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of cash flow, the consolidated statement of changes in equity for the period from 1 January 2015 to 31 December 2015 and notes to the financial statements ('the attached consolidated financial statements').
2. The truth and fairness<sup>1</sup> of the attached consolidated financial statements, the preparation of the attached consolidated financial statements in accordance with the required applicable accounting policies and the proper maintenance of the consolidation documentation are the responsibility of the Company's Management Board. In addition, the Company's Management Board and Members of the Supervisory Board are required to ensure that the attached consolidated financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached consolidated financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies and whether they truly and fairly<sup>2</sup> reflect, in all material respects, the financial position and results of the operations of the Group.
3. We conducted our audit of the attached consolidated financial statements in accordance with:
  - chapter 7 of the Accounting Act,
  - National Auditing Standards issued by the National Council of Statutory Auditors,in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached consolidated financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the attached consolidated financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements treated as a whole.

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<sup>1</sup> Translation of the following expression in Polish: 'rzetelność i jasność'

<sup>2</sup> Translation of the following expression in Polish: 'rzetelne i jasne'

### **3.1 Auditors' opinion and audit of consolidated financial statements (continued)**

4. The consolidated financial statements for the prior financial year ended 31 December 2014 were subject to our audit and on 5 March 2015 we have issued an unqualified opinion with an emphasis of matter on these financial statements concerning the significant issues indicated by the Company's Management relating to the YME field project development in Norway.
5. In our opinion, the attached consolidated financial statements, in all material respects:
  - present truly and fairly all information material for the assessment of the results of the Group's operations for the period from 1 January 2015 to 31 December 2015, as well as its financial position<sup>3</sup> as at 31 December 2015;
  - have been prepared in accordance with International Financial Reporting Standards as adopted by the EU;
  - are in respect of the form and content, in accordance with the legal regulations governing the preparation of financial statements.
6. We have read the 'Directors' Report for the period from 1 January 2015 to 31 December 2015 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the regulations of Article 49 paragraph 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2014.133 with subsequent amendments).'

We conducted the audit of the Company's financial statements during the period from 8 April 2015 to 2 March 2016. We were present at the Company's head office from 8 April 2015 to 24 April 2015, from 14 July 2015 to 31 July 2015, from 12 October 2015 to 23 October 2015, 16 November 2015 to 20 November 2015 and from 1 February 2016 to 19 February 2016.

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<sup>3</sup> Translation of the following expression in Polish: '*sytuacja majątkowa i finansowa*'

### **3.2 Representations provided and data availability**

The Management Board of the holding company confirmed its responsibility for the truth and fairness<sup>4</sup> of the consolidated financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and the correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated 2 March 2016, from the Management Board of the holding company confirming that:

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

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

At the same time we declare that during the audit of the consolidated financial statements, there were no limitations of scope.

### **3.3 Consolidated financial statements for prior financial year**

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by Marcin Zieliński, key certified auditor no. 10402, acting on behalf of Ernst & Young Audyt spółka z ograniczoną odpowiedzialnością sp. k.

The key certified auditor, acting on behalf of entity authorised to audit financial statements issued an unqualified opinion with an emphasis of matter on the consolidated financial statements for the year ended 31 December 2014. The emphasis of matter concerned the significant issues indicated by the Company's Management relating to the YME field project development in Norway.

The consolidated financial statements for the year ended 31 December 2014 were approved by the General Shareholders' Meeting of Grupa LOTOS S.A. on 1 June 2015.

The consolidated financial statements of the Group for the financial year ended 31 December 2014, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 3 July 2015 with the National Court Register.

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<sup>4</sup> Translation of the following expression in Polish: "*rzetelność i jasność*"

## 4 Analytical Review

### 4.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Company for the years 2013 – 2015. The ratios were calculated on the basis of financial information included in the financial statements for years ended 31 December 2015 and 31 December 2014.

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total assets</b>	19 169 332	18 947 157	20 284 754
<b>Shareholders' equity</b>	7 712 198	8 258 463	9 189 596
<b>Net profit</b>	(263 300)	(1 466 372)	39 428
 <b>Return on assets (%)</b>	 (1,4)%	 (7,7)%	 0,2%
$\frac{\text{Net profit} \times 100\%}{\text{Total assets}}$			
 <b>Return on equity (%)</b>	 (3,2)%	 (16,0)%	 0,4%
$\frac{\text{Net profit} \times 100\%}{\text{Shareholders' equity at the beginning of the period}}$			
 <b>Profit margin (%)</b>	 (1,2)%	 (5,1)%	 0,1%
$\frac{\text{Net profit} \times 100\%}{\text{Sales of finished goods, goods for resale and raw materials}}$			
 <b>Liquidity I</b>	 1,24	 1,37	 1,53
$\frac{\text{Current assets}}{\text{Short-term creditors}}$			
 <b>Liquidity III</b>	 0,16	 0,07	 0,09
$\frac{\text{Cash and cash equivalents}}{\text{Short-term creditors}}$			
 <b>Debtors days</b>	 25 days	 18 days	 20 days
$\frac{\text{Trade debtors} \times 365 \text{ days}}{\text{Sales of finished goods, goods for resale and raw materials}}$			

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	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Creditors days</b>			
Trade creditors x 365 days	20 days	21 days	31 days
<hr/> Operating costs			
<b>Inventory days</b>			
Inventory x 365 days	54 days	49 days	74 days
<hr/> Operating costs			
<b>Stability of financing (%)</b>			
(Equity + long-term provisions and liabilities) x 100%	71,7%	72,4%	73,3%
<hr/> Total liabilities, provisions and equity			
<b>Debt ratio (%)</b>			
(Total liabilities and provisions) x 100%	59,8%	56,4%	54,7%
<hr/> Total assets			
<b>Rate of inflation:</b>			
Yearly average	(0,90)%	0,00%	0,90%
December to December	(0,50)%	(1,00)%	0,70%

#### 4.2 Comments

Based on the analysis of the above data and financial ratios, the following trends may be observed in 2015:

All profitability ratios were negative in 2015 and increased in comparison to year 2014 and decreased in comparison to year 2013 due to the net loss incurred in lower amount in year 2015 in comparison to year 2014 and due to the net loss incurred in year 2015 in comparison to the net profit generated in year 2013.

Return on assets ratio in 2013 amounted to 0,2% and decreased in next year by 7,9 pp to the level of -7,7% and then increased in 2015 to the level of -1,4%. Return on equity ratio also increased to -3,2% in 2015 from -16,0% in 2014 and also decreased in 2015 in comparison to 2013 year when amounted to 0,4%. Profit margin amounted to -1,2% in 2015 and increased from -5,1% in 2014 and decreased from 0,1% in 2013.

Liquidity I ratio (current liquidity) decreased to 1,24 as at 31 December 2015 in comparison to 2014 year end, when it amounted to 1,37 and in comparison to 2013 year end when it amounted to 1,53. The decrease was caused by decrease in current assets.

#### **4.2 Comments (continued)**

Liquidity III ratio (cash liquidity) increased at the end of 2015 to 0,16 in comparison to 2014 year end, when it amounted to 0,07 and in comparison to 2013 year end, when it amounted to 0,09. Increase of the ratio in comparison to 2014 and 2013 was caused by the higher level of cash and cash equivalents.

Debtors days ratio in 2015 increased from the level of 18 days in 2014 to the level of 25 days. In 2013 debtors days ratio amounted to 20 days. The change of debtors days ratio in 2015 was caused by lower level of revenues and increase of short term receivables.

Creditors days ratio amounted to 20 days in 2015 and was shorter than in 2014 and 2013 when it amounted to 21 days in 2014 and 31 days in 2013. The decrease of creditors days ratio in 2015 in comparison to prior years was caused mainly by decrease of trade payables at 2015 year end.

The inventory days ratio increased in 2015 to 54 days in comparison to 2014, when amounted to 49 days and decreased in comparison to 2013 when amounted to 74 days. The inventory days ratio increase in 2015 in comparison to prior year was caused mainly by decrease of operating costs.

The Group's stability of financing ratio and the debt ratio as at 31 December 2015 indicates the higher share of the debt capital in the Group's financing structure at the end of 2015 in comparison to the comparable position at the end of prior year. The Company's stability of financing ratio amounted to 71,7% as at 31 December 2015 in comparison with 72,4% in 2014 year end and 73,3% in 2013 year end. Decrease of the ratio at the end of 2015 in comparison to the end of 2014 was caused by relatively higher increase of total liabilities in comparison to the increase of long term liabilities and shareholders' equity.

Debt ratio in 2015 year end has increased by 3,4 pp in comparison to the end of 2014 and by 5,1 pp in comparison to the end of 2013. The analysed increase was caused by lower level of shareholders' equity.

#### **4.3 Going concern**

Nothing came to our attention during the audit that caused us to believe that the holding company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2015 as a result of an intended or compulsory withdrawal from a substantial limitation in its current operations.

The Management Board of the holding company has stated that the financial statements of the Group significant entities included in the consolidated financial statements were prepared on the assumption that these entities will continue as a going concern for a period of at least twelve months subsequent to 31 December 2015 and that there are no circumstances that would indicate a threat to its continued activity.

## **II. DETAILED REPORT**

### **1. Completeness and accuracy of consolidation documentation**

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

### **2. Accounting policies for the valuation of assets and liabilities**

The Group's accounting policies and rules for the presentation of data are detailed in note 7 of notes to the Group's consolidated financial statements for the year ended 31 December 2015.

### **3. Structure of assets, liabilities and equity**

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2015.

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

#### **3.1 Goodwill on consolidation and amortisation**

The method of determining goodwill on consolidation, the method of determining impairment of goodwill, the impairment charged in the financial year and up to the balance sheet date were presented in note 14 of the notes to the financial statements.

#### **3.2 Shareholders' funds including non-controlling interest**

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. Non-controlling interest amounted to 138 thousand zlotys as at 31 December 2015. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in notes from 21 to 26 of notes to the financial statements.

#### **3.3 Financial year**

The financial statements of all Group companies forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2015 and include the financial data for the period from 1 January 2015 to 31 December 2015.

**4. Consolidation adjustments**

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

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

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

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

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

In financial year ended 31 December 2015 the Group did not sell any shares in subordinated entities.

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

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year ended 31 December 2015.

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

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

**8. Additional Notes and Explanations to the Consolidated Financial Statements**

The additional notes and explanations to the consolidated financial statements for the year ended 31 December 2015 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

## **9. Directors' Report**

We have read the 'Directors' Report for the period from 1 January 2015 to 31 December 2015 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant provisions of art. 49 paragraph 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2014.133 with subsequent amendments).

## **10. Conformity with Law and Regulations**

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

## **11. Work of Experts**

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

- independent actuaries responsible for the calculation of the present value of the Group's future liabilities towards employees, other than salaries.
- specialists in the oil reserves' estimates for production licenses held.

on behalf of  
Ernst & Young Audyt Polska spółka  
z ograniczoną odpowiedzialnością sp. k.  
Rondo ONZ 1, 00-124 Warsaw  
Reg. No 130

Key Certified Auditor

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Jarosław Dac  
certified auditor  
No. 10138

Warsaw, 2 March 2016