GRUPA LOTOS S.A. CAPITAL GROUP

GDAŃSK, UL. ELBLĄSKA 135

CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2009 FINANCIAL YEAR WITH AUDITOR'S OPINION AND AUDIT REPORT

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AUDITOR'S OPINION

To the Shareholders and Supervisory Board of the Grupa LOTOS S.A. Capital Group

We have audited the attached consolidated financial statements of the Grupa LOTOS S.A. Capital Group with Grupa LOTOS S.A. with its registered office in Gdańsk, at ul. Elbląska 135, as the parent, including consolidated statement of financial position prepared as of 31 December 2009, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the financial year from 1 January 2009 to 31 December 2009 and notes, including information about the adopted accounting policy and other explanatory notes.

Preparation of consolidated financial statements and a report on the activities of the capital group in line with the law is the responsibility of the Head of the Parent.

The Head of the Parent and members of its Supervisory Board are obliged to ensure that the consolidated financial statements and the report on the activities of the capital group meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the consolidated financial statements with the accounting principles (policy) adopted by the capital group, express an opinion whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the profit or loss of the Capital Group.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act;
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the consolidated financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) applied by the Parent and the subsidiaries, verification – largely on a test basis – of the basis for the amounts and disclosures in the consolidated financial statements, as well as overall evaluation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

The Group holds 40.31% of shares in the Parent of the AB Geonafta Capital Group in Lithuania, measured using the equity method in the amount of PLN 88.255 thousand. On 25 March 2010, the certified auditor issued a qualified opinion on the AB Geonafta Group's consolidated financial statements stating as follows:

- "As of 31 December 2009 AB Geonafta and the Group disclosed long-term receivables from UAB LL Investicijos in the amount of LTL 13,413 thousand. As of the date of the financial statements neither the Company nor the Group analyzed whether any objective indications of impairment of the aforementioned receivables existed. In our view, the obligation to carry out the above analysis is imposed by IAS 39 "Financial Instruments: Recognition and Measurement". Therefore, we are unable to determine the amount of the adjustment of the net profit or loss which might be necessary for the period ended 31 December 2009 or the amount of long-term receivables and equity as of that date.

- As of 31 December 2009 the Group disclosed receivables from loans granted to related parties, Amber Trust II SCA and Firebird Avrora Fund Ltd., in the amount of LTL 7,553 thousand, maturing in June 2010. As of the date of the financial statements the Group did not analyze whether any indications of impairment of the aforementioned receivables existed. In our view, the obligation to carry out the above analysis is imposed by IAS 39 "Financial Instruments: Recognition and Measurement". Therefore, we are unable to determine the amount of the adjustment of the net profit or loss which might be necessary for the period ended 31 December 2009 or the amount of long-term trade receivables, other receivables and the consolidated equity as of that date.

- Considering the qualification with respect to the financial statements of a jointly-controlled entity, UAB Minijos Nafta, we were unable to assess whether the proportionate share in the property, plant and equipment of the above jointly-controlled entity disclosed in the consolidated financial statements as of 31 December 2009 in the amount of LTL 42,900 thousand (LTL 49,951 thousand as of 31 December 2008) and the share in the entity's profit recognized in the consolidated financial statements for the year ended 31 December 2009 in the amount of LTL 997 thousand (LTL 6,497 thousand for 2008) were correct".

Due to the aforementioned qualifications expressed in the auditor's opinion on the consolidated financial statements of the AB Geonafta Capital Group for the financial year ended 31 December 2009, we were unable to assess whether the value of the shares in the Parent of the AB Geonafta Capital Group disclosed in the consolidated financial statements was correct.

In our opinion, except for the consequences of the measurement of shares in the AB Geonafta Capital Group, the audited consolidated financial statements in all material respects:

a) present fairly and clearly the information material to evaluate the economic and financial position of the capital group as of 31 December 2009 as well as its profit or loss in the financial year from 1 January 2009 to 31 December 2009;

b) have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards – in accordance with the provisions of the Accounting Act and secondary legislation to the Act;

c) comply with the provisions of law applicable to the capital group which affect the contents of the consolidated financial statements.

Without raising any qualifications to the correctness and fairness of the audited consolidated financial statements, we would like to point out that in Note 11 to the consolidated financial statements the Group disclosed assets relating to expenditure incurred on exploration of B-4 and B-6 gas fields as well as well construction costs in the amount of PLN 47.8 million as of 31 December 2009. The Group ordered a profitability analysis regarding field development. The analysis indicated a need for significant capital expenditure to be incurred in order to exploit the aforementioned fields. The amount of future economic benefits may change depending on future market conditions and actions taken by the Lotos Petrobaltic S.A. as well as the possibility to arrange financing or find a project partner.

The Report on the activities of the Capital Group for the 2009 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states and consistent with underlying information disclosed in the audited consolidated financial statements.

....
Piotr Sokołowski
Key certified auditor
conducting the audit
No. 9752

....
persons representing the entity

....
entitled to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 26th of April, 2010

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

REPORT SUPPLEMENTING THE OPINION ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GRUPA LOTOS S.A. CAPITAL GROUP FOR THE 2009 FINANCIAL YEAR

I. GENERAL INFORMATION

1. Details of the audited Parent

The Parent of the Capital Group operates under the business name of GRUPA LOTOS S.A. The Company's registered office is located in Gdańsk, ul. Elbląska 135.

The Company operates as a joint stock company established by a notarized deed on 18 September 1991 in Warsaw (Rep. No. A 8932/91).

The Company was recorded in the Commercial Register kept by the District Court for Gdańsk-Północ, Business-Registry Division in Gdańsk, section B, under number KRS 0000106150, based on the decision of 10 April 2002.

The Company's tax identification number NIP assigned on 9 June 1993 is 583-000-09-60.

The REGON number assigned by the Statistical Office on 25 February 1998 is 190541636.

The Company operates based on the provisions of the Code of Commercial Companies.

In accordance with the Company's by-laws, the scope of its activity includes:
- production of crude oil and natural gas – PKD 06,
- services supporting development of crude oil and natural gas fields – PKD 09.1,
- other printing – PKD 18.12,
- manufacturing and processing of coke and crude oil refined products – PKD 19,
- production of technical gases – PKD 20.11,
- production of other basic inorganic chemicals – PKD 20.13,
- production of other basic organic chemicals – PKD 20.14,
- production of basic plastics – PKD 20.16,
- production of plastic packaging – PKD 22.22,
- production of metal containers – PKD 25.91,
- manufacture and maintenance of metal finished products – PKD 33.11,
- repair and maintenance of machines – PKD 33.12,
- repair and maintenance of electrical equipment – PKD 33.14,
- installation of industrial machines, equipment and devices – PKD 33.2,
- production and supply of electricity, gas, steam, hot water and air for air–conditioning systems – PKD 35,
- uptake, treatment and supply of water – PKD 36,
- sewage drainage and treatment – PKD 37,
- collection, processing and disposal of waste, recycling – PKD 38,
- reclamation and other waste management services – PKD 39,
- works relating to pipeline, telecommunication line and power line construction – PKD 42.2,
- electrical, water and sewage as well as other construction installations – PKD 43.2,
- other specialized construction works, n.e.c. – PKD 43.99,
- agency sales of fuels, ore, metals and industrial chemicals – PKD 46.12,
- wholesale of fuel and derivative products – PKD 46.71,
- wholesale of chemical products – PKD 46.75,

- non–specialized wholesale – PKD 46.9,
- retail sale of fuel for motor vehicles at gas stations – PKD 47.3,
- other retail sale outside the outlet network, stalls and markets – PKD 47.99,
- railway transport of goods – PKD 49.2,
- road transport of goods – PKD 49.41,
- pipeline transport – PKD 49.5,
- sea and offshore transport of goods – PKD 50.2,
- warehousing and storage of goods – PKD 52.1,
- services supporting land transport – PKD 52.21,
- services supporting water transport – PKD 52.22,
- services supporting air transport – PKD 52.23,
- reloading of goods – PKD 52.24,
- publishing books and periodicals as well as other publishing services, excluding software publishing – PKD 58.1,
- other software publishing – PKD 58.29,
- wire communication services – PKD 61.1,
- other communication services – PKD 61.9,
- software, IT consulting and related services – PKD 62,
- data processing, hosting and similar services, Internet websites– PKD 63.1,
- other information services, n.e.c. – PKD 63.99,
- other financial services, n.e.c, excluding insurance and pension funds – PKD 64.99,
- brokerage services relating to securities and commodities – PKD 66.12,
- other activity supporting financial services, excluding insurance and pension funds – PKD 66.19,
- purchase and sale of real property on own account – PKD 68.1,
- rental and management of own or leased property – PKD 68.2,
- accounting, bookkeeping and tax advisory services PKD 69.2,
- head office activities, management consulting – PKD 70,
- engineering and the related technical advisory services – PKD 71.12,
- technical tests and analyses – PKD 71.2,
- other scientific and technical research and development – PKD 72.19,
- advertising, market research and public opinion polling – PKD 73,
- specialist design services – PKD 74.1,
- other professional, scientific and technical activity, n.e.c. – PKD 74.9,
- rental and lease of motor vehicles, excluding motorcycles – PKD 77.1,
- rental and lease of construction machines and equipment – PKD 77.32,
- rental and lease of office machines and equipment, including computers – PKD 77.33,
- rental and lease of water transport vehicles – PKD 77.34,
- rental and lease of other machines, equipment and goods, n.e.c. – PKD 77.39,
- lease of intellectual property and similar products, excluding copyright works – PKD 77.4,
- job search and employee recruitment services – PKD 78.1,
- other employee outsourcing services – 78.3,
- detective and security services – PKD 80,
- facility cleaning and landscaping services – PKD 81,
- office administration, including supporting services – PKD 82.1,
- call center services – PKD 82.2,
- packing – PKD 82.92,
- other business supporting activities, n.e.c. – PKD 82.99,
- fire protection – PKD 84.25,
- other non–school forms of education, n.e.c. – PKD 85.59,
- repair and maintenance of computers and communication equipment – PKD 95.1.

In the audited period, the Company conducted the following business activities:
- manufacturing of crude oil refined products,
- processing of crude oil refined products,
- production of technical gas,
- production of other basic inorganic chemicals,
- production of other basic organic chemicals,
- production of plastics,
- electricity production,
- electricity transmission,
- electricity distribution and sales,
- production of gaseous fuels,
- distribution and sales of gaseous fuels in a network system,
- heat production,
- heat distribution,
- water uptake and treatment, except for services,
- water distribution services,
- crude oil production,
- production of natural gas,
- general construction works on line distribution structures: pipelines, electric energy lines and telecommunication lines,
- wholesale of solid, liquid and gaseous fuels as well as derivative products,
- wholesale of chemicals,
- railway transport,
- pipeline transport,
- reloading of goods in sea ports,
- reloading of goods in inland ports,
- reloading of goods in other handling points,
- warehousing and storage of goods in sea ports,
- warehousing and storage of goods in inland ports,
- warehousing and storage of goods in other storage facilities,
- research and development in chemical science,
- research and development in technical science,
- research and development in other technical and natural science.

As of 31 December 2009, the Company's share capital amounted to PLN 129.873.362,00 and was divided into 129.873.362 ordinary shares with a nominal value of PLN 1.00 each. As of 11 February 2010 (the date of the last Shareholders' Meeting) the Company's shareholders included:
- the State Treasury– 63,97% of shares;
- ING OFE – 5.70% of shares;
- other Shareholders – 30,33% of shares.

Changes in the share capital of the Company during the financial year:

On 17 July 2009, based on a decision of the District Court for Gdańsk – Północ in Gdańsk, VII Business Division of the National Court Register, an increase in the share capital of Grupa LOTOS S.A. resulting from C series share issue was registered.

Following the registration, the structure of the share capital is as follows:
- 78.700.000 A series shares,
- 35.000.000 B series shares,
- 16.173.362 C series shares.

Following the registration, the share capital amounted to PLN 129.873.362 and was divided into 129.873.362 shares.
During the audited period, the shareholding structure of the Company's share capital did not undergo any changes other than the ones specified above.

After the balance-sheet date there were no changes in the Company's share capital.

As of 31 December 2009, the Group's equity amounted to PLN 6.713.754 thousand, of which PLN 36.752 was non-controlling interest.

The Capital Group's financial year is the calendar year.

In the period from 1 January 2009 to the end of the 6th term of office, the composition of the Management Board of Grupa LOTOS S.A. was as follows:
- Paweł Olechnowicz – Chairman of the Board, CEO,
- Mariusz Machajewski – Vice Chairman of the Board, CFO,
- Marek Sokołowski – Vice Chairman of the Board, Production and Development Director.

On 25 June 2009 the Supervisory Board of Grupa LOTOS S.A. adopted a resolution to appoint the following persons to the Management Board of Grupa LOTOS S.A. for the 7th term of office:
- Paweł Olechnowicz – Chairman of the Board, CEO,
- Mariusz Machajewski – Vice Chairman of the Board, CFO,
- Marek Sokołowski – Vice Chairman of the Board, Production and Development Director,
- Maciej Szozda – Vice Chairman of the Board, Sales Director.

As of 31 December 2009 and as of the date of approval of the financial statements, the composition of the Management Board of Grupa LOTOS S.A. was as follows:
- Paweł Olechnowicz – Chairman of the Board, CEO,
- Mariusz Machajewski – Vice Chairman of the Board, CFO,
- Marek Sokołowski – Vice Chairman of the Board, Production and Development Director,
- Maciej Szozda – Vice Chairman of the Board, Sales Director.

The above changes have been reported to and registered at a relevant court register.

Composition of the Grupa LOTOS S.A. Capital Group as of 31 December 2009:

- parent – Grupa LOTOS S.A., and

- direct subsidiaries:
  - LOTOS Paliwa Sp. z o.o.,
  - LOTOS Kolej Sp. z o.o.,
  - LOTOS Ekoenergia Sp. z o.o.,
  - LOTOS Oil S.A.,
  - LOTOS Serwis Sp.z o.o.,
  - LOTOS Lab Sp.z o.o.,
  - LOTOS Asfalt Sp.z o.o.,
  - LOTOS Straż Sp. z o.o.,
  - LOTOS Gaz S.A.,
  - LOTOS Ochrona Sp. z o.o.,
  - LOTOS Czechowice S.A.,
  - LOTOS Jasło S.A.,
  - LOTOS Petrobaltic S.A.,
  - UAB LOTOS Baltija,
  - LOTOS Tank Sp. z o.o.,

  - LOTOS Parafiny Sp. z o.o.,
  - LOTOS Park Technologiczny Sp. z o.o.,
- indirect subsidiaries:
  - RCEkoenergia Sp. z o.o.,
  - LOTOS Exploration and Production Norge AS,
  - LOTOS Biopaliwa Sp. z o.o.,
  - Plastekol Organizacja Odzysku S.A.,
  - Energobaltic Sp. z o.o.,
  - Miliana Shipping Company Ltd;
  - Aphrodite Offshore Services Ltd.;

- associated companies:
  - AB Geonafta.

The consolidated financial statements as of 31 December 2009 included the following entities:

a) Parent – Grupa LOTOS S.A.

We have audited the financial statements of Grupa LOTOS S.A., the parent, for the period from 1 January to 31 December 2009. As a result of our audit, on 26th of April, 2010 we issued an emphasis of matter opinion pointing out that the audited financial statements were separate financial statements and could not constitute the sole basis for evaluation of the financial and economic position of the Company, which acts as the Parent in the Capital Group and that in addition to the separate financial statements, the Company prepares the consolidated financial statements of the Capital Group in which it acts as the Parent, in accordance with the International Financial Reporting Standards.

b) Companies subject to full consolidation:

Name of the Company	Address of the Company	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	Opinion date
LOTOS Paliwa Sp. z o.o.	Gdańsk	100.00%	Deloitte Audyt Sp. z o.o.; emphasis of matter opinion	15.03.2010
LOTOS Gaz S.A.	Mława	100.00%	Biuro Biegłego Rewidenta Jerzy Łopacki; emphasis of matter opinion	08.03.2010
LOTOS Oil S.A.	Gdańsk	100.00%	Deloitte Audyt Sp. z o.o.; unqualified opinion	22.03.2010
LOTOS Asfalt Sp. z o.o.	Gdańsk	100.00%	Deloitte Audyt Sp. z o.o.; unqualified opinion	19.03.2010
LOTOS Ekoenergia S.A.	Gdańsk	100.00%	SEKIP Sp. z o.o.; unqualified opinion	05.03.2010
LOTOS Kolej Sp. z o.o.	Gdańsk	100.00%	Kancelaria Biegłego Rewidenta Ewa Dreliszak; unqualified opinion	12.03.2010
LOTOS Serwis Sp. z o.o.	Gdańsk	100.00%	Audytorium Biegli Rewidenci Grabowski, Trzemżalska Sp. P.; unqualified opinion	15.03.2010
LOTOS Lab Sp. z o.o.	Gdańsk	100.00%	Kancelaria Biegłego Rewidenta Ewa Dreliszak; unqualified opinion	22.02.2010
LOTOS Straż Sp. z o.o.	Gdańsk	100.00%	Not subject to audit	Not applicable
LOTOS Ochrona Sp. z o.o.	Gdańsk	100.00%	Not subject to audit	Not applicable
LOTOS Parafiny Sp. z o.o.	Jasło	100.00%	MOORE STEPHENS Józef Król Sp. z o.o.; unqualified opinion	26.02.2010
LOTOS Tank Sp. z o.o.	Gdańsk	100.00%	ESO Audit s.c.; unqualified opinion	05.03.2010
Lotos Jasło S.A. Capital Group	Jasło	85.01%	Deloitte Audyt Sp. z o.o.; qualified/emphasis of matter opinion	19.03.2010
LOTOS Czechowice S.A. Capital Group	Czechowice	85.04%	Kancelaria Porad Finansowo-Księgowych Dr Piotr Rojek, qualified opinion	05.03.2010

Lotos Petrobaltic S.A.	Gdańsk	99.32%	Deloitte Audyt Sp. z o.o., qualified/emphasis of matter opinion	16.04.2010
UAB LOTOS Baltija	Lithuania	100.00%	HLB Provisus uab; unqualified opinion	22.02.2010
LOTOS Park Technologiczny Sp. z o.o.	Jasło	0.29%	Ekspert Biuro Usług Finansowo-Księgowych i Ekpertyz Sp. z o.o., unqualified report	18.02.2010

c) Companies subject to equity method of consolidation:

Name of the Company	Address of the Company	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	Opinion date
AB Geonafta	Lithuania	40.31%	KPMG Baltics UAB; qualified/emphasis of matter opinion	25.03.2010

2. Information about the consolidated financial statements for the prior financial year

The activities of the Capital Group in 2008 resulted in a net loss of PLN 389.933 thousand. The consolidated financial statements of the Capital Group for 2008 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 27 April 2009, the certified auditor issued a qualified, emphasis of matter opinion on those financial statements, stating as follows:

<u>Qualifications:</u>

– In the attached consolidated financial statements the Group discloses a provision for the costs of removal and utilization of post-production waste in the so called "acid pits" as well as a provision for the costs of future liquidation of facilities and reclamation of land on which the facilities to be liquidated are located in the total amount of PLN 38.7 million. The Group estimated the quantity of post-production waste as well as the area of land to be reclaimed to the best knowledge of the Group's technical personnel. However, well technology measurements that would confirm the value of the provisions estimated by the Group were not taken into account. Land reclamation costs due to planned facility liquidation were also significantly different from the reports of the environmental experts. Therefore, we were unable to assess the reliability of the estimate of the total amount of the aforementioned provisions for environmental issues.

– The Group holds 42.7% of shares in the Parent of the AB Naftos Gavyba Capital Group in Lithuania, measured using the equity method in the amount of PLN 73.5 million. The financial statements of the AB Naftos Gavyba Capital Group for the financial year ended 31 December 2008 were prepared in line with Lithuanian GAAP. On 20 March 2009, the certified auditor issued a qualified opinion on the AB Naftos Gavyba Group's consolidated financial statements stating as follows:
  – in its financial statements the Company did not recognize the financial consequences of pending arbitration proceedings to which its subsidiary – AB Geonafta – was a party;
  – the scope of the audit was limited as regards measurement of shares in associated companies held by AB Geonafta, a subsidiary. The above limitations result from the qualifications expressed in the opinions issued by certified auditors for the AB Naftos Gavyba Group's associated companies as well as differences in the accounting policies of individual associated companies.

  Due to the aforementioned qualifications expressed in the auditor's opinion on the consolidated financial statements of the AB Naftos Gavyba Capital Group for the financial year ended 31 December 2008 and application of different accounting principles by the Group, we were unable to assess whether the value of the shares in the Parent of AB Naftos Gavyba Capital Group disclosed in the consolidated financial statements was correct.

– These consolidated financial statements of the Grupa LOTOS S.A. Capital Group include the financial data of a subsidiary – KRAK-GAZ Sp. z o.o. – whose revenue amounts to PLN 169.1 million and the value of assets is PLN 10.6 million. The above items account for 0.08% and 0.55% of the consolidated assets and revenue of the Capital Group, respectively. On 10 April 2009, the certified auditor issued a disclaimer of opinion on the financial statements of the Company as an audit could not be conducted.

In view of the above, we were unable to confirm the correctness of the assets, liabilities, provisions, revenue and expenses relating to the business activity of KRAK-GAZ Sp. z o.o.

Emphasis of matter:

– In Note 11 to the consolidated financial statements the Company undertakes to continue the implementation of the concept for Integrated Gasification Combined Cycle (IGCC) that would allow it to launch the second stage of Program 10+. We would like to point out that the second stage of the implementation will depend on future events, including market factors, which might affect the effectiveness of the capital expenditure incurred so far, which as of 31 December 2008 amounted to PLN 45.8 million and pertained to the works related to the IGCC;

– In Note 11 to the consolidated financial statements the Group disclosed assets relating to expenditure incurred on exploration of B-4 and B-6 gas deposits as well as well construction costs in the amount of PLN 48 million as of 31 December 2008. The Group ordered a profitability analysis regarding field development. The analysis indicated a need for significant capital expenditure to be incurred in order to exploit the aforementioned fields. The amount of future economic benefits may change depending on future market conditions and actions taken by the Company as well as the possibility to arrange financing or find a project partner.

The General Shareholders' Meeting which approved the consolidated financial statements for the 2008 financial year was held on 30 June 2009.

In accordance with applicable laws, the consolidated financial statements for the 2008 financial year were submitted to the National Court Register (KRS) on 15 July 2009 and filed for publication in Monitor Polski B on 15 July 2009. The financial statements were published in Monitor Polski B No. 217 on 28 January 2010.

3. Details of the authorized entity and the certified auditor acting on its behalf

The audit of the consolidated financial statements was performed based on the agreement of 29 June 2007 concluded between Grupa LOTOS S.A. and Deloitte Audyt Sp. z o.o. with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the consolidated financial statements was conducted under the supervision of Piotr Sokołowski, certified auditor, (No. 9752), in the registered office of the Company from 26 October to 5 November 2009, from 15 March to 21 April 2010 and outside the registered office of the Company from 22 April 2010 until the opinion date.

The entity authorized to audit the financial statements was appointed by resolution No. 95/VI/2007 of the Supervisory Board of 8 May 2007, based on authorization included in Article 13 of the Parent's by-laws.

Deloitte Audyt Sp. z o.o. and Piotr Sokołowski, the key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009, No. 77, item 649) to express an unbiased and independent opinion on the consolidated financial statements of the Grupa LOTOS S.A. Capital Group.

4. Availability of data and management's representations

The scope of our audit was not limited. During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of the Parent of 26th of April, 2010.

5. Economic and financial position of the Capital Group

Main items from the statement of comprehensive income (PLN '000)	2009	2008*
Sales revenue	14.321.041	16.294.738
Operating expenses	(13.834.823)	(16.381.794)
Other operating revenue	74.264	29.817
Other operating expenses	(140.689)	(88.589)
Financial revenue	994.924	82.508
Financial expenses	(343.891)	(466.931)
Interest in investments in associated undertakings	8.227	26.033
Loss of control over subsidiary	30.555	-
Income tax	(197.796)	114.285
Net profit (loss)	911.812	(389.933)
Total comprehensive income	928.661	(362.041)

**audited, the data without adjustments of the opening balance relating to AB Geonafta*

Profitability ratios	2009	2008
– gross profit margin	3%	(1%)
– net profit margin	6%	(2%)
– net return on equity	16%	(6%)
Effectiveness ratios		
– assets turnover ratio	0.95	1.34
– receivables turnover in days	34	31
– liabilities turnover in days	24	22
– inventory turnover in days	72	56
Liquidity/Net working capital		
– debt ratio	55%	52%
– equity to fixed assets ratio	45%	48%
– net working capital (PLN '000)	2.407.356	2.398.098
– current ratio	1.89	1.89
– quick ratio	0.77	0.98

An analysis of the above figures and ratios indicated the following trends in 2009:

- improvement of profitability ratios compared to 2008;
- a decrease in the assets turnover ratio year-on-year;
- deterioration of receivables, inventory and liabilities turnover (in days) year-on-year;
- an increase in the debt ratio with a simultaneous decrease in the equity to fixed assets ratio compared to 2008;
- an increase in the net working capital in 2009 compared to 2008;
- the current ratio remained at the same level as in the previous year while the quick ratio dropped compared to 2008.

II. DETAILED INFORMATION

1. Information about the audited consolidated financial statements

The audited consolidated financial statements were prepared as of 31 December 2009 and include:

– consolidated statement of financial position prepared as of 31 December 2009, with total assets and liabilities plus equity of PLN 15.062.506 thousand;
– consolidated statement of comprehensive income for the period from 1 January 2009 to 31 December 2009, with a net profit of PLN 911.812 thousand and total comprehensive income of PLN 928.661 thousand;
– consolidated statement of changes in equity for the period from 1 January 2009 to 31 December 2009, disclosing an increase in equity of PLN 913.702 thousand;
– consolidated statement of cash flows for the period from 1 January 2009 to 31 December 2009, showing a cash outflow of PLN 486.988 thousand;
– notes, including information about the adopted accounting policy and other explanatory notes.

The structure of assets and liabilities plus equity as well as items affecting the financial profit or loss have been presented in the consolidated financial statements.

The audit covered the period from 1 January 2009 to 31 December 2009 and focused mainly on:

– verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Parent;
– verification of the consolidation documentation;
– evaluation of the correctness of the consolidation methods and procedures applied during consolidation;
– review of opinions and reports on audits of financial statements of subsidiaries and associated companies included in consolidation, prepared by other certified auditors.

2. Consolidation documentation

<u>The Parent presented the consolidation documentation including:</u>

1) financial statements of entities included in the consolidated financial statements;
2) financial statements of controlled entities, adjusted to the accounting principles (policy) applied during consolidation;
3) financial statements of controlled entities translated into the Polish currency;
4) all consolidation adjustments and eliminations necessary for preparation of the consolidated financial statements;
5) calculation of the fair value of the net assets of controlled entities;
6) calculation of goodwill and negative goodwill as well as their write-downs, also due to impairment;
7) calculation of minority interest;
8) calculation of exchange differences arising from translation of the financial statements of controlled entities denominated in foreign currencies.

Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Capital Group for the 2009 financial year have been prepared in accordance with the International Financial Reporting Standards.

Entities in the Capital Group

The scope and method of consolidation as well as the relationship between entities in the capital group have been determined based on the criteria specified in the International Financial Reporting Standards.

Financial period

The consolidated financial statements have been prepared as of the same balance sheet date and for the same financial year as the financial statements of the Parent – Grupa LOTOS S.A. Subsidiaries and associated companies included in consolidation prepared their financial statements as of the same balance sheet date as the Parent. The financial year of all subsidiaries and associated companies included in consolidation ended on 31 December 2009.

Consolidation method

The financial statements of the subsidiaries were consolidated using the full method, i.e. full amounts of all relevant items of the financial statements of the Parent and the subsidiaries included in consolidation were summed up.

Once the values had been summed up, consolidation adjustments and eliminations were applied to:

- the cost of shares held by the Parent in subsidiaries and the part of net assets of subsidiaries corresponding to the interest of the Parent in these companies;
- mutual receivables and liabilities of entities included in consolidation;
- material revenue and expenses related to transactions between entities included in consolidation.

The equity method was applied with respect to associated entities. The value of the Parent's interest in the associated company was adjusted by increases or decreases in the equity of the associated company attributable to the Parent, which occurred in the period covered by consolidation, and decreased by dividends due from such companies.

3. Justification of the opinion issued

We have issued an opinion on the audited financial statements for 2009 pointing out that the scope of the audit was limited due to the issues presented in the auditor's opinion on the financial statements of the AB Geonafta Capital Group in Lithuania. The audit opinion and report on the financial statements of the AB Geonafta Capital Group for 2009 issued on 25 March 2010 included the following qualifications:

- as of 31 December 2009 AB Geonafta and the Group disclosed long-term receivables from UAB LL Investicijos in the amount of LTL 13,413 thousand. As of the date of the financial statements neither the Company nor the Group analyzed whether any objective indications of impairment of the aforementioned receivables existed. In our view, the obligation to carry out the above analysis is imposed by IAS 39 "Financial Instruments: Recognition and Measurement". Therefore, we are unable to determine the amount of the adjustment of the net profit or loss which might be necessary for the period ended 31 December 2009 or the amount of long-term receivables and equity as of that date.

- as of 31 December 2009 the Group disclosed receivables from loans granted to related parties, Amber Trust II SCA and Firebird Avrora Fund Ltd., in the amount of LTL 7,553 thousand, maturing in June 2010. As of the date of the financial statements the Group did not analyze whether any indications of impairment of the aforementioned receivables existed. In our view, the obligation to carry out the above analysis is imposed by IAS 39 "Financial Instruments: Recognition and Measurement". Therefore, we are unable to determine the amount of the adjustment of the net profit or loss which might be necessary for the period ended 31 December 2009 or the amount of long-term trade receivables, other receivables and the consolidated equity as of that date.

- considering the qualification with respect to the financial statements of a jointly-controlled entity, UAB Minijos Nafta, we were unable to assess whether the proportionate share in the property, plant and equipment of the above jointly-controlled entity disclosed in the consolidated financial statements as of 31 December 2009 in the amount of LTL 42,900 thousand (LTL 49,951 thousand as of 31 December 2008) and the share in the entity's profit recognized in the consolidated financial statements for the year ended 31 December 2009 in the amount of LTL 997 thousand (LTL 6,497 thousand for 2008) were correct.

The Lotos S.A. Capital Group holds 40.31% interest in the Parent of the AB Geonafta Capital Group, measured using the equity method in the amount of PLN 88.255 thousand. Due to the aforementioned qualifications expressed in the auditor's opinion on the consolidated financial statements of the AB Geonafta Capital Group for the financial year ended 31 December 2009, we were unable to assess whether the value of the shares in the Parent of the AB Geonafta Capital Group disclosed in the consolidated financial statements was correct.

Additionally, the opinion includes an emphasis of matter pointing out to Note 11 to the consolidated financial statements, in which the Group disclosed assets relating to expenditure incurred on exploration of B-4 and B-6 gas deposits as well as well construction costs in the amount of PLN 47.8 million as of 31 December 2009. The Group ordered a profitability analysis regarding field development. The analysis indicated a need for significant capital expenditure to be incurred in order to exploit the aforementioned fields. The amount of future economic benefits may change depending on future market conditions and actions taken by the Company as well as the possibility to arrange financing or find a project partner.

4. Completeness and correctness of drawing up notes and explanations and the report on the activities of the Capital Group

The Parent confirmed the validity of the going concern basis in preparation of the consolidated financial statements. The notes to the consolidated financial statements give a correct and complete description of measurement principles regarding assets, liabilities, profit or loss and principles of preparation of the consolidated financial statements.

The Parent prepared notes in the form of tables to individual items of the consolidated statement of financial position and statement of comprehensive income as well as narrative descriptions, in line with the requirement of IFRS.
Notes describing property, plant and equipment, intangible assets and provisions correctly present increases and decreases as well as their basis during the financial year.

Limitations imposed on individual assets disclosed in the consolidated statement of financial position arising from security granted to creditors have been described.
Individual assets and liabilities as well as revenue and expenses have been correctly presented by the Parent in the consolidated financial statements. The consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows as well as notes which constitute an integral part

of the financial statements include all items required for disclosure in the consolidated financial statements under IFRS.

The Management Board prepared and supplemented the consolidated financial statements with a report on the activities of the Capital Group in the 2009 financial year. The report contains all information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance Ordinance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states. We have audited the report with respect to the disclosed information derived directly from the audited consolidated financial statements.

5. Final information and findings

Management Board's Representation

Deloitte Audyt Sp. z o.o. and the key certified auditor received a representation letter from the Parent's Management Board, in which the Board stated that the Capital Group complied with the laws in force.

....
Piotr Sokołowski
Key certified auditor
conducting the audit
No. 9752

....
persons representing the entity

....
entitled to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 26th of April, 2010