

Auditor's report

LOTOS CAPITAL GROUP

**LONG-FORM AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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:

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

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 2014, the Company's issued share capital amounted to 184.873 thousand zlotys. Equity as at that date amounted to 8.258.463 thousand zlotys.

In accordance with article 69 Act on the public offer and conditions for introduction of financial instruments to the organized trading system and public companies dated 25 July 2005 (Journal of Law No. 184 from 2005, item 1539, with amendments), in accordance with the current report no 38/2014 dated 25 November 2014 the ownership structure of the Company's issued share capital was as follows:

	Number of shares	Number of votes	Per value of shares	% of issued share capital
State Treasury	69.076.392	69.076.392	69.076.392	53,19%
ING OFE	7.800.000	7.800.000	7.800.000	6,01%
Other shareholders	52.996.970	52.996.970	52.996.970	40,80%
Total	<u>129.873.362</u>	<u>129.873.362</u>	<u>129.873.362</u>	<u>100,00%</u>

Movements in the share capital of the Company in the financial year were as follows:

	Number of shares	Par value of shares
Opening balance	129.873.362	129.873.362
Increase in share capital	55.000.000	55.000.000
Closing balance	<u>184.873.362</u>	<u>184.873.362</u>

On September 8th 2014, the Company's Extraordinary General Meeting passed Resolution No. 2 on increasing the Company's share capital by way of issue of new shares, public offering of new shares, setting the record date for determining the pre-emptive rights to new shares for November 18th 2014, conversion into book-entry form and seeking admission of pre-emptive rights, allotment certificates and new shares to trading on the regulated market of the Warsaw Stock Exchange, amending the Company's Articles of Association and authorising the Supervisory Board to prepare a consolidated text of the Company's Articles of Association.

1. Background (continued)

By Resolution No. 1396/2014 of December 11th 2014, the Management Board of the Warsaw Stock Exchange resolved to introduce 55,000,000 allotment certificates for Series D ordinary bearer shares in the Company, with a par value of PLN 1 per share, assigned code PLLOTOS00074 by the Polish NDS, to trading on the main market, by way of the ordinary procedure, with effect from December 12th 2014.

As at 5 March 2015, the holding company's Management Board was composed of:

Paweł Olechnowicz	- President, General Director
Marek Sokołowski	- Vice-President, Director of Production and Development
Mariusz Machajewski	- Vice-President, Finance Director
Maciej Szozda	- Vice-President, Sales Director
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 2013, LOTOS Capital Group consisted of the following subsidiaries (direct or indirect):

Entity name	consolidation method	type of opinion	Name of authorised entity that audited financial statements	Balance sheet date
LOTOS Paliwa Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska Sp. z o.o. sp.k.	31.12.2014
LOTOS Oil S.A.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska Sp. z o.o. sp.k.	31.12.2014
LOTOS Asfalt Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska Sp. z o.o. sp.k.	31.12.2014
LOTOS Kolej Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska Sp. z o.o. sp.k.	31.12.2014
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.	31.12.2014
Energobaltic Sp. z o.o.	Purchase accounting	Unqualified opinion	Ernst & Young Audyt Polska Sp. z o.o. sp.k.	31.12.2014
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.	31.12.2014
LOTOS Serwis Sp. z o.o.	Purchase accounting	Unqualified opinion	FY Audit Sp. z o.o.	31.12.2014
LOTOS Lab Sp. z o.o.	Purchase accounting	Unqualified opinion	FY Audit Sp. z o.o.	31.12.2014
LOTOS Straz Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2014
LOTOS Ochrona Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2014
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.	31.12.2014
LOTOS Biopaliwa Sp. z o.o.	Purchase accounting	Unqualified opinion	Rewit Południe Sp. z o.o.	31.12.2014

This is a translation of a document originally issued in the Polish language.

2. Group structure (continued)

LOTOS Infrastruktura S.A. (the holding company has its own capital group)	Purchase accounting	Unqualified opinion	Rewit Południe Sp. z o.o.	31.12.2014
RCEkoenergia Sp. z o.o.	Purchase accounting	Unqualified opinion	Rewit Południe Sp. z o.o.	31.12.2014
LOTOS Exploration and Production Norge AS	Purchase accounting	Unqualified opinion	Ernst & Young AS, Norway	31.12.2014
AB LOTOS Geonafra (the holding company has its own capital group)	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	31.12.2014
UAB Genciu Nafta	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	31.12.2014
UAB Manifaldas	Purchase accounting	Unqualified opinion	Ernst & Young Baltic UAB, Lithuania	
B8 Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2014
Miliana Shipping Company Ltd. (the holding company has its own capital group)	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014
Technical Ship Management Sp. z o.o. the (holding company has its own capital group)	Purchase accounting	No audit obligation	No audit obligation	31.12.2014
SPV Baltic Sp. z o.o.	Purchase accounting	No audit obligation	No audit obligation	31.12.2014
Miliana Shipmanagement Ltd.	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014
LOTOS Gaz S.A. company in liquidation	Purchase accounting	No audit obligation	No audit obligation	31.12.2014
LOTOS Park Technologiczny Sp. z o.o. company in liquidation	Purchase accounting	No audit obligation	No audit obligation	31.12.2014
Agprodit Offshore Services N.V.	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014
Bazalt Navigation Co. Ltd.	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014

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2. Group structure (continued)

Granit Navigation Company Ltd.	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014
St. Barbara Navigation Company Ltd.	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014
Petro Icarus Company Ltd.	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014
Petro Aphrodite Company Ltd.	Purchase accounting	Unqualified opinion	Savvides Audit Limited, Cyprus	31.12.2014

As at 31 December 2013 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 2014.

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 2014.

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

Based on our audit, we issued an unqualified auditors' opinion with an emphasis of matter dated 5 March 2014, 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 2014 containing, the consolidated statement of financial position as at 31 December 2014, 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 2014 to 31 December 2014 and notes to the financial statements ('the attached consolidated financial statements').
2. The truth and fairness¹ 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

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

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

the attached consolidated financial statements and the Directors' Report meet the 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 fairly² 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.

4. The consolidated financial statements for the prior financial year ended 31 December 2013 were subject to our audit and on 3 March 2014 we have issued an unqualified opinion with an emphasis of matter on these financial statements concerning the uncertainty indicated by the Company's Management relating to the recoverability of the assets recognized due to 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 2014 to 31 December 2014, as well as its financial position³ as at 31 December 2014;
 - 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. Without qualifying our audit opinion on the attached consolidated financial statements, we draw attention to point 13.1.2 of the explanatory notes to those consolidated financial statements, which describes among other issues related to YME field in Norway, including current status of YME field project development, further scenarios under consideration,

² Translation of the following expression in Polish: 'rzetelne i jasne'

³ Translation of the following expression in Polish: 'sytuacja majątkowa i finansowa'

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

as well as the impairment loss recognized in the attached financial statements on the full remaining value of capital expenditures related to this project in the total amount of PLN 578 million. The impact of recognized impairment of YME assets on the consolidated net income, after including the deferred tax effect, amounts to PLN 196 million.

7. We have read the 'Directors' Report for the period from 1 January 2014 to 31 December 2014 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2014.133 with subsequent amendments)."

We conducted the audit of the consolidated financial statements during the period from 8 April 2014 to 5 March 2015. We were present at the Company's head office from 14 April 2014 to 18 April 2014, from 21 July 2014 to 1 August 2014, from 13 October 2014 to 22 October 2014, from 17 November 2014 to 21 November 2014 and from 2 February 2015 to 13 February 2015.

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the truth and fairness⁴ 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 5 March 2015, 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 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 2013 were audited by Marcin Zieliński, key certified auditor no. 10402, acting on behalf of Ernst & Young Audyt spółka z ograniczoną odpowiedzialnością sp. k., with its registered office in Warsaw, at Rondo ONZ 1, registered on the list of entities authorised to audit financial statements conducted by National Chamber of Statutory Auditors under no. 130.

The key certified auditor issued an unqualified opinion with an emphasis of matter on the consolidated financial statements for the year ended 31 December 2013. The emphasis of matter concerned the uncertainty indicated by the holding company's Management relating to the recoverability of the assets recognized due to 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 30 June 2014.

The consolidated financial statements of the Group for the financial year ended 31 December 2012, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 7 July 2014 with the National Court Register.

⁴ 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 2012 – 2014. The ratios were calculated on the basis of financial information included in the financial statements for years ended 31 December 2014 and 31 December 2013, taking into consideration the impact of the change of UAB Minijos Nafta consolidation method on presented financial information for the year ended 31 December 2012.

	2014	2013	2012
Total assets	18 947 157	20 284 754	20 005 008
Shareholders' equity	8 258 463	9 189 596	9 066 424
Net profit	(1 466 372)	39 428	927 876
Return on assets (%)	(7,7)%	0,2%	4,6%
Net profit x 100% Total assets			
Return on equity (%)	(16,0)%	0,4%	11,9%
Net profit x 100% Shareholders' equity at the beginning of the period			
Profit margin (%)	(5,1)%	0,1%	2,8%
Net profit x 100% Sales of finished goods, goods for resale and raw materials			
Liquidity I	1,37	1,53	1,26
Current assets Short-term creditors			
Liquidity III	0,07	0,09	0,04
Cash and cash equivalents Short-term creditors			
Debtors days	18 days	20 days	18 days
Trade debtors x 365 days Sales of finished goods, goods for resale and raw materials			

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	2014	2013	2012
Creditors days			
Trade creditors x 365 days	21 days	31 days	25 days
Costs of finished goods, goods for resale and raw materials sold			
Inventory days			
Inventory x 365 days	49 days	74 days	68 days
Costs of finished goods, goods for resale and raw materials sold			
Stability of financing (%)			
(Equity + long-term provisions and liabilities) x 100%	72,4%	73,3%	72,3%
Total liabilities, provisions and equity			
Debt ratio (%)			
(Total liabilities and provisions) x 100%	56,4%	54,7%	54,7%
Total assets			
Rate of inflation:			
Yearly average	0,00%	0,90%	3,70%
December to December	(1,00)%	0,70%	2,40%

4.2 Comments

Based on the analysis of the above data and financial ratios, the following trends may be observed in 2014:

All profitability ratios was negative in 2014 due to net loss in 2014 in comparison to the net profit in previous years.

Return on assets ratio in 2012 amounted to 4,6% and decreased in next year by 4,4 pp to the level of 0,2% and then decreased in 2014 to (7,7)%.

Return on equity ratio also has decreased to (16,0)% in 2014 from 0,4% in 2013 and from 11,9% in 2012. Profit margin amounted to (5,1)% in 2014 and decreased than 0,1% in 2013 and 2,8% in 2012.

Liquidity I ratio decreased to 1,37 as at 31 December 2014 in comparison to 2013 year end, when it amounted to 1,53, however it increased in comparison to 2012 year end, when it amounted to 1,26. Movement was caused by decrease in current assets.

4.2 Comments (continued)

Liquidity III ratio increased in 2014 up to 0,07 in comparison to 2013 year, when it amounted to 0,09, however it increased in comparison to 2012 year, when it amounted to 0,04. Decrease in comparison to 2013 is caused by the lower level of cash and cash equivalents.

Debtors days ratio in 2014 decreased from 26 days in 2013 to the level from 2012 year end, while it amounted to 18 days. The reason behind this change in 2014 is decrease of short term receivables accompanied by lower level of decrease in revenues.

Creditors days ratio amounted to 21 days in 2014 and it was shorter than in 2013 when it amounted to 31 days. In 2012 this ratio amounted to 25 days. The decrease in 2014 in comparison to prior year was caused by decrease of trade payables at 2014 year end.

The inventory days ratio decreased in 2014 to 49 days in comparison to 2013, when amounted to 74 days, and in 2012 when amounted to 68 days. The reason behind ratio decrease in 2014 in comparison to prior year was caused by decrease of inventories, accompanied by lower level of operating costs.

The Group's stability of financing ratio and the debt ratio at 31 December 2014 indicates the higher share of the constant capital in the Group's financing structure in comparison to the comparable position at the end of previous years. The Company's stability of financing ratio amounted to 72,4% at 31 December 2014 in comparison with 73,3% in 2013 year end and 72,3% in 2012 year end. Its decrease in 2014 in comparison with 2013 is caused by higher increase of liabilities in comparison to the increase of shareholder equity.

Debt ratio in 2014 has increased by 1,7 pp in comparison to 2013 and also to 2012, while amounted 56,4%. The analysed increase was caused by lower level of shareholder 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 2014 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 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 2014 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 2014.

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 2014.

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 175 thousand zlotys as at 31 December 2014. 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 2014 and include the financial data for the period from 1 January 2014 to 31 December 2014.

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 2014 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 2014.

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 2014 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 2014 to 31 December 2014 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 para 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

Marcin Zieliński
certified auditor
No. 10402

Warsaw, 5 March 2015