



Dear All,

I hereby present you the LOTOS Group's financial statements for 2013 with pleasure and satisfaction. This document clearly shows that Grupa LOTOS is a modern, vertically integrated corporation with a stable financial position and market value, which owing to the strategy consistent implementation is able to develop dynamically under any even the most unfavourable conditions.

Last year was a difficult period to go through, placing enormous challenges on the LOTOS management and our staff. Nevertheless, it is with pleasure and pride that I present our 2013 financial statements. They clearly show Grupa LOTOS for what it is: a modern, vertically integrated business with a sound financial standing and firm market position, which by consistently pursuing its strategy can grow strongly even under the most adverse conditions.

Last year's macroeconomic landscape, both in Poland and globally, was unusually complex. While taking its toll on the economy at large, the long-running crisis affected customer and consumer purchasing decisions, including those related to liquid fuels. It was a difficult period for the market, with strong downward pressures on prices on the one hand, and dwindling margins on the other. In such an environment, only the best managed companies have a chance for growth. I am happy to say that Grupa LOTOS has proved to be one of them. In 2013, it delivered a robust performance, providing a very good foundation for 2014. Our motto is 'Open to the future', to which I can also add 'We can build that future'.

Grupa LOTOS stands on a solid financial footing and manages its liquidity in an efficient manner. In 2013, we repaid another portion of the debt incurred to finance the 10+ Programme and meet other needs, bringing down our net debt position by PLN 580m year on year.

At the same time, we generated just under PLN 28.6bn in revenue, with operating profit coming in at PLN 146m and net profit at approximately PLN 40m. Last year was a tough one for the global oil industry, with fierce competition on liquid fuel markets, and crude prices flat, but still high, ranging between USD 100 and USD 110 per barrel. The availability of cheaper commodities in the US had an adverse effect on exports, especially exports of gasoline to North America, which weighed on the performance of many European refineries. Other factors behind the performance of Grupa LOTOS included record low refining margins and oil product prices. As for the Polish market, it suffered an overall downturn and weaker demand for liquid fuels, reflecting a slower rate of GDP growth and the grey market's activity.

A powerful response to these hardships was our '2013–2015 Efficiency and Growth' programme, announced in the spring of last year, which places a strong focus on key projects driving the Company's value and on the Group's reorganisation effort. Its implementation is inextricably tied to the process of building Poland's energy security. A vital element of the process is access to oil from own deposits. Last year our upstream segment operations gained a significant growth momentum.

Due to the closure of Heimdal package transaction on the Norwegian Continental Shelf we doubled our hydrocarbon production volumes. We also stepped up exploration and production activities in the Baltic Sea, which we think may hold 30 million tonnes of hydrocarbons.

In the retail area, we are particularly proud of the continued brisk growth of our LOTOS station network and the expanding market share of our retail franchise. As at the end of 2013, the LOTOS chain comprised 439 service stations, an impressive rise on the 324 stations operated in 2010. The LOTOS Optima chain is growing even faster – it began market expansion in 2011 with 50 retail outlets and closed 2013 with 151 stations. These figures have earned our service stations network the status of the fastest-growing retail chain in Poland for another year in a row.

A great source of satisfaction is the Group's increased presence in the aviation fuels market. LOTOS-Air BP Polska, a recently established joint venture, launched operations at Pyrzowice airport in Katowice in January of this year, and also provides wing-tip supplies of Jet A1 fuel at airports in Warsaw, Kraków and Gdańsk. Its recently added accounts include Wizz Air, one of the top three carriers operating in Poland.

Our accomplishments in the upstream, marketing and production areas do not relieve us from our social responsibilities, which we see as particularly important. We take great pride in our various CSR projects and initiatives, which deliver outstanding results and are widely appreciated. The best and most relevant example is the 'In Search for the Champion's Successors' programme, organised jointly by LOTOS and the Polish Ski Association, which gave the nation Kamil Stoch, two-time gold medallist at the recent Winter Olympics in Sochi, Russia. I can safely say that it is the LOTOS Group and its partners that may take the credit for creating an innovative model of sports sponsorship, held as an example of transparency, legal compliance and effectiveness.

With the state-of-the-art technologies deployed as part of the 10+ Programme, our refinery in Gdańsk ranks among the most advanced facilities of its kind in the world, as confirmed by Solomon Associates, an international opinion leader in refinery benchmarking.

Dear All,

Well advanced in the implementation of the Efficiency and Growth Programme makes us feel positive and enthusiastic about the coming years. When majority thinks how to survive the present time we know how to win the future. We are well prepared for change and know how to build a strong position of LOTOS.

In 2014, we are bound to undergo significant organizational, management and capital transformation, and we will carry on multiple tasks and investment programs aiming to improve the efficiency and effectiveness of the company. This will definitely strengthen Grupa LOTOS market position. This will deliver value to the shareholders and joy of the participating in a very interesting economical process.

We believe that we implement a very serious development programme of the Polish economy substantial part for the benefit of us all - Gdansk, Pomerania, Poland.

Inspiring and challenging future is ahead. We will do our best to ensure full satisfaction of our shareholders with our business value growth.

With kindest regards,

Paweł Olechnowicz
President of the Management Board
Chief Executive Officer
Grupa LOTOS S.A.