

39. Related parties

39.1 Transactions with non-consolidated related parties

Transactions with related parties are executed on market terms.

Areas of transactions with related parties

PLN '000	Year ended Dec 31 2011	Year ended Dec 31 2010
Companies accounted for using the proportional method		
Sales to related entities (incl. excise duty and fuel charge)	6,579	-
Purchases from related entities (incl. excise duty and fuel charge)	34,510 ⁽¹⁾	-
Finance expenses under interest on loans	-	-
Equity-accounted companies		
Sales to related entities (incl. excise duty and fuel charge)	-	-
Purchases from related entities (incl. excise duty and fuel charge)	-	-
Finance expenses under interest on loans	15	15

⁽¹⁾ including purchase of crude oil.

PLN '000	Dec 31 2011	Dec 31 2010
Companies accounted for using the proportional method		
Net receivables from related entities	90	-
Payables to related entities	6,823	-
Equity-accounted companies		
Net receivables from related entities	-	-
Payables to related entities	-	7,936

During the year ended December 31st 2010, the total value of loans advanced by related equity-accounted entities was PLN 7,921 thousand (or EUR 2,000 thousand).

39.2 Entity with significant influence over the Group

As at December 31st 2011 and December 31st 2010, the State Treasury held a 53.19% interest in Grupa LOTOS S.A.

In the years ended December 31st 2011 and December 31st 2010, no transactions were concluded between Grupa LOTOS S.A. and the State Treasury.

39.3 Remuneration of the Management and the Supervisory Board members and information on loans and other similar benefits granted to members of the Parent's management and supervisory staff

The remuneration paid or payable to the members of the Company's Management and Supervisory Boards was as follows:

Remuneration of the Management Board in 2011

PLN '000	Short-term employee benefits (salaries and wages)	Length-of- service awards	Share-based employee benefits	Management Board – subsidiaries ⁽¹⁾	Total remuneration paid
Paw el Olechnowicz	315	-	-	872	1,187

Marek Sokolowski	315	-	-	641	956
Mariusz Machajewski	315	-	-	641	956
Maciej Szozda	316	-	-	641	957
Total	1,261	-	-	2,795	4,056

(1) Short-term employee benefits – remuneration paid to the members of the Management Board of Grupa LOTOS S.A. for serving on Supervisory Boards and Boards of Directors of direct and indirect subsidiaries.

Remuneration of the Supervisory Board in 2011

PLN '000	Term of office	Total remuneration paid ⁽¹⁾
Wiesław Skwarko	Jan 1 – Dec 31 2011	41
Leszek Starosta	Jan 1 – Dec 31 2011	41
Małgorzata Hirszel	Jan 1 – Dec 31 2011	41
Oskar Pawłowski	Jan 1 – Dec 31 2011	41
Michał Rumiński	Jan 1 – Dec 31 2011	41
Rafał Wardziński	Jan 1 – Dec 31 2011	41
Ewa Sibrecht-Ośka	Jan 1 – Nov 8 2011	39
Rafał Lorek	Jan 1 – Jun 27 2011	24
Total		309

(1) Short-term employee benefits (salaries and wages). The value of remuneration reflects changes in the composition of the Supervisory Board of Grupa LOTOS S.A. during the reporting period.

Remuneration of the Management Board in 2010

PLN '000	Short-term employee benefits (salaries and wages)	Length-of-service awards	Share-based employee benefits	Management Board – subsidiaries ⁽¹⁾	Total remuneration paid
Paweł Olechnowicz	302	-	-	158	460
Marek Sokolowski	301	-	-	92	393
Mariusz Machajewski	301	-	-	91	392
Maciej Szozda	261	-	-	91	352
Total	1,165	-	-	432	1,597

(1) Short-term employee benefits. Remuneration paid to the members of the Management Board of Grupa LOTOS S.A. for serving on the Supervisory Boards and Boards of Directors of direct and indirect subsidiaries.

Remuneration of the Supervisory Board in 2010

PLN '000	Term of office	Total remuneration paid ⁽¹⁾
Wiesław Skwarko ⁽²⁾	Jan 1 – Dec 31 2010	3
Leszek Starosta	Jan 1 – Dec 31 2010	42
Mariusz Obszyński	Jan 1 – Feb 11 2010	9
Radosław Barszcz	Jan 1 – Feb 11 2010	9
Małgorzata Hirszel	Jan 1 – Dec 31 2010	42
Jan Stefanowicz	Jan 1 – Feb 11 2010	9
Ireneusz Fafara	Jan 1 – Mar 29 2010	14
Oskar Pawłowski	Feb 11 – Dec 31 2010	33
Michał Rumiński	Feb 11 – Dec 31 2010	33
Rafał Wardziński	Feb 11 – Dec 31 2010	33
Ewa Sibrecht – Ośka	Jun 28 – Dec 31 2010	17
Rafał Lorek	Jun 28 – Dec 31 2010	17
Total		261

(1) Short-term employee benefits (salaries and wages). The value of remuneration reflects changes in the composition of the Supervisory Board of Grupa LOTOS S.A. during the reporting period.

⁽²⁾ On November 1st 2010, Mr Wiesaw Skw arko withdrew his representation that he elects to forgo remuneration for serving on the Supervisory Board of Grupa LOTOS S.A.

As at December 31st 2011, the Company had a provision for length-of-service awards and retirement severance payments for the members of the Grupa LOTOS Management Board of PLN 350 thousand (December 31st 2010: PLN 260 thousand).

Moreover, pursuant to the Act on Remunerating Persons Who Manage Certain Legal Entities, the Company has also recognised a provision for maximum annual bonuses as defined by the act, to be paid to members of the Management Board of Grupa LOTOS S.A. for 2011, in the amount of PLN 249 thousand (2010: PLN 249 thousand of annual bonuses paid in 2011, disclosed in table Remuneration of the Management Board in 2011 under Short-term employee benefits (salaries and wages)).

As at December 31st 2011 and December 31st 2010, and in the years ended December 31st 2011 and December 31st 2010, the Company did not grant any loans or similar benefits to members of its management and supervisory staff.

39.4 Remuneration paid or payable to other members of the key management staff

PLN '000	Year ended Dec 31 2011	Year ended Dec 31 2010
Short-term employee benefits (salaries)	30,769	27,243
Total remuneration paid to key management staff (other than members of Management and Supervisory Boards of Grupa LOTOS S.A.)	30,769	27,243

As at December 31st 2011, the Company maintains a provision for length-of-service awards and retirement severance payments for key management staff of PLN 7,155 thousand (2010: PLN 6,351 thousand).

The Group also recognised a provision for annual bonuses expected to be paid to key management staff for 2011, of PLN 7,275 thousand (2010: PLN 6,188 thousand of annual bonuses paid in 2011, disclosed in the table above as at December 31st 2011 under Short-term employee benefits (salaries and wages)).

As at December 31st 2011, loans and similar benefits granted by the Group to members of key management staff totalled PLN 21 thousand (December 31st 2010: PLN 39 thousand).

In the periods January 1st – December 31st 2011 and January 1 – December 31st 2010, the Group did not grant any loans or similar benefits to members of key management staff.

39.5 Other transactions with Members of the Company's Management or Supervisory Boards, their spouses, siblings, ascendants, descendants or other close persons

Transactions with members of the Company's Management or Supervisory Boards, their spouses, siblings, ascendants, descendants or other close persons

In the years ended December 31st 2011 and December 31st 2010, the Company and the Group companies entered into no material agreements with members of the Management and Supervisory Boards⁽¹⁾, advanced no loans, made no advance payments, issued no guarantees and concluded no agreements to or with any such persons which would provide considerable benefits to Grupa LOTOS S.A. or its subsidiaries or associates. Based on representations submitted by members of the Company's Management and Supervisory Boards, in the years ended December 31st 2011 and December 31st 2010 Grupa LOTOS S.A. did not become aware of any transactions concluded with Grupa LOTOS S.A. or a company of the LOTOS Group by the spouses, relatives, or relatives by affinity in the direct line up to the second degree, of the members of Management and Supervisory Boards or persons related to them through guardianship or adoption or other persons with whom they have personal relationships.

⁽¹⁾ Taking into account changes in the composition of the Supervisory Board (see Note 3 (<http://raportroczny.lotost.pl/en/financial-data/consolidated-financial-statements-2011/notes-to-the-financial-statements/3.-composition-of-the-management-and-supervisory-boards-of-the-parent/>)).

Transactions with parties related through members of the Management and Supervisory Boards

Below are presented transactions concluded in 2011 (based on representations made by members of the Management and Supervisory Boards related-party transactions).

Type of relationship (PLN '000)	Sale	Purchase	Receivables	Liabilities
Supervisory staff	127	-	1,543	355
Management staff	-	-	-	-
Total	127	-	1,543	355

Below are presented transactions concluded in 2010 (based on representations made by members of the Management and Supervisory Boards related-party transactions).

Type of relationship (PLN '000)	Sale	Purchase	Receivables	Liabilities
Supervisory staff	1,307	-	-	-
Management staff	-	-	-	-
Total	1,307	-	-	-

39.6 Additional information on results of the LOTOS Group companies

PLN '000	Net profit (loss) ⁽¹⁾	
	Year ended Dec 31 2011	Year ended Dec 31 2010
LOTOS Paliw a Sp. z o.o.	27,282	63,800
LOTOS Gaz S.A.	173	(1,239)
LOTOS Oil S.A.	30,906	39,755
LOTOS Asphalt Sp. z o.o.	194,219	149,277
LOTOS Ekoenergia S.A.	10	(1)
LOTOS Kolej Sp. z o.o.	5,254	19,398
LOTOS Serwis Sp. z o.o.	11,553	7,947
LOTOS Lab Sp. z o.o.	5,079	4,478
LOTOS Straż Sp. z o.o.	184	258
LOTOS Ochrona Sp. z o.o.	99	462
LOTOS Parafiny Sp. z o.o.	18,024	15,564
LOTOS Tank Sp. z o.o.	(1,026)	794
LOTOS Czechowice Group	63,470	27,561
LOTOS Jasło S.A.	2,828 ⁽²⁾	(2,579)
LOTOS Petrobaltic Group	234,156	101,495
UAB LOTOS Baltija	-	4 ⁽³⁾
LOTOS Park Technologiczny Sp. z o.o.	4	(18)

⁽¹⁾ In accordance with the consolidation packages (see [Note 9 \(http://raportroczny.lotos.pl/en/financial-data/consolidated-financial-statements-2011/notes-to-the-financial-statements/9.-basis-of-preparation-of-the-consolidated-financial-statements/\)](http://raportroczny.lotos.pl/en/financial-data/consolidated-financial-statements-2011/notes-to-the-financial-statements/9.-basis-of-preparation-of-the-consolidated-financial-statements/)).

⁽²⁾ Net profit (loss) of LOTOS Jasło S.A. includes net profit (loss) of PLASTEKOL Organizacja Odzysku S.A., until the date of loss of control (see [Note 2 \(http://raportroczny.lotos.pl/en/financial-data/consolidated-financial-statements-2011/notes-to-the-financial-statements/2.-composition-of-the-group/\)](http://raportroczny.lotos.pl/en/financial-data/consolidated-financial-statements-2011/notes-to-the-financial-statements/2.-composition-of-the-group/)).

⁽³⁾ Net profit (loss) for the 11 months ended November 30th 2010, until the date of control takeover by the LOTOS Petrobaltic Group (see [Note 2 \(http://raportroczny.lotos.pl/en/financial-data/consolidated-financial-statements-2011/notes-to-the-financial-statements/2.-composition-of-the-group/\)](http://raportroczny.lotos.pl/en/financial-data/consolidated-financial-statements-2011/notes-to-the-financial-statements/2.-composition-of-the-group/)).

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