

Structure of the organization

Adopted solutions increase the efficiency of management processes and ensure cost and revenue synergy within the LOTOS Group.

As at December 31st 2011, the LOTOS Group comprised Grupa LOTOS, as the parent entity, and 33 production and service companies, including:

- 16 direct subsidiaries of Grupa LOTOS,
- 17 indirect subsidiaries of Grupa LOTOS (including one company - KRAK-GAZ Sp. z o.o. w upadłości likwidacyjnej (in bankruptcy by liquidation) - over which Grupa LOTOS does not have any control),

and two associated companies.

On January 10th 2012, Grupa LOTOS sold 100% of the shares in LOTOS Parafiny Sp. z o.o. to an entity from outside the LOTOS Group. The transaction changed the structure of the LOTOS Group. There are currently 15 direct subsidiaries of Grupa LOTOS.

Subsidiaries comprising the LOTOS Group

Name	Registered office	Business profile	Method of consolidation/valuation of shares	Percentage of share capital held by Grupa LOTOS	
				Dec 31 2011	Dec 31 2010
Parent entity					
Grupa LOTOS S.A.	Gdańsk	Production and processing of refined petroleum products (mainly fuels) and their wholesale. ⁽⁴⁾	Not applicable	Not applicable	Not applicable
Direct subsidiaries					
LOTOS Paliwa Sp. z o.o.	Gdańsk	Wholesale and retail sale of fuels, light fuel oil, management of the LOTOS service station chain.	Full	100	100
LOTOS Gaz S.A. w likwidacji (in liquidation) ⁽¹⁾	Kraków ⁽²⁾	The company is not conducting business operations.	Full	100	100
LOTOS Oii S.A.	Gdańsk	Production and sale of lubricant oils and lubricants, and sale of base oils.	Full	100	100
LOTOS Asfalt Sp. z o.o.	Gdańsk	Production and sale of bitumens.	Full	100	100
LOTOS Ekoenergia S.A.	Gdańsk	The company has not commenced	Full	100	100

		operations.			
LOTOS Kolej Sp. z o.o.	Gdańsk	Railway transport.	Full	100	100
LOTOS Serwis Sp. z o.o.	Gdańsk	Maintenance of mechanical and electric operations and controlling devices, repairs.	Full	100	100
LOTOS Lab Sp. z o.o.	Gdańsk	Laboratory testing.	Full	100	100
LOTOS Straż Sp. z o.o.	Gdańsk	Fire protection.	Full	100	100
LOTOS Ochrona Sp. z o.o.	Gdańsk	Personal and property protection.	Full	100	100
LOTOS Parafiny Sp. z o.o. ⁽³⁾	Jasło	Production and sale of paraffin.	Full	100	100
LOTOS Tank Sp. z o.o.	Gdańsk	Until October 16th 2011 - trading in aviation fuel, presently - logistics services. ⁽⁴⁾	Full	100	100
LOTOS Czechowice S.A. (parent of another group)	Czechowice-Dziedzice	Storage and distribution of fuels.	Full	100 ⁽⁵⁾	97.55
LOTOS Jasło S.A. ⁽⁶⁾	Jasło	Storage and distribution of fuels; renting and operating of own or leased real estate - from March 24th 201.	Full	100 ⁽⁷⁾	98.12
LOTOS Petrobaltic S.A. (parent of another group)	Gdańsk	Acquisition of crude oil and natural gas deposits and their exploitation.	Full	99.95 ⁽⁸⁾	99.32
LOTOS Park Technologiczny Sp. z o.o.	Jasło	The company is not conducting business operations.	Full	100	100
Indirect subsidiaries					
RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Production and distribution of electricity, heat and gas.	Full	100 ⁽⁹⁾	97.55
LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Production of fatty acid methyl esters (FAME).	Full	100 ⁽⁹⁾	97.55
„PLASTEKOL Organizacja Odzysku” S.A.	Jasło	Provision of services.		- ⁽⁶⁾	93.70
Aphrodite Offshore Services N.V.	Curaçao, the Netherlands Antilles	The company has not conducted business operations since October 17th 2011. ⁽¹⁰⁾	Full	99.95 ⁽⁸⁾	99.32
LOTOS Exploration and Production Norge AS	Stavanger, Norway	Oil exploration and production at the Norwegian Continental Shelf, provision of services	Full	99.95 ⁽⁸⁾	99.32

		related to oil exploration and production.			
Energobaltic Sp. z o.o.	Władysławowo	Production of electricity, heat, LPG and natural gas condensate.	Full	99.95 ⁽⁸⁾	99.32
AB LOTOS Baltija ⁽¹⁰⁾	Vilnius, Lithuania	Business and legal advisory services.	Full	- ⁽¹⁰⁾	99.32
AB LOTOS Geonafta (parent of another group) ⁽¹⁰⁾	Gargždai, Lithuania	Crude oil exploration and production, drilling services, purchase and sale of crude oil.	Full	99.95 ^(8,10)	40.31
UAB Genciu Nafta	Gargždai, Lithuania	Crude oil exploration and production in the Republic of Lithuania.	Full	99.95 ⁽⁸⁾	40.31
Miliana Shipholding Company Ltd. (formerly Miliana Shipping Company Ltd.) (parent of another group) ^(11,12)	Nicosia, Cyprus	Storage and transport of crude oil and management of own financial assets.	Full	99.95 ⁽⁸⁾	99.32
Miliana Shipmanagement Ltd. ⁽¹¹⁾	Nicosia, Cyprus	Sea transport services.	Full	99.95	-
Miliana Shipping Group Ltd. (parent of another group) ⁽¹¹⁾	Nicosia, Cyprus	Management of own assets.	Full	99.95	-
Kambr Navigation Company Ltd. ⁽¹¹⁾	Nicosia, Cyprus	Ship charter.	Full	99.95	-
Petro Aphrodite Company Ltd. ⁽¹¹⁾	Nicosia, Cyprus	Ship charter.	Full	99.95	-
Petro Icarus Company Ltd. ⁽¹¹⁾	Nicosia, Cyprus	Ship charter.	Full	99.95	-
Granit Navigation Company Ltd. ⁽¹¹⁾	Nicosia, Cyprus	Ship charter.	Full	99.95	-
St. Barbara Navigation Company Ltd. ⁽¹¹⁾	Nicosia, Cyprus	Ship charter.	Full	99.95	-
Bazalt Navigation Company Ltd. ⁽¹¹⁾	Nicosia, Cyprus	Ship charter.	Full	99.95	-
Other companies					
UAB Minjos Nafta	Gargždai, Lithuania	Crude oil exploration and production.	Proportional method	49.98 ⁽⁸⁾	20.15
UAB Manifoldas	Gargždai, Lithuania	Crude oil exploration and production.	Proportional method	49.98 ⁽⁸⁾	20.15

⁽¹⁾ On January 10th 2011, the Extraordinary General Shareholders Meeting of LOTOS Gaz S.A. adopted a resolution to dissolve LOTOS Gaz S.A. by liquidation. On February 14th 2011, the District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register, registered the opening of the liquidation proceedings.

⁽²⁾ On June 7th 2011, the Extraordinary General Shareholders Meeting of LOTOS Gaz S.A. w likwidacji (in liquidation) adopted a resolution to relocate its registered office from Mława to Kraków. On July 8th 2011, the District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register, registered the relocation of the company's registered office from Mława to Kraków.

⁽³⁾ On January 10th 2012, Grupa LOTOS sold 100% of the shares in LOTOS Parafiny Sp. z o.o. to Krokus Chem Sp. z o.o. (third-party investor), in which Nova Polonia Natexis LP II and the management staff of LOTOS Parafiny Sp. z o.o. hold shares.

⁽⁴⁾ Till October 16th 2011, LOTOS Tank Sp. z o.o. was operating on the aviation fuel market, where it was engaged in trading and logistics. In 2011, LOTOS Tank Sp. z o.o. underwent reorganization whereby the logistics business was left at LOTOS Tank Sp. z o.o., while the core trading operations were transferred to Grupa LOTOS.

⁽⁵⁾ On December 1st 2010, the Extraordinary General Shareholders Meeting of LOTOS Czechowice S.A. adopted a resolution regarding minority squeeze-out. On April 7th 2011, the minority squeeze-out process involving the purchase of LOTOS Czechowice S.A. shares from minority shareholders was completed by entering the acquired shares into the share register and cancelling the

shares which had not been surrendered by minority shareholders. As a result of the above process, as of April 7th 2011 Grupa LOTOS has held 100% of the share capital of LOTOS Czechowice S.A.

⁽⁶⁾ On February 11th 2011, LOTOS Jasło S.A. executed an agreement for the sale of 95.5% of the shares in PLASTEKOL Organizacja Odzysku S.A., a direct subsidiary, and ceased to have a group.

⁽⁷⁾ On November 30th 2010, the Extraordinary General Shareholders Meeting of LOTOS Jasło S.A. adopted a resolution regarding minority squeeze-out. On April 8th 2011, the minority squeeze-out process involving the purchase of LOTOS Jasło S.A. shares from minority shareholders was completed by entering the acquired shares into the share register and cancelling the shares which had not been surrendered by minority shareholders. As a result of the above process, as of April 8th 2011 Grupa LOTOS has held 100% of the share capital of LOTOS Jasło S.A.

⁽⁸⁾ In 2011, Grupa LOTOS purchased employee shares from minority shareholders of LOTOS Petrobaltic S.A. as part of a voluntary sale process. As a result of the above process, the Company's interest in the share capital of LOTOS Petrobaltic S.A. increased from 99.32% to 99.94%. On November 29th 2011, the District Court for Gdańsk-Północ of Gdańsk, VII Commercial Division of the National Court Register, registered an increase in the share capital of LOTOS Petrobaltic S.A. Following the share capital increase, the interest of Grupa LOTOS in the share capital of LOTOS Petrobaltic S.A. increased from 99.94% to 99.95%.

⁽⁹⁾ On September 26th 2011, the General Shareholders Meeting of Aphrodite Offshore Services N.V. adopted a resolution to sell the Aphrodite I ship. On October 17th 2011, the new owner of the ship, Petro Aphrodite Company Ltd., was entered in the register of Saint Vincent and the Grenadines, upon which Aphrodite Offshore Services N.V. ceased to conduct operating activities.

⁽¹⁰⁾ In 2011, the equity restructuring process at the LOTOS Petrobaltic Group was in progress.

- On May 23rd 2011, a change in the legal form of UAB LOTOS Baltija to AB LOTOS Baltija was registered in the Register of Legal Entities of the Republic of Lithuania.
- On February 3rd 2011, the acquisition of full control over AB Geonafta was finalised (in performance of the conditional agreement for the purchase of 59.41% shares in AB Geonafta, dated December 14th 2010).
- On March 23rd 2011, LOTOS Petrobaltic S.A. sold one share in AB Geonafta to Grupa LOTOS.
- On May 10th 2011, a change in the legal form of UAB LOTOS Meditus to AB LOTOS Meditus was registered in the Register of Legal Entities of the Republic of Lithuania.
- On November 30th 2011, the merger of AB Geonafta, AB Meditus and AB LOTOS Baltija as well as the name change from AB Geonafta to AB LOTOS Geonafta were registered in the Register of Legal Entities of the Republic of Lithuania. In connection with the merger, the ownership structure of AB Geonafta changed as follows:
 - before the merger:
 - AB Meditus (a wholly-owned subsidiary of AB LOTOS Baltija, which in turn is wholly owned by LOTOS Petrobaltic S.A.) – 59.41% of the share capital,
 - LOTOS Petrobaltic S.A. – 40.59% of the share capital,
 - Grupa LOTOS S.A. – 0.00062% of the share capital;
 - following the merger:
 - LOTOS Petrobaltic S.A. – 43.19808% of the share capital (99.99862% of the total vote at the General Shareholders Meeting),
 - Grupa LOTOS S.A. – 0.0005934% of the share capital (0.00137% of the total vote at the General Shareholders Meeting),
 - treasury shares – 56.80132% of the share capital (treasury shares carry no voting rights at the General Shareholders Meeting).

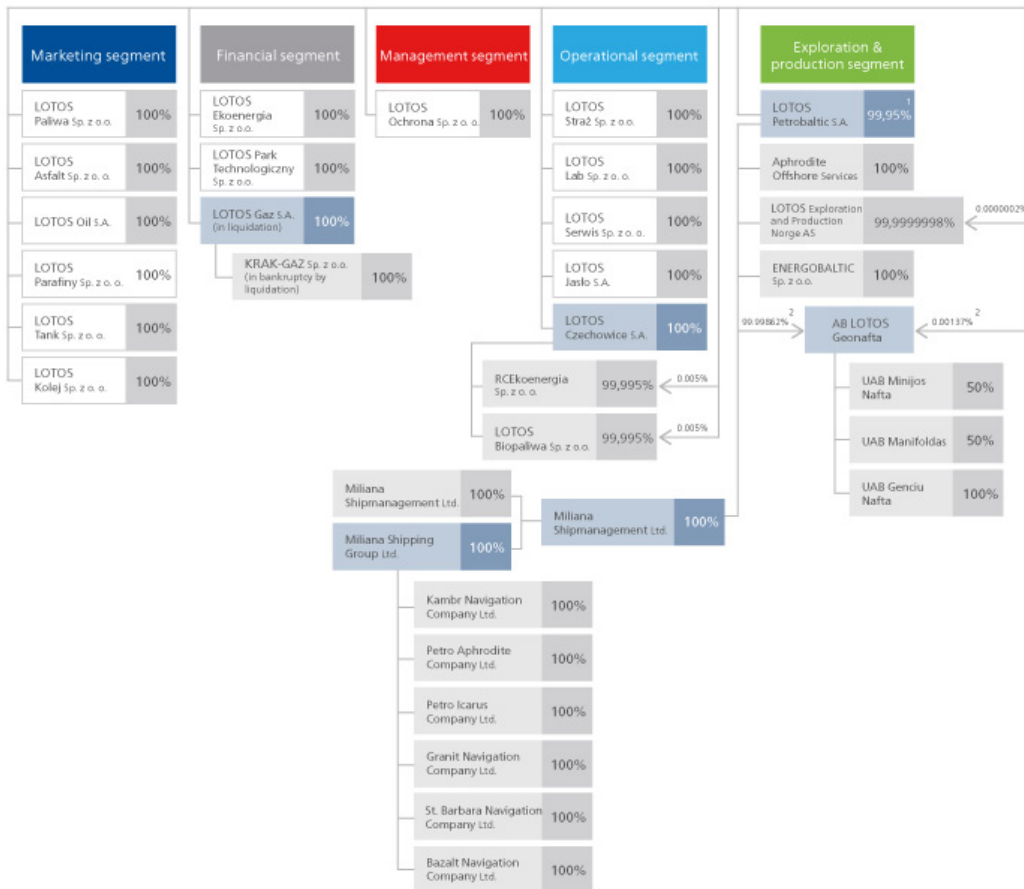
⁽¹¹⁾ In 2011, the restructuring of the sea transport business of the LOTOS Petrobaltic Group was in progress.

- On July 22nd 2011, Miliana Shipping Company Ltd. established two new companies:
 - Miliana Shipmanagement Ltd. and
 - Miliana Shipping Group Ltd.
- Both companies are wholly owned by Miliana Shipping Company Ltd. and incorporated in the Republic of Cyprus.
 - On September 13th 2011, Miliana Shipping Company Ltd. received a formal confirmation of the ownership of six companies based in Cyprus: Bazalt Navigation Company Ltd., Granit Navigation Company Ltd., Kambr Navigation Company Ltd., St. Barbara Navigation Company Ltd., Petro Icarus Company Ltd. and Petro Aphrodite Company Ltd. Miliana Shipping Company Ltd. acquired the companies to provide ship charter services.
 - On December 12th and 13th 2011, Cypriot certificates were issued confirming transfer of shares in the six companies from Miliana Shipping Company Ltd. to Miliana Shipping Group Ltd., which marked the completion of the process aimed at forming the target equity structure for the sea transport business of the LOTOS Petrobaltic Group.

⁽¹²⁾ On January 23rd 2012, a name change from Miliana Shipping Company Ltd. to Miliana Shipholding Company Ltd. was registered.

Structure of the LOTOS Group As at December 31st 2011

GRUPA LOTOS S.A.



¹ State Treasury - 0.01%, employee shares - 0.04%

² Share in the total vote at the General Shareholders Meeting (percentage of shares held by individual shareholders in AB LOTOS Geonafta: 43.19808% - LOTOS Petrobaltic S.A.; 0.0005934% - Grupa LOTOS; 56.80132% - treasury shares)

Additionally, Grupa LOTOS holds 8.97% of the shares in P.P.P. NAFTOPORT Sp. z o.o. (a company of the PERN Przyjaźń group of Plock)

Within the LOTOS Group, the role of Grupa LOTOS as the parent entity is to integrate the key management and support functions. To perform its role, Grupa LOTOS has implemented a segmental management model. A segment is understood as a separate area of business activities managed at the LOTOS Group level by a designated member of the Board of Grupa LOTOS. The implemented model enhances management efficiency, delivering Group-wide cost and revenue synergies. The segmental management includes: implementation of a consistent strategy, coordinated planning and controlling, integrated operational management and maintenance of uniform corporate standards.

The LOTOS Group is divided into the following industry segments:

Management segment: falls within the remit of President of the Board, Chief Executive Officer, i.e. head of the management segment. The segment's activities are focused on increasing the LOTOS Group's value through overall management of its operations, including formulation of strategies and monitoring their implementation, setting development directions for the individual business areas and coordination of the process support function.

LOTOS Ochrona has been allocated to the management segment.

Exploration & production segment: falls within the remit of President of the Board, Chief Executive Officer, i.e. head of the exploration & production segment. The scope of the segment's activities includes formulation of development strategies for the LOTOS Group in the area of oil and gas exploration and production, as well as management and supervision of the exploration and production activities.

LOTOS Petrobaltic and its subordinated affiliates have been allocated to the exploration & production segment.

Operational segment: falls within the remit of Vice-President of the Board, Chief Operation Officer, i.e. head of the operational segment. The segment's tasks include coordination and supervision of all affairs related to the processing of crude oil, refinery production and technologies. The segment's roles also include preparation of policy objectives for refinery production, supervision of R&D work in the production area, coordination of investment projects in the area of technical and technological development and formulation of strategies to maintain and expand production facilities.

LOTOS Straż, LOTOS Serwis, LOTOS Lab, LOTOS Jasło and LOTOS Czechowice with their subordinated affiliates have been allocated to the operational segment.

Marketing segment: falls within the remit of Vice-President of the Board, Chief Commercial Officer, i.e. head of the marketing segment. The segment's tasks include effective management of sales, supplies of crude oil and petroleum products, and distribution. The segment is also responsible for the development of trading and optimisation activities.

LOTOS Paliwa, LOTOS Oil, LOTOS Asphalt, LOTOS Kolej and LOTOS Tank have been allocated to the marketing segment. Till January 10th 2012, i.e. before its sale, LOTOS Parafiny was also allocated to this segment.

Financial segment: falls within the remit of Vice-President of the Board, Chief Financial Officer, i.e. head of the financial segment. The segment's tasks include overall management of financial and accounting processes, including formulation of financial, legal and insurance strategies and monitoring their implementation, management of budgeting and controlling, development and implementation of financial risk management strategies and overall management of assets and restructuring processes.

LOTOS Ekoenergia, LOTOS Park Technologiczny and LOTOS Gaz w likwidacji (in liquidation) – together with its affiliate, KRAK-GAZ w upadłości likwidacyjnej (in bankruptcy by liquidation) – have been allocated to the financial segment. They were allocated to the financial segment following reclassification on May 1st 2011 connected with Grupa LOTOS's internal restructuring. Previously, the companies had been allocated to the management segment.

In 2011, there were significant changes to the LOTOS Group's organizational structure. The changes were made with a view to achieving specific Group-wide objectives. The objectives include:

- ensuring the implementation of the business strategy until 2015,
- streamlining the corporate processes and enhancing the organizational efficiency,
- fostering the desirable image and improving communication,
- improving the management model and segmental reporting,
- raising the standing, decision-making powers, responsibility and effectiveness of the segments, and
- optimising the processes (e.g. by combination).

**Chart of the operational segments
As at December 31st 2011**

GRUPA LOTOS S.A.

Marketing Segment	Operational Segment	Exploration & Production Segment	Management Segment	Financial Segment
LOTOS Paliwa Sp. z o.o. LOTOS Asphalt Sp. z o.o. LOTOS Oil S.A. LOTOS Parafiny Sp. z o.o. LOTOS Tank Sp. z o.o. LOTOS Kolej Sp. z o.o.	LOTOS Straż Sp. z o.o. LOTOS Lab Sp. z o.o. LOTOS Serwis Sp. z o.o. LOTOS Jasło S.A. LOTOS Czechowice S.A. <i>and its subordinated affiliates</i>	LOTOS Petrobaltic S.A. <i>and its subordinated affiliates</i>	LOTOS Ochrona Sp. z o.o.	LOTOS Ekoenergia Sp. z o.o. LOTOS Park Technologiczny Sp. z o.o. LOTOS Gaz S.A. <i>(in liquidation) and its subordinated affiliate</i>

Related content:

Management systems