

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Grupa LOTOS Spółka Akcyjna ("Grupa LOTOS S.A.", the "Company", the "Parent"), was established on September 18th 1991. The Company's registered address is: ul. Elbląska 135, 80-718 Gdańsk, Poland.

The principal business activity of Grupa LOTOS S.A.'s Group (the "LOTOS Group" or the "Group") consists in the manufacturing and processing of refined petroleum products and their wholesale and retail sale. The Group's business also includes acquisition of crude oil and natural gas deposits and oil and gas production. Based on the classification applied by the Warsaw Stock Exchange, Grupa LOTOS S.A. is included in the fuel sector.

2. Composition of the Group and its changes

The LOTOS Group comprises: Grupa LOTOS S.A. (the Parent), a number of production, service and trading companies which are direct or indirect subsidiaries of Grupa LOTOS S.A., and the foundation.

Key information on the Group entities and on the Group's ownership interests in those entities is presented below.

Name	Registered office	Business profile	Group's ownership interest	
			December 31st 2018	December 31st 2017
Parent				
Downstream segment				
• Grupa LOTOS S.A.	Gdańsk	Manufacturing and processing of refined petroleum products (mainly fuels) and their wholesale	Not applicable	Not applicable
Direct fully-consolidated subsidiaries				
Upstream segment				
• LOTOS Upstream Sp. z o.o. (parent of another group: LOTOS Upstream Group)	Gdańsk	Activities of head offices and holdings	100.00%	100.00%
• LOTOS Petrobaltic S.A. (parent of another group: LOTOS Petrobaltic Group)	Gdańsk	Acquisition of crude oil and natural gas deposits, extraction of hydrocarbons	99.99%	99.99%
Downstream segment				
• LOTOS Paliwa Sp. z o.o.	Gdańsk	Wholesale and retail sale of fuels and light fuel oil, management of the LOTOS service station network	100.00%	100.00%
• LOTOS Oil Sp. z o.o.	Gdańsk	Manufacturing and sale of lubricating oils and lubricants, and sale of base oils	100.00%	100.00%
• LOTOS Asfalt Sp. z o.o.	Gdańsk	Manufacturing and sale of bitumens	100.00%	100.00%
• LOTOS Kolej Sp. z o.o.	Gdańsk	Railway transport	100.00%	100.00%
• LOTOS Serwis Sp. z o.o.	Gdańsk	Maintenance of mechanical and electric operations and controlling devices, overhaul and repair services	100.00%	100.00%
• LOTOS Lab Sp. z o.o. (parent of another group: LOTOS Lab Group)	Gdańsk	Laboratory testing	100.00%	100.00%
• LOTOS Straż Sp. z o.o.	Gdańsk	Fire service activities	100.00%	100.00%
• LOTOS Ochrona Sp. z o.o.	Gdańsk	Security services	100.00%	100.00%
• LOTOS Terminale S.A. (parent of another group: LOTOS Terminale Group)	Czechowice-Dziedzice	Storage and distribution of fuels	100.00%	100.00%
• LOTOS Infrastruktura S.A. (parent of another group: LOTOS Infrastruktura Group)	Jasło	Storage and distribution of fuels, renting and operating of own or leased real estate	100.00%	100.00%
• LOTOS Gaz S.A. w likwidacji (in liquidation)	Kraków	Dormant	100.00%	100.00%
Non-consolidated direct subsidiaries ⁽¹⁾				
• Infrastruktura Kolejowa Sp. z o.o. w likwidacji (in liquidation) ⁽²⁾	Gdańsk	Dormant	100.00%	100.00%
• LOTOS Foundation	Gdańsk	Socially beneficial activity within the scope of public tasks defined in the Act on Public Benefit and Volunteer Work. The Foundation does not conduct any business activity.	100.00%	100.00%

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(PLNm)

Name	Registered office	Description of business	Group's ownership interest	
			December 31st 2018	December 31st 2017
Indirect fully-consolidated subsidiaries				
Downstream segment				
LOTOS Lab Group				
• LOTOS Vera Sp. z o.o.	Warsaw	Manufacture of passenger cars	100.00%	100.00%
LOTOS Infrastruktura Group				
• RCEkoenergia Sp. z o.o.	Czechowice-Dziedzice	Production and distribution of electricity, heat and gas	100.00%	100.00%
LOTOS Terminale Group				
• LOTOS Biopaliwa Sp. z o.o.	Czechowice-Dziedzice	Production of fatty acid methyl esters (FAME)	100.00%	100.00%
Upstream segment				
LOTOS Upstream Group				
• LOTOS Exploration and Production Norge AS	Norway, Stavanger	Oil exploration and production on the Norwegian Continental Shelf, provision of services incidental to oil and gas exploration and production	100.00%	100.00%
• AB LOTOS Geonafra (parent of another group: AB LOTOS Geonafra Group)	Lithuania, Gargždai	Crude oil exploration and production, drilling services, and purchase and sale of crude oil	100.00%	100.00%
• UAB Genciu Nafta	Lithuania, Gargždai	Crude oil exploration and production	100.00%	100.00%
• UAB Manifoldas	Lithuania, Gargždai	Crude oil exploration and production	100.00%	100.00%
• LOTOS Upstream UK Ltd.	London, United Kingdom	Exploration for and production of crude oil and gas	100.00% ⁽³⁾	-
LOTOS Petrobaltic Group				
• Aphrodite Offshore Services N.V.	Curaçao	Dormant	- ⁽⁴⁾	99.99%
• B8 Sp. z o.o.	Gdańsk	Support activities for extraction and quarrying operations	99.99%	99.99%
• B8 Spółka z ograniczoną odpowiedzialnością BALTIC S.K.A.	Gdańsk	Exploration for and production of crude oil and natural gas	99.99%	99.99%
• Miliana Shipholding Company Ltd. (parent of another group: Miliana Shipholding Company Group)	Nicosia, Cyprus	Storage and transport of crude oil, other sea transport services	99.99%	99.99%
• Technical Ship Management Sp. z o.o. (parent of another group: Technical Ship Management Group)	Gdańsk	Sea transport support activities, ship operation advisory services	99.99%	99.99%
• SPV Baltic Sp. z o.o.	Gdańsk	Provision of sea transport and related services	99.99%	99.99%
• SPV Petro Sp. z o.o.	Gdańsk	Support activities for oil and gas production, sea transport, ship operation advisory services	99.99% ⁽⁵⁾	-
• Miliana Shipmanagement Ltd.	Nicosia, Cyprus	Provision of sea transport and related services	99.99%	99.99%
• Miliana Shipping Group Ltd. (parent of another group: Miliana Shipping Group)	Nicosia, Cyprus	Management of own assets	99.99%	99.99%
• Bazalt Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	99.99%	99.99%
• Granit Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	99.99%	99.99%
• Kambr Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	99.99%	99.99%
• St. Barbara Navigation Company Ltd.	Nicosia, Cyprus	Ship chartering	99.99%	99.99%
• Petro Icarus Company Ltd.	Nicosia, Cyprus	Ship chartering	99.99%	99.99%
• Petro Aphrodite Company Ltd.	Nicosia, Cyprus	Ship chartering	99.99%	99.99%
• Energobaltic Sp. z o.o.	Władysławowo	Production of electricity, heat, LPG and natural gas condensate	99.99%	99.99%

⁽¹⁾ The companies were excluded from consolidation due to immateriality of the amounts disclosed in their financial statements as at December 31st 2018 (IFRS 10 *Consolidated Financial Statements*).

⁽²⁾ On June 28th 2018, the Extraordinary General Meeting of Infrastruktura Kolejowa Sp. z o.o passed a resolution to dissolve the company and put it into liquidation.

⁽³⁾ A new company with a share capital of GBP 15 thousand. A wholly-owned subsidiary of LOTOS Upstream Sp. z o.o.

⁽⁴⁾ In H1 2018, the company was liquidated.

⁽⁵⁾ A new company with a share capital of PLN 5 thousand; a wholly-owned subsidiary of Technical Ship Management Sp. z o.o.

For information on the Group's interests in equity-accounted joint ventures, see Note 14.