

24. Retained earnings

Retained earnings comprise capital reserves created and used in accordance with the rules stipulated by the applicable laws and provisions of the Articles of Association, as well as current period's profit.

Furthermore, retained earnings include actuarial gains/losses relating to defined post-employment benefits, recognised inclusive of tax effect, which are posted under *Other comprehensive income/(loss), net* in the statement of comprehensive income.

As at December 31st 2014 and December 31st 2013, Grupa LOTOS S.A. was restricted in its ability to distribute funds in the form of dividends, as described in detail in Note 12 <<http://raportroczny.lotos.pl/en/financial-information/consolidated-financial-statements-for-2014/notes-to-the-financial-statements/12.-dividends>> .

24.1 Restricted ability of subsidiaries of the LOTOS Group to transfer funds to the Parent in the form of dividends

In 2013 and 2014, the ability of subsidiaries of the LOTOS Group to transfer funds to Grupa LOTOS S.A. in the form of dividends was restricted due to the following arrangements:

- Under credit facility agreements, the amount of distributable financial surplus generated by LOTOS Paliwa Sp. z o.o. in a financial year was contingent on compliance with specified performance targets.
- At AB LOTOS Geonafta, there are restrictions on dividend payment under credit facility agreements, which make such payment conditional upon the bank's prior consent.
- At LOTOS Exploration and Production Norge AS, there are restrictions on dividend payment under credit facility agreements, which make such payment conditional upon the bank's prior consent.

The dividend restrictions were binding as at December 31st 2014 and December 31st 2013.