



## 7. INCOME TAX EXPENSE

### 7.1. TAX RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

XLS

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
<b>Current tax expense:</b>		
Current year	75 056	74 094
Adjustment for prior years	(4 789)	461
	<b>70 267</b>	<b>74 555</b>
<b>Deferred tax expense:</b>		
Origination and reversal of temporary differences	(32 536)	(56 116)
	<b>(32 536)</b>	<b>(56 116)</b>
<b>TAX EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS</b>	<b>37 731</b>	<b>18 439</b>

\* Financial information restated due to completion of acquisition accounting of African Investment Group S.A., as presented in point 1.2.1 in the Notes.

### 7.2 EFFECTIVE TAX RATE

XLS

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
<b>PROFIT BEFORE TAX</b>	<b>303 539</b>	<b>727 760</b>
Tax using the Group's domestic tax rate	57 672	138 274
Effect of tax rates in foreign jurisdictions	(1 238)	-570
Tax exempt income (+/-)	(1 100)	(108 951)
Non deductible expenses (+/-)	10 976	16 873
Tax effect of previously unrecognised tax losses(+/-)	(1 326)	304
Recognition of investment tax credits (-)	(27 083)	(24 871)
Other(+/-)	-170	(2 620)
<b>TAX EXPENSE IN THE STATEMENT PROFIT OR LOSS</b>	<b>37 731</b>	<b>18 439</b>
<b>EFFECTIVE TAX RATE</b>	<b>12.4%</b>	<b>2.5%</b>

\* Financial information restated due to completion of acquisition accounting of African Investment Group S.A., as presented in point 1.2.1 in the Notes.

The effective tax rate in 2014 of 12.4% results from recognition of deferred tax assets on investment tax credit resulting from Grupa

Azoty PUŁAWY's activities in the special economic zone and based on the capital expenditures made in the special economic zone.

The effective tax rate in 2013 of 2.5% results from:

- › recognition of gain on bargain purchase, which is non-taxable income,
- › recognition of deferred tax assets on investment tax credit resulting from Grupa Azoty PUŁAWY's activities in the special economic zone and based on the capital expenditures made in the special economic zone since Grupa Azoty PUŁAWY's acquisition,
- › remeasurement of pre-existing interest concerning 10.3% of shares in Grupa Azoty PUŁAWY to fair value at the acquisition date, which was recognised in the financial income.

### 7.3 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

XLS

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
<b>TAX ON ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS (+/-)</b>	<b>(4 420)</b>	<b>-678</b>
Revaluation of net liabilities from defined benefit plans	(4 420)	-678
<b>TAX ON ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS (+/-)</b>	<b>-559</b>	<b>(8 239)</b>
Change in fair value of available-for-sale financial assets	-559	(8 239)
<b>TAX EXPENSE RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>	<b>(4 979)</b>	<b>(8 917)</b>

### 7.4. AKTYWA ORAZ REZERWA Z TYTUŁU ODROZCZONEGO PODATKU DOCHODOWEGO

XLS

	Deferred tax assets (-)		Deferred tax liabilities (+)	
	31.12.2014	31.12.2013* restated	31.12.2014	31.12.2013* restated
Property, plant and equipment	(87 814)	(74 033)	436 104	420 345
Investment property	-	-	6 108	5 941
Intangible assets	(7 637)	(7 729)	84 201	102 379
Financial assets	(13 852)	(12 198)	21 101	23 751
Inventories	(24 310)	(6 463)	24 872	4 090
Trade and other receivables	(3 153)	(1 650)	1 430	4 702
Trade and other payables	(36 377)	(17 886)	203	617
Other assets	(1 552)	-748	329	335
Employee benefits	(74 668)	(68 226)	-	-
Provisions	(57 007)	(53 804)	-	-
Other financial payables	-709	-351	-	95
Investment tax credits	(91 059)	(79 544)	-	-
Tax losses carried forward	(30 428)	(63 767)	-	-
Other	(10 408)	(5 546)	9 377	10 218
<b>DEFERRED TAX ASSETS(-)/LIABILITIES(+)</b>	<b>(438 974)</b>	<b>(391 945)</b>	<b>583 725</b>	<b>572 473</b>
<b>OFFSETTING</b>	<b>352 033</b>	<b>288 405</b>	<b>(352 033)</b>	<b>(288 405)</b>
<b>DEFERRED TAX LIABILITIES RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION (+)</b>	<b>(86 941)</b>	<b>(103 540)</b>	<b>231 692</b>	<b>284 068</b>

\* Financial information restated due to completion of acquisition accounting of African Investment Group S.A., as presented in point 1.2.1 in the Notes.

Na dzień 31 grudnia 2014 roku Grupa wykazywała aktywa z tytułu odroczonego podatku dochodowego w kwocie 30 428 tys. zł (31 grudnia 2013 roku: 63 767 tys. zł) w odniesieniu do strat podatkowych, które uznano za możliwe do wykorzystania na podstawie prognoz przyszłych dochodów podatkowych. Spółki Grupy będą mogły rozliczyć straty w latach 2015-2019.

## 7.5 CHANGE IN TEMPORARY DIFFERENCES

XLS

Movement in deferred tax balances recognised in (+/-)					
	Balance at 01.01.2014	Profit or loss	Other comprehensive income	Foreign currency translation differences recognized in other comprehensive income	Balance at 31.12.2014
Property, plant and equipment	346 312	43	-	1 935	348 290
Investment property	5 941	167	-	-	6 108
Intangible assets	94 650	(17 940)	-	-146	76 564
Financial assets	11 553	(3 745)	-559	-	7 249
Inventories	(2 373)	2 922	-	13	562
Trade and other receivables	3 052	(4 778)	-	3	(1 723)
Trade and other payables	(17 269)	(18 908)	-	3	(36 174)
Other assets	-413	-816	-	6	(1 223)
Employee benefits	(68 226)	(2 019)	(4 420)	-3	(74 668)
Provisions	(53 804)	(3 200)	-	-3	(57 007)
Other financial payables	-256	-453	-	-	-709
Investment tax credits	(79 544)	(11 515)	-	-	(91 059)
Tax losses	(63 767)	33 408	-	-69	(30 428)
Other	4 672	(5 702)	-	-1	(1 031)
<b>DEFERRED TAX ASSETS(-)/LIABILITIES(+)</b>	<b>180 528</b>	<b>(32 536)</b>	<b>(4 979)</b>	<b>1 738</b>	<b>144 751</b>

XLS

Movement in deferred tax balances recognised in (+/-)					
	Balance at 01.01.2013	Profit or loss	Other comprehensive income	Acquired in business combinations	Balance at 31.12.2013* restated
Property, plant and equipment	120 361	(17 813)	-	243 764	346 312
Investment property	-	5 941	-	-	5 941
Intangible assets	27 313	(21 571)	-	88 908	94 650
Financial assets	9 612	(3 871)	-	5 812	11 553
Inventories	15	(8 041)	-	5 653	(2 373)
Trade and other receivables	2 686	-143	-	509	3 052
Trade and other	(1 969)	-231	-	(15 069)	(17 269)

payables	(1 787)	431		(15 887)	(17 437)
Other assets	7 941	-115	(8 239)	-	-413
Employee benefits	(40 347)	(2 341)	-678	(24 860)	(68 226)
Provisions	(39 203)	(7 536)	-	(7 065)	(53 804)
Loans	-714	714	-	-	-
Other financial payables	-685	429	-	-	-256
Investment tax credits	-	(9 453)	-	(70 091)	(79 544)
Tax losses carried forward	(64 132)	5 682	-	(5 317)	(63 767)
<b>OTHER</b>	<b>(2 445)</b>	<b>2 233</b>	<b>-</b>	<b>4 884</b>	<b>4 672</b>

\* Financial information restated due to completion of acquisition accounting of African Investment Group S.A., as presented in [point 1.2.1 in the Notes](#).

## 7.6 UNRECOGNISED DEFERRED TAX ASSETS/LIABILITIES

The Group has not recognised deferred tax assets related to the following titles:

	As at 31.12.2014	As at 31.12.2013
Tax losses	428	443
Temporary differences	1165	1131
	<b>1593</b>	<b>1574</b>

XLS