Consolidated financial statements for the 12 month period ended 31 December 2014 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Azoty Group

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(all amounts in PLN thousand unless otherwise stated)

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Grupa Azoty S.A. presents consolidated financial statements for the 12 month period ended 31 December 2014, which consist of:

- Consolidated statement of profit or loss and other comprehensive income for the period from 01.01.2014 to 31.12.2014,
- Consolidated statement of financial position as at 31.12.2014,
- Consolidated statement of changes in equity for the period from 01.01.2014 to 31.12.2014,
- Consolidated statement of cash flows for the period from 01.01.2014 to 31.12.2014,
- Notes to the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and present fairly the financial position and financial performance of the Group.

Signatures of the Members of the Management Board

………………………………	………………………………
Paweł Jarczewski	Andrzej Skolmowski
President of the Management Board	*Vice-President of the Management Board*
………………………………	………………………………
Witold Szczypiński	Marek Kapłucha
Vice-President of the Management Board	*Vice-President of the Management Board*
………………………………	………………………………
Marian Rybak	Krzysztof Jałosiński
Vice-President of the Management Board	*Vice-President of the Management Board*
………………………………	
Artur Kopeć	
Member of the Management Board	

Person entrusted with maintaining accounting records

………………………………
Ewa Gładysz
Head of the Corporate Finance Department

Tarnów, 10 March 2015

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of profit or loss and other comprehensive income

	Note	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Continuing operations			
Revenue	1	9 898 476	9 821 023
Cost of sales	2	(8 231 565)	(8 441 783)
Gross profit		**1 666 911**	**1 379 240**
Selling and distribution expenses	2	(581 145)	(447 750)
Administrative expenses	2	(739 977)	(707 766)
Other income, including:	3	58 421	602 697
Gain on a bargain purchase	3	-	517 125
Other expenses	4	(101 980)	(128 558)
Results from operating activities		**302 230**	**697 863**
Finance income	5	45 767	73 761
Finance costs	6	(58 398)	(56 225)
Net finance (costs)/income		**(12 631)**	**17 536**
Share of profit of equity-accounted investees		13 940	12 361
Profit before tax		**303 539**	**727 760**
Tax expense	7	(37 731)	(18 439)
Profit from continuing operations		**265 808**	**709 321**
Discontinued operations			
Net loss from discontinued operations	8	(753)	(554)
Profit for the year		**265 055**	**708 767**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability		(23 542)	(4 032)
Tax on items that will never be reclassified to profit or loss		4 420	678
		(19 122)	**(3 354)**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of profit or loss and other comprehensive income (continued)

	Note	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Items that are or may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets		(24)	(15 751)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(2 912)	(27 256)
Foreign currency translation differences – foreign operations		7 807	(5 063)
Tax on items that are or may be reclassified to profit or loss		559	8 239
		5 430	**(39 831)**
Other comprehensive income for the year		**(13 692)**	**(43 185)**
Total comprehensive income for the year		**251 363**	**665 582**
Profit attributable to:			
Equity holders of the Parent Company		231 350	676 948
Non-controlling interests		33 705	31 819
Total comprehensive income attributable to:			
Equity holders of the Parent Company		216 144	639 040
Non-controlling interests		35 219	26 542
Earnings per share:	9		
Basic earnings per share (PLN)		2.33	6.93
Diluted earnings per share (PLN)		2.33	6.93

* 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.

Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements.

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of financial position

	Note	As at 31.12.2014	As at 31.12.2013* restated
Assets			
Non-current assets			
Property, plant and equipment	10	5 966 287	5 780 924
Investment property	11	54 968	53 374
Intangible assets	12	510 415	519 631
Goodwill	12.1	12 600	11 617
Investments in subordinated entities	13.1	110 842	128 944
Available-for-sale financial assets	13.2	12 371	23 989
Other financial assets	13.4	19 054	53
Non-current receivables	16	2 932	3 408
Deferred tax assets	7.4	86 941	103 540
Other non-current assets	14	4 675	4 462
Total non-current assets		**6 781 085**	**6 629 942**
Current assets			
Inventories	15	1 347 826	1 165 507
Other financial assets	13.2 13.4	68 484	106 822
Current tax assets		6 720	40 558
Trade and other receivables	16	1 161 389	1 273 112
Cash and cash equivalents	17	558 603	713 024
Other current assets	14	24 118	21 016
Assets held for sale	10.1	107	792
Total current assets		**3 167 247**	**3 320 831**
Total assets		**9 948 332**	**9 950 773**

* 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.

Consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements.

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of financial position (continued)

	Note	As at 31.12.2014	As at 31.12.2013* restated
Equity and liabilities			
Equity			
Share capital	18.1	495 977	495 977
Share premium	18.2	2 418 270	2 418 270
Fair value reserve	18.3	-	2 346
Translation reserve		1 403	(3 681)
Retained earnings, including:		2 843 389	2 649 822
Profit for the year		*231 350*	*676 948*
Equity attributable to owners of the Parent Company		**5 759 039**	**5 562 734**
Non-controlling interests		**729 097**	**707 820**
Total equity		**6 488 136**	**6 270 554**
Liabilities			
Loans	19	476 932	634 693
Employee benefits	20	312 419	254 613
Other non-current payables	23	1 498	61 821
Provisions	21	113 106	119 343
Government grants	22	39 993	24 906
Deferred tax liabilities	7.4	231 692	284 068
Other financial liabilities	24	20 205	22 513
Total non-current liabilities		**1 195 845**	**1 401 957**
Loans	19	509 259	604 140
Employee benefits	20	30 494	34 008
Current tax liabilities		2 934	4 903
Trade and other payables	23	1 425 553	1 313 547
Provisions	21	211 432	213 839
Government grants	22	2 982	2 936
Deferred income	25	2 322	25 921
Other financial liabilities	24	79 375	78 968
Total current liabilities		**2 264 351**	**2 278 262**
Total liabilities		**3 460 196**	**3 680 219**
Total equity and liabilities		**9 948 332**	**9 950 773**

* 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.

Consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements.

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of changes in equity
For the period ended 31 December 2014

	Share capital	Share premium	Fair value reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
Balance at 1 January 2014	**495 977**	**2 418 270**	**2 346**	**(3 681)**	**2 649 822**	**5 562 734**	**707 820**	**6 270 554**
Profit or loss and other comprehensive income for the year								
Profit for the year	-	-	-	-	231 350	231 350	33 705	265 055
Other comprehensive income	-	-	(2 346)	5 084	(17 944)	(15 206)	1 514	(13 692)
Total profit or loss and other comprehensive income for the year	**-**	**-**	**(2 346)**	**5 084**	**213 406**	**216 144**	**35 219**	**251 363**
Transactions with owners of the Company, recognised directly in equity								
Dividends	-	-	-	-	(19 839)	(19 839)	(13 942)	(33 781)
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(19 839)**	**(19 839)**	**(13 942)**	**(33 781)**
Balance at 31 December 2014	**495 977**	**2 418 270**	**-**	**1 403**	**2 843 389**	**5 759 039**	**729 097**	**6 488 136**

Consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements.

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of changes in equity (continued)
For the period ended 31 December 2013*, restated

	Share capital	Share premium	Fair value reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
Balance at 1 January 2013	**320 577**	**680 688**	**37 221**	**(1 279)**	**2 039 413**	**3 076 620**	**414 078**	**3 490 698**
Profit or loss and other comprehensive income for the year								
Profit for the year	-	-	-	-	676 948	676 948	31 819	708 767
Other comprehensive income	-	-	(34 875)	(2 402)	(631)	(37 908)	(5 277)	(43 185)
Total profit or loss and other comprehensive income for the year	**-**	**-**	**(34 875)**	**(2 402)**	**676 317**	**639 040**	**26 542**	**665 582**
Transactions with owners of the Company, recognised directly in equity								
Share issue	175 400	1 737 582	-	-	-	1 912 982	-	1 912 982
Dividends	-	-	-	-	(148 793)	(148 793)	(30 005)	(178 798)
Contributions by and distributions to owners of the Company	**175 400**	**1 737 582**	-	-	**(148 793)**	**1 764 189**	**(30 005)**	**1 734 184**
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control	-	-	-	-	82 885	82 885	(396 221)	(313 336)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	693 426	693 426
Total transactions with owners of the Company	**175 400**	**1 737 582**	**-**	**-**	**(65 908)**	**1 847 074**	**267 200**	**2 114 274**
Balance at 31 December 2013	**495 977**	**2 418 270**	**2 346**	**(3 681)**	**2 649 822**	**5 562 734**	**707 820**	**6 270 554**

* 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.

Consolidated statement of changes in equity is to be read in conjunction
with the notes to and forming part of the consolidated financial statements.

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of cash flows

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Cash flows from operating activities		
Profit before tax	**303 539**	**727 760**
Adjustments for:	*589 459*	*65 689*
Depreciation and amortisation	520 175	548 123
Impairment losses	40 300	49 568
Loss/(profit) from investing activities	1 628	(547 255)
Profit on disposal of financial assets	(2 912)	(12)
Share of profit of equity-accounted investees	(13 940)	(12 361)
Interest, foreign exchange gains or losses	48 740	38 443
Dividends	(807)	(1 251)
Change in fair value of financial assets at fair value through profit or loss	(3 725)	(9 566)
Cash generated from operating activities before changes in working capital	***892 998***	***793 449***
Changes in trade and other receivables	108 537	(42 953)
Changes in inventories	(181 530)	196 385
Changes in trade and other payables	(20 733)	95 942
Changes in provisions, prepayments and grants	57 824	78 815
Other adjustments	761	(8 176)
Cash generated from operating activities	***857 857***	***1 113 462***
Income taxes paid	(38 076)	(122 965)
Net cash from operating activities	**819 781**	**990 497**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Consolidated statement of cash flows (continued)

	For the period from 01.01.2014 to 31.12.2014	For the period from 01.01.2013 to 31.12.2013* restated
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, intangible assets and investment property	8 786	15 627
Acquisition of property, plant and equipment, intangible assets and investment property	(676 398)	(680 878)
Dividends received	11 971	28 067
Acquisition of financial assets	(179 583)	(128 499)
Acquisition of subsidiaries, net of cash acquired	(23 443)	(230 956)
Proceeds from sale of financial assets	215 686	43 787
Cash acquired, net of consideration transferred in acquisition of subsidiaries	-	273 797
Interest received	3 480	816
Government grants received	-	497
Loans	(645)	(525)
Other disbursements	(7 920)	(10 271)
Net cash used in investing activities	**(648 066)**	**(688 538)**
Cash flows from financing activities		
Disbursements from issue of share capital	-	(11 159)
Dividends paid	(41 768)	(170 813)
Proceeds from loans and borrowings	288 300	1 020 372
Acquisition of non-controlling interests	-	(311 316)
Payment of loans and borrowings	(541 358)	(324 710)
Interest paid	(43 766)	(40 470)
Payment of finance lease liabilities	(13 191)	(12 623)
Other investment disbursements	23 742	20 172
Net cash from financing activities	**(328 041)**	**169 453**
Net decrease in cash and cash equivalents	**(156 326)**	**471 412**
Cash and cash equivalents at the beginning of the period	**713 024**	**243 440**
Effect of exchange rate fluctuations on cash held	1 905	(1 828)
Cash and cash equivalents at the end of the period	**558 603**	**713 024**

* 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.

Consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements.

Notes to the consolidated financial statements

1. Information about Azoty Group

1.1. General information about Azoty Group

As at 31 December 2014, Grupa Azoty S.A. Group ("Azoty Group", the "Group") comprises Grupa Azoty S.A. – the Parent Company and its 10 subsidiaries (including 9 with a direct interest exceeding 50% and 1 controlled indirectly), including:

- a subsidiary Grupa Azoty Zakłady Azotowe „Puławy" S.A. (Grupa Azoty PUŁAWY),
- a subsidiary Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. (Grupa Azoty ZAK S.A.),
- a subsidiary Grupa Azoty Zakłady Chemiczne „Police" S.A.(Grupa Azoty POLICE),
- a subsidiary Grupa Azoty ATT Polymers GmbH,
- a subsidiary Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o. (Grupa Azoty PKCh Sp. z o.o.),
- a subsidiary Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki „Siarkopol" S.A. (Grupa Azoty SIARKOPOL),
- a subsidiary Grupa Azoty „Koltar" Sp. z o.o.,
- a subsidiary Grupa Azoty „Folie" Sp. z o.o.,
- a subsidiary Grupa Azoty „Compounding" Sp. z o.o.,
- an entity controlled indirectly Navitrans Sp. z o.o.,
  at the same time:
- Grupa Azoty PUŁAWY is a parent company of 10 subsidiaries and owns shares in 5 associates,
- Grupa Azoty ZAK S.A. is a parent company of 2 subsidiaries and owns shares in 2 associates,
- Grupa Azoty POLICE is a parent company to 9 subsidiaries and owns shares in 2 associates,
- Grupa Azoty PKCh Sp. z o.o. is a parent company to 3 subsidiaries.

The Parent Company was registered in the commercial register of the National Court Register under no. 0000075450 on 28 December 2001 based on the resolution of the District Court in Cracow-Śródmieście for Cracow, XII Commercial Department of the National Court Register. The Parent Company received a REGON identification number 850002268.
Since 22 April 2013, the Company operates under the name Grupa Azoty Spółka Akcyjna (short version: Grupa Azoty S.A.).

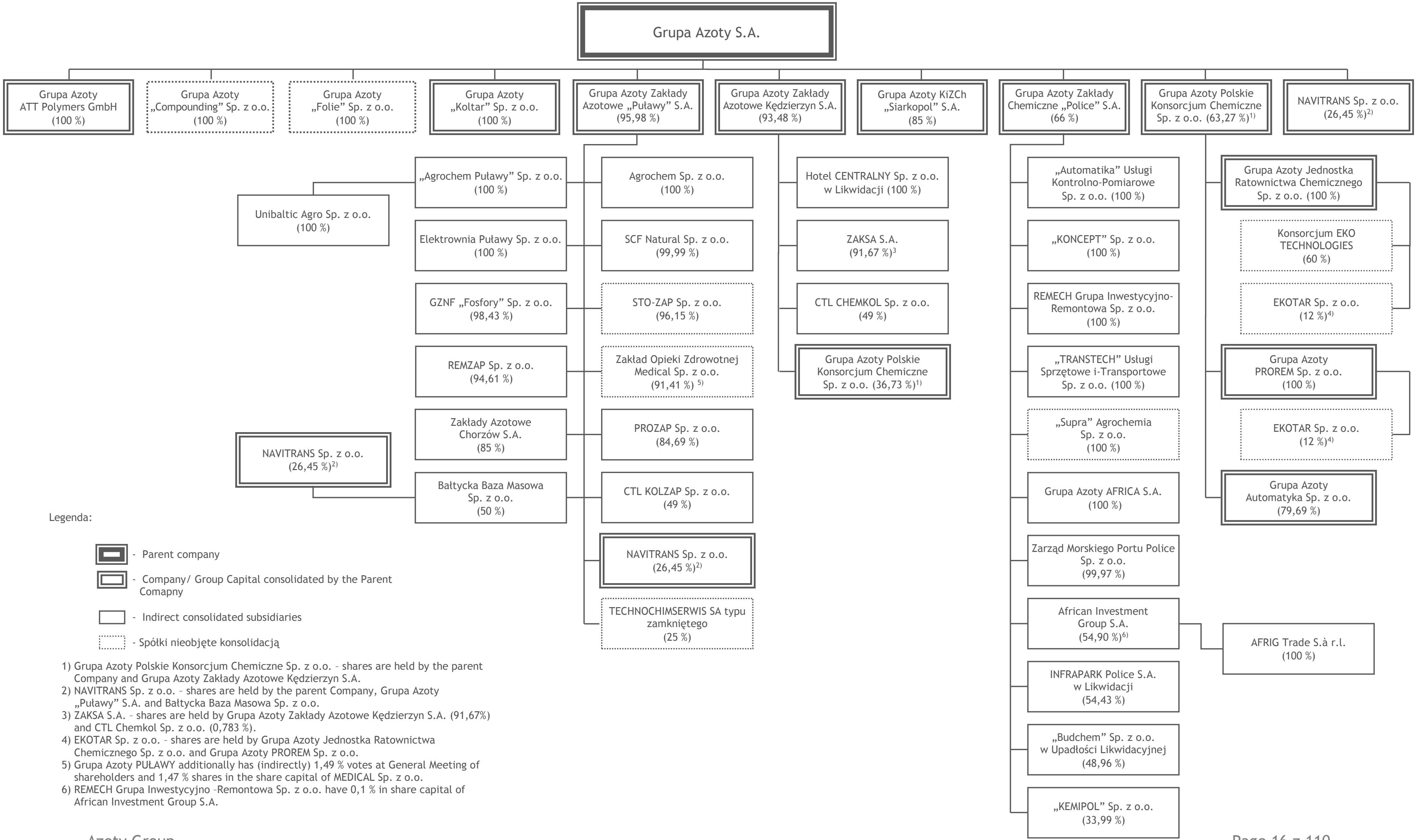
The Group's scope of business activities includes the following:

- processing of nitrogen products,
- production and sales of fertilizers,
- production and sales of plastics,
- production and sales of oxo alcohols,
- production and sales of titanium dioxide,
- production and sales of melamine,
- extracting and sulphur products processing,
- extracting of phosphate rock.

The Parent Company and companies forming Azoty Group were established for an indefinite period.

The consolidated financial statements were authorised for issue by the Parent Company's Management Board on 10 March 2015.

Chart of the Group as at 31 December 2014



1) Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o. – shares are held by the parent Company and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.
2) NAVITRANS Sp. z o.o. – shares are held by the parent Company, Grupa Azoty „Puławy” S.A. and Bałtycka Baza Masowa Sp. z o.o.
3) ZAKSA S.A. – shares are held by Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. (91,67%) and CTL Chemkol Sp. z o.o. (0,783 %).
4) EKOTAR Sp. z o.o. – shares are held by Grupa Azoty Jednostka Ratownictwa Chemicznego Sp. z o.o. and Grupa Azoty PROREM Sp. z o.o.
5) Grupa Azoty PUŁAWY additionally has (indirectly) 1,49 % votes at General Meeting of shareholders and 1,47 % shares in the share capital of MEDICAL Sp. z o.o.
6) REMECH Grupa Inwestycyjno –Remontowa Sp. z o.o. have 0,1 % in share capital of African Investment Group S.A.

The following entities were not consolidated due to their insignificance:
- Grupa Azoty „Compounding” Sp. z o.o.,
- Grupa Azoty „Folie” Sp. z o.o.,
- Zakład Opieki Zdrowotnej „Medical” Sp. z o.o. (subsidiary of Grupa Azoty PUŁAWY),
- STO-ZAP Sp. z o.o. (subsidiary of Grupa Azoty PUŁAWY),
- Technochimserwis S.A. – closed joint-stock company (subsidiary of Grupa Azoty PUŁAWY),
- „Supra” Agrochemia Sp. z o.o. (subsidiary of Grupa Azoty POLICE),
- Konsorcjum EKO TECHNOLOGIES (subsidiary of Grupa Azoty PKCh Sp. z o.o.),
- EKOTAR Sp. z o.o. (subsidiary of Grupa Azoty PKCh Sp. z o.o.).

1.2. Description of changes in the Group

1.2.1. Acquisition accounting of African Investment Group S.A.

On 28 August 2013, Grupa Azoty POLICE acquired from DGG ECO Sp. z o.o. 550 shares, representing 55% of the shares in African Investment Group S.A., which specializes in the exploration of mineral resources and holds licences to perform evaluation and exploration of mineral deposits.

The main reasons for the transaction of acquisition of shares of African Investment Group were:
- diversification of the supply of key raw materials,
- reduction of the production costs of main products.

The Group concluded that the transaction to acquire African Investment Group S.A. would be classified in the consolidated financial statements as the business combination defined in IFRS 3. It was mainly due to the existence of sufficient infrastructure enabling the extraction of minerals and their commercially effective sale and due to the existence of processes, which allowed organisation of extraction and sale of minerals despite limited human and technical resources before the acquisition by Grupa Azoty POLICE.

Consideration transferred
The consideration for 55% shares in African Investment Group S.A. is divided into three instalments:
- 3 000 000 USD – on the contract date,
- 7 000 000 USD (first part of the second instalment) within 10 days from receiving valid and final extraction permit for the so called small mine in Lam Lam deposit and after extraction and sale to Grupa Azoty POLICE of 100 thousand tons of phosphorites,
- 12 000 000 USD (the second part of the second instalment) within 10 days after extraction and sale to Grupa Azoty POLICE of another 200 thousand tons of phosphorites from Lam Lam deposit,
- 6 850 000 USD (third instalment) within 10 days from receiving valid and final exploration permit for Kebemer deposit and after extraction and sale to Grupa Azoty POLICE of another 100 thousand tons of phosphorites from Lam Lam or other deposit of the acquired entity.

The Group Management estimated the probability of payments and payment dates of the remaining instalments. The fair value of the consideration at the acquisition date was estimated at PLN 91 858 thousand, of which PLN 9 552 thousand was paid in cash and PLN 78 796 thousand was recognised as liabilities.

Identifiable assets acquired and liabilities assumed
As at 31 December 2014, the acquisition accounting of African Investment Group S.A. was completed. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

(all amounts in PLN thousand unless otherwise stated)

	As at 28.08.2013
Property, plant and equipment	288 187
- including the value of mineral deposits	*285 581*
Inventories	16 487
Trade and other receivables	1 827
Cash and cash equivalents	1 021
Deferred tax liabilities	(60 612)
Trade and other payables	(20 414)
Loans	(10 547)
Other non-financial liabilities	(260)
Fair value of identifiable net assets acquired	**215 689**

The value of mineral deposits was determined using income approach based on assumptions prepared by the Group and the external entities involved in the analysis of technical parameters of the deposits.

The value of Kebemer deposits is depreciated using natural method based on the amount of resources extracted compared to the estimated resources. Current estimates of Kebemer deposit amount to 39 760 thousand tons.

Lam Lam deposit value is depreciated using natural method based on the number of tons of raw materials extracted compared to the estimated resources. Current estimates of Lam Lam deposit amount to 314 thousand tons.

Gain on bargain purchase

	As at 28.08.2013
Consideration transferred	91 858
Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	97 061
Fair value of identifiable net assets	(215 689)
Gain on bargain purchase	**26 770**

According to the Group Management a gain on bargain purchase results mainly from fair value measurement of property, plant and equipment, including Lam Lam and Kebemer deposits.

Comparison to the provisional accounting presented in 2013
The following amounts were adjusted as compared to the provisional acquisition accounting presented in the 2013 financial statements:

	Provisional accounting on 31.12.2013	Final accounting on 31.12.2014	Difference
Property, plant and equipment (including mineral deposits)	296 985	288 187	(8 798)
Other assets	19 335	19 335	-
Deferred tax liabilities	72 477	60 612	11 865
Other liabilities	31 221	31 221	-
Impact on fair value of identifiable net assets acquired	212 622	**215 689**	3 067
Non-controlling interests	95 681	97 061	(1 380)
Impact on gain on bargain purchase			**1 687**

(all amounts in PLN thousand unless otherwise stated)

The changes in the value of the net assets acquired resulted primarily from the realisation of fair value measurement concerning property, plant and equipment (mainly mineral deposits) due to the more in-depth evaluation of acquired deposits compared to those made as at the acquisition date.

Gain on bargain purchase of PLN 26 770 thousand resulting from the completion of acquisition accounting of African Investment Group S.A. was recognized and presented in other operating income in the comparatives for 2013. In the provisional accounting presented in the annual financial statements for 2013 the gain of bargain purchase amounted to PLN 25 083 thousand.

Acquisition-related costs
The costs directly related to the transaction and allocated to the business acquisition of PLN 6 890 thousand have been included in administrative expenses in 2013.

Changes in the amounts presented in the prior year financial statements
The presentation of the financial statements was changed in the reporting period due to the completion of acquisition accounting of African Investment Group S.A.

The comparatives as at 31 December 2013 have been restated due to completion of acquisition accounting of African Investment Group S.A. The following table summarises the impact of the changes on the statement of profit or loss and other comprehensive income:

	Previously reported	Restated	
	For the period 01.01.2013 - 31.12.2013	**For the period 01.01.2013 - 31.12.2013**	**Impact of changes**
Profit or loss			
Cost of sales	(8 436 709)	(8 441 783)	(5 074)
Gross profit	**1 384 314**	**1 379 240**	**(5 074)**
Administrative expenses	(706 391)	(707 766)	(1 375)
Other income, including:	601 010	602 697	1 687
Gain on a bargain purchase	*515 438*	*517 125*	*1 687*
Results from operating activities	**702 625**	**697 863**	**(4 762)**
Profit before tax	**732 522**	**727 760**	**(4 762)**
Tax expense	(18 443)	(18 439)	4
Profit for the year	**714 079**	**709 321**	**(4 758)**
Other comprehensive income for the period, including:	**(46 466)**	**(43 185)**	**3 281**
Foreign currency translation differences – foreign operations	(8 344)	(5 063)	3 281
Total comprehensive income for the period	**667 059**	**665 582**	**(1 477)**
Profit attributable to:			
Equity holders of the Parent Company	679 593	676 948	(2 645)
Non-controlling interests	33 932	31 819	(2 113)
Total comprehensive income attributable to:			
Equity holders of the Parent Company	635 743	639 040	3 297
Non-controlling interests	31 316	26 542	(4 774)

(all amounts in PLN thousand unless otherwise stated)

Earnings per share:			
Basic earnings per share (PLN)	6,95	6,93	(0,02)
Diluted earnings per share (PLN)	6,95	6,93	(0,02)

The following table summarises the impact of the changes on the statement of financial position:

	Previously reported	Restated	
	For the period 01.01.2013 - 31.12.2013	**For the period 01.01.2013 - 31.12.2013**	**Impact of changes**
Assets			
Non-current assets, including:	**6 635 580**	**6 629 942**	**(5 638)**
Property, plant and equipment	5 791 013	5 780 924	(10 089)
Intangible assets	516 099	519 631	3 532
Deferred tax assets	102 621	103 540	919
Current assets, including:	**3 325 950**	**3 320 831**	**(5 119)**
Inventories	1 170 626	1 165 507	(5 119)
Total assets	**9 961 530**	**9 950 773**	**(10 757)**

	Previously reported	Restated	
	For the period 01.01.2013 - 31.12.2013	**For the period 01.01.2013 - 31.12.2013**	**Impact of changes**
Equity and liabilities			
Equity, including:	**6 270 651**	**6 270 554**	**(97)**
Translation reserve	(9 623)	(3 681)	5 942
Retained earnings, including:	2 654 487	2 649 822	(4 665)
Profit for the year	*679 593*	*676 948*	*(2 645)*
Equity attributable to owners of the Parent Company	**5 561 457**	**5 562 734**	**1 277**
Non-controlling interests	**709 194**	**707 820**	**(1 374)**
Non-current liabilities, including:	**1 412 617**	**1 401 957**	**(10 660)**
Deferred tax liabilities	294 728	284 068	(10 660)
Total liabilities	**3 690 879**	**3 680 219**	**(10 660)**
Total equity and liabilities	**9 961 530**	**9 950 773**	**(10 757)**

(all amounts in PLN thousand unless otherwise stated)

The following table summarises the impact of the changes on the statement of cash flows:

	Previously reported	Restated	
	For the period 01.01.2013 - 31.12.2013	**For the period 01.01.2013 - 31.12.2013**	**Impact of changes**
Cash flows from operating activities			
Profit before tax	**732 522**	**727 760**	**(4 762)**
Adjustments for:	*69 419*	*65 689*	*(3 730)*
Depreciation and amortisation	550 166	548 123	(2 043)
Loss from investing activities	(545 568)	(547 255)	(1 687)
Cash generated from operating activities before changes in working capital	***801 941***	***793 449***	***(8 492)***
Changes in inventories	187 893	196 385	8 492
Cash generated from operating activities	***1 113 462***	***1 113 462***	-

1.2.2. Acquisition of other companies

None of the following acquisitions was individually significant transactions for the consolidated financial statements, therefore the data is aggregated.

On 11 September 2014, the company "Agrochem Puławy" Sp. z o.o. (a subsidiary of Groupa Azoty PUŁAWY) acquired 6 793 shares, representing 100% of the share capital of Unibaltic Agro Sp. z o.o. On 23 December 2014, Grupa Azoty Zakłady Azotowe "Puławy" obtained control over Elektrownia Puławy Sp. z o.o. acquiring 11 074 shares, representing 50% of the share capital of the entity and increasing its stake to 100%.

Total consideration transferred amounted to PLN 22 130 thousand.

Since the acquisition date to 31 December 2014, acquired entities contributed revenue of PLN 7 911 thousand and net profit of PLN 120 thousand to the Group’s results. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue for the 12 month period ended 31 December 2014 would amount to PLN 9 904 157 thousand and consolidated net profit for the 12 month period ended 31 December 2014 would amount to PLN 265 382 thousand. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2014.

Identifiable assets acquired and liabilities assumed
As at 31 December 2014, the acquisition accounting was completed. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Non-current assets	18 470
Current assets, including:	20 246
cash	*15 059*
Liabilities	(1 608)
Fair value of identifiable net assets acquired	**37 108**

(all amounts in PLN thousand unless otherwise stated)

Goodwill

Consideration transferred	22 130
Fair value of pre-existing interest	15 961
Fair value of identifiable net assets	(37 108)
Goodwill	**983**

The fair value of pre-existing existing interest at the acquisition date was the same as its carrying amount in the consolidated financial statements.

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the acquired entities into the Group's existing businesses. None of the goodwill recognized is expected to be deductible for tax purposes.

1.2.3. Other changes

Formation of AFRIG Trade S.à r.l., the subsidiary of African Investment Group S.A.
On 14 May 2014, AFRIG Trade S.à r.l. was established in Senegal. 100% of its shares was acquired by African Investment Group S.A. AFRIG Trade S.à r.l. specializes in importing, distribution and trading with chemical products and resources, as well as storage and logistics services.

Formation of Grupa Azoty AFRICA S.A. by Grupa Azoty POLICE
Grupa Azoty AFRICA S.A. with its registered office in Dakar (Senegal), 100% subsidiary of Grupa Azoty POLICE, was registered on 10 September 2014. The newly registered entity will specialize in importing, distribution and trading with fertilizers and other chemical products, rendering of storage and logistics services, as well as providing trainings to farmers.

Formation of Grupa Azoty Compounding Sp. z o.o. and Grupa Azoty Folie Sp. z o.o.
On 19 May 2014, the Parent Company established two new companies: Grupa Azoty Compounding Sp. z o.o and Grupa Azoty Folie Sp. z o.o. Both companies have their offices registered in Tarnów. Their share capitals amount PLN 5 thousand each.

Grupa Azoty Compounding Sp. z o.o. is a special purpose entity which, together with its business partner, will specialize in plastics compounding using innovative technologies. The investment will be located in a subzone of Kraków Special Economic Zone and will involve construction of the compounding plant and its equipping with the modern machinery. On 27 June 2014, Grupa Azoty Compounding Sp. z o.o. received a permit to operate in Kraków Special Economic Zone.

Grupa Azoty Folie Sp. z o.o. is a special purpose entity which will specialize in manufacturing of special foils for the flexible packaging sector.

1.3. Management and Supervisory Boards of the Parent Company

The Management Board

There were no changes in the composition of Management Board in the reporting period. As at 31 December 2014, the Management Board of the Company comprised:

- Paweł Jarczewski - President of the Management Board, responsible for management, HR, corporate governance, supervision of Fertilizers Business Unit, public relations, risk management and coordination of internal audit in Grupa Azoty,
- Andrzej Skolmowski - Vice-President of the Management Board, responsible for finance and IT in Grupa Azoty,
- Witold Szczypiński - Vice-President of the Management Board, General Director of the Company, responsible for integration of production, plastics and organic synthesis in Grupa Azoty,
- Marek Kapłucha – Vice-President of the Management Board, responsible for supply chain management and purchases of strategic raw materials in Grupa Azoty,
- Marian Rybak - Vice-President of the Management Board, responsible for investments in Grupa Azoty,

- Krzysztof Jałosiński - Vice-President of the Management Board, responsible for strategy and development in Grupa Azoty,
- Artur Kopeć – Member of the Management Board, responsible for social dialogue, technical safety and environment protection in Grupa Azoty.

Witold Szczypiński, Vice-President of the Management Board, was appointed as a General Director of the Parent Company since the beginning of April 2014. The General Director's responsibilities include initiation and coordination of activities relating to the operational management of the Company in cooperation with other Vice-Presidents and the Managing Director. In accordance with the Management Board Members segregation of duties scheme, he is also responsible for managing and coordination of production processes, planning of maintenance and production breaks, as well as initiation of development and investment projects. He is also responsible for managing the core business areas and business support activities and supervises the operations of Plastics Segment and other business units. He supervises and coordinates restructuring processes, approves reports, documents and protocols in the supervised areas.

Subsequent to the reporting date
Year 2014 was the last full-year of the Management Board's IX tenure. On 9 January 2015, the Parent Company's Supervisory Board adopted the resolutions to appoint the Management Board for its next tenure. The Management Board of the X tenure comprises:
- Paweł Jarczewski - President of the Management Board,
- Andrzej Skolmowski - Vice-President of the Management Board,
- Witold Szczypiński - Vice-President of the Management Board,
- Marek Kapłucha – Vice-President of the Management Board,
- Marian Rybak - Vice-President of the Management Board,
- Krzysztof Jałosiński - Vice-President of the Management Board.

The resolutions were effective as of 20 February 2015.

The mandate of Artur Kopeć, Member of the Management Board elected by employees, expired since the beginning of the Management Board's X tenure. Therefore the Supervisory Board decided to to launch the procedure to appoint the Member of the Management Board elected by employees for the new tenure. The elections took place from 27 January to 11 February (1st round) and from 13 to 23 February 2015 (2nd round). Based on the elections results, Artur Kopeć was nominated a candidate for Member of the Management Board elected by employees. On 26 February 2015, the Supervisory Board resolved to appoint Artur Kopeć for the function of Member of the Management Board.

The Supervisory Board

In 2014, there were no changes in the Supervisory Board. As at 31 December 2014, the Supervisory Board of the Company comprised:
- Monika Kacprzyk-Wojdyga – Chairman of the Supervisory Board,
- Jacek Obłękowski – Vice-Chairman of the Supervisory Board,
- Ewa Lis – Secretary of the Supervisory Board,
- Robert Kapka – Member of the Supervisory Board,
- Tomasz Klikowicz – Member of the Supervisory Board,
- Artur Kucharski - Member of the Supervisory Board,
- Marek Mroczkowski – Member of the Supervisory Board,
- Zbigniew Paprocki – Member of the Supervisory Board,
- Ryszard Trepczyński – Member of the Supervisory Board.

As at 10 March 2015, the Supervisory Board's composition remained unchanged.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

2.1. Statement of compliance

Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union („IFRS EU") and other applicable regulations. IFRS EU contain all International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) except for the below listed Standards and Interpretations which are awaiting approval of the European Union as well as those Standards and Interpretations which have been approved by the European Union but are not yet effective.

2.2. Changes in International Financial Reporting Standards

New Standards, amendments to Standards and Interpretations which are or will be mandatorily effective for annual periods ending on or after 31 December 2014 have not been applied in preparing these separate financial statements. The entity intends to apply them to the first legally required periods.

Of these pronouncements, the following might potentially have an impact on the Group's financial statements:

2.2.1. Standards, Interpretations and amendments to published Standards as adopted by the EU that are not yet effective for annual periods ending on 31 December 2014

- Improvements to IFRS 2010-2012, that will be mandatory for the Group's separate financial statements for 2015. The Improvements to IFRSs (2010-2012) contain 8 amendments to 7 standards, with consequential amendments to other standards and interpretations. The main changes which would have an impact on the financial statements:

  - amend paragraph 22 of IFRS 8 *Operating segments* to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. This is to supplement the current disclosure requirements in paragraph 22(a) of IFRS 8;
  - amend paragraph 28(c) of IFRS 8 *Operating Segments* to clarify that a reconciliation of the total assets of the reportable segments to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker. This proposed amendment is consistent with the requirements in paragraphs 23 and 28(d) of IFRS 8;

  It is expected that the application of the Improvements will have an impact on the extent of disclosures in the financial statements.

2.2.2. Standards and interpretations not yet endorsed by the EU as at 31 December 2014

- IFRS 9 *Financial instruments (2014)* that will be mandatory for the Group's financial statements for 2018. New standard replaces the guidance included in IAS 39 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets, including a model for calculating impairment. IFRS 9 eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables used to classify financial assets.

  Under the new standard, financial assets are to be classified on initial recognition into one of three categories:

  - financial assets measured at amortized cost;
  - financial assets measured at fair value through profit or loss; or
  - financial assets measured at fair value through other comprehensive income (OCI).

  The Group is not able to prepare an analysis of the impact the standard will have on the financial statements until the date of initial application. However, the classification and measurement of the Group's financial assets are not expected to change under IFRS 9 because of the nature of the Group's operations and the types of financial assets that it holds

- IFRS 15 *Revenue from Contracts with Customers,* that will be mandatory for the Group's financial statements for 2017. The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations.

  Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or to the extent as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized:

  - Over time, in a manner that depicts the entity's performance of a contract; or
  - At a point in time, when control of the goods or services is transferred to the customer.

  Included in the Standard are new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

  The impact of the initial application of the Standard will depend on the specific facts and circumstances of the contracts with customers to which the Group will be a party. However, the Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

- Improvements to IFRSs 2011-2013, that will be mandatory for the Group's financial statements for 2015. The Group does not expect to early adopt the Improvements and is currently analysing the impact of their application on the financial statements.

- Improvements to IFRSs 2012-2014, will be mandatory for the Group's financial statements for 2016. The Group does not expect to early adopt the Improvements and is currently analysing the impact of their application on the financial statements.

- Amendments to IAS1 *Presentation of Financial Statements*, Disclosure initiative, that will be mandatory for the Group's financial statements for 2016. Key clarifications resulting from the Amendments include the following:

  - An emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard.
  - The order of notes to the financial statements is not prescribed. Instead, companies can chose their own order, and can also combine, for example, accounting policies with notes on related subjects.
  - It had been made explicit that companies:
    - should disaggregate line items in the statement of financial position and in the statement of profit or loss and other comprehensive income (OCI) if this provides helpful information to users; and
    - can aggregate line items in the statement of financial position if the line items specified by IAS 1 are individually immaterial.
  - Specific criteria are provided for presenting subtotals in the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method should follow IAS1 approach of grouping items into those that may, or that will never, be reclassified to profit or loss.

  The Group does not expect to early adopt the change and is in the process of analysing its impact on the financial statements.

2.3. Changes in accounting policies and in the presentation of financial statement

2.3.1. Changes in accounting policies

There were no changes in the accounting policies in the reporting period.

2.3.2. Changes in the presentation of the financial statements

The changes made to the financial statements in the reporting period related to:

- completion of acquisition accounting for African Investment Group S.A. after acquisition of the control stake by Grupa Azoty POLICE. The comparatives as at 31 December 2013 were restated. The impact of changes was presented in point 1.2.1.
- the adjustment in allocation of assets and liabilities of other segments. The comparatives as at 31 December 2013 were restated. The impact was presented in segment reporting.

2.4. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities that are measured at fair value, i.e.:

- derivatives,
- financial instruments at fair value through profit or loss,
- available-for-sale financial assets.

2.5. Functional and presentation currency

These consolidated financial statements are presented in Polish zloty, rounded to the nearest thousand. Polish zloty is the Parent Company's functional currency.

2.6. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and other factors reasonable in the circumstances and are the basis for determining the carrying amount of assets and liabilities that do not result directly from other sources. Actual results may differ from these estimates.

Significant judgements made by the Management in applying IFRS EU that have significant impact on the consolidated financial statements, concerned classification of the acquisition of African Investment Group S.A., presented in point 1.2.1 of the Notes.

Estimates that have a significant risk of adjustment in the following years were presented in note 29. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the period in which the estimates are revised or in current and any future periods affected. Main accounting estimates and assumptions are also additionally presented in the relevant notes to the consolidated financial statements:

- estimates and assumptions concerning the possibility of realisation of the deferred tax asset on the tax losses carried-forward are presented in Note 7.4,
- estimates concerning useful lives of property, plant and equipment, investment property and intangible assets, their residual values and recoverable amounts are presented in Notes 10, 11, 12,
- estimates concerning write-downs of inventory to net realisable values are presented in Note 15,
- estimates concerning impairment losses on receivables are presented in Note 16,
- estimates concerning employee benefits are presented in Note 20,
- estimates concerning provisions are presented in Note 21.

2.7. Going concern

The consolidated financial statements were prepared under the assumption that the Group will continue to operate as a going concern for the foreseeable future.

There are no circumstances indicating that the Group may be unable to continue its activities as a going concern.

2.8. Basis of consolidation

2.8.1. Subsidiaries

Subsidiaries are entities controlled by the Parent Company. Control exists, when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, the Group takes into consideration existing rights and potential voting rights that are currently exercisable.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2.8.2. Investments in associates

Associates are those entities in which the Parent Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, from the date that significant influence commences until the date that significant influence ceases or associate is reclassified to assets held for sale.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment is reduced to zero, and the recognition of further losses is discontinued except to the extent of Group' liabilities.

2.8.3. Consolidation procedures

The following procedures are used when preparing the consolidated financial statements:

- elimination of the Parent Company's cost of investment in each subsidiary and the Parent Company's share in subsidiaries' equity,
- determination of non-controlling interests in equity and result for the reporting period,
- elimination of any intra-group balances,
- elimination of any unrealised income arising from intra-group transactions,
- elimination of unrealised losses arising from intra-group transactions, but only to the extent that there is no evidence of impairment,
- elimination of any revenue, income and expenses relating to intra-group transactions.

2.8.4. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, i.e. when control is obtained by the Group. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

(all amounts in PLN thousand unless otherwise stated)

When the excess is negative, a gain on bargain purchase is recognised immediately in the statement of profit or loss and presented as other operating income.

The fair value of the consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred and presented as administrative expenses.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

2.8.5. Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders and therefore no goodwill is recognised. Adjustments to non-controlling interests are based on a proportionate amount of the acquired net assets of the subsidiary.

2.8.1. Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.9. Foreign currency

2.9.1. Transaction in Foreign currency

Transactions in foreign currencies are translated into Polish zloty at the dates of the transactions.
At the reporting date monetary assets and liabilities denominated in foreign currencies are retranslated into Polish zloty at the average exchange rate on that date, as published by the National Bank of Poland (NBP). Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are retranslated at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of profit or loss as financial income or expense, except for differences arising on retranslation of available-for-sale equity instruments and qualifying cash flow hedges, which are recognised as other comprehensive income.

For valuation purposes the following exchange rates were used :

	31.12.2014	**31.12.2013**
EUR	4.2623	4.1472
USD	3.5072	3.0120

2.9.2. Translation of the financial statements of a foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the average exchange rate published by the NBP at the reporting date. The income and expenses of foreign operations are translated at the average rate published by the NBP in the reporting period.

Foreign currency differences arising on translation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

2.10. Property, plants and equipment

2.10.1. Property, plant and equipment owned.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price of the asset and the costs directly attributable to bringing the assets to a condition necessary for it to be capable of operating in a manner intended by management, including expenses relating to transport, loading, unloading and storage. Discounts, rebates and other similar reductions decrease the acquisition cost of the asset. Cost of self constructed item of property, plant and equipment and assets under construction includes all costs incurred in the construction, assembly, installation and improvement process up to the date when the asset was brought into use (or until the reporting date when the asset has not yet been brought to use). Cost also includes, when necessary, an initial estimate of the costs of dismantling and removing the items of property, plant and equipment and restoring the site to its original state. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment may be derecognised upon its disposal or when no economic benefits are expected from further use of the asset. Gains or losses arising from the derecognition of property, plant and equipment are determined as the difference between the net proceeds from disposal and the carrying amount of the item and are recognised as other operating income or other operating expenses in the statement of profit or loss.

Assets under construction are recognised at cost less any accumulated impairment losses. Assets under construction are not depreciated until construction is completed and assets are available for use.

Prepayments for property, plant and equipment are presented as property, plant and equipment.

2.10.2. Leased items of property, plant and equipment.

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Lease payments are apportioned between the finance expense and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Subsequent to initial recognition, the leased assets are measured at cost less accumulated depreciation and any accumulated impairment losses in accordance with the accounting policy applicable to the Group’s own assets. If it is unlikely that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Leases where lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Lease payments under operating leases are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

(all amounts in PLN thousand unless otherwise stated)

2.10.3. Perpetual usufructur right

The perpetual usufruct right received by the Group free of charge on the basis of an administrative decision is a form of an operating lease. The right is excluded from the Group's assets and is carried off-balance sheet.

The perpetual usufruct right acquired by the Group is recognised as property, plant and equipment. It is measured at cost less accumulated depreciation and any accumulated impairment losses.

2.10.4. Mineral deposit

Mineral deposits comprise acquired rights to extract mineral resources and mine development expenditure, as well as exploration rights acquired in the business combinations for which there is a high likelihood that the profitable extraction will commence.

Minerals deposits acquired by the Group are recognised as a property, plant and equipment and are measured at cost less accumulated depreciation and any accumulated impairment losses.

2.10.5. Subsequent expenditure

Subsequent expenditure is capitalised only when it can be measured reliably and it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are recognised in the statement of profit or loss as an expense.

2.10.6. Depreciation

Depreciation, except for mineral deposits, is calculated on a straight-line basis over the estimated useful life of an item of property, plant and equipment or its major components. Mineral deposits are depreciated using a unit of production method based on the quantity of tons of resources extracted compared to the estimated reserves. The estimated useful lives are as follows:

Type	Depreciation rate	Period
Land	None	-
Perpetual usufruct of land	1%-33%	up to 99 years
Mineral deposits	unit of production	6-72 years
Buildings and structures	1%-33%	3-100 years
Machines and technical devices	2%-100%	1-50 years
Office equipment	10%-100%	1-10 years
Vehicles	7%-100%	1-7 years
Computers	20%-100%	1-6 years

Depreciation commences when asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ends no later than when accumulated depreciation equals the cost of the asset or an asset is derecognised. The depreciable amount is determined after deducting its residual value.

Assets under construction are not depreciated.

The Group allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant components (if the component's value is significant compared to the total cost of the asset) and depreciates separately each such part over its useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and prospectively adjusted prospectively if appropriate.

2.11. Investment property

Investment property is land, structures and buildings held by the Group for capital appreciation or other benefits, e.g. to earn rental income.

Investment property is measured at fair value. If the fair value estimate is not possible, the investment property is measured in accordance with policy applicable to property, plant and equipment.

2.12. Intangible assets

2.12.1. Research and development

Expenditure on research activities is recognised in the statement of profit or loss as incurred.

Development costs which effects are used in design or production of new or substantially improved products and processes are capitalised only if the product or process is technically and commercially feasible and the Group has sufficient technical, financial and other resources to complete development.

Expenditure on development activities is measured at cost less accumulated amortisation and any accumulated impairment losses. Capitalised development expenditures are amortised over the expected period when the benefits from the development project will be obtained.

Capitalised development costs are tested for impairment at each reporting date if the asset has not yet been brought into use or if the impairment indicators were identified and indicate that the carrying amount may not be recoverable.

2.12.2. REACH costs

The Group capitalizes costs resulting from obtaining appropriate permissions under REACH system. When registering a product in the REACH system the Group obtains the right to manufacture and sell products that bring economic benefits. Additionally, an asset resulting from registration cannot be separated from the entity but arises from legal right. An asset has non monetary character and has no physical substance.

The Group capitalizes costs that are directly attributable to the specific registration. Such costs include: registration fees, testing, information about potential utilisation, costs incurred for another registrant for the right to acquire the tests results. REACH costs are recognised as other intangible assets and are amortised over the same period as the corresponding property, plant and equipment.

Costs that cannot be assigned to any specific registration are recognised in the statement of profit or loss as incurred.

2.12.3. Goodwill

The measurement of goodwill at initial recognition was presented in point 2.8.4.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill, allocated to the CGU or group of CGUs, is tested for impairment annually.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

2.12.4. Other intangible assets

Other intangible assets acquired in a separate transaction are recognised in the statement of financial position at cost. After initial recognition, intangible assets with finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are measured at cost less any accumulated impairment losses.

(all amounts in PLN thousand unless otherwise stated)

Except for the development costs, internally generated intangible assets are not recognised in the statement of financial position and are recognised in the statement of profit or loss as an expense when incurred.

2.12.5. Subsequent expenditure

Subsequent expenditures are capitalised only when they increase future economic benefits relating to the asset. All other expenditures are recognised in the statement of profit or loss as an expense when incurred.

2.12.6. Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives, unless it is indefinite. Intangible assets with indefinite useful lives and those that are not yet used are tested for impairment annually at the level of separate asset or as part of the cash generating unit. For the remaining intangible assets the Group annually assesses if there are any impairment indicators.

The estimated useful lives are as follows :

Type	Amortisation rate	Period
Trademarks	none	-
Brand name	none	-
Customers portfolio	17%-100%	1-7 years
Licences	5%-100%	1-20 years
Software	16%-100%	1-6 years
Technological licences	2%-100%	1-50 years
REACH	2%-100%	1-50 years
Development costs	2%-100%	1-50 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and prospectively adjusted if appropriate.

2.13. Exploration for and evaluation of mineral resources

2.13.1. Measurement and classification of expenditures

The Group applies IFRS 6 *Evaluation and exploration of mineral resources* in relation to the expenditures on exploration for and evaluation of mineral resources:
- during the exploration for and evaluation of mineral resources, after obtaining the exploration rights to explore a specific area,
- before the technical feasibility and commercial viability of extraction of a mineral resource are demonstrable.

Expenditure for exploration for and evaluation of mineral resources are classified according to the activities:
- performed before obtaining exploration and evaluation licences on a specific area.

  Any expenditure incurred before obtaining exploration and evaluation licences (rights) are recognised in the statement of profit or loss when incurred.

- performed after obtaining exploration and evaluation licences on a specific area but before the technical feasibility and commercial viability of extraction of a mineral resource are demonstrable.

  Expenditure for exploration for and evaluation of mineral resources incurred after obtaining exploration and evaluation licences, which may be directly attributable to the specific asset, is classified depending on the nature of the asset as either tangible asset from exploration for and evaluation of mineral resources (tangible fixed asset under construction) or intangible asset from exploration for and evaluation of mineral resources (class of intangible assets).

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the evaluation and exploration assets are no longer classified as such. They are then tested for impairment and subsequently reclassified to mineral deposits.

Exploration and evaluation assets are measured at purchase or development cost less accumulated depreciation and any accumulated impairment losses.

2.13.2. Depreciation or amortisation

Depreciation or amortisation of exploration and evaluation assets commences once the mine is ready to commence operations and extraction.

The carrying amount of assets is depreciated using a unit of production method based on the quantity of production in the year/month to the estimated reserves and considering the future capital expenditures necessary to commence the production. Future capital expenditures are estimated considering the development necessary for the future exploration.

Expenditures for drilling, for which the technical feasibility and economical viability of minerals exploration was not demonstrated, but could still be used for development purposes, are carried at the book value as tangible fixed assets and are depreciated over their estimated useful lives.

2.13.3. Impairment

Exploration and evaluation assets are assessed for impairment, when the technical feasibility and economical viability of minerals exploration was demonstrated or when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

When sufficient information is available to determine the technical feasibility and economical viability of the project, each element of assets is assessed for impairment at least annually, in order to confirm the technical feasibility and economical viability of the project.

2.14. Current and non-current trade and other receivables

Current and non-current trade receivables are non-derivative financial assets, not quoted in an active market, with fixed or determinable payments. They are initially recognised at fair value and are subsequently measured at amortised cost, using effective interest rate method, less impairment losses.

Trade and other receivables due within 12 months, when the difference between the amortised cost and amount due is not significant, are measured at amounts due less impairment losses .

Impairment losses are calculated when the full recovery of the receivable is no longer probable. If there is an objective evidence that receivables carried at amortised cost are impaired, the impairment loss is determined as the difference between the carrying amount of the asset and the present value of future cash flows discounted at the asset's original effective interest rate. Losses are recognised as expense in the statement of profit or loss.

2.15. Presentation of factoring and receivables discounting contracts

The Group uses the three types of contracts concerning the purchases of receivables by the financing party before their maturities :

- full factoring (without recourse) or receivables discounting without recourse, in which the financing party purchases the receivables before maturity without recourse for a fee and interest from the date of purchase to the maturity date. In case the debtor does not pay at the maturity date or within the maximum allowed period after the maturity date, the financing party is not allowed to claim the repayment of the balance. Therefore, the Group derecognizes the receivables as at the transaction date and settles it with the amount received from the financing party,

- factoring with recourse or receivables discounting with recourse – secured by the cession from the insurance policy, in which the financing party purchases the receivables before maturity with recourse for a fee and interest from the date of purchase to the maturity date. In case the debtor does not pay at the maturity date or within the maximum allowed period after the maturity date, the financing party is allowed to claim the repayment of the balance. Due to the cession from insurance policy the financing party is first entitled to claim the payment from the policy without the recourse to the Group. Therefore the Group derecognizes the receivables as at the transaction date and settles it with the amount received from the financing party and discloses the contingent liability resulting from the factoring (receivables discounting),
- factoring with recourse or receivables discounting with recourse – not secured by the cession from the insurance policy, in which the financing party purchases the receivables before maturity with recourse for a fee and interest from the date of purchase to the maturity date. In case the debtor does not pay at the maturity date or within the maximum allowed period after the maturity date, the financing party is allowed to claim the repayment of the balance. Therefore the Group does not derecognize the receivables as at the transaction date and presents cash received from the financing party as other financial liabilities concerning factoring (receivables discounting).

2.16. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or raw materials used in production or in rendering of services.

Inventories are measured at the lower of cost and net realisable value as at the reporting date. The cost of inventories is determined based on the weighted average principle.

The cost is the purchase price of an asset, including an amount due to the seller, excluding recoverable value added tax and excise, in case of import increased by relevant taxes and duties, adjusted for other directly attributable costs incurred when bringing an asset to its existing location and condition, including transport, loading and unloading, less any rebates, discounts or similar recovered amounts. Finished goods, semi-finished goods and work in progress are measured at production cost including an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, net of discounts and rebates, less the estimated costs of completion and estimated costs necessary to make the sale.

Inventories write-downs and reversals are recognised in the statement of profit or loss as "cost of sales”.

2.16.1. CO_2 emision rights

The emission rights received free of charge are initially recognised as inventories, with a corresponding entry in deferred income (government grants in accordance with IAS 20), at fair value at the date of registration in the appropriate registers.

If the emission rights for a given period are not registered, the Group recognises the expected receivable of the free of charge CO_2 emission rights as other receivables with a corresponding entry in deferred income. The receivable is estimated as a product of the expected amount of rights for the period and the fair value of CO_2 emission rights at the reporting date.

Acquired emission rights are recognised at cost.

The provision arising from the emission of pollutants is recognised as cost of sales and measured as follows:

- if the Group has a sufficient amount of rights to cover its liabilities arising from the emission: as a product of the amount of rights required to be redeemed to settle the obligation and the unit cost of rights held by the Group or recognised as a receivable at the reporting date. The unit cost of rights required to settle the estimated emission is determined based on the weighted average principle.

- if the Group does not have a sufficient amount of rights to cover its liabilities arising from the emission: as a product of the amount of rights held by the Group and recognised as a receivable at the reporting date and the unit cost of such emission rights, increased by the fair value of emission rights missing.

The government grants are recognised in the statement of profit or loss as a reduction to cost of sales in the proportion of CO_2 emission realised in the reporting period to the estimated annual emissions.

Emission rights received free of charge and acquired are redeemed against the corresponding provision when the redemption of the adequate amount of rights required to cover the emission for the previous reporting period is registered.

Sale of emission rights is recognised as revenue from sales. The cost of disposal of the rights is determined based on the weighted average principle and presented in cost of sales. Additionally, in case of the sale of rights received free of charge, the respective part of the government grant presented as deferred income is recognised in the statement of profit or loss.

2.17. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits on demand with original maturities less than three months. Cash and cash equivalents included in the statement of cash flows include the above mentioned items.

2.18. Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories, deferred tax assets and financial instruments, measured under different principles, are reviewed at each reporting date to determine whether there is any indication of impairment losses. If any such indication exists, the Group estimates the assets' or cash-generating units' (CGUs) recoverable amount. CUGs containing goodwill and indefinite-lived or not completed intangible assets are tested for impairment annually at the reporting date.

Impairment losses are recognised when the carrying amount of an asset or its related CGU exceeds the recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to the CGU based on consistent and reasonable basis and are tested for impairment as part of the CGU.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.19. Equity

The equity is divided by type according to the applicable laws and the Parent Company's Deed.

Share capital, which is the share capital of the Parent Company, is measured in the nominal value of the issued shares.

Transaction costs incurred on incorporation of the entity or associated with the issue of equity securities reduce share premium.

Capital reserves from previous years, accumulated results from previous years and result for the period are presented in the financial statements as retained earnings.

2.20. Employee benefits

Employee benefits include all kinds of benefits in exchange for the work of employees, both benefits paid during the employment period and post-employment benefits.

2.20.1. Defined contribution plans

Under current regulations the Group has an obligation to withhold and pay contributions concerning social security of the employees. These benefits, in accordance with IAS 19, constitute government programme and are a defined contribution plan. Obligations for contributions are estimated based on the amounts payable for the year and are recognised as an employee benefit expenses in the period during which related services are rendered by employees.

Additionally, based on the agreement with employees, the Group pays fixed contributions into a separate entity and has no other legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

2.20.2. Defined benefit plans

The Group's obligations in respect of defined benefit plans are calculated for each benefit plan separately by estimation of the present value of future benefits earned by employees in the current period and previous periods. Current service costs are recognised in the statement of profit or loss as employee expenses. Interest on obligations in respect of defined benefit plans are recognised in the statement of profit or loss as financial expenses. Revaluation of an obligation is recognised in other comprehensive income.

2.20.2.1. Defined benefit plans – retirement and death-in-service benefits

Under current labour code and collective agreement regulations the Group has an obligation to pay retirement and death-in-service benefits.

The Group's retirement benefit liability is calculated by a qualified actuary using the projected unit credit method. The estimate of the future salaries at the retirement date and the amount of future benefits to be paid is included in the calculation. The Group's death-in-service benefit liability is calculated by a qualified actuary estimating the future benefits to be paid. The benefits are discounted to determine their present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. Employees' turnover is estimated based on the past experience and the expected turnover rates in the future. The retirement and death-in-service liabilities are recognised proportionally to the expected period of employee's service.

2.20.2.2. Defined benefit plans – provisions for Social Fund benefits for pensioners

Under current regulations the Group has an obligation to pay the social fund benefits to the pensioners. Therefore the Group recognises the liabilities for post-employment Social Fund contributions. The liabilities are estimated based on the average salaries in the Polish economy. The benefits are discounted to determine their present value similarly as other classes of employee benefits. The amount of provision for the Social Fund benefits is calculated individually for each employee and equals the present value of future benefits.

2.20.3. Other long-term employee benefits - jubilee awards

The Group offers jubilee awards to the employees. The cost of the awards depends on seniority and remuneration of the employees when the awards are paid.

The calculation of benefits is performed using the projected unit credit method. The Group's liability resulting from the jubilee awards is measured by estimating the future salaries at the date the employee is entitled to receive the jubilee awards and the amount of future awards to be paid. The benefits are discounted to determine their present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. Employees' turnover is estimated based on the past experience and the expected turnover rates in the future. The liability is recognised proportionally to the expected period of employee's service.

2.20.4. Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.21. Provisions

Provisions are recognised if:

- a present obligation (legal or constructive) has arisen as a result of a past events,
- the outflow of economic benefits is probable,
- the amount can be measured reliably.

The amount of a provision is the best estimate of the expenditure to be incurred which is required to settle the obligation at the reporting date. The estimates are based on the management's judgment, supported by the experience resulting from similar past events and independent experts opinions, if required.

If the Group expects to be reimbursed for the expenditures required to settle a provision, e.g. by the insurer, the reimbursement is recognised as a separate asset if it is virtually certain that the reimbursement will be received.

2.21.1. Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

2.21.2. Site restoration costs

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land or other property is recognised when the land or other property is contaminated.

2.21.3. Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

2.21.4. Litigations and claims

Provisions for the effects of litigations and claims are recognised considering all available evidence, including lawyers' opinions. If as at the reporting date the outflow of benefits is assessed probable based on the analysis performed, the respective provision is recognised (provided the remaining recognition criteria are met).

2.21.5. Provision for CO2 emission rights

The accounting policies concerning provisions for CO_2 emission rights are presented in point 2.16.1.

2.22. Trade and other liabilities

Trade and other liabilities are initially recognised at fair value. Subsequently such liabilities are measured at amortised cost using the effective interest rate method.

Liabilities due up to 12 months, when the difference between the amortised cost and amount due is not significant, are measured at amounts due.

2.23. Interest-bearing loans

Interest-bearing loans are initially recognised at fair value (adjusted for the transaction costs associated with the issue of debt). Subsequently interest-bearing loans are measured at amortised cost using the effective interest rate method.

2.24. Financial instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity provided that the contract has clear economic consequences to both or more parties.

Financial instruments are classified into the following categories :

- financial assets or liabilities at fair value through profit or loss – including derivatives and financial assets or liabilities acquired or held for the purpose of selling or repurchasing in the near term or designated on initial recognition as identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking,

- held-to-maturity investments - are non-derivative financial assets with fixed or determinable payments and fixed maturities that an entity intends and is able to hold to maturity,

- loans and receivables - are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market,

- available-for-sale financial assets - are non-derivative financial assets designated on initial recognition as available-for-sale or other instruments that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

- other financial liabilities.

2.25. Initial recognition and derecognition of financial assets and liabilities

Financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. Transactions to purchase or sell standardised financial instruments are recognised in the accounts at the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred and the Group does not retain control over the asset.

A financial liability is derecognised from the statement of financial position when it is extinguished, i.e., when the obligations specified in the contract are discharged, cancelled or expired.

2.26. Initial measurement of financial instrumenta

Initially, financial assets and liabilities are measured at fair value. Transaction costs adjust the initial value of assets and liabilities, except for the assets or liabilities measured at fair value through profit or loss.

2.26.1. Measurement subsequent to initial recognition

The Group measures:

- at amortised cost using the effective interest method: held-to-maturity investments, loans and receivables and non-derivative financial liabilities,

- at fair value: financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets.

The impact of subsequent measurement of available-for-sale financial assets, other than impairment loss, is recognised in other comprehensive income and presented in fair value reserve.

The impact of subsequent measurement of financial assets and liabilities classified to other categories is recognised as profit or loss in the statement of profit or loss.

2.26.2. Derivatives

The Group uses derivatives in order to manage its currency risk exposure resulting from operating, financial and investment activities. According to the Group’s treasury policy the Group does not use or issue publicly listed derivatives.

Initially, the financial assets and liabilities are recognised at fair value.

Subsequent valuation of derivatives not designated for hedge accounting is recognised as profit or loss in the statement of profit or loss.

2.26.3. Impairment of financial assets

A financial asset is impaired, and impairment losses are recognised, if there is an objective evidence as a result of one or more events that such loss event(s) have negative impact on the estimated future cash flows from the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. An impairment loss in respect of available-for-sale financial assets is recognised when the decline in fair value of such investment below its cost is considered significant or prolonged.

At the reporting date, all individually significant assets are assessed for specific impairment. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

Impairment losses in respect of financial assets measured at amortised cost are recognised in the statement of profit or loss. Impairment losses in respect of available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss.

If, in a subsequent period, the value of an impaired financial asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. An impairment of available-for-sale equity security is not reversed in the statement of profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in the statement of profit or loss.

2.27. Revenue

Revenue from the sale is measured at the fair value of the consideration received or receivable in relation to products, merchandises and services delivered in the course of ordinary operating activities of an entity, net of rebates, discounts, value added and other sales related taxes. Revenue is recognised in the amount which recovery is probable at the transaction date and which can be measured reliably.

2.27.1. Sale of goods and merchandises, rendering of services

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date and when the outcome of the transaction can be measured reliably. The stage of completion is assessed by reference to the physical proportion of the contract work performed. When the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are likely to be recovered.

2.27.2. Sale of emission rights including ERU

Revenue from the sale of emission rights generated in the period, including ERU, are recognised, when it is probable that the Group will receive economic benefits from such transaction, i.e. when there is a valid contract signed with the buyer of the rights and the selling price is determined. When the Group does not have the contract, self-generated emission rights, including ERU, are not recognised.

2.27.3. Licence fees

Revenue from the sale of licenses is recognised, when it is probable the economic benefits from sale will flow to the Group and the amount of revenue and the related costs can be reliably measured. The revenue is presented as revenue from sale.

2.27.4. Revenue from sale of certificates of origin of energy

The Group recognises revenue from sale of certificates of origin of red energy in the period in which they have been generated and when it is probable that the economic benefits will be obtained. The revenue is presented as revenue from sale.

2.27.5. Rentals

Revenue from rental of property is recognised in the statement of profit or loss on a straight-line basis for the lease period.

2.27.6. Loyalty programmes

Revenue is allocated between the loyalty programme and the other components of the sale. The amount allocated to the loyalty programme is deferred, and is recognised as revenue in the period when the Group has fulfilled its obligations resulting from the programme or when it is no longer probable that the rights under the programme will be redeemed.

2.27.7. Finance income

Finance income comprises the interest on funds invested by the Group, dividends, gains on disposal of available-for-sale financial assets, fair value gains on financial instruments at fair value through profit or loss, foreign exchange gains and such gains on hedging instruments which are recognised in the statement of profit or loss.

Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest rate method. Dividend income is recognised in the statement of profit or loss on the date that the Group’s right to receive payment is established.

2.28. Expenses

2.28.1. Cost of sales

Cost of sales includes all operating expenses except for selling and distribution expenses, administrative expenses, other expenses and finance costs. Production cost includes direct costs and an appropriate share of production overheads based on normal operating capacity.

2.28.2. Selling and distribution expenses

Selling and distribution expenses comprise:
- cost of packaging,
- transport, loading and unloading costs,
- customs duties and agents’ commisions,
- other costs, including carriage insurance cost.

2.28.3. Administrative expenses

Administrative expenses comprise:
- general and administration expenses associated with the management of the Group,
- general production overheads (related to the production, including maintenance and functioning of general departments, not associated with the direct production).

2.28.4. Operating lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.28.5. Finance lease payments

Finance lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.28.6. Finance cost

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, foreign exchange losses, fair value losses on financial instruments through profit or loss and impairment losses recognised on financial assets. Interest is recognised in profit or loss using the effective interest rate method.

Borrowing costs that are directly attributable to acquisition or construction of a qualifying asset are capitalised. Other borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss as incurred.

2.29. Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable is calculated based on the tax result (tax base) for the period. Tax result differs from the result before tax for the period due to the temporary differences in taxable income and costs and due to the permanent differences which will never be tax-deductible or taxable.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for 1) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, 2) temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent it is not probable that they will be disposed in the foreseeable future, 3) temporary differences arising on the initial recognition of goodwill.

Taxable income on activities in special economic zones may be tax-exempt to the amount determined in the special economic zones regulations. Future benefits resulting from tax exemption are treated as investment tax credits and recognised as deferred tax assets applying IAS 12 by analogy.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is expected that taxable profits will be available in the future against which the deductible difference would be utilized. Deferred tax assets are not recognised to the extent it is not probable that taxable income will be available to realise all deductible temporary differences or their part. Such assets are subsequently recognised if it becomes probable that sufficient taxable income will be available.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority. Deferred tax assets and liabilities are not discounted and are presented in the statement of financial position as non-current assets or liabilities.

2.30. Segment reporting

The Group identifies operating segments based on internal reports. The operating results of each segment are reviewed on a regular basis by the Group's chief operating decision maker, who decides about the allocation of resources to different segments and analyses its results. Separate information prepared for each segment is available.

The Group identifies the following operating segments:
- Fertilizers-Agro Segment,

- Plastics Segment,
- Chemical Segment,
- Energy Segment,
- Other Activities Segment comprising other operations, such as laboratory services, rental of properties and other activities that cannot be allocated to other segments.

The Group presents administrative, selling and distribution expenses and other income and expenses allocated to the segments. Performance of each segment is analysed based on its sales revenue, EBIT and EBITDA.

The Group identifies the following geographical areas:
- Poland,
- Germany,
- Other European Union countries,
- Other European countries,
- Asia countries,
- South America countries,
- Other.

2.31. Discontinued operations and non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale, the Group's management must actively seek the buyer and sale must be highly probable within a year from classification as held for sale. The assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operation is a part of the Group's operations, which represent separate major line of business or a geographical area of operations, which is a part of a single co-ordinated plan to sold or dispose, or is a subsidiary acquired exclusively with a view to re-sale. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3. Notes to the consolidated financial statements

Segment reporting

Operating segments

The Group realises its business goals through four reportable segments managed separately because they require different management strategies (including production, sales and marketing strategies). For each segment the Management Board of the Group reviews internal management reports on a monthly basis.

The following summary describes the operations of each of the Group's reportable segments:

- Fertilizers-Agro Segment includes manufacturing and sales of the following products: nitrogen fertilizers (mixture of ammonium nitrate, ammonium nitrate with the filler, the diamide of carbonic acid, aqueous ammonium nitrate and carbonic acid diamide solution, ammonium nitrate, urea, aqueous solution of urea and ammonium nitrate), nitrogen fertilizers with sulphur (mixture of ammonium nitrate and ammonium sulphate, mixture of ammonium nitrate and calcium sulphate, ammonium sulphate), multicomponent fertilizers, phosphate fertilizers, ammonia, synthesis gas, nitric acid, technical gases;
- Plastics Segment includes manufacturing and sales of the following products: poliamid 6/PA6, acetal copolymer, polypropylene, polybutylene terephthalate, polyamide 66/PA66, caprolactam;
- Chemicals Segment includes manufacturing and sales of the following products: oxo alcohols (2-ethylhexanol, N-Butanol, Isobutanol, Octanol F), plasticizers (DEHP, DIBP, DPHP, DEHT), titanium dioxide, Tytanpol, melamine, maleic anhydride, AdBlue, FESPOL;
- Energy Segment includes activities that concern production of electricity and heat for the purposes of chemical installations and selling electricity to customers connected to electric network, with whom the contracts were signed;
- Other Activities Segment comprising other activities, such as laboratory services, rental of properties and other activities which cannot be allocated to other segments. None of these activities met the quantitative criteria to be separated as reportable segment in 2014 and 2013.

Information regarding the results of each reportable segment is set out below. Performance of each segment is measured based on sales revenue, EBIT and EBITDA.

Geographical information

In presenting information on the basis of geography, revenue is reported based on the geographical location of customers and assets are reported based on their geographical location.

(all amounts in PLN thousand unless otherwise stated)

Operating Segments

Revenue, expenses and financial result of operating segments for the 12 month period ended 31 December 2014

Continued operations	Fertilizers-Agro	Plastics	Chemicals	Energy	Other Activities	Total
External revenues	5 580 374	1 460 155	2 505 638	194 621	157 688	9 898 476
Inter-segment revenue	2 323 040	348 170	1 050 591	2 933 148	802 963	7 457 912
Total revenue	7 903 414	1 808 325	3 556 229	3 127 769	960 651	17 356 388
Operating expenses, including:(-)	(7 468 963)	(1 899 986)	(3 568 630)	(3 123 579)	(949 441)	(17 010 599)
Selling and distribution expenses (-)	*(395 845)*	*(53 566)*	*(130 041)*	*(82)*	*(1 611)*	*(581 145)*
Administrative expenses (-)	*(367 528)*	*(123 773)*	*(184 559)*	*(12 565)*	*(51 552)*	*(739 977)*
Other income	14 929	12 923	4 778	10 336	15 455	58 421
Other expenses(-)	(13 960)	(2 678)	(47 709)	(8 582)	(29 051)	(101 980)
Segment results from operating activities EBIT	**435 420**	**(81 416)**	**(55 332)**	**5 944**	**(2 386)**	**302 230**
Finance income	-	-	-	-	-	45 767
Finance costs (-)	-	-	-	-	-	(58 398)
Share of profit of equity-accounted investees	-	-	-	-	-	13 940
Profit before tax	**-**	**-**	**-**	**-**	**-**	**303 539**
Result on discontinued operations	**-**	**-**	**-**	**-**	**-**	**(753)**
Tax expense	-	-	-	-	-	(37 731)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**265 055**
EBIT*	435 420	(81 416)	(55 332)	5 944	(2 386)	302 230
Depreciation and amortisation	158 972	47 870	100 947	74 050	80 285	462 124
Unallocated depreciation and amortisation	-	-	-	-	-	58 051
EBITDA**	**594 392**	**(33 546)**	**45 615**	**79 994**	**77 899**	**822 405**

* EBIT is calculated as results from operating activities presented in the statement of profit or loss, adjusted for the gain on bargain purchase.
** EBITDA is calculated as results from operating activities increased by depreciation and amortisation, adjusted for the gain on bargain purchase.

(all amounts in PLN thousand unless otherwise stated)

Revenue, expenses and financial result of operating segments for the 12 month period ended 31 December 2013, restated*

Continued operations	Fertilizers-Agro	Plastics	Chemicals	Energy	Other Activities	Total
External revenues	5 565 074	1 466 548	2 385 331	265 516	138 554	9 821 023
Inter-segment revenue	2 061 724	355 834	728 472	2 903 162	782 352	6 831 544
Total revenue	7 626 798	1 822 382	3 113 803	3 168 678	920 906	16 652 567
Operating expenses, including:(-)	(7 240 598)	(1 932 912)	(3 128 175)	(3 173 286)	(953 872)	(16 428 843)
Selling and distribution expenses (-)	*(301 809)*	*(51 901)*	*(82 642)*	*(171)*	*(11 227)*	*(447 750)*
Administrative expenses (-)	*(349 822)*	*(121 261)*	*(136 979)*	*(14 793)*	*(84 911)*	*(707 766)*
Other income	45 013	8 012	11 611	4 764	16 172	85 572
Other expenses(-)	(11 818)	(53 597)	(4 671)	(3 522)	(54 950)	(128 558)
Segment results from operating activities EBIT	**419 395**	**(156 115)**	**(7 432)**	**(3 366)**	**(71 744)**	**180 738**
Gain on bargain purchase	-	-	-	-	-	517 125
Result from operating activities	**419 395**	**(156 115)**	**(7 432)**	**(3 366)**	**(71 744)**	**697 863**
Finance income	-	-	-	-	-	73 761
Finance costs (-)	-	-	-	-	-	(56 225)
Share of profit of equity-accounted investees	-	-	-	-	-	12 361
Profit before tax	**-**	**-**	**-**	**-**	**-**	**727 760**
Result on discontinued operations	-	-	-	-	-	**(554)**
Tax expense	-	-	-	-	-	(18 439)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**708 767**
EBIT**	419 395	(156 115)	(7 432)	(3 366)	(71 744)	180 738
Depreciation and amortisation	213 061	46 997	78 710	72 516	131 023	542 307
Unallocated depreciation and amortisation	-	-	-	-	-	5 816
EBITDA* **	**632 456**	**(109 118)**	**71 278**	**69 150**	**59 279**	**728 861**

* 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.
** EBIT is calculated as results from operating activities presented in the statement of profit or loss, adjusted for the gain on bargain purchase.
*** EBITDA is calculated as results from operating activities increased by depreciation and amortisation, adjusted for the gain on bargain purchase.

(all amounts in PLN thousand unless otherwise stated)

Assets and liabilities of operating segments as at 31 December 2014

	Fertilizers-Agro	Plastics	Chemicals	Energy	Other Activities	Total
Segment assets	3 158 258	1 014 418	1 676 461	1 263 242	796 477	7 908 856
Unallocated assets	-	-	-	-	-	1 933 069
Equity accounted investees	-	-	-	-	-	106 407
Total assets	**3 158 258**	**1 014 418**	**1 676 461**	**1 263 242**	**796 477**	**9 948 332**
Segment liabilities	852 180	212 372	248 900	363 119	77 045	1 753 616
Unallocated liabilities	-	-	-	-	-	1 706 580
Total liabilities	**852 180**	**212 372**	**248 900**	**363 119**	**77 045**	**3 460 196**

Assets and liabilities of operating segments as at 31 December 2013, restated*

	Fertilizers-Agro	Plastics	Chemicals	Energy	Other Activities	Total
Segment assets	2 911 853	1 151 256	1 679 753	1 020 370	734 500	7 497 732
Unallocated assets	-	-	-	-	-	2 331 466
Equity accounted investees	-	-	-	-	-	121 575
Total assets	**2 911 853**	**1 151 256**	**1 679 753**	**1 020 370**	**734 500**	**9 950 773**
Segment liabilities	716 461	323 728	212 070	341 869	80 326	1 674 454
Unallocated liabilities	-	-	-	-	-	2 005 765
Total liabilities	**716 461**	**323 728**	**212 070**	**341 869**	**80 326**	**3 680 219**

* 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 and due to changes in allocation of assets and liabilities of other activities segment. Following the adjustment, segment assets of Other Activities decreased and unallocated assets increased by PLN 507.329 thousand. Additionally, segment liabilities of Other Activities decreased and unallocated liabilities increased by PLN 364 318 thousand as compared to the information presented in the authorized consolidated financial statements for year 2013.

(all amounts in PLN thousand unless otherwise stated)

Other information related to operating segments for the year ended 31 December 2014

	Fertilizers-Agro	Plastics	Chemicals	Energy	Other Activities	Total
Capital expenditure on property, plant and equipment	189 308	36 667	133 692	174 493	97 441	631 601
Capital expenditure on investment property	1 633	-	-	-	327	1 960
Capital expenditure on intangible assets	32 821	551	202	749	8 485	42 808
Unallocated capital expenditure	-	-	-	-	-	37 864
Total capital expenditure	**223 762**	**37 218**	**133 894**	**175 242**	**106 253**	**714 233**
Segment depreciation and amortisation	158 972	47 870	100 947	74 050	80 285	462 124
Unallocated depreciation and amortisation	-	-	-	-	-	58 051
Total depreciation and amortisation	**158 972**	**47 870**	**100 947**	**74 050**	**80 285**	**520 175**

As described in Note 10, an impairment loss of PLN 40 252 thousand was recognised for property, plant and equipment and of PLN 15 thousand for intangible assets of Chemicals segment. The impairment loss was presented in other operating expenses.

Other information related to operating segments for the year ended 31 December 2013, restated*

	Fertilizers-Agro	Plastics	Chemicals	Energy	Other Activities	Total
Capital expenditure on property, plant and equipment	245 167	57 220	108 369	116 804	92 283	619 843
Capital expenditure on investment property	-	-	-	-	172	172
Capital expenditure on intangible assets	6 424	817	(299)	689	7 519	15 150
Unallocated capital expenditure	-	-	-	-	-	25 302
Total capital expenditure	**251 591**	**58 037**	**108 070**	**117 493**	**99 974**	**660 467**
Segment depreciation and amortisation	213 061	46 997	78 710	72 516	131 023	542 307
Unallocated depreciation and amortisation	-	-	-	-	-	5 816
Total depreciation and amortisation	**213 061**	**46 997**	**78 710**	**72 516**	**131 023**	**548 123**

* 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.

In 2013, based on the results of impairment test performed for the Plastics segment, an impairment loss of PLN 38 925 thousand was recognised for property, plant and equipment and of PLN 7 144 thousand for intangible assets. The impairment loss was presented in other operating expenses.

(all amounts in PLN thousand unless otherwise stated)

Geographical information

Revenue

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Poland	5 241 629	5 457 319
Germany	1 129 819	935 242
Other European Union countries	2 213 486	2 187 641
Asia countries	555 360	547 254
South America countries	338 060	363 855
Other countries	420 122	329 712
Total	**9 898 476**	**9 821 023**

None of the customers accounted for more than 10% of revenue in both 2014 and 2013.

Non-current assets *

	As at 31.12.2014	As at 31.12.2013** restated
Poland	6 276 705	6 139 535
Germany	76 657	76 475
Senegal	306 425	282 942
	6 659 787	**6 498 952**

* Non-current assets presented exclude financial instruments and deferred tax assets.

** 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.

Note 1 Revenue

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Sales of goods and services	9 620 446	9 562 869
Construction contracts revenue	28 385	13 022
Sales of merchandises and raw materials	248 469	200 208
Sales of emission rights	1 106	44 924
Sales of licenses	70	-
	9 898 476	**9 821 023**

(all amounts in PLN thousand unless otherwise stated)

Note 2 Operating expenses

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Depreciation and amortisation	520 175	548 123
Raw materials and energy used	6 259 092	6 627 542
External services	1 038 684	875 404
Taxes and charges	299 088	230 699
Wages and salaries	963 064	833 241
Social security and other employee benefits	251 424	222 567
Other expenses	126 332	98 378
Costs by kind	**9 457 859**	**9 435 954**
Changes in inventories of finished goods and work in progress (+/-)	19 821	87 242
Work performed by the entity and capitalised (-)	(159 075)	(110 746)
Selling and distribution expenses (-)	(581 145)	(447 750)
Administrative expenses (-)	(739 977)	(707 766)
Cost of merchandises and raw materials sold	234 082	184 849
Cost of sales	**8 231 565**	**8 441 783**
Includes excise duty	33 105	33 108

* 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.

Note 2.1 Cost of sales

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Cost of goods and services sold	7 973 582	8 220 690
Cost of construction contracts sold	23 901	10 017
Cost of merchandises and raw materials sold	234 082	184 849
Cost of emission rights	-	26 177
Cost of licences sold	-	59
Cost of other sales	-	(9)
Total cost of sales	**8 231 565**	**8 441 783**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Note 2.2 Employee benefit expenses

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Wages and salaries paid and due	908 274	844 701
Social security contributions	163 182	157 083
Employee benefit fund	41 678	23 955
Trainings	5 728	6 016
Change in defined benefit liabilities	3 539	(1 130)
Change in other long-term employee benefit liabilities	23 901	(3 971)
Change in unused holiday accrual	1 820	1 849
Change in voluntary redundancy provision	329	18
Change in annual and motivation bonus accruals	23 263	(8 221)
Other	42 774	35 508
	1 214 488	**1 055 808**
Average employment	13 807	13 852

(all amounts in PLN thousand unless otherwise stated)

Note 3 Other income

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Proceeds from sale of assets:		
Proceeds from sale of property, plant and equipment	152	4 398
	152	**4 398**
Reversed impairment losses on:		
Property, plant and equipment	5	4 235
Inventories	-	6 008
Trade receivables	960	1 174
Other	142	5
	1 107	**11 422**
Other operating income:		
Gain on bargain purchase	-	517 125
Gain on remeasurement of investment property	1 132	1 492
Received compensation	13 330	4 586
Sales of social services	359	441
Reversal of provisions	22 133	38 343
Grants received	5 676	5 216
Fixed assets restored to use	196	711
Inventory count surpluses	4	747
Other (aggregated insignificant items), including:	14 332	18 216
Court fees refunded	215	226
Environmental fees refunded	3	1 078
Other	14 114	16 912
	57 162	**586 877**
	58 421	**602 697**

* 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 most significant item of other operating income is the reversal of provisions including:

- Reversal of provision for environment protection of PLN 10 234 thousand (2013: PLN 17 702 thousand),
- Reversal of provision for properties ordering of PLN 3 543 thousand (2013: PLN 1 928 thousand),
- Reversal of provision for claims of subcontractors of PLN 3 270 thousand (2013: PLN 2 279 thousand).

Other aggregated insignificant items include mainly the effect of liquidation of DW Jawor Sp. z o.o. (subsidiary of Grupa Azoty PUŁAWY), restoration to use of a part of discontinued investment in modernization of phthalic anhydride installation and refund of overpaid property tax.

(all amounts in PLN thousand unless otherwise stated)

Note 4 Other expenses

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Loss on disposal of assets:		
Loss on disposal of property, plant and equipment	11 004	2 246
Loss on disposal of intangibles	81	6
	11 085	**2 252**
Recognised impairment loss on:		
Property, plant and equipment	43 538	47 712
Intangible assets	85	7 218
Inventories	-	174
Trade receivables	4 609	14 450
Other	1 063	87
	49 295	**69 641**
Other expenses:		
Loss on remeasurement of investment property	478	1 032
Fines and compensations	1 946	1 299
Plant outages	5 299	8 034
Cost of social services sold	589	1 628
Current and non-current assets disposal costs	1 926	5 505
Breakdown recovery expenses	15 909	11 666
Provisions recognised	8 726	20 137
Inventory count shortages	6	109
Other (aggregated insignificant items), including:	6 721	7 255
court fees paid	1 078	326
donations	2 793	3 997
receivables written off	27	2
debt collection expenses	-	4
utilisation of chemicals	7	33
other	2 816	2 893
	41 600	**56 665**
	101 980	**128 558**

The significant item of other expenses is the recognition of impairment loss. Due to the long-term downturn on the market for phthalic anhydride and products for which it is a main component, the Group decided to permanently withdraw from use of the phthalic anhydride installation. Accordingly, the impairment loss of PLN 40 252 thousand was recognised for property, plant and equipment and PLN 15 thousand for intangible assets. Further information was presented in Notes 10 and 12.

Significant item of other expenses are also breakdown recovery expenses of PLN 15 909 thousand (2013: PLN 11 666 thousand). Breakdown recovery expenses were partly offset by the compensation received (presented in other income).

Provisions recognised include, among others, provisions for environment protection and for properties ordering of PLN 6 414 thousand (2013: PLN 9 443 thousand).

(all amounts in PLN thousand unless otherwise stated)

Note 5 Finance income

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Interest income on:		
Bank deposits	7 476	13 647
Cash pooling	2 265	-
Loans	665	133
Trade receivables	5 595	4 108
Other	817	2 724
	16 818	**20 612**
Gain on disposal of financial investments:		
Gain on disposal of financial investments	2 912	24
	2 912	**24**
Gain on valuation of financial assets and liabilities:		
Remeasurement to fair value of pre-existing interest in acquiree at the acquisition date	-	27 256
Net change in fair value of financial assets at fair value through profit or loss	3 511	91
Net change in fair value of financial liabilities at fair value through profit or loss	603	1 204
	4 114	**28 551**
Other finance income:		
Foreign exchange gains	17 841	17 721
Dividends received	807	1 251
Unwinding of discount on liabilities	-	3 737
Other finance income, including	3 275	1 866
Remitted loan	-	985
Other	3 275	881
	21 923	**24 575**
	45 767	**73 761**

(all amounts in PLN thousand unless otherwise stated)

Note 6 Finance costs

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Interest expense on:		
Bank loans and overdrafts	34 244	32 364
Cash pooling	2 866	2 440
Loans	237	595
Finance leases	1 925	2 405
Factoring	537	131
Receivables discounting	1 442	557
Trade payables	243	(102)
Tax liabilities	1 425	484
Other	8 747	9 835
	51 666	**48 709**
Loss on disposal of financial investments:		
Loss on disposal of financial investments	22	814
	22	**814**
Loss from valuation of financial assets and liabilities:		
Net change in fair value of financial assets at fair value through profit or loss	889	400
Net change in fair value of financial liabilities at fair value through profit or loss	-	715
	889	**1 115**
Other finance costs:		
Foreign exchange losses	-	1 384
Unwind of discount on provisions and loans	3 909	2 402
Other finance costs	1 912	1 801
	5 821	**5 587**
	58 398	**56 225**

(all amounts in PLN thousand unless otherwise stated)

Note 7 Income tax expense

Note7.1 Tax recognised in the statement of profit or loss

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Current tax expense:		
Current year	75 056	74 094
Adjustment for prior years	(4 789)	461
	70 267	**74 555**
Deferred tax expense:		
Origination and reversal of temporary differences	(32 536)	(56 116)
	(32 536)	**(56 116)**
Tax expense recognised in the statement of profit or loss	**37 731**	**18 439**

* 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.

Note 7.2 Effective tax rate

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Profit before tax	**303 539**	**727 760**
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)
Tax expense in the statement profit or loss	**37 731**	**18 439**
Effective tax rate	**12.4%**	**2.5%**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Note 7.3 Income tax recognised in other comprehensive income

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Tax on items that will never be reclassified to profit or loss (+/-)	**(4 420)**	**(678)**
Revaluation of net liabilities from defined benefit plans	(4 420)	(678)
Tax on items that are or may be reclassified to profit or loss (+/-)	**(559)**	**(8 239)**
Change in fair value of available-for-sale financial assets	(559)	(8 239)
Tax expense recognised in other comprehensive income	**(4 979)**	**(8 917)**

(all amounts in PLN thousand unless otherwise stated)

Note 7.4 Deferred tax assets and liabilities

	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
Deferred tax assets(-)/liabilities(+)	**(438 974)**	**(391 945)**	**583 725**	**572 473**
Offsetting	**352 033**	**288 405**	**(352 033)**	**(288 405)**
Deferred tax liabilities recognised in the statement of financial position (+)	**(86 941)**	**(103 540)**	**231 692**	**284 068**

* 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.

As at 31 December 2014, the Group presented deferred tax assets on PLN 30 428 thousand (31 December 2013: PLN 63 767 thousand) resulting from tax losses carried forward which were considered probable to utilise based on the forecast of the future taxable profits. The Group entities will be entitled to utilise the tax losses in years 2015-2019.

(all amounts in PLN thousand unless otherwise stated)

Note 7.5 Change in temporary differences

		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)
Deferred tax assets(-)/liabilities(+)	**180 528**	**(32 536)**	**(4 979)**	**1 738**	**144 751**

(all amounts in PLN thousand unless otherwise stated)

	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 payables	(1 969)	(231)	-	(15 069)	(17 269)
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)
Other	(2 445)	2 233	-	4 884	4 672
Deferred tax assets(-)/liabilities(+)	**18 433**	**(56 116)**	**(8 917)**	**227 128**	**180 528**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Note 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	1 165	1 131
	1 593	**1 574**

Note 8 Discontinued operations

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Revenue	1	2
Operating expenses	(70)	(79)
Other operating expenses	(684)	(477)
Loss on discontinued operations	**(753)**	**(554)**

Note 9 Earnings per share

The calculation of basic earnings per share was based on the net profit attributable to ordinary shareholders of the Parent Company and a weighted average number of ordinary shares outstanding at period end and was calculated as follows:

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013* restated
Net profit for the period	**231 350**	**676 948**
Issued ordinary shares at the beginning of the period	99 195 484	64 115 444
Effect of shares issued (series D)	-	35 080 040
Issued ordinary shares at the end of the period	99 195 484	99 195 484
Weighted average number of ordinary shares in the period	**99 195 484**	**97 753 839**
Earnings per share:		
Basic (PLN)	2,33	6,93
Diluted (PLN)	2,33	6,93

* 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.

Diluted earnings per share

There are no dilutive potential ordinary shares causing the dilution of earnings per share.

(all amounts in PLN thousand unless otherwise stated)

Note 10 Property, plant and equipment

Carrying amounts

	As at 31.12.2014	As at 31.12.2013* restated
Land	520 207	507 367
Mineral deposits	332 848	336 840
Buildings and structures	1 815 832	1 772 736
Technical devices and machines	2 444 008	2 422 371
Vehicles	133 164	138 409
Other	105 316	91 740
	5 351 375	**5 269 463**
Property, plant and equipment under construction	553 731	466 915
Advances for property, plant and equipment	61 181	44 546
	5 966 287	**5 780 924**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Carrying amounts of property, plant and equipment

	Land	Mineral deposits	Buildings and structures	Technical devices and machines	Vehicles	Other	Property, plant and equipment under construction	Advances paid for property, plant and equipment	Total
Carrying amount at 01.01.2014	**507 367**	**336 840**	**1 772 736**	**2 422 371**	**138 409**	**91 740**	**466 915**	**44 546**	**5 780 924**
Additions, including:	***22 221***	***7 490***	***187 898***	***343 145***	***17 001***	***38 895***	***642 593***	***79 974***	***1 339 217***
Additions through purchases, construction, transfer to use	4 018	-	171 757	335 434	12 582	38 245	640 188	73 154	1 275 378
Acquisitions through business combinations	17 235	-	47	100	361	127	-	-	17 870
Additions through lease agreements	-	-	-	3 550	4 015	503	880	-	8 948
Reversal of impairment loss	136	-	9 934	1 459	5	8	-	-	11 542
Reclassification from investment property	-	-	1 997	-	-	-	-	-	1 997
Effect of movements in exchange rates	28	7 490	321	1 724	28	12	-	2	9 605
Other additions	804	-	3 842	878	10	-	1 525	6 818	13 877
Deductions, including: (-)	***(9 381)***	***(11 482)***	***(144 802)***	***(321 508)***	***(22 246)***	***(25 319)***	***(555 777)***	***(63 339)***	***(1 153 854)***
Depreciation	(6 312)	(11 482)	(111 955)	(283 075)	(20 358)	(24 860)	-	-	(458 042)
Disposals	(3 046)	-	(12 280)	(2 536)	(868)	(15)	-	-	(18 745)
Liquidation	(23)	-	(2 841)	(4 358)	(507)	(166)	(96)	-	(7 991)
Transfer to use	-	-	-	-	-	-	(554 458)	(20 868)	(575 326)
Recognised impairment loss	-	-	(13 654)	(28 580)	(121)	(270)	(787)	-	(43 412)
Reclassification to investment property	-	-	(4 072)	-	-	-	(436)	-	(4 508)
Effect of movements in exchange rates	-	-	-	-	-	-	-	-	-
Other deductions	-	-	-	(2 959)	(392)	(8)	-	(42 471)	(45 830)
Carrying amount at 31.12.2014	**520 207**	**332 848**	**1 815 832**	**2 444 008**	**133 164**	**105 316**	**553 731**	**61 181**	**5 966 287**

(all amounts in PLN thousand unless otherwise stated)

	Land	Mineral deposits	Buildings and structures	Technical devices and machines	Vehicles	Other	Property, plant and equipment under construction	Advances paid for property, plant and equipment	Total
Carrying amount at 01.01.2013	**227 205**	**-**	**896 296**	**1 330 346**	**72 739**	**31 498**	**271 354**	**16 253**	**2 845 691**
Additions, including:	***292 527***	***346 497***	***1 009 275***	***1 408 870***	***83 616***	***85 736***	***892 528***	***76 519***	***4 195 568***
Additions through purchases, construction, transfer to use	6 098	-	223 335	448 154	11 391	28 221	624 853	54 229	1 396 281
Acquisitions through business combinations	285 038	346 497	773 646	940 000	65 000	56 323	262 244	21 863	2 750 611
Additions through lease agreements	-	-	-	176	6 653	78	3 560	-	10 467
Reversal of impairment loss	-	-	1 229	2 997	6	45	1 849	-	6 126
Reclassification from investment property	-	-	4 458	-	-	-	-	-	4 458
Effect of movements in exchange rates	14	-	183	904	5	9	-	14	1 129
Other additions	1 377	-	6 424	16 639	561	1 060	22	413	26 496
Deductions, including: (-)	***(12 365)***	***(9 657)***	***(132 835)***	***(316 845)***	***(17 946)***	***(25 494)***	***(696 967)***	***(48 226)***	***(1 260 335)***
Depreciation	(6 382)	(2 411)	(96 935)	(267 779)	(16 393)	(23 036)	-	-	(412 936)
Disposals	(4 643)	-	(1 559)	(4 164)	(1 272)	(79)	-	-	(11 717)
Liquidation	(45)	-	(2 135)	(5 762)	(148)	(546)	(3 753)	-	(12 389)
Transfer to use	-	-	-	1 016	-	-	(692 375)	(47 534)	(738 893)
Recognised impairment loss	(186)	-	(8 132)	(39 491)	(43)	(52)	(95)	-	(47 999)
Reclassification to investment property	-	-	(4 743)	-	-	-	-	-	(4 743)
Effect of movements in exchange rates	-	(7 246)	-	(46)	(20)	(5)	-	(3)	(7 320)
Other deductions	(1 109)	-	(19 331)	(619)	(70)	(1 776)	(744)	(689)	(24 335)
Carrying amount at 31.12.2013* restated	**507 367**	**336 840**	**1 772 736**	**2 422 371**	**138 409**	**91 740**	**466 915**	**44 546**	**5 780 924**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Gross carrying amount of property, plant and equipment

	Land	Mineral deposits	Buildings and structures	Technical devices and machines	Vehicles	Other	Property, plant and equipment under construction	Advances paid for property, plant and equipment	Total
Balance at 31.12.2014									
Gross carrying amount	537 957	346 939	2 523 629	4 100 255	240 582	193 582	605 616	61 181	8 609 741
Accumulated depreciation (-)	(16 470)	(14 091)	(674 932)	(1 575 546)	(70 754)	(87 947)	-	-	(2 439 740)
Impairment loss (-)	(1 280)	-	(32 865)	(80 701)	(36 664)	(319)	(51 885)	-	(203 714)
Carrying amount at 31.12.2014	**520 207**	**332 848**	**1 815 832**	**2 444 008**	**133 164**	**105 316**	**553 731**	**61 181**	**5 966 287**
Balance at 31.12.2013									
Gross carrying amount	519 710	339 278	2 373 468	3 791 744	229 260	157 944	518 013	44 547	7 973 964
Accumulated depreciation (-)	(10 927)	(2 438)	(571 586)	(1 315 793)	(54 303)	(66 148)	-	(1)	(2 021 196)
Impairment loss (-)	(1 416)	-	(29 146)	(53 580)	(36 548)	(56)	(51 098)	-	(171 844)
Carrying amount at 31.12.2013* restated	**507 367**	**336 840**	**1 772 736**	**2 422 371**	**138 409**	**91 740**	**466 915**	**44 546**	**5 780 924**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Impairment losses

	Land	Buildings and structures	Technical devices and machines	Vehicles	Other	Property, plant and equipment under construction	Total
Impairment loss at 01.01.2014	**1 416**	**29 146**	**53 580**	**36 548**	**56**	**51 098**	**171 844**
Impairment recognised in the statement of profit or loss	-	13 654	28 580	121	270	787	43 412
Reversal of impairment recognised in the statement of profit or loss (-)	(136)	(9 934)	(1 459)	(5)	(8)	-	(11 542)
Impairment loss at 31.12.2014	**1 280**	**32 866**	**80 701**	**36 664**	**318**	**51 885**	**203 714**
Impairment loss at 01.01.2013	**1 230**	**22 243**	**17 086**	**36 511**	**49**	**52 852**	**129 971**
Impairment recognised in the statement of profit or loss	186	8 132	39 491	43	52	95	47 999
Reversal of impairment recognised in the statement of profit or loss (-)	-	(1 229)	(2 997)	(6)	(45)	(1 849)	(6 126)
Impairment loss at 31.12.2013* restated	**1 416**	**29 146**	**53 580**	**36 548**	**56**	**51 098**	**171 844**

* 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.

In the reporting period, the Group recognised impairment loss on property, plant and equipment of PLN 43 412 thousand (2013: PLN 47 999 thousand) presented in other operating expenses. The amount consists of impairment loss mainly for the phthalic anhydride installation.

Due to the long-term downturn on the market for phthalic anhydride and products for which it is a main component, the Group decided to permanently withdraw from use the phthalic anhydride installation. Therefore it was approved to liquidate the unnecessary equipment and to recognise the impairment loss to their recoverable amount. Phthalic plasticisers will be produced by the Group based on purchased materials. The cost of such materials reflects the decrease in prices due to the current market conditions.

The total impairment loss of PLN 40 267 thousand was allocated to property, plant and equipment in the amount of PLN 40 252 thousand (including buildings and structures of PLN 13 027 thousand, technical devices and machines of PLN 27 077 thousand and other assets of PLN 148 thousand) and to intangible assets in the amount of PLN 15 thousand. The installation's recoverable amount, estimated as its fair value less costs of disposal, amounts to PLN 11 873 thousand.

(all amounts in PLN thousand unless otherwise stated)

Property, plant and equipment under construction

The most significant items of property, plant and equipment under construction included:

- Construction of the New Power Plant for Grupa Azoty ZAK S.A. which is to restore heat and power production capacity using solutions complying with the increasing environmental requirements. As at the 31 December 2014, the capitalized expenditures amounted to PLN 65 549 thousand (31 December 2013: PLN 4 196 thousand),
- Installation of flue gas denitrification and modernization of ECII power plant in Grupa Azoty POLICE which is to adapt the plant to IED Directive. As at the 31 December 2014, the capitalized expenditures amounted to PLN 60 294 thousand (31 December 2013: PLN 49 473 thousand),
- Completion of the first stage of the project ‘Production of solid fertilizers based on urea and ammonium sulphate’ in Grupa Azoty PUŁAWY. As at the 31 December 2014, the capitalize expenditures amounted to PLN 47 411 thousand (31 December 2013: PLN 16 836 thousand),
- Development of continuous production of OXOPLAST® OT in Grupa Azoty ZAK S.A. which is to build an installation producing terephthalate OT. As at 31 December 2014, the capitalized expenditures amounted to PLN 30 048 thousand (31 December 2013: PLN 2 037 thousand),
- Construction of a new ammonia storage tank of a capacity of 10 000 tones in Grupa Azoty PUŁAWY. As at 31 December 2014, the capitalized expenditures amounted to PLN 20 063 thousand (31 December 2013: PLN 37 851 thousand),
- Modernization of the interior of ammonia synthesis reactors in the Parent Company which is to construct a new interior of reactors and to increase the capacity of heat and exchangers. As at the 31 December 2014, the capitalized expenditures amounted to PLN 16 795 thousand (31 December 2013: PLN 9 544 thousand),
- Purchase of a circulating hydrogen compressor for the phenol hydrogenation plant on the Pd catalyst in the Parent Company. As at the 31 December 2014, the capitalized expenditures amounted to PLN 14 506 thousand (31 December 2013: PLN 11 550 thousand),
- Construction of fertilizers warehouse with a capacity of 10 000 tones and associated equipment in the Parent Company. As at the 31 December 2014, the capitalized expenditures amounted to PLN 10 621 thousand (31 December 2013: PLN 365 thousand),
- Modernization of ammonia synthesis reactors in Grupa Azoty POLICE which purpose is to provide the higher extent of synthesis gas conversion. As at 31 December 2014, the capitalized expenditures amounted to PLN 10 470 thousand (31 December 2013: PLN 10 860 thousand).

Leased assets

	As at 31.12.2014	As at 31.12.2013
Carrying amount of assets leased under finance lease	29 733	24 954

The Group leases under finance leases mainly computers, IT infrastructure, catalysts and vehicles including locomotives, carriages, passenger cars and fork lifts.

Security

As at 31 December 2014, the carrying amount of property, plant and equipment pledged as security for bank loans amounted to PLN 555 860 thousand (31 December 2013: PLN 939 169 thousand).

Liability title / type of security	As at 31.12.2014	As at 31.12.2013
Bank loan/ mortgage	199 334	385 594
Bank loan/ registered pledge	354 646	551 695
Bank loan/ transfer of ownership	1 880	1 880
	555 860	**939 169**

(all amounts in PLN thousand unless otherwise stated)

Note 10.1 Property, plant and equipment held for sale

	As at 31.12.2014	As at 31.12.2013
Land	107	125
Buildings and structures	-	493
Technical devices and machines	-	19
Other	-	155
	107	**792**

Note 11 Investment property

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Carrying amount at the beginning of the period	**53 374**	**28 903**
Additions, including:	***6 832***	***35 494***
Acquisition, construction, subsequent expenditures	2 106	1 352
Acquisitions through business combinations	-	23 669
Reversal of impairment loss	-	2 853
Reclassification from other groups of assets	4 508	4 743
Other additions	218	2 877
Deductions, including:(-)	***(5 238)***	***(11 023)***
Depreciation (-)	(2 810)	(2 552)
Disposals, liquidation	(307)	(158)
Reclassification to other groups of assets	(1 997)	(4 458)
Impairment loss	-	(686)
Other deductions	(124)	(3 169)
Carrying amount at the end of the period	**54 968**	**53 374**

Income from lease of investment properties in 2014 amounted to PLN 14 036 thousand (2013: PLN 12 803 thousand).

(all amounts in PLN thousand unless otherwise stated)

Note 12 Intangible assets

Carrying amounts

	As at 31.12.2014	As at 31.12.2013* restated
Trademarks	88 788	88 788
Brand name	130 545	130 545
Customers portfolio	105 020	150 067
Patents and licences	98 724	97 403
Computer software	31 945	27 367
Development costs	2 209	2 471
Other intangible assets	6 269	6 061
	463 500	**502 702**
Intangible assets under construction	17 728	13 046
Exploration for and evaluation of mineral resources	28 736	3 532
Advances for intangible assets	451	351
	510 415	**519 631**

* 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.

As at 31 December 2014, the carrying amount of the trademarks recognised on acquisition of Grupa Azoty POLICE amounted to PLN 55 688 thousand (31 December 2013: PLN 55 688 thousand). As at 31 December 2014, the carrying amount of the trademarks recognised on acquisition of Grupa Azoty PUŁAWY amounted to PLN 33 100 thousand (31 December 2013: PLN 33 100 thousand). Trademarks are not amortised. The Group assumed the indefinite useful life of trademarks due to their long-term existence on the market and lack of plans of their modification or replacement in the future.

As at 31 December 2014, the carrying amount of the brand name “POLICE” was PLN 25 545 thousand (31 December 2013: PLN 25 545 thousand), and of the brand name “PUŁAWY” was PLN 105 000 thousand (31 December 2013: PLN 105 000 thousand). Brand names, similarly as trademarks, are not amortised.

Information on impairment tests performed for intangible assets with indefinite useful lives was presented in Note 12.1.

As at the 31 December 2014, the value of customers portfolio mainly results from customers of Fertilizers-Agro segment. Customers portfolios were recognised on acquisition of Grupa Azoty POLICE and Grupa Azoty PUŁAWY. As at 31 December 2014, the carrying amount of the customers portfolio recognised on acquisition of Grupa Azoty PUŁAWY amounted to PLN 103 371 thousand (31 December 2013: PLN 147 869 thousand), which are going to be amortised over 6 years. The remaining part of customers portfolio was recognised on acquisition of Grupa Azoty POLICE and amounts to PLN 1 649 thousand (31 December 2013: PLN 2 198 thousand).

As at 31 December 2014, the most significant licenses comprised: licence for OXO alcohols production of PLN 26 755 thousand (31 December 2013: PLN 28 539 thousand), licence for production of nitrous acid of PLN 9 777 thousand (31 December 2013: PLN 11 067 thousand) and SAP licence of PLN 28 230 thousand (31 December 2013: PLN 25 450 thousand).

There are no intangible assets for which legal title is restricted or which are used as collateral.

The amortisation of intangible assets is generally allocated to the administrative expenses.

(all amounts in PLN thousand unless otherwise stated)

Carrying amounts of intangible assets

	Trademarks	Brand name	Customers portfolio	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under construction	Exploration for and evaluation of mineral resources	Advances for intangible assets	Total
Carrying amount at 01.01.2014	**88 788**	**130 545**	**150 067**	**97 403**	**27 367**	**2 471**	**6 061**	**13 046**	**3 532**	**351**	**519 631**
Additions, including:	*-*	*-*	***748***	***9 607***	***9 089***	*-*	***996***	***20 264***	***25 204***	***298***	***66 206***
Additions through purchases, construction, transfer to use	-	-	-	9 558	9 066	-	972	20 114	24 657	298	64 665
Acquisitions through business combinations	-	-	748	22	2	-	-	-	-	-	772
Effect of movements in exchange rates	-	-	-	-	4	-	24	-	547	-	575
Other additions	-	-	-	27	17	-	-	150	-	-	194
Deductions, including:(-)	*-*	*-*	***(45 795)***	***(8 286)***	***(4 511)***	***(262)***	***(788)***	***(15 582)***	*-*	***(198)***	***(75 422)***
Amortisation	-	-	(45 795)	(8 286)	(4 412)	(262)	(569)	-	-	-	(59 324)
Liquidation	-	-	-	-	(99)	-	-	(23)	-	-	(122)
Transfer to use	-	-	-	-	-	-	-	(15 489)	-	(198)	(15 687)
Impairment loss	-	-	-	-	-	-	(54)	(70)	-	-	(124)
Other deductions	-	-	-	-	-	-	(165)	-	-	-	(165))
Carrying amount at 31.12.2014	**88 788**	**130 545**	**105 020**	**98 724**	**31 945**	**2 209**	**6 269**	**17 728**	**28 736**	**451**	**510 415**

(all amounts in PLN thousand unless otherwise stated)

	Trademarks	Brand name	Customers portfolio	Patents and licences	Computer software	Development costs	Contracted sale	Other intangible assets	Intangible assets under construction	Exploration for and evaluation of mineral resources	Advances for intangible assets	Total
Carrying amount at 01.01.2013	**55 688**	**25 545**	**2 748**	**67 394**	**11 141**	**474**	**-**	**6 564**	**12 817**	**-**	**476**	**182 847**
Additions, including:	***33 100***	***105 000***	***201 200***	***44 316***	***20 537***	***2 286***	***66 500***	***1 145***	***29 839***	***3 579***	***320***	***507 822***
Additions through purchases, construction, transfer to use	-	-	-	23 626	4 854	137	-	1 145	20 803	-	320	50 885
Acquisitions through business combinations	33 100	105 000	201 200	20 690	15 630	2 149	66 500	-	8 347	3 579	-	456 195
Other additions	-	-	-	-	53	-	-	-	689	-	-	742
Deductions, including:(-)	***-***	***-***	***(53 881)***	***(14 307)***	***(4 311)***	***(289)***	***(66 500)***	***(1 648)***	***(29 610)***	***(47)***	***(445)***	***(171 038)***
Amortisation	-	-	(53 881)	(7 607)	(3 941)	(166)	(66 500)	(538)	-	-	-	(132 633)
Sales	-	-	-	-	(1)	(123)	-	-	-	-	-	(124)
Liquidation	-	-	-	-	(83)	-	-	-	-	-	-	(83)
Transfer to use	-	-	-	-	-	-	-	-	(27 928)	-	(445)	(28 373)
Impairment loss	-	-	-	(6 700)	(100)	-	-	(569)	-	-	-	(7 369)
Effect of movements in exchange rates	-	-	-	-	(1)	-	-	-	-	(47)	-	(48)
Other deductions	-	-	-	-	(185)	-	-	(541)	(1 682)	-	-	(2 408)
Carrying amount at 31.12.2013* restated	**88 788**	**130 545**	**150 067**	**97 403**	**27 367**	**2 471**	**-**	**6 061**	**13 046**	**3 532**	**351**	**519 631**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Gross carrying amounts of intangible assets

	Trademarks	Brand name	Customers portfolio	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under construction	Exploration for and evaluation of mineral resources	Advances for intangible assets	Total
Balance at 31.12.2014											
Gross carrying amount	88 788	139 995	204 748	139 563	49 278	4 617	8 888	17 798	28 736	451	682 862
Accumulated amortisation (-)	-	(9 450)	(99 728)	(34 139)	(17 323)	(2 253)	(2 121)	-	-	-	(165 014)
Impairment loss (-)	-	-	-	(6 700)	(10)	(155)	(498)	(70)	-	-	(7 433)
Carrying amount at 31.12.2014	**88 788**	**130 545**	**105 020**	**98 724**	**31 945**	**2 209**	**6 269**	**17 728**	**28 736**	**451**	**510 415**
Balance at 31.12.2013											
Gross carrying amount	88 788	139 995	203 948	130 034	40 918	5 026	12 609	13 046	3 532	351	638 247
Accumulated amortisation (-)	-	(9 450)	(53 881)	(25 931)	(13 441)	(2 400)	(5 979)	-	-	-	(111 082)
Impairment loss (-)	-	-	-	(6 700)	(110)	(155)	(569)	-	-	-	(7 534)
Carrying amount at 31.12.2013* restated	**88 788**	**130 545**	**150 067**	**97 403**	**27 367**	**2 471**	**6 061**	**13 046**	3 532	**351**	**519 631**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Impairment losses

	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under construction	Total
Impairment loss at 01.01.2014	**6 700**	**110**	**155**	**569**	**-**	**7 534**
Impairment recognised in profit or loss	-	-	-	54	70	124
Reversal of impairment loss recognised in profit or loss	-	(102)	-	(141)	-	(243)
Impairment loss at 31.12.2014	**6 700**	**8**	**155**	**482**	**70**	**7 415**
Impairment loss at 01.01.2013	**-**	**10**	**155**	**-**	**-**	**165**
Impairment recognised in profit or loss	6 700	100	-	569	-	7 369
Impairment loss at 31.12.2013	**6 700**	**110**	**155**	**569**	**-**	**7 534**

(all amounts in PLN thousand unless otherwise stated)

Significant expenditures on intangible assets under construction

Significant expenditures on intangible assets under constructions include among others: development of Azoty Navigator software (PLN 1 979 thousand), implementation of e-commerce system (PLN 1 225 thousand), implementation of internal logistics system Janus (PLN 1 222 thousand), implementation of CMMS software (PLN 1 042 thousand), license for Installation of Mechanical Granulation II (PLN 1 000 thousand).

Note 12.1 Goodwill

	As at 31.12.2014	As at 31.12.2013
Acquisition of Grupy Azoty POLICE	9 124	9 124
Acquisition of ZAKSA S.A.	2 493	2 493
Acquisition of Unibaltic Agro Sp. z o.o.	983	-
	12 600	**11 617**

Recoverable amount of CGU including goodwill and intangible assets with indefinite useful lives

Grupa Azoty POLICE

For the purpose of impairment testing, goodwill and intangible assets with indefinite useful lives are allocated to the group of CGUs including CGU Fertilizers and CGU Pigments in Grupa Azoty POLICE. The corporate assets in the Supporting Departments and Administration were allocated to the segments on an indirect basis. The most reasonable way of allocating corporate assets for the Supporting Departments was the cost basis whereas for Administration was the revenue basis.

The total carrying amount of intangible assets with indefinite useful lives and goodwill allocated to the group of CGUs in Grupa Azoty POLICE on 31 December 2014 was PLN 90 357 thousand (31 December 2013: 90 357 thousand).

The recoverable amount was based on value in use, determined at the group of CGUs level, i.e. Fertilizers and Pigments. Value in use in 2014 was determined in a similar manner as in 2013.

The estimated future cash flows were prepared using the detailed financial forecasts for years 2015-2019. The forecast was limited to the estimate of the results on sales, excluding other income and expenses, finance income and costs and income tax. The forecast was prepared in real terms, i.e. excluding the impact of inflation. The currency exchange rates as of the reporting date were used in the forecast, i.e. for 3.5072 USD and for 4.2623 EUR (2013: for 3.0120 USD and 4.1472 for EUR).

Residual value was determined by extrapolating the free cash flows forecast beyond the 5 year detailed forecast and assuming an adequate growth rate.

The discount rate used was a nominal, pre-tax measure reflecting the weighted average cost of capital (WACC) amounting to 7.72% (2013: 9.34%)

The value in use of the CGUs as at the test date, i.e. 31 December 2014 amounted to:

- CGU Fertilizers PLN 699 575 thousand (31 December 2013: PLN 622 798 thousand),
- CGU Pigments PLN 210 145 thousand (31 December 2013: PLN 192 948 thousand),

Total PLN 909 720 thousand (31 December 2013: PLN 815 746 thousand).

The estimated recoverable amount exceeds the assets carrying amount.

(all amounts in PLN thousand unless otherwise stated)

Grupa Azoty PUŁAWY

The intangible assets with indefinite useful lives were allocated to the CGU Fertilizers-Agro in Grupa Azoty PUŁAWY for the purpose of impairment testing. The total carrying amount of intangible assets with indefinite useful lives as at 31 December 2014 amounted to PLN 138 100 thousand (31 December 2013: 138 100 thousand). The recoverable amount was based on value in use.

The forecast of the future cash flows were prepared based on the 2015 budget of Grupa Azoty PUŁAWY and the financial forecast for years 2016-2024. 10-year period was used in the forecast as it is expected that the synergies from operating in Grupa Azoty will be realised in that period. The stabilisation in cash flows is expected afterwards.

The following significant assumptions were made:
- the business will continue for an indefinite period in the future,
- EBITDA margin will increase from 13% in 2015 to 18% in 2020 and will remain stable in the following periods (in 2013: 11-17%). The increase in the expected margin results from the revised estimate of natural gas purchase prices, prepared based on the entity's own analyses and based on the prices of natural gas derivatives on financial markets,
- the total volume of sales of fertilizers will be comparable to the volume realised in the past,
- the increase in sales prices will follow the expected inflation,
- the corporate assets of Grupa Azoty PUŁAWY were allocated to the CGUs on an indirect basis. The cost ratios were determined to by the most rational allocation ratios for corporate assets,
- the growth rate in terminal period will amount to 2.5% (in 2013: 2%).

The discount rate used was a nominal, post-tax measure reflecting the weighted average cost of capital (WACC) amounting to 8.09% (2013: 10.25%)

The value in use of the CGU Fertilizers-Agro as at 31 December 2014 and 31 December 2013 exceeded significantly the carrying amount of the tested assets.

Note 13 Financial assets

Note 13.1 Investments in subordinated entities

	As at 31.12.2014	As at 31.12.2013
Investments in associates	106 407	121 575
Investments in other unconsolidated entities	4 435	7 369
	110 842	**128 944**
Thereof:		
Non-current	110 842	128 944
	110 842	**128 944**

(all amounts in PLN thousand unless otherwise stated)

Movement in subordinated entities

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Carrying amount at the beginning of the period	**128 944**	**80 132**
Additions, including:	*2 762*	*50 290*
Purchases of shares	10	86
Acquisitions through business combinations	-	45 077
Reclassifications	-	20
Other additions	2 752	5 107
Deductions, including:(-)	***(20 864)***	***(1 478)***
Disposals, liquidation	(2 673)	-
Deductions due to business combinations	(15 961)	-
Impairment loss	(1 045)	(1 478)
Other deductions	(1 185)	-
Carrying amount at the end of the period	**110 842**	**128 944**

The Group holds shares in 7 individually insignificant associates, accounted for using the equity method.

The Group's share of profit in its equity-accounted investees amounted to PLN 13 940 thousand (2013: PLN 12 361 thousand) and in other comprehensive income to PLN 0 thousand (2013 PLN: 0 thousand). In 2014, the Group received dividends from the equity accounted investees of PLN 11 153 thousand (2013: PLN 9 154 thousand).

Note 13.2 Available-for-sale financial assets

	As at 31.12.2014	As at 31.12.2013
Shares in other entities	12 371	31 532
Other	-	1 967
	12 371	**33 499**
Thereof:		
Non-current	12 371	23 989
Current	-	9 510
	12 371	**33 499**

(all amounts in PLN thousand unless otherwise stated)

Movement in available-for-sale financial assets

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Carrying amount at the beginning of the period	33 499	283 202
Additions, including:	*22*	*21 109*
Purchases	-	-
Acquisitions through business combinations	-	17 330
Reversal of impairment loss	22	-
Remeasurement to fair value	-	2 945
Other addition	-	834
Deductions, including: (-)	*(21 150)*	*(270 812)*
Sales, liquidation	(20 297)	(50)
Reclassification to subsidiaries	-	(251 915)
Reclassification to associates	-	(20)
Impairment loss	(458)	-
Remeasurement to fair value	-	(18 696)
Other	(395)	(131)
Carrying amount at the end of the period	12 371	33 499

Note 13.3 Impairment of investments

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Balance at the beginning of the period	18 928	16 863
Reversal of impairment loss in other entities	*(65)*	*(500)*
Recognition of impairment in unconsolidated subsidiaries	*458*	*2 565*
Balance at the end of the period	19 321	18 928

Nota 13.4 Other financial assets

	As at 31.12.2014	As at 31.12.2013
Financial instruments at fair value through profit or loss	3 873	782
Loans	1 396	640
Bank deposits for over 3 months	81 359	95 943
Other	910	-
	87 538	97 365
Thereof:		
Non-current	19 054	53
Current	68 484	97 312
	87 538	97 365

(all amounts in PLN thousand unless otherwise stated)

Note 14 Other assets

	As at 31.12.2014	As at 31.12.2013
Insurance	14 669	12 723
Subscriptions	655	580
Development costs	3 044	1 180
Advertising	2 036	3 218
Other	8 389	7 777
	28 793	**25 478**
Thereof:		
Non-current	4 675	4 462
Current	24 118	21 016
	28 793	**25 478**

Note 15 Inventories

	As at 31.12.2014	As at 31.12.2013* restated
Finished goods	324 629	377 475
Semi-finished products, work in progress	205 728	186 952
Raw materials	602 274	458 235
Merchandises	9 473	29 688
Emission rights	190 840	91 558
Certificates of origin of energy	10 569	3 677
Advances paid	4 313	17 922
Total inventory, including:	**1 347 826**	**1 165 507**
Carrying amount of inventories at net realisable value	*34 606*	*31 318*
Carrying amount of inventories securing liabilities	*109 141*	*115 768*

	For the period 01.01.2014 - 31.12.2014	As at 31.12.2013* restated
Raw materials and energy used	6 259 092	6 627 542
Change in inventories of finished goods and work in progress (+/-)	19 821	87 242
Amount of inventories recognised as an expense in the period	**6 278 913**	**6 714 784**

* 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.

(all amounts in PLN thousand unless otherwise stated)

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Write-downs recognised as an expense in the period	72 654	85 704
Write-downs used/reversed in the period	(68 891)	(65 496)
	3 763	**20 208**

	As at 31.12.2014	na dzień 31.12.2013
Inventories write-downs	45 163	41 400

Inventories write downs recognised in 2014 relate to finished goods, semi-finished products and raw materials for which cost exceeds net realisable value or which are held on stock for more than one year. Changes in write downs resulted from sale, use or liquidation of particular items and are included in the statement of profit or loss as cost of sales.

Note 15.1 CO2 emission rights

CO2 emission rights owned (number of units)	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Balance at the beginning of the period (units owned)	**3 989 933**	**2 437 568**
Redeemed	(7 943 092)	(2 538 115)
Allocated	9 999 186	-
Acquired	2 836 147	2 192 335
Acquisitions through business combinations	-	1 898 145
Balance at the end of the period (units owned)	**8 882 174**	**3 989 933**
Recognised as receivable	-	5 031 905
Balance at the end of the period (units owned and recognised as receivable)	**8 882 174**	**9 021 838**
Emission in the reporting period	7 851 644	7 948 369

(all amounts in PLN thousand unless otherwise stated)

Note 16 Trade and other receivables

	As at 31.12.2014	As at 31.12.2013
Trade receivables - related parties	167	1 372
Trade receivables - other parties	830 977	830 863
Tax receivables other than current tax assets	303 808	317 546
Construction contracts in progress - related parties	1 070	3 165
Construction contracts in progress - other parties	1 163	1 207
Advances paid - other parties	9 104	5 814
Other receivables - related parties	2	7
Other receivables - other parties	18 030	116 546
	1 164 321	**1 276 520**
Thereof:		
Non-current	2 932	3 408
Current	1 161 389	1 273 112
	1 164 321	**1 276 520**

Impairment losses

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Balance at the beginning of the period	**78 665**	**21 291**
Additions, including:	***11 781***	***67 602***
Impairment loss on trade receivables - related parties	10	-
Impairment loss on trade receivables - other parties	6 024	20 587
Impairment loss on other receivables - related parties	21	56
Impairment loss on other receivables - other parties	5 705	430
Assumed in business combinations	21	46 529
Deductions, including: (-)	***(16 122)***	***(10 228)***
Trade receivables written off - other parties	(10 751)	(2 570)
Other receivables written off - related parties	(31)	(304)
Trade receivables impairment loss reversed - related parties	(172)	(187)
Trade receivables impairment loss reversed - other parties	(3 904)	(6 775)
Other receivables impairment loss reversed - other parties	(1 264)	(392)
Balance at the end of the period	**74 324**	**78 665**
Thereof:		
Non-current	3 622	1 309
Current	70 702	77 356
	74 324	**78 665**

(all amounts in PLN thousand unless otherwise stated)

Not impaired trade receivables ageing

	As at 31.12.2014	As at 31.12.2013
Not past due	710 967	744 053
Past due to 60 days	99 008	82 541
Past due 60-180 days	19 953	4 863
Past due 180-360 days	397	357
Past due more than 360 days	819	421
	831 144	**832 235**

Impaired trade and other receivables ageing structure

	As at 31.12.2014	As at 31.12.2013
Not past due	2 938	4 879
Past due to 60 days	2 255	672
Past due 60-180 days	1 572	986
Past due 180-360 days	2 809	13 451
Past due more than 360 days	64 750	58 677
	74 324	**78 665**

Receivables currency structure

	As at 31.12.2014	As at 31.12.2013
PLN	643 245	674 663
EUR translated to PLN	323 859	418 007
USD translated to PLN	166 425	179 834
XOF translated to PLN	30 104	-
Other	688	4 016
	1 164 321	**1 276 520**
Thereof:		
Non-current	2 932	3 408
Current	1 161 389	1 273 112
	1 164 321	**1 276 520**

Impairment losses on receivables were recognised as it was probable they would not be collectible. Changes to impairment losses of trade receivables (reversals) are recognised in the statement of profit or loss as other income or expense (receivable principal) and finance income or expense (accrued interest).

Both trade and tax receivables do not bear interest.

Trade receivables in the amount of PLN 13 776 thousand (31 December 2013: PLN 60 000 thousand) secured the Group’s loans.

(all amounts in PLN thousand unless otherwise stated)

Note 17 Cash and cash equivalents

	As at 31.12.2014	As at 31.12.2013
Cash in hand	628	430
Bank balances in PLN	155 909	110 585
Bank balances in foreign currencies (translated to PLN)	105 076	153 353
Bank deposits - up to 3 months	296 346	430 453
Bank deposit - other	644	18 203
	558 603	**713 024**
Cash and cash equivalents in the statement of financial position	**558 603**	**713 024**
Cash and cash equivalents in the statement of cash flows	**558 603**	**713 024**

As at 31 December 2014, restricted cash amounted to PLN 10 213 thousand (31 December 2013: PLN 17 647 thousand).

Restricted cash consists of the funds deposited in the interest-bearing bank account to secure the realisation of open letters of credit and funds restricted in the bank account.

The Group established financial and registered pledge on the Parent Company's certain bank accounts in PKO BP SA and Dom Maklerski PKO BP SA to secure bank loans. As at 31 December 2014, the total amount of cash in these accounts amounted to PLN 16 282 thousand (31 December 2013: PLN 13 thousand).

Note 18 Capital and reserves

Note 18.1 Share capital

Wartość kapitału zakładowego

	As at 31.12.2014	As at 31.12.2013
Value of share capital	120 000	120 000
Nominal value of series B shares	75 582	75 582
Nominal value of series C shares	124 995	124 995
Nominal value of series D shares	175 400	175 400
	495 977	**495 977**

Number of shares

	As at 31.12.2014	As at 31.12.2013
Number of shares at the beginning of the period	**99 195 484**	**64 115 444**
Share issue	-	35 080 040
Number of shares at the end of the period	**99 195 484**	**99 195 484**
Nominal value of 1 share (PLN/share)	5	5

Holders of ordinary shares are entitled to receive dividends as declared, and are entitled to one vote per share at the General Meeting. All shares participate to the same extent in the net assets in case of liquidation.

(all amounts in PLN thousand unless otherwise stated)

Limitation of voting rights
As long as the State Treasury of Poland or its subsidiaries hold shares in the Parent Company carrying at least one fifth of the total voting rights, the other shareholders' voting rights will be limited in such a manner that no shareholder may exercise at the General Meeting more than one fifth of total voting rights existing on the day of the General Meeting.

Note 18.2 Share premium

	As at 31.12.2014	As at 31.12.2013
Share issue	2 445 409	2 445 409
Share issue costs (-)	(30 713)	(30 713)
Tax	3 574	3 574
	2 418 270	**2 418 270**

Note 18.3 Fair value reserve

	As at 31.12.2014	As at 31.12.2013
Revaluation of available-for-sale financial assets	-	2 895
Income tax (-/+)	-	(549)
Balance at the end of the period	**-**	**2 346**

Note 18.4 Dividends

In 2014, the Parent Company paid a dividend of PLN 19 839 thousand, i.e. PLN 0,20 per share (in 2013: PLN 148 793 thousand, i.e. PLN 1,50 per share).

Note 18.5 Non-controlling Interests

The table on the following page summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests. The non-controlling interests and the attributable profit or loss and other comprehensive income include non-controlling interest in the Parent Company's direct subsidiaries and their further subsidiaries.

(all amounts in PLN thousand unless otherwise stated)

Non-controlling interests

31 December 2014	Grupa Kapitałowa Grupa Azoty POLICE	Grupa Kapitałowa Grupa Azoty PUŁAWY	Grupa Kapitałowa Grupa Azoty ZAK	Grupa Azoty SIARKOPOL	Other individually insignificant subsidiaries	Total
Non-controlling interest percentage	34,00%	4,02%	6,52%	15,00%		
Non-current assets	1 379 416	2 699 333	1 133 103	309 139		
Current assets	704 606	1 379 360	502 513	165 410		
Non-current liabilities	(291 738)	(221 473)	(150 469)	(44 417)		
Current liabilities	(665 735)	(592 421)	(351 510)	(32 477)		
Net assets	**1 126 549**	**3 264 799**	**1 133 637**	**397 655**		
Carrying amount of non-controlling interests	**446 523**	**145 472**	**73 930**	**59 648**	**3 524**	**729 097**
Revenue	2 412 443	3 654 580	2 060 378	257 122		
Profit	69 083	165 672	77 555	1 122		
Other comprehensive income	3 158	(5 329)	(3 187)	(4 257)		
Total profit or loss and other comprehensive income	**72 241**	**160 343**	**74 368**	**(3 135)**		
Profit allocated to non-controlling interests	**21 510**	**6 421**	**5 077**	**168**	**529**	**33 705**
Other comprehensive income allocated to non-controlling interests	**2 959**	**(533)**	**(208)**	**(639)**	**(65)**	**1 514**
Cash flows from operating activities	204 522	307 824	175 088	46 242		
Cash flows from investing activities	(197 383)	(189 729)	(120 115)	(47 431)		
Cash flows from financing activities	(34 575)	(225 670)	(96 076)	(15 236)		
Total net cash flows	**(27 436)**	**(107 575)**	**(41 103)**	**(16 425)**		
Dividends allocated to non-controlling interests	**7 905**	**12**	**2 751**	**2 252**	**1 022**	**13 942**

(all amounts in PLN thousand unless otherwise stated)

31 December 2013* restated	Grupa Kapitałowa Grupa Azoty POLICE	Grupa Kapitałowa Grupa Azoty PUŁAWY	Grupa Kapitałowa Grupa Azoty ZAK	Grupa Azoty SIARKOPOL	Other individually insignificant subsidiaries	Total
Non-controlling interest percentage	34,00%	4,02%	6,52%	15,00%		
Non-current assets	1 268 607	2 686 128	1 098 691	308 655		
Current assets	705 769	1 460 599	569 106	171 348		
Non-current liabilities	(276 805)	(258 131)	(173 371)	(39 523)		
Current liabilities	(620 013)	(784 128)	(392 967)	(24 675)		
Net assets	**1 077 558**	**3 104 468**	**1 101 459**	**415 805**		
Carrying amount of non-controlling interests	**429 959**	**139 596**	**71 812**	**62 371**	**4 082**	**707 820**
Revenue	2 464 359	3 597 009	2 079 483	25 240		
Profit/(loss)	42 273	149 706	77 855	(13 045)		
Other comprehensive income	(5 382)	2 202	(740)	329		
Total profit or loss and other comprehensive income	**36 891**	**151 908**	**77 115**	**(12 716)**		
Profit /(loss) allocated to non-controlling interests	**13 106**	**14 267**	**5 382**	**(1 957)**	**1 021**	**31 819**
Other comprehensive income allocated to non-controlling interests	**(5 606)**	**340**	**(48)**	**49**	**(12)**	**(5 277)**
Cash flows from operating activities	219 758	552 433	140 339	(6 558)		
Cash flows from investing activities	(158 048)	(387 283)	(113 390)	(24 805)		
Cash flows from financing activities	(29 168)	(3 222)	(15 807)	-		
Total net cash flows	**32 542**	**161 928**	**11 142**	**(31 363)**		
Dividends allocated to non-controlling interests	**17 277**	**8 025**	**4 127**	**-**	**576**	**30 005**

* 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.

(all amounts in PLN thousand unless otherwise stated)

Nota 19 Loans

	As at 31.12.2014	As at 31.12.2013
Bank credits	655 911	780 729
Loans	330 280	458 104
	986 191	**1 238 833**
Thereof:		
Non-current	476 932	634 693
Current	509 259	604 140
	986 191	**1 238 833**

Loans maturities and currency's structure

31 December 2014

Currency	Reference rate	Carrying amount at the reporting date		Less than 1 year	1-2 year(s)	2-5 years	>5 years
		in original currency	in PLN				
PLN	variable	931 374	931 374	502 283	177 484	217 603	34 004
EUR	variable	9 122	38 882	1 550	35 629	1 703	-
USD	variable	4 543	15 935	5 426	5 426	5 083	-
			986 191	**509 259**	**218 539**	**224 389**	**34 004**

31 December 2013

Currency	Reference rate	Carrying amount at the reporting date		Less than 1 year	1-2 year(s)	2-5 years	>5 years
		in original currency	in PLN				
PLN	variable	1 163 822	1 163 822	578 391	180 932	357 848	46 651
EUR	variable	13 680	56 666	21 089	28 665	6 912	-
USD	variable	6 090	18 345	4 660	4 660	9 025	-
			1 238 833	**604 140**	**214 257**	**373 785**	**46 651**

The financing of the Group is based on variable interest rates. Depending on the currency the rates are based on WIBOR, EURIBOR, LIBOR.

Security granted on credits and loans
The security granted on credits and loans is presented in Note 10 (Property, plant and equipment), 15 (Inventories), 16 (Trade and other receivables) and 17 (Cash).

Additionally, the Group has established a pledge on all shares in Grupa Azoty PUŁAWY and Grupa Azoty POLICE as security for credits and loans.

(all amounts in PLN thousand unless otherwise stated)

Note 20 Employee benefits

	As at 31.12.2014	As at 31.12.2013
Liability for pension benefits	104 056	82 549
Liability for jubilee benefits	199 328	173 594
Liability for Social Fund benefits for pensioners	14 290	11 346
Other liabilities	25 239	21 132
	342 913	**288 621**
Thereof:		
Non-current	312 419	254 613
Current	30 494	34 008
	342 913	**288 621**

Changes in defined benefit obligation

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Balance at the beginning of the period	**115 027**	**61 783**
Current service costs (+)	5 268	4 612
Interest costs (+)	4 597	4 704
Remeasurement of defined benefit plan liabilities, resulting from:	23 542	4 032
- changes in demographic estimates (+/-)	5 538	1 904
- changes in financial assumptions (+/-)	18 004	2 128
Past service costs(+/-)	1 779	(901)
Effect of movements in exchange rates (+/-)	2	-
Benefits paid (-)	(6 630)	(4 841)
Assumed in business combinations	-	45 638
Balance at the end of the period	**143 585**	**115 027**

Changes in other long-term benefit obligation

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Balance at the beginning of the period	**173 594**	**91 821**
Current service costs (+)	8 802	9 166
Interest costs (+)	6 942	7 340
Actuarial gains or losses recognised in profit or loss for the period (+/-)	27 697	4 826
Past service costs(+/-)	-	(2 203)
Effect of movements in exchange rates (+/-)	-	10
Benefits paid (-)	(17 707)	(17 963)
Assumed in business combinations	-	80 597
Balance at the end of the period	**199 328**	**173 594**

(all amounts in PLN thousand unless otherwise stated)

Actuarial assumptions

	As at 31.12.2014	As at 31.12.2013
Discount rate %	3,0%	4,5%
Future minimum wage increases	4,0%	4,0%
Future average salary increases	3,0%	3,0%

Nota 21 Provisions

	As at 31.12.2014	As at 31.12.2013
Provision for litigations	4 192	5 846
Provision for environment protection, including: site restoration	109 866	115 064
Provision for mercury electrolysis demolition	7 613	6 870
Provision for guaranties, securities	1 886	2 304
Provision for bonuses, discounts	3 373	3 440
Provision for CO_2 emission rights	171 370	167 122
Other provisions	26 238	32 536
Provision for property ordering	13 325	16 023
Provision for demolition	525	525
Other	12 388	15 988
	324 538	**333 182**
Thereof:		
Non-current	113 106	119 343
Current	211 432	213 839
	324 538	**333 182**

Present value of long-term provisions was calculated using a real, risk free discount rate of 2.0% (2013: 2.5%).

Provision for litigations
Provisions for litigation relate mainly to the claims of AXA TUiR S. A. in Warsaw and XL Insurance Co. Ltd. in London following the train accident on 28 June 2008. PKP Cargo S.A. submitted a claim to AXA TUiR S.A. for the compensation of the losses. In result, the insurer claims the refund of costs. As at 31 December 2014, the provision amounts to PLN 3 180 thousand (31 December 2013: PLN 3 786 thousand), including PLN 1 939 thousand principal and the remaining amount of accrued interest. The final settlement date and amount depend on the outcome of the court proceeding.

Provision for environment protection

The Parent Company
Due to the contamination of the Parent Company's land and two buildings within the electrolysis plant with chemicals (mainly by mercury), which was identified based on the examination performed, the Parent Company recognised a provision for site restoration and costs of lowering content of mercury in the walls of the mentioned buildings.

When preparing the estimate of the provision for restoration of chemically contaminated land it was assumed that the works would be performed in years 2015-2031. Before update of value in 2014, it was assumed that works would be finished until 2028. The provision was estimated at the amount of direct costs required to remove the contaminated land, transfer it to the landfill and pay the storage costs. The estimates were made taking into consideration the area of the contaminated land, depth of penetration and the expected level of contamination. The provision for treatment of halls was estimated at the amount of costs necessary to clean the buildings from mercury to such extent, that the mercury contamination does not exceed the permitted limits and the rubble from the buildings demolition would be accepted for storage as inactive, non-hazardous waste.

The present value of the provision on 31 December 2014 amounted to PLN 16 075 thousand (31 December 2013: PLN 15 370 thousand).

In 2014 and 2013, the Parent Company made no significant spending related to the restoration of contaminated land.

Grupa Azoty PUŁAWY Group
The provisions comprise mainly:

- provision for reclamation and monitoring of landfills,
- provision for withdrawal from use of products containing asbestos,
- provision for emptying the production facilities and tanks and resulting waste management

For the provision for reclamation and monitoring of landfills in Grupa Azoty PUŁAWY it was estimated that further use of the landfill will continue for 23.5-year period and that monitoring of this landfill will continue for 30 years. Additionally, in GZNF “Fosfory” it was estimated that further monitoring of the landfill in “Wiślinka” will continue for 25 years. The obligation for reclamation and monitoring is required by law. The provision amounts to PLN 7 313 thousand (31 December 2013: PLN 6 662 thousand).

For the provision for withdrawal from use of products containing asbestos it was assumed in Grupa Azoty PUŁAWY that the expenditures will be incurred proportionally over a 17.5-year period while in GZNF “Fosfory” Sp. z o.o. it is expected that the process of asbestos removal will be completed in 2015. The obligation to remove the products containing asbestos is required by law.

For the provision for emptying the production facilities and resulting waste management it was estimated that the installations will be in further use for 23.5 years. The obligation to empty the production facilities and resulting waste management are required by law. The total value of these provisions amounts to PLN 5 505 thousand (31 December 2013: PLN 6 437 thousand).

Grupa Azoty POLICE Group
The provision for reclamation was recognised in order to cover the future costs of reclamation, monitoring and protection of surface waters for the landfills of ferrous sulphate and phosphogypsum. The value of the provision results from the expected costs to be incurred after closing the landfills and considers the time between starting and completing the landfills exploitation. As at 31 December 2014, the provision amounted to PLN 32 418 thousand (31 December 2013: PLN 30 886 thousand).

The provision for cleaning the installations from chemical substances was recognised for the activities necessary when the exploitation of particular production facilities is terminated. The provision was estimated separately for each production line based on the cost estimates prepared by the particular plants. As at 31 December 2014, the value of the provision amounted to PLN 4 578 thousand (31 December 2013: PLN 7 210 thousand).

The provision for cleaning the treatment plant reservoirs was recognised for emptying the two sedimentation reservoirs in the sewage treatment plant. The sediments from the reservoirs will be used entirely for restoration of the phosphogypsum landfill after the evacuation of phosphogypsum is completed. The value of provision was estimated based on the valuation of works necessary to excavate and transport the sediments. As at 31 December 2014, the provision amounted to PLN 10 533 thousand (31 December 2013: PLN 8 762 thousand).

Grupa Azoty ZAK Group
Based on the results of preliminary studies of land quality, it was identified that the amounts of heavy metals, BTEX, phthalates, mineral oils and WWA exceed the acceptable levels in certain places. When preparing the estimate of the provision for restoration of chemically contaminated land it was assumed that the restoration works would be performed until 2030. Present value of the provision for restoration of land amounts to PLN 16 661 thousand (31 December 2013: PLN 19 924 thousand). Decrease in provision resulted from updating the estimate following the reclamation works performed in some localizations.

The Group recognised a provision for landfill of sewage sediments. It was assumed that the restoration works would be performed in years 2009-2016. Present value of the provision for restoration of landfills amounted to PLN 4 133 thousand (31 December 2013: PLN 8 564 thousand).

Provision for liquidation of Mercury Electrolysis Plant
The provision for liquidation costs was recognised in connection with the decision to liquidate buildings of Mercury Electrolysis Plant.

The provision for costs of liquidation of Mercury Electrolysis Plant was estimated based on the assumption that restoration will be completed to year 2031 (previously assumed completion date was 2026).

The provision was estimated for buildings and constructions demolition costs and storage of waste in the landfills.

In 2014, spending related to abovementioned liquidation amounted to PLN 421 thousand (PLN 667 thousand in 2013).

Provision for CO_2 emission rights
The provision is recognised for the obligation arising from the emission of pollutants and is measured as a product of the amount of rights required to be redeemed to settle the obligation and the unit cost of rights held by the Group or recognised as receivable at the reporting date. The Group is obliged to redeem the appropriate amount of emission rights by the end of April of the following year.

The information about the number of emission rights owned or recognised as receivable is presented in Note 15.1. In order to secure the amount of emission rights required to settle the liabilities for 2014 the Group entities were purchasing the rights in 2014 and entered forward contracts with realization before the end of April 2015.

(all amounts in PLN thousand unless otherwise stated)

Changes in provisions

	Provision for legal claims	Provision for environment protection, including site restoration	Provisions for mercury electrolysis demolition	Provisions for guaranties, securities	Provisions for bonuses, discounts	Provision for CO2 emission rights	Other provisions	Total
Balance at 01.01.2014	**5 846**	**115 064**	**6 870**	**2 304**	**3 440**	**167 122**	**32 536**	**333 182**
Additions, including:	***829***	***12 883***	***1 040***	***332***	***6 270***	***173 439***	***6 258***	***201 051***
Recognised	796	9 933	1 040	279	6 270	173 439	6 179	197 936
Effect of movements in exchange rates	33	-	-	53	-	-	78	164
Other additions	-	2 950	-	-	-	-	1	2 951
Deductions, including:(-)	***(2 483)***	***(18 081)***	***(297)***	***(750)***	***(6 337)***	***(169 191)***	***(12 556)***	***(209 695)***
Reversed	(1 859)	(16 863)	(297)	(737)	(706)	(288)	(8 309)	(29 059)
Used	(624)	(1 218)	-	(13)	(5 631)	(168 903)	(4 247)	(180 636)
Balance at 31.12.2014	**4 192**	**109 866**	**7 613**	**1 886**	**3 373**	**171 370**	**26 238**	**324 538**

	Provision for legal claims	Provision for environment protection, including site restoration	Provisions for mercury electrolysis demolition	Provisions for guaranties, securities	Provisions for bonuses, discounts	Provision for CO2 emission rights	Other provisions	Total
Balance at 01.01.2013	**1 384**	**113 824**	**7 523**	**6 171**	**6 518**	**81 513**	**36 126**	**253 059**
Additions, including:	***4 605***	***22 425***	***445***	***448***	***40 159***	***160 076***	***17 394***	***245 552***
Recognised	722	10 871	445	448	35 363	143 791	15 155	206 795
Assumed in business combinations	3 883	10 227	-	-	4 796	16 285	2 239	37 430
Other additions	-	1 327	-	-	-	-	-	1 327
Deductions, including:(-)	***(143)***	***(21 185)***	***(1 098)***	***(4 315)***	***(43 237)***	***(74 467)***	***(20 984)***	***(165 429)***
Reversed	(143)	(18 127)	-	(2 279)	(4 665)	-	(15 121)	(40 335)
Used	-	(3 058)	(1 098)	(2 036)	(38 572)	(74 467)	(5 863)	(125 094)
Balance at 31.12.2013	**5 846**	**115 064**	**6 870**	**2 304**	**3 440**	**167 122**	**32 536**	**333 182**

(all amounts in PLN thousand unless otherwise stated)

Note 22 Government grants

	As at 31.12.2014	As at 31.12.2013
Government grants	3 465	9 684
EU grants	34 348	17 296
Other grants	5 162	862
	42 975	**27 842**
Thereof:		
Non-current	39 993	24 906
Current	2 982	2 936
	42 975	**27 842**

In 2014, the Group received a grant from EU funds of PLN 20 000 thousand from the National Fund for Environmental Protection and Water Management in Warsaw. The grant was received for the project concerning construction by Grupa Azoty PUŁAWY of flue gas desulphurisation installation using wet ammonia method.

Additionally, in 2014 the Group received and settled grants related to the free-of-charge CO2 emission rights amounting to PLN 66 193 thousand (2013: PLN 71 680 thousand).

Nota 23 Trade and other payables

	As at 31.12.2014	As at 31.12.2013
Trade payables - related parties	6 244	7 055
Trade payables – other parties	810 173	832 529
Tax payables other than current tax liabilities	134 746	133 267
Payroll liabilities	42 412	41 079
Payables relating to capital expenditure - related parties	1	181
Payables relating to capital expenditure - other parties	101 727	73 832
Advances received - related parties	-	93
Advances received - other parties	9 380	18 444
Accrual for annual bonus	52 094	37 255
Accrual for unused holiday	31 830	29 259
Accrual for motivation bonus	17 638	11 279
Accrual for cost of sales of licences	2 036	2 036
Accrual for renewable energy	7 663	1 252
Accrual for uninvoiced expenses	59 354	52 197
Accrual for other employee costs	2 328	5 482
Accrual for other expenses	52 843	21 015
Other payables - related parties	7	118
Other payables - other parties	96 575	108 995
	1 427 051	**1 375 368**
Thereof:		
Non-current	1 498	61 821
Current	1 425 553	1 313 547
	1 427 051	**1 375 368**

As at 31 December 2014, other payables to other parties include liabilities from acquisition of African Investment Group S.A. by Grupa Azoty POLICE of PLN 58 663 thousand (in 2013: PLN 78 796 thousand).

(all amounts in PLN thousand unless otherwise stated)

Trade payables ageing structure

	As at 31.12.2014	As at 31.12.2013
Not past due	752 275	817 028
Past due to 60 days	21 776	22 245
Past due 60-180 days	41 859	83
Past due 180-360 days	447	18
Past due more than 360 days	60	210
	816 417	**839 584**

Payables currency structure

	As at 31.12.2014	As at 31.12.2013
PLN	1 035 446	985 610
EUR translated to PLN	256 404	262 834
USD translated to PLN	117 843	119 734
XOF translated to PLN	17 123	6 344
Other	235	846
	1 427 051	**1 375 368**

Note 24 Other financial liabilities

	As at 31.12.2014	As at 31.12.2013
Finance lease liabilities	28 648	32 025
Financial instruments at fair value through profit or loss	1 163	1 797
Factoring liabilities	68 940	65 965
Other financial liabilities	829	1 694
	99 580	**101 481**
Thereof:		
Non-current	20 205	22 513
Current	79 375	78 968
	99 580	**101 481**

(all amounts in PLN thousand unless otherwise stated)

Finance lease liabilities repayment schedule

	Future minimum lease payments	Interest	Principal	Future minimum lease payments	Interest	Principal
		31 December 2014			*31 December 2013*	
Up to 1 year	10 589	1 336	9 253	13 030	1 870	11 160
1 to 3 years	14 877	1 308	13 569	14 302	1 947	12 355
3 to 5 years	2 271	315	1 956	4 662	517	4 145
Over 5 years	7 940	4 070	3 870	8 641	4 276	4 365
	35 677	**7 029**	**28 648**	**40 635**	**8 610**	**32 025**

(all amounts in PLN thousand unless otherwise stated)

Note 25 Deferred income

	As at 31.12.2014	As at 31.12.2013
Discounts	245	21 831
Other	2 077	4 090
	2 322	**25 921**
Thereof:		
Non-current	2 322	25 921
	2 322	**25 921**

Note 26 Financial instruments

Note 26.1 Capital management

The Group's policy is to maintain a strong capital base, so as to maintain investor, creditor and market environment confidence and to sustain future development of the business. The Group monitors changes in the shareholders structure, return on capital and debt to equity ratios.

The Group manages the capital in order to ensure the Group's ability to continue as a going concern and maximise returns for shareholders through optimisation of the debt to equity ratio.

The capital structure of the Group consists of liabilities including credits and loans presented in Note 19, other financial liabilities presented in Note 24 and equity (including issued shares, reserves and retained earnings) presented in Note 18.

The Parent Company, as a joint stock company, is subject to article 396 § 1 of the Commercial Companies Code, which requires to transfer to the reserves at least 8% of the profit for the period, until such reserves equal one third of the share capital.

Note 26.2 Categories of financial instruments

Classification of financial instruments

Financial assets

	As at 31.12.2014	As at 31.12.2013
At fair value through profit or loss	3 873	782
Loans and receivables	932 007	927 749
Cash and cash equivalents	558 603	713 024
Available-for-sale financial assets	13 205	33 499
	1 507 688	**1 675 054**
Recognised in the statement of financial position as:		
Available-for-sale financial assets	12 371	33 499
Trade and other receivables	849 176	831 166
Cash and cash equivalents	558 603	713 024
Other financial assets	87 538	97 365
	1 507 688	**1 675 054**

(all amounts in PLN thousand unless otherwise stated)

Financial liabilities

	As at 31.12.2014	As at 31.12.2013
At fair value through profit or loss	1 163	1 797
At amortised cost	2 141 747	2 402 306
	2 142 910	**2 404 103**
Recognised in the statement of financial position as:		
Non-current loans	476 932	634 693
Current loans	509 259	604 140
Trade and other payables	1 057 139	1 063 789
Other financial liabilities	99 580	101 481
	2 142 910	**2 404 103**

Profit/ loss on categories of financial instruments (+/-)

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Financial assets		
At fair value through profit or loss	3 511	1 295
Loans and receivables	-	485
Available-for-sale financial assets	2 912	13
Financial liabilities		
At fair value through profit or loss	(286)	(1 115)
At amortised cost	-	(1 881)
	6 137	**(1 203)**

Additionally we inform that:

- there were no financial assets presented in the statement of financial position as at 31 December 2014 and 31 December 2013 for which the terms and conditions were renegotiated,
- except for the impairment losses on receivables presented in Note 16, the Group did not recognise other impairment losses,
- no reclassifications of financial assets resulting from their maturities at the reporting dates occurred in 2014 and 2013,
- no instruments containing both a liability and an equity component as well as containing embedded derivatives were issued in 2014 and 2013,
- in 2014 and 2013 the Group did not seize any collaterals.

Note 26.3 Financial risk management

The Group has exposure to the credit risk, liquidity risk and market risk (related mainly to the foreign exchange and interest rate risk). These risks arise in normal business activities of the Group. The objective of the Group's financial risk management is to reduce the impact of market factors such as currency exchange rates and interest rates on the basic financial parameters (result for the period, cash flows) previously approved in the Gruop's budgets by using natural hedging and derivatives.

Note 26.3.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk arises principally from the trade receivables, bank deposits and cash-pooling.

The following table presents the maximum exposure of the Group to the credit risk:

(all amounts in PLN thousand unless otherwise stated)

	As at 31.12.2014	As at 31.12.2013
Assets at fair value through profit or loss	3 873	782
Loans and receivables	932 007	927 749
Cash and cash equivalents	558 603	713 024
	1 494 483	**1 641 555**

Trade receivables

The structure of credit risk concerning trade receivables based on groups of products is presented in the following table:

	As at 31.12.2014	As at 31.12.2013
Fertilisers-Agro Segment	296 395	332 341
Plastics Segment	226 554	196 901
Chemicals Segment	222 155	178 700
Energy Segment	18 212	22 536
Other Activities Segment	67 828	101 757
	831 144	**832 235**

Over 59% of the Group’s trade receivables from third parties are insured under trade credit insurance policies (31 December 2013: 53%). It limits the credit risk exposure to the level of the Group’s own contribution (5-10% of the insured receivables value). The insurance policy provides the facility for current monitoring of customer’s current financial position and debt recovery when required. Additionally, upon customer's real or legal insolvency, the Group receives the compensation payment amounting to 90-95% of insured receivable value.

Furthermore, over 14% (31 December 2013: 14%) of the Group’s trade receivables from third parties are secured by letters of credit and bank guarantees. Such receivables are excluded from the insurance.

The Group established a unified credit risk management policy and performs ongoing credit assessment including customer monitoring. For these purposes, the Group reviews business intelligence reports, debtor registers and where appropriate require adequate collateral.

The Group grants trade credits up to the market value of the collaterals received which mainly relates to domestic customers in Fertilisers-Agro Segment.

Customers for which the Group does not have a positive history of cooperation or for which sales is made occasionally, and for which is not possible to receive the insured credit limit, perform the purchases on prepayment basis. The credit limit is granted to the customers primarily based on the decision issued by the insurer or additionally based on the positive history of cooperation and creditworthiness determined base on the business intelligence reports, financial statements and payment history.

Credit risk exposure is defined as the total of unpaid receivables and is monitored on an ongoing basis by the Group’s internal financial staff (individually for each customer) and in case of insured receivables additionally by the external credit risk analysts of the insurers. Taking into account the Group’s internal procedures and the diversified customers’ portfolio the concentration of credit risk not considered significant.

Approximately 54% (31 December 2013: 59%) of the balance concerns the receivables from foreign customers and the remaining 46% (as at 31 December 2013: 41%) relates to domestic customers.

(all amounts in PLN thousand unless otherwise stated)

The Group's revenue concentrates in three main segments reflecting the Group's business profile. The most significant portion of the Group's trade receivables relate to Fertilizers-Agro Segment – 35.6% (31 December 2013: 39.9%), then to Plastic Segment – 27.3% (31 December 2013: 23.7%), Chemicals Segment - 26.7% (31 December 2013: 21.5%). In Plastics and Chemicals Segments the foreign customers prevail, to which sales are made on deferred payment terms, mainly within the insured credit limits or based on the open letters of credit and guarantees. In the Fertilizers-Agro Segment domestic customers are dominant. Sales to these customers is made on prepaid basis and in case of customers with proven credit rating based on trade credit within the insured credit limits.

Not impaired overdue trade receivables

	As at 31.12.2014	As at 31.12.2013
Overdue to 60 days	99 008	82 541
Overdue 60 - 180 days	19 953	4 863
Overdue 180 – 360 days	397	357
Overdue more than 360 days	819	421
	120 177	**88 182**

Changes in trade receivables impairment losses are presented in Note No. 16.

Cash and bank deposits
Cash and cash equivalents are held in the banks having high ratings and which maintain safe solvency ratios. The excess of domestic cash and cash equivalents is mostly held in the technical accounts linked to the overdraft balances of the Group's other companies, in the virtual cash-pooling facility provided by PKO BP S.A.

Note 26.3.2 Liquidity risk

Liquidity risk is the risk of a lack of the Group 's ability to repay its financial obligations as they fall due. Measures to reduce this risk include appropriate liquidity management, are performed by a correct assessment of the level of cash resources based on cash flow projections in different time horizons. The Parent Company optimises the management of cash surplus using cash-pooling, revolving loans and dividend policy within the Group.

The Group incurred loans and credits that contain loan covenants. A future breach of these covenants may require the Group to repay the loans and credits earlier than indicated in the table below. In 2014 and 2013, there were no defaults in payments of liabilities or other conditions relating to the liabilities that could result in early payment requests. The interest payments on variable interest rate loans and other financial instruments were estimated based on the interest rates at the reporting date and these amounts may change in the future.

The table below presents the contractual cash flows of financial liabilities at the reporting date.

(all amounts in PLN thousand unless otherwise stated)

31 December 2014

		Contractual cash flows			
	Carrying amount	Total	up to 1 year	1 to 5 years	> 5 years
At fair value through profit or loss	1 163	1 163	1 163	-	-
At amortised cost	2 141 747	2 202 253	1 672 044	485 964	44 245
loans and credits	986 191	1 039 889	536 054	467 527	36 308
lease	28 648	33 998	9 709	16 352	7 937
factoring and receivables discounting	68 940	68 940	68 940	-	-
other financial liabilities	829	950	108	842	-
trade and other liabilities	1 057 139	1 058 476	1 057 233	1 243	-
	2 142 910	**2 203 416**	**1 673 207**	**485 964**	**44 245**

31 December 2013

		Contractual cash flows			
	Carrying amount	Total	up to 1 year	1 to 5 years	> 5 years
At fair value through profit or loss	1 797	1 797	1 797	-	-
At amortised cost	2 402 306	2 615 493	1 874 204	676 357	64 932
loans and credits	1 238 833	1 443 410	731 365	655 754	56 291
lease	32 025	40 635	13 030	18 964	8 641
factoring and receivables discounting	65 965	65 965	65 965	-	-
other financial liabilities	1 694	1 694	55	1 639	-
trade and other liabilities	1 063 789	1 063 789	1 063 789	-	-
	2 404 103	**2 617 290**	**1 876 001**	**676 357**	**64 932**

(all amounts in PLN thousand unless otherwise stated)

Note 26.3.3 Market risk

Interest rate risk
The Group exposure to changes in interest rates applies mainly to variable interest bearing cash and cash equivalents, financial assets, credits and loans, factoring and lease liabilities based on WIBOR + margin or respectively EURIBOR + margin in case of bank loans and factoring in EUR or LIBOR + margin for bank loans in USD. The Group did not hedge the interest rate risk in 2014.

The following table presents the sensitivity analysis (maximum exposure) of the Group to the interest rate risk, divided by instruments with variable interest rates:

	Carrying amount as at 31.12.2014	Carrying amount as at 31.12.2013
Fixed rate rate instruments		-
Financial assets	300 823	-
Financial liabilities(-)	(5 483)	-
	295 340	**-**
Variable rate instruments		
Financial assets	340 611	382 817
Financial liabilities(-)	(1 079 125)	(1 336 823)
	(738 514)	**(954 006)**

The activities aimed to reduce the interest rate risk include ongoing monitoring of the financial situation in the money market. The significant amount of the Group's cash surpluses is included in the virtual cash-pooling facility, with the interest rate of 1M WIBOR, applicable after the offsetting of negative and positive cash balances of the Group's companies which enables the application of a natural hedge.

The stabilisation of market interest rates WIBID and WIBOR was observed in the first half of 2014, followed by their decrease in the second half of 2014, resulting from the interest rate reductions announced by the Monetary Policy Council due to deflation and GDP growth stagnation. Decrease in the interest rates positively influenced the interest on the Group's credits and loans in 2014, reducing the interest expense on the Group's financial liabilities.

The Group has analysed the sensitivity of the variable interest-bearing financial instruments to the changes in the market interest rates. The following table presents the impact a change in the interest rates by 100 basis points would have on profit or loss and equity. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

(all amounts in PLN thousand unless otherwise stated)

Sensitivity analysis: (+/-)

	Profit or loss (+/-)		Other comprehensive income	
	increase 100bp	decrease 100bp	increase 100bp	decrease 100bp
31 December 2014	(7 385)	7 385	-	-
31 December 2013	(9 540)	9 540	-	-

Currency risk
The Group is exposed to the currency risk on foreign currency transactions including more than the half of revenue and approximately one third of expenses. Exchange rate fluctuations affect the revenue and costs of raw materials. The appreciation of the domestic currency has a negative impact on the profitability of export and domestic sales denominated in foreign currencies. The depreciation of the domestic currency positively impacts the profitability. Changes in the value of export revenues and domestic revenues measured in foreign currencies resulting from the exchange rate fluctuations are partially offset by the changes in costs of imported raw materials which significantly reduces the Group's exposure to the currency risk.

The Group considers the current and planned net currency exposure and reduces the existing currency risk resulting from the net currency exposure by using selected hedging instruments and activities. The Group used primarily in the reporting period the natural hedging, factoring of receivables denominated in foreign currencies and additionally currency forwards and currency corridor. In 2014, the Group had the net currency exposure in EUR, which represented 63% (2013: 63%) of the total currency exposure, and the remaining 37% exposure in USD (2013: 37%). The exposure was partially hedged (up to 80% of the expected net exposure).

The following table presents the summary quantitative data about the Group's exposure to currency risk, by classes of financial instruments and currencies:

Exposure to currency risk:

31 December 2014 roku	EUR	USD	GPB
Trade and other receivables	94 975	47 452	-
Cash and cash equivalents in foreign currency	20 318	12 475	1
Trade and other payables (-)	(65 103)	(33 600)	(43)
Loans and borrowings (-)	(9 122)	(4 543)	-
Lease, factoring and discounting liabilities (-)	(16 174)	-	-
Forward contracts (-)	(28 750)	(6 755)	-
Futures contracts for emission rights (+)	3 844	-	-
Total in currency	**(12)**	**15 029**	**(42)**
The impact of foreign currency increase by 5% on profit or loss (in thousand PLN)	(3)	2 635	(9)
The impact of foreign currency decrease by 5% on profit or loss (in thousand PLN)	3	(2 635)	9
The impact of foreign currency increase by 5% on other comprehensive income (in thousand PLN)	-	-	-
The impact of foreign currency decrease by 5% on other comprehensive income (in thousand PLN)	-	-	-

31 December 2013	EUR	USD	CHF	GPB
Trade and other receivables	88 987	59 662	-	-
Cash and cash equivalents in foreign currency	25 084	48 045	-	-
Trade and other payables (-)	(57 800)	(39 713)	(74)	(119)
Loans and borrowings (-)	(13 680)	(6 090)	-	-
Lease, factoring and discounting liabilities (-)	(15 906)	-	-	-
Forward contracts (-)	(9 300)	(5 100)	-	-
Total in currency	**17 385**	**56 804**	**(74)**	**(119)**
The impact of foreign currency increase by 5% on profit or loss (in thousand PLN)	3 605	8 555	(13)	(30)
The impact of foreign currency decrease by 5% on profit or loss (in thousand PLN)	(3 605)	(8 555)	13	30
The impact of foreign currency increase by 5% on other comprehensive income (in thousand PLN)	-	-	-	-
The impact of foreign currency decrease by 5% on other comprehensive income (in thousand PLN)	-	-	-	-

(all amounts in PLN thousand unless otherwise stated)

	Profit or loss		Other comprehensive income	
	5% increase	5% decrease	5% increase	5% decrease
31 December 2014	2 624	(2 624)	-	-
31 December 2013	12 675	(12 675)	-	-

The risk of changes in prices of raw materials, products and services
In order to reduce the risk, the Group undertakes activities to include such provisions in sales contracts which are symmetric to the provisions included in its supply contracts (e.g. references to ICIS-LOR quotations).

Note 26.4 Fair value of financial instruments

Details of the fair value of financial instruments whose measurement is possible are presented below:

- cash and cash equivalents, short-term bank deposits and short-term bank loans. The carrying amount of such instruments approximates their fair value because of the short maturities of such instruments,
- trade receivables, other receivables, trade payables. The carrying amount of such instruments approximates their fair value because of their short maturities,
- long-term bank credits and loans. The carrying amount of such instruments approximates their fair value due to the variable interest,
- foreign exchange derivatives, interest rate. The carrying value of these instruments is equal to their fair value.
- available-for-sale financial assets. The carrying amount of such instruments is equal to their fair value.

There were no financial instruments recognised by the Group in 2014 and in 2013 for which the initial value resulting from the transaction would differ from their fair value as at the date of transaction, determined using the appropriate valuation technique.

The fair value of the Group's financial instruments measured at fair value by level of classification as follows:

31 December 2014

Classification level	**Level I**	**Level II**	**Level III**
Financial assets at fair value:			
available-for-sale shares	-	-	13 205
currency forwards	-	29	-
futures contracts for emission rights	-	3 844	-
	-	**3 873**	**13 205**
Financial liabilities at fair value:			
currency forwards	-	1 163	-
	-	**1 163**	**-**

(all amounts in PLN thousand unless otherwise stated)

31 December 2013

Classification level	Level I	Level II	Level III
Financial assets at fair value:			
available-for-sale shares	18 308	-	13 224
investment funds participation units classified as available-for-sale	1 967	-	-
currency forwards	-	782	-
	20 275	**782**	**13 224**
Financial liabilities at fair value:			
futures contracts for emission rights	-	(934)	-
currency forwards	-	(863)	-
	-	**(1 797)**	**-**

The fair value hierarchy presented in the table above is as follows:
Level 1 – price quoted in the active market for the same assets or liabilities,
Level 2 – the value determined based on inputs other than quoted prices included in level 1 that are directly or indirectly observable or ascertainable based on the market information,
Level 3 – the value determined on the basis of data inputs that are not based on observable market inputs.

The fair value of currency forwards and interest rate derivatives contracts presented in level II is determined based on a valuation carried out by banks with which the related contracts were concluded. Such valuations are reviewed by discounting the expected cash flows from the contracts using market interest rates prevailing at the reporting date.

The Group has investments of PLN 13 205 thousand (31 December 2013: PLN 13 224 thousand) in shares that were qualified to Level III because the shares are not quoted in an active market and there were no transactions performed on the shares. The fair value of the shares was estimated by an expert using valuation techniques containing significant unobservable inputs, i.e. the expected cash flows and discount rates.

Note 26.5 Derivatives and hedge accounting

Currency derivatives
As at 31 December 2014, the nominal value of short positions in open currency derivatives (forward contracts) amounted to EUR 28 750 thousand (EUR 4 750 thousand with maturity in January 2015, in February and March 2015 EUR 5.5 million each, EUR 5 million with maturity in April 2015, EUR 3.5 million with maturity in May 2015, EUR 1.5 million with maturity in June 2015 and in July, August and September 2015 EUR 1.0 million each) and USD 6 755 thousand (USD 1 515 thousand with maturity in January 2015, USD 1 610 thousand with maturity in February 2015, USD 1 630 thousand with maturity in March 2015, in April and May 2015 USD 700 thousand each, USD 600 thousand with maturity in June 2015). As at 31 December 2014, the nominal value of open derivatives to sell currencies amounted to EUR 9 300 thousand and USD 5 100 thousand.

Transactions are entered only with reliable banks and are based on framework agreements. All derivative transactions reflect the real transactions affecting the currency cash flows. Currency derivatives are entered in accordance with the net currency exposure of the Group and are aimed to reduce the impact of exchange rate fluctuations on profit or loss.

Fair value of derivatives
As at 31 December 2014, the Group had open positions in futures for emission rights amounting to 769 thousand EUA units with maturities in March 2015 (200 thousand units), December 2015 (420 thousand units) and December 2016 (149 thousand units). As at 31 December 2013, the Group had open contracts for the purchase of emission rights for 395 thousand units.

Transactions are entered only with reliable banks and are based on framework agreements. All derivative transactions reflect the real transactions resulting from greenhouse gases emissions in

(all amounts in PLN thousand unless otherwise stated)

2014. Futures contracts are entered in accordance with the Group's exposure resulting from shortage of emission rights (EUA) and are aimed to reduce the impact of emission rights prices fluctuations on profit or loss.

Hedge accounting
In 2014 and 2013, the Group did not use hedge accounting.

Note 27 Contingent liabilities, contingent assets and guarantees

Contingent assets

	As at 31.12.2014	As at 31.12.2013
Contingent assets	32 414	28 812

Contingent liabilities and guarantees

	As at 31.12.2014	As at 31.12.2013
Sureties	6 278	13 336
Guarantees	1 727	1 302 503
Other	31 327	27 879
	39 332	**1 343 718**

As at 31 December 2014, contingent assets relate mainly to a claim to Ciech S.A. to pay PLN 18 864 thousand for violating by Ciech S.A. the provision of GZNF "Fosfory" S.A. (subsidiary of Grupa Azoty PUŁAWY) shares transfer agreement. On 30 October 2012, Grupa Azoty PUŁAWY submitted a claim to the District Court in Warsaw. The court case is in progress.

The promise for PLN 1 300 000 thousand issued by Grupa Azoty PUŁAWY to its subsidiary Elektrownia "Puławy" Sp. z o.o. was cancelled on 23 December 2014, based on the agreement with PGE Górnictwo i Energetyka Konwencjonalna S.A. to terminate the contract to secure financing of the project concerning construction of the power plant.

Other contingent liabilities as at 31 December 2014 concern mainly a claim submitted by Ciech S.A. on 12 February 2013 to the District Court in Gdańsk to adjudge from GZNF "Fosfory" Sp. z o.o. PLN 18 864 thousand, penalty interest calculated since the claim submission date to the payment date and legal costs, including legal representation, to compensate Ciech S.A. for the loss resulting from the false statements concerning the legal and financial position of the defendant and its subsidiaries. The estimated amount of liability as at the reporting date amounts to 23 490 thousand. The court case is in progress.

(all amounts in PLN thousand unless otherwise stated)

Note 28 Related party transactions

Trade transactions with subordinated entities

Trade transactions

	Revenue	Receivables	Purchases	Liabilities
Balance at 31 December 2014				
Related parties of Grupa Azoty PKCh Sp. z o.o.	4	8	34	-
Related parties of Grupa Azoty POLICE	4 014	345	11 809	2 432
Related parties of Grupa Azoty PUŁAWY	4 846	523	47 578	704
Related parties of Grupa Azoty ZAK S.A.	3 507	359	26 883	2 630
Other related parties	-	4	3 948	478
	12 371	**1 239**	**90 252**	**6 244**

	Revenue	Receivables	Purchases	Liabilities
Balance at 31 December 2013				
Related parties of Grupa Azoty	-	412	-	-
Related parties of Grupa Azoty PKCh Sp. z o.o.	-	659	-	-
Related parties of Grupa Azoty POLICE	3 807	249	6 340	910
Related parties of Grupa Azoty PUŁAWY	3 861	2 819	49 362	3 473
Related parties of Grupa Azoty ZAK S.A.	3 614	373	30 008	2 857
Other related parties	112	32	368	207
	11 394	**4 544**	**86 078**	**7 447**

Other transactions

	Other income	Other expenses	Finance income	Finance costs
Balance at 31 December 2014				
Related parties of Grupa Azoty PKCh Sp. z o.o.	-	-	9	9
Related parties of Grupa Azoty POLICE	-	-	226	-
Related parties of Grupa Azoty PUŁAWY	-	9	301	-
Related parties of Grupa Azoty ZAK S.A.	-	-	463	-
Other related parties	10	-	-	-
	10	**9**	**999**	**9**

(all amounts in PLN thousand unless otherwise stated)

	Other income	Other expenses	Finance income	Finance costs
Balance at 31 December 2013				
Related parties of Grupa Azoty POLICE	-	-	8 125	-
Related parties of Grupa Azoty PUŁAWY	-	-	1 227	-
Related parties of Grupa Azoty ZAK S.A.	-	-	325	-
Other related parties	5	-	40	-
	5	**-**	**9 717**	**-**

Remuneration for the function and for the period in the Management Board of the Parent Company

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Benefits paid	5 708	4 985
Benefits payable	2 488	2 126
Benefits in respect of termination of function	480	720
	8 676	**7 831**

Remuneration for the function and for the period in the Supervisory Board of the Parent Company

	As at 31.12.2014	As at 31.12.2013
Benefits paid	1 751	1 821

Remuneration of Management of the Group's main subsidiaries

	As at 31.12.2014	As at 31.12.2013
Benefits paid	11 270	9 516
Benefits payable	539	12
	11 809	**9 528**

Bonuses for the Management Board members
In accordance with the resolution of the Supervisory Board dated 20 October 2011 on remuneration rules and amounts for members of the Management Board of the Parent Company, the members of the Management Board may receive the so-called "profit-based variable part of remuneration" (annual bonus) or a "special bonus".

Annual bonus is calculated individually for each Member of the Management Board, based on the evaluation of realisation of performance targets.

The Supervisory Board may grant a special bonus, notwithstanding the criteria presented in the annual bonus regulations, based on the detailed analysis of realization of performance targets realization.

The regulations concerning the annual bonus for Management Board were approved by the Supervisory Board on 13 February 2014.

Loans
In 2014 and 2013, the Group did not grant any loans to the members of the Management or the Supervisory Board.

(all amounts in PLN thousand unless otherwise stated)

Transactions with owners

In 2014, the Group did not conclude transactions with owners. In 2013, the Parent Company acquired from the State Treasury 9 686 248 shares of Grupa Azoty PUŁAWY, representing 50,67% of that company's share capital, for 24 215 620 of series D shares and acquired 4 675 000 shares, representing 85% of share capital of Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki „Siarkopol" S.A., for PLN 320 004 thousand.

Transactions with the State Treasury related entities

Balance at 31 December 2014

Name of entity	Value	Purpose of transaction
PGNiG	1 697 184	purchase of natural gas
PKN Orlen	334 102	purchase of raw materials
PGE	165 029	purchase and sale of energy
Enea	140 540	purchase and sale of energy
Kompania Węglowa	124 915	purchase of coal
PKP Cargo	121 706	purchase of transport services
Tauron	57 094	purchase and sale of energy
KGHM Polska Miedź S.A.	12 502	purchase of raw materials
PSE S.A.	40 715	purchase of transmission of energy
LOTOS	22 988	purchase of advisory services and purchase of raw materials
PKO BP	111 688	repayment of principal and interest
PZU Życie	89 331	repayment of principal and interest
PZU S.A.	28 256	insurance
	2 946 050	

Balance at 31 December 2013

Name of entity	Value	Purpose of transaction
PGNiG	2 270 725	purchase of natural gas
Kompania Węglowa	176 216	purchase of coal
PKP Cargo	115 038	purchase of transport services
PKN Orlen	262 064	purchase of raw materials
Tauron	126 939	purchase and sale of energy
PGE	165 169	purchase and sale of energy
Enea	2 025	purchase and sale of energy
KGHM Polska Miedź S.A.	17 880	purchase of raw materials
PSE S.A.	34 062	purchase of transmission of energy
LOTOS	20 412	purchase of advisory services and purchase of raw materials
PKO BP	274 313	repayment of principal and interest
PZU Życie	274 312	repayment of principal and interest
PZU S.A.	24 108	insurance
	3 763 263	

(all amounts in PLN thousand unless otherwise stated)

Note 29 Accounting estimates and assumptions

Changes in impairment loss of employee benefits and provision (without deferred tax liability) - Notes 20 and 21

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
At the beginning of the period	**621 803**	**406 970**
Assumed in business acquisitions	-	163 655
Recognised	278 795	247 068
Reversed(-)	(32 802)	(50 240)
Used (-)	(200 345)	(145 650)
At the end of the period	**667 451**	**621 803**

Changes in impairment loss of property, plant and equipment - Note 10

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
At the beginning of the period	**171 844**	**129 971**
Assumed in business acquisitions	-	341
Recognised	43 412	47 658
Reversed (-)	(874)	(2 366)
Used (-)	(10 668)	(3 760)
At the end of the period	**203 714**	**171 844**

Changes in inventories write-downs - Note 15

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
At the beginning of the period	**41 400**	**21 192**
Assumed in business acquisitions	-	41 122
Recognised	72 654	44 582
Reversed (-)	(39 553)	(30 289)
Used (-)	(29 338)	(35 207)
At the end of the period	**45 163**	**41 400**

Changes in impairment loss on receivables - Note 16

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
At the beginning of the period	**78 665**	**21 291**
Assumed in business acquisitions	21	46 529
Recognised	11 760	21 073
Reversed (-)	(5 341)	(7 354)
Used (-)	(10 781)	(2 874)
At the end of the period	**74 324**	**78 665**

(all amounts in PLN thousand unless otherwise stated)

Note 30 Operating leases

Leases as lessor

	As at 31.12.2014	As at 31.12.2013
Due within 1 year	10 291	4 750
Due between 1 and 5 years	31 998	16 775
Due in more than 5 years	7 997	4 644
	50 286	**26 169**

Leases as lessee

	As at 31.12.2014	As at 31.12.2013
Due within 1 year	57 993	66 271
Due between 1 and 5 years	139 023	142 697
Due in more than 5 years	17 423	102 151
	214 439	**311 119**

Lease payments recognised as expense

	For the period 01.01.2014 - 31.12.2014	For the period 01.01.2013 - 31.12.2013
Minimum lease payments	74 434	72 677

Note 31 Capital commitments

In the period ended 31 December 2014, the Group signed contracts concerning the continuation of previously launched and new investment projects. The contracts for realisation of the investment projects comprise construction, mechanical, electric, design and supervision services. The most significant are:

- Construction of a new Power Plant by Grupa Azoty ZAK S.A. – capital commitments as at 31 December 2014 amounted to PLN 262 400 thousand (31 December 2013: PLN 5 807 thousand),
- Construction of Polyamide Plant II – capital commitments as at 31 December 2014 amounted to PLN 83 722 thousand (31 December 2013: PLN 0 thousand),
- Construction of condensing extraction turbine – capital commitments as at 31 December 2014 amounted to PLN 44 105 thousand (31 December 2013: PLN 0 thousand),
- Construction of fertilizers warehouse – capital commitments as at 31 December 2014 amounted to PLN 16 635 thousand (31 December 2013: PLN 308 thousand),
- Construction of installation of mechanical granulation II – capital commitments as at 31 December 2014 amounted to PLN 16 538 thousand (31 December 2013: PLN 0 thousand).

Note 32 Subsequent events

There were no subsequent events which would require recognition or disclosure in the consolidated financial statements.

The translated consolidated financial statements of Grupa Azoty Group for the 12-month period ended 31 December 2014 contain 110 pages.