

Grupa Azoty S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2014**

The opinion contains 2 pages
The supplementary report contains 14 pages
Opinion of the independent auditor
and supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2014



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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.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Grupa Azoty S.A.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is Grupa Azoty S.A. with its registered office in Tarnów, ul. Kwiatkowskiego 8 (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group’s activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) (“the Accounting Act”), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the report on the Group’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Parent Entity, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of Grupa Azoty S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

As required under the Accounting Act, we report that the accompanying report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Sp. z o.o.
Registration No. 458
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Marcin Domagała
Key Certified Auditor
Registration No. 90046
Director

Signed on the Polish original

.....
Jakub Panek
Certified Auditor
Registration No. 11327

10 March 2015



TRANSLATION

Grupa Azoty S.A. Group

**Supplementary report
on the audit of the
consolidated financial
statements
Financial Year ended
31 December 2014**

The supplementary report contains 14 pages
The supplementary report on the audit of the
consolidated financial statements
for the financial year ended
31 December 2014

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1. General

1.1.1. Identification of the Group

1.1.2. Name of the Group

Grupa Azoty S.A. Group

1.1.3. Registered office of the Parent Company of the Group

ul. Kwiatkowskiego 8
33-101 Tarnów

1.1.4. Registration of the Parent Company in the register of entrepreneurs of the National Court Register

Registration court: District Court for Cracow-Śródmieście in Cracow,
XII Commercial Department of the National Court Register

Date: 28 December 2001

Registration number: KRS 0000075450

Share capital as at the end of
reporting period: PLN 495,977,420

1.1.4. Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

As at 31 December 2014, the Management Board of the Parent Company was comprised of the following members:

- Paweł Jarczewski – President of the Management Board,
- Witold Szczypiński – Vice-President of the Management Board,
- Andrzej Skolmowski – Vice-President of the Management Board,
- Krzysztof Jałosiński – Vice-President of the Management Board,
- Marek Kapłucha – Vice-President of the Management Board,
- Marian Rybak – Vice-President of the Management Board,
- Artur Kopec – Member of the Management Board.

1.2. Information about companies comprising the Group

1.2.1. Companies included in the consolidated financial statements

As at 31 December 2014, the following companies were consolidated by the Group:

Parent Company:

- Grupa Azoty S.A.

Subsidiaries consolidated on the full consolidation basis:

- Grupa Azoty ATT Polymers GmbH,
- Grupa Azoty KOLTAR Sp. z o.o.,
- Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. Group, including:
 - Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.,
 - ZAKSA S.A.,
 - Hotel Centralny Sp. z o.o. w likwidacji,
- Grupa Azoty Zakłady Chemiczne „Police” S.A. Group, including:
 - Grupa Azoty Zakłady Chemiczne „Police” S.A.,
 - Automatika Usługi Kontrolno-Pomiarowe Sp. z o.o.,
 - Koncept Sp. z o.o.,
 - Remech Grupa Remontowo-Inwestycyjna Sp. z o.o.,
 - Transtech Usługi Sprzętowe i Transportowe Sp. z o.o.,
 - Zarząd Morskiego Portu Police Sp. z o.o.,
 - AFRIG Trade S.à r.l.,
 - African Investment Group S.A.,
 - Infrapark Police S.A. w likwidacji,
 - Grupa Azoty AFRICA S.A.,
- Grupa Azoty Zakłady Azotowe „Puławy” S.A. Group, including:
 - Grupa Azoty Zakłady Azotowe „Puławy” S.A.,
 - „Agrochem” Sp. z o.o.,
 - „Agrochem Puławy” Sp. z o.o., including,
 - Unibaltic Agro Sp. z o.o.,
 - Gdańskie Zakłady Nawozów Fosforowych „Fosfory” Sp. z o.o.,
 - REMZAP Sp. z o.o.,
 - Zakłady Azotowe Chorzów S.A.,
 - PROZAP Sp. z o.o.,

- SCF Natural Sp. z o.o.,
- Elektrownia Puławy Sp. z o.o.,
- Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o. Group, including:
 - Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o.,
 - Grupa Azoty AUTOMATYKA Sp. z o.o.,
 - Grupa Azoty Jednostka Ratownictwa Chemicznego Sp. z o.o.,
 - Grupa Azoty PROREM Sp. z o.o.,
- Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki „Siarkopol” S.A.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2014, as a result of the Parent Company acquiring a controlling interest:

- Unibaltic Agro Sp. z o.o. – subject to consolidation for the period from 11 September 2014 to 31 December 2014,
- Elektrownia Puławy Sp. z o.o. – subject to consolidation as at 31 December 2014,

1.2.2. Entities excluded from consolidation

As at 31 December 2014, the following subsidiaries of the Group were not consolidated:

- „Supra” Agrochemia Sp. z o.o.,
- Konsorcjum EKO TECHNOLOGIES,
- Przedsiębiorstwo Żywnienia Zbiorowego i Usług „STO-ZAP” Sp. z o.o.,
- Zakład Opieki Zdrowotnej Medical Sp. z o.o.
- Grupa Azoty „Compounding” Sp. z o.o.,
- Grupa Azoty „Folie” Sp. z o.o.

1.3. Key Certified Auditor and Audit Firm Information

1.3.1. Key Certified Auditor information

Name and surname: Marcin Domagała
Registration number: 900046



1.3.2. Audit Firm information

Name:	KPMG Audyt Sp. z o.o.
Address of registered office:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000104753
Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
Share capital:	PLN 125,000
NIP number:	526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of audit firms, maintained by the National Council of Certified Auditors, under number 458.

1.4. Prior period consolidated financial statements

The consolidated financial statements as at and for the financial year ended 31 December 2013 were audited by KPMG Audyt Sp. z o.o. and received an unmodified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Company on 10 June 2014.

The consolidated financial statements were submitted to the Registry Court on 30 June 2014.

1.5. Audit scope and responsibilities

This report was prepared for the General Meeting of Grupa Azoty S.A. with its registered office in Tarnów, ul. Kwiatkowskiego 8 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements were audited in accordance with the contract dated 10 July 2012, concluded on the basis of the resolution of the Supervisory Board dated 21 May 2012 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) (“the Accounting Act”), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements at the Group entities during the period from 20 October to 23 December 2014 and from 12 January to 6 February 2015.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group’s activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the financial statements.

The Management Board of the Parent Company submitted a statement, dated as at the same date as this report, as to the true and fair presentation of the accompanying consolidated financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).

1.6. Information on audits of the financial statements of the consolidated companies

1.6.1. Parent Company

The separate financial statements of the Parent Company for the year ended 31 December 2014 were audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unmodified opinion.

1.6.2. Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
Grupa Azoty ATT Polymers GmbH	KPMG AG Hamburg	31 December 2014	unmodified opinion
Grupa Azoty KOLTAR Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Grupa Kapitałowa Grupa Azoty Zakłady Azotowe Kędzierzyn S.A., w tym:	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
ZAKSA S.A.	Audyt SF Sp. z o.o.	31 December 2014	unmodified opinion with emphasis of matter paragraph
Hotel Centralny Sp. z o.o. w likwidacji	Agencja Biegłych Rewidentów "BADEX"	31 December 2014	unmodified opinion with emphasis of matter paragraph
Grupa Kapitałowa Grupa Azoty Zakłady Chemiczne „Police” S.A., w tym:	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Grupa Azoty Zakłady Chemiczne „Police” S.A.	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Automatika Usługi Kontrolno-Pomiarowe Sp. z o.o.	HLB M2 Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion with emphasis of matter paragraph
Koncept Sp. z o.o.	HLB M2 Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
Remech Grupa Remontowo-Inwestycyjna Sp. z o.o.	HLB M2 Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
Transtech Usługi Sprzętowe i Transportowe Sp. z o.o.	HLB M2 Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
Zarząd Morskiego Portu Police Sp. z o.o.	HLB M2 Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion with emphasis of matter paragraph
African Investment Group S.A.	Cabinet COREX	31 December 2014	unmodified opinion
AFRIG Trade S.à r.l.	no obligation to be audited		
Grupa Azoty Africa S.A.	KPMG Senegal	31 December 2014	unmodified opinion
Infrapark Police S.A. w likwidacji	HLB M2 Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion with emphasis of matter paragraph
Grupa Kapitałowa Grupa Azoty Zakłady Azotowe „Puławy” S.A., w tym:	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
Grupa Azoty Zakłady Azotowe „Puławy” S.A.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
„Agrochem” Sp. z o.o.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
„Agrochem Puławy” Sp. z o.o.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
Gdańskie Zakłady Nawozów Fosforowych „Fosfory” Sp. z o.o.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
REMZAP Sp. z o.o.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
Zakłady Azotowe Chorzów S.A.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
PROZAP Sp. z o.o.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion
Elektrownia Puławy Sp. z o.o.	PROEKON Sp. z o.o.	31 December 2014	unmodified opinion with emphasis of matter paragraph
SCF Natural Sp. z o.o.	no obligation to be audited		
Unibaltic Agro Sp. z o.o.	no obligation to be audited		
Grupa Kapitałowa Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o., w tym:			
Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Grupa Azoty AUTOMATYKA Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Grupa Azoty Jednostka Ratownictwa Chemicznego Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Grupa Azoty PROREM Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2014	unmodified opinion
Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki „Siarkopol” S.A.	KPMG Audyt Sp. z o.o. sp. k.	31 December 2014	unmodified opinion

2. Financial analysis of the Group

2.1. Summary analysis of the consolidated financial statements

2.1.1. Consolidated statement of financial position

ASSETS	31.12.2014 PLN '000	% of total	31.12.2013 PLN '000 <i>restated</i>	% of total
Non-current assets				
Property, plant and equipment	5 966 287	60.0	5 780 924	58.1
Investment property	54 968	0.6	53 374	0.5
Intangible assets	510 415	5.1	519 631	5.3
Goodwill	12 600	0.1	11 617	0.1
Investments in subordinated entities	110 842	1.1	128 944	1.3
Available-for-sale financial assets	12 371	0.1	23 989	0.2
Other financial assets	19 054	0.2	53	0.0
Non-current receivables	2 932	0.0	3 408	0.0
Deferred tax assets	86 941	0.9	103 540	1.0
Other assets	4 675	0.1	4 462	0.1
Total non-current assets	6 781 085	68.2	6 629 942	66.6
Current assets				
Inventories	1 347 826	13.6	1 165 507	11.7
Other financial assets	68 484	0.7	106 822	1.1
Current tax assets	6 720	0.1	40 558	0.4
Trade and other receivables	1 161 389	11.6	1 273 112	12.8
Cash and cash equivalents	558 603	5.6	713 024	7.8
Other assets	24 118	0.2	21 016	0.2
Assets held for sale	107	0.0	792	0.0
Total current assets	3 167 247	31.8	3 320 831	33.4
TOTAL ASSETS	9 948 332	100.0	9 950 773	100.0



Grupa Azoty S.A. Group
*The supplementary report on the audit of the consolidated financial statements
for the financial year ended 31 December 2014*
TRANSLATION

EQUITY AND LIABILITIES	31.12.2014	% of total	31.12.2013	% of total
	PLN '000		PLN '000	
			<i>restated</i>	
Equity				
Share capital	495 977	5.0	495 977	5.0
Share premium	2 418 270	24.3	2 418 270	24.3
Revaluation reserve	-	-	2 346	0.0
Translation reserve	1 403	0.0	(3 681)	0.0
Retained earnings	2 843 389	28.6	2 649 822	26.6
Total equity attributable to equity holders of the parent	5 759 039	57.9	5 562 734	55.9
Non-controlling interest	729 097	7.3	707 820	7.1
Total equity	6 488 136	65.2	6 270 554	63.0
Liabilities				
Loans	476 932	4.8	634 693	6.4
Employee benefits	312 419	3.2	254 613	2.6
Other non-current payables	1 498	0.0	61 821	0.6
Provisions	113 106	1.1	119 343	1.2
Government grants	39 993	0.4	24 906	0.2
Deferred tax liabilities	231 692	2.3	284 068	2.9
Other financial liabilities	20 205	0.2	22 513	0.2
Total non-current liabilities	1 195 845	12.0	1 401 957	14.1
Loans	509 259	5.1	604 140	6.1
Employee benefits	30 494	0.3	34 008	0.3
Current tax liabilities	2 934	0.1	4 903	0.1
Trade and other payables	1 425 553	14.3	1 313 547	13.2
Provisions	211 432	2.1	213 839	2.1
Government grants	2 982	0.1	2 936	0.0
Deferred income	2 322	0.0	25 921	0.3
Other financial liabilities	79 375	0.8	78 968	0.8
Total current liabilities	2 264 351	22.8	2 278 262	22.9
Total liabilities	3 460 196	34.8	3 680 219	37.0
TOTAL EQUITY AND LIABILITIES	9 948 332	100.0	9 950 773	100.0



2.1.2. Consolidated statement of profit or loss and other comprehensive income

	1.01.2014 - 31.12.2014	% of total sales	1.01.2013 - 31.12.2013	% of total sales
	PLN '000		PLN '000	
			<i>restated</i>	
CONTINUING OPERATIONS				
Revenue	9 898 476	100.0	9 821 023	100.0
Cost of sales	(8 231 565)	(83.1)	(8 441 783)	(85.9)
Gross profit on sales	1 666 911	16.9	1 379 240	14.1
Selling and distribution expenses	(581 145)	(5.9)	(447 750)	(4.6)
Administrative expenses	(739 977)	(7.5)	(707 766)	(7.2)
Other income	58 421	0.6	602 697	6.1
Other expenses	(101 980)	(1.0)	(128 558)	(1.3)
Results from operating activities	302 230	3.1	697 863	7.1
Finance income	45 767	0.5	73 761	0.8
Finance expenses	(58 398)	(0.6)	(56 225)	(0.6)
Net finance (costs)/ income	(12 631)	(0.1)	17 536	0.2
Share of profit of equity accounted investees	13 940	0.1	12 361	0.1
Profit before tax	303 539	3.1	727 760	7.4
Income tax	(37 731)	(0.4)	(18 439)	(0.2)
Profit from continuing operations	265 808	2.7	709 321	7.2
DISCONTINUED OPERATIONS				
Net loss from discontinued operations	(753)	(0,0)	(554)	(0,0)
Profit for the year	265 055	2.7	708 767	7.2
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Remeasurments of defined benefit liability	(23 542)	0.2	(4 032)	(0.0)
Tax on items that will never be reclassified to profit or loss	4 420	0.0	678	0.0
	(19 122)	(0.2)	(3 354)	(0.0)
Items that are or may be reclassified to profit or loss				
Net change in fair value of available-for-sale financial assets	(24)	0.0	(15 751)	(0.2)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(2 912)	(0.0)	(27 256)	(0.3)
Foreign operations - foreign currency translation differences	7 807	0.1	(5 063)	(0.1)
Tax on items that are or may be reclassified to profit or loss	559	0.0	8 239	0.1
	5 430	0.1	(39 831)	(0.5)
Other comprehensive income for the year	(13 692)	(0.1)	(43 185)	(0.5)
Total comprehensive income for the year	251 363	2.6	665 582	6.7

2.2. Selected financial ratios

	2014	2013 <i>restated</i>	2012
1. Return on sales			
$\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$	2.7%	7.2%	4.4%
2. Return on equity			
$\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$	4.3%	12.8%	9.9%
3. Debtors' days			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	33 days	34 days	23 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	34.8%	37.0%	34.8%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.4	1.5	1.6

- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Trade receivables represent the trade receivables at the end of the period, with no deduction made for allowances.

3. Detailed report

3.1. Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2. Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Grupa Azoty S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 No. 169, item 1327).

3.3. Method of consolidation

The method of consolidation is described in point 2.8 of the notes to the consolidated financial statements.

3.4. Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in point 2.12 of the notes to the consolidated financial statements.

3.5. Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

3.6. Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Grupa Azoty S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.7. Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.8. Report of the Management Board of the Parent Company on the Group's activities

The report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Sp. z o.o.
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00-867 Warsaw

Signed on the Polish original

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Marcin Domagała
Key Certified Auditor
Registration No. 90046
Director

Signed on the Polish original

.....
Jakub Panek
Certified Auditor
Registration No. 11327

10 March 2015