



Consolidated interim report for Q1 2016

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Financial highlights

Consolidated financial information

	PLN '000		EUR '000	
	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015
Revenue	2,475,634	2,834,380	568,340	683,164
Operating profit	389,225	363,578	89,356	87,632
Profit before tax	380,415	357,115	87,333	86,075
Profit for the period	306,991	305,837	70,477	73,715
Total comprehensive income	308,823	295,168	70,898	71,144
Number of shares	99,195,484	99,195,484	99,195,484	99,195,484
Earnings per ordinary share (PLN)	2.75	2.78	0.63	0.67
Net cash from operating activities	367,394	606,924	84,344	146,286
Net cash used in investing activities	(321,703)	(219,055)	(73,855)	(52,798)
Net cash from/used in financing activities	59,745	6,664	13,716	1,606
Net increase/(decrease) in cash and cash equivalents	105,436	394,533	24,205	95,093
Cash at the beginning of the period	753,144	558,603	172,902	134,639
Cash at the end of the period	855,866	948,917	196,484	228,715
	as at Mar 31 2016	as at Dec 31 2015	as at Mar 31 2016	as at Dec 31 2015
Non-current assets	7,352,481	7,224,923	1,722,538	1,695,394
Current assets	3,795,207	3,552,411	889,140	833,606
Non-current liabilities	1,835,136	1,785,146	429,935	418,901
Current liabilities	1,894,027	1,855,967	443,732	435,520
Equity	7,418,525	7,136,221	1,738,011	1,674,580
Share capital	495,977	495,977	116,197	116,386
Non-controlling interests	773,843	768,933	181,296	180,437

Separate financial information

	PLN '000		EUR '000	
	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015
Revenue	436,233	498,478	100,148	120,147
Operating profit	33,231	31,003	7,629	7,473
Profit before tax	27,896	25,051	6,404	6,038
Profit for the period	22,258	17,930	5,110	4,322
Total comprehensive income	21,913	17,930	5,031	4,322
Number of shares	99,195,484	99,195,484	99,195,484	99,195,484
Earnings per ordinary share (PLN)	0.22	0.18	0.05	0.04
Net cash from operating activities	19,894	107,801	4,567	25,983
Net cash used in investing activities	(174,736)	(50,113)	(40,115)	(12,079)
Net cash from/used in financing activities	67,912	(44,394)	15,591	(10,700)
Net increase/(decrease) in cash and cash equivalents	(86,930)	13,294	(19,957)	3,204
Cash at the beginning of the period	111,942	27,431	25,699	6,612
Cash at the end of the period	25,012	40,725	5,742	9,816
	as at Mar 31 2016	as at Dec 31 2015	as at Mar 31 2016	as at Dec 31 2015
Non-current assets	5,393,369	5,240,330	1,263,558	1,229,691
Current assets	481,604	616,295	112,830	144,619
Non-current liabilities	1,050,417	1,043,852	246,092	244,949
Current liabilities	419,872	430,002	98,368	100,904
Equity	4,404,684	4,382,771	1,031,929	1,028,457
Share capital	495,977	495,977	116,197	116,386

Selected items of the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows have been translated into the euro using the applicable method specified below:

- items of assets and equity and liabilities in the statement of financial position have been translated using the exchange rate effective for the last day of the reporting period:
the exchange rate as at December 31st 2015 was EUR 1 = PLN 4.2615 (table No. 254/A/NBP/2015),
the exchange rate as at March 31st 2016 was EUR 1 = PLN 4.2684 (table No. 062/A/NBP/2016),
- items of the statement of profit or loss and other comprehensive income and statement of cash flows have been translated using the arithmetic averages of the EUR/PLN rates quoted by the National Bank of Poland as effective for the last day of each month in the reporting period:
in the period January 1st-March 31st 2015, the average exchange rate was EUR 1 = PLN 4.1489,
in the period January 1st-March 31st 2016, the average exchange rate was EUR 1 = PLN 4.3559.

The translation was made using the exchange rates specified above by dividing amounts expressed in thousands of the zloty by the exchange rate.

Interim condensed consolidated financial statements
for the three months ended March 31st 2016 prepared
in accordance with IAS 34 'Interim Financial Reporting'
as endorsed by the European Union

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Grupa Azoty S.A. presents the interim condensed consolidated financial statements for the three months ended March 31st 2016, comprising:

- Condensed consolidated statement of profit or loss and other comprehensive income for the period January 1st - March 31st 2016,
- Condensed consolidated statement of financial position as at March 31st 2016,
- Condensed consolidated statement of changes in equity for the period January 1st-March 31st 2016,
- Condensed consolidated statement of cash flows for the period January 1st-March 31st 2016,
- Supplementary information to the interim condensed consolidated financial statements.

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as endorsed by the European Union, and give a fair and clear view of the assets, financial position and performance of the Grupa Azoty Group.

Signatures of the Members of the Management Board

.....
Mariusz Bober
President of the Management Board

.....
Andrzej Skolmowski
Vice-President of the Management Board

.....
Witold Szczypiński
Vice-President of the Management Board
Director General

.....
Tomasz Hinc
Member of the Management Board

.....
Artur Kopeć
Member of the Management Board

.....
Józef Rojek
Member of the Management Board

Person entrusted with maintaining accounting records

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

Tarnów, May 9th 2016

Condensed consolidated statement of profit or loss and other comprehensive income

	for the period Jan 1 – Mar 31 2016	for the period Jan 1 – Mar 31 2015* restated
Profit or loss	<i>unaudited</i>	<i>unaudited</i>
Revenue	2,475,634	2,834,380
Cost of sales	(1,744,817)	(2,147,268)
Gross profit	730,817	687,112
Selling and distribution expenses	(162,138)	(158,875)
Administrative expenses	(174,199)	(168,457)
Other income, including:	8,413	17,449
Other expenses	(13,668)	(13,651)
Operating profit	389,225	363,578
Finance income	8,421	10,991
Finance costs	(19,939)	(20,554)
Net finance costs	(11,518)	(9,563)
Share of profit of equity-accounted investees	2,708	3,100
Profit before tax	380,415	357,115
Tax expense	(73,424)	(51,278)
Profit for the period	306,991	305,837
Other comprehensive income		
Items that are or may be reclassified to profit or loss		
Cash flow hedging - effective portion of fair-value change	(345)	-
Exchange differences on translating foreign operations	2,177	(10,669)
Other comprehensive income for the year	1,832	(10,669)
Total profit or loss and other comprehensive income	308,823	295,168
Net profit attributable to:		
Equity holders of the Parent	272,371	276,135
Non-controlling interests	34,620	29,702
Total profit or loss and other comprehensive income attributable to:		
Equity holders of the Parent	272,854	270,576
Non-controlling interests	35,969	24,592
Earnings per share:		
Basic (PLN)	2.75	2.78
Diluted (PLN)	2.75	2.78

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of financial position

	as at Mar 31 2016	as at Dec 31 2015*
	<i>unaudited</i>	<i>audited</i>
Assets		
Non-current assets		
Property, plant and equipment	6,055,716	5,952,682
Perpetual usufruct of land	484,975	477,085
Investment property	66,703	52,204
Intangible assets	538,653	532,798
Goodwill	12,550	12,550
Investments in subordinated entities	110,661	111,095
Available-for-sale financial assets	12,846	12,370
Other financial assets	5,021	4,347
Other receivables	7,422	7,023
Deferred tax assets	57,853	62,769
Other non-current assets	81	-
Total non-current assets	7,352,481	7,224,923
Current assets		
Inventories	911,850	958,769
Property rights	335,909	226,931
Derivatives	5,845	4,174
Other financial assets	535,430	498,711
Current tax assets	2,324	2,156
Trade and other receivables	1,144,850	1,105,403
Cash and cash equivalents	855,866	753,144
Assets held for sale	3,133	3,123
Total current assets	3,795,207	3,552,411
Total assets	11,147,688	10,777,334

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of financial position (continued)

	as at Mar 31 2016 <i>unaudited</i>	as at Dec 31 2015* restated <i>audited</i>
Equity and liabilities		
Equity		
Share capital	495,977	495,977
Share premium	2,418,270	2,418,270
Hedging reserve	(280)	65
Translation reserve	1,580	752
Retained earnings, including:	3,729,135	3,452,224
<i>Profit for the period</i>	272,371	609,499
Equity attributable to owners of the Parent	6,644,682	6,367,288
Non-controlling interests	773,843	768,933
Total equity	7,418,525	7,136,221
Liabilities		
Borrowings	1,072,465	1,047,450
Other financial liabilities	13,436	16,112
Employee benefit obligations	326,757	326,968
Trade and other payables	412	972
Provisions	100,191	100,740
Government grants received	49,759	47,036
Deferred tax liabilities	272,116	245,868
Total non-current liabilities	1,835,136	1,785,146
Borrowings	181,960	118,880
Derivatives	6,213	986
Other financial liabilities	70,382	56,672
Employee benefit obligations	31,446	33,167
Current tax liabilities	28,051	18,986
Trade and other payables	1,447,138	1,576,538
Provisions	42,965	45,647
Government grants received	85,872	5,091
Total current liabilities	1,894,027	1,855,967
Total liabilities	3,729,163	3,641,113
Total equity and liabilities	11,147,688	10,777,334

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of changes in equity for the period ended March 31st 2016

	Share capital	Share premium	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Balance as at January 1st 2016	495,977	2,418,270	65	752	3,452,224	6,367,288	768,933	7,136,221
<i>Profit or loss and other comprehensive income</i>								
Net profit	-	-	-	-	272,371	272,371	34,620	306,991
Other comprehensive income	-	-	(345)	828	-	483	1,349	1,832
Total profit or loss and other comprehensive income	-	-	(345)	828	272,371	272,854	35,969	308,823
<i>Transactions with owners, recognised directly in equity</i>								
Dividends	-	-	-	-	-	-	(19)	(19)
Total contributions by and distributions to owners	-	-	-	-	-	-	(19)	(19)
Acquisition of non-controlling interests without change of control	-	-	-	-	4,540	4,540	(31,040)	(26,500)
Total transactions with owners	-	-	-	-	4,540	4,540	(31,059)	(26,519)
Balance as at March 31st 2016 (unaudited)	495,977	2,418,270	(280)	1,580	3,729,135	6,644,682	773,843	7,418,525

for the period ended March 31st 2015

	Share capital	Share premium	Translation reserve	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Balance as at January 1st 2015	495,977	2,418,270	1,403	2,843,389	5,759,039	729,097	6,488,136
<i>Profit or loss and other comprehensive income</i>							
Net profit	-	-	-	276,135	276,135	29,702	305,837
Other comprehensive income	-	-	(7,063)	1,504	(5,559)	(5,110)	(10,669)
Total profit or loss and other comprehensive income	-	-	(7,063)	277,639	270,576	24,592	295,168
Balance as at March 31st 2015 (unaudited)	495,977	2,418,270	(5,660)	3,121,028	6,029,615	753,689	6,783,304

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows

	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015
	<i>unaudited</i>	<i>unaudited</i>
Cash flows from operating activities		
Profit before tax	380,415	357,115
<i>Adjustments for:</i>	<i>136,668</i>	<i>129,119</i>
Depreciation and amortisation	127,437	121,693
Impairment losses	(222)	24
Loss from investing activities	3,832	102
Loss on disposal of financial assets	11	-
Share of profit of equity-accounted investees	(2,708)	(3,100)
Interest, foreign exchange gains or losses	6,049	16,097
Dividends	-	-
Loss/(gain) on change in fair value of financial instruments carried at fair value	2,269	(5,697)
<i>Cash from operating activities before changes in working capital</i>	<i>517,083</i>	<i>486,234</i>
Change in trade and other receivables	38,848	(99,543)
Change in inventories	(64,429)	274,107
Change in trade and other payables	(136,892)	(14,703)
Change in provisions, prepayments and grants	32,649	(33,408)
Other adjustments	(323)	962
<i>Cash generated from operating activities</i>	<i>386,936</i>	<i>613,649</i>
Income taxes paid	(19,542)	(6,725)
Net cash from operating activities	367,394	606,924

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows (continued)

	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015
	<i>unaudited</i>	<i>unaudited</i>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, intangible assets and investment property	781	7,034
Acquisition of property, plant and equipment, intangible assets and investment property	(289,752)	(197,691)
Acquisition of financial assets	(415,402)	(90,021)
Proceeds from sale of financial assets	378,130	52,587
Interest received	5,180	1,915
Government grants received	213	1,522
Loans	-	(2,000)
Other (disbursements)/proceeds	(853)	7,599
Net cash used in investing activities	(321,703)	(219,055)
Net cash from/used in financing activities	59,745	6,664
Net increase/(decrease) in cash and cash equivalents	105,436	394,533
Cash and cash equivalents at the beginning of the period	753,144	558,603
Effect of exchange rate fluctuations on cash held	(2,714)	(4,219)
Cash and cash equivalents at the end of the period	855,866	948,917

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Supplementary information to the interim condensed consolidated financial statements

1. About the Grupa Azoty Group

1.1. Organisational structure

As at March 31st 2016, the Grupa Azoty Group (the “Grupa Azoty Group” or “Group”) comprised Grupa Azoty S.A. (the “Parent”) and nine subsidiaries, including:

- Grupa Azoty Zakłady Azotowe Puławy S.A. (Grupa Azoty PUŁAWY),
- Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. (Grupa Azoty ZAK),
- Grupa Azoty Zakłady Chemiczne Police S.A. (Grupa Azoty POLICE),
- Grupa Azoty ATT Polymers GmbH,
- Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o. (Grupa Azoty PKCh),
- Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A. (“Grupa Azoty SIARKOPOL”),
- Grupa Azoty Koltar Sp. z o.o.,
- Grupa Azoty Folie Sp. z o.o.,
- Grupa Azoty Compounding Sp. z o.o.,

Further:

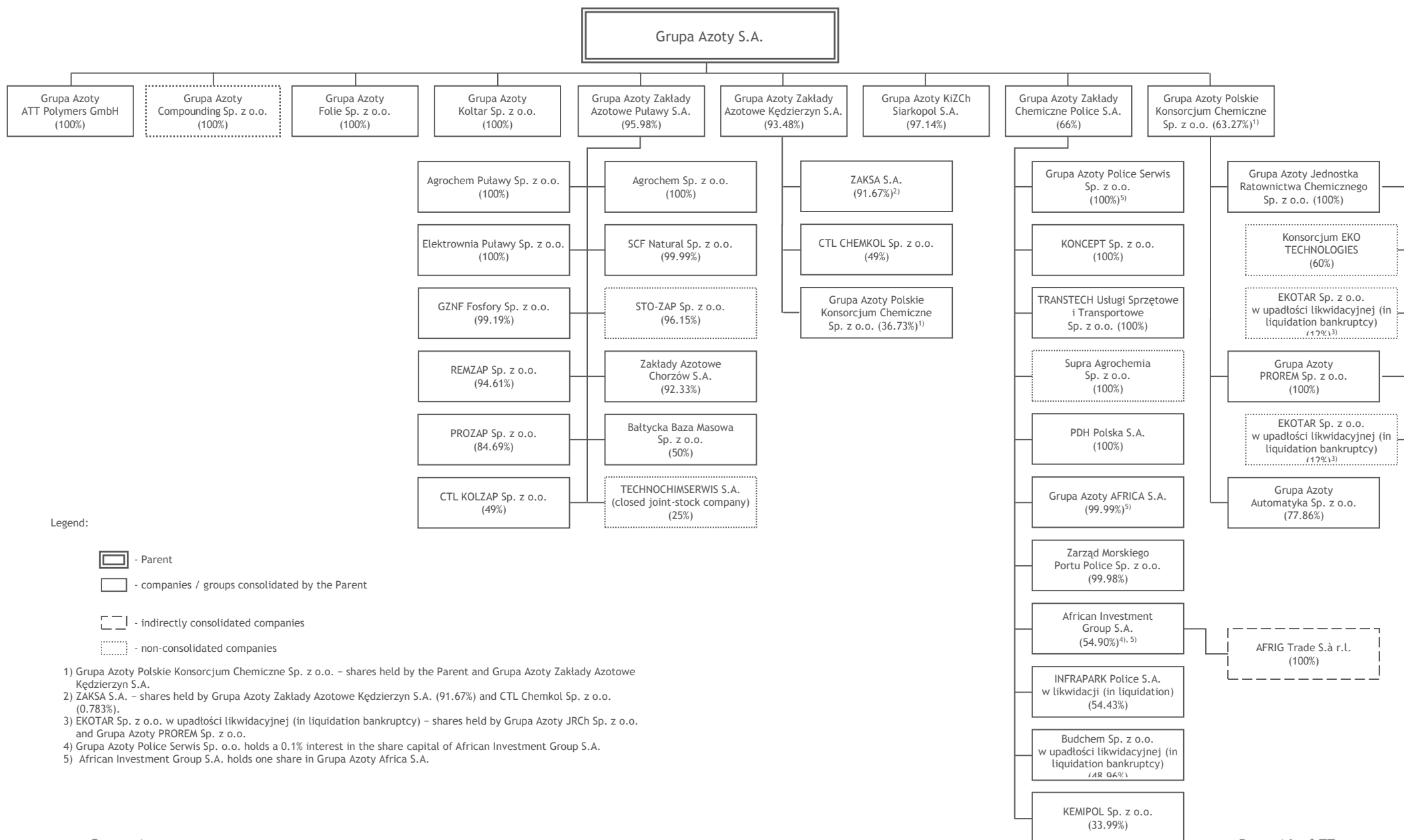
- Grupa Azoty PUŁAWY is the parent to nine subsidiaries and holds ownership interests in three associates,
- Grupa Azoty ZAK is the parent to one subsidiary and holds ownership interests in two associates,
- Grupa Azoty POLICE is the parent to nine subsidiaries, and holds ownership interests in two associates,
- Grupa Azoty PKCh is the parent to three subsidiaries.

The Parent was entered in the Business Register of the National Court Register (entry No. KRS 0000075450) on December 28th 2001, pursuant to a ruling of the District Court for Kraków-Śródmieście in Kraków, 12th Commercial Division of the National Court Register, dated December 28th 2001. The Parent’s REGON number for public statistics purposes is 850002268.

Since April 22nd 2013, the Company has been trading under its new name Grupa Azoty Spółka Akcyjna (abbreviated to Grupa Azoty S.A.).

The durations of the Parent and Group companies are indefinite.

Structure of the Group as at March 31st 2016:



Legend:

- Parent

- companies / groups consolidated by the Parent

- indirectly consolidated companies

- non-consolidated companies

1) Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o. – shares held by the Parent and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.

2) ZAKSA S.A. – shares held by Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. (91.67%) and CTL Chemkol Sp. z o.o. (0.783%).

3) EKOTAR Sp. z o.o. w upadłości likwidacyjnej (in liquidation bankruptcy) – shares held by Grupa Azoty JRCh Sp. z o.o. and Grupa Azoty PROREM Sp. z o.o.

4) Grupa Azoty Police Serwis Sp. o.o. holds a 0.1% interest in the share capital of African Investment Group S.A.

5) African Investment Group S.A. holds one share in Grupa Azoty Africa S.A.

The following companies have not been included in these consolidated financial statements due to immateriality of their financial information:

- Grupa Azoty Compounding Sp. z o.o.,
- STO-ZAP Sp. z o.o. (a subsidiary of Grupa Azoty PUŁAWY),
- Technochemservice S.A. (closed joint-stock company, a subsidiary of Grupa Azoty PUŁAWY),
- Konsorcjum EKO TECHNOLOGIES (a subsidiary of Grupa Azoty PKCh Sp. z o.o.),
- EKOTAR Sp. z o.o. w upadłości (in bankruptcy, a subsidiary of Grupa Azoty PKCh Sp. z o.o.),
- Supra Agrochemia Sp. z o.o. (a subsidiary of Grupa Azoty POLICE).

1.2. Changes in the structure of the Grupa Azoty Group

Changes in the Group's structure, including changes resulting from business combinations, acquisitions or disposals of Group entities, as well as long-term investments, demergers, restructuring or discontinuation of operations in the reporting period

Acquisition of shares in Grupa Azoty SIARKOPOL S.A.

In Q1 2016 (on January 14th, February 9th, March 1st and March 18th), the Parent acquired (for PLN 33,643 thousand) 491,503 shares in Grupa Azoty SIARKOPOL, representing 8.94% of that company's share capital, thus increasing the Parent's share in Grupa Azoty SIARKOPOL's share capital from 88.20% to 97.14%.

After the reporting date, on April 12th 2016, the Parent acquired 6,083 shares in Grupa Azoty SIARKOPOL, representing 0.74% of that company's share capital, for PLN 416 thousand. Following those transactions, the Parent's share in Grupa Azoty SIARKOPOL's share capital is 97.25%.

Liquidation of Navitrans Sp. z o.o. w likwidacji (in liquidation)

On March 31st 2016, the Annual General Meeting of Navitrans Sp. z o.o. w likwidacji (in liquidation) passed resolutions to approve the company's financial statements for 2015 and for the period January 1st–March 30th 2016, as well as the liquidator's reports for those periods: the financial statements of Navitrans Sp. z o.o. w likwidacji (in liquidation) as at the day directly preceding the date of distribution to the shareholders of the assets left after the creditors' claims had been satisfied or secured (liquidation financial statements), the company liquidator's statement to the effect that all actions had been taken which are required under the Commercial Companies Code for the conclusion of the company's liquidation, distribution of the company's assets, and completion of the liquidation, approval of the financial statements as at the date of liquidation completion, and selection of the place for archiving the documents. On March 31st 2016, the amount left after the liquidation was completed, that is PLN 35,090.00, was paid out to the shareholders. The Parent held 32 shares in the liquidated company, representing 26.45% of its share capital. Accordingly, the amount attributable to the Parent was PLN 9,280.00. Likewise, each of Grupa Azoty PUŁAWY and Bałtycka Baza Masowa Sp. z o.o. held 32 shares in the liquidated company, representing 26.45% of its share capital. As at the date of this report, Navitrans Sp. z o.o. w likwidacji (in liquidation) has not yet been deleted from the National Court Register.

Agreement to sell shares in Remzap Sp. z o.o.

On December 10th 2015, REMIN Sp. z o.o. and Grupa Azoty PUŁAWY executed a conditional agreement to sell shares in REMZAP Sp. z o.o. (subsequently amended under an annex of February 4th 2016). Since REMIN Sp. z o.o. failed to fulfil conditions precedent by the time prescribed, the conditional agreement is deemed not executed.

Share capital increase at Automatyka Sp. z o.o.

On January 27th 2016, an increase in the share capital of Grupa Azoty Automatyka Sp. z o.o. was registered in the National Court Register. The company's share capital was increased by PLN 107 thousand, to PLN 4,654 thousand, through an issue of 214 new shares with a par value of PLN 500 per share, subscribed for by new shareholders (the company's employees), with the pre-emptive rights of the existing shareholders waived. Accordingly, Grupa Azoty PKCh's share in the company's share capital decreased from 79.69% to 77.86%.

2. Basis of preparation of the interim condensed consolidated financial statements

2.1. Statement of compliance and general basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as endorsed by the European Union, and in accordance with the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (consolidated text: Dz.U. of 2014, item 133), and present the Grupa Azoty Group's financial position as at March 31st 2016 and its results of operations and cash flows for the three months ended March 31st 2016.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Grupa Azoty Group for the financial year ended December 31st 2015, prepared in accordance with the International Financial Reporting Standards endorsed by the European Union ('EU IFRS') and other applicable laws.

All figures in these interim condensed consolidated financial statements are presented in thousands of zloty.

2.2. Accounting policies and computation methods

a) Applied accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the full-year consolidated financial statements for 2015.

b) Changes in International Financial Reporting Standards

A number of new Standards, amendments to Standards and Interpretations which are not yet effective for interim periods ending March 31st 2016 have not been applied in these financial statements. The Group intends to apply them for the periods for which they will be effective for the first time.

c) Changes in the presentation of the financial statements

A number of changes in the presentation of the financial statements were introduced in the reporting period with a view to implementing uniform accounting policies across the Grupa Azoty Group.

The financial information for the period January 1st–March 31st 2015 was restated to reflect these changes. The table below shows the impact of the following changes on the statement of profit or loss and other comprehensive income:

- 1 - change in the presentation of income from and cost of lease of investment property,
- 2 - change in the presentation of measurement of CO₂, and
- 3 - change in the presentation of impairment losses on trade receivables.

	Before restatement	Restated			
	For the period Jan 1- Mar 31 2015	For the period Jan 1- Mar 31 2015	Impact of change 1	Impact of change 2	Impact of change 3
Revenue	2,838,946	2,834,380	(4,566)	-	-
Cost of sales	(2,151,516)	(2,147,268)	3,533	715	-
Gross profit	687,430	687,112	(1,033)	715	
Selling and distribution expenses	(164,193)	(158,875)	-	-	5,318
Other income	18,357	17,449	4,566	-	(5,474)
Other expenses	(10,274)	(13,651)	(3,533)	-	156
Operating profit	362,863	363,578	-	715	-
Finance income	11,706	10,991	-	(715)	-
Net finance costs	(8,848)	(9,563)	-	(715)	-

The data as at December 31st 2015 were restated to account for those changes. The table below shows the impact of the following changes on the statement of financial position:

- 1 - change in the presentation of the perpetual usufruct right to land,
- 2 - change in the presentation of measurement of derivatives (forward contracts to purchase emission allowances),
- 3 - change in the presentation of derivatives,
- 4 - change in the presentation of accruals and deferrals,
- 5 - change in the presentation of deferred income,
- 6 - change in the presentation of provision for CO₂ emissions,
- 7 - change in the presentation of accounting for energy certificates, and
- 8 - change in the presentation of bonuses and rebates.

	Before restatement	Restated								
	As at Dec 31 2015	As at Dec 31 2015	Impact of change 1	Impact of change 2	Impact of change 3	Impact of change 4	Impact of change 5	Impact of change 6	Impact of change 7	Impact of change 8
Assets										
Non-current assets										
Property, plant and equipment	6,429,767	5,952,682	(477,085)	-	-	-	-	-	-	-
Perpetual usufruct of land	-	477,085	477,085	-	-	-	-	-	-	-
Other receivables	1,797	7,023	-	-	-	5,226	-	-	-	-
Other non-current assets	5,226	-	-	-	-	(5,226)	-	-	-	-
Current assets	-	-	-	-	-	-	-	-	-	-
Inventories	1,180,599	958,769	-	(221,830)	-	-	-	-	-	-
Property rights	-	226,931	-	221,830	-	-	-	-	5,101	-
Derivatives	-	4,174	-	-	4,174	-	-	-	-	-
Other financial assets	502,885	498,711	-	-	(4,174)	-	-	-	-	-
Trade and other receivables	1,078,292	1,105,403	-	-	-	32,047	-	-	-	(4,936)
Other current assets	32,047	-	-	-	-	(32,047)	-	-	-	-
Total current assets	3,552,246	3,552,411	-	-	-	-	-	-	5,101	(4,936)
Total assets	10,777,169	10,777,334	-	-	-	-	-	-	5,101	(4,936)
Equity and liabilities										
Liabilities										
Derivatives	-	986	-	-	986	-	-	-	-	-
Other financial liabilities	57,658	56,672	-	-	(986)	-	-	-	-	-
Trade and other payables	1,347,227	1,576,538	-	-	-	-	1,346	222,864	5,101	-
Provisions	273,447	45,647	-	-	-	-	-	(222,864)	-	(4,936)
Deferred income	1,346	-	-	-	-	-	(1,346)	-	-	-
Total current liabilities	1,855,802	1,855,967	-	-	-	-	-	-	5,101	(4,936)
Total liabilities	3,640,948	3,641,113	-	-	-	-	-	-	5,101	(4,936)
Total equity and liabilities	10 777 169	10 777 334	-	-	-	-	-	-	5 101	(4 936)

The financial information for the three months ended March 31st 2015 was restated to reflect those changes. The table below shows the impact of the following changes on operating segments:

- change in the presentation of lease of investment property,
- change in the presentation of measurement of CO₂, and
- change in the presentation of impairment losses on trade receivables.

	Before restatement			Restated					
	For 3 months ended Mar 31 2015			For 3 months ended Mar 31 2015			Impact of changes		
	Energy	Other	Total	Energy	Other	Total	Energy	Other	Total
<i>Continued operations</i>									
External revenues	58,307	34,267	2,838,946	58,307	29,701	2,834,380	-	(4,566)	(4,566)
Total revenue	823,091	200,366	4,734,107	823,091	195,800	4,729,541	-	(4,566)	(4,566)
Operating expenses, including:(-)	(819,212)	(203,255)	(4,379,327)	(818,497)	(194,404)	(4,369,761)	715	8,851	9,566
<i>Selling and distribution expenses</i>	(28)	(246)	(164,193)	(28)	5,072	(158,875)	-	5,318	5,318
Other income	3,753	8,517	18,357	3,753	7,609	17,449	-	(908)	(908)
Other expenses(-)	(306)	(4,489)	(10,274)	(306)	(7,866)	(13,651)	-	(3,377)	(3,377)
Segment's EBIT	7,326	1,139	362,863	8,041	1,139	363,578	715	-	715
Finance income	-	-	11,706	-	-	10,991	-	-	(715)
EBIT	7,326	1,139	362,863	8,041	1,139	363,578	715	-	715
EBITDA	25,533	30,108	484,556	26,248	30,108	485,271	715	-	715

d) Judgements and estimates

The preparation of these interim condensed consolidated financial statements requires the Management Board 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.

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 the current and any future periods affected.

The key judgements and estimates made by the Management Board in preparing these interim condensed consolidated financial statements were the same as those made in preparing the consolidated financial statements for the financial year ended December 31st 2015.

3. Selected supplementary notes

3.1. Segment reporting

Operating segments

The Grupa Azoty Group's business is carried out through four main reportable segments, each with a separate management strategy for production, sales, and marketing.

The Management Board reviews the internal management reports of each segment on a monthly basis.

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

- Agro Fertilizers Segment comprises the manufacturing or marketing of the following products:
 - Nitrogen fertilizers (Saeletrzak 27 Standard (calcium ammonium nitrate), Saeletrzak, Salmag®, Saeletrzak z borem (with boron) 27+B Standard, Salmag z borem®, ZAKsan® (Kędzierzyńska Saletra Amonowa (Kędzierzyn ammonium nitrate)), Saletra Amonowa 30 Makro, mocznik.pl® (urea), 46% granulated urea, PULGRAN®, PULAN®, RSM®, PULREA®),
 - Nitrogen-sulfur fertilizers (ammonium sulfate AS21, Saletrosan®30 (ammonium sulfate nitrate), Saletrosan® 26, POLIFOSKA® 21, Salmag z siarką®, Pulgran®S, Pulsar®, Pulaska®, RSM®S),
 - Compound fertilizers (POLIFOSKA® 4, POLIFOSKA® 5, POLIFOSKA® 6, POLIFOSKA® 8, POLIFOSKA® 12, POLIFOSKA® M, POLIFOSKA® TYTAN, POLIFOSKA® START, POLIFOSKA® Petroplon, POLIMAG® S, POLIFOSKA®PLUS, Amofoska® NPK 5-10-25 +0,1B, Amofoska® NPK 4-16-18, Amofoska® NPK 4-10-28 +2,5Mg+0,1B, Amofoska® NPK 4-12-20, Amofoska® NPKMg 4-12-12+2,5, Amofoska® NPK 4-14-32, Amofoska® Corn NPK 4-10-22 +2,5Mg+0,2Zn),
 - nitrogen-phosphorus and phosphorus fertilizers (POLIDAP® TYTAN, POLIDAP®, POLIDAP® light, Super FOS DAR 40™),
 - ammonia,
 - technical-grade and concentrated nitric acid,
 - industrial gases;
- Plastics Segment comprises the manufacturing and marketing of the following products:
 - Tarnamid® (PA6) and its modifications,
 - Tarnoform® (POM) and its modifications,
 - alphaslon™ (PA6),
 - Tarnoprop C and H (PPC, modified PPH),
 - Tarnodur A (modified PBT),
 - Tarnamid® A (modified PA66),
 - caprolactam,
 - polyamide 11 and 12 tubes, polyethylene tubes, polyamide 6 tubes,
 - Standard Ż polyamide casings;
- Chemical Segment comprises the manufacturing and marketing of the following products:
 - oxo alcohols (2-ethylhexanol, N-butanol, Isobutanol and Oktanol F),
 - plasticizers (Oxoplast® O, Oxoviflex®, Oxoplast Medica® and Oxoplast® PH),
 - titanium white (Tytanpol®),

- melamine,
- iron II sulfate (Fespol®),
- special solutions based on urea and ammonia, including: water solution of urea (Noxy®), water solution of urea with a 35%, 40% and 45% urea content (PULNOx®), ammonia water (LIKAM®);
- Energy Segment comprises the production of electricity and heat for the purposes of chemical installations and contract-based sale of electricity to customers connected to the power network;
- Other Activities Segment comprises the remaining activities, including laboratory services, catalyst production (iron-chromium catalyst, copper catalysts, iron catalysts), rental of real estate, and other activities which cannot be allocated to any of the segments specified above. None of these activities met the quantitative criteria to be separated as a reportable segment in the first quarter of 2016 and 2015.

Performance of each of the segments is discussed below. Performance of each segment is measured based on revenue, EBIT and EBITDA.

Operating segments

Revenue, expenses and financial results of the operating segments for the three months ended March 31st 2016

	Agro Fertilizers	Plastics	Chemicals	Energy	Other Activities	Total
Continued operations						
External revenues	1,576,201	278,167	534,858	60,312	26,096	2,475,634
Inter-segment revenue	583,416	166,426	227,732	583,695	253,048	1,814,317
Total revenue	2,159,617	444,593	762,590	644,007	279,144	4,289,951
Operating expenses, including: (-)	(1,821,347)	(470,126)	(701,414)	(638,034)	(264,550)	(3,895,471)
<i>Selling and distribution expenses (-)</i>	(111,563)	(13,359)	(36,579)	(32)	(605)	(162,138)
<i>Administrative expenses (-)</i>	(91,898)	(26,445)	(39,475)	(4,127)	(12,254)	(174,199)
Other income	525	1,123	1,170	916	4,679	8,413
Other expenses (-)	(1,465)	(795)	(636)	(768)	(10,004)	(13,668)
Segment's EBIT	337,330	(25,205)	61,710	6,121	9,269	389,225
Finance income	-	-	-	-	-	8,421
Finance costs (-)	-	-	-	-	-	(19,939)
Share of profit of equity-accounted investees	-	-	-	-	-	2,708
Profit before tax	-	-	-	-	-	380,415
Result from discontinued operations						-
Tax expense	-	-	-	-	-	(73,424)
Profit for the period	-	-	-	-	-	306,991
EBIT*	337,330	(25,205)	61,710	6,121	9,269	389,225
Depreciation and amortisation	41,988	12,406	24,840	19,544	21,743	120,521
Unallocated depreciation and amortisation	-	-	-	-	-	6,916
EBITDA**	379,318	(12,799)	86,550	25,665	31,012	516,662

* EBIT is calculated as operating profit (loss) as disclosed in the statement of profit or loss and adjusted for gain from a bargain purchase.

** EBITDA is calculated as operating profit (loss) before depreciation and amortisation and adjusted for gain from a bargain purchase.

Revenue, expenses and financial results of the operating segments for the three months ended March 31st 2015*

	Agro Fertilizers	Plastics	Chemicals	Energy	Other Activities	Total
Continued operations						
External revenues	1,797,784	340,083	608,505	58,307	29,701	2,834,380
Inter-segment revenue	593,640	77,268	293,370	764,784	166,099	1,895,161
Total revenue	2,391,424	417,351	901,875	823,091	195,800	4,729,541
Operating expenses, including: (-)	(2,056,953)	(430,799)	(869,108)	(818,497)	(194,404)	(4,369,761)
<i>Selling and distribution expenses (-)</i>	(114,399)	(14,244)	(35,276)	(28)	5,072	(158,875)
<i>Administrative expenses (-)</i>	(89,824)	(25,006)	(39,349)	(3,198)	(11,080)	(168,457)
Other income	4,690	339	1,058	3,753	7,609	17,449
Other expenses(-)	(2,515)	(730)	(2,234)	(306)	(7,866)	(13,651)
Segment's EBIT	336,646	(13,839)	31,591	8,041	1,139	363,578
Finance income	-	-	-	-	-	10,991
Finance costs (-)	-	-	-	-	-	(20,554)
Share of profit of equity-accounted investees	-	-	-	-	-	3,100
Profit before tax	-	-	-	-	-	357,115
Result from discontinued operations	-	-	-	-	-	-
Tax expense	-	-	-	-	-	(51,278)
Profit for the period	-	-	-	-	-	305,837
EBIT**	336,646	(13,839)	31,591	8,041	1,139	363,578
Depreciation and amortisation	38,282	11,904	22,594	18,207	28,969	119,956
Unallocated depreciation and amortisation	-	-	-	-	-	1,737
EBITDA***	374,928	(1,935)	54,185	26,248	30,108	485,271

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

** EBIT is calculated as operating profit (loss) as disclosed in the statement of profit or loss and adjusted for gain from a bargain purchase.

*** EBITDA is calculated as operating profit (loss) before depreciation and amortisation and adjusted for gain from a bargain purchase.

Geographical areas

Revenue split by geographical areas is determined based on customer location. Assets are allocated to geographical areas based on the assets' location.

Revenue

	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015* restated
Poland	1,523,637	1,619,188
Germany	257,436	307,677
Other EU countries	518,031	616,271
Asian countries	81,797	141,270
African countries	57,358	48,966
South American countries	729	51,845
Other countries	36,646	49,163
Total	2,475,634	2,834,380

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

No single customer accounted for more than 10% of revenue in Q1 2016 and Q1 2015.

3.2. Contingent assets and liabilities, sureties, guarantees and other security

Contingent assets

	as at Mar 31 2016	as at Dec 31 2015
Contingent receivables	23,995	22,149

Contingent liabilities, sureties and guarantees

	as at Mar 31 2016	as at Dec 31 2015
Guarantees	811	987
Other contingent liabilities	21,028	26,381
	21,839	27,368

3.3. Accounting estimates and assumptions

In the reporting period, the following changes in accounting estimates were made:

Changes in provisions and employee benefit obligations (excluding deferred tax liability)

	for the period Jan 1-Mar 31 2016	for the period Jan 1-Dec 31 2015* restated	for the period Jan 1-Mar 31 2015* restated
Balance at the beginning of the period	506,522	492,708	492,708
Recognised	4,584	69,618	2,400
Reversed (-)	(2,810)	(19,370)	(758)
Used (-)	(6,937)	(36,434)	(1,031)
Balance at the end of the period	501,359	506,522	493,319

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

Changes in impairment losses of property, plant and equipment

	for the period Jan 1-Mar 31 2016	for the period Jan 1-Dec 31 2015	for the period Jan 1-Mar 31 2015
Balance at the beginning of the period	259,689	203,714	203,714
Recognised	-	59,402	24
Reversed (-)	(45)	(734)	-
Used (-)	(24)	(2,693)	(876)
Balance at the end of the period	259,620	259,689	202,862

Changes in inventory write-downs

	for the period Jan 1-Mar 31 2016	for the period Jan 1-Dec 31 2015	for the period Jan 1-Mar 31 2015
Balance at the beginning of the period	50,432	45,163	45,163
Effect of acquisition of subsidiaries	-	-	-
Recognised	10,682	50,357	10,474
Reversed (-)	(5,762)	(25,993)	(6,910)
Used (-)	(5,826)	(19,095)	(2,495)
Balance at the end of the period	49,526	50,432	46,232

Changes in impairment losses on receivables

	for the period Jan 1-Mar 31 2016	for the period Jan 1-Dec 31 2015	for the period Jan 1-Mar 31 2015
Balance at the beginning of the period	63,479	74,324	74,324
Effect of acquisition of subsidiaries	-	-	-
Recognised	927	8,057	2,013
Reversed (-)	(1,004)	(10,126)	(7,373)
Used (-)	(5,015)	(8,776)	(6,503)
Balance at the end of the period	58,387	63,479	62,461

3.4. Related-party transactions

Significant related-party transactions:

a) Significant related-party transactions executed by the Grupa Azoty Group on non-arm's length terms

In the three months ended March 31st 2016, the Grupa Azoty Group did not execute any related-party transactions on non-arm's length terms.

b) Transactions with members of the Management Board and Supervisory Board of the Parent, their spouses, siblings, ascendants, descendants or other closely related persons

During the three months ended March 31st 2016, the Grupa Azoty Group did not grant any advances, loans, guarantees or sureties to management or supervisory personnel or persons closely related to them, nor did it enter into any agreements with them to provide benefits to the Group.

3.5. Events after the end of the reporting period that could impact future financial performance

No such events were recorded.

3.6. Dividends

In Q1 2016, the Parent did not pay any dividend.

On April 21st 2016, the Management Board of the Parent passed a resolution to recommend to the Annual General Meeting that the net profit for 2015, in the amount of PLN 209,054,968.10, be allocated as follows:

- PLN 83,324,206.56 for dividend to the shareholders (PLN 0.84 per share);
- PLN 125,730,761.54 to the statutory reserve funds.

Pursuant to Art. 382.3 of the Commercial Companies Code, the Management Board is now to submit the recommendation to the Supervisory Board to obtain its opinion. The final decision on the profit distribution will be made by the Annual General Meeting of the Parent.

3.7. Seasonality of operations

Seasonality of operations is seen mainly in the markets for mineral fertilizers and pigments.

Mineral fertilizers

Each year, the first quarter is a period of increased activity in the agricultural sector, when demand for agricultural materials (including mineral fertilizers) is at all-year high. The seasonality of fertilizer sales at the Grupa Azoty Group is minimised through a distribution strategy based on year-round supplies as well as fertilizer allocation on various geographical markets.

Titanium white

Because of its chief application (as a component of paints and varnishes), titanium white is a seasonal product used in structural construction. The first quarter usually sees a decline in the sales of titanium white, but the demand for the product depends on the economic situation: if the general economic conditions are favourable, the demand goes up.

For other chemicals manufactured by the Grupa Azoty Group, seasonality may occur but it has limited effect on the Group's performance as such chemicals' contribution to the total output is not material.

Interim condensed separate financial statements for
the three months ended March 31st 2016 prepared in
accordance with IAS 34 'Interim Financial Reporting' as
endorsed by the European Union

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Grupa Azoty S.A. presents the interim condensed separate financial statements for the three months ended March 31st 2016, comprising:

- Condensed separate statement of profit or loss and other comprehensive income for the period January 1st-March 31st 2016,
- Condensed separate statement of financial position as at March 31st 2016,
- Condensed separate statement of changes in equity for the period January 1st-March 31st 2016,
- Condensed separate statement of cash flows for the period January 1st-March 31st 2016,
- Supplementary information to the interim condensed separate financial statements.

These interim condensed separate financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as endorsed by the European Union, and give a fair and clear view of the assets, financial position and performance of the Company.

Signatures of the Members of the Management Board

.....
Mariusz Bober
President of the Management Board

.....
Andrzej Skolmowski
Vice-President of the Management Board

.....
Witold Szczypiński
Vice-President of the Management Board
Director General

.....
Tomasz Hinc
Member of the Management Board

.....
Artur Kopeć
Member of the Management Board

.....
Józef Rojek
Member of the Management Board

Person entrusted with maintaining accounting records

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

Tarnów, May 9th 2016

Condensed separate statement of profit or loss and other comprehensive income

	for the period Jan 1 – Mar 31 2016	for the period Jan 1 – Mar 31 2015* restated
	<i>unaudited</i>	<i>unaudited</i>
Profit or loss		
Revenue	436,233	498,478
Cost of sales	(340,408)	(407,176)
Gross profit	95,825	91,302
Selling and distribution expenses	(23,830)	(25,108)
Administrative expenses	(35,393)	(33,108)
Other income	2,651	2,575
Other expenses	(6,022)	(4,658)
Operating profit	33,231	31,003
Finance income	3,649	3,338
Finance costs	(8,984)	(9,290)
Net finance costs	(5,335)	(5,952)
Profit before tax	27,896	25,051
Tax expense	(5,638)	(7,121)
Profit for the period	22,258	17,930
Other comprehensive income		
Items that are or may be reclassified to profit or loss		
Cash flow hedging - effective portion of fair-value change	(345)	-
Other comprehensive income for the year	(345)	-
Total profit or loss and other comprehensive income	21,913	17,930
Earnings per share:		
Basic (PLN)	0.22	0.18
Diluted (PLN)	0.22	0.18

* Financial data restated as described in the 'Supplementary information to the interim condensed separate financial statements'.

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed separate statement of financial position

	as at Mar 31 2016	as at Dec 31 2015* restated
	<i>unaudited</i>	<i>audited</i>
Assets		
Non-current assets		
Property, plant and equipment	1,183,248	1,098,589
Perpetual usufruct of land	377	377
Investment property	29,013	28,137
Intangible assets	49,789	50,442
Investments in subordinated entities	3,866,159	3,832,536
Available-for-sale financial assets	12,134	12,134
Other financial assets	252,649	218,115
Total non-current assets	5,393,369	5,240,330
Current assets		
Inventories	166,700	188,843
Property rights	19,481	32,272
Derivatives	1,520	986
Other financial assets	30,193	29,186
Trade and other receivables	238,358	252,726
Cash and cash equivalents	25,012	111,942
Assets held for sale	340	340
Total current assets	481,604	616,295
Total assets	5,874,973	5,856,625

* Financial data restated as described in the 'Supplementary information to the interim condensed separate financial statements'.

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed separate statement of financial position (continued)

	as at Mar 31 2016	as at Dec 31 2015* restated
	<i>unaudited</i>	<i>audited</i>
Equity and liabilities		
Equity		
Share capital	495,977	495,977
Share premium	2,418,270	2,418,270
Hedging reserve	(280)	65
Retained earnings, including:	1,490,717	1,468,459
<i>Profit for the period</i>	22,258	209,055
Total equity	4,404,684	4,382,771
Liabilities		
Borrowings	936,212	935,550
Other financial liabilities	409	244
Employee benefit obligations	50,679	50,679
Provisions	24,583	24,446
Government grants received	3,125	3,163
Deferred tax liabilities	35,409	29,770
Total non-current liabilities	1,050,417	1,043,852
Borrowings	109,876	48,962
Derivatives	72	499
Other financial liabilities	59,676	46,055
Employee benefit obligations	2,694	2,694
Trade and other payables	230,412	324,464
Provisions	5,167	5,014
Government grants received	11,975	2,314
Total current liabilities	419,872	430,002
Total liabilities	1,470,289	1,473,854
Total equity and liabilities	5,874,973	5,856,625

* Financial data restated as described in the 'Supplementary information to the interim condensed separate financial statements'.

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed separate statement of changes in equity for the period ended March 31st 2016

	Share capital	Share premium	Hedging reserve	Retained earnings	Total equity
Balance as at January 1st 2016	495,977	2,418,270	65	1,468,459	4,382,771
<i>Profit or loss and other comprehensive income</i>					
Profit for the period				22,258	22,258
Other comprehensive income			(345)	-	(345)
Total profit or loss and other comprehensive income			(345)	22,258	21,913
Balance as at March 31st 2016 (unaudited)	495,977	2,418,270	(280)	1,490,717	4,404,684

for the period ended March 31st 2015

	Share capital	Share premium	Retained earnings	Total equity
Balance as at January 1st 2015	495,977	2,418,270	1,260,094	4,174,341
<i>Profit or loss and other comprehensive income</i>				-
Profit for the period	-	-	17,930	17,930
Total profit or loss and other comprehensive income	-	-	17,930	17,930
Balance as at March 31st 2015 (unaudited)	495,977	2,418,270	1,278,024	4,192,271

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed separate statement of cash flows

	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015
	<i>unaudited</i>	<i>unaudited</i>
Cash flows from operating activities		
Profit before tax	27,896	25,051
<i>Adjustments for:</i>	<i>27,010</i>	<i>27,044</i>
Depreciation and amortisation	22,933	22,502
Impairment losses	(9)	6
Loss from investing activities	32	598
Loss on disposal of financial assets	11	-
Interest, foreign exchange gains or losses	5,004	7,884
Change in fair value of financial assets at fair value through profit or loss	(961)	(3,946)
<i>Cash from operating activities before changes in working capital</i>	<i>54,906</i>	<i>52,095</i>
Change in trade and other receivables	2,369	9,122
Change in inventories	34,256	49,329
Change in trade and other payables	(42,181)	(17,961)
Change in provisions, prepayments and grants	(29,456)	15,216
<i>Cash generated from operating activities</i>	<i>19,894</i>	<i>107,801</i>
Net cash from operating activities	19,894	107,801

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Condensed separate statement of cash flows (continued)

	for the period Jan 1– Mar 31 2016	for the period Jan 1– Mar 31 2015
	<i>unaudited</i>	<i>unaudited</i>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, intangible assets and investment property	521	866
Acquisition of property, plant and equipment, intangible assets and investment property	(107,241)	(49,516)
Acquisition of financial assets	(33,643)	-
Proceeds from sale of financial assets	9	-
Interest received	1,671	-
Loans	(35,542)	-
Other disbursements	(511)	(1,463)
Net cash used in investing activities	(174,736)	(50,113)
Cash flows from financing activities		
Proceeds from loans and borrowings	60,104	47,420
Payment of loans and borrowings	-	(76,743)
Interest paid	(5,548)	(6,845)
Payment of finance lease liabilities	(194)	(162)
Other proceeds/(disbursements)	13,550	(8,064)
Net cash from/used in financing activities	67,912	(44,394)
Net increase/(decrease) in cash and cash equivalents	(86,930)	13,294
Cash and cash equivalents at the beginning of the period	111,942	27,431
Cash and cash equivalents at the end of the period	25,012	40,725

The supplementary information and notes are an integral part of these interim condensed consolidated financial statements.

Supplementary information to the interim condensed separate financial statements

These interim condensed separate financial statements should be read in conjunction with the interim condensed consolidated financial statements of the Grupa Azoty Group for the three months ended March 31st 2016, and the audited separate financial statements of Grupa Azoty S.A. for the financial year ended December 31st 2015.

The accounting policies applied in these interim condensed separate financial statements are the same as those applied in the full-year separate financial statements for 2015.

In the opinion of the Management Board of Grupa Azoty S.A., supplementary information to the interim condensed consolidated financial statements of the Grupa Azoty Group contains all relevant data required to properly assess the Company's assets and financial position in the presented period.

A number of changes in the presentation of the financial statements were introduced in the reporting period with a view to implementing uniform accounting policies across the Grupa Azoty Group.

The financial information for the period January 1st–March 31st 2015 was restated to reflect these changes. The table below shows the impact of the following changes on the statement of profit or loss and other comprehensive income:

- 1 - change in the presentation of income from and cost of lease of investment property,
- 2 - change in the presentation of measurement
- of CO₂, and
- 3 - change in the presentation of impairment losses on trade receivables.

	Before restatement	Restated			
	For the period Jan 1- Mar 31 2015	For the period Jan 1- Mar 31 2015	Impact of change	Impact of change	Impact of change
Revenue	500,415	498,478	(1,937)	-	-
Cost of sales	(409,052)	(407,176)	1,161	715	-
Gross profit	91,363	91,302	(776)	715	-
Selling and distribution expenses	(25,134)	(25,108)	-	-	26
Other income	664	2,575	1,937	-	(26)
Other expenses	(3,497)	(4,658)	(1,161)	-	-
Operating profit	30,288	31,003	-	715	-
Finance income	4,053	3,338	-	(715)	-
Net finance costs	(5,237)	(5,952)	-	(715)	-

The data as at December 31st 2015 were restated to account for those changes. The table below shows the impact of the following changes on the statement of financial position:

- 1 - change in the presentation of the perpetual usufruct right to land,
- 2 - change in the presentation of measurement of derivatives (forward contracts to purchase emission allowances),
- 3 - change in the presentation of derivatives,
- 4 - change in the presentation of accruals and deferrals,
- 5 - change in the presentation of deferred income,
- 6 - change in the presentation of provision for CO₂ emissions,
- 7 - change in the presentation of accounting for energy certificates, and
- 1 - change in the presentation of lease of investment property to related entities,

	Before restatement	Restated								
	As at Dec 31 2015	As at Dec 31 2015	Impact of change 1	Impact of change 2	Impact of change 3	Impact of change 4	Impact of change 5	Impact of change 6	Impact of change 7	Impact of change 8
Assets										
Non-current assets										
Property, plant and equipment	1,114,240	1,098,589	(377)	-	-	-	-	-	-	(15,274)
Perpetual usufruct of land	-	377	377	-	-	-	-	-	-	-
Investment property	12,863	28,137	-	-	-	-	-	-	-	15,274
Current assets										
Inventories	220,437	188,843	-	(31,594)	-	-	-	-	-	-
Property rights	-	32,272	-	31,594	-	-	-	-	678	-
Derivatives	-	986	-	-	986	-	-	-	-	-
Other financial assets	30,172	29,186	-	-	(986)	-	-	-	-	-
Trade and other receivables	246,894	252,726	-	-	-	5,832	-	-	-	-
Other current assets	5,832	-	-	-	-	(5,832)	-	-	-	-
Total current assets	615,617	616,295	-	-	-	-	-	-	678	-
Total assets	5,855,947	5,856,625	-	-	-	-	-	-	678	-
Equity and liabilities										
Liabilities										
Derivatives	-	499	-	-	499	-	-	-	-	-
Other financial liabilities	46,554	46,055	-	-	(499)	-	-	-	-	-
Trade and other payables	286,630	324,464	-	-	-	-	5	37,151	678	-
Provisions	42,165	5,014	-	-	-	-	-	(37,151)	-	-
Deferred income	5	-	-	-	-	-	(5)	-	-	-
Total current liabilities	429,324	430,002	-	-	-	-	-	-	678	-
Total liabilities	1,473,176	1,473,854	-	-	-	-	-	-	678	-
Total equity and liabilities	5,855,947	5,856,625	-	-	-	-	-	-	678	-

Management's discussion and analysis:
the Grupa Azoty Group in Q1 2016

1. General information on the Grupa Azoty Group

The Grupa Azoty Group is one of major Central European chemical groups with a strong presence on the market of mineral fertilizers, engineering plastics, OXO products and other chemicals.

Grupa Azoty has brought together companies with different traditions and complementary business profiles, seeking to leverage their potential to deliver a common strategy. This has led to the creation of Poland's largest chemical company and a major industry player in Europe. Thanks to its carefully designed structure, the Group offers a diverse product mix, ranging from nitrogen and compound fertilizers, engineering plastics, to OXO products and melamine.

Grupa Azoty S.A., the Parent of the Grupa Azoty Group, has been listed at the Warsaw Stock Exchange since June 30th 2008. It is included in the WIG, WIG30, mWIG 40, WIG-Poland, and WIG-CHEMIA indices, as well as the Respect Index. Its shares are also a constituent of foreign indices: MSCI Emerging Markets and FTSE Emerging Markets.

As at March 31st 2016, the Grupa Azoty Group (the "Grupa Azoty Group" or "Group") comprised Grupa Azoty S.A. (the "Parent") and nine subsidiaries.

Parent

The Parent's registered office is in Tarnów, at ul. Kwiatkowskiego 8. Since April 22nd 2013, the Company has been trading under the name Grupa Azoty Spółka Akcyjna (abbreviated to Grupa Azoty S.A.).

Grupa Azoty S.A. is an integrated manufacturer of polyamide 6, obtained through polymerisation of caprolactam produced by the Group. It also specialises in the production of nitrogen-sulfur fertilizers.

Parent's subsidiaries

Grupa Azoty Zakłady Azotowe Puławy S.A.

The company has its registered office in Puławy, at Al. Tysiąclecia Państwa Polskiego 13. Since April 4th 2013, it has been trading under the name Grupa Azoty Zakłady Azotowe Puławy Spółka Akcyjna ("Grupa Azoty PUŁAWY").

Grupa Azoty PUŁAWY specialises in the production of nitrogen fertilizers and is one of the largest melamine manufacturers in the world.

Grupa Azoty Zakłady Azotowe Kędzierzyn Spółka Akcyjna

The company has its registered office in Kędzierzyn-Koźle, at ul. Mostowa 30A. Since January 11th 2013, it has been trading under the name Grupa Azoty Zakłady Azotowe Kędzierzyn Spółka Akcyjna ("Grupa Azoty ZAK" or "Grupa Azoty KĘDZIERZYN").

The company's two main business pillars are nitrogen fertilizers and OXO products (OXO alcohols and plasticisers).

Grupa Azoty Zakłady Chemiczne Police Spółka Akcyjna

The company has its registered office in Police, at ul. Kuźnicka 1. Since June 3rd 2013, it has been trading under the name Grupa Azoty Zakłady Chemiczne Police Spółka Akcyjna ("Grupa Azoty POLICE").

Grupa Azoty POLICE is a major manufacturer of compound and nitrogen fertilizers, as well as titanium white.

Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol Spółka Akcyjna

The company's registered office is located in Grzybów. Since February 11th 2014, the company has been trading under the name Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol Spółka Akcyjna ("Grupa Azoty SIARKOPOL").

Grupa Azoty SIARKOPOL is the largest producer of liquid sulfur on the domestic market.

Grupa Azoty ATT Polymers GmbH

The company's registered office is located in Guben, Germany. Since July 10th 2013, the company has been trading under the name Grupa Azoty ATT Polymers GmbH.

It is a manufacturer of polyamide 6 (PA6).

Grupa Azoty Polskie Konsorcjum Chemiczne Spółka z ograniczoną odpowiedzialnością

The company's registered office is located in Tarnów, at ul. Kwiatkowskiego 7. Since February 28th 2013, the company has been trading under the name Grupa Azoty Polskie Konsorcjum Chemiczne Spółka z ograniczoną odpowiedzialnością ("Grupa Azoty PKCh Sp. z o.o.").

Grupa Azoty PKCh provides comprehensive design services encompassing complete design support for investment projects in the chemical industry – from study and concept works to process and construction design and working plans for services during the construction, start-up and operation of process units.

Grupa Azoty Koltar Spółka z ograniczoną odpowiedzialnością

The company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego 8. Since March 6th 2013, the company has been trading under the name Grupa Azoty Koltar Spółka z ograniczoną odpowiedzialnością ("Grupa Azoty Koltar Sp. z o.o.").

Grupa Azoty Koltar provides railway transport services throughout the country. It is one of the few organisations in Poland to have licences required to perform comprehensive repairs of rail wagon chassis and tank wagons suitable for transport of dangerous goods by rail according to RID.

Grupa Azoty Folie Spółka z ograniczoną odpowiedzialnością

The company's registered office is located in Tarnów.

The company's core business is research and development in technical science.

Grupa Azoty Compounding Spółka z ograniczoną odpowiedzialnością

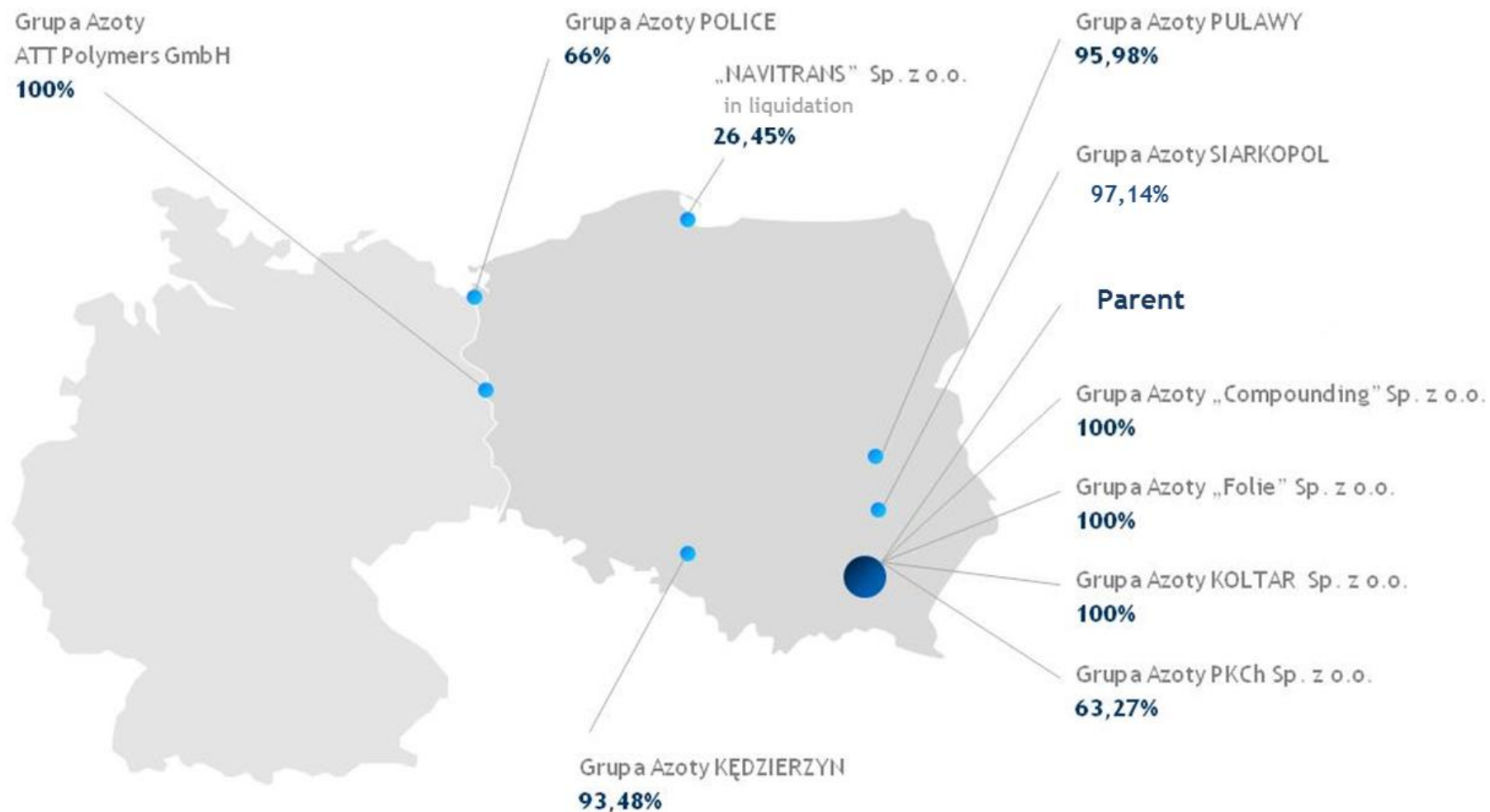
The company's registered office is located in Tarnów.

The company's business model is based on a portfolio of specialised engineering plastics made through compounding of plastics, with the use of innovative technological solutions.

Parent's shareholdings in subsidiaries as at March 31st 2016

<i>(currency)</i>			
Company	Registered office/address	Share capital	% of shares held directly
Grupa Azoty ATT Polymers GmbH	Forster Straße 72 03172 Guben, Germany	EUR 9,000,000	100.00
Grupa Azoty Compounding Sp. z o.o.	ul. Chemiczna 118 33-101 Tarnów, Poland	PLN 5,000	100.00
Grupa Azoty Folie Sp. z o.o.	ul. Chemiczna 118 33-101 Tarnów, Poland	PLN 5,500,000	100.00
Grupa Azoty Koltar Sp. z o.o.	ul. Kwiatkowskiego 8 33-101 Tarnów, Poland	PLN 32,760,000	100.00
Grupa Azoty PUŁAWY	al. Tysiąclecia Państwa Polskiego 13 24-110 Puławy, Poland	PLN 191,150,000	95.98
Grupa Azoty KĘDZIERZYN	ul. Mostowa 30 A skr. poczt. 163 47-220 Kędzierzyn-Koźle, Poland	PLN 285,064,300	93.48
Grupa Azoty SIARKOPOL	Grzybów, 28-200 Staszów, Poland	PLN 55,000,000	97.14
Grupa Azoty POLICE	ul. Kuźnicka 1 72-010 Police, Poland	PLN 750,000,000	66.00
Grupa Azoty PKCh Sp. z o.o.	ul. Kwiatkowskiego 7 33-101 Tarnów, Poland	PLN 85,630,550	63.27

The Parent and its subsidiaries as at March 31st 2016



2. Assets and financial position

2.1. Assessment of factors and non-typical events having a material impact on the Group's operations and financial performance

Volatility of exchange rates

One of the factors which had an impact on the financial performance of the Grupa Azoty Group was the downgrade of Poland's credit rating by Standard & Poor's (S&P) on what it perceived as higher political risk, in the context of increased global risk caused by China's slower economic growth. The downgrade was followed by a significant weakening of the zloty against the euro and the US dollar, a trend observed till the end of January 2016. However, information about the good condition of the Polish economy helped the Polish currency recover, so the PLN/EUR exchange rate returned to the level seen at the end of 2015, and the PLN/USD rate was back to the late-September level.

Overall, during Q1 2016, the Polish currency depreciated by approximately 0.2% against the euro and strengthened by about 3.6% against the US dollar relative to December 31st 2015. Also, the average PLN/EUR and PLN/USD exchange rates in Q1 2016 were lower by approximately 2.37% and 1.66%, respectively, compared with Q4 2015.

The Group considers the current and planned net currency exposures and reduces the existing currency risk resulting from the currency exposure by using selected hedging instruments and activities. In the reporting period, the Group used primarily natural hedging, factoring and discounting of receivables denominated in foreign currencies, as well as currency forwards covering up to 80% of the remaining currency exposure with time horizon of less than 6 months, and up to 50% of the remaining currency exposure with time horizon of more than 6 but less than 12 months.

Pursuant to the 'Policy of Financial Risk Management (currency risk and interest rate risk)', in Q1 2016 the Group entered into EUR and USD forward swaps hedging its planned exposure to the two currencies, in order to mitigate the adverse impact of exchange rate fluctuations on cash flows.

The Grupa Azoty Group's result on hedging transactions realised in the first three months of 2016 was PLN (2,862) thousand. The result on revaluation of hedging instruments was PLN 6,268 thousand.

On the unhedged net currency exposure, the Grupa Azoty Group reported a realised foreign exchange gain of PLN 1,425 thousand, and a net loss on unrealised foreign-exchange differences of PLN (6,520) thousand.

In total, during the first three months of 2016, the Group's total result on foreign exchange differences and currency derivatives (taking into account revaluation as at the reporting date) was PLN (1,689) thousand (including PLN (1,437) thousand on realised foreign exchange differences and currency hedging transactions and PLN (252) thousand on unrealised items and hedging).

As at March 31st 2016, the Grupa Azoty Group did not have any unrealised interest rate risk hedges. In the first three months of 2016, the Group reported a PLN (8,620) thousand loss on valuation of futures contracts for the purchase of CO₂ emission allowances.

Since September 28th 2015, the Grupa Azoty Group has applied cash flow hedge accounting. The hedged items are highly probable future proceeds from sale transactions in the euro, which will be recognised in profit or loss in the period from December 2018 to June 2025. The hedging covers currency risk. The hedge is a euro-denominated credit facility with a value of EUR 50m as at March 31st 2016, repayable from December 2018 to June 2025 in 14 equal half-yearly instalments of EUR 3,571 thousand each. As at March 31st 2016, the fair value of the facility was PLN 214,154 thousand. As at March 31st 2016, the hedging reserve included PLN (280) thousand on account of the effective hedge. In Q1 2016, the Grupa Azoty Group did not reclassify any hedge accounting amounts from other comprehensive income to the statement of profit or loss.

2.2. Market overview

Domestic demand, supported by steadily rising consumption and investments, remains the main driving force behind Poland's economic growth.

What contributes to the rising demand are favourable conditions on the labour market, positive consumer sentiment, sound financial standing of companies, high production capacity utilisation rates, and growth in lending activity.

According to the NBP's forecasts published on March 15th 2016, Poland's GDP will grow 3.8% in 2016. The market conditions will remain favourable in H1 2016, with a possible slowdown of the economic growth expected in H2, to 3.3% (in Q4 2016).

AGRO FERTILIZERS

Economic conditions in agriculture

In Q1 2016, the economic conditions prevailing in agriculture did not change relative to the previous quarter. In February 2016, the synthetic index of agricultural production fell 0.7 p.p., to its six-month low. However, it was still 0.3 p.p. higher than in February 2015.

The decrease was primarily caused by a decline in the seasonally adjusted potential demand index, lower food production index, and deterioration of the seasonally adjusted foreign trade in agricultural and food products index in late 2015 and early 2016.

The challenging situation in agriculture was alleviated to some extent by a slight reduction in retail prices of food products at the end of 2015 and improvement in the earnings index, started in December 2015.

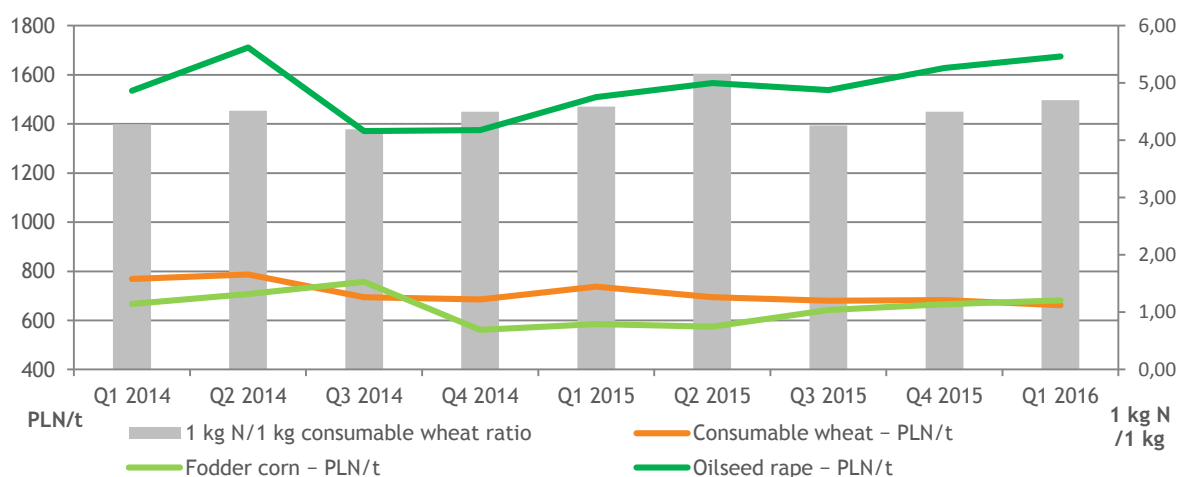
In Q1 2016, the index of prices of means of agricultural production did not change over the previous quarter. The quoted prices of mineral fertilizers went slightly up. A seasonal spring revival on the market of means of agricultural production is expected in the months following the disbursement of direct subsidies.

In Q1 2016:

- given the perceived good condition of winter wheat in the US, high global grain stocks and good forecasts for harvest in 2016/2017, no increase in prices is expected on the global markets,
- some volatility of grain prices and slightly lower supply did not translate into price growth on the domestic market. Stronger rapeseed market after record-high exports reduced the stocks and boosted the prices.

No significant improvement in the economic conditions in agriculture should be expected in the near term.

Wheat, corn and oilseed rape prices



Source: Ministry of Agriculture and Rural Development.

	Average Q1 2015 PLN/t	Average Q1 2016 PLN/tonne	qoq %	3-2016 PLN/t	MIN 2016 PLN/t	MAX 2016 PLN/t
Consumable wheat	738	662	-10 ↓	650	650	677
Fodder corn	585	681	16	668	668	693
Rapeseed	1,508	1,675	11	1,672	1,663	1,690

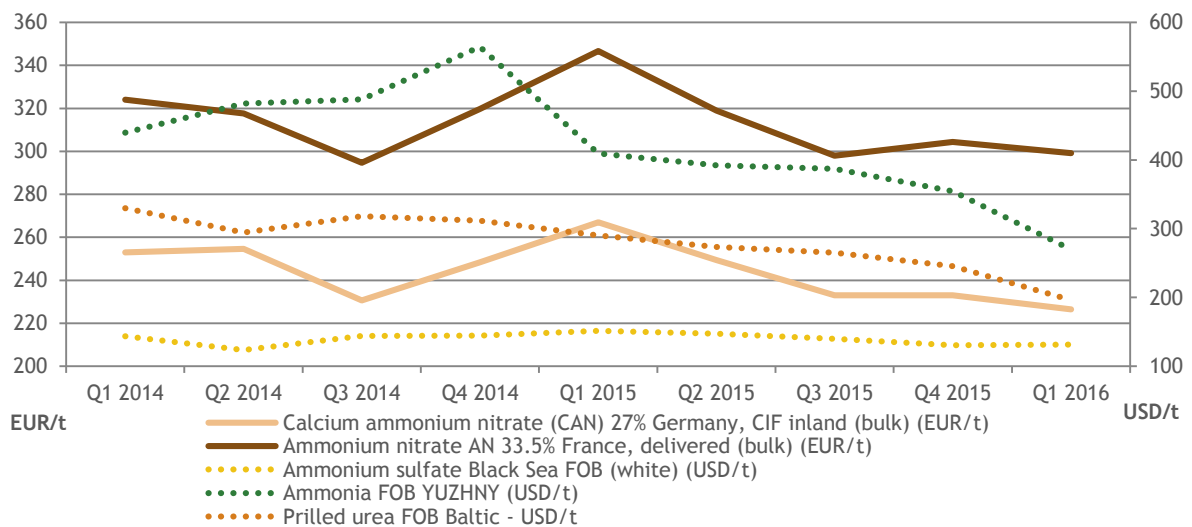
Source: Ministry of Agriculture and Rural Development.

Nitrogen fertilizers

In Q1 2016, domestic demand for mineral fertilizers was similar to that reported in Q1 2015. This was an effect of continuing low prices of agricultural produce, the agricultural sector's expectation of fertilizer price reductions, and delayed payments of direct subsidies by the Agency for Restructuring and Modernisation of Agriculture. Like in Q1 2015, demand grew in March, when the first dose of nitrogen fertilizers is applied by farmers. There were no availability constraints on the fertilizer market. Prices of nitrogen fertilizers were lower than a year earlier and may continue at similar levels in the next quarter.

The situation in Western Europe followed the same patterns as in Poland. The nitrogen fertilizers market was affected by the situation on the global urea market and falling urea prices, which – as the agricultural industry experts believe – will translate into declines in nitrate fertilizer prices in Europe.

Prices of nitrogen fertilizers (urea, CAN, AN, AS,) and ammonia



Source: ICIS, Argus FMB, Profercy.

The gas price decline and deterioration of global economic conditions were followed by a year-on-year decrease in prices of fertilizers and related semi-products, mainly urea (down 32%) and ammonia (down 34%).

	Average Q1 2015 EUR/t	Average Q1 2016 EUR/t	Q/Q %	3-2016 EUR/t	MIN 2016 EUR/t	MAX 2016 EUR/t
CAN 27%						
Germany CIF inland (bulk)	267	227	-15 ↓	223	223	230
AN 33.5%						
France, delivered (bulk)	347	299	-14 ↓	295	295	302
			qoq	USD/t	USD/t	USD/t
Ammonia (FOB Yuzhny)	410	270	-34 ↓	270	262	276
Urea (FOB Baltic)	290	196	-32 ↓	187	187	205
AS (Black Sea FOB white)	151	131	-13 ↓	130	130	134

Source: ICIS, Argus FMB, Profercy.

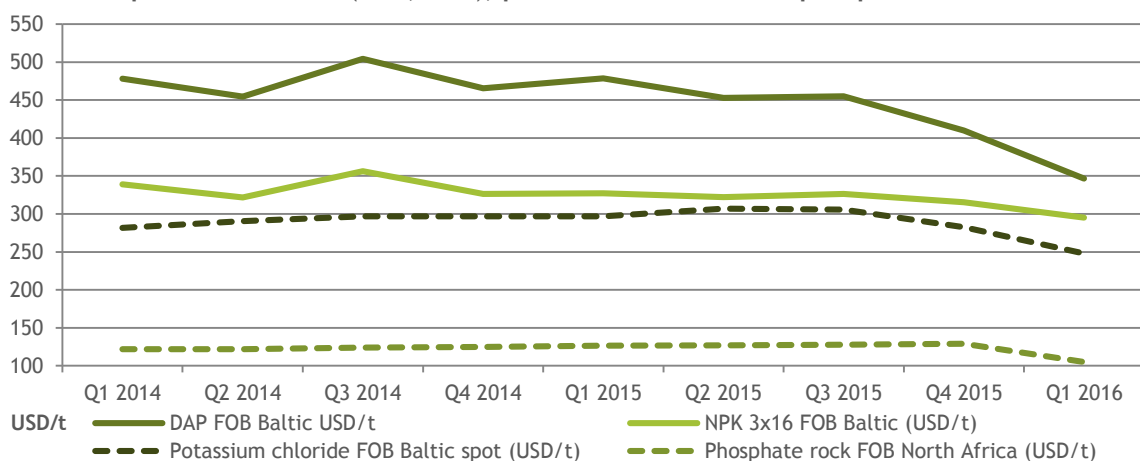
Market of compound fertilizers

In Q1 2016, revenues from retail sales of NPK fertilizers in Poland fell down, mainly due to many farms having liquidity problems. Delays in payment of EU subsidies and falling prices of agricultural produce forced many farmers to postpone purchases of fertilizers, including in particular compound fertilizers. Compared with last year, there was a strong increase in the number of fertilizer sale transactions executed on a deferred payment basis, e.g. with payments deferred until after the 2016 harvest or till the year end.

Q1 2016 was a challenging period for European manufacturers of NPK fertilizers. Stocks remained high both at manufacturers' warehouses and in the distribution channel, and the EU's leading producers of NPK fertilizers scaled down their production volumes. Demand for NPK fertilizers was limited also outside of Europe. Russian manufacturers markedly reduced the prices of their basic NPK fertilizers (by ca. 10–15%), in order to sell their excess production on non-European markets. Prices of NPK fertilizers plummeted to the levels recorded in late 2009 and early 2010. With the prices of agricultural produce forecast to remain low, the prices of NPK fertilizers may be expected to stabilise at the current levels within the next 12 months.

The key markets for DAP fertilizers, namely the USA, Europe, Brazil, China and India, featured weak demand, production constraints, falling prices and high stock levels in Q1 2016. Seasonal rises aside, within the next 12 months the prices of DAP fertilizers should remain close to the levels seen at the end of Q1 2016.

Prices of compound fertilizers (NPK, DAP), potassium chloride and phosphate rock



Source: WFM, FERTECON, Profercy.

	Average Q1 2015 USD/t	Average Q1 2016 USD/t	Q/Q %	3-2016 USD/t	MIN 2016 USD/t	MAX 2016 USD/t
DAP (FOB Baltic)	478	347	-28 ↓	335	335	366
NPK3x16 (FOB Baltic)	327	295	-10 ↓	282	282	307
Potassium chloride (FOB Baltic spot)	297	248	-17 ↓	242	237	265
Phosphate rock (FOB North Africa)	126	105	-17 ↓	105	105	105

Source: WFM, FERTECON, Profercy.

Demand for potassium chloride remained weak across all global markets in Q1 2016 and the downtrend in its prices that started in July 2015 continued. The largest manufacturers of potassium chloride reduced their production volumes. Only in late March there was a seasonal increase in purchases of the product in the US and Brazil, which stopped the several-month long price slide on those markets.

If the current production constraints continue, the price of potassium chloride is expected to stabilise or grow only slightly during the next 12 months.

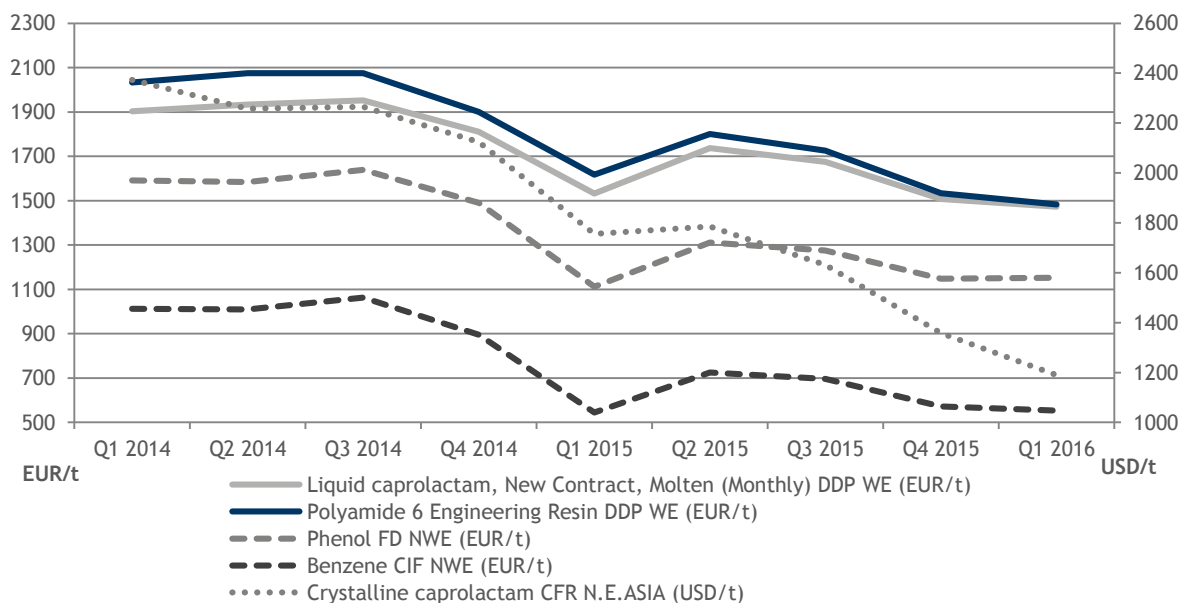
As expected, falling prices of phosphate fertilizers led to declines in the prices of raw materials for their production. In January 2016, the prices of phosphate rock dropped by several USD per tonne. Prices of phosphate rock are also expected to fall, in line with the global downward trend in the prices of basic raw materials.

PLASTICS

Polyamide 6 chain

The market situation for the entire product segment was largely correlated with the volatility of crude oil prices, which caused significant fluctuations in the prices of petrochemical feedstocks. The increase in oil prices in February halted to some extent the downward trends in the plastic segment. As expected, stabilisation of crude oil prices was one of the conditions necessary to restore full market equilibrium in the sector, and thus supported the expected increase in demand for engineering plastics.

Prices of PA6, caprolactam, benzene and phenol



Source: TECNON, ICIS.

As prices in the polyamide chain partly stabilised, in Q1 2016 they returned to the average levels recorded in the corresponding period of 2015 (in the European markets of benzene, phenol, PA6 and

caprolactam). The several-percent deviation from the benchmark is indicative of a stabilisation of the entire sector.

In Q1 2016, the prices of crystalline caprolactam (CFR, NE Asia) fell sharply year on year (32%) due to the rapidly rising production volumes in Asia. The average price of polyamide 6 (PA6, Engineering Resin Virgin, DDP, WE) was about 1,483 EUR/t in Q1 2016. Compared with 2015, it went down by more than 8%.

	Average Q1 2015 EUR/t	Average Q1 2016 EUR/t	Q/Q %	3-2016 EUR/t	MIN 2016 EUR/t	MAX 2016 EUR/t
Benzene (FOB, NWE)	545	553	2	523	523	585
Phenol (FD, NWE)	1,112	1,152	4	1,122	1,122	1,184
Caprolactam (Liq., DDP, WE)	1,532	1,473	-4 ↓	1,453	1,453	1,493
Polyamide 6 (PA 6) (DDP, WE)	1,617	1,483	-8 ↓	1,425	1,425	1,525
	USD/t	USD/t	qoq	USD/t	USD/t	USD/t
Caprolactam (CFR, NEAsia)	1,755	1,190	-32 ↓	1,163	1,153	1,255
	USD/bbl	USD/bbl	qoq	USD/bbl	USD/bbl	USD/bbl
Crude oil (BRENT)	55.10	35.02	-36 ↓	39.62	31.95	39.62

Source: ICIS, Tecnon, Rzeczpospolita.

The entire segment continued to experience global oversupply, caused by the large increase in production capacities in China. Excess production capacity was also visible in the European markets, both in the case of caprolactam and polyamide. However, clear signs of improvement and rising consumption in the textile industry, coupled with strong demand from the automotive sector, bode well for the near future.

Long-term market outlook for PA6 producers is good, given the considerable growth potential with respect to extension of the product chain towards increasingly more technologically advanced products.

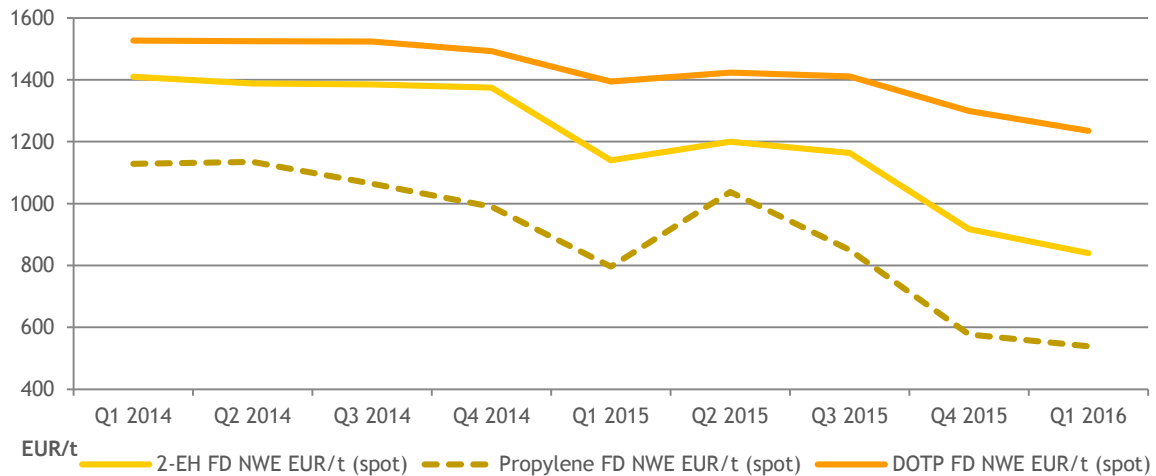
CHEMICALS

OXO product chain

In Europe, at the end of Q1 2016, the supply of 2-EH alcohol was matched by demand for this product given the beginning of the season for coating applications and plasticizers. European manufacturers seized the opportunity to export oxo alcohols, taking advantage of the competitive price of propylene in Europe. The butanol market was oversupplied due to weak demand for the product. The downward trend in prices of oxo alcohols in the two quarters under comparison was driven by lower prices of raw materials (crude oil, propylene).

The same held true for plasticizers, which were affected by lower prices of crude oil and petroleum products as well as imports of competitively priced plasticizers from South Korea and Turkey. Demand for plasticizers was unsatisfactory for the manufacturers as the past period saw production constraints at PCV processing companies in the winter, and reduced purchase volumes.

Prices of 2-EH, DOTP and propylene



Source: ICIS.

	Average Q1 2015 EUR/t	Average Q1 2016 EUR/t	Q/Q %	3-2015 EUR/t	MIN 2016 EUR/t	MAX 2016 EUR/t
2-EH (FD NWE spot)	1,140	840	-26 ↓	820	820	870
DOTP (FD NWE spot)	1,394	1,235	-11 ↓	1,201	1,201	1,273
Propylene (FD NWE spot)	796	539	-32 ↓	538	523	555

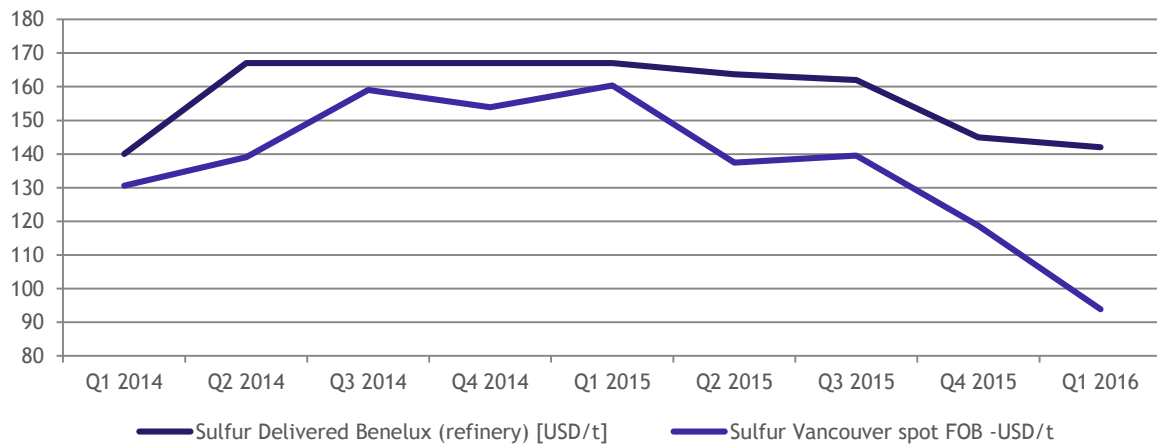
Source: ICIS.

The downward trend in the price of crude oil continuing since 2015 triggered a significant decrease in propylene prices. The average spot price of propylene reported in Q1 2016 was 32% lower year on year. Since the beginning of the year, the propylene market in Europe has been oversupplied due to lower demand for the product and the absence of unscheduled shut-downs of propylene production units.

Sulfur

In Q1 2016, the price of refinery sulfur in Europe fell by approximately 15% year on year. Since the beginning of Q1 2016, sulfur prices have declined significantly on the key supplier markets in the US, Canada and the Persian Gulf, chiefly on the back of high sulfur stocks and lower compound and phosphate fertilizers output.

Sulfur prices



Source: FERTECON.

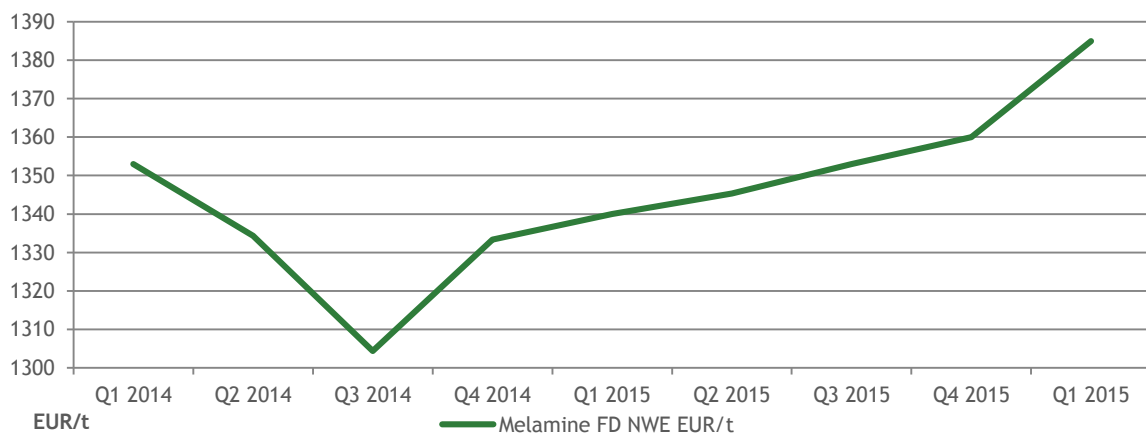
	Average Q1 2015 USD/t	Average Q1 2016 USD/t	Q/Q %	3-2016 USD/t	MIN 2016 USD/t	MAX 2016 USD/t
Sulfur (Delivered Benelux refinery)	167	142	-15 ↓	142	142	142
Sulfur (Vancouver spot FOB)	160	94	-41 ↓	80	80	110

Source: FERTECON.

Melamine

Higher demand for melamine at the beginning of the year and increased interest in the product from customers in Central and Eastern Europe, America and India pushed melamine prices up in Q1 2016. Q1 contract prices of melamine on the European market rose by more than 3% year on year. In Q2 2016, the prices will possibly go up again, supported by high demand in Central and Eastern Europe and overhauls planned by melamine manufacturers. A general supply and demand volatility on the melamine market in the region may significantly impact the prices in the coming periods. The Indian government may uphold anti-dumping duties on melamine imported from China. The current duty is USD 331.1/tonne.

Prices of melamine



Source: ICIS, Global Bleaching Chemicals.

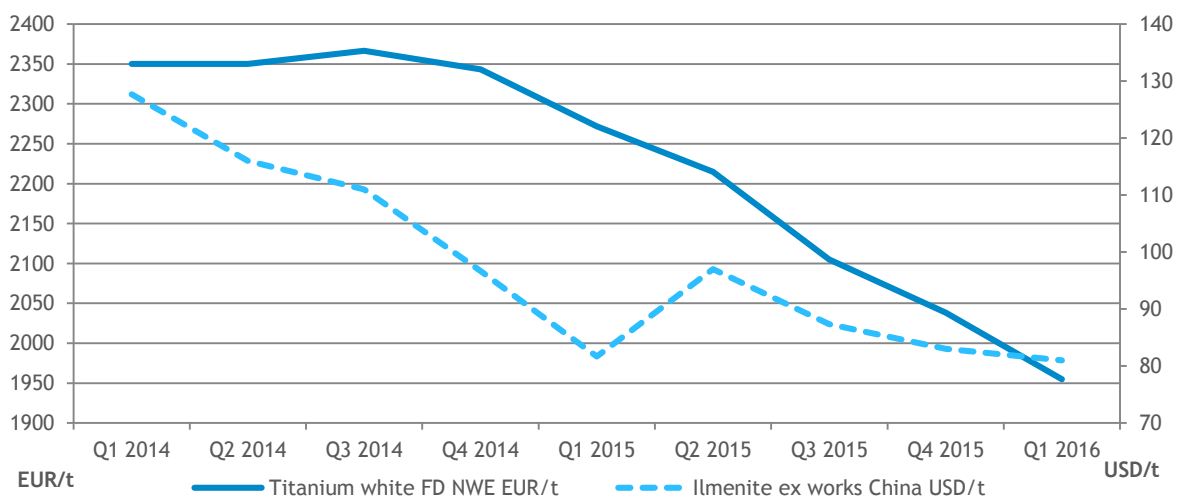
	Average Q1 2015 EUR/t	Average Q1 2016 EUR/t	Q/Q %	3-2016 EUR/t	MIN 2016 EUR/t	MAX 2016 EUR/t
Melamine	1,340	1,385	3	1,390	1,375	1,390

Source: ICIS, Global Bleaching Chemicals.

Pigment chain

Q1 2016 saw seasonally weaker demand for titanium white, with its prices going down despite leading producers' announcements of a planned increase. The price decline was attributable to the persistent oversupply of the product, which made titanium white producers decide to shut down or limit the output of their production facilities. As a result, the oversupply was reduced, albeit only partially. A leading producer has announced its plans to launch a new titanium white production facility in Mexico in mid-2016. Due to the economic slowdown in China and excessive titanium white production capacities, Chinese producers are looking for expansion opportunities on other markets.

Market prices of titanium white and ilmenite



Source: ICIS, CCM.

The largest producers of titanium white are planning to raise its price in Q2 2016, in anticipation of a seasonal increase in demand for the product. In Europe, in Q1 2016, titanium white prices hit a record low, last seen in 2001. Considering the above, the prices might go up slightly, especially in Q2 and Q3 (season's peak).

	Average Q1 2015 EUR/t	Average Q1 2016 EUR/t	Q/Q %	3-2015 EUR/t	MIN 2016 EUR/t	MAX 2016 EUR/t
Titanium white (FD NWE)	2,272	1,955	-14 ↓	1,955	1,955	1,955
Ilmenite (ex Works China)	82	81	-1 ↓	83	79	83

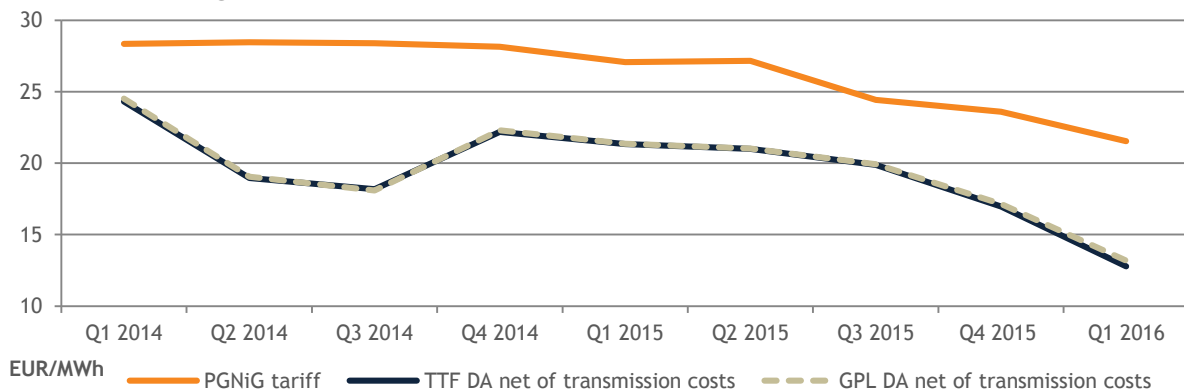
Source: ICIS, CCM.

The global economic slowdown continuing throughout 2015, especially weakening of the Chinese economy, were the key factors behind depressed demand for and lower prices of titanium white. The prices of raw materials for titanium white production also declined. The average quarterly price of ilmenite (ex Works China) was USD 81/tonne on USD 82/tonne in Q1 2015. In Q1 2016, the prices of raw materials fluctuated slightly (up to USD 83/tonne in March). Over the next twelve months, the prices are expected to stabilise at the present level.

ENERGY

Natural gas

Prices of natural gas



Source: PGNiG tariff, ICIS, EEX.

In the reported period, spot prices of natural gas went down.

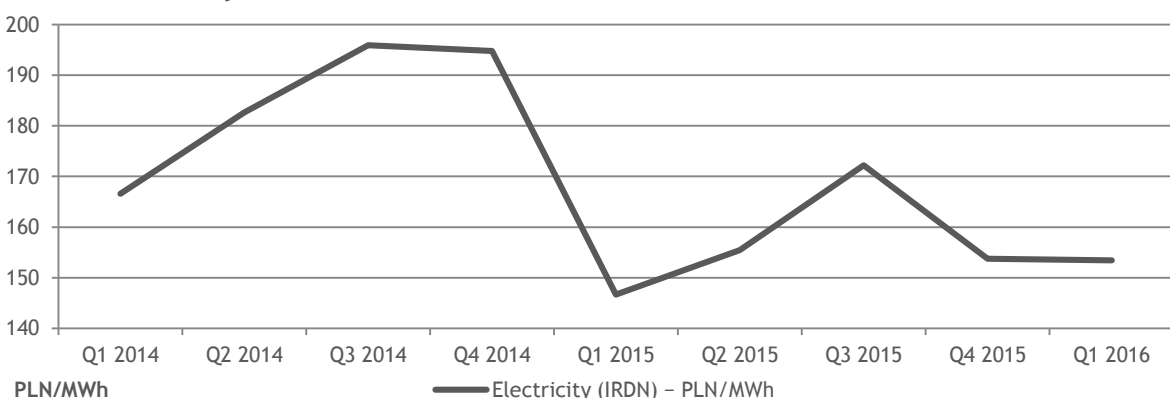
	Average Q1 2015 EUR/MWh	Average Q1 2016 EUR/MWh	Q/Q %	3-2016 EUR/MWh	MIN 2016 EUR/MWh	MAX 2016 EUR/MWh
PGNiG tariff	27.1	21.5	-20 ↓	21.9	21.4	21.9
TTF DA net of transmission costs	21.3	12.8	-40 ↓	12.3	12.3	13.8
GPL DA net of transmission costs	21.4	13.2	-38 ↓	12.5	12.5	14.4

Source: PGNiG tariff, ICIS, EEX.

In Q1 2016, spot prices of gas at the German transition hub (GPL DA), located near Poland, were lower compared with the previous year. The continued price decline was driven by a mild winter, high gas stocks and falling prices of crude oil, which, combined with stable supply and low demand, translated into gas oversupply on the market and price drops.

Electricity

Prices of electricity



Source: Polish Power Exchange.

IRDN – average price weighted by the volume of all transactions on a trading day, calculated after the delivery date for the entire day.

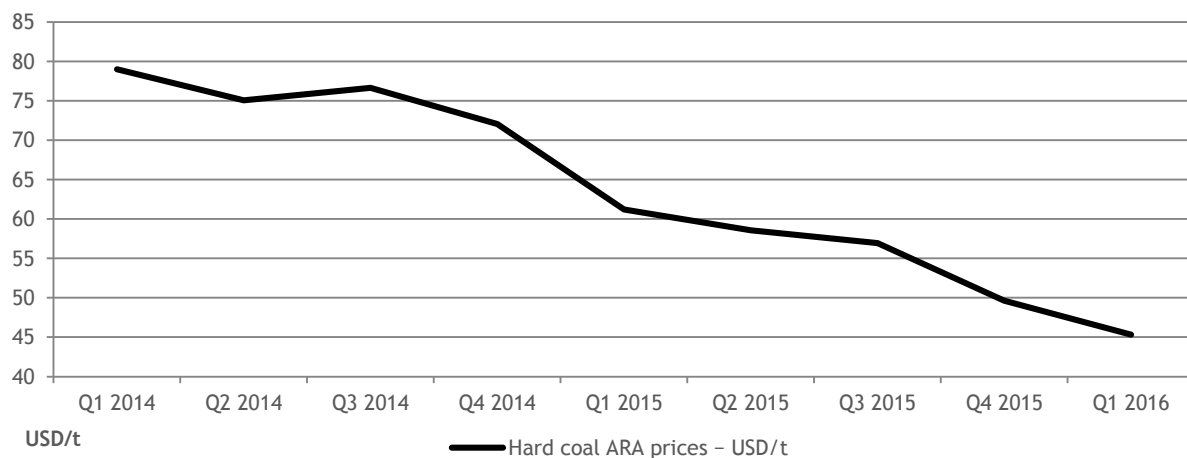
	Average Q1 2015 PLN/MWh	Average Q1 2016 PLN/MWh	Q/Q %	3-2016 PLN/MWh	MIN 2016 PLN/MWh	MAX 2016 PLN/MWh
Electricity	146.6	153.4	5	148.1	139.4	172.7

Source: Polish Power Exchange.

Average prices of electricity on the day-ahead market of the Polish Power Exchange in Q1 2016 remained relatively low (over PLN 153/MWh), showing nevertheless a 5% increase year on year. In general, the Q4 2015 prices remained flat compared with Q1 2016, although high price volatility was seen over the entire quarter, which was caused by changeable ambient temperatures (the highest in January), wind power generation (the highest in February – more than 10% of the requirement) and available capacity of conventional power plants.

Coal

Prices of hard coal



Source: ARA prices.

	Average Q1 2015 USD/t	Average Q1 2016 USD/t	Q/Q %	3-2016 USD/t	MIN 2016 USD/t	MAX 2016 USD/t
Coal	61.2	45.3	-26 ↓	45.7	44	46.3

Source: ARA prices.

In Q1 2016, the downward trend in coal prices continued: they fell 26% year on year, and the average price of coal was over USD 45/tonne. The global and Polish coal markets continue to be oversupplied, with the persistent economic slowdown translating into depressed demand. In the coming months, a further slight adjustment to coal prices is expected. Analysts anticipate that in 2016 the average coal price will stay largely flat compared with 2015.

2.3. Key financial and economic data

2.3.1. Consolidated financial information

In Q1 2016, the Grupa Azoty Group earned a positive EBITDA of PLN 516,662 thousand and net profit of PLN 306,991 thousand.

This means a year-on-year improvement of PLN 31,391 thousand and PLN 1,154 thousand, respectively.

Consolidated data

Item	Q1 2016	Q1 2015* restated	change	% change
Revenue	2,475,634	2,834,380	(358,746)	(12.7)
Cost of sales	(1,744,817)	(2,147,268)	402,451	(18.7)
Gross profit	730,817	687,112	43,705	6.4
Selling and distribution expenses	(162,138)	(158,875)	(3,263)	2.1
Administrative expenses	(174,199)	(168,457)	(5,742)	3.4
Profit from sales	394,480	359,780	34,700	9.6
Net other income/expenses	(5,255)	3,798	(9,053)	(238.4)
Operating profit	389,225	363,578	25,647	7.1
Net finance costs	(11,518)	(9,563)	(1,955)	20.4
Share of profit of equity-accounted investees	2,708	3,100	(392)	(12.6)
Profit before tax	380,415	357,115	23,300	6.5
Tax expense	(73,424)	(51,278)	(22,146)	43.2
Profit for the period				
Loss from discontinued operations				
Profit for the period	306,991	305,837	1,154	0.4
EBIT	389,225	363,578	25,647	7.1
Depreciation and amortisation	127,437	121,693	5,744	4.7
EBITDA	516,662	485,271	31,391	6.5

Source: Company data.

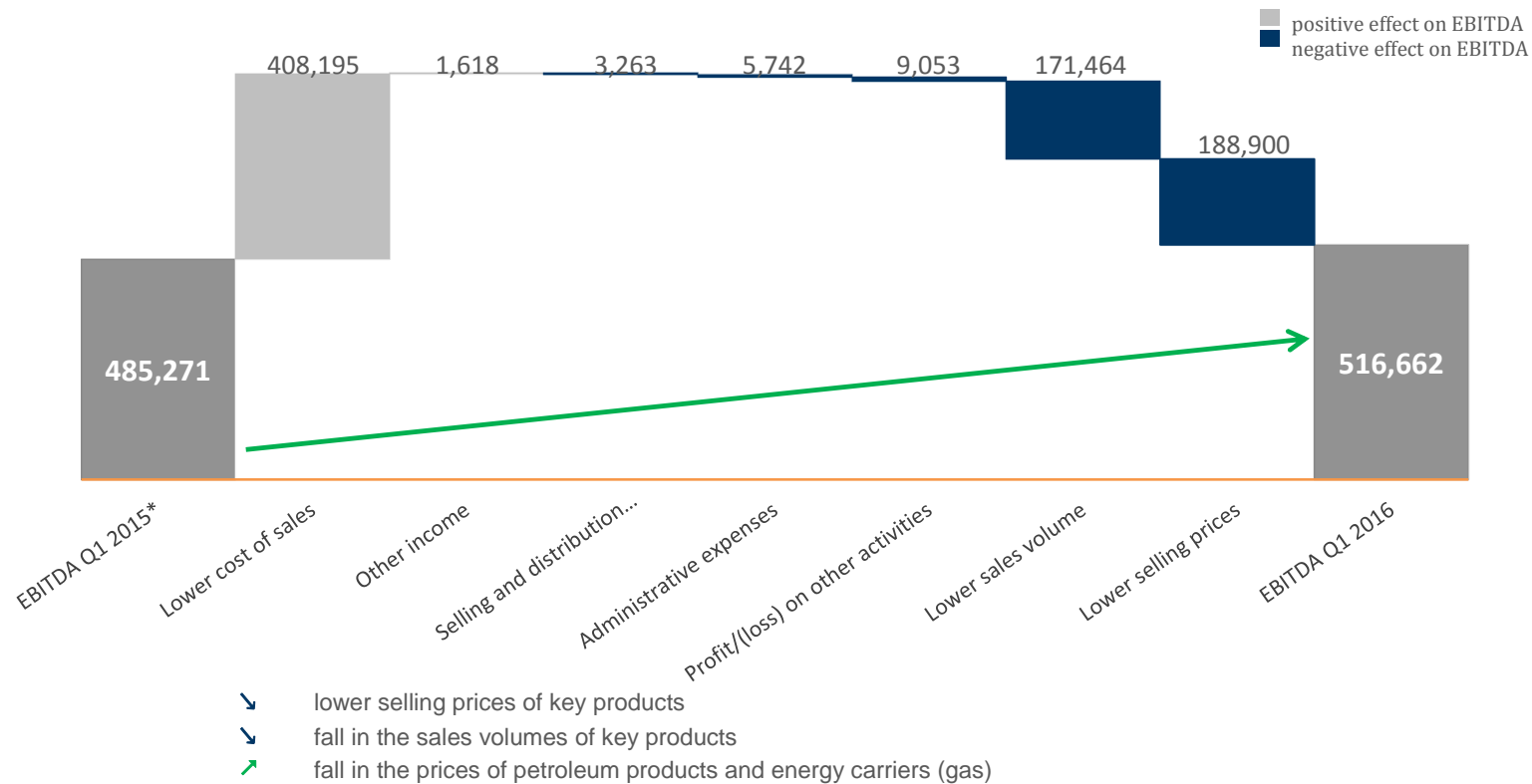
* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'

With revenue down 12.7% year on year and lower cost of sales (down by 18.7%), the Grupa Azoty Group reported gross profit. The gross profit figure improved by PLN 43,705 thousand relative to Q1 2015.

Profit from sales, calculated as gross profit net of distribution costs and administrative expenses, reached PLN 394,480 thousand, and was PLN 34,700 thousand higher than the year before.

In Q1 2016, the balance of other income and other expenses was negative, at PLN (5,255) thousand, and had an adverse impact on EBIT, which came in at PLN 389,225 thousand, up by PLN 25,647 thousand year on year.

EBITDA - key drivers



Source: Company data.

2.3.2. Segments' results

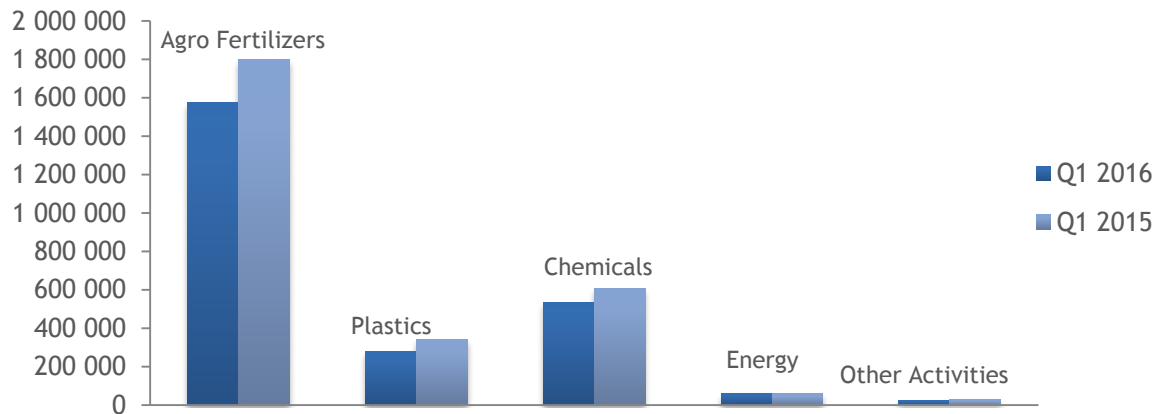
EBIT by segment

	Agro Fertilizers	Plastics	Chemicals	Energy	Other Activities
External revenue	1,576,201	278,167	534,858	60,312	26,096
Gross profit/(loss)	338,270	(25,533)	61,176	5,973	14,594
EBIT	337,330	(25,205)	61,710	6,121	9,269

Source: Company data.

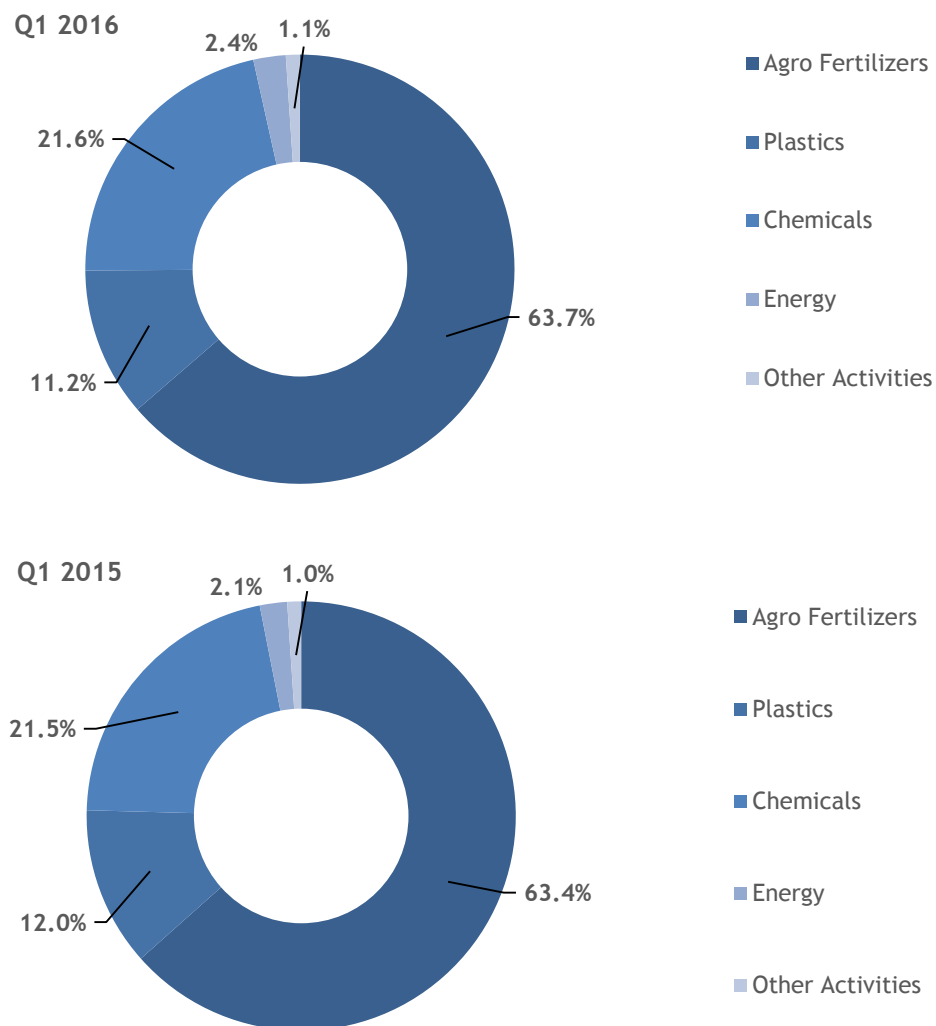
Sales of the Grupa Azoty Group's products in Q1 2016 were determined primarily by the market situation in the Agro Fertilizers segment. Revenue in the Agro Fertilizers segment was down 12.3% year on year. Also, revenue declined by 18.2% in the Plastics segment, by 12.1% in the Chemicals segment, and by 12.1% in the Other Activities segment. The Energy segment was the only one to have reported higher revenue, up 3.4%.

Revenue by segment



Source: Company data.

Revenue by segment



Source: Company data.

The shares of individual segments in total revenue changed slightly compared with Q1 2015, with increased contributions from the Agro Fertilizers (0.3pp), Chemicals (0.1pp), Energy (0.3pp), and Other Activities (0.1pp) segments, and lower share of the Plastics segment (down 0.8pp).

Agro Fertilizers

In Q1 2016, revenue in the Agro Fertilizers segment was PLN 1,576,201 thousand and accounted for 63.7% of the Group's total revenue. Relative to Q1 2015, the segment's revenue fell by 12.3%. EBIT reported by the Group in the Agro Fertilizers segment was positive. Domestic market accounted for approximately 75.5% of the segment's sales.

Plastics

In Q1 2016, revenue in the Plastics segment was PLN 278,167 thousand and accounted for 11.2% of the Group's total revenue. The revenue figure was down 18.2% year on year. More than 88.4% of the segment's revenue was derived from sales on foreign markets. EBIT reported by the Group in the Plastics segment was negative.

Chemicals

In Q1 2016, revenue in the Chemicals segment amounted to PLN 534,858 thousand, having fallen 12.1% year on year. The segment's revenue accounted for 21.6% of the Group's total revenue. The segment's EBIT improved significantly relative to Q1 2015: it was positive, at PLN 61,710 thousand. Sales on foreign markets accounted for approximately 61.3% of the Chemicals segment's revenue.

Energy

In Q1 2016, revenue in the Energy segment was PLN 60,312 thousand and accounted for approximately 2.4% of the Group's total revenue. The segment's revenue grew 3.4% year on year. EBIT reported by the Group in the Energy segment was positive.

Other Activities

In Q1 2016, revenue in the Other Activities segment amounted to PLN 26,096 thousand, and accounted for 1.1% of the Group's total revenue, having decreased by 12.1% relative to Q1 2015. The segment's EBIT in Q1 2016 improved on the same period of the previous year, and amounted to PLN 9,269 thousand.

2.3.3. Operating expenses

In Q1 2016, operating expenses were PLN 2,083,085 thousand, down by PLN 265,345 thousand year on year. The decrease was attributable to lower amounts of costs of raw materials and consumables used, taxes and charges as well as cost of services. There was an increase in the cost of salaries and wages, including overheads, other benefits, cost of services and other costs.

Operating expenses by nature

	Q1 2016	Q1 2015* restated	change	% change
Depreciation and amortisation	126,522	120,904	5,618	4.6
Raw materials and consumables used	1,268,379	1,555,769	(287,390)	(18.5)
Services	239,612	241,734	(2,122)	(0.9)
Salaries and wages, including overheads, and other benefits	314,017	288,381	25,636	8.9
Taxes and charges	95,934	111,885	(15,951)	(14.3)
Other costs	38,621	29,757	8,864	29.8
Total	2,083,085	2,348,430	(265,345)	(11.3)

Source: Company data.

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'

Other operating expenses

In Q1 2016, operating expenses other than cost of raw materials and consumables used accounted for 39.1% of total operating expenses, up from 33.8% in the corresponding period of 2015. The structure of these expenses changed only slightly relative to the comparative period.

Structure of other operating expenses [%]

	Q1 2016	Q1 2015* restated
Depreciation and amortisation	6.1	5.1
Services	11.5	10.3
Salaries and wages, including overheads, and other benefits	15.1	12.3
Taxes and charges	4.6	4.8
Other costs	1.9	1.3
Total	39.1	33.8

Source: Company data.

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

2.3.4. Structure of assets, equity and liabilities

In Q1 2016, the Group's assets rose to PLN 11,147,688 thousand, by PLN 959,980 thousand on the end of Q1 2015. As at March 31st 2016, non-current assets stood at PLN 7,352,481 thousand, and current assets were PLN 3,795,207 thousand.

The most significant year-on-year changes in assets in Q1 2016 included:

- a 11.7% increase in property, plant and equipment,
- 226.5% increase in property rights,
- 414.6% increase in other financial assets,
- 23.0% increase in investment property,
- 16.3% decrease in trade receivables,
- a 9.8% decrease in cash.

Structure of assets

	Q1 2016	Q1 2015* restated	change	% change
Non-current assets, including:	7,352,481	6,690,805	661,676	9.9
Property, plant and equipment	6,055,716	5,421,110	634,606	11.7
Intangible assets	538,653	503,906	34,747	6.9
Perpetual usufruct of land	484,975	480,303	4,672	1.0
Investments in subordinated entities	110,661	113,961	(3,300)	(2.9)
Investment property	66,703	54,210	12,493	23.0
Deferred tax assets	57,853	73,318	(15,465)	(21.1)
Current assets, including:	3,795,207	3,496,903	298,304	8.5
Trade and other receivables	1,144,850	1,367,413	(222,563)	(16.3)
Inventories	911,850	944,956	(33,106)	(3.5)
Cash and cash equivalents	855,866	948,917	(93,051)	(9.8)
Other financial assets	535,430	104,040	431,390	414.6
Property rights	335,909	102,880	233,029	226.5
Total assets	11,147,688	10,187,708	959,980	9.4

Source: Company data.

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

Year on year, the most significant changes in equity and liabilities in the reporting period included:

- 9.4% increase in equity,
- 51.1% increase in non-current liabilities,
- 122.2% increase in non-current liabilities under borrowings,
- 803.3% increase in current grants,
- 65.6% decrease in current liabilities under borrowings,

Structure of equity and liabilities

Item	Q1 2016	Q1 2015* restated	change	% change
Equity	7,418,525	6,783,304	635,221	9.4
Non-current liabilities, including:	1,835,136	1,214,334	620,802	51.1
Borrowings	1,072,465	482,709	589,756	122.2
Employee benefit obligations	326,757	312,037	14,720	4.7
Deferred tax liabilities	272,116	244,621	27,495	11.2
Provisions	100,191	113,233	(13,042)	(11.5)
Government grants received	49,759	40,867	8,892	21.8
Current liabilities, including:	1,894,027	2,190,070	(296,043)	(13.5)
Trade and other payables	1,447,138	1,498,904	(51,766)	(3.5)
Borrowings	181,960	529,566	(347,606)	(65.6)
Government grants received	85,872	9,507	76,365	803.3
Other financial liabilities	70,382	70,790	(408)	(0.6)
Total equity and liabilities	11,147,688	10,187,708	959,980	9.4

Source: Company data.

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

2.3.5. Financial ratios

Profitability ratios

	Q1 2016	Q1 2015* restated
Gross profit margin	29.5%	24.2%
EBIT margin	15.7%	12.8%
EBITDA margin	20.9%	17.1%
Net profit margin	12.4%	10.8%
ROA	2.8%	3.0%
ROCE	4.2%	4.5%
ROE	4.1%	4.5%
Return on non-current assets	4.2%	4.6%

Source: Company data.

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

Ratio formulas:

Gross profit margin = gross profit (loss) / revenue (statement of comprehensive income by function)

EBIT margin = EBIT / revenue

EBITDA margin = EBITDA / net revenue

Net profit margin = net profit (loss) / revenue

Return on assets (ROA) = net profit (loss) / total assets

Return on capital employed (ROCE) = EBIT / TALCL, that is EBIT / total assets less current liabilities

Return on equity (ROE) = net profit (loss) / equity

Return on non-current assets = net profit (loss) / non-current assets

Liquidity ratios

	Q1 2016	Q1 2015* restated
Current ratio	2.0	1.6
Quick ratio	1.5	1.2
Cash ratio	0.7	0.5

Source: Company data.

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

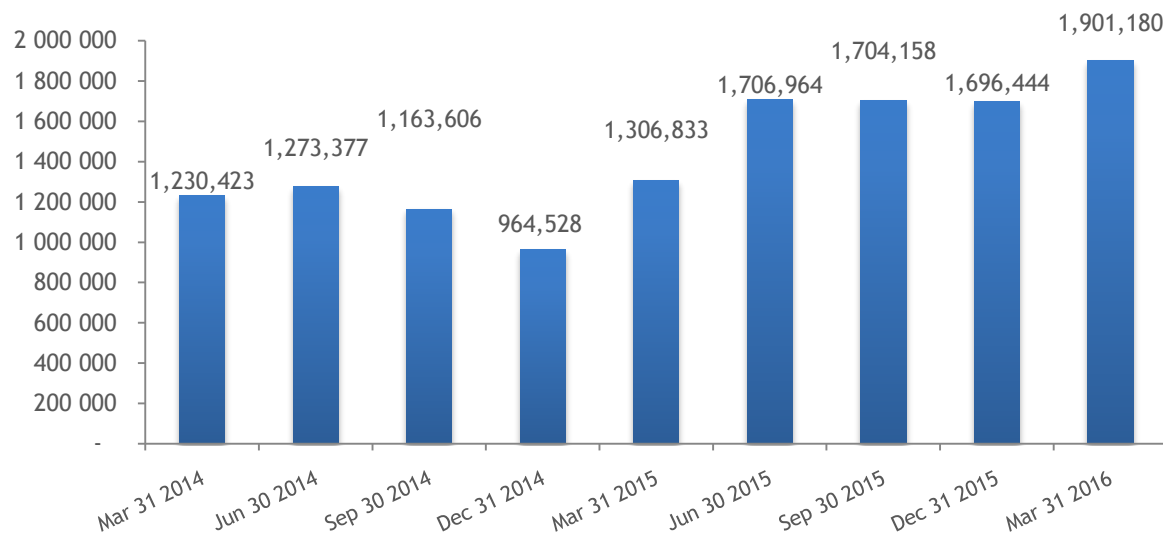
Ratio formulas:

Current ratio = current assets / current liabilities

Quick ratio = (current assets - inventories - current prepayments and accrued income) / current liabilities

Cash ratio = (cash + other financial assets) / current liabilities

Changes in net working capital



Source: Company data.

Operating efficiency ratios

	Q1 2016	Q1 2015* restated
Inventory turnover	47	40
Average collection period	42	43
Average payment period	75	63
Cash conversion cycle	14	20

Source: Company data.

* Financial data restated as described in Section 2.2.c of the 'Supplementary information to the interim condensed consolidated financial statements'.

Ratio formulas:

*Inventory turnover = inventories * 90 / cost of sales*

*Average collection period = trade and other receivables * 90 / revenue*

*Average payment period = trade and other payables * 90 / cost of sales*

Cash conversion cycle = inventory turnover + average collection period - average payment period

Debt ratios

Ratio	Q1 2016	Q1 2015
Total debt ratio	33.5%	33.4%
Long-term debt ratio	16.5%	11.9%
Short-term debt ratio	17.0%	21.5%
Equity-to-debt ratio	198.9%	199.3%
Interest cover ratio	4687.7%	4298.9%

Source: Company data.

Ratio formulas:

Total debt ratio = total liabilities / total assets

Long-term debt ratio = non-current liabilities / total assets

Short-term debt ratio = current liabilities / total assets

Equity-to-debt ratio = equity / current and non-current liabilities

Interest cover ratio = (profit before tax + interest expense) / interest expense

2.4. Financial liquidity

The Parent and the Group's leading companies are fully solvent, with a sound credit standing. This means that the Group is able to pay its liabilities as they fall due and to hold and generate free operating cash flows to further support payment of such liabilities in a timely manner.

The liquidity management policy operated by the Grupa Azoty Group consists in maintaining surplus cash and available credit facilities as well as limits under the Intragroup Financing Agreement (one purpose of which is ensuring effective distribution of funds) and ensuring that their level is safe and adequate to the scale of the Group's business.

2.5. Borrowings

In Q1 2016 and as at the date of this report, none of the Group companies defaulted on credit facilities or other borrowings or breached any material covenants under credit facility or other loan agreements.

In Q1 2016, the Group paid all of its borrowing-related liabilities when due, and there is no threat to its ability to continue servicing its debt.

Grupa Azoty has access to umbrella overdraft limits under virtual cash pooling and under a multi-purpose credit facility, which may be used by the Parent at times of increased demand for funding by the Group companies. In addition, the Group also has access to bilateral overdraft limits and multi-purpose credit facilities that are available to the Group companies.

The aggregate value of available overdraft limits and multi-purpose credit facilities available to the Group as at March 31st 2016 was PLN 590m.

Furthermore, the Group has access to a syndicated revolving credit facility of PLN 1,500m. As at March 31st 2016, PLN 717m had been drawn down, and the remaining amount of PLN 783m was available to the Group to finance its general needs, including investment projects envisaged in its strategy.

Grupa Azoty is also party to long-term financing agreements: a PLN 550m credit facility from the EIB (as at March 31st 2016, the euro equivalent of PLN 213m was drawn under the facility) and a PLN 150m credit facility from the EBRD (as at March 31st 2016, PLN 10m was drawn under the facility), for the financing of certain investment projects defined in the Group's strategy. The amount available under both facilities stood at PLN 477m.

The Group also had access to investment loans totalling PLN 24m.

As at March 31st 2016, the aggregate amount of limits available to the Group under the financing agreements was PLN 1,874m.

The Group's financial standing is sound, and there are no material threats or risks of its deterioration in the future. The Group complies with the uniform covenants of its facility agreements, which enable it to significantly increase financial debt when and as needed.

2.6. Type and amounts of one-off items affecting the assets, equity and liabilities, capital, net profit/loss or cash flows

There were no other one-off events which would materially impact the Group's assets, equity and liabilities, capital, net profit/loss or cash flows.

2.7. Other information

Co-financing of projects

- On March 24th 2016, the Parent received PLN 222 thousand as the second tranche of financing under an agreement concluded on March 30th 2015 between the National Centre for Research and Development of Warsaw and the New Chemical Syntheses Institute of Puławy, the leader of a consortium including the Parent. The funds were granted to co-finance a project implemented as part of the Applied Research Programme, Path B: comprehensive processing of waste streams containing sodium sulfate with the use of electromembrane methods, with a view to obtaining a solution of soda lye and sulfuric acid.
- On February 2nd 2016, the account of Grupa Azoty PUŁAWY was credited with PLN 3,479 thousand received under the agreement on co-financing of the 'Construction of NOx reduction units at OP-215 boilers No. 4 and 5 of Zakłady Azotowe Puławy S.A.'.

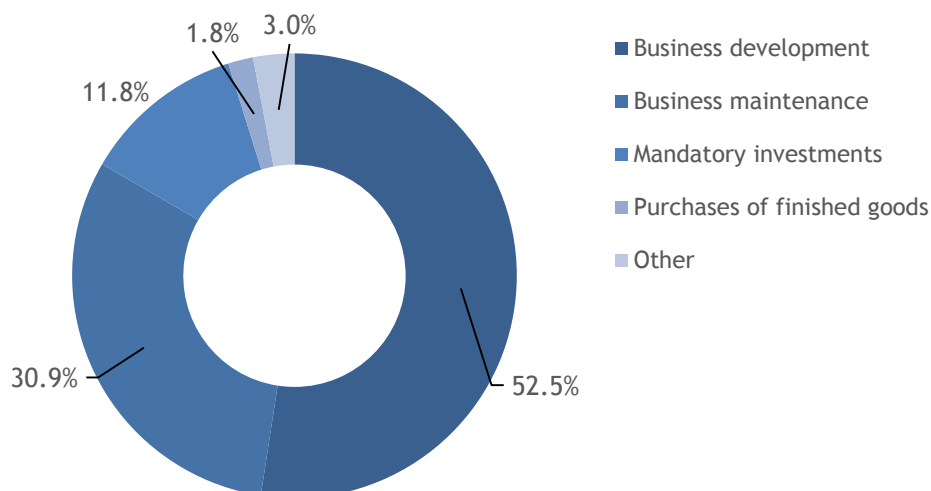
2.8. Key investment projects

Grupa Azoty's total capital expenditure in Q1 2016 was PLN 249,127 thousand (including amounts spent on components, major overhaul work and improvements).

Structure of capital expenditure:

- | | |
|--|-----------------------|
| • Business development | PLN 130,600 thousand, |
| • Business maintenance | PLN 77,097 thousand, |
| • Mandatory investments | PLN 29,437 thousand, |
| • Purchase of finished goods | PLN 4,543 thousand, |
| • Other (components, major overhaul work, other) | PLN 7,450 thousand, |

Structure of the Grupa Azoty Group's capital expenditure in Q1 2016



Source: Company data.

The Grupa Azoty Group's capital expenditure in Q1 2016 is presented below:

- | | |
|--------------------------------|-----------------------|
| • Parent | PLN 106,686 thousand, |
| • Grupa Azoty KĘDZIERZYN Group | PLN 61,724 thousand, |
| • Grupa Azoty POLICE Group | PLN 50,041 thousand, |
| • Grupa Azoty PUŁAWY Group | PLN 27,075 thousand, |
| • Grupa Azoty SIARKOPOL | PLN 1,497 thousand, |
| • Grupa Azoty PKCh Sp. z o.o. | PLN 511 thousand, |

- Grupa Azoty Koltar Sp. z o.o. PLN 1,315 thousand,
- Grupa Azoty ATT Polymers GmbH PLN 278 thousand.

Key investment projects implemented by the Grupa Azoty Group - Parent

Project name	Project budget	Expenditure incurred	Expenditure incurred in Q1 2016	Project purpose	Scheduled completion date
Polyamide plant II 80 thousand t/y	320,000	105,448	43,713	To utilise the Group's caprolactam output in a more efficient manner	2016
Granulation plant II	141,000	53,020	21,016	To optimise Grupa Azoty S.A.'s mix of fertilizer products and improve value added in ammonium sulfate	2016
New iron-chromium catalyst plant	27,700	5,733	2,880	To scale up business growth in the catalyst segment, further improve the catalyst quality, create expansion opportunities, and increase the customer base	2016
Increase in ammonia production capacities	44,500	6,612	2,522	To increase the Group's output of ammonia by ca. 100 t/d and reduce the cost of mixed ammonia production	Completed
Flue gas desulfurization unit	45,400	17,364	9,082	To reduce sulfur dioxide and dust emissions from CHP Plant's Boiler No. 5 and adapt the boiler to the emission standards laid down in the IED Directive	2016
Flue gas denitrification unit	44,600	24,703	11,160	To reduce NOx emissions from CHP Plant's Boiler No. 5 and adapt the boiler to the emission standards laid down in the IED Directive	2016
20 MW pass-out and condensing turbine generator set at the CHP Plant	63,000	41,045	11,341	To increase the loads of the Lang pass-out back-pressure turbines (efficiency improvement), to increase the generation of electricity in condensing mode, and to reduce the average cost of electricity	2016
Construction of a new technical-grade nitric acid storage unit – Phase 1	15,000	856	588	To replace the existing worn out technical-grade nitric acid storage unit with a new one	2017

Key investment projects implemented by the Grupa Azoty Group - Grupa Azoty KĘDZIERZYN

Project name	Project budget	Expenditure incurred	Expenditure incurred in Q1 2016	Project purpose	Scheduled completion date
New CHP plant at GA ZAK S.A. - phase 1	375,059	249,487	49,836	To restore GA ZAK S.A.'s CHP plant's electricity and heat generation capacity based on solutions that comply with the growing environmental requirements	2016
Upgrade of the urea unit	23,181	3,405	1,377	To reduce the unit's environmental impact, obtain additional production capacity and increase process efficiency	2016

Key investment projects implemented by the Grupa Azoty Group - Grupa Azoty POLICE

Project name	Project budget	Expenditure incurred	Expenditure incurred in Q1 2016	Project purpose	Scheduled completion date
PDH propylene production unit (400 thousand tonnes/year) and related infrastructure	1,675,000	41,000	7,000	To construct a propane dehydrogenation (PDH) unit with a planned annual output of at least 400,000 tonnes of propylene; in addition to the PDH unit, a power generating unit will be constructed and a chemicals terminal will be built at the Police port facilities	2019
Exhaust gas treatment unit and upgrade of the EC II CHP plant	166,700	141,977	7,341	To bring the operation of the CHP plant's units in line with the requirements of Directive 2010/75/EU	2016
Upgrade of the ammonia unit	155,600	81,086	13,511	To reduce energy consumption of the ammonia production process and to improve the operational reliability of individual process nodes	2016
Change of the DA-HF phosphoric acid production method	67,000	3,214	414	To raise the efficiency of phosphoric acid production and improve the acid's quality by reducing impurities and waste generation	2017
Upgrade of the floodbank around the phosphogypsum landfill site	9,500	347	219	To increase the floodbank's leak-tightness and to better secure the phosphogypsum landfill site from external waters	2016
Upgrade of phosphate rock storage facility	8,350	361	97	To alter the facility to ensure that raw materials are stored properly and are protected against unfavourable weather conditions	2017
Remote (online) monitoring of physical and chemical parameters of liquids at production units	3,900	2,812	2,009	The project includes installation of an automated system for measuring physical and chemical parameters of liquids at individual production units	2016

Key investment projects implemented by the Grupa Azoty Group - Grupa Azoty PUŁAWY

Project name	Project budget	Expenditure incurred	Expenditure incurred in Q1 2016	Project purpose	Scheduled completion date
Construction of the Puławy Power Plant	1,125,000	6,186	1,169	The key function of the new power plant (CCGT unit) will be high-efficiency cogeneration of heat to be used for technological/heating purposes and electricity	2019
Facility for production of granulated fertilizers based on ammonium nitrate	385,000	12,441	3,536	To improve the quality of fertilizers by applying modern mechanical granulation	2020
Upgrade of the existing nitric acid unit and construction of new units for nitric acid, neutralisation and production of new fertilizers based on nitric acid	695,000	340	277	To raise the efficiency of nitric acid production and to improve the economics of production of nitric acid-based fertilizers	2021
Replacement of the TG-2 turbine generator set	99,000	350	29	To increase the efficiency of electricity and heat cogeneration by replacing the TG-2 30 MWe pass-out and condensing turbine with a new turbine with a rated input of 37 MWe	2017
1,900 Nm ³ hydrogen compressor	12,500	12,209	1,348	To improve operational stability of the units, bring down the failure rate and reduce hydrogen consumption rates	2016

Key investment projects implemented by the Grupa Azoty Group - Grupa Azoty SIARKOPOL

Project name	Project budget	Expenditure incurred	Expenditure incurred in Q1 2016	Project purpose	Scheduled completion date
Upgrade of the insoluble sulfur unit SN II in accordance with working engineering documentation	19,000	895	636	To achieve the unit's design production capacity of 5,000 tonnes pa	2017
Upgrade of the water and electricity system at the Osiek Sulfur Mine – assembly of line A and 4P1 pumps	2,900	400	-	To improve the efficiency of sulfur production and operating safety, as well as to meet the Polanec Power Plant's requirements	2017
Purchase of land plots for production in the areas S1, S2, Jezioro Osieckie lake	1,500	780	780	To ensure access to new areas of the deposit	2016

2.9. Factors which will affect the Group's performance at least over the next reporting period

Exchange rates

The continuing GDP growth in Poland in Q1 2016, contrasted with moderate economic growth in the eurozone, suggests possible further strengthening of the Polish złoty against the euro. However, escalating domestic political risks and a potential downgrade of Poland's credit rating by Moody's may weaken the złoty again in the coming months.

Considering the risk associated with the outcome of the Brexit referendum to take place in June, the continuation of the European Central Bank's quantitative easing policy in the eurozone may

weaken EUR/USD exchange rates and reverse the Eurodollar growth trend seen in recent months. Provided that economic growth in the US continues at the current rate, the Fed is expected to approve further interest rate hikes in H2 2016, especially if reports of GDP growth picking up in China are confirmed. Over the long term, these factors may make a weakening in EUR/USD and, consequently, PLN/USD exchange rates more likely in the months until the end of 2016.

It can be expected that in Q2 2016 the PLN/EUR exchange rate will remain within the medium-term stability range (PLN 4.15-4.30), with limited appreciation possible if the Polish economy continues to perform well and a potential reversal of the trend in periods of increased political turmoil.

In the meantime, the PLN/USD exchange rate may somewhat weaken, matching the volatile EUR/USD exchange rate.

Taking into consideration the Group's currency risk exposure, the current and anticipated PLN/USD and PLN/EUR exchange rate fluctuations are unlikely to pose a risk to the Group achieving its performance objectives in Q2 2016, given that the potential strengthening of the Polish zloty against the euro may entail a parallel weakening against the US dollar, and Poland's and the EU's political risk significantly limit the zloty's potential to strengthen its position.

Interest rates in Poland

In Q1 2016, interest rates in Poland were kept unchanged. With GDP growth at satisfactory levels, further interest rate cuts are not necessary and could excessively weaken the zloty.

In view of the above, interest rates are expected to remain unchanged until the end of the year. The main reference rate applicable to credit facilities contracted by the Grupa Azoty Group (1M WIBOR) should remain flat at about 1.60%. This will help stabilise the Group's borrowing costs at a relatively low level reinforcing its debt service capacity, also if the Group decides to increase debt to finance its investing activities, as planned.

Although the leading EU countries have been gradually overcoming recession, deflation continues in the eurozone. For this reason, the European Central Bank will continue to counteract deflation through quantitative easing and negative interest rates, which should remain at current levels until the end of the year.

In 2016, the Fed will continue to gradually taper its monetary policy, but will most likely refrain from further interest rate cuts for USD until Q3 2016 despite further economic recovery in the US.

In summary, it is relatively unlikely that any adverse changes in the presently low reference rates for the Grupa Azoty Group's principal currencies (PLN, EUR) will occur by the end of 2016, so the risk of the Group's funding costs adversely affecting its financial position or performance is limited.

Currently, an organic reduction of EURIBOR and/or WIBOR appears more likely, with increases only possible in 2017 if deflation disappears and GDP growth continues at current levels.

In terms of market rates, a relatively narrow spread between credit and deposit rates available to the Group is expected to continue, although they may increase slightly following the introduction of the tax on bank assets in Poland.

Interest income earned by the Group on free cash under cash pooling and fixed-term deposits will partially offset the cost of credit funding.

Raw material and product price dynamics

The market factors with a bearing on the Group's future performance are dependent on the price of strategic raw materials, the condition of target markets, and product prices.

Raw material market

Petroleum raw materials

Recently, the global economic and political situation has been causing powerful fluctuations in the price of crude oil. Oil prices should not be expected to stabilise any time soon, which will lead to fluctuations in the price of petroleum products. In the long term, a lot will depend on what decisions the OPEC countries make with respect to oil production. If output is frozen, crude prices will increase, causing the price of petroleum products to rise as well. Oil price volatility results in changes in the price of petroleum products, such as propylene, phenol, benzene, and caprolactam.

Sulfur

Considering the low price of crude oil and declining sulfur prices on international markets, as well as falling demand for compound fertilizers, the price of sulfur on the European market is forecast to continue the downward trend.

Gas

The factors which had a bearing on gas prices in Q1 2016 will continue to exert material influence through the remainder of the year. Both Russia and Norway have announced plans to increase gas sales on the EU market. Considering the launch of LNG exports from the US, a long and intense struggle for a share of the European market can be expected, which should also contribute to low prices. It is anticipated that over the coming 12 months, the price of gas on the German market will reach approximately EUR 12/MWh.

Electricity

A moderate increase in energy prices is forecast for the year. The domestic market is largely affected by climate regulations and the need to continue upgrading generation capacities (expenditure on new production capacities and maintaining operating capacity reserve). Despite indications of a possible reduction of electricity prices, these factors will keep the downward trend well in check.

The prices of electricity will be driven by the following factors:

- Ongoing resolution of the crisis in the Polish coal mining industry with the participation of energy companies, difficult restructuring of coal sector companies;
- New obligations imposed on electricity producers by the Act on Renewable Energy Sources;
- Falling prices of natural gas;
- Consumption of coal at sustained low prices by energy companies.

Ammonia

Despite a global oversupply of ammonia, local shortages occur - major manufacturers (Yuzhny/Baltic region) have limited stocks of the product for export purposes. Ammonia prices are expected to decline over the long term, i.e. in Q3-Q4 2016.

Markets for the Group's products

Agricultural market

On the agricultural market, produce prices will remain a material factor driving farmers' purchasing power in the coming months. Even with a favourable crop balance in Europe and around the world, agricultural produce prices are unlikely to rise in the coming quarters of 2016. This will not be changed by optimistic harvest forecasts for Q3 2016, nor by the price war in key markets among the world's major grain exporters.

Fertilizer market

The substantial oversupply of urea on the global market forecast for Q2 2016, together with plans to launch new urea production plants in that period, will not encourage its price to rise or stabilise. If the downward trend is sustained over the long term (following end of the spring fertilizer application season), the urea production plants with the highest running costs may be brought offline and urea exports from China may be effectively blocked. Urea's effect on the price of other nitrogen fertilizers will also play an important part in maintaining the downward trend in urea prices.

This year's spring period of intensified activity in the agricultural sector may bring about shortening of the fertilizer application period, which might, in turn, force fertilizer producers to reduce prices to support the demand.

The fertilizer application season is expected to end in late April or early May, and then demand for NPK fertilizers will fall significantly. Consequently, post-season fertilizer price reductions should be expected, and distributors are likely to be encouraged to stockpile fertilizers for the autumn fertilizer application period.

OXO products

The prices of OXO products will be linked closely to those of propylene. Unfavourable changes in exchange rates will also have a strong impact on prices. Market conditions should remain stable and varied due to demand dynamics in individual geographical regions and end markets. Demand may be affected by geopolitical events in different regions of Europe and the world where Grupa Azoty products are sold. In the past year, the lower price of propylene in Europe allowed producers to offer more competitive alcohol prices on foreign markets, improving their export capacities.

In the coming months, the market will be highly sensitive to the prices of raw materials, particularly of propylene. Any fluctuations in the price of propylene and other raw materials, as well as their shortages, will cause OXO alcohol and plasticizer prices to decline.

Legal regulations

Grupa Azoty actively presented its opinions on the new draft of the fertilizer regulation prepared by the European Commission, which poses a number of threats to the Polish compound fertilizer industry (such as limits of contaminants, permissibility of addition of organic and bio-waste to fertilizers). Grupa Azoty's opinions, along with justifications, were sent to different decision-making bodies.

3. Other information

3.1. Other material events

Placement in service of a new fertilizer storage facility

A new bulk storage facility, which was an important investment project in the fertilizer segment, was completed. The facility is not only a part of the fertilizer production line, but will also enable the Parent to season and store its fertilizer products in appropriate conditions.

Agreement with the Office of Technical Inspection

On March 9th 2016, the Office of Technical Inspection in Warsaw and the Parent signed a cooperation agreement. The steps to be taken under the agreement will improve safety levels of the Parent's process units and equipment subject to technical inspections.

3.2. Significant agreements

The agreements are presented in chronological order.

Significant agreements

In Q1 2016, the Group did not execute any agreements whose value exceeded 10% of the Group's revenue for the previous four financial quarters, which is the criterion for considering an agreement as significant.

Events after the end of the reporting period

Framework agreement for gas fuel supply and bilateral individual contracts

On April 13th 2016, the Parent and its subsidiaries: Grupa Azoty PUŁAWY, Grupa Azoty POLICE, Grupa Azoty KĘDZIERZYN, Grupa Azoty SIARKOPOL (referred to jointly as the "Customers" and separately as the "Customer") concluded a framework agreement for gas fuel supply and bilateral individual contracts with Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG S.A.").

The framework agreement defines the procedures, the same for all the Customers, for the execution and termination of individual contracts, placing orders and making payments, suspension and reduction of supplies, renegotiation, and terms of joint settlement of supplies.

An individual contract is a fixed-term contract executed under the framework agreement in the form of a sale agreement (in the case of gas sold at a virtual trading point) or master agreement (in the case of gas sold at a physical trading point), specifying the volumes, schedule, pricing formulas based on exchange indices, and detailed commercial parameters of gas fuel supplies to a given Customer.

The framework agreement has been concluded for an indefinite term and its provisions apply to supplies made as of April 1st 2016. The individual contracts have been made for various supply periods, with the longest one ending on September 30th 2019.

Unless provided otherwise in the individual contracts, each Customer may terminate the framework agreement and one or more individual contracts providing for the sale of gas at a physical point at one month's notice with effect from the end of a gas month, or at six months' notice in the case of an individual contract for the sale of gas at a virtual gas trading point.

The framework agreement contains general provisions on contractual penalties and refers the parties to the individual contracts for details. The individual contracts provide for contractual fees and penalties for the non-performance or improper performance either by PGNiG S.A. or the Customer(s), depending on current and periodic execution of supplies, including for failure to deliver or accept the minimum contracted volume of gas fuel and for termination of an individual contract. The maximum amount of contractual penalties should not exceed 10% of the value of each individual contract in force in the first period when such penalties can be charged, but given the

value of the individual contracts, it may exceed EUR 200 thousand. Payment of the contractual penalties precludes the right to seek compensation in excess of penalty amounts.

Any disputes that may arise will be resolved by the court of general jurisdiction competent for the registered office of the defendant except where a dispute concerns price renegotiation, in which case it will be resolved by the Arbitration Court selected by the parties to the framework agreement in line with the procedure set out therein.

The other terms of the framework agreement do not differ from standard terms used in agreements of such type.

Together with the individual contracts, the framework agreement meets the criteria of a significant agreement, which means that its estimated VAT-exclusive value under current market conditions during the life of the individual contracts is approximately PLN 3.3bn, thus exceeding 10% of the Parent Group's total revenue generated in the last four financial quarters. Concurrently, it is the highest-value agreement concluded by the Parent and PGNiG S.A. (as well as the Grupa Azoty Group and the PGNiG Group) in the period from August 18th 2015 to the date of issue of this report. The total value of transactions between the Grupa Azoty Group and the PGNiG Group in this period, including the estimated value of the framework agreement, is approximately PLN 3,790m, which also is the threshold for a significant reportable agreement.

The framework agreement and the individual contracts provide for gas fuel supplies satisfying over 50% of the demand for gas from the Grupa Azoty Group Customers.

Material agreements

Agreements and annexes to agreements of financial nature

Annex to the credit facility agreement between Remzap Sp. z o.o. and Bank Millennium S.A.

On January 25th 2016, Remzap Sp. z o.o. signed an annex to the PLN 2m credit facility agreement of January 27th 2012 concluded with Bank Millennium S.A. Under the annex, the agreement's term was extended until January 26th 2017.

Annex to the credit facility agreement between Agrochem Sp. z o.o. and Bank Pekao S.A.

On January 29th 2016, Agrochem Sp. z o.o. and Bank Pekao S.A. signed an annex to the overdraft facility agreement, increasing the limit from PLN 5m to PLN 10m. The agreement is effective until January 31st 2017.

Factoring agreement between the Parent and BGŻ BNP Paribas Faktoring Sp. z o.o.

On February 12th 2016, the Parent and BGŻ BNP Paribas Faktoring Sp. z o.o. executed a factoring agreement with a PLN 25m limit, effective until October 12th 2016, to be used to finance deferred payment receivables from selected domestic trading partners.

Amendment to the credit facility agreement between AFRIG S.A. and BGŻ BNP Paribas S.A.

On February 25th 2016, AFRIG S.A. executed an amendment to a multi-purpose credit facility agreement signed with BGŻ BNP PARIBAS S.A. on February 18th 2014, extending the credit facility's availability until February 17th 2017 and bringing security for the bank's claims in line with the Group's standards in respect of credit facility agreements.

Insurance agreements

Trade credit insurance at Grupa Azoty PUŁAWY

In January 2016, the existing trade credit insurance policy with Towarzystwo Ubezpieczeń Euler Hermes S.A. was renewed for a period from January 1st 2016 to December 31st 2016. The insurance policy covers domestic and export sales of caprolactam and melamine, as well as sales of other products to customers buying caprolactam, melamine, PUC-C (cyclohexane oxidation product), and alcohol foreshots.

Also in January 2016, a new trade credit insurance policy was executed with Towarzystwo Ubezpieczeń Euler Hermes S.A. for a period from January 1st 2016 to December 31st 2016. The insurance policy covers Grupa Azoty PUŁAWY's receivables from fertilizer exports.

The Group's construction and assembly risk insurance

In February 2016, the Parent entered into a master agreement concerning all risk construction and assembly insurance under an insurance pool set up by WARTA/PZU/Ergo HESTIA. The agreement, effective from February 6th 2016 until June 30th 2018, defines the terms and conditions of insurance of construction and assembly work performed as part of new investments as well as overhaul projects under contracts entered into by Grupa Azoty Group companies. The insurance also covers construction and assembly work performed by the companies. Contracts benefit from the insurance cover provided that they are notified during the agreement term.

3.3. Sureties for borrowings, guarantees granted

In Q1 2016, the Grupa Azoty Group did not issue any guarantees with the value exceeding 10% of the Parent's equity.

In Q1 2016, the Group did not sign any annexes to amend its guarantees with the value exceeding 10% of the Parent's equity.

In Q1 2016, companies of the Grupa Azoty Group did not grant any sureties.

Letters of credit issued

On February 4th 2016, at the request of Grupa Azoty PUŁAWY, PKO BP S.A. issued an import letter of credit for EUR 1,496 thousand, expiring on August 19th 2016, for the benefit of a supplier of equipment. The letter of credit was issued under a multi-purpose credit facility agreement.

Loans advanced within the Group in Q1 2016

Under an intra-Group financing agreement of April 23rd 2015, on January 25th 2016 Grupa Azoty KĘDZIERZYN's request for a loan of PLN 2,770 thousand was accepted. The loan is to be used to finance the investment project "Launch of continuous production of OXOPLAST® OT". The loan was disbursed on January 29th 2016.

Under the intra-Group financing agreement of April 23rd 2015, following Grupa Azoty KĘDZIERZYN's request for a loan of PLN 209,920 thousand for the financing of the investment project "New CHP plant at GA ZAK S.A. - phase 1", the loan's next tranche of PLN 40,320 thousand was disbursed on March 31st 2016.

3.4. Shareholding structure

Below are listed shareholders holding directly, or indirectly through subsidiaries, at least 5% of total voting rights at the General Meeting as at the date of this report, along with information on the number of shares held by such entities, their respective ownership interests, the number of voting rights held, and their share in total voting rights at the General Meeting.

Shareholding structure as at March 11th 2016

Shareholder	Number of shares	% of share capital	Number of votes	% of voting rights
State Treasury of Poland	32,734,509	33.00	32,734,509	33.00
ING OFE	9,883,323	9.96	9,883,323	9.96
Norica Holding S.à r.l. (indirectly: 19,841,700 shares, i.e. 20.0026%)	571,348	0.57	571,348	0.57
Rainbee Holdings Limited ^{*)}	9,820,352	9.90	9,820,352	9.90
Opansa Enterprises Limited ^{*)}	9,450,000	9.53	9,450,000	9.53
TFI PZU S.A.	8,530,189	8.60	8,530,189	8.60
EBRD	5,700,000	5.75	5,700,000	5.75
Other	22,505,763	22.69	22,505,763	22.69
Total	99,195,484	100.00	99,195,484	100.00

^{*)} Direct subsidiaries of Norica Holding S.à r.l.

including:

- Series AA and Series B shares 39,116,421,
- Series C shares 24,999,023,
- Series D shares 35,080,040.

In the period from March 11th 2016 (i.e. publication of the full-year report) to the date of this report, the Parent was not notified of any changes in major holdings of its shares.

3.5. Parent shares held by its management and supervisory personnel

As at March 31st 2016 and as at the date of this report, none of the members of the Parent's Management Board held any shares in the Parent.

Since the date of issue of the previous report, there have been no changes in holdings of Parent shares by managing personnel.

Grupa Azoty shares held by supervisory personnel

	Number of shares/voting rights*		
	as at Jan 1 2016	as at Mar 30 2016	as at May 9 2016
Tomasz Klikowicz	190	190	190

* Par value is PLN 5.

The remaining members of the Parent's supervisory personnel held no Grupa Azoty shares. Since the date of issue of the previous report, there have been no changes in holdings of Parent shares by supervisory personnel.

3.6. Composition of the Management Board and the Supervisory Board

Parent's Management Board

Composition of the Management Board as at January 1st 2016:

- Paweł Jarczewski - 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,
- Andrzej Skolmowski - Vice-President of the Management Board,
- Witold Szczypiński - Vice-President of the Management Board,
- Artur Kopeć - Member of the Management Board elected by employees.

At its meeting held on February 19th 2016, the Company's Supervisory Board passed the resolution whereby the Management Board of the 10th term of office is to be composed of three to seven members and made the following changes to the composition of the Management Board:

- Paweł Jarczewski, President of the Management Board, was removed from the Management Board,
- Krzysztof Jałosiński, Vice-President of the Management Board, was removed from the Management Board,
- Marek Kapłucha, Vice-President of the Management Board, was removed from the Management Board,
- Marian Rybak, Vice-President of the Management Board, was removed from the Management Board,
- Mariusz Bober was appointed President of the Management Board of Grupa Azoty S.A. of the 10th term of office.

On March 14th 2016, the Supervisory Board passed resolutions to appoint Józef Rojek and Tomasz Hinc as members of the Management Board.

As at the date of this report, the Company's Management Board consisted of:

- Mariusz Bober - President of the Management Board,
- Andrzej Skolmowski - Vice-President of the Management Board,
- Witold Szczypiński - Vice-President of the Management Board,
- Tomasz Hinc - Member of the Management Board,
- Artur Kopeć - Member of the Management Board,
- Józef Rojek - Member of the Management Board.

Powers and responsibilities of the Parent's Management Board and Supervisory Board members:

At its meeting held on March 21st 2016, the Company's Management Board passed Resolution No. 291/X/2016 on the division of powers and responsibilities between the members of the Management Board. The Resolution sets out the current powers and responsibilities of the Management Board members in individual business areas within the Company and the Group.

As at the date of this report, the scopes of powers and responsibilities of members of the Parent's Management Board were as follows:

- Mariusz Bober – President of the Management Board, responsible for overall supervision and management of the Group, as well as for the strategy and corporate governance, including exercise of majority shareholder power, human resources management, communication and corporate image (which also covers public relations and CSR),
- Andrzej Skolmowski - Vice-President of the Management Board, responsible for finance, IT, logistics and investor relations,
- Witold Szczypiński - Vice-President of the Management Board, Director General of the Parent, responsible for integration of production processes, the Agro Segment, and the Plastics Segment,
- Tomasz Hinc - Member of the Management Board, responsible for procurement,
- Artur Kopeć - Member of the Management Board, responsible for production assets, plant safety, environmental protection, infrastructure and social dialogue,
- Józef Rojek - Member of the Management Board, responsible for investment projects and for R&D programmes.

The Company's Management Board operates on the basis of:

- the Commercial Companies Code of September 15th 2000 (Dz.U. No. 94, item 1037, as amended),
- the Act on Commercialisation and Privatisation of August 30th 1996, as amended,
- the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005,
- the Act on Trading in Financial Instruments of July 29th 2005,
- and secondary legislation issued on the basis of the above acts,
- the Company's Articles of Association.
- Rules of Procedure for the Company's Management Board,
- Resolution on the division of powers and responsibilities of March 21st 2016 (Resolution No. 291/X/2016).

Supervisory Board

Composition of the Supervisory Board as at January 1st 2016:

- Monika Kacprzyk-Wojdyga - Chairperson,
- Jacek Obłękowski - Deputy Chairman,
- Robert Kapka - Member,
- Tomasz Klikowicz - Member,
- Artur Kucharski - Member,
- Przemysław Lis - Member,
- Marek Mroczkowski - Member,
- Zbigniew Paprocki - Member,
- Ryszard Trepczyński - Member.

On January 15th 2016, Zbigniew Paprocki was appointed Secretary of the Supervisory Board.

On January 29th 2016, by virtue of a letter from the Minister of State Treasury, Przemysław Lis was removed from the Supervisory Board, and Marek Grzelaczyk was appointed in his place.

On February 1st 2016, by way of resolutions of the Company's Extraordinary General Meeting, Monika Kacprzyk-Wojdyga and Marek Mroczkowski, Jacek Obłękowski and Ryszard Trepczyński were removed from the Company's Supervisory Board, while Maciej Baranowski, Tomasz Karusewicz, Przemysław Lis and Bartłomiej Litwińczuk were appointed as the new members (Przemysław Lis was appointed as the Chairman of the Supervisory Board).

On February 19th 2016, the Supervisory Board appointed Marek Grzelaczyk as Deputy Chairman of the Supervisory Board of the 9th term of office.

As a result of the above changes, as at February 1st 2016 the composition of the Supervisory Board was as follows:

- Przemysław Lis - Chairman,
- Marek Grzelaczyk - Deputy Chairman,
- Zbigniew Paprocki - Secretary,
- Maciej Baranowski - Member,
- Robert Kapka - Member,
- Tomasz Karusewicz - Member,
- Tomasz Klikowicz - Member,
- Artur Kucharski - Member,
- Bartłomiej Litwińczuk - Member.

On March 31st 2016, Marek Grzelaczyk tendered his resignation as Deputy Chairman. On April 15th 2016, the Supervisory Board appointed Tomasz Karusewicz as Deputy Chairman of the Supervisory Board of the 9th term of office.

As a result, the composition of the Parent's Supervisory Board as at the date of this report was as follows:

- Przemysław Lis - Chairman,
- Tomasz Karusewicz - Deputy Chairman,
- Zbigniew Paprocki - Secretary,
- Maciej Baranowski - Member,
- Marek Grzelaczyk - Member,

- Robert Kapka - Member,
- Tomasz Klikowicz - Member,
- Artur Kucharski - Member,
- Bartłomiej Litwińczuk - Member.

The Supervisory Board operates on the basis of:

- the Commercial Companies Code of September 15th 2000 (Dz.U. No. 94, item 1037, as amended),
- the Act on Commercialisation and Privatisation,
- the Accountancy Act,
- the Parent's Articles of Association (in particular Art. 33 of the Company's Articles of Association),
- the Rules of Procedure for the Parent's Supervisory Board.

Changes in the composition of the Supervisory Board's Audit Committee

In connection with the removal of Jacek Obłękowski and Marek Mroczkowski from the Supervisory Board by virtue of resolutions of the Company's General Meeting of February 1st 2016, on February 19th 2016 the Supervisory Board adopted resolutions appointing the following persons to the Audit Committee: Tomasz Karusewicz, Maciej Baranowski and Artur Kucharski (as Chairman of the Audit Committee). In connection with Tomasz Karusewicz's resignation from the Audit Committee made on March 8th 2016, on March 14th 2016 the Supervisory Board resolved to appoint Marek Grzelaczyk to the Committee.

As at the date of this report, the Audit Committee consisted of:

- Artur Kucharski - Chairman,
- Maciej Baranowski,
- Marek Grzelaczyk,
- Tomasz Klikowicz.

Election of Supervisory Board members by employees of Grupa Azoty S.A.

On February 19th 2016, the Supervisory Board ordered election to be held where the Company's employees would choose candidates for members of the Supervisory Board of the 10th term of office. The election was to be held within one month of the Supervisory Board Resolution's coming into force. The Supervisory Board appointed a Central Election Committee to carry out the election. The election was held on March 11th-23rd (1st round) and March 30th-April 14th 2016 (2nd round).

4. Additional information

Management Board's position on the achievement of forecasts

As no forecasts for 2016 have been published, the position of the Parent's Management Board concerning achievement of such forecasts is not presented.

Litigation

There are no proceedings pending at the Grupa Azoty Group companies concerning liabilities or debt claims whose value would represent 10% of Grupa Azoty's equity, i.e. would satisfy the materiality criteria specified in the Regulation of the Minister of Finance of February 19th 2009 on current and periodic information (consolidated text: Dz.U. of 2014, item 133).

The total value of all proceedings involving the Group companies does not exceed 10% of Grupy Azoty S.A.'s equity.

Parent's branches

The Company does not operate non-local branches or facilities.

Shares, share issues

In Q1 2016, the Parent did not issue, redeem or repay any debt or equity securities. The Company had spent the proceeds from Public Offerings by the end of 2013. The proceeds were used in line with the original issue objectives.

There are no agreements known to the Company which may cause future changes in the percentages of shares held by the existing shareholders and bondholders

The Company does not operate any control system for employee share ownership plan.

Consolidated interim report of the Grupa Azoty Group for Q1 2016 contains 77 pages.

Signatures of Members of the Management Board

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Mariusz Bober
President of the Management Board

.....

Andrzej Skolmowski
Vice-President of the Management Board

.....

Witold Szczypiński
Vice-President of the Management Board
Director General

.....

Tomasz Hinc
Member of the Management Board

.....

Artur Kopec
Member of the Management Board

.....

Józef Rojek
Member of the Management Board

Tarnów, May 9th 2016