



**ZAKŁADY AZOTOWE
W TARNOWIE-MOŚCICACH S.A.
CAPITAL GROUP**

**Condensed Interim Consolidated Financial Statements
for the period of 3 and 12 months ending 31 December 2009
drawn up in accordance with International Financial Reporting Standards
approved by the European Union**

Tarnów, 19 February 2010

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A. SELECTED FINANCIAL DATA

Selected financial data concerning the consolidated financial statement	PLN ('000)		EUR ('000)	
	For the period from 2009-01-01 to 2009-12-31	For the period from 2008-01-01 to 2008-12-31	For the period from 2009-01-01 to 2009-12-31	For the period from 2008-01-01 to 2008-12-31
Sales revenues	1,198,312	1,352,156	276,071	309,201
Operating profit	(13,485)	89,135	(3,107)	22,403
Profit before tax	(8,104)	87,900	(1,867)	24,633
Net profit	(5,886)	74,657	(1,356)	19,956
Total income	(1,104)	66,787	(254)	19,956
Number of shares (pcs.)	39,116,421	39,116,421	39,116,421	39,116,421
Net profit per ordinary share	(0.16)	2.31	(0.04)	0.67
Net operating cash flows	(39,250)	62,174	(9,043)	9,847
Net investment cash flows	218,629	(380,990)	50,368	(105,958)
Net financial cash flows	21,773	309,736	5,016	91,143
Total net cash flows	201,152	(9,080)	46,342	(4,968)
Cash and cash equivalents at the beginning of the period	45,333	54,413	10,444	15,889
Cash and cash equivalents at the end of the period	246,485	45,333	56,786	10,921
	As at 2009-12-31	As at 2008-12-31	As at 2009-12-31	As at 2008-12-31
Fixed assets	995,491	1,047,354	242,318	251,020
Current assets	588,666	556,892	143,290	133,470
Long-term liabilities	198,787	224,365	48,388	53,774
Short-term liabilities	268,519	222,550	65,362	53,339
Equity	1,116,851	1,157,331	271,859	277,378
Share capital	195,582	195,582	47,608	46,875
Minority interest	2,157	1,698	525	407

Selected financial data concerning the separate statement	PLN ('000)		EUR ('000)	
	For the period from 2009-01-01 to 2009-12-31	For the period from 2008-01-01 to 2008-12-31	For the period from 2009-01-01 to 2009-12-31	For the period from 2008-01-01 to 2008-12-31
Sales revenues	1,138,278	1,276,039	262,240	361,269
Operating profit	(26,860)	74,280	(6,188)	21,030
Profit before tax	(15,839)	74,015	(3,649)	20,955
Net profit	(10,997)	61,935	(2,534)	17,535
Total income	(6,215)	54,065	(1,432)	15,307
Number of shares (pcs.)	39,116,421	39,116,421	39,116,421	39,116,421
Net profit per ordinary share	(0.28)	1.93	(0.06)	0.55
Net operating cash flows	(39,167)	42,395	(9,023)	12,003
Net investment cash flows	225,532	(365,316)	51,959	(103,427)
Net financial cash flows	25,392	311,751	5,850	88,262
Total net cash flows	211,757	(11,170)	48,785	(3,162)
Cash and cash equivalents at the beginning of the period	23,893	35,063	5,505	9,927
Cash and cash equivalents at the end of the period	235,650	23,893	54,290	6,765
	As at 2009-12-31	As at 2008-12-31	As at 2009-12-31	As at 2008-12-31
Fixed assets	919,865	974,677	223,909	233,601
Current assets	558,726	510,280	136,003	122,299
Long-term liabilities	156,612	181,232	38,122	43,436
Short-term liabilities	262,069	197,701	63,792	47,383
Equity	1,059,910	1,106,024	257,999	265,081
Share capital	195,582	195,582	47,608	46,875

Selected items concerning the financial position as well as the statement of comprehensive total income and the cash flow statement were translated into Euro in accordance with the indicated applicable method of translation:

- individual items of assets and liabilities of the statement of financial position were translated according to the exchange rate applicable on the last day of the balance sheet period:
exchange rate at 31.12.2008 was 1 EUR = 4.1724 PLN (Table No. 254/A/NBP/2008)
exchange rate at 31.12.2009 was 1 EUR = 4.1082 PLN (Table No. 255/A/NBP/2009)
- individual items of the statement of comprehensive income and the cash flow statement were translated according to the exchange rates constituting an arithmetic mean of the exchange rates of Euro announced by the National Bank of Poland applicable on the last day of each month in a given reporting period:
average exchange rate in the period from 01.01.2008 to 31.12.2008 was 1 EUR = 3.5321 PLN
average exchange rate in the period from 01.01.2009 to 31.12.2009 was 1 EUR = 4.3406 PLN

The translations were made in compliance with the indicated exchange rates through dividing the values in thousands of PLN by an exchange rate.

B. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of PLN)

	For the period from 01.10 to 31.12.2009	For the period from 01.01 do 31.12.2009	For the period from 01.10 to 31.12.2008	For the period from 01.01 to 31.12.2008
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>
Continued operations				
Revenues	322,011	1,198,312	293,234	1,352,156
Cost of sales	(282,363)	(1,035,295)	(251,822)	(1,108,307)
Gross profit on sales	39,648	163,017	41,412	243,849
Cost of sales	(19,868)	(64,713)	(14,008)	(61,054)
Overhead costs	(25,626)	(99,728)	(26,133)	(97,418)
Other operating revenues	7,970	15,970	14,781	25,691
Other operating costs	(7,533)	(28,031)	(3,641)	(21,933)
Operating profit (loss)	(5,409)	(13,485)	12,411	89,135
Financial revenues	7,792	51,722	14,075	22,474
Financial costs	(7,317)	(46,374)	(22,959)	(23,802)
Net financial revenues (costs)	475	5,348	(8,884)	(1,328)
Profit on interest in subordinate entities valuated with equity method	9	33	12	93
Profit (loss) before tax	(4,925)	(8,104)	3,539	87,900
Income tax	5,500	2,218	2,776	(13,243)
Net profit (loss) on continued operations	575	(5,886)	6,315	74,657
Discontinued operations				
Net profit (loss) on discontinued operations	-	-	-	-
Net profit (loss)	575	(5,886)	6,315	74,657
Components of other comprehensive income				
Valuation of hedging instruments	612	(1,988)	(9,716)	(9,716)
Settlement of hedging instruments	635	7,892	-	-
Deferred tax on components of other comprehensive income	(236)	(1,122)	1,846	1,846
Total components of other comprehensive income	1,011	4,782	(7,870)	(7,870)
Total comprehensive income	1,586	(1,104)	(1,555)	66,787
Net profit attributable to:				
Shareholders of the parent company	543	(6,345)	6,304	74,232
Minority shareholders	32	459	11	425
Total comprehensive income attributable to:				
Shareholders of the parent company	1,554	(1,563)	(1,566)	66,362
Minority shareholders	32	459	11	425
Profit per share:				
On continued and discontinued operations:				
Basic (PLN)	0.01	(0.16)	0.23	2.31
Diluted (PLN)	0.01	(0.16)	0.23	2.31
On continued operations:				
Basic (PLN)	0.01	(0.16)	0.23	2.31
Diluted (PLN)	0.01	(0.16)	0.23	2.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of PLN)

	As at 31.12.2009	As at 31.12.2008
	<i>unaudited</i>	<i>audited</i>
Assets		
Fixed assets		
Tangible fixed assets	910,204	924,836
Investment properties	12,135	6,100
Intangible assets	22,219	16,728
Investments in subordinate entities	595	280
Investments available for sale	12,484	12,592
Other financial assets	2	50,000
Long-term receivables	1,355	594
Deferred income tax assets	36,462	35,924
Other assets	35	300
Total fixed assets	995,491	1,047,354
Current assets		
Stocks	180,778	136,791
Other financial assets	509	202,466
Income tax receivables	5,784	4,107
Trade receivables and other receivables	148,905	162,554
Cash and cash equivalents	246,485	45,333
Other assets	5,592	5,634
Fixed assets available for sale	613	7
Total current assets	588,666	556,892
Total assets	1,584,157	1,604,246

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of PLN)

	As at 31.12.2009	As at 31.12.2008
	<i>unaudited</i>	<i>audited</i>
Liabilities		
Equity		
Share capital	195,582	195,582
Share premium	209,990	209,990
Hedge valuation reserve	(3,088)	(7,870)
Retained profit, including:	712,210	757,931
<i>Net profit (loss) of the current period</i>	(6,345)	74,23,
Equity of shareholders of the parent company	1,114,694	1,155,633
Minority interest	2,157	1,698
Total equity	1,116,851	1,157,331
Liabilities		
Liabilities from cash loans and loans	29,446	48,889
Reserves for employee benefits	43,620	46,601
Other long-term liabilities	189	886
Other reserves	20,548	21,520
Government subsidies	70	244
Revenues from future periods	4	7
Reserves for deferred income tax	103,117	104,884
Financial liabilities	1,793	1,334
Total long-term liabilities	198,787	224,365
Liabilities from cash loans and loans	110,201	21,174
Reserves for employee benefits	5,009	8,005
Current income tax liabilities	431	694
Trade liabilities and other liabilities	140,278	161,294
Other reserves	8,105	4,797
Government subsidies	135	352
Revenues from future periods	3,273	2
Financial liabilities	1,087	26,232
Total short-term liabilities	268,519	222,550
Total payables	467,306	446,915
Total liabilities	1,584,157	1,604,246

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands of PLN)

	Share capital	Share premium	Capital from hedge accounting	Retained profit	Total equity of shareholders of the parent company	Minority interest	Total equity
As at 1 January 2008	120,000	-	-	744,628	864,628	1,390	866,018
Adjustment of errors	-	-	-	(57,907)	(57,907)	-	(57,907)
As at 1 January 2008 following adjustments	120,000	-	-	686,721	806,721	1,390	808,111
Issue of shares	75,582	209,990	-	-	285,572	-	285,572
Comprehensive income for the period of 12 months ended on 31 December 2008	-	-	(7,870)	74,232	66,362	308	66,670
Other	-	-	-	(3,022)	(3,022)	-	(3,022)
As at 31 December 2008 (audited)	195,582	209,990	(7,870)	757,931	1,155,633	1,698	1,157,331
As at 1 January 2009	195,582	209,990	(7,870)	757,931	1,155,633	1,698	1,157,331
Comprehensive income for 12 months ended on 31 December 2009	-	-	4,782	(6,345)	(1,563)	459	(1,104)
Dividends	-	-	-	(40,024)	(40,024)	-	(40,024)
Other	-	-	-	648	648	-	648
As at 31 December 2009 (unaudited)	195,582	209,990	(3,088)	712,210	1,114,694	2,157	1,116,851

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of PLN)

	For the period from 01.10 to 31.12.2009	For the period from 01.01 to 31.12.2009	For the period from 01.10 to 31.12.2008	For the period from 01.01 to 31.12.2008
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>
Operating cash flows				
Gross profit	(4,925)	(8,104)	3,539	87,900
<i>Adjustments</i>	<i>7,545</i>	<i>56,192</i>	<i>20,83</i>	<i>77,524</i>
Amortisation and depreciation	21,446	80,807	19,087	72,887
Creation/reversal of write-offs	(753)	(5,192)	1,191	1,191
Profit/loss from investment activity	(8,018)	(7,324)	(12,875)	(8,051)
Profit/loss from disposal of financial assets	(4,117)	(4,120)	1,897	-
Profit/loss on interest in associated entities valuated with equity method	(9)	(33)	(12)	(93)
Interest, exchange rate differences	(570)	(10,276)	(7,311)	(7,047)
Dividends received	(100)	(180)	(73)	(298)
Profit/loss on changes in fair value of financial assets recognised at fair value	(334)	2,510	18,935	18,935
Operating profit/loss prior to working capital changes	2,620,	48,08,	24,378	165,424,
Movements in trade receivables and other receivables	4,389	30,301	38,942	18,965
Movements in stocks	(17,080)	(47,396)	(8,838)	(17,592)
Movements in trade liabilities and other liabilities	23,579	(56,945)	(24,534)	(85,036)
Movements in reserves, accruals and subsidies	(6,047)	(11,804)	12,196	6,360
Other adjustments	1,309	2,591	(1,701)	(4,048)
Cash and cash equivalents from operating activity	8,770,	(35,165)	40,443	84,073
Interest paid	-	-	10	-
Income tax paid	746	(4,085)	(12,003)	(21,899)
Net cash and cash equivalents from operating activity	9,516	(39,250)	28,450	62,174

	For the period from 01.10 to 31.12.2009	For the period from 01.01 to 31.12.2009	For the period from 01.10 to 31.12.2008	For the period from 01.01 to 31.12.2008
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>
Investment cash flows				
Sale of intangible and tangible fixed assets as well as investment properties	8,088	31,222	7,091	8,199
Acquisition of intangible and tangible fixed assets as well as investment properties	(14,836)	(79,832)	(50,609)	(145,812)
Dividends received	100,	2,646	140	1,247
Outflows for acquisition of financial assets	-	(12,342)	(2,000)	(268,000)
Inflows from sale of financial assets	187,616	271,886	23,000	23,000
Interest received	8,740	14,257	311	366
Other expenses	(4,666)	(9,208)	3,950	10
Net cash and cash equivalents from investment activity	185,042	218,629	(18,117)	(380,990)
Financial cash flows				
Net inflows from issue of shares	-	-	-	285,571
Dividends paid	(26,565)	(42,459)	(2)	(1,000)
Inflows from cash loans and loans	40,182	128,295	610	36,943
Expenses for repayment of cash loans and loans	(27,103)	(58,711)	(1,326)	(7,651)
Interest paid	(1,376)	(4,543)	(1,097)	(3,128)
Payments under financial lease contracts	12	(809)	(585)	(999)
Net cash and cash equivalents from financial activity	(14,850)	21,773	(2,400)	309,736
Total net cash flows	179,708	201,152	7,933	(9,080)
Cash and cash equivalents at the beginning of the period	66,777	45,333	37,400	54,413
Effect of changes in exchange rates	-	-	-	-
Cash and cash equivalents at the end of the period	246,485	246,485	45,333	45,333

C. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Information on significant events in Q4 2009

Cessation of chlorine production

According to an announcement in the issuing prospectus concerning cessation of chlorine production, which uses mercury electrolysis that has a damaging effect on the environment, Azoty Tarnów, complying with the environmental recommendations of the EU, made a decision to cease the production as of 1 October 2009.

Disposal of shares of the subsidiary "ZBACH" Sp. z o.o.

On 29 October 2009 Azoty Tarnów concluded a sales agreement as to 100% shares of the subsidiary "ZBACH" Sp. z o.o. with the following Companies: PETRO Mechanika S.A., PETRO Eltech Sp. z o.o. and PETRO Remont Sp. z o.o.

The total purchase price of 107,700 equal and indivisible shares with the nominal value of PLN 100 was: PLN 7,850,000.00.

PETRO Mechanika S.A. acquired 35,900 shares worth in total PLN 2,616,498.00, PETRO Eltech Sp. z o.o. 35,900 shares worth in total PLN 2,616,751.00 and PETRO Remont 35,900 shares worth in total PLN 2,616,751.00.

Disposal of shares of the subsidiary "WIEZAT" Sp. z o.o.

On 30 November 2009 Azoty Tarnów concluded a sales agreement as to 100% shares in Tarnowskie Przedsiębiorstwo Produkcyjno – Usługowe „WIEZAT” Sp. z o.o. with KAEFER Spółka Akcyjna. Pursuant to the concluded agreement, the transfer of ownership of shares to the acquiring party took place on 1 December 2009. The selling price of the Company's shares was PLN 1,700,000.00.

Conditional agreement on the acquisition of shares of Unylon Polymers GmbH

On 18 November 2009 Azoty Tarnów concluded a conditional agreement with Unylon AG, with its registered office in Hamburg, on the acquisition of 100 % shares of Unylon Polymers GmbH, with its registered office in Guben/Germany.

It was agreed that the agreement would come into effect upon fulfilling the conditions precedent – Azoty Tarnów's obtaining corporate consent of the General Meeting to carry out the acquisition and the recovery plan's of Unylon Polymers GmbH becoming final and unappealable.

The Management Board of Azoty Tarnów was notified of the full satisfaction of the conditions of the acquisition by Notarial Office, with its registered office in Berlin, on 28 January 2010 (details in item C 7 herein).

Agreement with HP on providing IT outsourcing services

On 25 November 2009 Azoty Tarnów concluded an agreement on providing IT outsourcing services with the IT market leader, Hewlett Packard Polska Sp. z o.o.

Pursuant to the concluded agreement, HP shall provide IT outsourcing services for Azoty Tarnów and assume the responsibility for the development and maintenance of enterprise IT systems.

The concluded contract shall be binding for 6 years and support the implementation of a long-term IT

development strategy of the Tarnów-based company, which provides for, above all, the implementation of advanced information technologies, application of IT solutions to business processes and implementation of IT governance principles in the company.

In the agreement concluded on 25 November 2009, HP and Azoty Tarnów also declare an intention of strategic cooperation as to the supply of information and telecommunication technologies and services, which may result in the construction of an advanced HP competence centre in Tarnów. That Tarnów's specialised HP technology centre would pursue activity related to IT and outsourcing services for other companies.

Conclusion of a licence agreement with the Indian group

Azoty Tarnów will grant the licence for "Cyclopol Bis", a technology of oxidisation of cyclohexanone, to Gujarat State Fertilisers & Chemical Ltd. (GSFC). On 15 December 2009 the General Meeting of Azoty Tarnów Shareholders consented to the conclusion of the licence agreement with the Indian group.

In 1988, GSFC purchased from Azoty Tarnów (and other Polish owners of the project) the technology of producing cyclohexanol from benzene. In 1997, the cyclohexanol plant in GSFC was advanced by the specialists of Azoty Tarnów and Biprozat sp. z o.o. – a subsidiary. Currently, the Indian group is planning another upgrade of the cyclohexane to cyclohexanol oxidisation section with use of the new process solution, which is permitted by the "Cyclopol Bis" method owned by Azoty Tarnów.

As part of the concluded licence agreement, Tarnów-based experts shall also prepare the technical documentation of the plant and shall perform author's supervision over the implementation of the technology in the GSFC production plant in Vadodara.

Azoty Tarnów shall receive ca EUR 3.2 mln in total for the licence and technical services related to sharing the licence. The licence covers the application of "Cyclopol Bis" only as part of the upgrade of the existing production capacities of GSFC.

Implementation of a pro-ecological investment

On 21 October 2009 the Extraordinary Meeting of the Company consented to the implementation of a pro-ecological investment, which makes it possible to manage the whole quantity of ash produced in the establishment's CHP plant in dry condition and deliver it to external recipients.

The new system will permit transferring ash from all boilers to companies which use that material: cement plants, construction material producers and road construction industry.

Currently, ash and slag are discharged onto a storage yard with use of a hydro-oxidation system. Only a small portion of ash is managed.

The investment is supposed to be financed by own funds and a subsidy from the Operational Programme "Infrastructure and Environment".

Upgrade of the establishment's own power grid

On 21 October 2009 the General Shareholders' Meeting consented to the investment related to the upgrade of the power supply grid within the establishment. The implementation of the investment, whose completion is scheduled in 2011, will allow Azoty Tarnów to increase the use of energy originating from the establishment's own CHP plant. The project includes the construction of a 110 kV cable line and the upgrade of the three Main Power Supply Points.

The implementation of the project will result in no necessity to maintain a considerable number of service connections of the external grid, which means a substantial reduction of operating costs, related to service charges, and at the same time considerable savings due to replacing more expensive power purchased outside with own energy produced in establishment's own CHP plant.

2. Accounting principles (policy) and principles of calculation methods.

1. Declaration of conformity and general drawing up principles

These condensed interim consolidated financial statements have been drawn up in accordance with the requirements of IAS 34 "Interim Financial Reporting" as well as with the Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information submitted by issuers of securities and on conditions for regarding information required by the law of a non-member state as equivalent (Journal of Laws No. 33, it. 259), hereinafter referred to as the Ordinance. The statements present the financial position of the Group as at 31 December 2009 and 31 December 2008, the outcomes of its activities for the period of 12 months ended on 31 December 2009 and 31 December 2008 as well as the cash flows for the period of 12 months ended on 31 December 2009 and 31 December 2008.

Pursuant to § 83 (1) of the Ordinance, these financial statements comprise the quarterly financial information of the Parent Company containing the separate statements of comprehensive income, separate statements of financial position, separate statement of changes in equity as well as the separate cash flow statement.

The financial statements have been drawn up assuming that the continuity of the operations of the Capital Group shall be continued in the foreseeable future.

These condensed interim consolidated financial statements have been drawn up in thousands of PLN.

2. Accounting principles (policy) and principles of calculation methods.

Amendments to the International Financial Reporting Standards

The following standards, amendments to the binding standards as well as interpretations (adopted or being adopted by the European Union) are applicable as at 1 January 2009:

IFRS 8 "Operating Segments",
Revised IAS 23 "Borrowing Costs",
Revised IAS 1 "Presentation of Financial Statements",
Amendments to IFRS 2 "Payments in Shares – Vesting Conditions and Cancellations",
Amendments to IAS 32 "Financial Instruments: Presentation" and to IAS 1 "Presentation of Financial Statements – Puttable Financial Instruments and Obligations arising on Liquidation",
Improvements in the International Financial Reporting Standards – a collection of amendments to the International Financial Reporting Standards, the amendments are effective, in most cases, for periods of one year commencing on or after 1 January 2009,
Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and to IAS 27 "Consolidated and Separate Financial Statements – Cost of Investment in Subsidiary, Jointly Controlled Entity or Associate",
IFRIC 15 "Agreements for Construction of Property". This interpretation has not been accepted by the European Union,
IFRIC 16 "Hedges of a Net Investment in Foreign Operation", the amendments are applicable to financial years commencing on or after 1 October 2008.

Except for IFRS 8 and the revised IAS 1, the adoption of the aforementioned standards and interpretations did not cause any significant changes in the Company's accounting policy and in the presentation of the data in the financial statements .

Adoption of revised IAS 1

The Group made a presentation of the statement of the comprehensive income in accordance with the requirements of the amendment to IAS 1 – Presentation of Financial Statements,

Adoption of IFRS 8

The Group made a presentation of the information concerning operating and geographical segments in accordance with IFRS 8 - Operating Segments; see C.4. "Segment Data" for detailed description.

Standards and interpretations issued but not adopted yet

The Management Board has not decided on earlier application of the following standards and interpretations (already adopted or being adopted by the European Union):

Revised IFRS 3 "Business Combinations" applicable to periods of one year commencing on and after 1 July 2009,

Revised IAS 27 "Consolidated and Separate Financial Statements" applicable to periods of one year commencing on and after 1 July 2009,

Amendments to IAS 39 "Financial Instruments: Eligible Hedged Items" applicable to periods of one year commencing on 1 July 2009. These amendments have not been adopted by the European Union,

Revised IFRS 1 "First-time Adoption of International Financial Reporting Standards" applicable to periods of one year commencing on and after 1 July 2009. This standard has not been adopted by the European Union,

IFRIC 17 "Distribution of Non-Cash Assets to Owners" applicable to periods of one year commencing on and after 1 July 2009. This interpretation has not been adopted by the European Union,

IFRIC 18 "Transfer of Assets from Customers" applicable prospectively in relation to the components of assets obtained from customers on or after 1 July 2009. This interpretation has not been adopted by the European Union,

Improvements in the International Financial Reporting Standards – a collection of amendments to the International Financial Reporting Standards, the amendments are effective, in most cases, for periods of one year commencing on or after 1 January 2010. These amendments have not been adopted by the European Union,

IFRS for Small and Medium Entities. The standard is applicable as of the day of its issuing (9 July 2009). This standard has not been adopted by the European Union,

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" applicable to periods of one year commencing on and after 1 January 2010. These amendments have not been adopted by the European Union.

The aforementioned amendments to the standards, except for IFRS 3, would not have a significant impact on the accounting policy if they were applied by entities as at the balance sheet date. However, the IFRS amendment regarding the recognition of costs related to the takeover will result in the recognition thereof in the profit and loss account. The amount of those costs as at the balance sheet day is PLN 3,885,000 .

3. The functional and reporting currency of the financial statements as well as the principles adopted for financial data translation.

The functional and reporting currency.

The functional and reporting currency of this condensed financial statements as well as of the quarterly financial information of the Parent company is PLN.

The principles adopted for financial data translation.

Selected items of the balance sheet, the profit and loss account as well as the cash flow statement were translated into Euro in accordance with the indicated method of translation:

- individual items of the assets and liabilities of the balance sheet were translated in accordance with the exchange rate applicable on the last day of the balance sheet period:
exchange rate as at 31.12.2008 was 1 EUR = 4,1724 PLN (Table No. 254/A/NBP/2008),
exchange rate as at 31.12.2009 was 1 EUR = 4.1082 PLN (Table No. 255/A/NBP/2009),
- individual items of the profit and loss account as well as the cash flow statement were translated in accordance with the exchange rates constituting an arithmetic mean of the rates of Euro by announced the National Bank of Poland applicable on the last day of each month in a given reporting period:
average exchange rate in the period from 01.01.2008 to 31.12.2008 was 1 EUR = 3,5321 PLN,
average exchange rate in the period from 01.01.2009 to 31.12.2009 was 1 EUR = 4,3406 PLN.

The translations were made in compliance with the indicated exchange rates through dividing the values in thousands of PLN by an exchange rate.

3. Movements in estimated values

The following movements in estimated values have been recorded in the statement for 4Q 2009:

Movements in reserves for liabilities (without reserves for deferred income tax)

	from 01.10.2009 to 31.12.2009	from 01. 01.2009 to 31.12.2009	from 01.10.2008 to 31.12.2008
At the beginning of the period	76,682	80,923	75,896
Creation	10,752	21,060	7,585
Release and use	(10,152)	(24,701)	(2,558)
At the end of the period	77,282	77,282	80,923

Movements in revaluation write-offs of fixed assets

	from 01.10..2009 to 31.12.2009	from 01. 01.2009 to 31.12.2009	from 01.10.2008 to 31.12.2008
At the beginning of the period	88,076	92,940	92,586
Creation	-	1,696	698
Release and use	(797)	(7,357)	(344)
At the end of the period	87,279	87,279	92,940

Movements in revaluation write-offs of stocks

	from 01.10.2009 to 31.12.2009	from 01. 01.2009 to 31.12.2009	from 01.10.2008 to 31.12.2008
At the beginning of the period	5 498	7 230	3 115
Creation	4 892	10 957	5 042
Release and use	(4 378)	(12 175)	(927)
At the end of the period	6 012	6 012	7 230

Movements in revaluation write-offs of receivables

	from 01.10.2009 to 31.12.2009	from 01. 01.2009 to 31.12.2009	from 01.10.2008 to 31.12.2008
At the beginning of the period	22,177	25,242	24,605
Creation	1,571	2,433	888
Release and use	(1,880)	(5,807)	(251)
At the end of the period	21,868	21,868	25,242

Movements in reserves and assets for deferred income tax

	from 01.10.2009 to 31.12.2009	from 01. 01.2009 to 31.12.2009	from 01.10.2008 to 31.12.2008
<i>Assets</i>			
At the beginning of the period	32,231	35,924	27,521
Creation	9,752	29,510	9,156
Release and use	(5,521)	(28,972)	(753)
At the end of the period	36,462	36,462	35,924
<i>Reserves</i>			
At the beginning of the period	102,145	104,884	105,451
Creation	6,409	16,955	3,262
Release and use	(5,437)	(18,722)	(3,829)
At the end of the period	103,117	103,117	104,884

4. Segment data

Changes in the principles of the presentation of information concerning operating and geographical segments.

Since 1 January 2009 the Group has applied IFRS 8 "Operating Segments". In compliance with the requirements of IFRS 8, operating segments shall be identified on the basis of internal reports concerning those components of the Group which are subject to regular verification by persons deciding on granting resources to a given segment and assessing the financial outcomes of such segment. In comparison, according to the requirements of the previous applicable IAS 14, the entity was obliged to identify two sets of segments (industry and geographical segments) applying the criteria of risk and benefits, whereby the internal financial reporting system was solely applied by the key senior management staff as a starting point in identification of such segments.

Operating segments

The Group has not made any changes in the classification of industry segments. Similarly to the previous reporting years, the Group distinguishes the following industry segments:

- plastics,
- fertilisers,
- power engineering,
- other activities comprising those remaining, including mainly laboratory services, rental of properties and other activity impossible to classify under individual segments.

However, the presentation of overhead costs, other operating revenues and operating costs has been subject to a change consisting in classifying thereof under individual segments.

The presentation of financial revenues and costs as well as income tax has not been altered.

The outcomes of the segments are assessed on the basis of revenues from sales, EBIT and EBITDA.

Geographical segments

So far the Group has identified the following geographical segments:

- domestic sales,
- sales under intra-community supply of goods,
- export sales.

As of 01 January 2009 the Group applied a new division of geographical segments specified in IFRS 8. The division is as follows:

- Poland
- Germany
- Other member states of the European Union
- Other European countries
- Asia
- Other.

Operating segments

Financial revenues, costs and outcome broken down into operating segments for the period of 3 months ended on 31 December 2009

	Plastics	Fertilisers	Power engineering	Other activity	Consolidation eliminations	Total
Revenues from external sales	158,232	139,432	5,744	55,327	(36,724)	322,011
Revenues from intersegmental sales	52,338	44,772	99,891	-	(197,001)	-
Total sales revenues	210,570	184,204	105,635	55,327	(233,725)	322,011
Operating costs, including: (-)	(201,053)	(204,047)	(105,245)	(51,263)	233,751	(327,857)
<i>costs of sales (-)</i>	(4,879)	(14,914)	(4)	(71)	-	(19, 868)
<i>overhead costs (-)</i>	(7,965)	(11,186)	(342)	(6,133)	-	(25, 626)
Other operating revenues	-	-	-	8,048	(78)	7, 970
Other operating costs (-)	-	-	-	(7,611)	78	(7, 533)
Segment operation outcome EBIT	9,517	(19,843)	390	4,501	26	(5,409)
Financial revenues	x	x	x	x	x	7, 792
Financial costs (-)	x	x	x	x	x	(7,317)
Profit/loss on interest in associated entities valuated with equity method	x	x	x	x	x	9
Profit/loss before tax (continued operations)	x	x	x	x	x	(4,925)
Profit before tax (discontinued operations)	x	x	x	x	x	-
Income tax (-) (continued and discontinued operations)	x	x	x	x	x	5,500
Net profit/loss (continued and discontinued operations)	x	x	x	x	x	575
Amortisation and depreciation	6,739	5,370	3,977	5,386	(26)	21,446
EBITDA	16,256	(14,473)	4,367	9,887	-	16,037

Financial revenues, costs and outcome broken down into operating segments for the period of 12 months ended on 31 December 2009

	Plastics	Fertilisers	Power engineering	Other activity	Consolidation eliminations	Total
Revenues from external sales	543,997	545,621	19,842	239,747	(150,895)	1,198,312
Revenues from intersegmental sales	155,602	138,224	398,515	-	(692,341)	-
Total revenues income	699,599	683,845	418,357	239,747	(843,236)	1,198,312
Operating costs, including: (-)	(698,097)	(694,828)	(418,074)	(232,077)	843,340	(1,199,736)
<i>costs of sales (-)</i>	(20,077)	(44,464)	(14)	(158)	-	(64,713)
<i>overhead costs (-)</i>	(31,480)	(40,316)	(1,439)	(26,493)	-	(99,728)
Other operating revenues	-	-	-	16,245	(275)	15,970
Other operating costs (-)	-	-	-	(28,306)	275	(28,031)
Segment operation outcome EBIT	1,502	(10,983)	283	(4,391)	104	(13,485)
Financial revenues	X	X	X	X	X	51,722
Financial costs (-)	X	X	X	X	X	(46,374)
Profit/loss on interest in associated entities valuated with equity method	X	X	X	X	X	33
Profit/loss before tax (continued operations)	X	X	X	X	X	(8,104)
Profit before tax (discontinued operations)	X	X	X	X	X	-
Income tax (-) (continued and discontinued operations)	X	X	X	X	X	2,218
Net profit/loss (continued and discontinued operations)	X	X	X	X	X	(5,886)
Amortisation and depreciation	26,513	17,034	15,830	21,534	(104)	80,807
EBITDA	28,015	6,051	16,113	17,143	-	67,322

Financial revenues, costs and outcome broken down into operating segments for the period of 3 months ended on 31 December 2008

	Plastics	Fertilisers	Power engineering	Other activity	Consolidation eliminations	Total
Revenues from external sales	106,097	159,559	4,360	83,950	(60,732)	293,234
Revenues from sales between segments	1,796	39,069	97,029	-	(137,894)	-
Total sales revenues	107,893	198,628	101,389	83,950	(198,626)	293,234
Operating costs, including: (-)	(134,069)	(181,112)	(97,918)	(77,516)	198,652	(291,963)
<i>costs of sales (-)</i>	(3,760)	(10,238)	-	(10)	-	(14,008)
<i>overhead costs (-)</i>	(10,891)	(8,680)	-	(6,562)	-	(26,133)
Other operating revenues	-	-	-	14,835	(54)	14,78,
Other operating costs (-)	-	-	-	(3,695)	54	(3,641)
Segment operation outcome EBIT	(26,176)	17,516	3,471	17,574	26	12,411
Financial revenues	X	X	X	X	X	14,075
Financial costs (-)	X	X	X	X	X	(22,959)
Profit/loss on interest in associated entities valuated with equity method	X	X	X	X	X	12
Profit before tax (continued operations)	X	X	X	X	X	3,539
Profit before tax (discontinued operations)	X	X	X	X	X	-
Income tax (-) (continued and discontinued operations)	X	X	X	X	X	2,776
Net profit (continued and discontinued operations)	X	X	X	X	X	6,315
Amortisation and depreciation	6,587	3,243	3,730	5,553	(26)	19,087
EBITDA	(19,589)	20,759	7,201	23,127	-	31,498

Financial revenues, costs and outcome broken down into operating segments for the period of 12 months ended on 31 December 2008

	Plastics	Fertilisers	Power engineering	Other activity	Consolidation eliminations	Total
Revenues from external sales	632,868	595,138	15,276	280,137	(171,263)	1,352,156
Revenues from sales between segments	6,637	168,610	386,924	-	(562,171)	-
Total sales revenues	639,505	763,748	402,200	280,137	(733,434)	1,352,156
Operating costs, including: (-)	(653,903)	(693,924)	(402,736)	(249,754)	733,538	(1,266,779)
<i>costs of sales (-)</i>	(18,297)	(42,680)	(31)	(46)	-	(61,054)
<i>overhead costs (-)</i>	(41,052)	(30,702)	(1,998)	(23,666)	-	(97,418)
Other operating revenues	-	-	-	25,691	-	25,691
Other operating costs (-)	-	-	-	(21,933)	-	(21,933)
Segment operation outcome EBIT	(14,398)	69,824	(536)	34,141	104	89,135
Financial revenues	X	X	X	X	X	22,474
Financial costs (-)	X	X	X	X	X	(23,802)
Profit/loss on interest in associated entities valuated with equity method	X	X	X	X	X	93
Profit/loss before tax (continued operations)	X	X	X	X	X	87,900
Profit before tax (discontinued operations)	X	X	X	X	X	-
Income tax (-) (continued and discontinued operations)	X	X	X	X	X	(13,243)
Net profit (continued and discontinued operations)	X	X	X	X	X	74,657
Amortisation and depreciation	23,479	12,816	14,872	21,824	(104)	72,887
EBITDA	9,081	82,640	14,336	55,965	-	162,022

Geographical segments for the period of 3 months ended on 31 December 2009

	Revenues	Costs
Poland	132,190	136,630
Germany	61,589	62,685
Other member states of the European Union	61,742	84,701
Asia	49,615	23,488
Other	16,875	20,353
Total	322,011	327,857

Geographical segments for the period of 12 months ended on 31 December 2009

	Revenues	Costs
Poland	563,294	564,893
Germany	194,440	205,503
Other member states of the European Union	178,652	193,817
Asia	211,038	164,163
Other	50,888	71,360
Total	1,198,312	1,199,736

Geographical segments for the period of 3 months ended on 31 December 2008

	Revenues	Costs
Poland	150,226	143,307
Germany	39,319	39,254
Other member states of the European Union	65,939	71,304
Asia	20,492	28,594
Other	17,258	9,504
Total	293,234	291,963

Geographical segments for the period of 12 months ended on 31 December 2008

	Revenues	Costs
Poland	612,482	541,330
Germany	227,065	223,402
Other member states of the European Union	318,720	308,067
Asia	101,215	108,944
Other	92,674	85,036
Total	1,352,156	1,266,779

5. Contingent assets and contingent liabilities

The Group does not regard blank bills of exchange as contingent liabilities issued by the Group as collateral for liabilities recognized in the balance sheet and guarantees issued by banks upon request of the Group as collateral for the liabilities also recognized in the balance sheet.

Contingent liabilities in thousands of PLN

Title	As at 30 September 2009	As at 31 December 2009
Bank guarantee as collateral for claims during the effectiveness of the guarantee for works performed (Emerson Process Management Power and Water Solutions sp. z o.o.)	68	68
Performance guarantee (POLIMEX – MOSTOSTAL S.A. Warszawa)	248	248
Performance guarantee (BIOAGRA S.A. Warszawa)	1,636	1,636

6. Information on affiliated entities

Information on significant transactions with affiliated entities

- a) Information concerning significant transactions concluded by the Group with affiliated entities on terms other than market terms.

In the period of 12 months ended on 31 December 2009 the Group did not conclude any transactions with affiliated entities on terms other than market terms.

- b) Transactions with members of the Management Board and the Supervisory Board, their spouses, siblings, ascendants, descendants or other relatives or close friends.

In the period of 12 months ended on 31 December 2009 the Group did not grant the managers and supervisors and their relatives or close friends any advanced payments, cash loans, loans, guarantees or securities and no other agreements for providing services for the benefit of the Group were concluded with the abovementioned persons.

7. Post-balance sheet events that might have an impact on the future financial results

- On 28 January 2010 the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. was notified by Notarial Office in Berlin of fulfilling the conditions of the takeover of 100% shares in Unylon Polymers GmbH with its registered office in Guben (hereinafter: the Company), according to the provisions of the conditional agreement concluded on 18 November 2009. Under the provisions of the

aforementioned Agreement between Zakłady Azotowe w Tarnowie-Mościcach S.A. with its registered office in Tarnów (hereinafter: the Buyer) and Unylon AG with its registered office in Hamburg (hereinafter: the Seller) the Seller disposed of and transferred its shares in the Company to the Buyer. The General Meeting of Shareholders of the German company, which was held on 12 February 2010 in Berlin, approved the introduction to its Management Board of the representative of the new owner and appointed a new Supervisory Board.

Entering into the Capital Group of Azoty Tarnów shall enable Unylon Polymers GmbH to integrate with the producer of caprolactam (CPL). Caprolactam (CPL) is used to produce PA6 by means of polymerization.

The approval of purchasing by Zakłady Azotowe w Tarnowie-Mościcach S.A. of 100% of shares in Unylon Polymers GmbH was granted under a resolution of the Extraordinary General Meeting of Shareholders on 15 December 2009 and constitutes the fulfillment of the obligations set forth in the Buyer's Issue Prospectus, i.e. increasing the production capacity of Polyamide 6 (PA6).

- As usual, at this time of the year, the "season for fertilisers is at its peak". Azoty Tarnów currently use 100% of its production capacity, so as to satisfy the demand for nitric fertilizers on the market. Every day, the Company produces about 2,500 tons of fertilisers, which is an amount needed to fertilise about 3,700 ha of crops. As we could observe in the last few years, the prices of nitric fertilisers can rise by even more than 10 per cent by the end of March. The prices are not expected to achieve levels from the previous year though.

8. Dividend

In the 4th quarter of 2009, on 6 November 2009, the Issuer paid the 2nd instalment of the dividend in the amount of PLN 26,599,166.28 (PLN 0.68 per one share).

The 1st instalment of PLN 13,299,583.14 (PLN 0.34 per one share) was paid on 31 August 2009.

The resolution on payment of dividend from the profit for the year 2008 was adopted by the Ordinary General Meeting of Shareholders on 26 June 2009. The dividend of PLN 1.02 per 1 share (total dividend amounted to PLN 39,898,749.42) applied to all of the Company's shares, and the record date was 26 June 2009.

9 Seasonality

Seasonality resulting from periodical fluctuations of demand and supply has little influence on the formation of general sales trends of Azoty Tarnów.

Seasonality of sales of the Group relates mainly to artificial fertilisers, in particular saltpetre fertilisers such as nitro-chalk and ammonium sulphate. The demand for those fertilisers results from agro-technical works and plant vegetation. To counteract seasonality, Azoty Tarnów partly restricted the seasonality of purchasing fertilisers by concluding agreements securing the minimum amount of fertiliser collection.

The fourth and first quarter of the year is a period of increased purchases and stocking fertilisers for spring planting and sowing.

Other products offered by the Group are not susceptible to seasonal fluctuations. This is the reason why the seasonality to a small extent influences the results of sales.

D. INDIVIDUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
INDIVIDUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands of PLN)

	For the period from 01.10 to 31.12.2009 <i>unaudited</i>	For the period from 01.01 to 31.12.2009 <i>unaudited</i>	For the period from 01.10 to 31.12.2008 <i>unaudited</i>	For the period from 01.01 to 31.12.2008 <i>audited</i>
<i>Continued operations</i>				
Revenues	309,556	1,138,278	275,622	1,276,039
Internal cost of sales	(279,593)	(1,011,144)	(242,050)	(1,068,130)
Gross profit on sales	29,963	127,134	33,572	207,909
Selling costs	(19,868)	(64,712)	(14,007)	(61,039)
Overhead costs	(19,834)	(75,146)	(19,791)	(73,972)
Other operating revenues	3,679	8,707	14,796	21,509
Other operating costs	(3,426)	(22,843)	(3,807)	(20,127)
Operating profit (loss)	(9,486)	(26,860)	10,763	74,280
Financial revenues	7,499	53,301	13,652	22,600
Financial costs	(3,940)	(42,280)	(22,698)	(22,865)
Net financial revenues (costs)	3,559	11,021	(9,046)	(265)
Profit (loss) before tax	(5,927)	(15,839)	1,717	74,015
Income tax	5,873	4,842	1,731	(12,080)
Net profit / loss on continued activities	(54)	(10,997)	3,448	61,935
<i>Discontinued operations</i>	-	-	-	-
Net profit / loss on discontinued operations	-	-	-	-
Net profit (loss)	(54)	(10,997)	3,448	61,935
<i>Components of other comprehensive income</i>				
Valuation of hedging instruments	612	(1,988)	(9,716)	(9,716)
Settlement of hedging instruments	635	7,892	-	-
Deferred tax on components of other comprehensive income	(236)	(1,122)	1,846	1,846
Total components of other comprehensive income	1,011	4,782	(7,870)	(7,870)
Total income	957	(6,215)	(4,422)	54,065
Profit (loss) per one share:				
On continued and discontinued operations:				
Basic (PLN)	(0.001)	(0.28)	0.09	1.93
Diluted (PLN)	(0.001)	(0.28)	0.09	1.93
On continued operations:				
Basic (PLN)	(0.001)	(0.28)	0.09	1.93
Diluted (PLN)	(0.001)	(0.28)	0.09	1.93

INDIVIDUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of PLN)

	As at 31.12.2009	As at 31.12.2008
	<i>unaudited</i>	<i>audited</i>
Assets		
Fixed assets		
Tangible fixed assets	782,039	799,969
Investment properties	12,135	6,100
Intangible assets	19,871	12,317
Investments in subordinate entities	53,691	49,827
Investments available for sale	19,016	24,717
Other financial assets	-	50,000
Long-term receivables	1,300	55
Deferred income tax assets	31,813	31,692
Total fixed assets	919,865	974,677
Current assets		
Stocks	175,784	127,803
Other financial assets	334	202,292
Income tax receivables	5,701	3,845
Trade and other receivables	136,754	148,633
Cash and cash equivalents	235,650	23,893
Other assets	3,954	3,814
Fixed assets available for sale	549	-
Current assets in total	558,726	510,280
Total assets	1,478,591	1,484,957

	As at 31.12.2009	As at 31.12.2008
	<i>unaudited</i>	<i>audited</i>
Liabilities and equity		
Equity		
Share capital	195,582	195,582
Share premium	209,990	209,990
Hedge valuation reserve	(3,088)	(7,870)
Retained profits, including:	657,426	708,322
<i>Net profit (loss) of the current period</i>	<i>(10,997)</i>	<i>61,935</i>
Equity of shareholders of the parent company	1,059,910	1,106,024
Minority interest		
Total equity	1,059,910	1,106,024
Liabilities		
Liabilities from loans, cash loans	26,198	44,329
Provisions for employee benefits	25,422	27,424
Other provisions	14,601	17,103
Deferred income tax provisions	89,442	92,376
Financial liabilities	949	-
Total long-term liabilities	156,612	181,232
Liabilities from loans, cash loans	107,250	19,634
Provisions for employee benefits	1,991	6,275
Trade and other liabilities	147,664	142,918
Other provisions	4,727	3,505
Financial liabilities	437	25,369
Total short-term liabilities	262,069	197,701
Total liabilities	418,681	378,933
Total equity and liabilities	1,478,591	1,484,957

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
(in thousands of PLN)

	Share capital	Share premium	Capital from hedge accounting	Retained profits	Total equity
As at 1 January 2008	120,000	-	-	698,848	818,848
Adjustment of errors	-	-	-	(52,461)	(52,461)
As at 1 January 2008 following adjustments	120,000	-	-	646,387	766,387
Issue of shares	75,582	209,990	-	-	285,572
Comprehensive income for 12 months ended on 31 December 2008	-	-	(7,870)	61,935	54,065
As at 31 December 2008 (audited)	195,582	209,990	(7,870)	708,322	1,106,024
As at 1 January 2009	195,582	209,990	(7,870)	708,322	1,106,024
Comprehensive income for 12 months ended on 31 December 2009	-	-	4,782	(10,997)	(6,215)
Dividend	-	-	-	(39,899)	(39,899)
As at 31 December 2009 (unaudited)	195,582	209,990	(3,088)	657,426	1,059,910

INDIVIDUAL CASH FLOW STATEMENT

(in PLN '000)

	For the period from 01.10 to 31.12. 2009	For the period from 01.01 to 31.12.2009	For the period from 01.10 to 31.12. 2008	For the period from 01.01 to 31.12. 2008
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>
Cash flow from operating activity				
Gross profit	(5,927)	(15,839)	1,717	74,015
<i>Adjustments</i>	<i>4,726</i>	<i>41,333</i>	<i>16,916</i>	<i>63,962</i>
Depreciation and amortisation	18,576	69,080	15,955	61,160
Impairment losses created/reversed	(753)	(5,617)	353	353
Profit/loss from investing activity	(7,967)	(7,287)	(12,867)	(7,963)
Profit/loss on disposal of financial assets	(4,115)	(4,115)	1,897	-
Interest, exchange rate differences	(681)	(10,690)	(7,355)	(7,348)
Dividends received	-	(2,548)	(2)	(1,175)
Profit/loss on changes in fair value of financial assets recognised at fair value	(334)	2,510	18,935	18,935
Operating profit/loss prior to working capital changes	(1,201)	25,494	18,633	137,977
Movements in trade receivables and other receivables	8,388	9,055	35,572	(5,798)
Movements in stock	(15,966)	(47,982)	(6,344)	(14,226)
Movements in trade liabilities and other payables	25,679	(13,830)	(23,149)	(59,496)
Movements in reserves, accruals and subsidies	(7,140)	(14,785)	10,093	6,226
Other adjustments	2,722	4,072	(1,880)	(4,035)
Cash and cash equivalents generated from operating activity	12,482	(37,976)	32,925	60,648
Income tax paid	1,454	(1,191)	(10,314)	(18,253)
Net cash and cash equivalents from operating activity	13,936	(39,167)	22,611	42,395

	For the period from 01.10 to 31.12.2009	For the period from 01.01 to 31.12.2009	For the period from 01.10 to 31.12.2008	For the period from 01.01 to 31.12.2008
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>
Investment cash flows				
Sale of intangible and tangible fixed assets as well as investment properties	8,088	31,222	7,091	8,199
Acquisition of intangible and tangible fixed assets as well as investment properties	(14,836)	(79,832)	(50,609)	(145,812)
Dividends received	100	2,646	140	1,247
Outflows for acquisition of financial assets	-	(12,342)	(2,000)	(268,000)
Inflows from sale of financial assets	187,616	271,886	23,000	23,000
Interest received	8,740	14,257	311	366
Other expenses	(4,666)	(9,208)	3,950	10
Net cash and cash equivalents from investment activity	185,042	218,629	(18,117)	(380,990)
Financial cash flows				
Inflows from issue of shares	-	-	-	285,571
Dividends paid	(26,565)	(42,459)	(2)	(1,000)
Inflows from cash loans and loans	40,182	128,295	610	36,943
Expenses for repayment of cash loans and loans	(27,103)	(58,711)	(1,326)	(7,651)
Interest paid	(1,376)	(4,543)	(1,097)	(3,128)
Payments under financial lease contracts	12	(809)	(585)	(999)
Net cash and cash equivalents from financial activity	(14,850)	21,773	(2,400)	309,736
Total net cash flows	179,708	201,152	7,933	(9,080)
Cash and cash equivalents at the beginning of the period	66,777	45,333	37,400	54,413
Effect of changes in exchange rates	-	-	-	-
Cash and cash equivalents at the end of the period	246,485	246,485	45,333	45,333

E. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basic financial data of the Capital Group

During Q4 2009 the Group achieved the net profit of PLN 575 thousand, the balance sheet total was PLN 1,584,157 thousand, and the change in the net cash flow level stood at PLN 179,708,000 .

The following statement presents selected financial information together with basic financial ratios for Q4 2009 and compared to Q4 2008.

Selected financial information

	in PLN '000		
	For period from 01.10 to 31.12.2009	For period from 01.10 to 31.12 2008	Increase/ decrease (%)
Net sales revenues	322,011	293,234	9.81
Cost of goods sold	(282,363)	(251,822)	12.13
Gross profit on sales	39,648	41,412	(4.26)
Selling expenses	(19,868)	(14,008)	41.83
Overhead costs	(25,626)	(26,133)	(1.94)
Other operating revenues/costs	437	11,140	(96.08)
Operating profit/loss	(5,409)	12,411	(143.58)
Financial revenues/costs	475	(8,884)	(105.35)
Profit/loss on shares in subsidiaries valuated according to the equity method			
	9	12	(25.00)
Income tax	5,500	2,776	98.13
Profit/loss from continued activity	575	6,315	(90.89)
Net profit/loss	575	6,315	(90.89)
Net profit/loss of shareholders of the parent company	543	6,304	(91.39)
Net profit/loss of minority shareholders	32	11	190.90
EBITDA	16,037	31,498	(49.09)

	As at 31.12. 2009	As at 31.12. 2008	Movements (%)
Value of assets	1,584,157	1,604,246	(1.25)
Fixed assets	995,491	1,047,354	(4.95)
Current assets, including:	588,666	556,892	5.71
stocks	180,778	136,791	32.16
short-term receivables	154,689	166,661	(7.18)
cash and cash equivalents	246,485	45,333	443.72
other financial assets	509	202,466	(99.75)
fixed assets available for sale	613	7	8 657.14
other assets	5,592	5,634	(0.75)
Equity, including:	1,116,851	1,157,331	(3.50)
Equity of shareholders of the parent company	1,114,694	1,155,633	(3.54)
Minority shareholding	2,157	1,698	27.03
Long-term liabilities	198,787	224,365	(11.40)
Short-term liabilities	268,519	222,550	20.66

	For period from 01.10 to 31.12. 2009	For period from 01.10 to 31.12. 2008	Movements (%)
Cash flow from operating activity	9,516	28,450	(66.55)
Cash flow from investing activity	185,042	(18,117)	(1,121.37)
Cash flow from financing activity	(14,850)	(2,400)	518.75

Sales revenues

Consolidated net sales revenues of the Group for Q4 2009 were PLN 322,011,000. In comparison to the analogical period in 2008, the revenues increased by PLN 28,777,000, i.e. by 9.81 %. This is the result of obtaining higher value of market sales in the plastics sector (higher amount and sales price of caprolactam totally, Tarnamid® totally, higher amount of Tarnoform® totally). In the fertilizer sector the decrease in market sales value could be observed (lower sales prices of nitrate fertilizers and ammonium sulphate at the higher amount of sales of ammonium sulphate and the stability in nitrate fertilizers).

The change in revenues in the energy sector consisted in an increase both in market sales of energy utilities and in intersegment transactions.

The latter case confirms positive changes in the amount of production and sales of products included in the core activity.

Separate branch sectors: plastics, fertilizers, energy collectively make up about 94% of sales revenues from products, services, goods and materials.

In Q4 2009 the biggest share in the revenues obtained from external sales was that of the plastics sector (49.1%) as opposed to Q4 2008 when the highest share was that of the fertilizers sector (54.4%).

Costs

In Q4 2009, total expenses amounted to PLN 342,707,000 and were higher than the expenses incurred in analogical period of the previous year by PLN 24,144,000, i.e. by 7.58 %, where the total sales was higher by 9.81 %.

	For period from 01.10 to 31.12. 2009	For period from 01.10 to 31.12. 2008	Movements (%)
Cost of goods sold	(282,363)	(251,822)	12.13
Selling expenses	(19,868)	(14,008)	41.83
Overhead costs	(25,626)	(26,133)	(1.94)
Total cost of sales	(327,857)	(291,963)	12.29
Other operating costs	(7,533)	(3,641)	106.89
Total operating costs	(335,390)	(295,604)	13.46
Financing costs	(7,317)	(22,959)	(68.13)
Total costs:	(342,707)	(318,563)	7.58

Sales profit and operating profit

In Q4 2009, gross sales profit amounted to PLN 39,648,000, and in the analogical period of the previous year to PLN 41,412,000, whereas the operating profit amounted to PLN (5,409) and PLN 12,411,000 in the reference period.

The following factors had a negative impact on the results presented:

- persisting difficult market conditions with respect to nitrogenous fertilisers
- a global decrease in demand for fertilisers with a further increase in their supply and decreasing profitability of plant production led to a worldwide fertiliser price reduction,
- restrictions and large variability of demand for products leading to the limitation of raw material supply and problems with maintaining stability of production resulting in periodical shortages of raw materials on the market, and in consequence increases in spot prices and their oscillations,
- disadvantageous price deviation of basic products by 18.2% on average in relation to the corresponding period of the previous year, as a result of changes both in demand and raw material market,
- increase in coal and electricity prices,
- costs of shutdowns and liquidation as an internal factor resulting from the exit from chlorine product production.

The following factors had a positive impact on the results presented:

- lower value of the Polish currency (in relation to EURO) conducive to greater profitability of export from Azoty Tarnów,
- decrease in prices of raw materials significant for the Company, including in particular ammonia, sulphur, methanol and natural gas,
- better use of production capacities,
- increase in the sales scale by 27.8% in relation to the corresponding period of the previous year,
- completion of the investment task of mechanical granulation of fertilisers contributing to broader assortment in the fertiliser segment.

In Q4 2009, the margin rate EBIT amounted to (1.7%) (4.2% in the previous year).

Net result

The consolidated net profit of Q4 2009 was PLN 575,000, of which PLN 543,000 is assigned to the Shareholders of the Parent Company. Net profitability amounted to 0.18%.

The net income was negatively influenced to a prevailing extent by earnings before interest and taxes (EBIT). At the same time that effect was to a large extent mitigated by the profit on financial activity, that is by the profit surplus on disposal of investment and interest from deposits of funds acquired from the issue of shares over financial costs, and by positive income tax related to the creation of an asset for deferred tax from tax loss.

Financial results obtained in individual types of activity

in PLN '000

	For period from 01.10 to 31.12. 2009	For period from 01.10 to 31.12.2008	Movements (%)
Profit/loss from operating activity	(5,409)	12,411	(143.58)
Net financial revenues/costs	475	(8,884)	(105.35)
Participation in net profits of subsidiaries valued with the equity method	9	12	(25.00)
Income tax	5,500	2,776	98.13
Profit/loss from discontinued activity	-	-	-
Net profit/loss	575	6,315	(90.89)
Net profit/loss of shareholders of the parent company	543	6,304	(91.39)
Net profit of minority shareholders	32	11	190.91

Assets

At the end of December 2009 the Group's fixed assets were worth PLN 995,491,000. Compared with the value as of 31 December 2008, the value of the fixed assets decreased by PLN 51,863,000 (that is, by 4.95 %). The largest decreased was recorded in item: other financial assets (long-term deposits), whose balance decreased from PLN 50,000,000 to PLN 2,000 compared with the end of December 2008. That decrease results from the reduced maturity period of cash deposits and re-qualification thereof to deposits with maturity period shorter than one year.

The share of fixed assets in total assets amounts to 62.84 % (65.29 % at the end of 2008).

The Group's current assets as of 31 December 2009 amounted to PLN 588,666,000. The following prevailed in the current assets structure: cash and cash equivalents – 41.87% and inventories – nearly 30.71 %.

Compared with the balance at the end of December 2008, the value of current assets increased by PLN 31,774,000 (of which the greatest increase in cash and equivalents thereof by PLN 201,152,000, on the other hand the greatest decrease was recorded in the case of the other financial assets (short-term investment) by PLN 201,957), which was related to the conversion of deposits of funds obtained from the issue.

Liabilities

At 31 December 2009, the liabilities (total long- and short-term liabilities) of the Group amounted to PLN 467,306,000, which means an increase as compared to the balance at the end of December 2008 by PLN 20,391,000 (i.e. by 4.56 %).

The increase in liabilities results mainly from the increase in short-term liabilities from loans and cash loans by 420 %.

At the same time the value of long-term loans decreased by PLN 19,443,000.

Debt ratio index (short-term and long-term liabilities to assets in total) as of 31 December 2009 was 29.50 % (27.86 % at the end of December 2008).

Acid-test ratio calculated as the quotient of current assets in total and short-term liabilities in total as of 31 December 2009 was 2.19 (2.50 at the end of 2008).

Cash flow

Net cash flow in Q4 2009 amounted to PLN 179,708,000. In relation to the corresponding period of the previous year the Group generated flows higher by PLN 171,775,000.

Operating cash flow amounted to PLN 9,516,000 and was lower than that generated between October and December 2008 by PLN 18,934,000. The Group generated considerably lower gross profit in relation to the corresponding quarter of 2008 (profit lower by PLN 8,464,000).

Surplus of investment revenues over expenses amounted to PLN 185,042,000. Contrary to the corresponding period of 2008, when there was a surplus of expenses over investment revenues amounting to PLN 18,117,000.

In the current year, the operating cash flow balance was influenced to the largest extent by revenues from reclassification of deposits to cash and revenues from selling financial assets totalling PLN 187,616,000.

Net cash from financial activity in the current period was negative and amounted to PLN (14,850,000).

That level was influenced by several main transactions, including in particular: dividend payout (PLN 26,565,000) and a surplus of revenues from contracting loans over repayment thereof PLN 13 079,000. In Q4 2009 considerable expenses on loan and interest repayment took place, and net cash from financial activity amounted to PLN (14,850,000). The summary of amounts of funds in the analysed periods indicates higher negative cash flow from financial activity by PLN 12,450,000 in 2009.

Ratios analysis

	As at 31.12. 2009	As at 31.12. 2008	Movements 2009/2008
Net profitability	0.18%	2.15%	(91.63%)
EBIT%	(1.68%)	4.23%	(139.72%)
EBITDA%	4.98%	10.74%	(53.63%)
Current liquidity ratio	2.19	2.50	(12.39%)
Quick liquidity ratio	1.52	1.89	(19.53%)
Debt ratio	29.50%	27.86%	5.89%
Equity/total assets ratio	70.50%	72.14%	(2.27%)

2. The description of untypical factors and events having a substantial influence on financial results

- On 3rd November 2009 Azoty Tarnów signed an annex to the revolving credit contract in the amount of PLN 23,500,000 with Powszechna Kasa Oszczędności Bank Polski S.A. (PEKAO SA) valid till 26th January 2010 in order to increase the amount of credit limit up to PLN 40,000,000.

Subsequently, on 26 January 2010, another annex to the above mentioned credit contract was signed so that the credit contract is renewed till 25th January 2011.

- On 16th December 2009 Azoty Tarnów signed a loan agreement with Raiffeisen Bank Polska S.A. in the amount of EUR 6,000,000 for the period till 31 December 2014 in order to provide Unylon Polymers GmbH with the loan for one-off repayment of financial creditors (banks) on the terms of the Arrangement Plan accepted on 10th December 2009 by creditors within the framework of bankruptcy proceedings of the company taken over in the process.
- On 7th January 2010 Azoty Tarnów signed the above mentioned loan agreement with Unylon Polymers GmbH in the amount of EUR 6,000,000 for the period till 31st December 2014, which was launched on 21st January 2010 after the approval of previous conditions of the agreement from 18th November 2009 signed by and between Unylon AG in case of acquisition and transfer of the shares in Unylon Polymers GmbH.
- Azoty Tarnów prepared a complete documentation which confirmed completing composition proceedings in favour of creditors, and on 4 February 2010 it filed a motion thereon with the court which will make it possible to release many collaterals and remove warning entries about those proceedings from the land and mortgage registers and from the National Court Register.

- **Currency market**

In Q4 2009 returning stabilization on the currency market and further gradual strengthening of PLN against EUR and USD should be noted.

When compared to the levels as at 30th September 2009, PLN strengthened by about 2.7% in relation to EUR and by about 1.2% to USD, in connection with reducing the scale of uncertainty on the currency market, increased impact of fundamental factors and the decreased one of the speculative factors.

The maintenance of the symptoms of the revival of the Polish economy and main worldwide markets should have a fundamental impact on the variability of the currency market in the prospect of 2010.

On the other hand, there is the scale of the country's budget deficits and arising problems of excessive debt and credit loss of the single markets (e.g. Greece). It seems probable that the trend of strengthening PLN against the world currencies will be continued in 2010 with a possible short period of the rate's volatility and a lower scale of strengthening of the domestic currency than in the period of Q3-Q4 2009 when withdrawal from previous speculative weakening of PLN compared to USD and EUR could be observed.

In accordance with the guidelines of the internal Risk Evaluation Committee, Azoty Tarnów, in Q4 2009, moderately increased the scale of the concluded hedging transactions, but restricted them only to currency forwards to secure the net exposure in USD and EUR, arising from concluded sales contracts in the time horizon up to 3 months from the date of protection. Also, Azoty Tarnów applied currency transactions of the SWAP type, which were concluded to adjust the maturity date of financial instruments to the changes in current currency exposure.

In accordance with the adopted currency risk management Policy, in the Plan for 2010 the Company intends to secure up to a maximum of 50% of the planned currency exposure in the horizon to 6 months and up to a maximum of 25% of the currency exposure in the horizon 6 to 12 months, by concluding forward transactions.

The result on the executed protective transactions for Q4 2009 was PLN 406,000 with the result PLN 352,000 in respect of derivative revaluation at the same time (constituting the difference from the revaluation of open financial instruments between 31st December 2009 and 30 September 2009).

On the remaining part of unprotected net currency exposure Azoty Tarnów recorded in Q4 2009 (in the presence of strengthening the rate of PLN in relation to EUR and USD in this period) negative financial results in respect of realized exchange rate differences in the amount of PLN (959,000) and negative balance of revaluation of currency settlements in the amount of PLN (1,099) per Q4 2009.

Altogether, in Q4 2009, the result of financial income and costs on account of the differences in exchange rate and currency derivative transactions (taking into account the revaluation as at the balance sheet date) amounted to PLN 1,300.

From 1st October 2008 the Group has observed hedge accounting principles based on International Accounting Standards No. 39 for the purpose of protection of future cash flows subject to the currency risk exposure. The Company observes the above mentioned principles with respect to the part of currency derivative transactions concluded previously and loans and cash loans in foreign currencies for which effective value of protection was determined.

As a result of settlement of hedges for loans and cash loans in foreign currencies, in Q4 2009 reduction of sales revenues by the amount of PLN 527.000 was made.

As at 31st December 2009, the revaluation capital of the Company included the effective part of the protection which was determined based on hedge accounting criteria resulting from loans and cash loans in EUR in the amount of PLN (3,812) thousand.

As at 31st December 2009 all option structures from the previous year were executed and opened currency positions applied only to forwards transactions concluded in Q4 2009. Altogether, as at 31st December 2009, receivables in respect of not settled currency forwards transactions amounted to PLN 334,000. Hedges for these transactions have not been determined.

Per Q4 2009, in connection with generated surplus in sales above purchase of the Company in EUR and USD, strengthening of PLN above levels from Q3 2009 negatively impacted results from operational activity.

At the same time in connection with the above, per Q4 2009 there was a positive balance resulting from the execution and revaluation of Company's currency hedges concluded previously, which settled with the part of its net currency exposure.

- **Market factors**

The beginning of Q4 is the effect of maintaining the trends of the previous quarter. On the target markets of Azoty Tarnów, despite the attempts to hamper it, the crisis effects are still perceptible. Positive marks of economic upturn started to be reflected in reversing of declining trends at the end of the year. On the caprolactam market an improvement in prices and demand is still visible, but still on a significantly lower level than before the crisis.

In the plastics sector there is a slight growth of demand, but with a big share of regranulates which still results in stagnation. In fertilisers, inversion of the trend took place at the end of year.

Raw materials

The prices of crude oil despite repeated announcements of increases, remained in range from 65 up to USD 80 per barrel throughout the quarter, yet from the middle of October did not fall below USD 70, which was reflected in fluctuation of prices of the other raw materials.

Limitations and volatility of demand on products leading to the limitation in supply and problems with keeping the stability in production still cause periodical deficits of raw materials on the market and increases in spot prices and their fluctuations as a consequence.

It concerns benzene, as well as phenol and methanol. Limitations in supply of granulated sulphur caused increase in quotations of this raw material, but it is possible that further growth of prices will restrain the increase in petrochemical sulphur supply.

Products

Foreign markets are slowly recording the growth in demand and the prices are gradually recovering to the level from previous years, but still there is a threat that the increases in prices, not reflecting real increase in demand, can lead to the return of speculative prices.

Last year's experiences still show equal chances both for the possibility of return of economic upturn and recession, thus there is no confidence that an increasing trend will be maintained. There is still the possibility that the prices of raw materials, which are growing too fast, will make it impossible to regain the lost profitability of end products.

- Caprolactam and plastics

The increase in benzene prices entailed the increase in caprolactam prices both in Europe and in the Far East.

In Asia the prices are usually accountable on the basis of the formulas, taking the quotation of prices from the previous month for the base. Thus the impact of the benzene price for crystalline caprolactam prices in the Far East is very significant.

Since October a gradual increase in the demand for liquid caprolactam could be observed in Europe, which resulted from a slight improvement in the situation in textile and plastics industries, which was reflected in the increase in spot prices.

Maintenance of tendency of prices increase was also influenced by significantly limited supplies of the product on the European market with observed increase in demand for caprolactam.

Moreover, introduction of antidumping duty on polyamide on Chinese market in December caused the increase in demand for crystalline caprolactam in the Far East, which also contributed to the maintenance of higher prices.

- Fertilizers

Global decrease in demand for fertilizers together with the growing supply and decreased profitability of vegetable production, resulted in reduction of fertilizer prices, also in Poland.

Since November the prices of provender corns, have been going up very slowly but systematically, which also can result in an increase in purchase of fertilizers.

The trend towards bringing the demand balance back which was preceded by the next reduction of fertilizer prices by domestic manufacturers, has been noticeable since December.

3. Significant agreements concluded during Q4 2009

Total turnover between Azoty Tarnów and PGNiG S.A. within the period between 19th December 2008 and 9th November 2009 was PLN 151,1 million net. The amount was 10 % higher than the owner's equity, which warranted an acknowledgement of total turnover as significant amount (more: Current report No. 31/2009 dated 9th November 2009).

4. Accomplishment of objectives of share issue

1. *Optimisation of the product portfolio and the system of selling nitrogenous fertilizers*

a) Mechanical fertilizer granulation system 1,200 t/d

The mechanical fertilizer granulation system is the most modern and the biggest in this part of Europe. The schedule of implementation and the plan of costs comply with the principles of the Plan of Investing Activities of Azoty Tarnów. The construction of the main building, structures and related facilities was completed, and the work connected with production start-up was commenced. The start-up of the mechanical granulation system of saltpetre and nitro-chalk as well as ammonium nitrate-sulphate as our new product in the fertilizer industry was performed successfully. Investment project completed.

b) Modernisation of the dolomite-milling plant

The purpose of the project was to increase the production of dolomite flour and to replace the existing mills by a modern and more efficient one. The new dolomite flour mill purchased in 2007 was installed at the turn of the years 2008 and 2009. A metal detector preventing the damage of the mill by metal elements which may occur and be brought to the plant from the dolomite mine. The equipment was put into operation at the beginning of this year in cooperation with the Bradley Company. The objective was accomplished, the project completed and put into operation according to schedule.

c) Modernisation of the fertilizer packaging and forwarding station

The purpose of the project was to increase the capacity and the efficiency in the field of fertilizers in respect of palletizing and packaging of fertilizers. A new building designated for assembly of the packaging and palletizing equipment manufactured by the company ARODO was erected. Moreover, a place for possible further extension of the packaging system was made ready for the equipment for packaging of octabins – they are consumer packages from 500 kg to 1500 kg depending on customer requirements. The objective was accomplished successfully, still, the initial operation of the palletizing equipment revealed problems with the equipment's performance and reliability. A claim procedure has been started consisting in the replacement of the defectively selected subassemblies. The task will be completed by the end of the second quarter of 2010. .

2. *Modernisation of the Caprolactam Plant including installation of a new hydrogen generation system*

a) Modernisation and intensification of production of the Caprolactam Plant up to 101,300 t/year – Engineering Design

The preparation of an engineering design of the modernised plant is in progress, the implementation of the project was commenced. To a large extent, it is a tender campaign – purchasing orders have been initiated. The task is carried out in accordance with the schedule. .

b) Design for the construction of a new hydrogen generation system

Feasibility Study for the new Hydrogen Generation System of the 8000 m³ /h capacity, prepared as a result of the organized tender campaign, was approved, together with the short list of potential technology suppliers, by the Management Board of the Company in Q4 of 2009. At present, the procedure of selecting the final technology supplier is being carried out.

c) Modernisation of the selective phenol hydrogenation system within the Pd catalyst

The modernisation is required in view of increased demand for cyclohexanone and bad technical condition of some run-down devices and equipment. Its scope included the purchase of devices and equipment, a new automatic control system DCS (Distributed Control System) and a new power switching station. After successful start-up in July 2009, the project was completed in technical respect and commissioned by the end of 2009.

3. Extension of the Modified Plastics Plant

a) Intensification of production of the Modified Plastics Plant – 1st and 2nd stage

The implementation of the first stage of the project is in progress. Intensive works are being carried out to resolve technical issues. The commencement of implementation of the second stage depends on market situation.

b) Modernisation of the Tarnamid warehouse

An automatic palletizing line was assembled and the erection of the silo for road tanker loading which will considerably facilitate, rationalise and speed up loading is in progress. The implementation of the project runs according to schedule. Commissioning took place in Q4 of 2009. The final settlement of the task is planned for late February 2010.

4. Polyamide Plant II (Pa 6) 55 thousand t/year

The conducted analysis of the project aimed at evaluating a less expensive project, alternative to the construction of Polyamides Production Plant II, consisting in acquiring another European polyamide 6 manufacturer.

As part of the accomplishment of that objective of the share issue - increasing polyamide production capacity - on 18 November 2009 Azoty Tarnów concluded a conditional agreement with Unylon AG with its registered office in Hamburg on the acquisition of 100 % shares of Polymers GmbH with its registered office in Guben/Germany.

The Management Board of Azoty Tarnów was notified of the fulfilment of conditions of the acquisition of 100 % shares in Unylon Polymers GmbH on 28 January 2010. (details in item C7 herein).

Caprolactam (CPL) is a raw material for the production of PA6 through polymerisation. Unylon Polymers GmbH has 5 polymerisation lines with production capacity up to 47 thousand tons of PA6/year.

5. Type and amounts of untypical items having impact on assets, equity and liabilities, capital, net financial result or cash flow

In Q4 2009 no untypical items in respect of their type, amount or impact occurred which would influence assets, equity and liabilities, capital, net financial result or cash flow.

6. Issues, redemption and repayment of debt and capital securities

In Q4 2009, the Capital Group Azoty Tarnów did not issue, redeem or repay any debt or capital securities, except for share issue.

The particulars concerning the issue of shares have been presented in the Annual Report for 2008 in item 5.9 Material events *First listing on the stock exchange*

7. Utilisation of funds generated from the issue of shares

The value of Public Offering carried out from 5 – 17 June 2008 amounted to PLN 294,770,000.

To the date of publication of this Report for Q4 2009, the Company used the funds from Public Offering deposited on time deposits adjusted to anticipated date of implementation of objectives of the issue in the following way:

- to cover the net cost of the offering being made public - PLN 9,298,000,
- to finance a part of expenditure within the scope of implementation of objectives of the issue - PLN 66,953,000, including:
 - for investment projects implemented within the scope of „Optimisation of the product portfolio and the system of selling nitrogenous fertilizers” – the entire amount planned in the Prospectus – PLN 38,000,000.
 - for projects implemented within the scope of „Modernisation of the Caprolactam Plant including installation of a new hydrogen generation system” - PLN 11,506,000.
 - for the „Intensification of production of the Modified Plastics Plant” - PLN 17,446,000.

In order to finance expenditures within the scope of implementation of objectives of share issue, the Company utilised funds generated from Public Offering in the total amount of PLN 66,953,000, including from the date of publication of the Report for Q3 2009 the amount of PLN 6,199,000 for financing expenditure incurred in Q4 2009.

The funds from the share issue from the date of publication of the previous periodic report (for Q3 2009) were used mainly for financing payments within the scope of implementation of planned objectives of the issue of shares, i.e. „Modernisation of the Caprolactam Plant including installation of a new hydrogen generation system” in the amount of PLN 726,000 as well as „Intensification of production of the Modified Plastics Plant” in the amount of PLN 5,473,000.

In addition, on 21 January 2010 Azoty Tarnów paid for the shares in Unylon Polymers GmbH amounting to EUR 1,000,000 and recapitalised the said Company with the amount of EUR 3,000,000 as part of the execution of the agreement previously concluded with Unylon AG Germany on the acquisition and transfer of shares in Unylon Polymers GmbH. Those amounts were financed from funds from stock exchange as part of the accomplishment of the objective of the share issue - increase in the polyamides production capacity.

Project name	Expenditure				financed from share issue after publication of the Report for Q3 2009	Expenditure in Q4 2009
	from 1.07.2008, including	from loan	from own funds	from share issue		
Optimisation of the product portfolio and the system of selling nitrogenous fertilizers						
Mechanical fertilizer granulation system 1200 t/d	32,073	6,291	2,802	22,980	-	397
Modernisation of the dolomite milling-plant	4,199	-	1,229	2,970	-	0
Modernisation of the fertilizer packaging and forwarding station	13,175		1,125	12,050	-	25
Total	49,447	6,291	5,156	38,000	-	421

Modernisation of the Caprolactam Plant including installation of a new hydrogen generation system

Modernisation of the air compression station for the Cyclohexane Oxidation System within K-54	2,419	-	1,240	1,179		0
Modernisation of process controls within systems of the Cyclohexane Plant	410	-	410	-	-	0
Modernisation of the selective phenol hydrogenation system within the Pd catalyst	8,661	-	60	8,601	235	235
Modernisation and intensification of production of the Caprolactam Plant up to 101.3 thousand t/year	1,822	-	96	1,726	491	491
Total	13,312	-	1,806	11,506	726	726
Extension of the Modified Plastics Plant						
Intensification of production of the Modified Plastics Plant - stages I+II	13,694	-	34	13,660	5,124	5,124
Modernisation of Tarnamid warehouse	3,786	-	-	3,786	349	349
Total	17,480	-	34	17,446	5,473	5,473
Total projects financed within the scope of objectives of the issue of shares	80,239	6,291	6,995	66,953	6,199	6,620

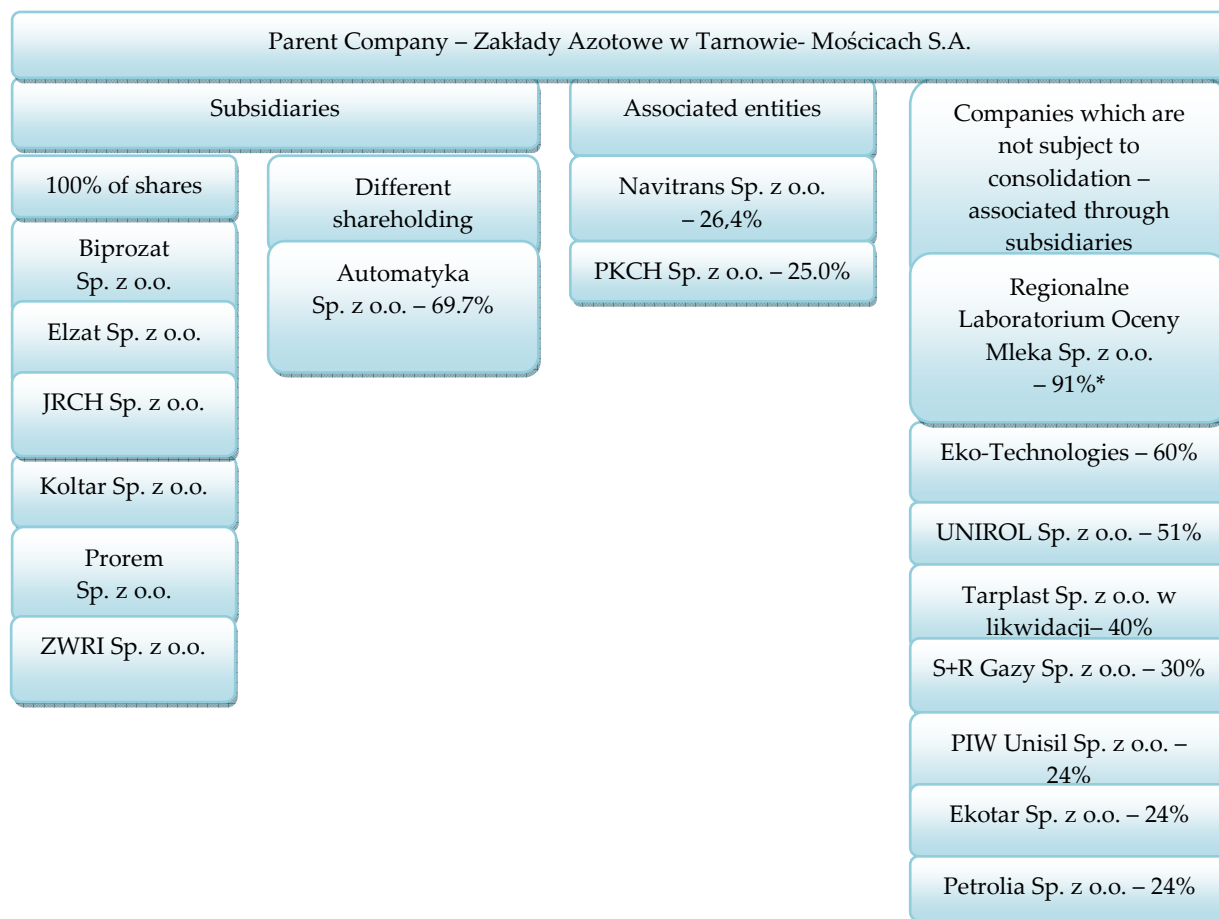
F. OTHER INFORMATION

1. Description of organisation of the Capital Group

As at 31 December 2009, the Capital Group of Zakłady Azotowe w Tarnowie –Mościcach S.A. was composed of Zakłady Azotowe w Tarnowie-Mościcach S.A. – Parent Company and:

- 7 subsidiaries (with the share in capital over 50%),
- 2 associated companies (with the share in capital between 20%-50%).

The graphic presentation of the Capital Group including entities which are and which are not subject to consolidation as at 31 December 2009.



ZBACH
Sp. z o.o.*

*) the shares were sold on 29 October 2009 (details in item C.1)

Wieżat
Sp. z o.o.**

**) shares were sold on 30 November 2009 (details in item C.1)

Tarchem ***
Sp. z o.o.
22.5%

**) all shares held were sold by the subsidiaries on 9 October 2009 (details in item F.2)

Unylon****
Polymers GmbH

****) shares were acquired on 28 January 2010 (details in item C.1)

Companies which are not subject to consolidation are entities associated through subsidiaries. They are not subject to consolidation due to insignificance.

Azoty Tarnów holds also shares in 21 entities in which it is a minority shareholder.
Minority shareholdings of Zakłady Azotowe w Tarnowie- Mościcach S.A. as at 31 December 2009.

Name of entity	% of shares
Tarnowskie Wodociągi Sp. z o.o.	12.55%
Tarnowski Klaster Przemysłowy S.A.	0.1077%
Tarnowska Agencja Rozwoju Regionalnego S.A.	0.06%
Wytwórnia Salami „IGLOOMEAT” – Sokołów Sp. z o.o.	0.0197%
Francusko-Polskie Przedsiębiorstwo Instalacji Przemysłowych „POLSNIG” Sp. z o.o.	2.67%
Centrum Naukowo - Produkcyjne Materiałów Elektronicznych „CEMAT’70” S.A.	1.24%
CENTROZAP S.A. *)	0.014%
POLIMEX MOSTOSTAL S.A.	0.052%
ENERGOAPARATURA S.A.	0.04%
Sportowa Spółka Akcyjna Unia Tarnów	8.00 %
INWESTSTAR S.A.	0.06%
Zakłady Włókien Chemicznych „WISTOM” S.A. w Upadłości	9.83%
Zakłady Tworzyw Sztucznych "PRONIT" S.A. w Upadłości	0.28%
LEN S.A. w Likwidacji	0.289%
Tłocznia Metali "PRESSTA" S.A. w Upadłości Likwidacyjnej	0.019%
UNIONTEX S.A. w Upadłości	0.03%
Wytwórnia Silników "PZL MIELEC" Sp. z o.o. w Upadłości	0.12%
Zakłady Przemysłu Dziewiarskiego „KARO" S.A. w Likwidacji	0.17%
Południowe Zakłady Przemysłu Skórzanego "Chełmek" S.A. w Upadłości Likwidacyjnej	0.03%
Konsorcjum Rozwoju Eksploatacji Majątku Trwałego „EKSPLOSYSTEM" Sp. z o.o.	3.36%

The following changes took place in the reported period:

*) CENTROZAP S.A. – on 27 January 2010 the share capital of the Company was increased up to PLN 251,653,445,00 (present share of ZAT S.A. in the capital of the Company amounts to 0,0136299%).

Characteristics of operations of particular entities which are members of the Capital Group of Azoty Tarnów :

Parent Company - Zakłady Azotowe w Tarnowie - Mościcach S.A.

The Company was entered into the Register of Business Entities of the National Court Register under No. KRS 0000075450 on 28 December 2001 pursuant to a decision of the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register of 28 December 2001.

Scope of activities: manufacturing and selling of chemicals and plastics (PKD [*Polish Classification of Business Activities*] 2414Z).

Subsidiaries:

„AUTOMATYKA” Sp. z o.o.

The Company was registered on 7 November 1997. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000085959 on 6 February 2002 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activities: manufacturing of control equipment, monitoring of industry processes, designing and construction of systems, activities connected with mechanical engineering and hardware consulting (PKD 3313Z).

Biurow Projektów Zakładów Azotowych „BIPROZAT – TARNÓW” Sp. z o.o.

The Company was registered on 2 March 1994. It is based in Tarnów at ul. E. Kwiatkowskiego No. 7. The Company was entered in the National Court Register under No. KRS 0000199462 on 12 March 2004 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activity: designing, preparation of documentation and organisation of supplies of systems and appliances; trade, consulting, IT activities; new technologies (PKD 7420 A).

Jednostka Ratownictwa Chemicznego Sp. z o.o.

The Company was registered on 19 November 1993. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000188857 on 29 January 2004 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register. The Company mainly offers services related to environmental protection.

Scope of activities: services in the area of neutralizing, recycling, recovery and storage of waste materials; sewage treatment; removal of breakdown consequences; water, air and sewage analysis; training; transport of hazardous materials; food testing; manufacture of and trade in chemical products (PKD 9001Z) as well as production of plastic products (PKD 22.2) – since 24 March 2009.

Przedsiębiorstwo Transportu Kolejowego „KOLTAR” Sp. z o.o.

The Company was registered on 7 December 1999. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000206663 on 12 May 2004 by

the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activities: forwarding services related to the shipment and acceptance of railway consignments; loading and unloading services; cleaning and inspections of cisterns and wagons; trade activities; maintenance of railway lines related to operation of the entity's railway station (PKD 6010Z).

Zakład Remontów Elektrycznych oraz Instalatorstwo Elektryczne „ELZAT” Sp. z o.o.

The Company was registered on 2 March 2004. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000205643 on 29 April 2004 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activities: installation of electrical systems, manufacture of mechanical appliances and tools, metal processing, selling of waste materials and scrap, technical tests and analyses, finishing works (PKD 3110).

PROReM Sp. z o.o.

The Company was registered on 14 October 1998. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000095916 on 6 March 2002 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activities: production and services (construction; assembly; sanitary, industrial, electrical, measuring, telecommunications and other systems), repairs and modernisation of specialised components of fixed assets (PKD 2924B).

Wieżat Sp. z o.o.

The Company was registered on 6 October 1988. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000130185 on 13 September 2002 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activities: repair, modernisation and construction services; trade activities (PKD 4532Z).

Shares were sold on 30 November 2009 (details in item C.1)

Zakład Budowy Aparatury Chemicznej „ZBACH” Sp. z o.o.

The Company was registered on 15 November 1993. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000135985 on 23 October 2002 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activities: manufacture of industrial appliances; industrial services; exports and imports of goods; trade; preparation of detailed design documentation (PKD 2821Z).

Shares were sold on 29 October 2009 (details in item C.1)

ZWRI Sp. z o.o.

The Company was registered on 28 December 1993. It is based in Tarnów at ul. E. Kwiatkowskiego No. 8. The Company was entered in the National Court Register under No. KRS 0000074630 on 4 January 2002 by the District Court for Kraków-Śródmieście in Cracow, 12th Economic Division of the National Court Register.

Scope of activities: production and services (construction; assembly; sanitary, industrial, electrical, measuring, telecommunications and other systems – PKD 4521).

Unylon Polymers GmbH

Unylon Polymers GmbH with its registered office in Guben is one of the leading non-integrated Polyamide 6 (PA6) manufacturers in Europe. That company has 5 polymerisation lines with production capacity of up to 47,000 tons of PA6/year.

The shares were acquired on 28 January 2010 (details in item C.1)

Associated companies:

Navitrans Sp. z o. o.

The Company was registered on 29 June 1992. It is based in Gdynia at ul. Świętojańska 18/5. The Company was entered in the National Court Register under No. KRS 0000062936 on 20 November 2001 by the District Court in Gdańsk, 8th Economic Division of the National Court Register.

Scope of activities: forwarding services (PKD 6340C).

Polskie Konsorcjum Chemiczne Sp. z o.o.

The Company was registered on 23 December 2008. It is based in Warsaw, at ul. Puławska 182. The Company was entered in the National Court Register under No. KRS 0000319998 on 19 February 2009 by the District Court for the capital city of Warsaw in Warsaw, 13th Economic Division of the National Court Register.

Scope of activities:

- operations of financial holdings (PKD 64.20.Z),
- operations of head offices and holdings, with the exclusion of financial holdings (PKD 70.10.Z), other consulting services within the scope of business operation and management (70.22.Z),
- accounting and bookkeeping activities; tax consultancy (69.20.Z).

2. Changes in the structure of business entities, including changes resulting from the merger of business entities, takeover or disposal of entities belonging to the Capital Group of the company, long-term investments, demerger, restructuring and discontinuation of operations.

- On 28 January 2010 the Management Board of Zakłady Azotowe in Tarnów-Mościce S.A. was notified of the fulfilment of conditions of the acquisition of 100 % shares in Unylon Polymers GmbH with its registered office in Guben (details in item C.7).
- On 29 October 2009 Azoty Tarnów disposed of 100% shares of the affiliated company "ZBACH" Sp. z o.o. (details in item C.1).
- On 30 November 2009 the transaction consisting in disposing of 100% shares of the subsidiary "Wieżat" Sp. z o.o. was concluded (details in item C.1).
- The following subsidiaries: JRCH Sp. z o.o. and "Elzat" Sp. z o.o. sold their shares in "Tarchem" Sp. z o.o. on 9 October 2009. The number of the sold shares: JRCH Sp. z o.o. – 20, „Elzat” Sp. z o.o. – 25.
- The Extraordinary Shareholders' Meeting of Jednostka Ratownictwa Chemicznego Sp. z o.o. took the decision to increase the share capital of the Company by 3,931,500. The capital, upon the increase, amounts to 17,951,500. - Notarial Deed Rep A 13.256/2009 as of 18 December 2009.
The capital was increased by creating 7,863 shares with the nominal value of PLN 500 each. All new shares were subscribed by Azoty Tarnów and covered: in kind in the form of movables being fixed assets, highly valuable materials and non-durable items, and in cash amounting to PLN 2,006,000.
Those changes were recorded by NCR on 31 December 2009.

3. Position of the Management Board concerning the accuracy of forecasts

In connection with the fact that the Company did not publish the forecasts of financial results for 2009, we do not present the position of the Management Board of Azoty Tarnów regarding the accuracy of forecast results.

4. Information about shareholders holding (directly or indirectly through subsidiaries) at least 5% of the total number of votes at the General Meeting as at the date of publication hereof with the indication of the number of shares held by these entities, their percentage participation in share capital, the number of votes resulting from it and their percentage share in the general number of votes at the General Meeting and indication of changes in the ownership structure of considerable packages of Issuer's shares within the period from the presentation of the last semi-annual report.

As at the date of publication hereof, i.e. 19 February 2010"

Name of Entity	Number of shares / votes at the GM	Participation in share capital / percentage of votes at the GM
Nafta Polska S.A. ul. Jasna 12 00-003 Warszawa	19,200,000	49.08%
Ciech S.A. ul. Puławska 182 02-670 Warszawa	2,560,000	6.54%
Polskie Górnictwo Naftowe i Gazownictwo S.A. ul. Marcina Kasprzaka 25 01-224 Warszawa	4,000,001	10.23%

The State Treasury holds directly 3.46% of shares in the equity of Zakłady Azotowe w Tarnowie-Mościcach S.A., and Nafta Polska S.A. (a company with 100% shareholding of the State Treasury) is the holder of 49,08% of shares, which totals to the Treasury's indirect holding of over 52% in the Company's equity.

No changes in the structure of ownership of considerable share packages were recorded in the period since the presentation of the last quarterly report (for Q3 2009).

5. Shares of Zakłady Azotowe w Tarnowie- Mościcach S.A. held by members of executive and supervisory bodies of the Company as at the date of presentation of the quarterly report , with the indication of changes in the ownership structure within the period from the presentation of the last periodic report, separately for each person.

Shares held by members of executive and supervisory bodies of the Company:

Itemisation	Number of shares as at 16.11.2009	Changes		Number of shares as at 19.02.2010
		acquisition	disposal	
Vice-President of the Management Board – Witold Szczypiński	390	-	-	390
Member of the Management Board – Franciszek Bernat	390	-	-	390
Member of the Supervisory Board – Krzysztof Pieńkowski	730	-	-	-

The balance of share ownership by the persons managing the Company changed during the period between the date of submitting the Q3 2009 report and the date of publication hereof, that is 19 February 2010. This is related to Mr Krzysztof Pieńkowski's resigning as a Member of the Supervisory Board of Azoty Tarnów (current report 5/2010 as of 15.02.2010)

As at the day of presentation hereof, i.e. at 19.02.2009, other members of executive and supervisory bodies of the Company held no shares in Azoty Tarnów.

6. Court proceedings

The companies from the Capital Group of Azoty Tarnów are not a party to proceedings relating to liabilities or receivables with the value of at least 10% of the Issuer's equity, i.e. approx. PLN 106 million. The total value of all proceedings relating to liabilities or receivables with the participation of Companies from the Capital Group of Azoty Tarnów has not exceeded the value of 10 % of the Issuer's equity.

7. Securities for loans or cash loans, guarantees issued

Within the reporting period, the Companies from the Capital Group of Azoty Tarnów did not give any securities for loans or cash loans and did not issue any guarantees.

8. Other information significant for the evaluation of staff situation, financial and asset position, financial result and changes of the above in the Company and its Capital Group as well as information significant for the assessment whether the Company and its Capital Group will be able to fulfil their obligations

1. Composition of supervisory and executive bodies.

Within the reported period, the composition of executive and supervisory bodies of Azoty Tarnów did not change.

As at the date of presentation of the report for Q4 2009, the composition of supervisory and executive bodies is as follows:

Management Board of Azoty Tarnów

- Jerzy Marciniak – President of the Management Board – Managing Director
- Witold Szczypiński – Vice President of Management Board – Board Member
- Andrzej Skolmowski – Vice President of the Management Board – Board Member
- Franciszek Bernat – Member of the Management Board

Supervisory Board of Azoty Tarnów

- Marzena Piszczek – Chairwoman
- Małgorzata Rzążewska – Vice Chairwoman
- Jan Wais – Secretary
- Joanna Kielkiewicz – Member
- Ewa Lis – Member
- Katarzyna Wałęga – Member
- Dariusz Maciejuk – Member
- Krzysztof Pieńkowski – Member
- Armin Teske – Member

Krzysztof Pieńkowski resigned as member of the Supervisory Board of Azoty Tarnów (current report 5/2010 of 15.02.2010)

2. Responsibilities of members of the Management Board of Azoty Tarnów

Distribution of responsibilities of members of the Management Board according to the Resolution No. 190/VII/2009 of the Management Board of Zakłady Azotowe w Tarnowie - Mościcach S.A. of 8 April 2009.

The responsibilities of the President of the Company's Management Board – Managing Director Mr Jerzy Marciniak include:

- a) initiation of work on preparation of Company's strategy,
- b) general supervision and coordination of Company's activities,
- c) care for proper image of the Company,
- d) managing the work of the Company's Management Board and chairing its meetings,
- e) performing the duties of an employer in the Company's enterprise within the meaning of regulations of the Labour Code,
- f) supervision of work connected with restructuring and privatisation of the Company,
- g) supervision of the activities of organisational entities and units subordinate directly to the President of the Management Board – Managing Director,
- h) approval of economic and inventory audit programs and making decisions to carry them out,
- i) owner supervision of the subsidiaries of the Capital Group,
- j) representation of the Company in all court and out-of-court actions together with another Member of the Company's Management Board or with a proxy.

The President of Company's Management Board – Managing Director is responsible for:

- a) initiation, coordination of preparation and implementation of multiannual and annual plans and strategies for the operations of the Company's enterprise,
- b) rational organisation of the Company's enterprise,
- c) staff and payroll policy, as an employer within the meaning of regulations of the Labour Code,
- d) creation of conditions for achievement of optimal economic effects by the Company's enterprise by means of supervision of the work of functional departments and Business Centres with the aid of subordinate directors,
- e) supervision of the accomplishment of set objectives by particular functional departments, Business Centres and organisational units of the Company's enterprise,
- f) creation, supervision, coordination and implementation of policy connected with management systems,
- g) supervision of activities connected with the creation of the Company's image and prestige,
- h) creation of an information policy connected with the Company's activities,

- i) implementation of decisions and resolutions of the Company's Management Board in accordance with the Company's interests and regulations of the law,
- j) representation of the Company towards its bodies as well as towards state and local government authorities,
- k) cooperation with trade unions and other organisations operating pursuant to the Statutes on the premises of the Company's enterprise, within the scope established by the law and by internal agreements.

The responsibilities of the Vice President of the Company's Management Board Mr Witold Szczypiński who supervises the areas of production, technology and development include:

- a) supervision and coordination of the activities of the Business Centres as well as the Development Department and the Technical Department,
- b) supervision and coordination of the preparation and implementation of development strategies and programmes, production tasks, investment projects as well as research work and licensing policy,
- c) coordination and supervision of the implementation of production, technical, technological, development, modernisation, environmental protection tasks as well as tasks related to occupational safety, fire protection, chemical rescue and crisis management,
- d) determination of policy within the scope of industrial property protection and related licensing policy as well as supervision of accomplishment of tasks within this scope,
- e) representation of the Company in all court and out-of-court actions together with another Member of the Company's Management Board or with a proxy.

Vice President of the Company's Management Board who supervises the areas of production, technology and development is responsible for:

- a) preparation and implementation of development strategies and plans as well as technical supervision of the implementation of production plans and repairs,
- b) supervision of the coordination of production, technical and technological operations of the Company's enterprise with the observance of the conditions of occupational safety, technical safety, fire and environmental protection, chemical rescue and crisis management tasks,
- c) supervision of planning, organisation and implementation of investment, modernisation as well as research & development projects,
- d) implementation of policies relating to licenses, patents and industrial property protection,
- e) implementation of decisions and resolutions of the Company's Management Board in accordance with Company's interests and regulations of the law,
- f) representation of the Company towards its bodies and in relations with business partners.

The responsibilities of the Vice President of the Company's Management Board Mr Andrzej Skolmowski who supervises the areas of finance and commerce include:

- a) formulation of the financial strategy and coordination of its documentation,
- b) coordination of the preparation of multiannual and annual strategies and plans relating to the commercial and marketing policy,
- c) coordination and supervision of strategy implementation within the scope of:
 - finance and accounting,
 - product sales system,
 - raw material purchasing system,
 - marketing activities,
 - logistics activities, including the warehousing system,
 - circulation of commercial information,

- d) functional supervision and coordination of operations connected with financial management of fixed assets,
- e) supervision and coordination of proper functioning of:
 - the planning and controlling system,
 - the Balance Score Card (BSC),
 - the Company's financial and accounting system,
 - the circulation of economic and financial information, including stock-exchange reporting,
- f) coordination of accounting and financial policy and specification of its principles,
- g) supervision of the work of the Finance Department, the Strategic Marketing Department, the Purchasing and Logistics Department as well as the commercial activity of Business Centres,
- h) representation of the Company in all court and out-of-court actions together with another Member of the Company's Management Board or a proxy.

The Vice President of the Company's Management Board who supervises the areas of finance and commerce is responsible for:

- a) initiation and coordination of the preparation of sector strategies of the Company's enterprise within the scope of functions performed by organisational units responsible for finance, accounting, purchasing, logistics, marketing and commerce as well as their verification and supervision of implementation,
- b) supervision of the application of accounting principles in accordance with applicable regulations and International Accounting Standards,
- c) supervision of the process related to public trading in the Company's shares,
- d) supervision and coordination of tasks within the scope of stock-exchange reporting,
- e) organisation of economic audits and stock-taking,
- f) ensuring proper circulation, monitoring and archiving of accounting documents,
- g) supervision of the Company's financial management in accordance with applicable principles, particularly with regard to:
 - observance of the principles of monetary settlements and ensuring proper protection of monetary assets,
 - observance of applicable tax regulations and ensuring timely settlements with the Budget and the state institutions,
- h) supervision of the settlements of financial tasks and budgets of Business Centres, functional departments and organisational units,
- i) coordination and supervision of the settlements of commercial and marketing tasks of Business Centres and functional departments,
- j) supervision of the execution of financial settlements resulting from the performance of purchase and sale contracts,
- k) implementation of decisions and resolutions of the Company's Management Board in accordance with the Company's interests and regulations of the law,
- l) representation of the Company towards its bodies and in relations with business partners.

The responsibilities of the Member of the Management Board Mr Franciszek Bernat, who was elected by the Employees, include:

- a) general supervision of infrastructure and energy issues – in cooperation with the Board Member responsible for the area of production, technology and development,
- b) coordination of the Company's activities within the scope of created industrial parks, technology parks, industrial zone and economic zone,
- c) coordination of activities connected with management and infrastructure and resulting from ownership changes,

- d) supervision and coordination of cooperation with trade unions, associations and clubs operating within Azoty Tarnów and with local community,
- e) supervision and coordination of work related to the programme of restructuring and separation of some areas, including areas of infrastructure and functioning of Azoty Tarnów,
- f) supervision of privatisation processes of entities in which Azoty Tarnów holds interests or shares,
- g) supervision and coordination of implemented projects in collaboration with the Company's environment (state and local administrative bodies, schools and universities, chambers and associations, business organisations, etc.),
- h) representation of the Company in all court and out-of-court actions together with another Member of the Company's Management Board or a proxy.

The Member of the Management Board elected by the Employees is responsible for:

- a) initiation and coordination of implementation of the strategy relating to the participation of Azoty Tarnów in industrial and technology parks which are created or functioning as well as in industrial and economic zones,
- b) coordination of implementation of the strategy within the scope of relocation and separation of some areas in which Azoty Tarnów operate,
- c) planning and coordination of implementation of projects related to the optimisation of costs in the sphere of infrastructure, including the disposal or development of redundant non-productive assets and properties,
- d) maintenance and development of positive relations with the business environment, including coordination of cooperation with trade unions.
- e) planning, preparation and supervision of negotiations conducted with investors with regard to the disposal of shares / stocks in subsidiaries as well as the issue of new shares – in collaboration with the President of the Company's Management Board,
- f) implementation of decisions and resolutions of the Company's Management Board in accordance with the Company's interests and regulations of the law.
- g) representation of the Company before its bodies, state and local government institutions as well as in relations with business and social partners.

3. Process of privatisation of Azoty Tarnów

In connection with the Multilateral Agreement signed on 18 March 2009, in Q4 2009 the process of Company's privatisation was continued by Nafta Polska Sp. z o.o. w likwidacji on its own behalf and on behalf of the State Treasury. The Agreement was concluded by and between Nafta Polska S.A. w likwidacji based in Warsaw and the companies: Ciech S.A. based in Warsaw, Azoty Tarnów and Zakłady Azotowe Kędzierzyn S.A. based in Kędzierzyn – Koźle, financial adviser of Nafta Polska S.A., Raiffeisen Investment AG based in Vienna and Raiffeisen Investment Polska Sp. z o.o. based in Warsaw as well as the legal adviser of Nafta Polska S.A., Radzikowski, Szubielska i Wspólnicy Spółka Komandytowa based in Warsaw for the purpose of implementation of the process of searching for and selection of an investor or investors who will acquire the shares of Azoty Tarnów, ZAK and Ciech and who can at the same time take up shares in the increased capital of the abovementioned companies.
(Details in the Report for the first half of 2009, page 10, item A.II.).

Nafta Polska SA w likwidacji announced that on 3 February 2010 it had made a decision on admitting PCC SE as the exclusive entity to take part in the process of Azoty Tarnów privatisation. The exclusive right was granted on 22 March 2010.

4. Redundancy scheme

During the reported period, 1st and 2nd phase of the Voluntary Redundancy Program intended for employees of Zakłady Azotowe w Tarnowie-Mościcach S.A. was continued in connection with an agreement dated 22nd January 2009 and 22nd June 2009, entered into by and between the employer and the company's trade unions. The scheme provided for the payment of financial incentives to employees with the right to pension, early retirement allowance, and to other employees who did not have the above rights in case a declaration of voluntary redundancy was submitted.

In the fourth quarter of 2009, employment in subsidiary companies decreased by approximately 16.5 %.

5. Important organizational changes in the Group

As of 1st October 2009, on the grounds of resolution No. 286/VII/2009 of Company's Management Board Resolution dated 21st September 2009, the Department of Chlorine Products, permanently excluded from operation, was moved to the Technical Department with its direct subordination to the Committee of Assets Liquidation.

Under the Company's reorganization scheme, there were a few steps taken in order to redefine the management system, separate areas/businesses beyond the Company's core or domain, and further reorganization of the Company's interior. Within these actions, work on transformation of the Catalyst Department into a separate legal entity was carried out.

An agreement between Zakłady Azotowe w Tarnowie-Mościcach S.A. and an IT market leader Hewlett Packard Polska Sp. Z o.o. on IT outsourcing services dated 25th November 2009 was an essential event having effect on the Company's future activity. In accordance with this agreement, since 1st January 2010 the following functions of an IT area will be performed by Azoty Tarnów: development of the IT area strategy; maintenance and development of IT systems used by Azoty Tarnów; implementation of modern IT systems and IT area management; cooperation with HP within IT services. HP as a business partner will render IT outsourcing services, consisting particularly in maintenance and development of IT systems used by Azoty Tarnów, taking SAP into special consideration.

As regards the above mentioned agreement, as of 1st January 2010, HP assumed the rights and obligations of employer in relation to employees, so far employed by IT Office of Zakłady Azotowe; taking over outsourcing services was conditioned by transfer of some employees of Azoty Tarnów to HP in the meaning of Article 231 of the Labour Code.

Therefore, on 1st January 2010 an organizational division, IT Office, located in the Department of Management and Human Resources, was liquidated. At the same time, 4 employees were left to perform functions connected with IT area in the NZ Department. This area is managed by the Proxy of System Management and IT reporting directly to the Manager of the Managing and Human Resources Department.

On 1st January 2010 the following organizational changes were introduced:

- the area connected with licence management located so far in the Technical Department was moved to the Development Department. In this Department for the service of this area, the post of the Licence Specialist-Coordinator was created. This post involves in particular coordination of work connected with making licences accessible against payment in accordance with the Strategy adopted by the Company's Board, in cooperation with Biuro Projektów Zakładów Azotowych "Biprozat" – Tarnów Sp. z o.o., as well as coordination of work of task teams appointed for performance of particular projects connected with sale and purchase of licences. Substantial and competence supervision over the above mentioned area is carried out by the Board Member responsible for development. Moreover, the service of foreign business trips performed by the Licence Department so far, was moved to the Department of Human Resources

Management. Therefore, as a result of the above mentioned decisions, the Licence Department was liquidated.

- The employees of the Pass Office who were performing functions connected with organization of employees' movement so far located in the Department of Economic Control were moved to the Department of Human Resources Management.
- The position of the Deputy Chief Accountant who is directly subordinate to the Chief Accountant was created. Within the scope of his competence there are matters connected particularly with organization of accounting standards and principles of the Capital Group Azoty Tarnów.

6. The payment policy and bonuses for round-the-clock and two-shift work system in 2010.

On 17th December 2009 an agreement between the employer and corporate trade unions concerning payment policy in 2010 was signed. The Payroll fund for 2010 is PLN 89,900,000; including PLN 600,000 of supplemental payroll fund. In payment policy for 2010 an amount of pay rise of PLN 150 on average for each employee was fixed starting from 1st January 2010 as well as increase in bonuses for round-the-clock and two-shift work system by PLN 40.

On 17th December 2009 Additional Protocol No. 13 to the Corporate Collective Labour Agreement for employees of Azoty Tarnów was signed. It changed an amount of bonuses for round-the-clock and two-shift work as of 1st January 2010. As a result, a bonus for round-the-clock work is PLN 410, and a bonus for two-shift work is PLN 200.

7. Making the shares accessible to beneficiaries

In the fourth quarter of 2009 the process of making the shares accessible to beneficiaries of the entitled employees was continued, in accordance with the Act dated 18th December concerning the change in the Act of commercialization of privatization and the Act concerning rules of shares purchase from the State Treasury as a result of the process of consolidation of subsidiary companies of energy sector

(Journal of Laws, Dz.U., No. 13 item 70).

8. An agreement with a new energy supplier

On 25th November 2009 an agreement with a new energy supplier ENION Energia Sp. z o.o. binding from 1st January 2010 was signed. The above mentioned agreement results in reduction of energy prices by approximately 13 % in 2010 and prolongation of the date of payment for distribution services from 14 to 25 days.

9. An agreement on project funding.

On 2nd December 2009 an agreement on funding a project "Po angielsku? No problem! Increase in competitiveness of ZAT S.A. by means of development of linguistic competence" was signed with the Provincial Employment Agency. The sum of grant – PLN 1,143,967, the period of execution from 1st March 2010 to 31st December 2011.

9. Factors affecting obtained results in the perspective of at least next quarter

Revenues from deposits of funds generated from the stock exchange

As at 31 December 2009, on time deposits of funds generated from the issue of shares of the Company and in the remaining part of the funds generated from current operations, the amount of PLN 210 million was deposited, in total on time deposits with maturity of up to 3 months from the balance sheet date.

Furthermore, in bank accounts and on one-day deposits of the Company there was the amount of PLN 17.5 million for financing of current operations.

Financial revenues generated in Q4 2009 from time deposits of funds from the issue of shares amounted to PLN 2.4 million.

It is planned to obtain revenues from deposits of funds from share issue at the level of ca PLN 2.1 mln in Q1 2010, which results from the decrease in market interest rates available in banks with secure standing, and from a simultaneous decrease in deposit balance - arising from the use of funds for the accomplishment of objectives of the share issue.

Seasonality

The information as to the seasonality is included in item C.9 herein.

Exchange rates

The maintenance of symptoms of recovery in the Polish economy and main global markets, and on the other hand the scale of the budget deficit in Poland and appearing problems as to the excessive debt and credit loss of single markets (e.g. Greece) should have a fundamental impact on the volatility of the currency market in 2010. It seems likely, however, that the trend of strengthening of the zloty in relation to global currencies will continue, with the possibility of persisting short-term increased exchange rate volatility and a lower scale of strengthening of the domestic currency than in the period of Q2 - Q4 2009, when a surge took place following a speculation-related weakening of PLN in relation to USD and EUR.

Domestic exchange rates

In Q4 2009 the Monetary Policy Council had a neutral position with respect to the development of the monetary policy, focusing on the observation and analysis of inflation phenomena and the strength of domestic GDP against other economies.

It can be expected that in Q1 2010 the Monetary Policy Council will change its position as to the further monetary policy in order to imply to the market that there is necessity to tighten it, by gradually increasing domestic interest rates beginning with Q2 2010, in the case of reinforcement of positive signs of recovery in the domestic economy.

In the case of EUR interest rates, it seems that EBC will also refrain from changing its attitude until the stabilisation of economic recovery symptoms; therefore it seems most likely that EUR rates will remain unchanged at least until the end of Q1 2010.

Generally, it seems quite unlikely that interest rates home and worldwide will be further decreasing, but on the other hand central banks are very likely to begin the process of increasing interest rates from the second half of 2010 on, in line with the scale of GDP growth and the inflation level.

An increased spread between NBP rates, inter-bank market rates and margins applied in the case of deposits and loans still persists, which contributes to the relatively high cost of money on the market in Q1 2010. In the case of the Company, this results in both increased financial costs arising from the Company's using limits of current and investment loans, and at the same time revenues from renewable stock exchange fund deposits.

The level of financial revenues obtained by the Company from the fixed-term deposit interest rate will still compensate the cost of the foregoing financing sources.

Behaviour of raw material and product prices in the next half-year

The forecasts as to Q1 2010 indicate gradual coming out of the crisis and anticipation of the improvement of the economic condition. High crude oil prices specific to the winter may force a slow increase in raw material prices, and as a result in finished products - forecasts go this direction. However, there is still fear that the demand might drop, and the raw material prices might decrease with the passing winter. A cautious approach towards creating raw material and finished product stocks has reinforced, which may be a sign of either a weak market or growth.

Increases in raw material prices announced at the end of the year will certainly affect the market in Q1 2010. However, after the January significant price rises a slight decrease is anticipated in February and March, which may have a direct influence on the trend of product price changes suggested at the end of the year.

The limited demand on the European polyamide market in 2009 was partially offset by the Chinese market; therefore also new investments announced already before the crisis might affect the caprolactam market in 2010, 75% of them are located in China. There is no information, though, on the impact of the crisis on the progress of implementation thereof.

The economic policy of the Chinese government may prove a certain threat - it employed restriction measures while protecting its market, just as in the case of polyamides, by levying e.g. anti-dumping customs duties.

As far as the plastics industry is concerned, gradual restoration of the market is anticipated in 2010, but the cautious approach to stocks and the high share of regranulates in final processing indicates a slow demand growth.

The Ministry of Agriculture forecasts that in 2010 fertiliser prices on the fertiliser market will grow due to the increasing demand.

Approving the conditional agreement on the sale of licence

(details in item C.1).

Other

During the reported period Azoty Tarnów made an annex to Agreement no. 70/KW/W/2007 with Kompania Węglowa as to the prices of the fines for October, thus maintaining decreased prices in that month, which were applicable in Q3 2009. The Annex will result in the return of the overpaid October deliveries amounting to PLN 360,000.

In December 2009 an initial audit was performed as to the quantity of energy produced in Centrum Elektrociepłowni EC in high-efficiency cogeneration. There is a chance to obtain certificates of origin of the so-called "red" electricity. The estimated revenue from the sale of certificates will amount to PLN 3.5 mln.

Over Q1 2010 the following might affect the achieved profit of JRCH Sp. z o.o. (subsidiary):

- execution of an agreement on disposal of oxidant for rocket fuel until June 2010
- continuation of works on re-cultivation of C2 waste dumps, which may be finished by the end of 2010.
- purchase of lines for packaging fertilizers in big bags and ongoing assembly works preparing the Company for providing a new type of services for the parent company (Centrum Nawozów).

In Q1 2010 the profits achieved by KOLTAR Sp. z o.o. (subsidiary) might be influenced by withdrawing from the lease of 90 coal cars by CTL Logistic Sp. z o.o. Warszawa - the Company is taking effort to find a new lessee.

The demand for design services provided by Biprozat Sp. z o.o. (subsidiary) decreased, in particular in the case of medium and large designs; in addition, tendering/contest procedures are seeing a fierce price fight.

The following might affect the future profit of that Company:

- favourable decisions in tendering procedures, in which quotations were submitted,

- demand rise for the offered services,
- maintaining the employment of qualified employees,
- possibility to solicit contracts on the Company's new services (completion of deliveries and implementation of investments).

Over the subsequent quarter, the achieved profit of the subsidiary "ZWRI" Sp. z o.o. might be influenced by further market trends to decrease prices of construction and assembly works. The current crisis results in decreased revenues from sales, and the necessity to execute external works in distant locations as well as the continued market trend to considerably decrease quotation prices related to construction works will contribute to the lower profitability compared with the 4 quarters of 2009.

SIGNATURES

Jerzy Marciniak
President of the Management Board

Witold Szczypiński
Vice President of the Management Board

Andrzej Skolmowski
Vice President of the Management Board

Franciszek Bernat
Member of the Management Board

Ewa Gładysz
Person responsible for bookkeeping

Tarnów, 19 February 2010