ZAKŁADY AZOTOWE
W TARNOWIE-MOŚCICACH S.A.
GROUP

Interim abridged financial statements
for the period of 3 months ending on 31 March 2010
prepared in accordance with the International Financial Reporting Standards, in the form approved by the European Union

Tarnów, 17 May 2010

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CONSOLIDATED SELECTED FINANCIAL DATA

	PLN (thousand)		EUR (thousand)	
	Period from 2010-01-01 to 2010-03-31	**Period from 2009-01-01 to 2009-03-31**	**Period from 2010-01-01 to 2010-03-31**	**Period from 2009-01-01 to 2009-03-31**
Revenue	367,570	326,826	92,659	71,058
Profit from operating activities	21,869	23,907	5,513	5,198
Profit before tax	17,808	28,562	4,489	6,210
Net profit	14,197	22,630	3,579	4,920
Total comprehensive income	14,353	20,973	3,618	4,560
Quantity of shares (items)	39,116,421	39,116,421	39,116,421	39,116,421
Earnings per ordinary share	0,36	0,58	0,09	0,13
Net cash flow from operating activities	13,020	31,228	3,282	6,790
Net cash flow from investment activities	(97,606)	44,821	(24,605)	9,745
Net cash flow from financial activities	(14,913)	(1,142)	(3,759)	(248)
Total net cash flow	(99,499)	74,907	(25,082)	16,286
Cash at the beginning of period	246,485	45,333	62,135	9,856
Cash at the end of period	146,986	120,240	37,053	26,143
	As of 31-03-2010	**As of 31-03-2009**	**As of 31-03-2010**	**As of 31-03-2009**
	,		,	
Non-current assets	1,012,263,	980,380	262,095	208,534
Current assets	608,981	643,739	157,677	136,928
Non-current liabilities	210,799	223,759	54,580	47,595
Current liabilities	283,874	225,839	73,501	48,038
Equity	1,126,571	1,174,521	291,692	249,829
Share capital	195,582	195,582	50,640	41,602
Non-controlling interest	2,199	1,853	569	394

SELECTED SEPARATE FINANCIAL DATA

	PLN (thousand)		EUR (thousand)	
	Period from 2010-01-01 to 2010-03-31	Period from 2009-01-01 to 2009-03-31	Period from 2010-01-01 to 2010-03-31	Period from 2009-01-01 to 2009-03-31
Revenue	354,703	308,266	89,416	67,023
Profit from operating activities	15,281	21,845	3,852	4,750
Profit before tax	11,368	25,162	2,866	5,471
Net profit	8,993	20,088	2,267	4,368
Total comprehensive income	10,451	18,431	2,635	4,007
Quantity of shares (items)	39,116,421	39,116,421	39,116,421	39,116,421
Earnings per ordinary share	0,23	0,51	0,06	0,11
Net cash flow from operating activities	(7,235)	26,597	(1,824)	5,783
Net cash flow from investment activities	(134,155)	47,895	(33,819)	10,413
Net cash flow from financial activities	8,851	(693)	2,231	(151)
Total net cash flow	(132,539)	73,799	(33,411)	16,045
Cash at the beginning of period	235,650	23,893	59,404	5,195
Cash at the end of period	103,111	97,692	25,993	21,240
	As of 31-03-2010	As of 31-03-2009	As of 31-03-2010	As of 31-03-2009
Non-current assets	936,690	907,962	242,528	193,130
Current assets	553,310	598,214	143,263	127,244
Non-current liabilities	168,098	178,234	43,524	37,912
Current liabilities	251,541	203,487	65,129	43,283
Equity	1,070,361	1,124,455	277,138	239,180
Share capital	195,582	195,582	50,640	41,602

The selected items of the statement of financial position, and of the statement of comprehensive income and the statement of cash flows were converted into EUR in accordance with the indicated, applicable conversion method:

– individual items of assets and liabilities of the statement of financial position were converted by the exchange rate applicable on the last day of the balance sheet period:
  exchange rate as of 31 March 2009 was 1 EUR = 4.7013 PLN (table no. 63/A/NBP/2009)
  exchange rate as of 31 March 2010 was 1 EUR = 3.8622 PLN (table no. 63/A/NBP/2010)
– individual items of the statement of comprehensive income and the statement of cash flows were converted by exchange rates being arithmetic mean of the exchange rates announced by the National Bank of Poland for EUR applicable on the last day of each month in the given reporting period:
  mean exchange rate in the period 01 January 2009 – 31 March 2009 was 1 EUR = 4.5994 PLN
  mean exchange rate in the period 01 January 2010 – 31 March 2010 was 1 EUR = 3.9669 PLN

The conversion was performed by the previously indicated exchange rates by dividing the values expressed in PLN thousand by the exchange rate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended on 31 March 2010

	Period from 01 Jan 2010 to 31 Mar 2010	**Period from 01 Jan 2009 to 31 Mar 2009[*)]**
Continued activity		
Revenue	367,570	326,826
Cost of sales	(303,987)	(268,355)
Gross profit on sales	**63,583**	**58,471**
Selling costs	(17,029)	(14,043)
Administrative expenses	(27,361)	(21,998)
Other operating revenue	8,340	1,479
Other operating costs	(5,664)	(2)
Profit (loss) on operating activity	**21,869**	**23,907**
Financial revenue	3,700	13,275
Financial costs	(7,777)	(8,635)
Net financial revenue (costs)	**(4,077)**	**4,640**
Profit (loss) on shares in associated entities valuated by equity method	16	15
Profit (loss) before tax	17,808	28,562
Income tax	(3,611)	(5,932)
Net profit (loss) on continued activity	**14,197**	**22,630**
Discontinued activity	-	-
Net profit (loss) on discontinued activity	**-**	**-**
Net profit (loss)	**14,197**	**22,630**
Components of other comprehensive income		
Valuation of hedging instruments	1,314	(6,378)
Settlement of hedging instruments	486	4,258
Deferred tax on components of other comprehensive income	(342)	463
Differences in rates from conversion of subordinated entities	(1,302)	-
Total components of comprehensive income	**156**	**(1,657)**
Total comprehensive income	**14,353**	**20,973**
Net profit attributable to:		
Shareholders of the parent	14,161	22,556
Non-controlling shareholders	36	74
Total comprehensive income attributable to:		
Shareholders of the parent	14,317	20,899
Non-controlling shareholders	36	74
Profit (loss) per share:		
On continued and discontinued activity:		
Basic (PLN)	0.36	0.58
Diluted (PLN)	0.36	0.58
On continued activity:		
Basic (PLN)	0.36	0.58
Diluted (PLN)	0.36	0.58

[*)] taking into account changes described in point I.2.2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of 31 March 2010

	As of 31 Mar 2010	As of 31 Dec 2009	As of 31 Mar 2009*)
	not examined	*examined*	*not examined*
Assets			
Non-current assets			
Property, plant and equipment	926,189	902,639,	906,745
Investment real estate	11,970	12,135,	6,019
Fixed intangible assets	21,598	22,219,	21,488
Investment in subordinate entities	591	596,	271
Available-for-sale investments	12,504	12,653,	12,624
Other financial assets	2	2	16
Non-current receivables	1,355	1,355,	594
Deferred tax	38,040	37,829	32,366
Other assets	14	35,	257
Total non-current assets	**1,012,263**	**989,463**	**980,380**
Current assets			
Inventories	185,407	180,874	127,596
Other financial assets	92,390	340	201,606
Income tax receivables	3,295	5,394	3,085
Trade and other receivables	175,664	148,788	187,781
Cash and cash equivalents	146,986	246,485	120,240
Other assets	4,988	9,361	3,431
Available-for-sale non-current assets	251	613	-
Total current assets	**608,981**	**591,855**	**643,739**
Total assets	**1,621,244**	**1,581,318**	**1,624,119**

*) taking into account changes described in point I.2.2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of 31 March 2010

	As of 31 Mar 2010	As of 31 Dec 2009	As of *) 31 Mar 2009
	not examined	*examined*	*not examined*
Equity and liabilities			
Equity			
Share capital	195,582	195,582	195,582
Share premium	209,990	209,990	209,990
Hedging reserve	(1,630)	(3,088)	(9,527)
Translation reserve	(1,302)	-	-
Retained profit including:	721,732	708,648	776,623
Net profit (loss) for the period	*14,161*	*(4,249)*	*22,556*
Owners of parent	1,124,372	1,111,132	1,172,668
Non-controlling interest	2,199	2,163	1,853
Total equity	**1,126,571**	**1,113,295**	**1,174,521**
Liabilities			
Loans and borrowings	42,505	29,446	46,962
Provisions for employee benefits	44,887	45,087	47,196
Other non-current liabilities	190	189	1,777
Other provisions	20,767	20,835	21,557
State subsidies	-	33	148
Deferred revenue	4	4	6
Deferred tax provisions	100,885	102,511	104,200
Financial liabilities	1,561	1,673	1,913
Total non-current liabilities	**210,799**	**199,778**	**223,759**
Loans and borrowings	107,056	110,201	22,746,
Provisions for employee benefits	5,104	5,389	6,273
Current income tax liabilities	-	-	481
Trade and other liabilities	155,782	143,372	170,137
Other provisions	13,709	7,937	4,496
State subsidies	413	136	352
Deferred revenue	732	128	-
Financial liabilities	1,078	1,082	21,354
Total current liabilities	**283,874**	**268,245**	**225,839**
Total liabilities	**494,673**	**468,023**	**449,598**
Total equity and liabilities	**1,621,244**	**1,581,318**	**1,624,119**

*) taking into account changes described in point I.2.2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended on 31 March 2010

	Share capital	Share premium	Hedging reserve	Translation reserve	Retained earnings	Total equity of shareholders of parent	Non-controlling interest	Total equity
As of 1 January 2009	**195,582**	**209,990**	**(7,870)**	**-**	**757,931**	**1,155,633**	**1,698**	**1,157,331**
Adjustments	-	-	-	-	(1,768)	**(1,768)**	81	**(1,687)**
As of 1 January 2009 after adjustments	**195,582**	**209,990**	**(7,870)**	**-**	**756,163**	**1,153,865**	**1,779**	**1,155,644**
Total comprehensive income for 3 months ended on 31 March 2009	-	-	(1,657)	-	22,556	**20,899**	74	**20,973**
Other	-	-	-	-	(2,096)	**(2,096)**	-	**(2,096)**
As of 31 March 2009 (*not examined*)	**195,582**	**209,990**	**(9,527)**	**-**	**776,623**	**1,172,668**	**1,853**	**1,174,521**
As of 1 January 2009	**195,582**	**209,990**	**(7,870)**		**757,931**	**1,155,633**	**1,698**	**1,157,331**
Adjustments	-	-	-		(1,768)	**(1,768)**	81	**(1,687)**
As of 1 January 2009 after adjustments	**195,582**	**209,990**	**(7,870)**		**756,163**	**1,153,865**	**1,779**	**1,155,644**
Total comprehensive income for 12 months ended on 31 December 2009	-	-	4,782	-	(4,249)	**533**	509	**1,042**
Dividends	-	-	-	-	(39,899)	**(39,899)**	(125)	**(40,024)**
Other	-	-	-	-	(3,367)	**(3,367)**	-	**(3,367)**
As of 31 December 2009 (*examined*)	**195,582**	**209,990**	**(3,088)**	**-**	**708,648**	**1,111,132**	**2,163**	**1,113,295**
As of 1 January 2010	**195,582**	**209,990**	**(3,088)**	**-**	**708,648**	**1,111,132**	**2,163**	**1,113,295**
Adjustments	-	-	-	-	-	**-**	-	**-**
As of 1 January 2010 after adjustments	**195,582**	**209,990**	**(3,088)**	**-**	**708,648**	**1,111,132**	**2,163**	**1,113,295**
Total comprehensive income for 3 months ended on 31 March 2010	-	-	1,458	(1,302)	14,161	**14,317**	36	**14,353**
Other	-	-	-	-	(1,077)	**(1,077)**	-	**(1,077)**
As of 31 March 2010 (*not examined*)	**195,582**	**209,990**	**(1,630)**	**(1,302)**	**721,732**	**1,124,372**	**2,199**	**1,126,571**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended on 31 March 2010

	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009*)
	not examined	*not examined*
Operating cash flow		
Gross profit (loss)	**17,808**	**28,562**
Adjustments	*20,340*	*9,349*
Depreciation	23,354	19,323
Creating (release of) write-offs	(1,011)	(363)
Profit (loss) on investment activity	(1,198)	(7,914)
Profit (loss) on disposal of financial assets	-	-
Profit (loss) on shares in associated entities valuated by equity method	(16)	(15)
Interest, differences in rates	352	(3,936)
Profit (loss) on change of fair value of financial assets disclosed by fair value	(1,141)	2,254
Profit (loss) from operating activity before changes in working capital	***38,149***	***37,911***
Change in trade and other receivables	32,652	8,294
Change in inventories	(2,279)	9,531
Change in trade and other payables	(97,484)	(17,403)
Change in provisions, accrued liabilities and subsidies	14,235	(2,990)
Other adjustments	25,608	(3,418)
Cash generated on operating activities	***10,880***	***31,925***
Interest paid	-	-
Tax paid	2,140	(697)
Operating cash flow	**13,020**	**31,228**

*) taking into account changes described in point I.2.2.

	Period from 01 Jan 2010 to 31 Mar 2010	**Period from 01 Jan 2009 to 31 Mar 2009[*)]**
	not examined	*not examined*
Cash flow from investment activities		
Sale of fixed intangible assets, property, plant and equipment, real estate investments	9,594	3,550
Acquisition of fixed intangible assets, property, plan and equipment, real estate investments	(16,424)	(14,021)
Dividends received	2	-
Expenses on acquisition of financial assets	(90,000)	(12,025)
Proceeds from sale of financial assets	-	67,265
Interest received	815	51
Repayment of extended loans	(1,593)	1
Net cash flow from investment activities	**(97,606)**	**44,821**
Cash flow from financial activities		
Net proceeds from issue of shares	-	-
Dividends paid out	(34)	-
Proceeds from incurring loans and borrowings	38,947	5,189
Expenses for repayment of loans and borrowings	(51,785)	(5,432)
Interest paid	(1,912)	(613)
Payments of debts from financial leasing agreements	(129)	(286)
Net cash flow from financial activities	**(14,913)**	**(1,142)**
Total net cash flow	**(99,499)**	**74,907**
Cash at the beginning of period	**246,485**	**45,333**
Impact of changes in exchange rates	**-**	**-**
Cash at the end of period	**146,986**	**120,240**

[*)] taking into account changes described in point I.2.2.

I. EXPLANATORY DATA FOR THE ABRIDGED FINANCIAL STATEMENT

1. Information on significant events in Q1 2010

Acquisition of shares in Unylon

On 28 January 2010 the Parent's Management Board received from a Notary's Office based in Berlin, Germany, the information on meeting the conditions for acquiring 100% shares in Unylon Polymers GmbH based in Guben, in accordance with the provisions of the conditional agreement concluded on 18 November 2009. The provisions of the said agreement concluded by and between the Parent and Unylon AG with its registered office in Hamburg, provide that the seller (that is Unylon AG) transferred its shares owned in Unylon AG to the Parent. The share acquisition transaction was executed by:

- payment of EUR 1m by the Parent, as the acquisition price for the transfer of 100% shares,
- payment of EUR 3m by the Parent, for addition of capital (increasing of supplementary capital in Unylon Polymers GmbH) pursuant to § 272 par. 2 no. 4 of the German Commercial Code.

In addition, the Parent extended a loan to Unylon Polymers amounting to EUR 6m, intended entirely for repayment of creditors which are secured against that Company's property.

On 26 February 2010 the District Court in Cottbus issued a decision on ending the recovery proceedings as to Unylon Polymers GmbH, which entered into force as of 3 March 2010, and subsequently, 14 days upon publishing the notice, became final..

On 27 April 2010 the Parent was registered in HRB as the owner of ATT Polymers GmbH in Guben, whereby the Company name was changed from Unylon Polymers GmbH to ATT Polymers GmbH; in addition, amendments to the articles of association were registered, as well as the Supervisory Board appointed on 12 February 2010 composed of: Andrzej Skolmowski – chairman, Witold Szczypiński – deputy chairman, Małgorzata Malec – Supervisory Board member and Mr Krzysztof Pieńkowski and Mr Gerd Trommer as Company Executive Directors.

Entering of Unylon Polymers GmbH to the Group will enable the German company to integrate with the caprolactam (CPL) manufacturer. Caprolactam (CPL) is a raw material for producing PA6 by way of polymerisation.

The consent to the acquisition of 100% shares in Unylon Polymers GmbH by the Parent was granted in a resolution of the Extraordinary General Meeting on 15 December 2009 and constitutes the fulfilment of obligations included in the Purchaser's Issuing Prospectus, i.e. the increase in production capacity of Polyamide 6 (PA6).

Approval of execution of composition agreement proceedings

On 4 February 2010, upon prior preparation of documentation confirming the execution of the composition in favour of creditors, the Parent filed an application with Court for acknowledging the end of the composition agreement proceedings.

On 19 March 2010 a Court sitting considering the foregoing application took place in the District Court in Tarnów. During the sitting, the Parent's attorneys in fact submitted the declaration on complete repayment of the composition, based on the previously submitted documents. No creditor of the Parent covered by the court composition appeared on the sitting; therefore there were no premises which would prevent the Court from ascertaining the execution of the composition. The Judge conducting the proceedings informed, however, that due to technical reasons the announcement of the pending case had not been published by the Court in the

Republic of Poland by the date of sitting. Thus, the Judge postponed the issuing of the decision on ascertaining the execution of the composition to an additional sitting set to 31 March 2010. On that day the District Court in Tarnów ascertained the execution of the composition concluded with the creditors by the Parent, thus acknowledging the proceedings as ended.

Resignation of a Supervisory Board member

On 15 February 2010 the resignation of Mr Krzysztof Pieńkowski as a Supervisory Board member was submitted for the attention of the President of the Parent.

Renewal of Insurance Policy

On 4 March 2010 the Parent renewed the Insurance policy against trade credit risk with option of collection for the subsequent period, i.e. until 28 February 2011, concluded with Euler Hermes S.A., maintaining the current scope of insurance.

Sales of ERUs

(details in point II.2)

Court proceedings with Polchemica

On 31 March 2010 the District Court in Katowice dismissed by judgment the entire action of the General Receiver in a Bankruptcy Case of Polchemica Sp. z o.o. in Katowice for payment of the amount of PLN 846 thousand by the Parent in virtue of contractual indemnity for undue performance of the provisions of the cooperation agreement. The judgment is not final; the legal advisor representing the bankrupt announced that it would file an appeal.

2. The principles of the accounting policy and calculation methods

2.1. Declaration of conformity and general principles of preparation

This Interim Abridged Consolidated Financial Statements were prepared in accordance with the requirements of IAS 34 "Interim financial reporting" and the Regulation of the Minister of Finance of 19 February 2009 on current and periodical information forwarded by the issuers of securities and the conditions of acknowledging information required by the law of a country which is not a Member State as equivalent (Dz. U. [Journal of Laws] No. 33, item 259), hereinafter referred to as the Regulation, and presents the financial position of the Group as of 31 March 2010 and 31 March 2009, the results of its operations for the period of 3 months ended on 31 March 2010 and 31 March 2009, and cash flow for the period of 3 months ended on 31 March 2010 and 31 March 2009.

Pursuant to § 83 par. 1 of the Regulation, the present financial statements disclose the quarterly financial information of the Parent, including the following: Separate Statement of Comprehensive Income, Separate Statement of Financial Position, Separate Statement of Changes in Equity, Separate Statement of Cash Flows.

These Interim Abridged Consolidated Financial Statements shall be read together with the examined Consolidated Financial Statements of Zakłady Azotowe w Tarnowie–Mościcach S.A. Group, prepared in accordance with the International Financial Reporting Standards ("IFRS"), including notes for the year ended on 31 December 2009.

The financial statements were prepared with the assumption that the Group will be a going concern in foreseeable future.

These Interim Abridged Consolidated Financial Statements were prepared in thousands of PLN.

2.2. The principles of accounting and calculation methods

a) Amendments to the International Financial Reporting Standards

The following standards, amendments to the applicable standards and interpretations (accepted or in the phase of accepting by the European Union are applicable as of 1 January 2010:

- **IFRS 1 (amended) "First-time Adoption of IFRS"** approved by the EU on 25 November 2009 (applicable to annual periods beginning on or after 1 January 2010,
- **IFRS 3 (amended) "Business Combinations"** approved by the EU on 3 June 2009 (applicable to annual periods beginning on or after 1 July 2009),
- **Amendments to IAS 27 "Consolidated and Separate Financial Statements"** approved by the EU on 3 June 2009 (applicable to annual periods beginning on or after 1 July 2009),
- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"** - Secured items meeting the criteria, approved by the EU on 15 September 2009 (applicable to annual periods beginning on or after 1 July 2009),
- **IFRIC Interpretation 12 "Service Concession Arrangements**" approved by the EU on 25 March 2009 (applicable to annual periods beginning on or after 30 March 2009),
- **IFRIC Interpretation 15 "Agreements for the Construction of Real Estate"** approved by the EU on 22 July 2009 (applicable to annual periods beginning on or after 1 January 2010),
- **IFRIC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"** approved by the EU on 4 June 2009 (applicable to annual periods beginning on or after 1 July 2009),
- **IFRIC Interpretation 17 "Distributions of Non-cash Assets to Owners"** approved by the EU on 26 November 2009 (applicable to annual periods beginning on or after 1 November 2009),
- **IFRIC Interpretation 18 "Transfers of Assets from Customers"** approved by the EU on 27 November 2009 (applicable to annual periods beginning on 1 November 2009 or after that date).

Except for the updated IFRS 3, the adoption of the foregoing standards and interpretations did not result in significant changes in the accounting policy of the Group and in the presentation of financial statements. The primary change arising from the application of the updated IFRS 3 "Business Combination" is the change as to the recognition of costs related to the acquisition separately from the acquisition price; generally they shall be disclosed in the profit and loss account.

During the 3 months ended on 31 March 2010 the transaction of the acquisition of 100% shares in Unylon Polymers GmbH with its registered office in Guben was concluded, see point I.1.

As a result of the acquisition, the surplus of the net fair value of the assets of the acquired company over the acquisition price was determined as EUR 1,642 thousand (PLN 6,712 thousand), and the obtained profit was recognised in the statement of comprehensive income.

The combination was settled in accordance with the initial data, and the adjustments as to the facts and circumstances which existed on the date of the acquisition will be recognised within the next 12 months. Therefore, not all and any identifiable acquired assets, liabilities and contingent liabilities were presented separately in net values as of the acquisition date.

The settlement by the initial data was made due to the following reasons:

- In ATT POLYMERS GmbH (formerly Unylon Polymers GmbH), the financial statements are being audited in connection with the institution of bankruptcy proceedings of the Company as of 1 July 2009 by the Court in Cottbus. ATT POLYMERS GmbH is obliged to prepare financial statements as of 30 June 2009 and opening balance sheet as of 1 July 2009.

Pursuant to the German bankruptcy law, such statements must be audited by a chartered auditor appointed by the Court, which took place as late as on 16 February 2010, upon prior approval by the Court and the decision's of the Meeting of Creditors of 10 December 2009 on adoption of a Recovery Plan becoming final and upon the performance of the Acquisition Agreement of 100% shares in ATT POLYMERS GmbH by the Parent, which constituted an integral part of the Recovery Plan.

On 1 March 2010 the chartered auditor appointed by the Court – BDP Revision und Treuhand GmbH – accepted the offer of auditing the statements, setting the date of completing the audit to 30 June 2010. As of the day of publishing hereof, the statements audit performed by the said auditor was not yet completed.

Moreover, pursuant to the German law, the accounting period begun in ATT POLYMERS GmbH as of the day of instituting the bankruptcy proceedings (i.e. as of 1 July 2009), ended as of the day of the decision's of the Court in Cottbus of 26 February 2010 on ending of the said proceedings (i.e. as of 3 March 2010) entering into force.

Due to the foregoing, upon the completion of the statements audit by the chartered auditor as of the date of instituting the bankruptcy proceedings, it is necessary to subsequently perform audit as of the date of the completion thereof.

Pursuant to the decision of the ATT Polymers GmbH Supervisory Board, for the audit of financial statements as of 3 March 2010 and additionally as of 31 January 2010, (i.e. as of the day of acquisition of 100% shares in the Company by the Parent), the following chartered auditor was appointed - Deloitte and Touche GmbH, which will be able to commence work upon the completion of the audit conducted by the chartered auditor appointed by the Court (BDP Revision und Treuhand GmbH). Only upon the completion of audit by Deloitte and Touche GmbH will it be possible to publish final information on the assets and equity and liabilities balance of the acquired ATT POLYMERS GmbH Company.

- Furthermore, valuation of non-current assets is being conducted in ATT POLYMERS GmbH.

b) Standards and interpretations which are published but not yet adopted

The Parent's Management Board did not choose the option to apply the following standards and interpretations early (which are already adopted or in process of adopting by the European Union):

- **Amendments to IAS 32 "Financial Instruments: Presentation" –** Classification of right issues, approved by the EU on 23 December 2009 (applicable to annual periods beginning on or after 1 February 2010),
- **Amendments to IAS 24 "Related Party Disclosures**" - These amendments have not been accepted by the EU (applicable to annual periods beginning on or after 1 January 2011),
- **IFRS 9 "Financial Instruments" -** This standard has not been accepted by the EU (applicable to annual periods beginning on or after 1 January 2013),
- **IFRIC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments**" - This interpretation has not been approved by the EU (applicable to annual periods beginning on or after 1 July 2010),
- **IFRIC Interpretation 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements"** - This interpretation has not been approved by the EU (applicable to annual periods beginning on or after 1 January 2011).

The Management Board is currently analysing the impact of application of the foregoing new standards and interpretations on the financial statements.

c) Amendments to presentation of statements

Pursuant to the amendments to IFRS 3 "Business Combination", the phrase "Minority interest" was replaced with "Non-controlling interest". In addition, the item "Differences in rates in virtue of conversion of subordinated entities" was introduced to the financial statement of position due to the acquisition of Unylon. That change was also reflected in the statement of changes in equity.

d) Adjustments and amendments to presentation of comparable data

The following amendments were introduced to the statement of comprehensive income for the period of 01 January 2009 to 01 March 2009:

- Adjustment of presentation of revenue and costs related to sales of licence:[*)]
  - decreasing other operating revenue/increasing sales revenue by PLN 8,808 thousand,
  - decreasing other operating costs/increasing cost of sales by PLN 453 thousand.

  [*)] the adjustment recognised also in separate statement of comprehensive income.

- Value adjustments:
  - decreasing cost of sales by PLN 2 thousand in virtue of depreciation adjustment,
  - increasing financial revenue by PLN 1,237 thousand in virtue of adjustment of erroneous calculation of profit on the disposal of Oknotar, a Subsidiary, which took place in Q1 2009, the result as of the end of 2009 takes this adjustment into account.

The following amendments were introduced to the consolidated financial statement of position as of 01 March 2009:

- Presentation adjustments:
  - decreasing investment available for sale/increasing investment in subordinate entities by PLN (9) thousand,
  - decreasing investment available for sale/increasing other financial assets by PLN 16 thousand,
  - decreasing trade and other receivables/increasing receivables in virtue of income tax by PLN 240 thousand,
  - decreasing other non-current liabilities/increasing long term deferred revenue by PLN 6 thousand.

- Adjustment resulting from recognising a primary error in the statements of the Subordinate entity for the year 2009:
  - increasing the asset in virtue of deferred income tax by PLN 617 thousand,
  - increasing the provision for employee benefits by PLN 2,303 thousand.

The following amendments were introduced to the consolidated cash flow statement for the period of 01 January 2009 to 01 March 2009:

- Decreasing cost of sales by PLN 2 thousand; this results from depreciation adjustment.

- Expert adjustment related to the sale of a Subsidiary by PLN 1,237 thousand.

2.3. Functional currency and reporting currency and the principles adopted for converting financial data

a) Functional currency and reporting currency

The functional currency and the reporting currency of this Interim Abridged Financial Statements and Quarterly Financial Information of the Parent is PLN.

b) Principles adopted for financial conversion

Selected items of the financial statement of position and the statement of comprehensive income and the statement of cash flows were converted to EUR in accordance with the indicated applicable conversion method:

- individual assets and equity and liabilities items of the financial statement of position were converted in accordance with the exchange rate applicable on the last day of the balance sheet period:

  exchange rate as of 31 March 2009 was 1 EUR = 4.7013 PLN (table no. 63/A/NBP/2009),
  exchange rate as of 31 March 2010 was 1 EUR = 3.8622 PLN (table no. 63/A/NBP/2010).

- individual items of the statement of comprehensive income and the statement of cash flows were converted in accordance with exchange rates being the arithmetic mean of the exchange rates announced by the National Bank of Poland for EUR applicable on the last day of each month in the given reporting period:
  mean exchange rate in the period 01 January 2009 – 31 March 2009 was 1 EUR = 4.5994 PLN,
  mean exchange rate in the period 01 January 2010 – 31 March 2010 was 1 EUR = 3.9669 PLN.

The conversion was made in accordance with the previously indicated exchange rates by dividing the values expressed in PLN thousand by the exchange rate.

2.4. Changes of estimated values

The following changes of estimated values occurred in the statement for Q1 2010:

Change in the provision for liabilities (without provisions in virtue of deferred income tax)

	from 01 Jan 2010 to 31 Mar 2010	from 01 Jan 2009 to 31 Dec 2009	from 01 Jan 2009 to 31 Mar 2009*)
As of the beginning of period	79,248	**80,923**	**80,923**
Establishing	9,900	25,793	3,141
Release and application	(4,681)	(27,468)	(4,542)
As of the end of period	**84,467**	**79,248**	**79,522**

*) taken into account changes described in I.2.2.

Changes of non-current asset valuation allowances

	from 01 Jan 2010 to 31 Mar 2010	from 01 Jan 2009 to 31 Dec 2009	from 01 Jan 2009 to 31 Mar 2009*)
As of the beginning of period	**87,385**	**92,940**	**92,940**
Establishing	-	1,802	-
Release and application	(1,011)	(7,357)	(363)
As of the end of period	**86,374**	**87,385**	**92,577**

*) taken into account changes described in Note no. 11 of the Consolidated Financial Statements for the year 2009

Changes of inventory valuation allowances

	from 01 Jan 2010 to 31 Mar 2010	from 01 Jan 2009 to 31 Dec 2009	from 01 Jan 2009 to 31 Mar 2009*)
As of the beginning of period	**7,617**	**8,293**	**8,293**
Establishing	851	10,320	330
Release and application	(2,462)	(10,996)	(3,241)
As of the end of period	**6,006**	**7,617**	**5,382**

*) taken into account changes described in Note no. 16 of the Consolidated Financial Statements for the year 2009

Changes of revaluation write-off on receivables

	from 01 Jan 2010 to 31 Mar 2010	from 01 Jan 2009 to 31 Dec 2009	from 01 Jan 2009 to 31 Mar 2009*)
As of the beginning of period	**21,870**	**25,242**	**25,242**
Establishing	285	2,843	342
Release and application	(926)	(6,215)	(712)
As of the end of period	**21,229**	**21,870**	**24,872**

*) taken into account changes described in Note no. 17 of the Consolidated Financial Statements for the year 2009

Changes of provisions and assets in virtue of deferred income tax

Provisions	**from 01 Jan 2010 to 31 Mar 2010**	**from 01 Jan 2009 to 31 Dec 2009**	**from 01 Jan 2009 to 31 Mar 2009*)**
As of the beginning of period	**102,511,**	**104,884**	**104,884**
Establishing	1,003,	16,758	3,203
Release and application	(2,629)	(19,131)	(3,887)
As of the end of period	**100,885,**	**102,511**	**104,200**
Assets			
As of the beginning of period	**37,829,**	**35,925**	**35,925**
Establishing	9,248,	30,760	2,995
Release and application	(9,037)	(28,856)	(6,554)
As of the end of period	**38,040,**	**37,829**	**32,366**

*) taken into account changes described in I.2.2.

2.5. Segment data

In accordance with the requirements of IFRS 8, operating segments shall be identified based on internal reports concerning those constituents of the Group which are regularly verified by persons deciding on the allocation of resources to a segment and evaluating its results.

Operating segments

The Group distinguishes the following operating segments:

- plastics,
- fertilisers,
- power generation,
- other directions embracing the remaining activity, including in particular laboratory services, leasing real estate and other activity impossible to assign to individual segments.

The segment results are evaluated based on sales revenue EBIT, EBITDA.

Geographic segments

The Group distinguishes the following geographic segments:

- Poland,
- Germany,
- Other EU member states,
- Asia,
- Other.

Operating segments

Revenue, costs and the result for the period divided into operating segments for the period of 3 months ended on 31 March 2010

Continued activity	Plastics	Fertilisers	Power generation	Other activity	Consolidation exemptions (+/-)	Total
Revenue on external sales	220,000	133,515	6,924	60,898	(53,767)	**367,570**
Revenue on inter-segment sales	49,278	43,751	107,950	-	(200,979)	**-**
Total revenue on sales	269,278	177,266	114,874	60,898	(254,746)	**367,570**
Operating costs, including: (-)	(249,034)	(179,305)	(114,172)	(60,637)	254,771	**(348,377)**
selling costs (-)	(4,994)	(12,006)	(14)	(15)	-	***(17,029)***
administrative expenses (-)	(12,233)	(10,285)	(468)	(4,375)	-	***(27,361)***
Other operating revenue	-	-	-	28,347	(20,007)	***8,340***
Other operating costs (-)	-	-	-	(5,706)	42	***(5,664)***
Segment profit on operating activity EBIT	**20,244**	**(2,039)**	**702**	**22,902**	**(19,940)**	**21,869**
Financial revenue	x	x	x	x	x	3,700
Financial costs (-)	x	x	x	x	x	(7,777)
Profit (loss) on shares in associated entities valuated by equity method	x	x	x	x	x	16
Profit (loss) before tax (continued activity)	**x**	**x**	**x**	**x**	**x**	**17,808**
Profit before tax (discontinued activity)	**x**	**x**	**x**	**x**	**x**	**-**
Income tax (-) (continued and discontinued activity)	x	x	x	x	x	(3,611)
Net profit (loss) (continued and discontinued activity)	**x**	**x**	**x**	**x**	**x**	**14,197**
Depreciation	8,559	5,730	3,838	4,239	988	**23,354**
EBITDA	**28,803**	**3,691**	**4,540**	**27,141**	**(18,952)**	**45,223**

Revenue, costs and the result for the period divided into operating segments for the period of 3 months ended on 31 March 2009

Continued activity	**Plastics**	**Fertilisers**	**Power generation**	**Other activity**	**Consolidation exemptions (+/-)**	**Total**
Revenue on external sales	109,349	183,478	5,723	59,999	(31,723)	**326,826**
Revenue on inter-segment sales	1,270	45,690	95,159	-	(142,119)	**-**
Total sales revenue	110,619	229,168	100,882	59,999	(173,842)	**326,826**
Operating costs, including: (-)	(113,046)	(212,388)	(101,013)	(51,817)	173,868	**(304,396)**
selling costs (-)	(2,956)	(11,069)	(10)	(8)	-	***(14,043)***
administrative costs (-)	(9,721)	(5,840)	(442)	(5,995)	-	***(21,998)***
Other operating revenue	-	-	-	3,511	(2,032)	***1,479***
Other operating costs (-)	-	-	-	(2,034)	2,032	***(2)***
Segment profit on operating activity EBIT	**(2,427)**	**16,780**	**(131)**	**9,659**	**26**	**23,907**
Financial revenue	x	x	x	x	x	13,275
Financial costs (-)	x	x	x	x	x	(8,635)
Profit (loss) on shares in associated entities valuated by equity method	x	x	x	x	x	15
Profit (loss) before tax (continued activity)	**x**	**x**	**x**	**x**	**x**	**28,562**
Profit before tax (discontinued activity)	**x**	**x**	**x**	**x**	**x**	**-**
Income tax (-) (continued and discontinued activity)	x	x	x	x	x	(5,932)
Net profit (loss) (continued and discontinued activity)	**x**	**x**	**x**	**x**	**x**	**22,630**
Depreciation	6,635	3,154	4,071	5,489	(26)	**19,323**
EBITDA	**4,208**	**19,934**	**3,940**	**15,148**	**-**	**43,230**

Geographic segments

Geographic segments for the period of 3 months ended on 31 March 2010

	Revenue	Costs
Poland	169,014	151,617
Germany	85,410	106,105
Other EU member states	78,314	59,168
Other (Europe)	3,073	2,574
Asia	25,291	20,144
Other	6,468	8,769
Total	**367,570**	**348,377**

Geographic segments for the period of 3 months ended on 31 March 2009

	Revenue	Costs
Poland	192,798	177,820
Germany	32,174	31,039
Other EU member states	39,091	32,785
Other (Europe)	872	838
Asia	58,233	53,952
Other	3,658	7,962
Total	**326,826**	**304,396**

2.6. Assets and contingent liabilities

The Group does not deem blank bills issued by the Group for securing liabilities recognised in the balance sheet, nor guarantees issued by banks on the Group's commission for securing liabilities also recognised in the balance sheet as contingent liability.

Contingent liabilities

	As of 31 Mar 2010	As of 31 Dec 2009
Bank guarantee towards guarantee claims during the term of guarantee for the completed works (Emerson Process Management Power and Water Solutions sp. z o.o.)	-	68
	-	**68**

2.7. Information on related entities

Information as to significant transactions with related entities

a) **Information on significant transactions concluded by the Group with related entities on conditions other than market conditions**

During the 3-month period ended on 31 March 2010 no transactions were concluded with related entities on conditions other than market conditions within the Group.

b) **Transactions with members of the Management Board and the Supervisory Board of the Company, their spouses, siblings, ascendants, descendants or other close persons**

During the 3-month period ended on 31 March 2010 the Group did not grant advances, loans, borrowings, guarantees and sureties to the managers and supervisors and their close persons, and no agreements obliging to perform for the Group were concluded with the said persons.

2.8. Events after balance sheet day which may affect future financial results

Received damages

On 12 April 2010 Euler Hermes disbursed damages for the Parent amounting for PLN 2,926 thousand, in virtue of invoices which were not paid by Chemlon A.S. for caprolactam supplies.

Disposal of the Parent's share package by Ciech S.A.

On 23 April 2010 the Parent received from Ciech S.A. with its registered office in Warsaw a notice of 22 April 2010 on the transaction on shares. As provided in the notice, as a result of the transaction performed by Ciech S.A. on 22 April 2010, 2,560,000 shares of the Parent accounting for 6.54% of the share capital were disposed of on stock exchange (package, off-the-counter transaction). Prior to concluding the transaction, Ciech S.A. possessed 2,560,000 shares of the Parent, accounting to 6.54% of the share capital. The shares carried 2,560,000 votes, i.e. 6.54% of the total number of votes at the General Shareholders' Meeting. Upon performing the transaction Ciech S.A. does not possess shares of the Parent.

(Current report no. 7/2010 of 23 April 2010).

Acquisition of considerable share packages

Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK S.A. insurance society with its registered office in Warsaw informed that as a result of the transactions of acquisition of the Parent's shares, concluded on 22 April 2010, Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK ("Aviva OFE") increased its interest in the overall number of votes in the Parent to above 5%. Prior to settling the foregoing transactions, as of 26 April 2010 Aviva OFE held 1,900,000 shares of the Parent, accounting for 4.86% of the share capital (issued shares) of the Parent, which entitled it to 1,900,000 votes at the General Meeting, which, in turn, accounted for 4.86% of the overall number of votes.

Upon concluding and settling the transactions referred to above, as of 27 April 2010 Aviva OFE held 2,667,859 shares of the Company, accounting for 6.82% of the share capital (number of issued shares) of the Parent, which entitled it to 2,667,859 votes at the General Meeting, which, in turn, accounted for 6.82% of the overall number of votes.

(Current report no. 8/2010 of 4 May 2010)

2.9. Dividend

In Q1 2010 the Issuer did not declare nor pay out dividend.

2.10. Seasonality

The phenomenon of seasonality related to periodical fluctuations of demand and supply has a minor impact on the behaviour of the overall sales trends of the Group.

The I quarter of each year is usually characterised by increased demand for fertilisers, which results from the period of beginning of work in the field. The sales volume of other products is not subject to seasonal fluctuations. Therefore, the impact of seasonality on the sales results of the Parent remains relatively small.

The seasonality of activity does not occur in the remaining entities of the Group.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period ended on 31 March 2010

	Period from 01 Jan 2010 to 31 Mar 2010	**Period from 01 Jan 2009 to 31 Mar 2009**
Continued activity		
Revenue	354,703	308,266
Cost of sales	(299,173)	(256,580)
Gross profit on sales	**55,530**	**51,686**
Selling costs	(16,228)	(14,042)
Administrative expenses	(22,028)	(16,059)
Other operating revenue	1,154	2,059
Other operating costs	(3,147)	(1,799)
Profit (loss) on operating activity	**15,281**	**21,845**
Financial revenue	3,641	11,696
Financial costs	(7,554)	(8,379)
Net financial revenue (costs)	**(3,913)**	**3,317**
Profit (loss) on shares in associated entities valuated by equity method	-	-
Profit (loss) before tax	**11,368**	**25,162**
Income tax	(2,375)	(5,074)
Net profit (loss) on continued activity	**8,993**	**20,088**
Discontinued activity		
Net profit (loss) on discontinued activity	**-**	**-**
Net profit (loss)	**8,993**	**20,088**
Constituents of other comprehensive income		
Valuation of hedging instruments	1,314	(6,378)
Settlement of hedging instruments	486	4,258
Deferred tax on constituents of other comprehensive income	(342)	463
Total constituents of other comprehensive income	**1,458**	**(1,657)**
Total comprehensive income	**10,451**	**18,431**
Profit (loss) per share:		
On continued and discontinued activity:		
Basic (PLN)	0.23	0.51
Diluted (PLN)	0.23	0.51
On continued activity:		
Basic (PLN)	0.23	0.51
Diluted (PLN)	0.23	0.51

SEPARATE STATEMENT OF FINANCIAL POSITION
as of 31 March 2010

	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
	not examined	*examined*	*not examined*
Assets			
Non-current assets			
Property, plant and equipment	770,306	778,154	782,238
Real estate investments	11,970	12,135	6,019
Fixed intangible assets	19,225	19,871	17,207
Investment in subordinate entities	69,748	53,691	49,827
Available-for-sale investments	19,016	19,016	24,477
Other financial assets	17,473	-	-
Non-current receivables	1,300	1,300	39
Deferred income tax	27,652	31,813	28,155
Total non-current assets	**936,690**	**915,980**	**907,962**
Current assets			
Inventories	170,292	175,784	118,886
Other financial assets	96,876	334	201,433
Income tax receivables	3,370	5,701	2,823
Trade and other receivables	177,275	136,754	174,524
Cash and cash equivalents	103,111	235,650	97,692
Other assets	2,199	7,839	2,856
Available-for-sale assets	187	549	-
Total current assets	**553,310**	**562,611**	**598,214**
Total assets	**1,490,000**	**1,478,591**	**1,506,176**

SEPARATE STATEMENT OF FINANCIAL POSITION
as of 31 March 2010

	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
	not examined	*examined*	*not examined*
Equity and liabilities			
Equity			
Share capital	195,582	195,582	195,582
Share premium	209,990	209,990	209,990
Hedging reserve	(1,630)	(3,088)	(9,527)
Retained earnings including:	666,419	657,426	728,410
Net profit (loss) for the period	*8,993*	*(10,997)*	*20,088*
Total equity	**1,070,361**	**1,059,910**	**1,124,455**
Liabilities			
Loans and borrowings	39,503	26,198	42,795
Provisions for employee benefits	25,422	25,422	25,815
Other non-current liabilities	-	-	-
Other provisions	14,601	14,601	17,100
Deferred income tax provisions	87,654	89,442	91,781
Financial liabilities	918	949	743
Total non-current liabilities	**168,098**	**156,612**	**178,234**
Loans and borrowings	104,603	107,250	21,136
Provisions for employee benefits	1,991	1,991	4,325
Trade and other payables	143,077	147,664	153,921
Other reserves	1,100	4,727	3,508
State subsidies	280	-	-
Financial liabilities	490	437	20,597
Total current liabilities	**251,541**	**262,069**	**203,487**
Total liabilities	**419,639**	**418,681**	**381,721**
Total equity and liabilities	**1,490,000**	**1,478,591**	**1,506,176**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period ended on 31 March 2010

	Share capital	Share premium	Hedging reserve	Retained earnings	Total equity
As of 1 January 2009	**195,582**	**209,990**	**(7,870)**	**708,322**	**1,106,024**
Total comprehensive income for the 3-month period ended on 31 March 2009	-	-	(1,657)	20,088	**18,431**
As of 31 March 2009 (*not examined*)	**195,582**	**209,990**	**(9,527)**	**728,410**	**1,124,455**
As of 1 January 2009	**195,582**	**209,990**	**(7,870)**	**708,322**	**1,106,024**
Total comprehensive income for the 12-month period ended on 31 December 2009	-	-	4,782	(10,997)	**(6,215)**
Dividends	-	-	-	(39,899)	**(39,899)**
As of 31 December 2009 (*examined*)	**195,582**	**209,990**	**(3,088)**	**657,426**	**1,059,910**
As of 1 January 2010	**195,582**	**209,990**	**(3,088)**	**657,426**	**1,059,910**
Total comprehensive income for the 3-month period ended on 31 March 2010	-	-	1,458	8,993	**10,451**
As of 31 March 2010 (*not examined*)	**195,582**	**209,990**	**(1,630)**	**666,419**	**1,070,361**

SEPARATE STATEMENT OF CASH FLOWS
for the period ended on 31 March 2010

	Period from 01 Jan 2010 to 31 Mar 2010	**Period from 01 Jan 2009 to 31 Mar 2009**
	not examined	*not examined*
Operating cash flow		
Gross profit (loss)	**11,368**	**25,162**
Adjustments	*15,827*	*6,163*
Depreciation	18,908	16,157
Creating (release of) write-offs	(1,011)	(363)
Profit (loss) on investment activity	(1,195)	(7,906)
Profit (loss) on disposal of financial assets	-	-
Profit (loss) on shares in associated entities valuated by equity method	-	-
Interest, differences in rates	266	(3,979)
Profit (loss) on change of fair value of financial assets disclosed by fair value	-	-
Profit (loss) from operating activity before changes in working capital	(1,141)	2,254
Change in trade and other receivables	***27,195***	***31,325***
Change in inventories	(45,771)	(17,880)
Change in trade and other payables	5,491	9,917
Change in provisions, accrued liabilities and subsidies	(4,067)	9,429
Other adjustments	6,129	(3,427)
Cash generated on operating activity	1,113	(2,120)
Interest paid	***(9,910)***	***27,244***
Tax paid	-	-
Operating cash flow	2,675	(647)
	(7,235)	**26,597**

	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009
	not examined	*not examined*
Cash flow from investment activity		
Sales of fixed intangible assets, property, plant and equipment and real estate investments	9,582	3,462
Acquisition of fixed intangible assets, property, plant and equipment and real estate investments	(14,745)	(10,832)
Dividends received	2	-
Expenses on acquisition of financial assets	(106,057)	(12,025)
Proceeds from sales of financial assets	-	67,265
Interest received	790	25
Repayment of extended loans	(22,133)	-
Other expenses	(1,994)	-
Net cash flow from investment activity	**(134,155)**	**47,895**
Cash flow from financial activity		
Net proceeds from issue of shares	-	-
Dividends paid out	(34)	-
Proceeds from assuming loans and borrowings	35,869	4,958
Expenses for repayment of loans and borrowings	(25,209)	(4,990)
Interest paid	(1,797)	(533)
Financial lease liabilities	22	(128)
Net cash flow from financial activity	**8,851**	**(693)**
Total net cash flow	**(132,539)**	**73,799**
Cash at the beginning of period	**235,650**	**23,893**
Impact of changes in exchange rates		
Cash at the end of period	**103,111**	**97,692**

II. DESCRIPTION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basic data related to the Group

In Q1 2010 the Group achieved net profit of PLN 14,197 thousand, the balance sheet total was PLN 1,621,244 thousand, and the change of net cash balance amounted to PLN (99,499) thousand.

The following statement presents selected financial data with key financial indicators for Q1 2010 in relation to Q1 2009.

Selected financial information

	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009	Change (%)
Revenue	367,570	326,826	12.47
Cost of sales	(303,987)	(268,355)	13.28
Gross profit (loss) on sales	63,583	58,471	8.74
Selling costs	(17,029)	(14,043)	21.26
Administrative expenses	(27,361)	(21,998)	24.38
Other operating revenue (costs)	2,676	1,477	81.18
Profit (loss) from operating activity	21,869	23,907	(8.52)
Financial revenue (costs).	(4,077)	4,640	x
Profit (loss) on shares in associated entities valuated by equity method	16	15	6.67
Income tax	(3,611)	(5,932)	(39.13)
Profit (loss) as to continued activity	14,197	22,630	(37.26)
Net profit (loss)	**14,197**	**22,630**	**(37.26)**
Net profit (loss) of owners of Parent	14,161	22,556	(37.22)
Net profit (loss) of non-controlling shareholders	36	74	(51.35)
EBITDA	**45,223**	**43,230**	**4.61**

	As of 31 Mar 2010	As of 31 Dec 2009	Change (%)
Assets value	**1,621,244,**	**1,581,318,**	**2.52**
Non-current assets	1,012,263,	989,463,	2.30
Current assets, including:	608,981,	591,855,	2.89
Inventories	185,407	180,874,	2.51
Current receivables	178,959,	154,182,	16.07
Cash and cash equivalents	146,986	246,485,	(40.37)
Other financial assets	92,390,	340,	27,073.53
Non-current assets available for sale	251	613,	(59.05)
Other assets	4,988	9,361,	(46.72)
Equity, including:	**1,126,571,**	**1,113,295,**	**1.19**
Owners of the Parent	1,124,372,	1,111,132,	1.19
Non-controlling shareholders	2,199	2,163,	1.66
Non-current liabilities	210,799	199,778,	5.52
Current liabilities	283,874	268,245,	5.83

	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009	Change (%)
Cash flow from operating activity	13,020	31,228	(58.31)
Cash flow from investment activity	(97,606)	44,821	x
Cash flow from financial activity	(14,913)	(1,142)	1,205.87

Revenue

The consolidated net revenue of the Group for Q1 2010 amounted to PLN 367,570 thousand. Compared with the analogous period of 2009, the revenue increased by PLN 40,744 thousand, i.e. by 12.47%. This results from achieving higher market sales value in the plastics segment. A decrease in the market sales value was recorded in the fertiliser segment (lower quantity and selling price of saltpetre fertilisers and ammonium sulphate).

The change of the receipt side in the power generation segment showed increase in both market sales of power utilities, and in transactions as part of mutual settlements of segments. The distinguished industry segments: plastics, fertilisers, power generation account for ca 90.76% of revenue on sales of products, services, goods and materials in total. In Q1 2010 the largest share in revenue on external sales was accounted for the plastics segment 52.55% contrary to Q1 2009, when the fertiliser segment had the biggest share 56.14%.

Costs

In Q1 2010 total costs amounted to PLN 361,818 thousand and were higher than the costs incurred in the analogous period of the previous year by PLN 48,785 thousand., i.e. by 15.58%, at total sales higher by 12.47%.

	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009	Change (%)
Cost of sales	(303,987)	(268,355)	13.28
Selling costs	(17,029)	(14,043)	21.26
Administrative expenses	(27,361)	(21,998)	24.38
Total sales costs	**(348,377)**	**(304,396)**	**14.45**
Other operating costs	(5,664)	(2)	283,100.00
Total costs from operating activity	**(354,041)**	**(304,398)**	**16.31**
Financial costs	(7,777)	(8,635)	(9.94)
Total costs:	**(361,818)**	**(313,033)**	**15.58**

Result on sales and operating result

In Q1 2010 gross profit on sales amounted to PLN 63,583 thousand, and in the analogous period of the prior year to PLN 58,471 thousand. The result on operating activity, in turn, was PLN 21,869 thousand and PLN 23,907 thousand for the comparable period.

The following had an adverse impact on the presented results:

- the increase in raw materials significant for the Company, including in particular benzene, phenol, methanol,
- the strengthening of the Polish currency (against EUR and USD) deteriorating the profitability of the Parent's export,
- the drastic limitation of export by all domestic nitrogenous fertilisers manufacturers in 2009, and the increased import of fertilisers to the Polish customs area cause that the distribution and sales in Q1 2010 are performed in a manner strictly adapted to the needs of the recipient, the majority of which had considerable stocks of the product from the prior year.

The following had a positive impact on the presented results:

- the higher use of production capacities,
- the favourable deviation of prices of core products in relation to the analogous period of the previous year by 4.6% on average,
- the better demand and price growth recorded on the global caprolactam market,
- the increasing price trend on the structural plastics market continuing since Q1 2010,
- the growth of sales scale in relation to the analogous period of the prior year by 7.0%,
- the decreased price of natural gas, coal and electric power.

The EBIT margin rate amounted to 5.95% in Q1 2010 - a year ago 7.31%.

Net result

The consolidated net result for Q1 2010 amounted to PLN 14,197 thousand, of which PLN 14,161 thousand is attributable to the Parent's Shareholders. Net profitability reached 3.86%.

A positive influence on the final net profit was exerted to a significant extent by the profit on operating activity (EBIT). At the same time that effect was considerably decreased by the profit on financial activity i.e. by the surplus of financial costs (surplus of negative differences in rates over the positive ones) over financial revenue (interest in virtue of deposits of funds obtained from issue of shares) and by income tax.

Accounting profit achieved on individual types

	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009	Change (%)
Operating profit (loss)	21,869	23,907	(8.52)
Net financial revenue (costs)	(,4,077)	4,640	-
Profit (loss) on shares in associated entities valuated by equity method	16	15	6.67
Income tax	(3,611)	(5,932)	(39.13)
Profit (loss) on discontinued activity	-	-	-
Net profit (loss)	14,197	22,630	(37.26)
Net profit (loss) of the owners of Parent	14,161	22,556	(37.22)
Net profit of non-controlling shareholders	36	74	(51.35)

Assets

At the end of March 2010 the Group's non-current assets amounted to PLN 1,012,263 thousand. Compared with the balance as of 31 December 2009, the non-current assets value increased by PLN 22,800 thousand (i.e. by 2.30%). The biggest growth was recorded in the item: property, plant and equipment, whose balance compared with the end of December 2009 increased from PLN 23,550 thousand to PLN 926,189 thousand. This increase results from the recognition of the assets of the purchased company, ATT Polymers.

The share of non-current assets in total assets amounts to 62.44% (at the end of 2009 - 62.57%).

The Group's current assets as of 31 March 2010 amounted to PLN 608,981 thousand. The following prevailed in the structure of current assets: inventories – 30.45%, and trade and other receivables – almost 28.85%.

Compared with the balance as of the end December 2009, the current assets value increased by PLN 17,126 thousand (therein the biggest increase was recorded in the other financial assets by PLN 92,050 thousand, on the other hand, the biggest decrease was recorded in cash and cash equivalents by PLN 99,499 thousand).

Liabilities

The Group's liabilities (non-current and current in total) amounted to PLN 494,673 thousand as of 31 March 2010, which means an increase compared with the balance as of the end of December 2009 (by 26,651 thousand).

The debt ratio (current and non-current liabilities to total assets) amounted to 28.87% as of 31 March 2010 (at the end of December 2009 29.60%).

The current ratio calculated as a quotient of total current assets and total current liabilities amounted to 2.15 as of 31 March 2010 (at the end of December 2009 2.37).

Cash flow

The net cash flow in Q1 2010 amounted to PLN (99,499) thousand. In relation to the analogous year, the Group generated cash flow lower by PLN 174,406 thousand.

The cash flow from operating activity amounted to PLN 13,020 thousand and was lower than that generated in the January - March 2009 period by PLN 18,208 thousand. In relation to the analogous 2009 quarter, the Group generated gross result lower by PLN 10,754 thousand.

The surplus of investment expenses over proceeds amounted to PLN 97,606 thousand, contrary to the situation in the analogous period of 2009, when the surplus of proceeds over investment expenses, amounting to PLN 44,821 thousand, occurred.

This year the balance of cash flow from investment activity was affected to the largest extent by the expenses on acquisition of financial assets amounting to PLN 90,000 thousand.

Net cash from financial activity in the current period was negative and stood at PLN (14,913) thousand. This value was affected mostly by the surplus of expenses of loans and borrowings repayment amounting to PLN 51,785 thousand over proceeds from assuming loans and borrowings amounting to PLN 38 947 thousand.

The statement of amounts of funds in the analysed period indicates higher negative cash from financial activity by PLN 13,771 thousand in 2010.

Ratio analysis

	As of 31 Mar 2010	As of 31 Dec 2009	Change (%)
Net profitability	3.86%	6.92%	(44.22)
EBIT%	5.95%	7.31%	(18.66)
EBITDA%	12.30%	13.23%	(6.99)
Current ratio	2.37	2.85	(16.95)
Quick ratio	1.69	2.29	(26.20)
Debt ratio	28.87%	27.68%	4.29
Equity to assets ratio	69.17%	72.32%	(4.36)

2. Description of unusual factors and events affecting accounting results

On 7 January 2010 the Parent concluded a loan agreement with Unylon Polymers GmbH amounting EUR to 6m for the period elapsing on 31 December 2014, which was released on 21 January 2010, upon approving the terms and conditions of the previous agreement of 18 November 2009 on the Acquisition and Assignment of Shares in Unylon Polymers GmbH, concluded with Unylon AG.

On 26 January 2010, the Parent concluded with Powszechna Kasa Oszczędności Bank Polski S.A. an annex to the Revolving Working Capital Loan Agreement amounting to PLN 40m in order to renew the loan agreement until 25 January 2011.

On 19 March 2010 authorisation to emission reduction - ERU - were transferred by the Ministry of Environment to the account of Mitsubishi Corporation Japonia, units generated in the I and II measurement period (i.e. in the II half of 2008 and I half of 2009) as part of the so-called joint implementation project, i.e. "Agreement on reduction of nitrogen monoxide in the Nitric acid plant in ZAT" concluded by and between the Parent and Mitsubishi Corporation. This authorisation was subsequently transferred by Mitsubishi Corporation to the final purchaser in Japan as of 31 March 2010. Therefore, the Parent is awaiting proceeds from sales of the said ERUs amounting to EUR 6.2m of total receivables amounting to EUR 7m (i.e. upon deducting EUR 0.8m for repayment of a loan granted by Mitsubishi Corporation). The revenue in virtue of generation of the said units from 3 measurement periods between June 2008 and December 2009 was already recognised in the results of relevant previous periods. Due to the half-year measurement period for the reduction of nitrogen monoxide and the verification of that measurement by an accreditation body in such a period, the Group recognises also revenue from generated ERU units only in half-yearly periods.

Currency market

In Q1 2010, greater volatility and strengthening of USD against EUR was observed, and simultaneously an increase in a positive assessment of Poland's economic conditions by foreign investors, which resulted in further strengthening of the domestic currency against EUR, with stabilisation of PLN exchange rate against USD.

As a result, in the scale of Q1 2010 PLN strengthened by ca 6% against EUR and weakened by almost 1% against USD, in relation to the levels recorded as of 31 December 2009, under the conditions of increasing impact of fundamental factors, and decreasing impact of speculation factors on the exchange rate behaviour.

The further behaviour of the currency market in the perspective of 2010 should be primarily affected by the maintaining upturn in the Polish economy and the primary global markets, and on the other hand the issue of excessive indebtedness of large global economies during the crisis, and the loss of confidence of investors in smaller economies. In addition, should the accusations of the financial supervision against large financial institutions (including Goldman Sachs) be confirmed, it is possible that the aversion to risk and market volatility will increase.

In the medium-term perspective, it seems likely that the strengthening trend of PLN against global currencies will be maintained in H2 2010, with a possibility of a short-term adjustment and increased volatility in Q2 2010.

Pursuant to the guidelines of the internal Risk Assessment Committee, the Parent increased to a moderate extent the scale of concluded hedging transactions in Q1 2010, limiting them exclusively to currency forward transactions, for the purpose of securing net exposure in USD and EUR resulting from the concluded commercial contracts, in the time horizon of up to 6 months from the securing date. As a supplement, the Parent applied SWAP currency transactions, concluded in order to adjust the maturity date of instruments to the changes in the current currency exposure.

Based on the Policy of market risk management in the Plan for 2010, the Parent as a rule secures at most 50% of the planned currency exposure in the time horizon of up to 6 months, and at most 25% of the currency exposure in the time horizon of 6 to 12 months, by concluding forward transactions.

The profit on the carried out hedging transactions amounted to PLN 1,220 thousand in Q1 2010, with the simultaneous profit of PLN 1,012 thousand in virtue of revaluation of derivatives (being the difference between the valuation of open financial instruments on 31 March 2010 and 31 December 2009).

In connection with the considerable strengthening of the PLN exchange rate against EUR, the Parent recorded a negative result from carried out differences in rates amounting to PLN (1,561) thousand, and a negative balance of valuation of currency settlements in the scale of Q1 2010 amounting to PLN (5,196) thousand on the remaining part of the unsecured net currency exposure in Q1 2010.

In total, in Q1 2010 the result on financial revenue and costs in virtue of difference in rates and currency derivative transactions (accounting for revaluations as of the balance sheet day) amounted to: PLN (4,525) thousand.

Since 1 October 2008 the Group has been applying the principles of hedging accounting based on the International Accounting Standard No. 39 for the purpose of securing the future cash flows, from which exposure to currency risk results. The Group is currently applying the said principles in relation to currency loans and borrowings, for which an effective hedging value was determined.

As a result of the performed settlement of hedging links related to currency loans and borrowings, the sales revenue was decreased by PLN 356 thousand in Q1 2010.

As of 31 March 2010, the Parent recognised the effective part of the hedging in the revaluation capital - determined based on the criteria of hedging accounting - arising from currency loans and borrowings in EUR amounting to: PLN (1,780) thousand. In the scale of Q1 2010, the negative revaluation capital of the above mentioned effective part of hedging decreased by PLN 2,012 thousand, mainly due to the strengthening of PLN against EUR.

As of 31 March 2010, open hedging items concerned exclusively forward transactions concluded in Q1 2010. Total receivables in virtue of valuation of unrealised forward exchange transactions as of 31 March 2010 amounted to: PLN 1,475 thousand. No hedging links were assigned to those transactions.

In the scale of Q1 2010, due to the generated surplus of sales over the purchase made by the Parent in EUR and in USD, given the strengthening of PLN against EUR and the stabilisation against USD, in relation to the levels of Q4 2009, their negative impact on the profit on operating activity occurred in aggregate. At the same time, in connection with the foregoing the balance resulting from the realisation and revaluation of previously concluded currency hedging transactions was positive in the scale of Q1 2010, the latter settled with the part of its net currency exposure.

3. Significant agreements concluded in Q1 2010

Signing an annex with PKN Orlen S.A.

On 23 February 2010, Annex no. 6 (dated 21 December 2009) to Agreement no. 2005/UZS/10 (concluded on 19 November 2004), concluded by and between the Parent and Polski Koncern Naftowy Orlen S.A. with its registered office in Płock (Seller) was executed by the persons authorised for representing the Parent. Annex no. 6 to the relevant agreement concerns the sales of the following raw materials: phenol, benzene and liquid sulphur by PKN Orlen S.A. for the Parent in 2010 in accordance with the established schedule and commercial terms. The estimated value of the said Annex during the term of agreement amounts to ca PLN 140m net.

Framework agreement no. 2005/UZS/10 does not provide for charging contractual indemnity of more than 10 % of the value of the agreement or the equivalent of the amount of EUR 200,000 denominated in PLN in accordance with the average NBP exchange rate as of the date of conclusion of the agreement, with the Parties reserving the right to claim damages on general principles, exceeding the amount of the charged contractual indemnity. The terms and conditions of the concluded annex do not provide for additional contractual indemnity. The remaining terms and conditions do not depart from the market standards applied in agreements of such type, in particular with respect to restricting suspending and terminating terms or deadlines.

The signed annex meets the criterion of a significant agreement, that is its estimated value of PLN 140m exceeds 10% of equity of the Parent.

(Current report no. 6/2010 of 24 February 2010).

4. Performance of issue goals

Optimisation of the product portfolio and the nitrogenous fertiliser sales system

a) Fertiliser mechanical granulation plant 1200 t/d
Investment project was completed.

b) Upgrade of dolomite milling plant
Goal was accomplished, the project was completed and commissioned as scheduled.

c) Upgrade of fertiliser packaging and dispatching station
The aim of the task was to increase the capacity and effectiveness in the fertiliser area in terms of palletising and packaging artificial fertilisers. Upon solving the problems related to the fertiliser packaging and palletising machine, the project was commissioned on a permanent basis.

Upgrade of caprolactam production plant with construction of new hydrogen plant

a) Upgrade and intensification of the Caprolactam Production Plant to 101,300 t/year
Investment project in the phase of advanced construction in individual process units. The first part will be completed by the end of July 2010 and the preparation for the last phase will commence, which is going to be carried out during the renovation break in 2011.

b) Construction project of a new hydrogen plant
In March 2010 the licence supplier was selected. Currently, preparations for the conclusion of the contract are in progress.

c) Upgrade of the selective hydrogenation plant of phenol in catalyst Pd
Upon successful start-up in July 2009, the project was technically completed and commissioned by the end of 2009.

Expansion of Modified Plastics Production Plant

a) Intensification of the Modified Plastics Production Plant – stage I and II
Project in progress, currently in the pre-commissioning stage. The planned commissioning shall take place in Q2 2010.

b) Upgrade of Tarnamid warehouse
It was commissioned in Q4 2009. The project was fully accounted for in Q1 2010.

Polyamide Production Plant II (Pa 6) 55 tt/year

As part of the implementation of that issue goal - increasing the polyamide production capacity – the Parent acquired 100% of shares of Unylon Polymers GmbH with its registered office in Guben/Germany.

The entry of Unylon Polymers GmbH to the Group enabled the German company to integrate with the caprolactam manufacturer. Caprolactam (CPL) is a raw material for producing PA6 by polymerisation. Unylon Polymers GmbH has 5 polymerisation lines with production capacity of up to 47,000 tons PA6/year.

5. Using funds obtained from issue

Until the day of publication of the Statements for Q1 2010, the Parent used the funds from the Public Offer, deposited on fixed-term deposits adapted to the anticipated dates of accomplishment of issue goals, in the following manner:

- for covering the costs of making the action public net - PLN 9,298 thousand,

- for financing a part of outlay as part of accomplishing issue goals – PLN 87,944 thousand, including:
  - for investment projects implemented as part of "Optimisation of product portfolio and nitrogenous fertiliser sales system" - full amount planned in the issuing prospectus - PLN 38,000 thousand,
  - for tasks implemented as part of "Upgrade of caprolactam production plant with construction of new hydrogen production plant" – PLN 14,405 thousand,
  - for "Intensification of the Modified Plastics Production Plant" – PLN 15,618 thousand,
  - for increasing the polyamide production capacity, the so-called "Polyamide Production Plant II" – PLN 19,921 thousand.

In total, the Parent used the funds obtained from the Public Offer for the financing of outlays as part of accomplishing issue goals amounting to PLN 87,944 thousand, including the amount of PLN 20,992 thousand for financing outlay incurred in Q1 2010 after the publication of the last Statements.

The use of the funds from the issue after the date of publication of the last Statements served for financing payments as part of accomplishing the planned issue goals, i.e. "Upgrade of caprolactam production plant with construction of new hydrogen production plant" amounting to PLN 2,899 thousand, "Intensification of the Modified Plastics Production Plant" amounting to PLN 1,958 thousand, and increasing the polyamide production capacity (Polyamide Production Plant II) amounting to PLN 16,135 thousand (of which PLN 16,057 thousand was an equity investment consisting in acquiring shares of and adding capital to Unylon Polymers GmbH).

Outlay for accomplishing issue goals incurred until 31 March 2010, financed entirely until the date of preparing hereof

Project name	Outlay since 1 July 2008	including; from loan	from own off-issue funds	from issue	of which; outlay from 1 Jan 01 to 31 Mar 2010
Optimisation of product portfolio and nitrogenous fertiliser sales system					
Fertiliser mechanical granulation plant 1200 t/d	32,092	6,291	2,821	22,980	-
Upgrade of dolomite milling plant	4,199	-	1,229	2,970	-
Upgrade of fertiliser packaging and dispatching station	13,361	-	1,311	12,050	-
Total	**49,652**	**6,291**	**5,361**	**38,000**	**-**
Upgrade of caprolactam production plant with construction of new hydrogen production plant					
Upgrade of air compression station for the needs of the Cyclohexane Oxidisation plant in K-54	2,419	-	1,240	1,179	0
Upgrade of controlling processes in installations of the Faculty of Cyclohexanon	410	-	410	-	0
Upgrade of the selective hydrogenation plant of phenol in catalyst Pd	8,661	-	60	8,601	0
Upgrade and intensification of the Caprolactam Production Plant to 101.3 tt/year	4,721	-	96	4,625	2,899
Total	**16,211**	**-**	**1,806**	**14,405**	**2,899**
Expansion of Modified Plastics Production Plant					
Intensification of the Modified Plastics Production Plant - stage I+II	15,618	-	-	15,618	1,958
Total	**15,618**	**-**	**-**	**15,618**	**1,958**
Polyamide Production Plant II					
Upgrade of tarnamid warehouse	3,864	-	-	3,864	78
Capital outlays – acquisition of Unylon Polymers GmbH	16,057	-	-	16,057	16,057
Total	**19,921**	**-**	**-**	**19,921**	**16,135**
Total projects financed as part of issue goals	**101,402,**	**6,291,**	**7,167,**	**87,944,**	**20,992**

6. Type and amounts of unusual items affecting assets, liabilities, equity, accounting income or cash flow

In Q1 2010 no such unusual items in terms of type, amount or exerted impact occurred that affect assets, liabilities, equity, accounting income and cash flow.

The only items which affected assets, liabilities, equity, accounting income and cash flow are items related to the entry of Unylon Polymers GmbH to the Group (point I.1 and I.2.2).

7. Issue, buyout and repayment of debt and equity securities

In Q1 2010 Azoty Tarnów Group did not make any issue, buyout or repayment of debt and equity securities, other than issue of shares. The details of the issue of share are presented in the annual report for 2008 in point 5.9 Significant events Debut on stock exchange.

III. OTHER INFORMATION

1. Description of the organisation of the Group

Azoty Tarnów are the Parent.
As of 31 March 2010 the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group comprised Zakłady Azotowe w Tarnowie-Mościcach S.A. – the Parent, and:

8 Subsidiaries (with interest in equity over 50%)
2 Associated entities (with interest in equity of 20%-50%)

Organizational chart of the Group embracing entities subject to consolidation and those not included in consolidation as of 31 March 2010

The Parent – Zakłady Azotowe w Tarnowie- Mościcach S.A.

Subsidiaries		Associated entities	Entities not included in consolidation – associated by Subsidiaries
Interest 100%	Other interest	Navitrans Sp. z o.o. – 26.4%	Regionalne Laboratorium Oceny Mleka Sp. z o.o. – 91%
Biprozat Sp. z o.o.	Automatyka Sp. z o.o. - 69.7%	PKCH Sp. z o.o. – 25.0%	Eko-Technologies – 60%
JRCH Sp. z o.o.			UNIROL Sp. z o.o. – 51%
Koltar Sp. z o.o.			S+R Gazy Sp. z o.o. – 30%
Elzat Sp. z o.o.			PIW Unisil Sp. z o.o. – 24%
Prorem Sp. z o.o.			Ekotar Sp. z o.o. – 24%
ATT POLYMERS GmbH *			Petrolia Sp. z o.o. – 24%***
ZWRI Sp. z o.o.			Tarplast Sp. z o.o. in liquidation – 40%**

*) shares acquired on 28 January 2010 (details in point I.1)
**) removed from KRS on 8 February 2010.
***) on 15 April 2010 JRCH (subsidiary) sold all shares owned in Petrolia Sp. z o.o.

Entities not included in consolidation are entities related via Subsidiaries. They are not subject to consolidation due to insignificance.

The Parent also owns shares in 20 minority entities.

Interest of the Parent in Minority entities as of 31 March 2010

Entity name	**% shares**
Tarnowskie Wodociągi Sp. z o.o.	12.55%
Tarnowski Klaster Przemysłowy S.A.	0.1077%
Tarnowska Agencja Rozwoju Regionalnego S.A.	0.05865%
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.	0.01229%
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 (in bankruptcy)	9.83%
Zakłady Tworzyw Sztucznych "PRONIT" S.A. w Upadłości (in bankruptcy)	0.28%
LEN S.A. w Likwidacji (in liquidation)	0.289%
Tłocznia Metali "PRESSTA" S.A. w Upadłości Likwidacyjnej (in liquidation bankruptcy)	0.019%
UNIONTEX S.A. w Upadłości (in bankruptcy)	0.03%
Wytwórnia Silników "PZL MIELEC" Sp. z o.o. w Upadłości (in bankruptcy)	0.12%
Zakłady Przemysłu Dziewiarskiego "KARO" S.A. w Likwidacji (in liquidation)	0.17%
Południowe Zakłady Przemysłu Skórzanego "Chełmek" S.A. w Upadłości Likwidacyjnej (in liquidation bankruptcy)	0.03%
Konsorcjum Rozwoju Eksploatacji Majątku Trwałego "EKSPLOSYSTEM" Sp. z o.o.	3.36%

The following changes occurred in the reported period:

- CENTROZAP S.A. – the Company's share capital was increased:
  - on 8 January 2010 to PLN 243,806,575 (shares of S series),
  - on 27 January 2010 to PLN 251,653,445 (shares of T series),
  - on 1 March 2010 to PLN 269,539,962 (shares of U series).
  - on 3 March 2010 to PLN 273,124,891 (shares of W series).
  - on 14 April 2010 to PLN 279,124,891 (shares of Y series).

  Currently the Parent's interest in the Company's share capital amounts to 0.01229% (based on the decision of NCR on registering shares of the Y series).

- IGLOOMEAT Sokołów Sp. z o.o. - on 2 February 2010 the Ordinary General Meeting of Shareholders passed a decision on transforming the company into a joint-stock company (resolution no. 6, Notarial Deed Rep A no. 648/2010). Therefore, the Parent did not submit a declaration of joining the transformed Company and simultaneously requested on 23 February 2010 the disbursement of an amount equivalent to the value of shares owned by the Parent, in accordance with the financial statements prepared for the purposes of transformation.

- Tarnowska Agencja Rozwoju Regionalnego S.A. – on 27 March 2010 the increase in the Company's share capital was registered in NCR (pursuant to the resolution of the General Meeting of the Company of 19 December 2008) from PLN 16,295 thousand to PLN 17,050 thousand (the current interest of the Parent in that Company's capital amounts to 0.05865%).
- LEN S.A. w Likwidacji Kamienna Góra – on 30 April 2010 the Parent received a transfer of PLN 761.90, for payment for shares.

The characteristics of activity of the individual entities composing the Azoty Tarnów Group:

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

The Company was entered to the register of entrepreneurs kept by the National Court Register under number KRS 0000075450 on 28 December 2001 under the decision of the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register of 28 December 2001.
Scope of activity: production and sales of chemicals and plastics (PKD 2414Z).

Subsidiaries

"AUTOMATYKA" Sp. z o.o.

The Company was registered on 7 November 1997. The Company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego 8 street. The Company was entered to the National Court Register under number KRS 0000085959 on 6 February 2002 by the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register.
Scope of activity: production of controlling equipment, controlling industrial processes, designing and construction of systems, activity related to mechanical engineering, and computer hardware consultancy (PKD 3313Z).

Biuro Projektów Zakładów Azotowych "BIPROZAT – TARNÓW" Sp. z o.o.

The Company was registered on 2 March 1994. The Company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego no. 7 street. The Company was entered to the National Court Register under number KRS 0000199462 on 12 March 2004 by the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register.
Scope of activity: designing, preparing documentations, organising deliveries of instrumentation and devices, pursuing commercial, consulting, IT activity, new technologies (PKD 7420A).

Jednostka Ratownictwa Chemicznego Sp. z o.o.

The Company was registered on 19 November 1993. The Company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego 8 street. The Company was entered to the National Court Register under number KRS 0000188857 on 29 January 2004 by the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register. The primary area of activity of the Company is services related to environmental protection.
Scope of activity: services as to neutralisation, recycling, waste recovery and storage, sewage treatment, remedying results of failures, analysing water, air and sewage, training, transporting hazardous materials, testing food products, production and trade in chemical products (PKD 9001Z) and 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. The Company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego 8 street. The Company was entered to the National Court Register under number KRS 0000206663 on 12 May 2004 by the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register.
Scope of activity: forwarding services related to sending and accepting railway shipping, loading and unloading services, cleaning and overhauling tankers and rail cars, pursuing commercial activity, maintaining railway lines related to the support and service of the company's railway station (PKD 6010Z).

Zakład Remontów Elektrycznych oraz Instalatorstwo Elektryczne "ELZAT" Sp. z o.o.

The Company was registered on 2 March 2004. The Company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego 8 street. The Company was entered to the National Court Register under number KRS 0000205643 on 29 April 2004 by the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register.
Scope of activity: constructing electrical wiring, production of mechanical devices and tools, metalworking, sales of waste and scrap, technical testing and analyses, finishing works (PKD 3110).

PROReM Sp. z o.o.

The Company was registered on 14 October 1998. The Company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego 8 street. The Company was entered to the National Court Register under number KRS 0000095916 on 6 March 2002 by the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register.
Scope of activity: production and provision of services (construction, installation, sanitary, industrial systems, electrical wiring, measuring, telecom & IT systems, etc.), performing renovations and upgrades of specialised structures being fixed assets (PKD 2924B).

ATT Polymers GmbH (earlier Unylon Polymers GmbH)

ATT Polymers GmbH with its registered office in Guben is one of the leading integrated manufacturers of Polyamide 6 (PA6) in Europe. The Company owns 5 polymerisation lines with production capacity of up to 47,000 tons PA6/year.
Shares were acquired on 28 January 2010 (details in I.1)

ZWRI Sp. z o.o.

The Company was registered on 28 December 1993. The Company's registered office is located in Tarnów, at ul. E. Kwiatkowskiego 8 street. The Company was entered to the National Court Register under number KRS 0000074630 on 4 January 2002 by the District Court for Cracow - Śródmieście in Cracow, XII Economic Division of the National Court Register.
Scope of activity: production and provision of services (construction, installation, sanitary systems, industrial systems, electrical wiring, measuring systems, telecom & IT systems – PKD 4521).

Associated entities

Navitrans Sp. z o. o.

The Company was registered on 29 June 1992. The Company's registered office is located in Gdynia, at ul. Świętojańska 18/5 street. The Company was entered to the National Court Register under number KRS 0000062936 on 20 November 2001 by the District Court for Gdańsk, VIII Economic Division of the National Court Register.
Scope of activity: forwarding services (PKD 6340C).

Polskie Konsorcjum Chemiczne Sp. z o.o.

The Company was registered on 23 December 2008. The Company's registered office is located in Warsaw, at ul. Puławska 182 street. The Company was entered to the National Court Register under number KRS 0000319998 on 19 February 2009 by the District Court for the capital city of Warsaw in Warsaw, XIII Economic Division of the National Court Register.
Scope of activity:

- activity of bank holding companies (PKD 64.20.Z),
- activity of head offices and holdings, excluding bank holding companies (PKD 70.10.Z), other consultancy as to pursuing economic activity and management (70.22.Z),
- accounting and book activity; tax consultancy (69.20.Z).

2. Changes in structure of business entities, including as a result of combining business entities, acquiring or selling entities of the company's group, long-term investment, division, restructuring and discontinuing activity

On 28 January 2010 the Parent's Management Board received the information on the ascertainment of full conditions for the acquisition of 100% shares in Unylon Polymers GmbH with its registered office in Guben (details in I.1).

3. Management Board's position on the execution of forecasts

Since accounting profit forecasts for 2010 were not published, the position of the Parent's Management Board on the execution of the forecast result will not be presented.

4. Indication of shareholders owning directly or indirectly via subsidiaries at least 5% of the overall number of votes on the General Meeting as of the date of publication hereof, with indication of the number of shares owned by those entities, their percentage share in share capital, the resulting number of votes and their percentage share in the overall number of votes on the General Meeting, as well as indication of changes in the ownership structure of significant packages of the Issuer's shares in the period beginning on the submission of the last quarterly report of the Group with other entities

Shareholders	Number of shares	% of joint stock capital	Number of votes	% of votes
31 December 2009				
State Treasury	1,354,160	3.46%	1,354,160	3.46%
Nafta Polska	19,200,000	49.08%	19,200,000	49.08%
Ciech	2,560,000	6.54%	2,560,000	6.54%
PGNIG	4,000,001	10.23%	4,000,001	10.23%
Others	12,002,260	30.69%	12,002,260	30.69%
	39,116,421	**100.0%**	**39,116,421**	**100.0%**
16 March 2010*)				
State Treasury	1,349,000,	3.45%	1,349,000,	3.45%
Nafta Polska	19,200,000,	49.08%	19,200,000,	49.08%
Ciech	2,560,000,	6.54%	2,560,000,	6.54%
PGNIG	4,000,001,	10.23%	4,000,001,	10.23%
Others	12,007,420,	30.70%	12,007,420,	30.70%
	39,116,421,	**100.0%**	**39,116,421,**	**100.0%**
22 April 2010)**				
State Treasury	1,349,000,	3.45%	1,349,000,	3.45%
Nafta Polska	19,200,000,	49.08%	19,200,000,	49.08%
PGNIG	4,000,001,	10.23%	4,000,001,	10.23%
Others	14,567,420,	37.24%	14,567,420,	37.24%
	39,116,421,	**100.0%**	**39,116,421,**	**100.0%**
17 May 2010/date of publication of report*)**				
State Treasury	1,349,000,	3.45%	1,349,000,	3.45%
Nafta Polska	19,200,000,	49.08%	19,200,000,	49.08%
PGNIG	4,000,001,	10.23%	4,000,001,	10.23%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	2,667,859	6.82%	2,667,859	6.82%
Others	11,899,561,	30.42%	11,899,561,	30.42%
	39,116,421,	**100.0%**	**39,116,421,**	**100.0%**

*) Change of number of shares of the Parent held by the State Treasury resulted from the end of the granting of staff shares free of charge to heirs of the entitled persons.

**) On 23 April 2010 the Parent received from Ciech S.A. with its registered office in Warsaw a notice of 22 April 2010 on the transaction on Azoty Tarnów's shares. As provided in the notice, as a result of the transaction performed by Ciech S.A. on 22 April 2010 2,560,000 shares of the Parent accounting for 6.54% of the share capital were disposed of on stock exchange (package, off-the-counter transaction). Prior to concluding the transaction, Ciech S.A. possessed 2,560,000 shares of the Parent, accounting to 6.54% of the share capital. 2,560,000 votes were attributable to the shares, i.e. 6.54% of the total number of votes on the General Shareholders' Meeting. Upon performing the transaction Ciech S.A. does not possess shares of the Parent.
(Current report no. 7/2010 of 23 April 2010)

***) Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK S.A. insurance society with its registered office in Warsaw informed that as a result of the transactions of acquisition of shares of the Parent, concluded on 22 April 2010, Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK ("Aviva OFE") increased its interest in the overall number of votes in the Parent to above 5%. Prior to settling the foregoing transactions, as of 26 April 2010 Aviva OFE possessed 1,900,000 shares of the Parent, accounting for 4.86% of the share capital (issued shares) of the Parent, which entitle it to 1,900,000 votes on the General Meeting, which accounted for 4.86% of the overall number of votes. Upon concluding an settling the transaction referred to above, as of 27 April 2010 Aviva OFE possessed 2,667,859 shares of the Company, accounting for 6.82% of the share capital (number of issued shares) of the Parent, which entitled it to 2,667,859 votes on the General Meeting, which accounted for 6.82% of the overall number of votes.
(Current report no. 8/2010 of 4 May 2010)

The State Treasury owns directly 3.45% shares in the Parent's equity, Nafta Polska S.A. (company with 100% interest of the State Treasury) owns 49.08 % shares, which accounts for over 52% in total of indirect interest of the State Treasury in the Parent equity.

5. Shares of Zakłady Azotowe w Tarnowie - Mościcach S.A. owned by persons managing and supervising the Company as of the date of submitting the quarterly report, with the indication of changes in the ownership balance, in the period from the submission of the last periodical period, separately for each of the persons

Specification	Number of shares as of 19 February 2010	Changes acquisition	Changes disposal	Number of shares as of 17 May 2010
Deputy Chairman of Management Board **Witold Szczypiński**	390	-	-	390
Member of Management Board **Franciszek Bernat**	390	-	-	390

The volume of shares owned by the persons managing the Company from the date of submitting the report for Q4 2009 to the date of publication hereof, i.e. to 17 May 2010, did not change.

On 15 February 2010 the resignation of Mr Krzysztof Pieńkowski from the position of a Supervisory Board member was submitted for the attention of the Parent's President, and thereby Mr. Pieńkowski ceased to be a person supervising the Parent (current report 5/2010 of 15 February 2010).

The remaining persons managing and supervising the Parent as of the date of submitting hereof, i.e. as of 17 May 2010, did not own shares of the Parent.

6. Court proceedings

The Companies comprising the Azoty Tarnów Group are not parties to proceedings related to obligations or debts, whose value amount to at least 10 % of the Issuer's equities, i.e. ca PLN 107m.

The total value of all proceedings related to the obligations or debts in which the Companies comprising the Azoty Tarnów Group participate does not exceed 10% of the Issuer's equity.

7. Surety for loans or borrowings, furnished guarantees

In the reported period, the Companies comprising the Azoty Tarnów Group did not grant surety of loans or borrowings and did not furnish any guarantees.

8. Other information significant for the evaluation of the personnel, asset, and financial condition, accounting profit and the changes thereof, of the Company and its Group, as well as information significant for the evaluation of the possibility to carry out the obligations by the Company and its Group

8.1. Composition of supervisory and management bodies

As of the date of publication of the report for Q1 2010, the composition of the supervisory and management bodies was as follows:

The Parent's Management Board

- Jerzy Marciniak – Chairman of the Board - Director General
- Witold Szczypiński – Deputy Chairman of the Board - Member of the Management Board
- Andrzej Skolmowski – Deputy Chairman of the Board - Member of the Management Board
- Franciszek Bernat – Member of the Management Board

The Parent's Supervisory Board

- Marzena Piszczek – President
- Małgorzata Rzążewska – Deputy President
- Jan Wais – Secretary
- Joanna Kiełkiewicz – Member
- Ewa Lis – Member
- Katarzyna Wałęga – Member
- Dariusz Maciejuk – Member
- Armin Teske – Member

On 15 February 2010 Mr Krzysztof Pieńkowski submitted a resignation from the position of a Supervisory Board member for the attention of the Parent's President (current report 5/2010 of 15 February 2010).

8.2. Competences of persons managing the Parent

The division of competences of the persons managing the Company pursuant to Resolution no. 190/VII/2009 of the Management Board of Zakłady Azotowe w Tarnowie - Mościcach S.A. of 8 April 2009.

The division of competences did not change since the date of publication of the last Quarterly Report – The interim consolidated financial statements for Q4 2009 published on 19 February 2010 (point F.8.2).

8.3. Privatisation process of the Parent

In Q1 2010 works related to the privatisation process of the Parent were coordinated, which is conducted by Nafta Polska S.A. in liquidation on behalf of itself and of the State Treasury. On 12 April 2010 the period of exclusivity for negotiations expired, which was granted to PCC SE as to the sales of the Parent's shares, as part for the privatisation of the I Chemical Group. The main topics negotiated by the parties at that stage embraced the structure of the transaction between the Investor, Nafta Polska and the State Treasury, the price for the Company's shares together with the price adjustment mechanism, and other significant terms and conditions of privatisation agreements.

In its announcement of 13 May 2010, Nafta Polska S.A. in liquidation informed that the decision was made to finish the process without settlement in the conducted privatisation process of companies included in the I Chemical Group. Upon analysing the final offers received by the investor – PCC SE – confirming the proposed terms and conditions of the acquisition of shares of Zakłady Azotowe Kędzierzyn S.A. and the Parent, it was ascertained that the proposal submitted by the potential investor was not satisfactory for the selling entities and departed from the expectations both in terms of price conditions, transaction structure, and amounts allocated for the increase of capital. In addition, the other offers submitted last December as part of the process are insufficient premises for continuing the negotiations and receiving satisfactory offers.

At the same time information was disclosed that the privatisation of the companies of the Great Chemical Synthesis sector would be continued. The process will be resumed by the Ministry of State Treasury in the second half of this year, upon receiving and analysing initial offers for the purchase of shares of Zakłady Azotowe Puławy S.A. and Zakłady Chemiczne Police S.A.

8.4. Actions as to human resources

A continuous restructuring process of employment is being conducted in the Parent, consisting in tailoring the employment level in individual areas of activity of the Parent, as well as the entire Group, to current tasks and health and safety requirements, and changing qualification of the employees.

On 6 January 2010 an Agreement with the company's trade union organisations was concluded on the increase of the basic pay of the Parent's employees.

On 1 February 2010 an Agreement was concluded with a social partner on changes in the Work Regulations.

8.5. Significant organisational changes in the Group

In the reported period, actions aiming at redefining the management system, distinguishing areas/businesses outside the core or the domain of the company were conducted in the area of restructuring, as well as further ordering of the company's inside. As part of those actions, works related to changes in the Faculty of Catalysts were performed.

In addition, actions aiming at acquiring assets of Gdańskie Zakłady Nawozów Fosforowych Fosfory Sp. z o.o. with its registered office in Gdańsk from CIECH S.A. were taken in the reported period. On 13 May 2010 a Letter of intent was signed by and between the Parent and Ciech S.A. with its registered office in Warsaw, ul. Puławska 182 street, wherein the Parties declared the will to cooperate and conduct talks bona fide for the purpose of preparing an offer and implementing the project of acquiring shares in Gdańskie Zakłady Nawozów Fosforowych Fosfory Sp. z o.o. with its registered office in Gdańsk by the Parent from Ciech S.A..

(Current report no. 10/2010 of 14.05.2010)

8.6. Other

On 5 February 2010 The National Fund For Environmental Protection and Water Management published a ranking list of projects recommended for support as part of the activity of the Operational Programme Infrastructure and Environment. The project submitted by the Parent titled "Economic application of ash in Zakłady Azotowe w Tarnowie-Mościcach S.A." obtained the highest score and was recommended for support. The recommended subsidy amount is PLN 4,588,357.71. The Company obtained necessary corporate consents for the implementation of the project in full scope in accordance with the submitted application for subsidy, the conclusion of an agreement on subsidy for the project with The National Fund For Environmental Protection and Water Management, and for assuming liability on bill of exchange towards The National Fund For Environmental Protection and Water Management in order to secure the return of the subsidy (the Agreement for project subsidy was concluded on 12 April 2010).

On 16 February 2010 the Supervisory Board approved the Yearly Asset and Financial Plan for 2010 presented and adopted by the Parent's Management Board in the resolution no. 376/VII/2010 of 5 February 2010, which provides for investment outlay amounting to PLN 169,505 thousand this year.

On 26 February 2010 the Supervisory Board granted consent to the Management Board to purchase fixed asset constituents as part of the implementation of the investment project "Construction of heat exchanger station in heating water for MPEC [Municipal Power Heating Company] 30 MW".

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

9.1. Revenue from deposits of stock exchange funds

As of 31 March 2010, the amount of PLN 184m was deposited on fixed-term deposits - from the funds obtained from the issue of Company's shares, including PLN 94m on fixed-term deposits with maturity date below 3 months after the balance sheet day, and PLN 90m on fixed-term deposits with maturity date over 3 months after the balance sheet day. In addition, the amount of PLN 9m remained on bank accounts and overnight deposits, serving for financing the current activity.

Fixed-term deposits of funds from the issue of shares yielded financial revenue amounting to PLN 2.3m in total in Q1 2010.

In Q2 2010, it is planned to achieve revenue from deposits of funds from the issue of shares amounting to ca PLN 2.2m, which results from the decreased deposit balance together with the planned use of funds for the accomplishment of issue goals.

9.2. Seasonality

Information on seasonality is provided in I.2.10 hereof.

9.3. Exchange rates

Further behaviour of the currency market in the perspective of 2010 will be primarily affected by the maintaining of the upturn symptoms in the Polish economy and the major global markets, and on the other hand by the problem of excessive indebtedness of big global economies during the crisis and the loss of investors' confidence in minor economies, the increased scale of indebtness and budgetary imbalances. In addition, in the situation of accumulation of the financial supervision's accusations against big financial institutions (Goldman Sachs), and at the same time the risk of insolvency of Greece, the increase in aversion to risk and higher volatility of the market, as well as the weakening of EUR against USD are observed in short-term perspective, which also results in an adjustment of the increasing trend of PLN.

In the medium-term perspective, it is likely that the strengthening trend of PLN against global currencies will be maintained in H2 2010, with the possibility of consolidation or short-term adjustment (i.e. periodical weakening of PLN) and increased volatility of PLN exchange rate in Q2 2010).

9.4. Domestic interest rates

In the scale of Q1 2010 the Monetary Policy Council maintained a neutral position as to the shape of monetary policy, focusing on observing and analysing inflation phenomena and the strength of domestic GDP growth against other economies.

It may be anticipated that the Monetary Policy Council will maintain such a neutral stance also in Q2 2010, due to the fact that no explicit inflation threats occur, and on the other hand that it is not certain whether the economic growth in the EU will be permanent.

Gradual tightening of the monetary policy as to a slight rise in domestic interest rates may take place as soon as in Q3 2010, in the case of reinforcement of positive indicators of upturn in the domestic economy.

As far as interest rates for EUR are concerned, it seems that ECB will also refrain from changing its attitude until the economic upturn symptoms are reinforced; therefore it is most likely that the rates for EUR will remain unchanged at least until the end of Q3 2010.

Generally, it is unlikely that interest rates will be further decreased in Poland and in the world, while on the other hand central banks are very likely to begin increasing interest rates as soon as in Q4 2010, in line with the scale of GDP and inflation growth.

In the case of market rates, it is anticipated that a relatively constant spread in relation to the margins for loans and deposits offered to the Company will maintain.

The financial revenue level achieved by the Company from the fixed-term deposit interest rates will be still compensating the cost of external financing sources.

9.5. Behaviour of prices of raw materials and products in next quarter

Raw material market

In Q1 2010 petroleum prices ranged from ca 69 to 82.73 USD per barrel throughout the quarter, and the greatest fluctuation amplitudes were recorded in February 2010. In Q1 2010 prices of such raw materials as benzene, phenol, ammonia and methanol increased according to ICIS quotations. A similar trend was recorded in Q4 2009 and so far no premises indicate that the situation might change.

Caprolactam market

The global caprolactam market is recording an increase in demand and prices. They are still at a lower level than before the crisis.

China is becoming the centre of the global caprolactam market. The gradually increasing demand for liquid caprolactam in Europe results from the improved situation on the textile and structural plastics markets. The maintaining price increase trend is affected by strongly limited stocks of the product on the European market with the observed increased demand for caprolactam.

Structural plastics market

The price of standard thermoplastics in Western Europe depends on the price of base materials. In Q1 2010 increased demand for structural plastics was observed, although due to high price pressure plastics produced based on regranulates and milling are still more popular.

Since Q1 2010 an increasing price trend has continued. The limited supply on the structural plastics market may result in a price rise in subsequent quarters: polyamides (PA6), polyoxymethylene (POM) and their modifications.

Fertiliser market

Relatively low increases of fertiliser prices on a monthly basis on the domestic market in Q1 2010 result from a seasonal increase in demand for means of production before works in the field in spring. Moreover, what affects the increase in fertiliser price in that period is the enhanced buying capacity of agricultural producers as a result of receiving direct payments for the year 2009. According to forecasts, larger demand for means of production on global scale will be conducive to higher prices of fertilisers on the domestic market throughout 2010. The International Fertilizer Industry Association anticipates that the global demand for fertilisers will increase in 2010 by ca

4.9%. The fertiliser prices will be also affected by the prices of raw materials, mainly gas and ammonia.

In Q2 2010 there is a threat of limiting purchase by distributors which fear an unstable price situation. In addition, farmers focus on the current very low buying-in prices of primary agricultural produce and might decide to limit their expenditures for agricultural production by limiting the quantity of fertiliser sowing.

9.6. Other

Upon fulfilling the suspending terms of the conditional agreement of 18 November 2009, the Parent became the owner of 100% shares of ATT POLYMERS GmbH (earlier Unylon Polymers GmbH) with its registered office in Guben – one of the leading unintegrated manufacturers of polyamide 6 (PA 6).

ATT POLYMERS GmbH with its registered office in Guben is in a difficult situation due to the recently conducted bankruptcy proceedings and the concluded composition agreement. Due to the fact that it has to restore its credibility, repay the instalments of the extended loan and pursue activity above the break-even point, the most important is to guarantee caprolactam supplies for that Company in quantities permitting production at full production capacity.

On 30 March 2010 the Parent's Management Board decided to put the tar purification plant out of operation, located in the Faculty of Polymerisation of Caprolactam, setting the date of shut-down to 30 April 2010.

The Parent holds certificates of energy origins issued by the President of the Energy Regulatory Office. In Q2 2010 they will be sold via the Towarowa Giełda Energii (transaction worth ca PLN 4m).

In the perspective of Q2 2010 the following might influence the results achieved by JRCH Sp. z o.o. (Subsidiary):

- termination of performance of agreement with AMW for the utilisation of rocket fuel oxidant,
- final settlement of the performance of the foregoing agreement with Astra, which performed that agreement together with JRCH as part of a Consortium.
- the provision of the packaging fertilisers in Big Bags for the Parent.

The following might affect the future results of "Biprozat" Sp. z o.o. (Subsidiary):

- settlements of tendering procedures to which quotations were submitted, which are favourable to the Company,
- increased demand for the offered services,
- maintained employment of qualified workers,
- possibility to obtain contracts for the Company's new services (completing of supplies and performance of investment).

In the perspective of the next quarter, the results achieved by "ZWRI" (Subsidiary) may be affected by the market decreasing trends as to the rates for construction and assembly works. Another significant factor will be the material prices, whose level cannot be guaranteed due to small repeatability of the used materials, which results from the nature of the provided service. The planned profit will be possible to achieve, provided that additional orders increasing the value of the planned revenue are obtained.

The high correlation between the activity of Subsidiaries and the economic condition of the Parent has maintained. This results from the fact that the vast majority of orders come from the Parent.

Interim Abridged Consolidated Financial Statements of the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group for the 3-month period ended on 31 March 2010 contains 54 pages.

Signatures of Management Board members

………………….
Jerzy Marciniak
Chairman of the Board

………………………
Witold Szczypiński
Deputy Chairman of the Board

……………………….
Andrzej Skolmowski
Deputy Chairman of the Board

……………………
Franciszek Bernat
Member of the Board

………………
Ewa Gładysz
Person responsible for keeping accounting books

Tarnów, on 17 May 2010