



Tarnów, 31 March 2010

Ladies and Gentlemen,

On behalf of the Management Board I am presenting you with the Annual Report, providing a brief of the activities carried out by Zakłady Azotowe w Tarnowie-Mościcach S.A. Group in 2009. The document presents financial data and describes the events that affected the Group's activities in 2009.

Another year has passed with Zakłady Azotowe w Tarnowie-Mościcach S.A. being listed on the Stock Exchange. A difficult year, since economic crisis to a large extent affected also the chemical sector. The Azoty Tarnów Group performs well in these macro-economic conditions. The major challenge was a considerable decrease in demand for chemical industry products, including engineering plastics and mineral fertilizers. Faced with the crisis, the Group quickly adapted to the prevailing business conditions and increased its activity on the world markets as a result of which it survived the crisis and was strengthened as a business organization.

We are in the course of organizing Azoty Tarnów Group pursuant to the provisions of the Issue Prospectus. Last year we separated three previous daughter companies from the Group: Oknotar, Zbach i Wiezat. The process will be continued. The schedule included in the Issue Prospectus assumes that four strategic subsidiaries remain in the Group.

We followed and implemented the provisions of the investment plan included in the Issue Prospectus in a manner transparent to the Shareholders, by enhancing the so-called core business. Azoty Tarnów has become the owner of 100% shares of a non-integrated polyamide producer in Germany. The purchase of shares in Unylon Polymers constitutes the implementation of one of the key purposes of the issue, i.e. considerable increase in the polyamide 6 production capacity, due to which the current capacity of Azoty Tarnów Group makes it one of the biggest European producers of that engineering plastic.

We succeeded in launching fertilizer mechanical granulation, which was one of the basic investment purposes in the fertilizer area. The newly developed system of 1200 t/d capacity allows for producing mineral fertilizers of stable and homogeneous granulation, which, at present, is one of the key parameters required on the world markets of mineral fertilizers. Since 2009 fertilizers produced by using modern granulation method have been marketed, including a new Tarnów fertilizer containing a considerable amount of sulphur, saletrosan “26 makro”. The new system of fertilizer production benefiting from the synergy of the production of caprolactam and nitro-chalk fertilizers will allow for increasing the Company’s competitive edge in the fertilizer sector. In 2010, several projects commenced in the previous years are scheduled to be continued.

Opinions of clients and awards received reflect well on nitrogen fertilizers produced in Tarnów. The “27 makro” nitro-chalk produced by a mechanical system received one of the main awards in recent edition of “Polskie Nawozy” competition, and saletrosan “26 macro” was awarded the Gold Medal during the recently ended “Agrotech” fair in Kielce. Our innovative solutions in the area of engineering plastic have also been appreciated. Designed to be the manufacturing material for stadium seats, Tamamid T-30 MHLS received the European Medal and the title of the “Export Product of 2009”.

One of significant events of 2009 was signing an agreement with Hewlett Packard Polska on the provision of IT outsourcing services by Azoty Tarnów to Hewlett Packard Polska. The agreement provides for the cooperation of six years, including taking over, by HP, of maintenance and development of IT systems operated by the Company, specifically the SAP system and implementation in the Company of IT governance policies.

We reduced the number of personnel. At the beginning of the prior year, an agreement between the Management Board of Azoty Tarnów and the Company's trade unions was developed with respect to the programme of voluntary redundancies, and 250 Company's employees took advantage of it. The programme was positively assessed by financial markets and public opinion.

Our brand is well consolidated, which is proved by the fact that Azoty Tarnów was recognised as one of the 10 most valuable listed Companies of the raw material and energy industry. In "Perły polskiej giełdy 2009" (Pearls of the Polish Stock Exchange), a ranking announced by the daily "Parkiet", we were listed among the top ten most valuable entities in the raw material and energy industry.

The prior year was also abundant in other significant distinctions. In the contest organised by Business Centre Club, we obtained the title of "Ambassador of Polish Economy" in the "European Brand" category, and in the competition organised by the Association of Polish Exporters, we were the "Leader of Polish Export 2009". Thus, once again our long-term activity on international markets, promoting high economic and financial standards as well as good business practices in foreign relationships were recognised.

In cooperation with Mitsubishi Corporation we carried out the project of joint implementations project which was a pioneering project in the country. In June 2009, a new agreement entered into force, concluded by and between our partner and end consumer, on the sale of emission reduction units ERU under the project. Based on the agreement, Azoty Tarnów in cooperation with Mitsubishi Corporation will sell the ERU volume generated in 2008-2012. This highly ecological but at the same time profitable activity was appreciated in the prestigious contest "Leader of Polish Ecology".

Azoty Tarnów is a reliable business partner - it qualified for a new elite Respect Index, being the tool for promotion of environmental, social and corporate governance issues, associating 16 Polish most socially responsible listed companies.

Zakłady Azotowe w Tarnowie-Mościcach S.A. Group is a dynamic and innovative entity which constantly increases its goodwill. This is clearly proved by the fact that our 5 daughter companies were awarded “Gazele Biznesu” (Business Gazelles) for the previous year. Good financial results, transparent capital policy, as well as honesty and loyalty towards our counterparties – these are undoubtedly the distinctive traits of the companies within our Group.

I am deeply convinced that our operations provide solid grounds for a long-term increase in the Company’s goodwill, which will be advantageous to Azoty Tarnów Group, and, in consequence, also to our Shareholders.

The forecasts for 2010 are optimistic as regards the results of the Company and Azoty Tarnów Group. In my opinion, the most difficult period is behind us. For several months, we have been observing an increase in the consumption in the chemical industry and reconstruction of stock being considerably depleted, as well as symptoms of raw material price stabilization.

On behalf of the Management Board and employees, I would like to assure you that we will make every effort so that our well-organised work constantly increases the goodwill of the Group.

Also, I would like to thank our business partners and employees of Azoty Tarnów and its subsidiaries for cooperating during last year.

Jerzy Marciniak President of the
Management Board – Managing Director