



**GRUPAZOTY**  
TARNOW

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

**Condensed separate interim financial statements  
for the six months ended 30 June 2012  
prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union**

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## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2012

	<b>For the period from 1.1.2012 to 30.6.2012</b>	<b>For the period from 1.1.2011 to 30.6.2011</b>
	<i>unaudited</i>	<i>unaudited</i>
<b>Continuing operations</b>		
Revenue from sales	999 238	820 181
Cost of sales	(762 244)	(647 217)
<b>Gross profit on sales</b>	<b>236 994</b>	<b>172 964</b>
Distribution costs	(34 383)	(30 414)
Administrative expenses	(63 820)	(54 734)
Other operating revenues	3 207	6 165
Other operating costs	(10 611)	(19 869)
<b>Profit on operating activities</b>	<b>131 387</b>	<b>74 112</b>
Finance income	116 659	10 207
Finance costs	(7 893)	(7 207)
<b>Net finance income / costs</b>	<b>108 766</b>	<b>3 000</b>
<b>Profit before tax</b>	<b>240 153</b>	<b>77 112</b>
Income tax	(26 977)	(16 359)
<b>Net profit (loss) on continuing operations</b>	<b>213 176</b>	<b>60 753</b>
<b>Discontinued operations</b>		
Net profit (loss) on discontinued operations	-	-
<b>Net profit (loss)</b>	<b>213 176</b>	<b>60 753</b>
<i>Components of other comprehensive income</i>		
Measurement of hedging instruments	278	(73)
Settlement of hedging instruments	716	452
Deferred tax on other comprehensive income	(189)	(72)
<b>Total other comprehensive income</b>	<b>805</b>	<b>307</b>
<b>Total comprehensive income</b>	<b>213 981</b>	<b>61 060</b>
<b>Earnings per share:</b>		
Basic (PLN)	3.32	1.55
Diluted (PLN)	3.32	1.55

The separate statement of comprehensive income should be analysed together with the notes comprising an integral part of the condensed separate interim financial statements.

## SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	<b>As at 30.6.2012</b>	<b>As at 31.12.2011</b>
	<i>unaudited</i>	<i>audited</i>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	929 568	916 912
Investment property	15 013	12 622
Intangible assets	28 264	27 395
Investments in subsidiaries, associates and jointly controlled entities	993 757	993 757
Available-for-sale investments	12 203	12 204
Other financial assets	7 746	10 653
<b>Total non-current assets</b>	<b>1 986 551</b>	<b>1 973 543</b>
<b>Current assets</b>		
Inventory	238 609	177 422
Other financial assets	5 164	5 326
Income tax receivables	4 407	2 453
Trade and other receivables	158 023	225 148
Cash and cash equivalents	186 969	86 289
Other assets	8 011	6 109
Available-for-sale non-current assets	125	125
<b>Total current assets</b>	<b>601 308</b>	<b>502 872</b>
<b>Total assets</b>	<b>2 587 859</b>	<b>2 476 415</b>

## SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	<b>As at 30.6.2012</b>	<b>As at 31.12.2011</b>
	<i>unaudited</i>	<i>audited</i>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	320 577	320 577
Share premium	680 688	680 688
Hedging reserve	(829)	(1 634)
Retained earnings, including: <i>Current-period net profit</i>	1 139 134 213 176	925 958 207 875
<b>Kapitał własny razem</b>	<b>2 139 570</b>	<b>1 925 589</b>
<b>Total equity</b>		
<b>Liabilities</b>	32 416	30 135
Liabilities due to borrowings	33 940	32 931
Other provisions	23 974	25 289
Government grants	3 677	902
Income tax provision	56 065	54 403
Financial liabilities	1 951	6 246
<b>Total non-current liabilities</b>	<b>152 023</b>	<b>149 906</b>
Liabilities due to borrowings	16 261	92 997
Provisions for employee benefits	2 561	2 420
Trade and other payables	217 575	230 832
Other provisions	14 043	16 191
Government grants	155	18
Deferred income	17	16
Financial liabilities	45 654	58 446
<b>Total current liabilities</b>	<b>296 266</b>	<b>400 920</b>
<b>Total liabilities</b>	<b>448 289</b>	<b>550 826</b>
<b>Total equity and liabilities</b>	<b>2 587 859</b>	<b>2 476 415</b>

## SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2012

	Share capital	Share Premium	Hedging reserve	Retained earnings	Total equity
<b>As at 1 January 2011</b>	<b>195 582</b>	<b>209 990</b>	<b>(1 431)</b>	<b>718 082</b>	<b>1 122 223</b>
Total comprehensive income for the six months ended 30 June 2011	-	-	307	60 753	61 060
<b>As at 30 June 2011 (unaudited)</b>	<b>195 582</b>	<b>209 990</b>	<b>(1 124)</b>	<b>778 835</b>	<b>1 183 283</b>
<b>As at 1 January 2011</b>	<b>195 582</b>	<b>209 990</b>	<b>(1 431)</b>	<b>718 082</b>	<b>1 122 223</b>
Equity issuance	124 995	470 698	-	-	595 693
Total comprehensive income for the 12 months period ended 31 December 2011	-	-	(203)	207 875	207 672
Other	-	-	-	1	1
<b>As at 31 December 2011 (audited)</b>	<b>320 577</b>	<b>680 688</b>	<b>(1 634)</b>	<b>925 958</b>	<b>1 925 589</b>
<b>As at 1 January 2012</b>	<b>320 577</b>	<b>680 688</b>	<b>(1 634)</b>	<b>925 958</b>	<b>1 925 589</b>
Total comprehensive income for the six months ended 30 June 2012	-	-	805	213 176	213 981
<b>As at 30 June 2012 (unaudited)</b>	<b>320 577</b>	<b>680 688</b>	<b>(829)</b>	<b>1 139 134</b>	<b>2 139 570</b>

The separate statement of changes in equity should be analysed together with the notes comprising an integral part of the condensed separate interim financial statements.

## SEPARATE STATEMENT OF CASH FLOWS

for the period ended 30 June 2012

	<b>For the period from 1.1.2012 to 30.6.2012</b>	<b>For the period from 1.1.2011 to 30.6.2011</b>
	<i>unaudited</i>	<i>unaudited</i>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>240 153</b>	<b>77 112</b>
<i>Corrections</i>	<i>(74 505)</i>	<i>34 216</i>
Depreciation	36 293	31 299
Impairment loss (reversal)	(4 316)	(2 492)
Profit (loss) on investing activities	4 168	4 094
Interest, exchange differences	1 941	4 537
Dividend received	(112 591)	(3 407)
Profit (loss) on change in fair value of financial assets carried at fair value	-	185
<b><i>Profit on operating activities before changes in working capital</i></b>	<b><i>165 648</i></b>	<b><i>111 328</i></b>
Change in trade and other receivables	67 282	(32 253)
Change in inventories	(61 186)	21 520
Change in trade and other payables	3 906	(40 458)
Change in inventory, accruals and grants	(5 789)	16 295
Other corrections	4 029	(7 094)
<b><i>Cash generated from operating activities</i></b>	<b><i>173 890</i></b>	<b><i>69 338</i></b>
Tax paid	(27 459)	(13 245)
<b>Net cash from operating activities</b>	<b>146 431</b>	<b>56 093</b>

	<b>For the period from 1.1.2012 to 30.6.2012</b>	<b>For the period from 1.1.2011 to 30.6.2011</b>
	<i>unaudited</i>	<i>unaudited</i>
<b>Cash flows from investing activities</b>		
Sale of intangible assets, property, plant and equipment and investment property	1 701	4 000
Acquisition of intangible assets, property, plant and equipment and investment property	(64 704)	(62 139)
Dividend received	111 916	3 341
Expenditures on acquisition of financial assets	-	(84)
Grants	2 912	580
Other investment proceeds / outflows	(1 881)	(3 901)
Borrowings	3 068	2 293
<b>Net cash from investing activities</b>	<b>53 012</b>	<b>(55 910)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings incurred	7 634	490 811
Repayment of borrowings	(81 471)	(9 413)
Interest paid	(2 559)	(3 414)
Payment of liabilities under finance lease contracts	(1 510)	(609)
Other finance income / costs	(20 857)	24 947
<b>Net cash from financing activities</b>	<b>(98 763)</b>	<b>502 322</b>
<b>Total net cash flows</b>	<b>100 680</b>	<b>502 505</b>
<b>Cash at the beginning of period</b>	<b>86 289</b>	<b>172 191</b>
Effect of exchange differences	-	-
<b>Cash at the end of period</b>	<b>186 969</b>	<b>674 696</b>



## SELECTED SEPARATE FINANCIAL DATA

	PLN (thousand)		EUR (thousand)	
	For the period from 1.1.2012 to 30.6.2012	For the period from 1.1.2011 to 30.6.2011	For the period from 1.1.2012 to 30.6.2012	For the period from 1.1.2011 to 30.6.2011
Revenue from sales	999 238	820 181	236 528	206 735
Profit on operating activities	131 387	74 112	31 100	18 681
Profit before tax	240 153	77 112	56 846	19 437
Net profit	213 176	60 753	50 461	15 313
Total comprehensive income	213 981	61 060	50 651	15 391
Number of shares	64 115 444	39 116 421	64 115 444	39 116 421
Net profit per ordinary share	3.32	1.55	0.71	0.39
Net cash flows from operating activities	146 431	56 093	34 662	14 139
Net cash flows from investing activities	53 012	(55 910)	12 548	(14 093)
Net cash flows from financing activities	(98 763)	502 322	(23 378)	126 616
Total net cash flows	100 680	502 505	23 832	126 662
Cash at the beginning of period	86 289	172 191	20 425	43 403
Cash at the end of period	186 969	674 696	44 257	170 064
	<b>As at 30.6.2012</b>	<b>As at 31.12.2011</b>	<b>As at 30.6.2012</b>	<b>As at 31.12.2011</b>
Non-current assets	1 986 551	1 973 543	466 184	446 826
Current assets	601 308	502 872	141 109	113 854
Non-current liabilities	152 023	149 906	35 675	33 940
Current liabilities	296 266	400 920	69 525	90 772
Equity	2 139 570	1 925 589	502 093	435 969
Share capital	320 577	320 577	75 230	72 581

Selected balance sheet, profit and loss statement and cash flow statement positions are converted into EUR in accordance with the prevailing conversion method indicated:

a) individual assets and liabilities on the balance sheet are converted at the exchange rate prevailing at the end of the reporting period:

rate as at 31 December 2011 EUR 1 = PLN 4.4168 (Table 252/A/NBP/2011)

rate as at 30 June 2012 EUR 1 = PLN 4.2613 (Table 125/A/NBP/2012)

b) individual items in the profit and loss statement and cash flow statement are converted at the exchange rates which are the arithmetic mean of the rates reported by the Polish National Bank for the euro at the last day of each month during the reporting period:

average exchange rate during the period 1 January – 30 June 2011 EUR 1 = PLN 3.9673

average exchange rate during the period 1 January – 30 June 2012 EUR 1 = PLN 4.2246

The conversion was made in accordance with the previously identified exchange rates by dividing the values expressed in thousands of PLN by the exchange rate.

## NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

These condensed separate interim financial statements of Zakłady Azotowe w Tarnowie-Mościcach S.A. should be read together with the condensed consolidated interim financial statements of the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group for the six months ended 30 June 2012 and the audited separate financial statements of Zakłady Azotowe w Tarnowie-Mościcach S.A. for the year ended 31 December 2011.

The accounting policies applied in drafting the condensed separate interim financial statements are the same as those used by the Group, with the exception of measurement of equity stakes in subsidiaries and associates, which in the condensed separate interim financial statements are measured at purchase price less impairment.

According to the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A., notes to the condensed separate interim financial statements of the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group contain all relevant information required to properly assess the Company's assets and financial situation in the presented period.

The condensed separate interim financial statements of Zakłady Azotowe w Tarnowie-Mościcach S.A. for the six months ended 30 June 2012 contain 11 pages.

### Management signatures

.....  
Jerzy Marciniak  
*President of the Management Board*

.....  
Krzysztof Jałosiński  
*Vice-President of the Management Board*

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

.....  
Witold Szczypiński  
*Vice-President of the Management Board*

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

### Podpis osoby odpowiedzialnej za prowadzenie ksiąg rachunkowych:

.....  
Ewa Gładysz  
*Chief Accountant*

Tarnów, 14 August 2012