



Interim condensed separate financial statements
for the six months ended June 30th 2019
prepared in accordance with IAS 34
Interim Financial Reporting
as endorsed by the European Union

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Interim condensed separate statement of profit or loss and other comprehensive income

Note	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Profit/loss				
Revenue	1 1,016,443	906,538	458,297	430,128
Cost of sales	2 (801,171)	(724,104)	(388,127)	(371,110)
Gross profit	215,272	182,434	70,170	59,018
Selling and distribution expenses	2 (50,518)	(45,608)	(23,917)	(22,233)
Administrative expenses	2 (85,990)	(77,374)	(45,367)	(39,073)
Other income	4 7,337	5,725	3,115	3,004
Other expenses	5 (12,894)	(10,742)	(9,045)	(5,797)
Operating profit/(loss)	73,207	54,435	(5,044)	(5,081)
Finance income	6 60,487	105,730	54,407	99,852
Finance costs	7 (33,631)	(24,883)	(18,647)	(14,570)
Net finance income	26,856	80,847	35,760	85,282
Profit before tax	100,063	135,282	30,716	80,201
Income tax	8 (17,774)	(10,024)	(5,526)	(636)
Net profit	82,289	125,258	25,190	79,565
<i>Other comprehensive income</i>				
Items that will not be reclassified to profit or loss				
Actuarial (losses) from defined benefit plans				
Tax on items that will not be reclassified to profit or loss	8 (6,054)	(1,910)	(6,054)	(1,910)
8 1,151	363	1,151	363	
(4,903)	(1,547)	(4,903)	(1,547)	

The supplementary information is an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of profit or loss and other comprehensive income (continued)

Note	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Items that are or may be reclassified to profit or loss				
Cash flow hedging - effective portion of fair value changes	8,067	(24,244)	8,286	(19,464)
Tax on items that are or may be reclassified to profit or loss	(1,533)	4,607	(1,575)	3,699
	6,534	(19,637)	6,711	(15,765)
Total other comprehensive income	1,631	(21,184)	1,808	(17,312)
Comprehensive income for the year	83,920	104,074	26,998	62,253
Earnings per share:				
Basic (PLN)	0.83	1.26	0.25	0.80
Diluted (PLN)	0.83	1.26	0.25	0.80

The supplementary information is an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of financial position

Note/ Section	as at Jun 30 2019		as at Dec 31 2018 restated*			
	unaudited	audited				
Assets						
Non-current assets						
Property, plant and equipment	9	1,644,102	1,650,232			
Perpetual usufruct of land		-	365			
Right-of-use assets	11	43,119	-			
Intangible assets	10	47,935	49,108			
Investment property		15,332	15,885			
Shares	12	5,022,471	5,012,908			
Other financial assets		295,492	285,626			
Other receivables		8,262	9,757			
Deferred tax assets		10,012	10,277			
Total non-current assets		7,086,725	7,034,158			
Current assets						
Inventories		275,233	246,106			
Property rights		47,820	35,688			
Derivative financial instruments		884	720			
Other financial assets		51,297	47,340			
Trade and other receivables	13	356,894	238,558			
Cash and cash equivalents	14	819,895	1,000,980			
Assets held for sale		95	95			
Total current assets		1,552,118	1,569,487			
Total assets		8,638,843	8,603,645			

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Interim condensed separate statement of financial position (continued)

	Note/ Sectio n	as at		
		Jun 30 2019	Dec 31 2018 restated*	
		unaudited	audited	
Equity and liabilities				
Equity				
Share capital		495,977	495,977	
Share premium		2,418,270	2,418,270	
Hedging reserve		8,395	1,861	
Retained earnings, including:		1,949,466	1,872,080	
<i>Net profit for the year</i>		82,289	171,064	
Total equity		4,872,108	4,788,188	
Liabilities				
Borrowings	15	2,247,107	2,311,248	
Lease liabilities	1.2	35,192	1,695	
Other financial liabilities	18	18,726	21,930	
Employee benefit obligations	16	58,032	51,289	
Trade and other payables	19	32	32	
Provisions	17	32,981	31,069	
Government grants received	20	45,476	40,666	
Total non-current liabilities		2,437,546	2,457,929	
Borrowings	15	816,049	893,947	
Lease liabilities	1.2	6,512	714	
Other financial liabilities	18	168,468	103,122	
Employee benefit obligations	16	4,520	3,511	
Current tax liabilities		2,111	493	
Trade and other payables	19	302,869	352,908	
Provisions	17	1,211	1,205	
Government grants received	20	27,449	1,628	
Total current liabilities		1,329,189	1,357,528	
Total liabilities		3,766,735	3,815,457	
Total equity and liabilities		8,638,843	8,603,645	

* In accordance with the information provided in section 1.2 a.

The supplementary information is an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of changes in equity
 for the period ended June 30th 2019

Balance as at January 1st 2019

Profit or loss and other comprehensive income

Net profit

Other comprehensive income

Comprehensive income for the year

Balance as at June 30th 2019 (unaudited)

	Share capital	Share premium	Hedging reserve	Retained earnings	Total equity
Balance as at January 1st 2019	495,977	2,418,270	1,861	1,872,080	4,788,188
<i>Profit or loss and other comprehensive income</i>					
Net profit	-	-	-	82,289	82,289
Other comprehensive income	-	-	6,534	(4,903)	1,631
Comprehensive income for the year	-	-	6,534	77,386	83,920
Balance as at June 30th 2019 (unaudited)	495,977	2,418,270	8,395	1,949,466	4,872,108

for the period ended June 30th 2018

Balance as at January 1st 2018

Profit or loss and other comprehensive income

Net profit

Other comprehensive income

Comprehensive income for the year

Transactions with owners, recognised directly in equity

Dividends

Total transactions with owners

Balance as at June 30th 2018 (unaudited)

	Share capital	Share premium	Hedging reserve	Retained earnings	Total equity
Balance as at January 1st 2018	495,977	2,418,270	15,407	1,828,096	4,757,750
<i>Profit or loss and other comprehensive income</i>					
Net profit	-	-	-	125,258	125,258
Other comprehensive income	-	-	(19,637)	(1,547)	(21,184)
Comprehensive income for the year	-	-	(19,637)	123,711	104,074
<i>Transactions with owners, recognised directly in equity</i>					
Dividends	-	-	-	(123,995)	(123,995)
Total transactions with owners	-	-	-	(123,995)	(123,995)
Balance as at June 30th 2018 (unaudited)	495,977	2,418,270	(4,230)	1,827,812	4,737,829

The supplementary information is an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of cash flows

	for the period Jan 1– Jun 30 2019 <i>unaudited</i>	for the period Jan 1– Jun 30 2018 <i>unaudited</i>
Cash flows from operating activities		
Profit before tax	100,063	135,282
<i>Adjustments for:</i>		
Depreciation and amortisation	34,165	(23,551)
Impairment losses	63,038	54,031
Loss on investing activities	735	190
Interest, foreign exchange gains or losses	693	473
Dividends	11,861	7,087
Net change in fair value of financial assets at fair value through profit or loss	(41,953)	(88,661)
	(209)	3,329
	134,228	111,731
Increase in trade and other receivables	(70,627)	(90,063)
(Increase)/Decrease in inventories and property rights	(41,258)	934
Decrease in trade and other payables	(21,211)	(7,064)
Increase/(Decrease) in provisions, accruals and government grants	14,143	(14,127)
Other adjustments	167,667	(3,500)
Cash generated from operating activities	182,942	(2,089)
Income tax paid	(16,273)	(2,565)
Net cash from operating activities	166,669	(4,654)

The supplementary information is an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of cash flows (continued)

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	unaudited	unaudited
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, intangible assets and investment property	519	391
Acquisition of property, plant and equipment, intangible assets and investment property	(72,899)	(84,499)
Dividend received	-	81,822
Acquisition of other financial assets	(9,638)	(28,395)
Interest received	8,299	6,879
Loans advanced	(40,260)	(44,447)
Repayments of loans advanced	26,491	37,128
Other disbursements	(961)	(848)
Net cash from investing activities	(88,449)	(31,969)
Cash flows from financing activities		
Proceeds from borrowings	-	18,797
Repayment of borrowings	(130,152)	-
Interest paid	(24,261)	(25,485)
Payment of lease liabilities	(3,110)	(228)
Other cash (used in)/provided by financing activities	(102,062)	35,365
Net cash from financing activities	(259,585)	28,449
Total net cash flows	(181,365)	(8,174)
Cash and cash equivalents at beginning of period	1,000,980	572,711
Effect of exchange rate fluctuations on cash held	280	4,177
Cash and cash equivalents at end of period	819,895	568,714

The supplementary information is an integral part of these interim condensed separate financial statements.

Supplementary information to the interim condensed separate financial statements

1. Basis of preparation of the interim condensed separate financial statements

1.1. Statement of compliance and general basis of preparation

Grupa Azoty S.A. ("the Company") is a listed joint stock company with its registered office in Tarnów, Poland.

These interim condensed separate financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed separate financial statements of the Company cover the six months ended June 30th 2019 and contain comparative data for the six months ended June 30th 2018 and as at December 31st 2018.

The interim condensed separate statement of profit or loss and other comprehensive income as well as notes to the interim condensed separate statement of profit or loss and other comprehensive income for the three months ended June 30th 2019 as well as the comparative data for the three months ended June 30th 2018 have not been reviewed or audited by an auditor.

The Company is entered in the Register of Businesses in the National Court Register maintained by the District Court in Kraków, 12th Commercial Division of the National Court Register, under entry No. KRS 0000075450. The Company's REGON number for public statistics purposes is 850002268.

The Company has been established for an indefinite term.

Grupa Azoty's business includes in particular:

- Manufacture of basic chemicals,
- Manufacture of fertilizers and nitrogen compounds,
- Manufacture of plastics and synthetic rubber in primary forms,
- Manufacture of plastics.

These interim condensed separate financial statements of the Company for the six months ended June 30th 2019 were authorised for issue by the Management Board on September 4th 2019.

The Company has also prepared interim condensed consolidated financial statements for the six months ended June 30th 2019, which were authorised for issue by the Management Board on September 4th 2019.

These interim condensed financial statements do not include all the information and disclosures required in full-year financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31st 2018, which were authorised for issue on April 25th 2019.

The Company's interim financial results may not be indicative of its potential full-year financial results.

All amounts in these interim condensed separate financial statements are presented in thousands of złoty.

These interim condensed separate financial statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future. As at the date of authorisation of these financial statements, no circumstances were identified which would indicate any threat to the Company continuing as a going concern.

1.2. Accounting policy changes and correction of errors

The accounting policies applied to prepare these interim condensed separate financial statements are consistent with the policies applied to draw up the Company's full-year financial statements for the year ended December 31st 2018, except for those presented below and related to IFRS 16 *Leases* having taken effect.

a) Implementation of IFRS 16 *Leases*

IFRS 16 *Leases* ("IFRS 16") was issued by the IASB on January 13th 2016 and endorsed by the European Union on October 31st 2017. It replaces IAS 17 *Leases* ("IAS 17").

The new standard introduces a single lease accounting model in the lessee's accounting books. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Pursuant to IFRS 16, a lessee recognises a right-of-use asset and a lease liability determined at the total of discounted future payments over the lease term. Right-of-use assets are depreciated using the straight-line method, while lease liabilities are accounted for using the effective interest rate. With respect to the lessor, IFRS 16 substantially repeats the lease accounting requirements contained in IAS 17. A lessor continues to classify leases as operating or finance leases.

The Company decided to implement IFRS 16 using the modified retrospective approach, with no adjustments of the comparative data. In connection with the adoption of the modified approach, on the date of initial application of IFRS 16, i.e. January 1st 2019, the comparative data was not restated.

Effect on the Company's accounting - the Company as a lessor

IFRS 16 does not substantially change the lessor's accounting for leases. In accordance with IFRS 16, the Company continues to classify leases as either operating or finance leases, accounting differently for each type. However, IFRS 16 amended and extended the scope of disclosures required from lessors, in particular as regards the management of risks associated with the residual interests in leased assets.

Effect on the Company accounting - the Company as a lessee

- The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of the right-of-use assets and lease liabilities.
- Non-current right-of-use assets are presented under
 - right-of-use assets.
- Lease liabilities previously classified as finance leases in accordance with IAS 17 and recognised in the statement of financial position under other financial liabilities are now recognised as current and non-current lease liabilities.
- When applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard:
 - not recognising operating leases whose remaining term ends on or before the date falling 12 months after January 1st 2019 and will not likely be extended;
 - not recognising leases in the case of which the underlying asset has a low value (less than PLN 10,000);
 - using a single discount rate with respect to a portfolio of leases having similar characteristics;
 - excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application, except in the case of perpetual usufruct of land;
 - using hindsight to determine the lease term if the lease includes a renewal or termination option.

The discount rates applied by the Company to leases recognised as at January 1st 2019 in connection with the implementation of IFRS 16 are as follows: 4.84% in the case of perpetual usufruct rights to land and 3.34% in the case of other leases denominated in PLN.

The Company applies the following methodology to determine the incremental borrowing rate:

- for perpetual usufruct rights to land - based on the yield on 30-year treasury bonds plus an appropriate margin;
- for other right-of-use assets - the rate is determined based on the market interest rate for long-term corporate credit facilities advanced to the Grupa Azoty Group.

Effect of implementation of IFRS 16 on the financial statements

The effect of implementation of IFRS 16 as at January 1st 2019 is presented below.

	Amount
Future minimum lease payments under operating leases, disclosed in the financial statements prepared as at December 31st 2018 (disclosure in accordance with IAS 17)	22,557
Future minimum lease payments under perpetual usufruct rights to land as at December 31st 2018, not included above	90,980
Any other future minimum lease payments not recognised in the financial statements as at December 31st 2018 under IAS 17, but recognised for the purposes of IFRS 16	-
Total all future lease payments as at December 31st 2018	113,537
Exemptions from recognition requirements under IFRS 16 - short-term leases (-)	(15,088)
Exemption from recognition requirements under IFRS 16 - low-value leases (-)	-
Change due to change in charges for perpetual usufruct rights to land	-
Other (-/+)	3,608
Future lease payments under operating leases recognised in accordance with IFRS 16 as at January 1st 2019	102,057
Discount	(65,009)
Additional lease liabilities recognised as at January 1st 2019	37,048
Finance lease liabilities under IAS 17 as at December 31st 2018	2,409
Lease liabilities as at January 1st 2019	39,457

Presentation changes related to the implementation of IFRS 16 are set out below.

	Dec 31 2018	Impact of change	Jan 1 2019
Non-current assets			
Property, plant and equipment	1,650,232	(3,488)	1,646,744
Perpetual usufruct of land	365	(365)	-
Right-of-use assets	-	40,901	40,901
Other non-current assets	5,383,561	-	5,383,561
Total non-current assets	7,034,158	37,048	7,071,206
Total current assets	1,569,487	-	1,569,487
Total assets	8,603,645	37,048	8,640,693

	Dec 31 2018	Presentation changes	Dec 31 2018 restated	Impact of change	Jan 1 2019
Liabilities					
Lease liabilities	-	1,695	1,695	32,687	34,382
Other financial liabilities	23,625	(1,695)	21,930	-	21,930
Other non-current liabilities	2,434,304	-	2,434,304	-	2,434,304
Total non-current liabilities	2,457,929	-	2,457,929	32,687	2,490,616
Lease liabilities	-	714	714	4,361	5,075
Other financial liabilities	103,836	(714)	103,122	-	103,122
Other current liabilities	1,253,692	-	1,253,692	-	1,253,692
Total current liabilities	1,357,528	-	1,357,528	4,361	1,361,889
Total liabilities	3,815,457	-	3,815,457	37,048	3,852,505

For more information on the effect of the amendments to IFRS 16 on the financial statements for the first half of 2019, see *Notes 3 and 11* in **Selected notes and supplementary information**.

b) Other standards and interpretations

The following standards effective as of 2019 have no material impact on the Company's operations or its financial reporting:

- IFRIC 23 Uncertainty over Income Tax Treatments (issued on June 7th 2017) - effective for annual periods beginning on or after January 1st 2019;
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (issued on October 12th 2017) - effective for annual periods beginning on or after January 1st 2019;
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* (issued on October 12th 2017) - effective for annual periods beginning on or after January 1st 2019;
- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement* (issued on February 7th 2018) - effective for annual periods beginning on or after January 1st 2019;

- *Amendments to IFRS introduced as part of the Annual Improvements to IFRS 2015-2017 Cycle* (issued on December 12th 2017) – effective for annual periods beginning on or after January 1st 2019;

The standards and interpretations which have been issued but are not yet effective as they have not been endorsed by the EU or have been endorsed but the Group has not elected to apply them early:

- IFRS 14 *Regulatory Deferral Accounts* (issued on January 30th 2014) – pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the issue of its final version (not endorsed by the EU by the date of authorisation of these financial statements for issue) - effective for annual periods beginning on or after January 1st 2016;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued on September 11th 2014) – work leading to endorsement of the amendments was deferred by the EU for an indefinite period – effective date was deferred by the IASB for an indefinite period;
- IFRS 17 *Insurance Contracts* (issued on May 18th 2017) - not endorsed by the EU as at the date of authorisation of these financial statements for issue - effective for annual periods beginning on or after January 1st 2021;
- *Amendments to References to the Conceptual Framework in International Financial Reporting Standards* (issued on March 29th 2018) – not endorsed by the EU as at the date of authorisation of these financial statements for issue - effective for annual periods beginning on or after January 1st 2020;
- Amendments to IFRS 3 *Business Combinations* (published on October 22nd 2018) - not endorsed by the EU as at the date of authorisation of these financial statements for issue - effective for annual periods beginning on or after January 1st 2020;

Amendments to IAS 1 and IAS 8: *Definition of materiality* (published on October 31st 2018) - not endorsed by the EU as at the date of authorisation of these financial statements for issue - effective for annual periods beginning on or after January 1st 2020.

c) Correction of errors and changes in estimates

A change in accounting estimates is recognised in the period in which the change is made or in current and future periods if the change in estimates affects both the current period and the future periods. There were no corrections of errors in the reporting period. In H1 2019, the Company changed the estimates concerning calculation of the income tax asset relating to its operations in the special economic zone (SEZ). The change resulted from the experience gathered in accounting for operations in the SEZ, taking into account margins in setting transfer prices used for tax accounting purposes, and also from updating market and financial plans and extending the period of the tax projection for operations in the SEZ from three to five years. These factors had a partially offsetting effect, therefore the amount of tax assets related to operations in the SEZ as at June 30th 2019 was reduced by PLN 4.4m relative to December 31st 2018.

2. Selected notes and supplementary information

Business segment reporting

Main categories of products, services, merchandise and materials sold by the Company:

Fertilizers segment: nitrogen fertilizers (calcium ammonium nitrate, ammonium nitrate), nitrogen-sulfur fertilizers (ammonium sulfate, ammonium sulfate nitrate), ammonia, concentrated nitric acid.

Plastics segment: manufacture and sale of caprolactam, engineering plastics (PA 6, POM) and their modifications, modified plastics (PPC, PPH, PBT, PA66), plastic products (PA tubes, PE tubes, polyamide casings).

Energy segment: production of energy carriers (electricity, heat, water, process and instrument air, nitrogen) for the purposes of chemical units and, to a lesser extent, for resale (mainly of electricity)

to external customers. As part of its operations, the segment also purchases and distributes natural gas for process needs.

Other Activities segment comprises the remaining activities, including laboratory services, catalyst production (iron-chromium catalyst, copper catalysts, iron catalysts), property rental, and other activities which are not allocated to any of the segments specified above.

Operating segments

Operating segments' revenue, expenses and financial results for the six months ended June 30th 2019

	Agro Fertilizers	Plastics	Energy	Other Activities	Total
External revenue	391,448	593,088	13,664	18,243	1,016,443
Intersegment revenue	125,260	142,105	264,313	19,948	551,626
Total revenue	516,708	735,193	277,977	38,191	1,568,069
Operating expenses, including: (-)	(481,416)	(694,810)	(279,181)	(33,898)	(1,489,305)
<i>selling and distribution expenses</i> (-)	(33,634)	(16,313)	(302)	(269)	(50,518)
<i>administrative expenses</i> (-)	(35,383)	(49,494)	(614)	(499)	(85,990)
Other income	2,391	189	688	4,069	7,337
Other expenses (-)	(2,184)	(2,987)	(2,374)	(5,349)	(12,894)
Segment's EBIT	35,499	37,585	(2,890)	3,013	73,207
Finance income	-	-	-	-	60,487
Finance costs (-)	-	-	-	-	(33,631)
Profit before tax	-	-	-	-	100,063
Income tax	-	-	-	-	(17,774)
Net profit	-	-	-	-	82,289
EBIT	35,499	37,585	(2,890)	3,013	73,207
Depreciation and amortisation	23,975	20,911	7,042	5,981	57,909
Unallocated depreciation and amortisation	-	-	-	-	5,129
EBITDA	59,474	58,496	4,152	8,994	136,245

* EBIT is calculated as operating profit (loss) as disclosed in the statement of profit or loss.

** EBITDA is calculated as operating profit (loss) before depreciation and amortisation.

Operating segments' revenue, expenses and financial results for the six months ended June 30th 2018

	Agro Fertilizers	Plastics	Energy	Other Activities	Total
External revenue	299,538	567,515	21,444	18,041	906,538
Intersegment revenue	125,323	137,335	226,354	16,706	505,718
Total revenue	424,861	704,850	247,798	34,747	1,412,256
Operating expenses, including: (-)	(449,746)	(626,420)	(245,996)	(30,642)	(1,352,804)
<i>selling and distribution expenses</i> (-)	(29,981)	(15,340)	(82)	(205)	(45,608)
<i>administrative expenses</i> (-)	(32,013)	(43,690)	(784)	(887)	(77,374)
Other income	948	19	606	4,152	5,725
Other expenses (-)	(3,086)	(1,992)	(512)	(5,152)	(10,742)
Segment's EBIT	(27,023)	76,457	1,896	3,105	54,435
Finance income	-	-	-	-	105,730
Finance costs (-)	-	-	-	-	(24,883)
Profit before tax	-	-	-	-	135,282
Income tax	-	-	-	-	(10,024)
Net profit	-	-	-	-	125,258
EBIT	(27,023)	76,457	1,896	3,105	54,435
Depreciation and amortisation	20,122	17,778	7,084	5,516	50,500
Unallocated depreciation and amortisation	-	-	-	-	3,531
EBITDA	(6,901)	94,235	8,980	8,621	108,466

* EBIT is calculated as operating profit (loss) as disclosed in the statement of profit or loss.

** EBITDA is calculated as operating profit (loss) before depreciation and amortisation.

Operating segments' assets and liabilities as at June 30th 2019

	Agro Fertilizers	Plastics	Energy	Other Activities	Total
Segment's assets	735,138	999,594	306,945	198,702	2,240,379
Unallocated assets	-	-	-	-	6,398,464
Total assets	735,138	999,594	306,945	198,702	8,638,843
Segment's liabilities	108,263	188,393	117,950	91,217	505,823
Unallocated liabilities	-	-	-	-	3,260,912
Total liabilities	108,263	188,393	117,950	91,217	3,766,735

Operating segments' assets and liabilities as at December 31st 2018

	Agro Fertilizers	Plastics	Energy	Other Activities	Total
Segment's assets	704,239	909,400	313,248	173,493	2,100,380
Unallocated assets	-	-	-	-	6,503,265
Total assets	704,239	909,400	313,248	173,493	8,603,645
Segment's liabilities	77,107	170,431	146,929	56,460	450,927
Unallocated liabilities	-	-	-	-	3,364,530
Total liabilities	77,107	170,431	146,929	56,460	3,815,457

Other segmental information for the six months ended June 30th 2019

	Agro Fertilizers	Plastics	Energy	Other Activities	Total
Expenditure on property, plant and equipment	13,523	11,117	3,805	584	29,029
Unallocated expenditure	-	-	-	-	27,215
Total expenditure	13,523	11,117	3,805	584	56,244
Segment's depreciation and amortisation	23,975	20,911	7,042	5,981	57,909
Unallocated depreciation and amortisation	-	-	-	-	5,129
Total depreciation and amortisation	23,975	20,911	7,042	5,981	63,038

Other segmental information for the six months ended June 30th 2018

	Agro Fertilizers	Plastics	Energy	Other Activities	Total
Expenditure on property, plant and equipment	39,830	20,475	2,768	1,408	64,481
Unallocated expenditure	-	-	-	-	25,411
Total expenditure	39,830	20,475	2,768	1,408	89,892
Segment's depreciation and amortisation	20,122	17,778	7,084	5,516	50,500
Unallocated depreciation and amortisation	-	-	-	-	3,531
Total depreciation and amortisation	20,122	17,778	7,084	5,516	54,031

Note 1 Revenue from contracts with customers

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	unaudited	unaudited	unaudited	unaudited
	Revenue from sale of products and services	985,001	888,401	437,670
Revenue from sale of merchandise and materials	31,271	17,083	20,462	8,960
Revenue from sale of property rights	171	1,054	165	613
	1,016,443	906,538	458,297	430,128

For the period Jan 1-Jun 30 2019

	Fertilizers	Plastics	Energy	Other Activities		Total
				unaudited	unaudited	
Main product lines						
Revenue from sale of products and services	391,448	565,841	10,378	17,334	985,001	
Revenue from sale of merchandise and materials	-	27,082	3,280	909	31,271	
Revenue from sale of property rights	-	165	6	-	171	
Total	391,448	593,088	13,664	18,243	1,016,443	

Geographical regions

	Fertilizers	Plastics	Energy	Other Activities	Total
	unaudited	unaudited	unaudited	unaudited	unaudited
Main product lines					
Revenue from sale of products and services	270,102	95,387	13,664	17,538	396,691
Revenue from sale of merchandise and materials	24,641	230,253	-	287	255,181
Revenue from sale of property rights	35,563	211,091	-	2	246,656
Total	391,448	593,088	13,664	18,243	1,016,443

For the period Jan 1-Jun 30 2018

	Fertilizers	Plastics	Energy	Other Activities		Total
				unaudited	unaudited	
Main product lines						
Revenue from sale of products and services	299,458	565,208	9,669	14,066	888,401	
Revenue from sale of merchandise and materials	20	2,307	10,782	3,974	17,083	
Revenue from sale of property rights	60	-	993	1	1,054	
Total	299,538	567,515	21,444	18,041	906,538	

Geographical regions

	Fertilizers	Plastics	Energy	Other Activities	Total
	unaudited	unaudited	unaudited	unaudited	unaudited
Main product lines					
Revenue from sale of products and services	202,135	94,067	21,444	17,897	335,543
Revenue from sale of merchandise and materials	28,018	224,391	-	8	252,417
Revenue from sale of property rights	31,374	224,284	-	21	255,679
Total	299,538	567,515	21,444	18,041	906,538

Revenue from sale of products, services, merchandise and materials

As a rule, revenue from sale of products, merchandise and materials is recognised by the Company at a specific point in time, in accordance with the Incoterms rules set forth in the agreement (usually upon release from the warehouse or upon delivery to the point indicated by the customer). In the case of deliveries effected in accordance with selected Incoterms (CIF, CIP, CFR, CPT), the Company identifies the transport service or the transport and insurance service as a separate performance obligation towards a customer after passing control of the good / product to the customer. Revenue from sale of services is recognised upon completion of a service.

When recognising revenue, the Company takes into account specific issues, such as: determination whether the Company is acting as the principal or an agent in the transaction, product return rights, recognition of discounts being part of variable consideration, recognition of discounts representing a material right, bill-and-hold arrangements, and recognition of revenue from take-or-pay contracts. For most of the contracts containing discounts that are part of variable consideration, the estimated amount of the discount is fully recognised in liabilities under bonuses, a component of trade and other payables.

As a rule, the customary payment terms for this revenue stream are 30 days.

The Company also enters into comprehensive contracts with customers for the sale of electricity and electricity distribution services, where the Group purchases high-voltage electricity and sells it after conversion over medium and low-voltage grids. Also in this case the Company believes that under such contracts, which contain two performance obligations, the Group acts as the principal, and recognises both the sale of electricity and the distribution service under revenue from sale of products and services.

In the case of electricity sale contracts, the payment terms average 17 days.

Note 2 Operating expenses

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	unaudited	unaudited	unaudited	unaudited
Depreciation and amortisation	62,449	53,430	32,986	27,217
Raw materials and consumables used	554,285	518,476	264,794	245,446
Services	123,215	112,052	66,507	61,141
Taxes and charges	38,392	24,268	19,462	12,432
Remuneration	92,739	78,333	46,418	37,420
Social security and other employee benefits	22,902	20,065	11,327	9,562
Other expenses	11,316	12,445	6,121	6,636
Costs by nature of expense	905,298	819,069	447,615	399,854
Change in inventories of finished goods (+/-)	5,045	12,932	(8,880)	24,537
Work performed by the entity and capitalised (-)	(742)	(732)	(343)	(410)
Selling and distribution expenses (-)	(50,518)	(45,608)	(23,917)	(22,233)
Administrative expenses (-)	(85,990)	(77,374)	(45,367)	(39,073)
Cost of merchandise and materials sold	28,078	15,817	19,019	8,435
Cost of sales	801,171	724,104	388,127	371,110
including excise duty	536	1,988	273	889

The cost increases relate in particular to:

- depreciation and amortisation – in connection with the implementation of IFRS 16 and completion of investment projects,

- raw materials and consumables used - in connection with higher production, and hence higher consumption of raw materials,
- services - in connection with larger scale of production and sales and higher costs of repair services,
- taxes and charges - in connection with increased prices of CO₂ emission allowances,
- salaries and wages - in connection with increases in the actuarial provision, employee base pay, and annual bonus provisions,
- social security and other employee benefits - which rose as a consequence of the employee pay rise.

Note 3 Reconciliation of lease costs

	for the period Jan 1– Jun 30 2019
	<i>unaudited</i>
Depreciation/amortisation of right-of-use assets (-)	(3,156)
Interest expense on lease liabilities (-)	(859)
Costs associated with short-term leases exempted from the scope of application of IFRS 16(-)	(7,537)
Costs associated with leases of low value assets exempted from the scope of application of IFRS 16(-)	-
Costs associated with variable lease payments, not accounted for in the measurement of lease liabilities (-)	(273)
Total	(11,825)

Note 4 Other income

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	<i>Unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
	Income from lease of investment property	3,186	3,431	1,584
Received compensation	2,695	1,001	580	927
Government grants received	891	588	476	312
Other	565	705	475	106
	7,337	5,725	3,115	3,004

Note 5 Other expenses

	for the period Jan 1– Jun 30 2019 <i>unaudited</i>	for the period Jan 1– Jun 30 2018 <i>unaudited</i>	for the period Apr 1– Jun 30 2019 <i>unaudited</i>	for the period Jan 1– Jun 30 2018 <i>unaudited</i>
Loss on disposal of assets:				
Loss on disposal of property, plant and equipment	693	472	577	291
	693	472	577	291
Recognised impairment losses on:				
Property, plant and equipment	669	190	548	186
Other receivables	137	8	133	3
Other	66	-	58	-
	872	198	739	189
Other expenses:				
Investment property maintenance costs	2,327	2,161	1,060	1,070
Failure recovery costs	6,542	5,387	4,515	3,853
Recognised provisions	1,918	1,957	1,915	106
Other	542	567	239	288
	11,329	10,072	7,729	5,317
	12,894	10,742	9,045	5,797

Recognised provisions include the cost of revaluation of provisions for environmental protection following change of the discount rate to 0.2%.

Note 6 Finance income

	for the period Jan 1– Jun 30 2019 <i>unaudited</i>	for the period Jan 1– Jun 30 2018 <i>unaudited</i>	for the period Apr 1– Jun 30 2019 <i>unaudited</i>	for the period Jan 1– Jun 30 2018 <i>unaudited</i>
Interest income:				
Interest on bank deposits	3	1,188	1	451
Interest on cash pooling	3,616	2,550	1,739	1,342
Interest on non-bank borrowings	4,683	4,329	2,421	2,166
Other interest income	92	102	29	61
	8,394	8,169	4,190	4,020
Gains on measurement of financial assets and liabilities:	88	-	88	-
Other finance income:				
Foreign exchange gains	6,663	7,245	6,423	6,326
Dividends	41,953	88,661	41,953	88,661
Other finance income	3,389	1,655	1,753	845
	52,005	97,561	50,129	95,832
	60,487	105,730	54,407	99,852

Foreign exchange gains of PLN 6,663 thousand (H1 2018: PLN 7,245 thousand) comprised:

- net realised foreign exchange gains of PLN 3,224 thousand (H1 2018: net realised foreign exchange gains of PLN 359 thousand),
- net foreign exchange gains on realised transactions in currency derivatives of PLN 973 thousand (H1 2018: net foreign exchange gains of PLN 812 thousand),
- net foreign exchange gains on measurement of receivables and liabilities denominated in foreign currencies as at the reporting date of PLN 2,147 thousand (H1 2018: net foreign exchange gains of PLN 2,148 thousand),
- net foreign exchange gains on measurement of other items as at the reporting date of PLN 319 thousand (H1 2018: net foreign exchange gains of PLN 3,926 thousand).

Note 7 Finance costs

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Interest expense:				
Interest on bank borrowings and overdraft facilities	24,052	15,486	13,056	7,791
Interest on cash pooling	3,502	1,912	1,823	989
Interest on lease liabilities	859	12	844	6
Other interest expense	1,356	1,437	1,030	1,156
	29,769	18,847	16,753	9,942
Loss on measurement of financial assets and liabilities:				
	-	3,546	-	3,040
Other finance costs	3,862	2,490	1,894	1,588
	33,631	24,883	18,647	14,570

Note 8 Income tax

Note 8.1 Income tax disclosed in the statement of profit or loss

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Current income tax:				
Current income tax expense	17,891	1,249	2,126	1,249
Adjustments to current income tax for previous years	-	(1,097)	-	-
	17,891	152	2,126	1,249
Deferred income tax:				
Deferred income tax associated with origination and reversal of temporary differences	(117)	9,872	3,400	(613)
	(117)	9,872	3,400	(613)
Income tax disclosed in the statement of profit or loss	17,774	10,024	5,526	636

Note 8.2 Effective tax rate

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	<i>Unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Profit before tax				
Tax calculated at the applicable tax rate	100,063	135,282	30,716	80,201
Effect of tax-exempt income (+/-)	19,012	25,704	5,836	15,239
Effect of non tax-deductible expenses (+/-)	(8,156)	(15,437)	(7,731)	(15,640)
Tax effect of inclusion of property, plant and equipment into operations in Special Economic Zone	378	3,173	(1,132)	2,061
Recognition of state aid deductible in future periods (+/-)	1,203	725	719	241
Other (+/-)	4,425	(2,505)	5,614	(1,253)
	912	(1,636)	2,220	(12)
Income tax disclosed in the statement of profit or loss	17,774	10,024	5,526	636
Effective tax rate	17.76%	7.4%	18.0%	0.8%

Note 8.3 Income tax disclosed in other comprehensive income

	for the period Jan 1– Jun 30 2019	for the period Jan 1– Jun 30 2018	for the period Apr 1– Jun 30 2019	for the period Jan 1– Jun 30 2018
	<i>Unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Tax on items that will not be reclassified to profit or loss (+/-)	(1,151)	(363)	(1,151)	(363)

Remeasurement of net defined benefit obligation/asset	(1,151)	(363)	(1,151)	(363)
Tax on items that are or may be reclassified to profit or loss (+/-)	1,533	(4,607)	1,575	(3,699)
Measurement of hedging instruments through hedge accounting	1,533	(4,607)	1,575	(3,699)
Income tax disclosed in other comprehensive income	382	(4,970)	424	(4,062)

Note 8.4 Deferred tax assets and liabilities

	Assets (-)		Liabilities (+)	
	Jun 30 2019	Dec 31 2018	Jun 30 2019	Dec 31 2018
	unaudited	audited	unaudited	audited
Property, plant and equipment	(9,868)	(9,880)	44,535	46,291
Investment property	-	-	2,035	2,119
Intangible assets	(1,363)	(1,363)	7,439	7,479
Financial assets	(1,057)	(1,057)	105	105
Inventories and property rights	(2,416)	(1,840)	10,186	6,917
Trade and other receivables	(151)	(321)	2	-
Trade and other payables	(9,796)	(10,819)	341	336
Employee benefits	(17,877)	(16,867)	-	-
Provisions	(6,429)	(6,064)	503	451
Borrowings	(907)	(273)	95	91
Measurement of hedging instruments through hedge accounting	-		1,969	436
State aid deductible in future periods	(21,469)	(25,894)	-	-
Other	(5,967)	(196)	78	72
Deferred tax assets (-)/liabilities (+)	(77,300)	(74,574)	67,288	64,297
Offset	67,288	64,297	(67,288)	(64,297)
Deferred tax assets (-) recognised in the statement of financial position	(10,012)	(10,277)	-	-

Note 9 Property, plant and equipment

Carrying amount

	as at	as at
	Jun 30 2019	Dec 31 2018
	unaudited	audited
Land	572	572
Buildings and structures	470,478	439,219
Plant and equipment	1,050,008	1,019,909
Vehicles	764	4,426
Other property, plant and equipment	47,937	27,478
	1,569,759	1,491,604
Property, plant and equipment under construction	74,343	158,628
	1,644,102	1,650,232

As at June 30th 2019, the trigger referred to in paragraph 12d of IAS 36 *Impairment of Assets* occurred - the carrying amount of the Company's net assets was higher than its market capitalisation. Therefore, the Company updated its impairment tests as at the reporting date, taking into account the current performance forecasts for 2019 as well as the updated price paths and lower weighted average cost of capital (WACC) due to reduced interest rates.

A summary of the key assumptions and results as at June 30th 2019 is presented in the table below.

Item	Description
Identification of CGU	<i>Fertilizers</i> <i>Plastics</i>
Recognition of impairment loss	None
Reversal of impairment loss	None
Nominal weighted average cost of capital (WACC) (%)	6.77
Key assumptions	Unlimited duration of the CGU. Prices of key raw materials were assumed based on market prices in the forecast period. EBITDA margin for the Plastics segment: 2019 - 8.0%; 2020 - 10.7%; 2021 - 10.5%; 2022 - 9.6%; 2023 - 12.2%. EBITDA margin for the Fertilizers segment: 2019 - 16.1%; 2020 - 13.4%; 2021 - 13.6%; 2022 - 11.6%; 2023 - 15.3%. Other assets and related costs were allocated to the core segments indirectly. The cost ratios were determined to by the most rational allocation ratios for corporate assets. The growth rate in the residual period was assumed at 2.3%.
Value in use	<i>Fertilizers</i> - PLN 1,157,769 thousand <i>Plastics</i> - PLN 1,204,446 thousand

Sensitivity analyses of the performed tests show that there is no need to recognise impairment losses in the Fertilizers CGU in the event of an EBITDA decrease by no more than 17.0% or WACC increase to no more than 7.77%.

Sensitivity analyses of the performed tests show that there is no need to recognise impairment losses in the Plastics CGU in the event of an EBITDA decrease by no more than 10.8% or WACC increase to no more than 7.38%.

The analyses that were carried out did not reveal any need for recognition or reversal of impairment losses.

As at June 30th 2019, there were no indications for reversal of the impairment loss on the assets of the Tarnoform cash-generating unit, initially recognised in the financial statements as at December 31st 2013.

Net property, plant and equipment, by type

	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Net carrying amount as at December 31st 2018	572	439,219	1,019,909	4,426	27,478	158,628	1,650,232
<i>Impact of IFRS 16 implementation</i>	-	-	-	(3,488)	-	-	(3,488)
Net carrying amount as at December 1st 2019	572	439,219	1,019,909	938	27,478	158,628	1,646,744
<i>Increase, including:</i>	-	43,730	72,513	-	23,398	54,966	194,607
Increase due to acquisition, manufacturing, commissioning	-	43,519	72,278	-	23,374	54,966	194,137
Reversal of impairment losses	-	196	235	-	21	-	452
Reclassification from investment property	-	15	-	-	-	-	15
Other increase	-	-	-	-	3	-	3
<i>Decrease, including: (-)</i>	-	(12,471)	(42,414)	(174)	(2,939)	(139,251)	(197,249)
Depreciation and amortisation	-	(11,802)	(41,982)	(174)	(2,916)	-	(56,874)
Liquidation	-	(196)	(235)	-	(21)	-	(452)
Commissioning	-	-	-	-	-	(139,251)	(139,251)
Recognition of impairment loss	-	(473)	(194)	-	(2)	-	(669)
Other decrease	-	-	(3)	-	-	-	(3)
Net carrying amount as at June 30th 2019 (unaudited)	572	470,478	1,050,008	764	47,937	74,343	1,644,102

	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Net carrying amount as at December 31st 2017	572	396,696	975,169	3,583	16,879	161,774	1,554,673
<i>Increase, including:</i>	-	21,136	41,221	81	5,710	88,693	156,841
Increase due to acquisition, manufacturing, commissioning	-	21,132	40,899	9	5,710	88,621	156,371
Finance lease contracts	-	-	-	72	-	72	144
Reversal of impairment losses	-	4	322	-	-	-	326
<i>Decrease, including: (-)</i>	-	(10,861)	(38,599)	(348)	(1,969)	(67,256)	(119,033)
Depreciation and amortisation	-	(10,808)	(38,087)	(333)	(1,969)	-	(51,197)
Liquidation	-	(4)	(311)	-	-	-	(315)
Commissioning	-	-	-	(15)	-	(67,256)	(67,271)
Recognition of impairment loss	-	(49)	(141)	-	-	-	(190)
Other decrease	-	-	(60)	-	-	-	(60)
Net carrying amount as at June 30th 2018 (unaudited)	572	406,971	977,791	3,316	20,620	183,211	1,592,481

Note 10 Intangible assets

Carrying amount

	as at	as at
	Jun 30 2019	Dec 31 2018
	unaudited	audited
Patents and licences	33,760	35,266
Software	4,931	5,199
Development costs	259	276
Other intangible assets	1,981	2,100
	40,931	42,841
Intangible assets under construction	7,004	6,267
	47,935	49,108

Note 11 Right-of-use assets

Carrying amount

	as at	as at
	Jun 30 2019	Jun 30 2019
	unaudited	unaudited
Perpetual usufruct of land	26,640	
Land	29	
Buildings and structures	1,405	
Plant and equipment	675	
Vehicles	14,354	
	43,103	
Right-of-use assets under construction		16
		43,119

Net carrying amount of right-of-use assets

	Perpetual usufruct of land	Land	Buildings and structures	Plant and equipment	Vehicles	Right-of-use assets under construction	Total
Net carrying amount as at December 31st 2018	26,828	39	1,849	814	11,371	-	40,901
<i>Effect of implementation of IFRS 16, including:</i>							
Value of assets disclosed as at Dec 31 2018 as finance leases in accordance with IAS 17	-	-	-	-	3,488	-	3,488
On-balance-sheet perpetual usufruct of land as at Dec 31 2018	365	-	-	-	-	-	365
Increases due to the implementation of IFRS 16	26,463	39	1,849	814	7,883	-	37,048
Net carrying amount as at December 1st 2019	26,828	39	1,849	814	11,371	-	40,901
<i>Increase, including:</i>							
Increases due to execution of new agreements	-	-	-	-	5,358	16	5,374
Decrease, including:(-)	-	-	-	-	5,358	16	5,374
Depreciation and amortisation	(188)	(10)	(444)	(139)	(2,375)	-	(3,156)
Net carrying amount as at June 30th 2019	26,640	29	1,405	675	14,354	16	43,119

Note 12 Shares

	as at Jun 30 2019	as at Dec 31 2018
	<i>unaudited</i>	<i>audited</i>
Shares in subsidiaries	5,015,900	5,006,337
Shares in other entities	6,571	6,571
	5,022,471	5,012,908
including		
Long-term	5,022,471	5,012,908
	5,022,471	5,012,908

Following an analysis of impairment of shares held, consistent with an analysis of impairment of property, plant and equipment as at June 30th 2019, no need to recognise impairment of shares was identified.

In particular, an impairment loss on non-current assets of Zakłady Azotowe Chorzów S.A., a subsidiary controlled by Grupa Azoty PUŁAWY, recognised as at June 30th 2019, does not directly result in the need to recognise an impairment loss on the Grupa AZOTY PUŁAWY shares held by the Company as there is a recoverable amount excess attributable to other activities.

Additionally, in connection with the updated positive results yielded by the financial model prepared by PDH Polska S.A., which the Company treats as an estimate of the recoverable amount as part of impairment testing of assets as at June 30th 2019, the conclusion that shares held in PDH Polska S.A. were not impaired was upheld.

Changes in subordinates

	as at Jun 30 2019	as at Dec 31 2018
At beginning of period	5,012,908	3,861,582
<i>Increase, including:</i>		
Acquisition	9,563	1,151,326
At end of period	5,022,471	5,012,908

In the first half of 2019, the Extraordinary General Meeting of Grupa Azoty SIARKOPOL passed a resolution to increase the company's share capital by not less than PLN 1,791,530 and not more than PLN 1,802,810, to not less than PLN 60,620,090 and not more than PLN 60,631,370, through the issue of not fewer than 179,153 and not more than 180,281 new Series C registered shares with a par value of PLN 10 per share, and to make the related amendments to the company's Articles of Association. The issue price of the New Shares was PLN 53.38 per share.

In the exercise of its pre-emptive rights, the Company purchased 179,153 ordinary shares in Grupa Azoty SIARKOPOL, paying PLN 9,563,187.14 for the shares.

Currently, the Company's ownership interest in Grupa Azoty SIARKOPOL is 99.39%.

Note 13 Trade and other receivables

	as at Jun 30 2019	as at Dec 31 2018
	unaudited	audited
Trade receivables - related parties	135,357	58,627
Trade receivables - other entities	113,633	83,290
Receivables from state budget, except for income tax	52,266	80,987
Prepayments for deliveries of property, plant and equipment - other entities	8,187	9,757
Prepayments for deliveries of materials, goods and services - other entities	2,067	10,327
Prepaid expenses - other entities	8,613	2,596
Other receivables - related parties	41,872	127
Other receivables - other entities	3,161	2,604
	365,156	248,315
including		
Long-term	8,262	9,757
Short-term	356,894	238,558
	365,156	248,315

Trade receivables include factoring receivables whose fair value as at June 30th 2019 was measured at PLN 134,869 thousand (December 31st 2018: PLN 60,366 thousand).

Factors which contributed to the increase in trade receivables included:

- Higher receivables in the Plastics Segment attributable to the nature of this market: in December customers limit their purchases in order to not increase inventories, which is often related to the longer Christmas break.
- Higher receivables in the Fertilizers Segment attributable to seasonality of sales: the first half of each year is a period of increased field work activity in the agricultural sector, preceded by increased demand for means of agricultural production.

The increase in other receivables from related parties is attributable to the recognition of dividends due from Grupa Azoty SIARKOPOL (PLN 34,492 thousand) and from Grupa Azoty KĘDZIERZYN (PLN 7,461 thousand). Those dividends were recognised on the basis of resolutions passed by the General Meetings of those companies, in which the dividend record date was set before June 30th and the dividend payment date - after June 30th 2019.

Note 14 Cash

	as at Jun 30 2019	as at Dec 31 2018
Cash in hand	28	38
Bank balances in PLN	39,182	285,256
Bank balances in foreign currencies (translated to PLN)	4,080	8,314
Bank deposits – up to 3 months	1,053	585
Cash and cash equivalents under cash pooling	775,552	706,787
	819,895	1,000,980
Cash and cash equivalents in the statement of financial position	819,895	1,000,980
Cash and cash equivalents in the statement of cash flows	819,895	1,000,980

As at June 30th 2019 and December 31st 2018, the Company held no restricted cash.

Note 15 Borrowings

	as at Jun 30 2019	as at Dec 31 2018
	<i>unaudited</i>	<i>audited</i>
Bank borrowings	2,450,397	2,591,141
Non-bank borrowings	612,759	614,054
	3,063,156	3,205,195
including		
Long-term	2,247,107	2,311,248
Short-term	816,049	893,947
	3,063,156	3,205,195

In H1 2019, the Company did not enter into any new loan or credit facility agreements.

Maturities and currencies of borrowings

As at Jun 30 2019

Currency	Reference rate	Amount as at the reporting date		Up to 1 year	1–2 years	2–5 years	Over 5 years
		in foreign currency	in PLN				
PLN	variable	1,360,252	1,360,252	439,405	19,792	100,741	800,314
EUR	fixed	168,813	717,794	119,069	77,225	316,715	204,785
EUR	variable	231,682	985,110	257,575	-	-	727,535
			3,063,156	816,049	97,017	417,456	1,732,634

As at December 31st 2018

Currency	Reference rate	Amount as at the reporting date		Up to 1 year	1–2 years	2–5 years	Over 5 years
		in foreign currency	in PLN				
PLN	variable	1,418,553	1,418,553	482,913	21,156	96,212	818,272
EUR	fixed	168,208	722,386	78,593	77,641	303,425	262,727
EUR	variable	248,539	1,064,256	332,441	-	-	731,815
			3,205,195	893,947	98,797	399,637	1,812,814

Note 16 Employee benefit obligations

	as at Jun 30 2019	as at Dec 31 2018
Pension benefit obligations	33,303	23,969
Jubilee benefit obligations	22,397	21,056
Pensioner Social Fund benefit obligations	3,565	5,824
Other	3,287	3,951
	62,552	54,800
including		
Long-term	58,032	51,289
Short-term	4,520	3,511
	62,552	54,800

Changes in defined employee benefit obligations

	for the period from Jan 1 to Jun 30 2019	for the period Jan 1– Dec 31 2018
At beginning of period	33,744	29,443
Current service cost (+)	673	806
Interest expense (+)	491	1,001
Remeasurement of net defined benefit obligation/asset	6,054	3,809
Benefits paid (-)	(807)	(1,315)
At end of period	40,155	33,744

Changes in other long-term employee benefit obligations

	for the period from Jan 1 to Jun 30 2019	for the period Jan 1– Dec 31 2018
At beginning of period	21,056	21,054
Current service cost (+)	402	718
Interest expense (+)	304	716
Actuarial gains and losses recognised in profit or loss for the period (+/-)	1,315	821
Benefits paid (-)	(680)	(2,253)
At end of period	22,397	21,056

The increase in *employee benefit obligations* follows from changes in actuarial assumptions, mainly with respect to the discount rate (2.39%) and employee turnover rate.

Note 17 Provisions

	as at Jun 30 2019	as at Dec 31 2018
Provision for litigation	47	47
Provision for environmental protection, including site restoration	23,417	22,029
Provision for demolition of mercury electrolysis facilities	9,526	9,002
Other	1,202	1,196
	34,192	32,274
including		
Long-term	32,981	31,069
Short-term	1,211	1,205
	34,192	32,274

Change in provisions

	Provision for litigation	Provision for environmental protection, including site restoration	Provision for demolition of mercury electrolysis facilities	Other provisions	Total
As at January 1st 2019	47	22,029	9,002	1,196	32,274
<i>Increase, including:</i>					
Provisions recognised (change of rate)	-	1,388	524	6	1,918
<i>Decrease</i>	-	1,388	524	6	1,918
As at June 30th 2019	47	23,417	9,526	1,202	34,192

	Provision for litigation	Provision for environmental protection, including site restoration	Provision for demolition of mercury electrolysis facilities	Other provisions	Total
As at January 1st 2018	56	19,047	8,713	729	28,545
<i>Increase, including:</i>					
Recognition	-	2,982	950	602	4,534
<i>Decrease, including:(-)</i>					
Use	(9)	-	(661)	(135)	(805)
Reversal	(9)	-	-	(120)	(129)
As at December 31st 2018	47	22,029	9,002	1,196	32,274

Note 18 Other financial liabilities

	as at Jun 30 2019	as at Dec 31 2018
	unaudited	audited
Liabilities under receivables discounting	43,587	52,341
Liabilities under reverse factoring agreements	121,368	47,267
Other	22,239	25,444
	187,194	125,052
including		
Long-term	18,726	21,930
Short-term	168,468	103,122
	187,194	125,052

Note 19 Trade and other payables

	as at Jun 30 2019	as at Dec 31 2018
	unaudited	audited
Trade payables - related parties	62,027	33,481
Trade payables - other entities	116,945	157,266
Liabilities to state budget, except for income tax	16,403	27,313
Salaries payable	8,029	8,061
Liabilities under purchases of property, plant and equipment, intangible assets, investment properties - related parties	7,602	10,778
Liabilities under purchases of property, plant and equipment, intangible assets, investment properties - other entities	6,052	21,080
Prepayments for deliveries - other entities	1,500	1,364
Other liabilities - other entities	10,521	7,757
Prepaid expenses - related parties	-	135
Prepaid expenses - other entities	73,065	83,163
Liabilities under bonuses - related parties	4	105
Liabilities under bonuses - other entities	421	2,009
Deferred income	332	428
	302,901	352,940
including		
Long-term	32	32
Short-term	302,869	352,908
	302,901	352,940

Note 20 Grants

	as at Jun 30 2019	as at Dec 31 2018
	unaudited	audited
Government grants	47,274	42,294
Other grants	25,651	-
	72,925	42,294
including		
Long-term	45,476	40,666
Short-term	27,449	1,628
	72,925	42,294

In H1 2019, free CO₂ emission allowances for 2019 were allocated. They are accounted for over the year pro rata to the use of CO₂ emission rights, which increased the balance of grants. In addition, a tranche of the grant awarded for the implementation of the Research and Development Centre project was disbursed.

Note 21 Other information

Dividend

On June 27th 2019, the Company's Annual General Meeting passed a resolution to allocate the entire amount of the Parent's net profit for the financial year 2018, of PLN 171,064 thousand, to the Company's reserve funds.

Note 22 Financial instruments

Categories of financial instruments

Financial assets

	as at Jun 30 2019	as at Dec 31 2018
	unaudited	audited
At fair value through profit or loss	884	720
At amortised cost	1,325,838	1,418,228
At fair value through other comprehensive income	141,440	66,937
	1,468,162	1,485,885
Recognised in the statement of financial position as:		
Derivative financial instruments	884	720
Shares	6,571	6,571
Trade and other receivables	294,023	144,648
Cash and cash equivalents	819,895	1,000,980
Other financial assets	346,789	332,966
	1,468,162	1,485,885

Financial liabilities

	as at Jun 30 2019	as at Dec 31 2018
	<i>unaudited</i>	<i>audited</i>
At amortised cost	3,503,547	3,573,053
Recognised in the statement of financial position as:		
Long-term borrowings	2,247,107	2,311,248
Short-term borrowings	816,049	893,947
Derivative financial instruments		
Trade and other payables	211,493	240,397
Other non-current financial liabilities	53,918	23,625
Other current financial liabilities	174,980	103,836
	3,503,547	3,573,053

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally in connection with its trade receivables, advanced loans, short-term bank deposits, bank accounts, and cash pooling. The following table presents the Company's maximum exposure to credit risk:

	as at Jun 30 2019	as at Dec 31 2018
	<i>unaudited</i>	<i>audited</i>
Assets measured at fair value through profit or loss	884	720
Assets measured at amortised cost	1,325,838	1,418,228
Assets measured at fair value through other comprehensive income	134,869	60,366
	1,461,591	1,479,314

The Company's trade receivables from third parties are in the first place insured under a global trade credit insurance policy, which limits the Company's credit risk exposure to the deductible amount (i.e. 5-10% of the amount of insured receivables). The policy ensures that customers' financial condition is monitored on an ongoing basis and enables debt recovery when required. Upon a customer's actual or legal insolvency, the Company receives compensation equal to 90-95% of the amount of the insured receivables.

A part of the Company's trade receivables from third parties not covered by the policy is secured with letters of credit and guarantees or other forms of security acceptable to the Company.

Trade credit limit is granted primarily on the basis of the insurance company's decision, but also taking into account positive trading history with the customer and the customer's creditworthiness (assessed based on business intelligence reports), financial statements and payment history.

If there is no positive history of trading between the Company and a customer, or where transactions are occasional and the credit limit cannot be insured, the customer is required to make a prepayment or provide security.

Credit risk exposure is defined as the total of unpaid receivables, monitored on an ongoing basis by the Company's internal financial staff (individually for each customer) and, if a receivable is insured, also by the insurance companies' credit analysts.

Provision matrix for trade receivables

	Percentage of expected impairment
Not past due	0.13%
Past due up to 60 days	1.52%
Past due up to 90 days	8.6%
Past due up to 180 days	94.13%
Past due more than 360 days	100%

Fair value of financial instruments

Detailed information on the fair value of financial instruments whose fair value can be estimated is presented below:

- Cash and cash equivalents, short-term bank deposits and short-term bank borrowings. Carrying amounts of these instruments approximate their fair values because of their short maturities.
- Trade and other receivables, trade payables. Carrying amounts of these instruments approximate their fair values due to their short-term nature.
- Long-term variable-rate borrowings. Carrying amounts of these instruments approximate their fair values due to the variable nature of their interest rates.
- Long-term fixed-rate borrowings. Carrying amount of these instruments is PLN 714,083 thousand, and their fair value is approximately PLN 721,315 thousand (Level 2 in the fair value hierarchy).
- Foreign currency derivatives - the carrying amounts of these instruments are equal to their fair values.
- Financial assets available for sale. The carrying amounts of these instruments are equal to their fair values.

The table below presents the Company's financial instruments carried at fair value by levels in the fair value hierarchy, as at June 30th 2019:

Hierarchy level (unaudited)	Level 2	Level 3
Financial assets at fair value, including:		
Measured at fair value through other comprehensive income	-	141,440
Currency futures and forward contracts	884	-
	884	141,440

The table below presents the Company's financial instruments carried at fair value by levels in the fair value hierarchy, as at December 31st 2018:

Hierarchy level	Level 2	Level 3
Financial assets at fair value, including:		
Measured at fair value through other comprehensive income	-	66,937
Currency futures and forward contracts	720	-

There were no transfers between the levels in H1 2019 or in 2018.

The fair value hierarchy presented in the tables above is as follows:

Level 1 - price quoted in an active market for the same asset or liability,

Level 2 - values based on inputs other than quoted Level 1 prices that are either directly or indirectly observable or determined on the basis of market data,

Level 3 - values based on input data that are not based on observable market data.

The fair value of financial instruments presented in Level 2, i.e. foreign currency contracts, is determined on the basis of a valuation carried out by banks with which the transactions have been made. The valuations are verified by discounting the expected cash flows from the contracts at market interest rates effective as at the reporting date.

The fair value of financial instruments presented in Level 3 is determined as follows:

- The fair value of short-term trade receivables which are or may be disposed of under factoring agreements is presented by the Company as financial assets measured at fair value through other comprehensive income. In the Company's opinion, the fair values do not materially differ from the carrying amounts of these assets due to their short maturities. The PLN 74,503 thousand increase in these receivables as at June 30th 2019 was attributable to higher sales to the trading partners whose receivables are subject to factoring arrangements (including to GA ATT Polymers GmbH).
- The fair value of the shares in Tarnowskie Wodociagi (equity investment) was measured using the discounted cash flow (DCF) method based on the assumptions of the Long-Term Growth Forecast prepared by Tarnowskie Wodociagi for 2017-2022. As at June 30th 2019 and December 31st 2018, the fair value of these shares was PLN 6,464 thousand.

Derivative financial instruments and hedge accounting

Foreign currency derivatives

As at June 30th 2019, the notional amount of the Company's open currency derivatives (forwards) totalled EUR 8m (maturities falling in H2 2019: July - EUR 2.0m, August - EUR 2.0m, September - EUR 2.0m, October - EUR 2.0m. As at December 31st 2018, the notional amount of Grupa Azoty S.A.'s open currency derivatives (forwards) was EUR 18m.

Such contracts are only entered into with reliable banks under framework agreements. All the contracts reflect actual cash flows in foreign currencies. Currency forwards and derivative contracts are executed to match the Company's currency exposure and their purpose is to limit the effect of exchange rate fluctuations on profit or loss.

Hedge accounting

The Company applies cash flow hedge accounting. The hedged item are highly probable future proceeds from sale transactions in the euro, which will be recognised in profit or loss in the period from July 2019 to September 2028. The hedging covers currency risk. The hedge are two euro-denominated credit facilities of:

- 1) EUR 118,053 thousand as at June 30th 2019 (December 31st 2018: EUR 118,053 thousand), repayable in the period from December 2018 to June 2025 in 14 equal half-yearly instalments of EUR 9,081 thousand each;
- 2) EUR 50,000 thousand as at June 30th 2019 (December 31st 2018: EUR 50,000 thousand), repayable from March 2021 to September 2028 in 15 equal half-yearly instalments of EUR 3,333 thousand each.

As at June 30th 2019, the carrying amount of both these credit facilities was PLN 714,083 thousand (December 31st 2018: PLN 722,087 thousand). The hedging reserve as at June 30th 2019 includes PLN 10,364 thousand (December 31st 2018: PLN 2,297 thousand) on account of the effective hedge. In H1 2019, the Company did not reclassify any hedge accounting amounts from other comprehensive income to the statement of profit or loss.

Note 23 Contingent liabilities, contingent assets and guarantees

Contingent liabilities and guarantees/sureties

	as at		as at Dec 31 2018 <i>audited</i>	
	Jun 30 2019			
	<i>unaudited</i>			
Sureties		7,564	7,740	

The surety is to secure a grant advanced to Grupa Azoty ATT Polymers GmbH by Investitionsbank des Landes Brandenburg (ILB) to finance 20% of capital expenditure on the construction of a logistics centre in Guben, Germany.

Note 24 Related-party transactions

Trade transactions with related parties

Trade transactions

	Receivable			
	Revenue		Purchases	Liabilities
In the six months ended June 30th 2019 and as at that date (unaudited)				
Related parties of Grupa Azoty	377,702	176,631	171,038	51,168
Related parties of Grupa Azoty PKCh Sp. z o.o.	1,624	420	33,230	18,221
Related parties of Grupa Azoty POLICE	88	45	14	8
Related parties of Grupa Azoty PUŁAWY	5,949	133	1,757	355
	385,363	177,229	206,039	69,752

In the six months ended June 30th 2018 and as at that date (unaudited)

Related parties of Grupa Azoty	366,634	94,068	171,067	38,999
Related parties of Grupa Azoty KĘDZIERZYN	-	-	30	-
Related parties of Grupa Azoty PKCh Sp. z o.o.	1,605	802	39,829	17,730
Related parties of Grupa Azoty POLICE	50	23	9	70,500
Related parties of Grupa Azoty PUŁAWY	12,940	3,236	2,470	1,485
	381,229	98,129	213,405	128,714

Other transactions

	Other income	Other expenses	Finance income	Finance costs
In the six months ended June 30th 2019 (unaudited)				
Related parties of Grupa Azoty	814	104	51,817	5,153
Related parties of Grupa Azoty PKCh Sp. z o.o.	774	3,581	-	339
Related parties of Grupa Azoty POLICE	-	-	-	1,013
Related parties of Grupa Azoty PUŁAWY	2	-	627	264
Related parties of Goat TopCo	-	-	799	-
	1,590	3,685	53,243	6,769
In the six months ended June 30th 2018 (unaudited)				
Related parties of Grupa Azoty	322	138	92,065	2,838
Related parties of Grupa Azoty KĘDZIERZYN	-	-	13	-
Related parties of Grupa Azoty PKCh Sp. z o.o.	746	2,486	-	287
Related parties of Grupa Azoty POLICE	-	-	1	627
Related parties of Grupa Azoty PUŁAWY	-	-	535	114
	1,068	2,624	92,614	3,866

Remuneration of the Management Board members for holding office at the Company

	for the period from Jan 1 to Jun 30 2019	for the period from Jan 1 to Jun 30 2018
Short-term benefits	4,411	2335
Termination benefits	-	185
	4,411	2,520

Short-term benefits for H1 2019 include provisions for potential bonuses.

Remuneration of the Supervisory Board members for holding office at the Company

	for the period Jan 1– Jun 30 2019	for the period from Jan 1 to Jun 30 2018
Short-term benefits	1,047	1,043

Loans granted to related parties

In H1 2019, the Company granted loans for a total amount of PLN 40,260 thousand, all to Grupa Azoty KĘDZIERZYN (in 2018 it extended loans of PLN 43,975 thousand to Grupa Azoty KĘDZIERZYN and PLN 40,000 to Grupa Azoty POLICE).

In H1 2019 the Company received timely repayments of loans previously granted, in the amount of PLN 26,491 thousand, including PLN 6,000 thousand from Grupa Azoty POLICE and PLN 20,491

thousand from Grupa Azoty KĘDZIERZYN (2018: PLN 70,707 thousand, including PLN 26,000 thousand from Grupa Azoty POLICE and PLN 44,707 thousand from Grupa Azoty KĘDZIERZYN).

Cash pooling

As at June 30th 2019, the Company presented cash provided to other Group companies participating in the cash pooling services as cash equivalents of PLN 775,707 thousand, whereas cash received by the Company from other Group companies is presented as short-term borrowings of PLN 612,759 thousand as at June 30th 2019.

Transactions with owners

As at June 30th 2019, the Company had two loan facilities for a total amount of PLN 239,561 thousand contracted with the EBRD (December 31st 2018: PLN 250,000 thousand).

Note 25 Investment commitments

In the period ended June 30th 2019, the Group signed contracts for new investment projects and for continuation of ongoing projects. The projects involve mainly the provision of chemical, construction, mechanical and electrical services, design services, and project supervision.

The largest capital commitments are as follows:

- humic acid pilot production unit - as at June 30th 2019, the total amount of the Company's commitments under the contracts was PLN 16,591 thousand (December 31st 2018: PLN 4,482 thousand);
- construction of a new draft cooling tower for the lactam department - as at June 30th 2019, the total amount of the Company's commitments under the contracts was PLN 11,357 thousand (December 31st 2018: PLN 0 thousand);
- collection of slag from the ECII CHP plant boilers - as at June 30th 2019, the total amount of the Company's commitments under the contracts was PLN 8,822 thousand (December 31st 2018: PLN 1,895 thousand);
- increasing the capacity of the technical-grade nitric acid unit - as at June 30th 2019, the total amount of the Company's commitments under the contracts was PLN 7,998 thousand (December 31st 2018: PLN 6,873 thousand),
- bringing the oleum storage facilities into compliance with the applicable regulations - as at June 30th 2019, the total amount of the Company's commitments under the contracts was PLN 9,904 thousand (December 31st 2018: PLN 10,688 thousand);

The total amount of commitments under the contracts was PLN 71,750 thousand (December 31st 2018: PLN 61,032 thousand).

Note 26 Events after the reporting period

Production line failure

On July 8th, the Company announced a force majeure event for the supply of PA6, following an unexpected defect on one of the polyamide 6 (PA6) production lines.

The failure has affected the existing PA6 production capacity and thus the product supplies to customers. Steps have been taken to minimise the effect of the event on production processes and to resume the supply of contracted product volumes as soon as possible.

Acquisition of shares in PDH Polska S.A.

On July 19th 2019, the Company paid up the newly issued shares it acquired in the share capital of PDH Polska S.A.

The share capital increase at PDH Polska S.A., from PLN 304,000 thousand to PLN 467,339 thousand, was registered on August 8th 2019.

As a result, the Company's ownership interest in PDH Polska S.A. rose from 40.07% to 47%, while Grupa Azoty POLICE's interest fell to 53%.

Provision of surety

By August 2nd 2019, the Company provided a surety for the liabilities of PDH Polska S.A., an indirect subsidiary, under the Polimery Police investment project, for up to EUR 10,340 thousand for the

benefit of the general contractor executing the project, Hyundai Engineering Co., Ltd, with its registered office at 75 Yulgok-ro, Jongno-gu, Seoul, 03058, South Korea.

Grupa Azoty POLICE's secondary public offering resumed

On August 26th 2019, the Management Board of Grupa Azoty POLICE decided to resume the secondary public offering of shares in Grupa Azoty POLICE and passed a resolution to increase Grupa Azoty POLICE's share capital through the issue of new shares with pre-emptive rights and amend Grupa Azoty POLICE's Articles of Association, concurrently repealing the previous resolution of the Grupa Azoty POLICE Management Board of March 4th 2019 to increase Grupa Azoty POLICE's share capital through the issue of new shares with pre-emptive rights and amend Grupa Azoty POLICE's Articles of Association. The proposed share capital increase will be effected through a secondary public offering for an amount not higher than PLN 1,100,000 thousand, addressed to existing shareholders (pre-emptive rights). The proposed share capital increase should be effected by the end of 2019. Proceeds from the share issue will be used to support the implementation of the Grupa Azoty Group's strategy for the coming years, in particular to diversify revenue streams and increase profitability, and to step up the efforts to expand the non-fertilizer business lines, with the Polimery Police project, carried out by the special purpose vehicle PDH Polska S.A., representing the principal part of those efforts.

The interim condensed separate financial statements for the six months ended June 30th 2019 contain 47 pages.

Signatures of members of the Management Board

Signed with qualified electronic signature

.....
Wojciech Wardacki, PhD

President of the Management Board

Signed with qualified electronic signature

.....
Mariusz Grab
Vice President of the Management Board

Signed with qualified electronic signature

.....
Grzegorz Kądzielawski, PhD
Vice President of the Management Board

Signed with qualified electronic signature

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

Signed with qualified electronic signature

.....
Witold Szczypiński
*Vice President of the Management Board,
Director General*

Signed with qualified electronic signature

.....
Tomasz Hryniewicz
Vice President of the Management Board

Signed with qualified electronic signature

.....
Paweł Łapiński
Vice President of the Management Board

Person responsible for maintaining accounting records

Signed with qualified electronic signature

.....
Piotr Kołodziej
Head of the Corporate Finance Department

Tarnów, September 4th 2019