

Cognor Holding S.A.
Condensed Consolidated
Interim Financial Statements
as at 30 June 2017

29 August 2017

Condensed consolidated statement of financial position

| <i>in PLN thousand</i> | <i>Note</i> | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|--|-------------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Property, plant and equipment | 9 | 287 575 | 292 821 | 288 308 |
| Intangible assets | | 12 504 | 11 938 | 11 051 |
| Investments in associates | | 3 228 | 3 250 | 3 234 |
| Other investments | | 55 | 4 805 | 9 578 |
| Other receivables | | 170 | 126 | 33 |
| Prepaid perpetual usufruct of land | | 25 769 | 19 944 | 20 180 |
| Deferred tax assets | | 82 803 | 92 058 | 89 445 |
| Total non-current assets | | 412 104 | 424 942 | 421 829 |
| Inventories | 12 | 317 008 | 297 741 | 248 099 |
| Other investments | | 1 194 | 2 721 | 4 395 |
| Current income tax receivables | | 10 | 1 908 | 47 |
| Trade and other receivables | | 158 780 | 136 997 | 171 686 |
| Cash and cash equivalents | 17 | 40 427 | 24 980 | 20 705 |
| Non-current assets classified as held for sale | | - | 6 012 | 6 012 |
| Total current assets | | 517 419 | 470 359 | 450 944 |
| Total assets | | 929 523 | 895 301 | 872 773 |

The condensed consolidated statement of financial position should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of financial position - continued

| <i>in PLN thousand</i> | <i>Note</i> | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|--|-------------|-------------------|-------------------|-------------------|
| Equity | | | | |
| Issued share capital | 10 | 151 902 | 150 532 | 139 702 |
| Reserves | | 183 247 | 184 617 | 195 447 |
| Foreign currency translation reserves | | 9 | 43 | 73 |
| Accumulated losses from previous years and net result for the period | | (165 000) | (193 064) | (195 280) |
| Total equity attributable to owners of the Parent Company | | 170 158 | 142 128 | 139 942 |
| Non-controlling interests | | 16 055 | 13 775 | 20 025 |
| Total equity | | 186 213 | 155 903 | 159 967 |
| Liabilities | | | | |
| Interest-bearing loans and borrowings | 14 | 362 206 | 376 398 | 399 551 |
| Employee benefits obligation | | 9 058 | 9 058 | 9 079 |
| Other liabilities | 13 | 20 025 | 25 202 | 30 807 |
| Deferred tax liabilities | | 4 497 | 6 150 | 6 652 |
| Total non-current liabilities | | 395 786 | 416 808 | 446 089 |
| Bank overdraft | 14 | 23 580 | 23 154 | 8 069 |
| Interest-bearing loans and borrowings | 14 | 74 093 | 72 451 | 42 745 |
| Employee benefits obligation | | 2 504 | 4 914 | 2 613 |
| Current income tax liabilities | | 205 | - | 347 |
| Provisions for liabilities | | 5 049 | 3 130 | 2 362 |
| Trade and other liabilities | 13 | 241 976 | 218 824 | 210 464 |
| Government grants and other deferred income | | 117 | 117 | 117 |
| Total current liabilities | | 347 524 | 322 590 | 266 717 |
| Total liabilities | | 743 310 | 739 398 | 712 806 |
| Total equity and liabilities | | 929 523 | 895 301 | 872 773 |

Przemysław Sztuczkowski
President of the Management Board

Przemysław Grzesiak
Vice President of the Management Board

Krzysztof Zoła
Member of the Management Board

Dominik Barszcz
Member of the Management Board

The condensed consolidated statement of financial position should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss and other comprehensive

| <i>in PLN thousand</i> | | <i>Note</i> | 01.04.2017 - 30.06.2017* | 01.04.2016 - 30.06.2016* | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 |
|--|--|-------------|-----------------------------|-----------------------------|----------------------------|----------------------------|
| Sales revenue | | 5 | 404 312 | 369 507 | 833 841 | 725 179 |
| Cost of products, goods and materials sold | | 6 | (358 157) | (323 780) | (729 419) | (655 845) |
| Gross profit | | | 46 155 | 45 727 | 104 422 | 69 334 |
| Other income | | | 1 503 | 1 148 | 2 366 | 2 353 |
| Distribution expenses | | 6 | (14 777) | (13 557) | (30 677) | (24 942) |
| Administrative expenses | | 6 | (10 462) | (8 574) | (19 543) | (16 975) |
| Other gains/(losses) - net | | | 756 | 555 | (700) | 1 353 |
| Other expenses | | | (1 094) | (1 197) | (2 167) | (2 014) |
| Operating profit before financing costs | | | 22 081 | 24 102 | 53 701 | 29 109 |
| Financial income | | 7 | (626) | 2 138 | 17 692 | 2 165 |
| Financial expenses | | 7 | (13 045) | (29 804) | (25 768) | (43 571) |
| Net financing costs | | 7 | (13 671) | (27 666) | (8 076) | (41 406) |
| Share of profits of associates | | | 29 | 50 | (22) | 87 |
| Gain on bargain purchase | | | - | - | - | - |
| (Loss)/profit before tax | | | 8 439 | (3 514) | 45 603 | (12 210) |
| Income tax expense | | | (2 004) | 4 052 | (8 820) | 6 199 |
| (Loss)/profit for the period | | | 6 435 | 538 | 36 783 | (6 011) |

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

| | Note | 01.04.2017 - 30.06.2017* | 01.04.2016 - 30.06.2016* | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 |
|---|------|-----------------------------|-----------------------------|----------------------------|----------------------------|
| Other comprehensive income | | | | | |
| - that will be classified subsequently to profit or loss when specific conditions are met | | | | | |
| Foreign currency translation differences | | (4) | 39 | (34) | 41 |
| Total comprehensive income for the period | | 6 431 | 577 | 36 749 | (5 970) |
| (Loss)/profit for the period attributable to: | | | | | |
| Owners of the Parent Company | | 5 967 | (496) | 34 503 | (6 038) |
| Non-controlling interests | | 468 | 1 034 | 2 280 | 27 |
| (Loss)/profit for the period | | 6 435 | 538 | 36 783 | (6 011) |
| Total comprehensive income for the period attributable | | | | | |
| Owners of the Parent Company | | 5 963 | (1 160) | 34 469 | (6 700) |
| Non-controlling interests | | 468 | 1 737 | 2 280 | 730 |
| Total comprehensive income for the period | | 6 431 | 577 | 36 749 | (5 970) |
| Basic earnings per share (PLN) attributable to the owners of the Parent Company | 11 | 0,08 | (0,01) | 0,46 | (0,09) |
| Diluted earnings per share (PLN) attributable to the owners of the Parent Company | 11 | 0,06 | (0,01) | 0,33 | (0,09) |

* data not reviewed

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Member of the Management Board

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss and other comprehensive income (last twelve months)*

in PLN thousand

Continuing operations

| | Note | 01.07.2016 - 30.06.2017 | 01.07.2015 - 30.06.2016 |
|--|------|----------------------------|----------------------------|
| Sales revenue | | 1 461 055 | 1 366 054 |
| Cost of products, goods and materials sold | | (1 283 241) | (1 263 276) |
| Gross profit | | 177 814 | 102 778 |
| Other income | | 5 740 | 4 915 |
| Distribution expenses | | (55 705) | (49 787) |
| Administrative expenses | | (40 506) | (33 193) |
| Other gains - net | | 644 | 5 401 |
| Other expenses | | (6 877) | (6 451) |
| Operating profit before financing costs | | 81 110 | 23 663 |
| Financial income | | 20 743 | 17 226 |
| Financial expenses | | (50 409) | (73 007) |
| Net financing costs | | (29 666) | (55 781) |
| Share of profits of associates | | (6) | 38 |
| Gain on bargain purchase | | - | - |
| (Loss)/profit before tax | | 51 438 | (32 080) |
| Income tax expense | | (7 118) | 10 993 |
| (Loss)/profit for the period from continuing operations | | 44 320 | (21 087) |
| Discontinued operations | | | |
| Loss for the period from discontinued operations, net of tax | | - | - |
| (Loss)/profit for the period | | 44 320 | (21 087) |

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss and other comprehensive income (last twelve months) - continued*

in PLN thousand

| | 01.07.2016 - 30.06.2017 | 01.07.2015 - 30.06.2016 |
|---|----------------------------|----------------------------|
| Other comprehensive income | | |
| - that will be classified subsequently to profit or loss when specific conditions are met | | |
| Foreign currency translation differences | (64) | 598 |
| Total comprehensive income for the period | 44 256 | (20 489) |
| Profit/(loss) for the period attributable to: | | |
| Owners of the Parent Company | 42 008 | (21 266) |
| Non-controlling interests | 2 312 | 179 |
| Profit/(loss) for the period | 44 320 | (21 087) |
| Total comprehensive income for the period attributable to: | | |
| Owners of the Parent Company | 41 944 | (20 668) |
| Non-controlling interests | 2 312 | 179 |
| Total comprehensive income for the period | 44 256 | (20 489) |
| Basic earnings per share (PLN) attributable to the owners of the Parent Company | 0,57 | (0,31) |
| - from continuing operations | 0,57 | (0,31) |
| Diluted earnings per share (PLN) attributable to the owners of the Parent Company | 0,40 | (0,31) |
| - from continuing operations | 0,40 | (0,31) |

* data not reviewed

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Member of the Management Board

Dominik Barszcz
Member of the Management Board

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of cash flows

in PLN thousand

Cash flows from operating activities

| | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 |
|---|----------------------------|----------------------------|
| Profit before tax | 45 603 | (12 210) |
| Adjustments | | |
| Depreciation | 19 472 | 18 113 |
| Amortization | 87 | 95 |
| Impairment losses and valuation allowances of property, plant and equipment, intangible assets and non-current assets classified as held for sale | - | - |
| Foreign exchange (gains)/losses | (17 350) | 18 659 |
| Net (gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets classified as held for sale | (70) | 7 |
| Interest, transaction costs (related to loans and borrowings) and dividends, net | 25 840 | 24 057 |
| Change in receivables and prepayments | (21 836) | (44 292) |
| Change in inventories | (19 267) | 15 377 |
| Change in trade and other payables | 28 728 | 40 366 |
| Change in provisions | 1 919 | (1 335) |
| Change in employee benefits obligation | (2 410) | (2 288) |
| Change in government grants and other deferred income | - | - |
| Share of loss of associates | 22 | (87) |
| Gain on bargain purchase | - | - |
| Other adjustments | - | - |
| Cash generated from operating activities | 60 738 | 54 297 |
| Income tax (paid)/refunded | 1 377 | (2) |
| Net cash from operating activities | 62 115 | 54 295 |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | 746 | 8 564 |
| Proceeds from sale of intangible assets | 11 | 7 |
| Proceeds from sale of prepaid perpetual usufruct of land | - | 452 |
| Acquisitions of subsidiaries, net of cash transferred | - | (63) |
| Interest received | 81 | 56 |
| Repayment of loans granted | 1 529 | - |
| Other outflows from investing activities | - | - |
| Acquisition of property, plant and equipment | (7 975) | (22 961) |
| Acquisition of intangible assets | (653) | (832) |
| Loans granted | - | - |
| Net cash from investing activities | (6 261) | (14 777) |

The condensed consolidated statement of cash flows should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of cash flows - continued

| <i>in PLN thousand</i> | <i>Note</i> | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 |
|---|-------------|------------------------------------|------------------------------------|
| Cash flows from financing activities | | | |
| Proceeds from interest-bearing loans and borrowings | | 3 260 | 250 |
| Proceeds relating to factoring | | (608) | 2 948 |
| Purchase of own shares | | - | - |
| Repayment of interest-bearing loans and borrowings | | (2 013) | (23 160) |
| Payment of finance lease liabilities | | (7 475) | (6 370) |
| Dividends and interests on Exchangeable Notes paid | | (2 584) | (2 897) |
| Interest and transaction costs (related to loans and borrowings) paid | | (22 101) | (17 398) |
| Other transactions with the Owner | | (9 312) | (1 337) |
| Net cash from financing activities | | (40 833) | (47 964) |
| Net change in cash and cash equivalents | | | |
| Cash and cash equivalents net of bank overdraft, at 1 January | 17 | 1 826 | 21 082 |
| - effect of exchange rate fluctuations on cash held | | - | - |
| Cash and cash equivalents net of bank overdraft, at 30 June | 17 | 16 847 | 12 636 |
| - including cash restricted for use | 17 | 1 603 | 721 |

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Member of the Management Board

The condensed consolidated statement of cash flows should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of cash flows (last twelve months)*

| <i>in PLN thousand</i> | 01.07.2016 - 30.06.2017 | 01.07.2015 - 30.06.2016 |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Continuing operations | | |
| (Loss)/profit before tax from continuing operations | 51 438 | (32 080) |
| Adjustments | | |
| Depreciation | 39 420 | 35 911 |
| Amortization | 251 | 566 |
| Impairment losses and valuation allowances of property, plant and equipment, intangible assets and non-current assets classified as held for sale | - | (86) |
| Foreign exchange losses/ (gains) | (17 801) | 26 543 |
| Net (gains)/losses on investment activities | (4 055) | (28 178) |
| Net losses on disposal of property, plant and equipment, intangible assets and non-current assets classified as held for sale | (357) | (2 847) |
| Interest, transaction costs (related to loans and borrowings) and dividends, net | 47 786 | 57 325 |
| Change in receivables and prepayments | 12 768 | 74 197 |
| Change in inventories | (68 909) | 70 356 |
| Change in trade and other payables | 38 652 | (46 463) |
| Change in provisions | 716 | (47) |
| Change in employee benefits obligation | (130) | (334) |
| Change in government grants and other deferred income | - | - |
| Share of losses of associates | 6 | (38) |
| Gain on bargain purchase | - | - |
| Other adjustments | - | - |
| Cash generated from continuing operations | 99 785 | 154 825 |
| Discontinued operations | | |
| Loss before tax from discontinued operations | - | - |
| Adjustments | | |
| Net losses on disposal of property, plant and equipment | - | - |
| Change in receivables | - | - |
| Cash outflows from discontinued operations | - | - |
| Cash generated from operating activities | 99 785 | 154 825 |
| Income tax (paid)/refunded | (333) | (244) |
| - continuing operations | (333) | (244) |
| - discontinued operations | - | - |
| Net cash from operating activities | 99 452 | 154 581 |

The condensed consolidated statement of cash flows should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of cash flows (last twelve months) - continued*

| <i>in PLN thousand</i> | <i>Note</i> | 01.07.2016 - 30.06.2017 | 01.07.2015 - 30.06.2016 |
|--|-------------|------------------------------------|------------------------------------|
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment and intangible assets and prepaid perpetual usufruct of land | | 2 128 | 21 205 |
| Interest received | | 429 | 152 |
| Dividends received | | 2 | - |
| Repayment of loans granted | | 3 029 | 507 |
| Other inflows from investing activities | | 1 014 | 310 |
| Acquisitions of subsidiaries, net of cash transferred | | (300) | (76) |
| Acquisition of property, plant and equipment | | (23 202) | (31 874) |
| Acquisition of intangible assets | | (1 705) | (1 465) |
| Acquisition of assets held for sale | | - | - |
| Loans granted | | - | (500) |
| Acquisition of other investments | | - | (10) |
| Cash outflows on investing activities from continuing operations | | (18 605) | (11 751) |
| Cash generated from discontinued operations | | - | - |
| Net cash from investing activities | | (18 605) | (11 751) |
| Cash flows from financing activities | | | |
| Proceeds from interest-bearing loans and borrowings | | 23 158 | 18 609 |
| Proceeds/(outflows) relating to factoring | | (2 799) | (57 368) |
| Repayment of interest-bearing loans and borrowings | | (12 017) | (55 013) |
| Payment of finance lease liabilities | | (17 052) | (10 938) |
| Dividends and interests on Exchangeable Notes paid | | (4 562) | (5 531) |
| Interest and transaction costs (related to loans and borrowings) paid | | (44 799) | (33 919) |
| Other transactions with the Owner | | (18 565) | (1 437) |
| Cash outflows on financing activities from continuing operations | | (76 636) | (145 597) |
| Cash outflows from discontinued operations | | - | - |
| Net cash from financing activities | | (76 636) | (145 597) |
| Net change in cash and cash equivalents | | 4 211 | (2 767) |
| Cash and cash equivalents net of bank overdraft, at 1 July | 17 | 12 636 | 15 395 |
| - effect of exchange rate fluctuations on cash held | | - | 8 |
| Cash and cash equivalents net of bank overdraft, at 30 June | 17 | 16 847 | 12 636 |

* data not reviewed

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Member of the Management Board

The condensed consolidated statement of cash flows should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of changes in equity

| Attributable to owners of the Parent Company | | | | | | | |
|---|----------------|----------------------------------|---------------------------------------|--|----------------|---------------------------|----------------|
| Note | Issued capital | Reserves (incl. treasury shares) | Foreign currency translation reserves | Accumulated losses from previous years and net result for the period | Total | Non-controlling interests | Total equity |
| <i>in PLN thousand</i> | | | | | | | |
| Equity as at 1 January 2016 | 139 702 | 194 935 | 32 | (187 547) | 147 122 | 21 569 | 168 691 |
| Total comprehensive income | - | - | 41 | (6 038) | (5 997) | 27 | (5 970) |
| - (loss)/profit for the period | - | - | - | (6 038) | (6 038) | 27 | (6 011) |
| - foreign currency translation differences relating to foreign operations | - | - | 41 | - | 41 | - | 41 |
| Transactions with owners of the Company, recognised in equity | | | | | | | |
| Contribution by and distributions to owners of the Company | - | - | - | (2 186) | (2 186) | (313) | (2 499) |
| Dividends paid | - | - | - | - | - | (313) | (313) |
| Interests on exchangeable notes in the period | - | - | - | (2 186) | (2 186) | - | (2 186) |
| Change in ownership interests | - | - | - | 1 195 | 1 195 | (1 258) | (63) |
| Obtaining control over previously equity-accounted investee and other | - | - | - | 1 195 | 1 195 | (1 258) | (63) |
| Transfer of profit | - | 512 | - | (512) | - | - | - |
| Other | - | - | - | (192) | (192) | - | (192) |
| Equity as at 30 June 2016 | 139 702 | 195 447 | 73 | (195 280) | 139 942 | 20 025 | 159 967 |
| | | | | | | | |
| Equity as at 1 January 2016 | 139 702 | 194 935 | 32 | (187 547) | 147 122 | 21 569 | 168 691 |
| Total comprehensive income | - | - | 11 | 1 467 | 1 478 | 59 | 1 537 |
| - profit for the period | - | - | - | 1 467 | 1 467 | 59 | 1 526 |
| - foreign currency translation differences relating to foreign operations | - | - | 11 | - | 11 | - | 11 |
| Transactions with owners of the Company, recognised in equity | | | | | | | |
| Contribution by and distributions to owners of the Company | 10 830 | (10 830) | - | (13 521) | (13 521) | (249) | (13 770) |
| Dividends paid | - | - | - | - | - | (249) | (249) |
| Conversion of exchangeable notes | 10 830 | (10 830) | - | - | - | - | - |
| Interests on exchangeable notes in the period | - | - | - | (4 721) | (4 721) | - | (4 721) |
| Other settlements with the Owner | - | - | - | (8 800) | (8 800) | - | (8 800) |
| Change in ownership interests | - | - | - | 7 241 | 7 241 | (7 604) | (363) |
| Obtaining control over previously equity-accounted investee and other | - | - | - | 7 241 | 7 241 | (7 604) | (363) |
| Transfer of profit | - | 512 | - | (512) | - | - | - |
| Other | - | - | - | (192) | (192) | - | (192) |
| Equity as at 31 December 2016 | 150 532 | 184 617 | 43 | (193 064) | 142 128 | 13 775 | 155 903 |

The condensed consolidated statement of changes in equity should be read in conjunction with the explanatory notes constituting integral part of the condensed consolidated interim financial statements

Condensed consolidated statement of changes in equity

| Attributable to owners of the Parent Company | | | | | | | |
|---|----------------|----------------------------------|---------------------------------------|--|----------------|---------------------------|----------------|
| <i>Note</i> | Issued capital | Reserves (incl. treasury shares) | Foreign currency translation reserves | Accumulated losses from previous years and net result for the period | Total | Non-controlling interests | Total equity |
| <i>in PLN thousand</i> | | | | | | | |
| Equity as at 1 January 2017 | 150 532 | 184 617 | 43 | (193 064) | 142 128 | 13 775 | 155 903 |
| Total comprehensive income | - | - | (34) | 34 503 | 34 469 | 2 280 | 36 749 |
| - profit for the period | - | - | - | 34 503 | 34 503 | 2 280 | 36 783 |
| - foreign currency translation differences relating to foreign operations | - | - | (34) | - | (34) | - | (34) |
| Transactions with owners of the Company, recognised in equity | | | | | | | |
| Contribution by and distributions to owners of the Company | 1 370 | (1 370) | - | (2 181) | (2 181) | - | (2 181) |
| Conversion of exchangeable notes | 14 | 1 370 | (1 370) | - | - | - | - |
| Interests on exchangeable notes in the period | - | - | - | (2 181) | (2 181) | - | (2 181) |
| Other | - | - | - | (4 258) | (4 258) | - | (4 258) |
| Equity as at 30 June 2017 | 151 902 | 183 247 | 9 | (165 000) | 170 158 | 16 055 | 186 213 |

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1 Reporting entity

Cognor Holding S.A. - previously Cognor S.A. (Cognor Holding, the Company, the Parent Company) with its seat in Poraj, Poland, is the Parent Company of the Group. Until 29 August 2011, the Parent Company of the Group was ZŃmrex S.A. The Company was established in 1991. Since 1994 Cognor's shares are quoted on Warsaw Stock Exchange. Till May 2011, the main activity of the Parent Company was distribution of steel products. After May 2011, Cognor S.A. became a holding company. On November 29, 2016 the Company has changed its name into Cognor Holding S.A.

The main activities of the Group comprise: scrap collection, scrap processing into steel billets and steel products.

2 Cognor Holding S.A. Group

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 comprise the Parent Company and its subsidiaries (the Group) and associates. Details of the subsidiaries that comprise the Group and associates of the Group as at 30 June 2017 are presented in the table below. In the period of 6 months ended 30 June 2017 there were no changes in the structure of the Group and investments in associates.

| Name of the entity | Seat of the entity | Ownership interest and voting rights | Date of obtaining control |
|---|--------------------|--------------------------------------|---------------------------|
| COGNOR S.A. | Poland | 94.38% | 2006-01-27* |
| COGNOR HOLDING S.A. Sp. k. (previously KAPITA/ S.A. Sp. k.) | Poland | 51.0% | 2008-03-25* |
| Z/ OMREX METAL Sp. z o.o. | Poland | 94.38% | 2007-04-02* |
| COGNOR BLACHY DACHOWE S.A. | Poland | 100.0% | 2006-08-01 |
| BUSINESS SUPPORT SERVICES Sp. z o.o. | Poland | 100.0% | 2006-05-15* |
| AB STAHL AG | Germany | 94.38% | 2006-08-03* |
| COGNOR INTERNATIONAL FINANCE plc | Great Britain | 94.38% | 2013-10-24 |
| PRZEDSI BIORSTWO TRANSPORTU SAMOCHODOWEGO S.A. | Poland | 87.74% | 2014-04-11 |
| 4 GROUPS Sp. z o.o. | Poland | 30.0% (associate) | 2013-01-21 |
| MADROHUT Sp. z o.o. | Poland | 21.93% (associate) | 2014-04-11 |

* date of obtaining control by ZŃmrex S.A. Group

3 Basis of preparation of condensed consolidated interim financial statements

a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016 prepared in accordance with International Financial Reporting Standards as adopted by European Union (IFRS EU).

These condensed interim consolidated financial statements as at 30 June 2017 and for the six months then ended were reviewed by the independent auditor.

The consolidated financial statements as at 31 December 2016 and for the year then ended were audited by the auditor.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Parent Company on 29 August 2017.

b) Going concern basis of accounting

The condensed consolidated financial statements as of and for the period ended 30 June 2017 have been prepared on the going concern basis. In the opinion of the Management Board of Cognor Holding S.A. on the date of preparation of these condensed interim consolidated financial statements, there are no threats that could affect the ability of the Group to continue its activities in the next twelve-month reporting period.

c) Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements for 2016 except for income tax, which was calculated using the expected average annual effective tax rate.

The new and revised standards and interpretations that apply in the financial year beginning on 1 January 2017 have not affected these consolidated financial statements.

New or revised standards and interpretations that have not yet entered into force and which may have an impact on the Group have been presented, together with an overall assessment of the Group's impact, in the consolidated financial statements for the financial year ended 31 December 2016. From the date of approval of the annual accounts 2016 until the date of approval of these financial statements no new and amended standards and interpretations have been published that would affect the Group. The Group intends to adopt published, but not binding, amendments to IFRSs as at the date of these financial statements, as of the date of their entry into force.

The Group is analyzing the impact of the application of new standards that will enter into force from 1 January 2018. Preliminary analysis of IFRS 15 does not indicate that this standard would have a material impact on the Group's report, but the Group has not yet completed its analysis and further information on the implementation of the new standard will be disclosed in the annual financial statements. The impact of IFRS 9 and IFRS 16 on the Group's financial data is being analyzed.

d) Estimates and judgements

The preparation of interim financial statements in conformity with IFRS EU and IAS34 requires that the Management Board of the Parent Company makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, equity and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the consolidated financial statements as at and for the year ended 31 December 2016.

e) Additional comparative periods

In relation to the information requirements arising from the obligation of publication of these consolidated financial statements on Luxembourg Stock Exchange (LSE), the Group publishes additional comparative periods for the last 12 months for the statement of profit or loss and other income and for cash flow statement.

4 Change of comparable data

The Group has changed the definition of intra-group eliminations for particular types of expenses and revenue categories.

The impact of the changes resulting from the above change in presentation compared to the data presented in the published annual consolidated financial statement as at 31 December 2016 is presented below.

Expenses by type for the period from 1 January 2014 till 31 December 2014

in PLN thousand

| | Published 01.01.2014 - 31.12.2014 | Change of presentation 01.01.2014 - 31.12.2014 | Reclassified 01.01.2014 - 31.12.2014 |
|--|--------------------------------------|---|---|
| Depreciation and amortisation | (34 843) | | (34 843) |
| Energy and materials consumption | (895 915) | (50 588) | (946 503) |
| External services | (200 399) | 50 588 | (149 811) |
| Taxes and charges | (11 826) | | (11 826) |
| Wages and salaries | (87 925) | | (87 925) |
| | (21 107) | | (21 107) |
| Social security contributions and other benefits | | | |
| Other expenses | (4 311) | | (4 311) |
| Amortisation of prepaid perpetual usufruct of land | (559) | | (559) |
| Total expenses by type | (1 256 885) | - | (1 256 885) |
| Cost of goods for resale and materials | (158 900) | | (158 900) |
| | 58 393 | | 58 393 |
| Changes in inventories, prepayments, accruals | | | |
| Costs of products, goods and materials sold, administrative and distribution expenses | (1 357 392) | - | (1 357 392) |

Expenses by type for the period from 1 January 2015 till 31 December 2015

in PLN thousand

| | Published 01.01.2015 - 31.12.2015 | Change of presentation 01.01.2015 - 31.12.2015 | Reclassified 01.01.2015 - 31.12.2015 |
|--|--------------------------------------|---|---|
| Depreciation and amortisation | (35 309) | | (35 309) |
| Energy and materials consumption | (799 413) | (65 195) | (864 608) |
| External services | (203 421) | 65 195 | (138 226) |
| Taxes and charges | (15 023) | | (15 023) |
| Wages and salaries | (102 502) | | (102 502) |
| | (25 612) | | (25 612) |
| Social security contributions and other benefits | | | |
| Other expenses | (4 256) | | (4 256) |
| Amortisation of prepaid perpetual usufruct of land | (554) | | (554) |
| Total expenses by type | (1 186 090) | - | (1 186 090) |
| Cost of goods for resale and materials | (158 121) | | (158 121) |
| | (7 202) | | (7 202) |
| Changes in inventories, prepayments, accruals | | | |
| Costs of products, goods and materials sold, administrative and distribution expenses | (1 351 413) | - | (1 351 413) |

Expenses by type for the period from 1 January 2016 till 31 December 2016

in PLN thousand

| | Published 01.01.2016 - 31.12.2016 | Change of presentation 01.01.2016 - 31.12.2016 | Reclassified 01.01.2016 - 31.12.2016 |
|--|--------------------------------------|---|---|
| Depreciation and amortisation | (37 871) | | (37 871) |
| Energy and materials consumption | (747 171) | (94 360) | (841 531) |
| External services | (228 440) | 76 736 | (151 704) |
| Taxes and charges | (9 207) | | (9 207) |
| Wages and salaries | (108 832) | | (108 832) |
| | (27 374) | | (27 374) |
| Social security contributions and other benefits | | | |
| Other expenses | (3 837) | | (3 837) |
| Amortisation of prepaid perpetual usufruct of land | (449) | | (449) |
| Total expenses by type | (1 163 181) | (17 624) | (1 180 805) |
| Cost of goods for resale and materials | (148 796) | 17 624 | (131 172) |
| | 14 402 | | 14 402 |
| Changes in inventories, prepayments, accruals | | | |
| Costs of products, goods and materials sold, administrative and distribution expenses | (1 297 575) | - | (1 297 575) |

Revenues from sale for the period 01.01.2016 - 31.12.2016

in PLN thousand

| | Published 01.01.2016 - 31.12.2016 | Change of presentation 01.01.2016 - 31.12.2016 | Reclassified 01.01.2016 - 31.12.2016 |
|-------------------------------------|--------------------------------------|---|---|
| Revenues from sale of products | 1 127 525 | 18 060 | 1 145 585 |
| Revenues form sale of services | 23 406 | | 23 406 |
| Revenues from sale of goods | 170 493 | | 170 493 |
| Revenues from sale of raw materials | 30 969 | (18 060) | 12 909 |
| | 1 352 393 | - | 1 352 393 |

There are no changes of presentation in revenues in 2015 and 2014.

5 Revenues from sale

in PLN thousand

| | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 |
|-------------------------------------|-------------------------|-------------------------|
| Revenues from sale of products | 702 053 | 615 700 |
| Revenues form sale of services | 11 906 | 11 557 |
| Revenues from sale of goods | 109 433 | 91 144 |
| Revenues from sale of raw materials | 10 449 | 6 778 |
| | 833 841 | 725 179 |

6 Expenses by type

in PLN thousand

| | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 |
|--|-------------------------|-------------------------|
| Depreciation and amortisation | (19 372) | (17 983) |
| Energy and materials consumption | (513 254) | (423 659) |
| External services | (71 195) | (77 442) |
| Taxes and charges | (7 953) | (6 938) |
| Wages and salaries | (62 145) | (55 842) |
| Social security contributions and other benefits | (15 613) | (14 963) |
| Other expenses | (2 517) | (1 934) |
| Amortisation of prepaid perpetual usufruct of land | (187) | (225) |
| Total expenses by type | (692 236) | (598 986) |
| Cost of goods for resale and materials | (119 453) | (78 767) |
| Changes in inventories, prepayments, accruals | 32 050 | (20 009) |
| Costs of products, goods and materials sold, administrative and distribution expenses | (779 639) | (697 762) |

7 Net financing costs

in PLN thousand

Financial income

| | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 |
|---------------------------------|-------------------------|-------------------------|
| Net gain on the purchase of own | | 2 165 |
| Net foreign exchange gain | - | - |
| Financial income, total | 17 692 | 2 165 |

Financial costs

| | | |
|--|-----------------|-----------------|
| Interest expense relating to financial liabilities | (22 816) | (24 388) |
| Bank fees and transaction costs related to loans and borrowings (recognised using the effective interest rate) | (2 532) | (2 781) |
| Net foreign exchange loss | (145) | (16 136) |
| Other | (275) | (266) |
| Financial expenses, total | (25 768) | (43 571) |
| Net financing costs | (8 076) | (41 406) |

8 Segment reporting

Operating segments classification and the segment result's measurement have not changed and are consistent with the policies described in the consolidated financial statements as at and for the year ended 31 December 2016.

Reporting segments (for the three months ended 30 June)*

in PLN thousand

| 30.06.2017 | Scrap division | Production division | Distribution division | Other | Unallocated | Eliminations | Consolidated |
|--|-------------------|------------------------|--------------------------|----------------|--------------|-----------------|------------------|
| Revenue from external customers | 52 750 | 342 331 | 1 798 | 7 433 | - | - | - |
| Inter-segment revenue | 46 795 | 382 | - | 3 359 | - | - | - |
| Total revenue | 99 545 | 342 713 | 1 798 | 10 792 | - | (50 536) | 404 312 |
| Cost of sales to external customers | (46 245) | (305 574) | (1 680) | (6 063) | - | - | - |
| Inter-segment cost of sales | (46 942) | (222) | - | (699) | - | - | - |
| Total cost of sales | (93 187) | (305 796) | (1 680) | (6 762) | - | 49 268 | (358 157) |
| Segment result | 6 358 | 36 917 | 118 | 4 030 | - | (1 268) | 46 155 |
| Other income | 718 | 1 202 | 13 | 528 | (1 107) | 149 | 1 503 |
| Distribution and administrative expenses | (4 827) | (13 668) | (338) | (8 911) | (124) | 2 629 | (25 239) |
| Other gains/(losses) net | 125 | 119 | 1 | (24) | 581 | (46) | 756 |
| Other expenses | (62) | (396) | (1) | (738) | 204 | (101) | (1 094) |
| Operating profit/(loss) | 2 312 | 24 174 | (207) | (5 115) | (446) | 1 363 | 22 081 |
| Net financing costs | (190) | (999) | 97 | (275) | (13 599) | 1 295 | (13 671) |
| Share of loss of associates | - | - | - | - | - | - | 29 |
| Gain on bargain purchase | - | - | - | - | - | - | - |
| Income tax expense | - | - | - | - | - | - | (2 004) |
| Profit for the period | - | - | - | - | - | - | 6 435 |

in PLN thousand

| 30.06.2016 | Scrap division | Production division | Distribution division | Other | Unallocated | Eliminations | Consolidated |
|--|-------------------|------------------------|--------------------------|----------------|----------------|-----------------|------------------|
| Revenue from external customers | 45 765 | 312 878 | 3 715 | 7 149 | - | - | - |
| Inter-segment revenue | 51 621 | 35 220 | - | 4 534 | - | - | - |
| Total revenue | 97 386 | 348 098 | 3 715 | 11 683 | - | (91 375) | 369 507 |
| Cost of sales to external customers | (38 038) | (280 894) | (3 170) | (5 934) | - | - | - |
| Inter-segment cost of sales | (53 623) | (26 708) | - | (2 294) | - | - | - |
| Total cost of sales | (91 661) | (307 602) | (3 170) | (8 228) | - | 86 881 | (323 780) |
| Segment result | 5 725 | 40 496 | 545 | 3 455 | - | (4 494) | 45 727 |
| Other income | 568 | 572 | (5) | (108) | 680 | (559) | 1 148 |
| Distribution and administrative expenses | (5 296) | (17 935) | 350 | 154 | (3 671) | 4 267 | (22 131) |
| Other gains/(losses) net | 370 | 104 | 9 | 71 | 1 559 | (1 558) | 555 |
| Other expenses | (27) | (1 301) | 2 | - | (554) | 683 | (1 197) |
| Operating profit/(loss) | 1 340 | 21 936 | 901 | 3 572 | (1 986) | (1 661) | 24 102 |
| Net financing costs | (139) | (636) | (71) | 6 | (32 508) | 5 682 | (27 666) |
| Share of loss of associates | - | - | - | - | - | - | 50 |
| Gain on bargain purchase | - | - | - | - | - | - | - |
| Income tax expense | - | - | - | - | - | - | 4 052 |
| Profit for the period | - | - | - | - | - | - | 538 |

* data not reviewed

Reporting segments (for the six months ended 30 June)

| <i>in PLN thousand</i> | 30.06.2017 | Scrap division | Production division | Distribution division | Other | Unallocated | Eliminations | Consolidated |
|--|------------|-------------------|------------------------|--------------------------|-----------------|----------------|------------------|------------------|
| Revenue from external customers | | 108 550 | 708 285 | 2 604 | 14 402 | | | |
| Inter-segment revenue | | 107 814 | 822 | - | 6 231 | | | |
| Total revenue | | 216 364 | 709 107 | 2 604 | 20 633 | - | (114 867) | 833 841 |
| Cost of sales to external customers | | (92 582) | (625 678) | (2 497) | (12 012) | | | |
| Inter-segment cost of sales | | (109 572) | (494) | - | (1 139) | | | |
| Total cost of sales | | (202 154) | (626 172) | (2 497) | (13 151) | - | 114 555 | (729 419) |
| Segment result | | 14 210 | 82 935 | 107 | 7 482 | - | (312) | 104 422 |
| Other income | | 1 397 | 1 271 | 17 | 577 | 706 | (1 602) | 2 366 |
| Distribution and administrative expenses | | (10 175) | (31 436) | (629) | (8 928) | (4 026) | 4 974 | (50 220) |
| Other gains/(losses) net | | 31 | (268) | 8 | (24) | (31) | (416) | (700) |
| Other expenses | | (135) | (741) | (5) | (738) | (1 935) | 1 387 | (2 167) |
| Operating profit/(loss) | | 5 328 | 51 761 | (502) | (1 631) | (5 286) | 4 031 | 53 701 |
| Net financing costs | | (348) | (1 815) | 189 | (421) | (4 121) | (1 560) | (8 076) |
| Share of losses of associates | | | | | | | | (22) |
| Gain on bargain purchase | | | | | | | | - |
| Income tax expense | | | | | | | | (8 820) |
| Profit for the period | | | | | | | | 36 783 |

| <i>in PLN thousand</i> | 30.06.2016 | Scrap division | Production division | Distribution division | Other | Unallocated | Eliminations | Consolidated |
|--|------------|-------------------|------------------------|--------------------------|-----------------|---------------|------------------|------------------|
| Revenue from external customers | | 92 041 | 613 001 | 5 938 | 14 199 | | | |
| Inter-segment revenue | | 80 577 | 60 331 | - | 8 747 | | | |
| Total revenue | | 172 618 | 673 332 | 5 938 | 22 946 | - | (149 655) | 725 179 |
| Cost of sales to external customers | | (76 092) | (566 740) | (5 197) | (12 038) | | | |
| Inter-segment cost of sales | | (86 150) | (47 019) | - | (4 395) | | | |
| Total cost of sales | | (162 242) | (613 759) | (5 197) | (16 433) | - | 141 786 | (655 845) |
| Segment result | | 10 376 | 59 573 | 741 | 6 513 | - | (7 869) | 69 334 |
| Other income | | 640 | 923 | 127 | 2 785 | 28 742 | (787) | 2 353 |
| Distribution and administrative expenses | | (10 928) | (29 160) | (703) | (572) | (7 317) | 8 328 | (41 917) |
| Other gain/(losses) net | | 408 | (1 201) | 8 | (20) | (273) | (1 466) | 1 353 |
| Other expenses | | (218) | (1 944) | (25) | (68) | (1 653) | 1 091 | (2 014) |
| Operating (loss)/profit | | 278 | 28 191 | 148 | 8 638 | 19 499 | (703) | 29 109 |
| Net financing costs | | (377) | (1 612) | - | (149) | (46 491) | 7 223 | (41 406) |
| Share of losses of associates | | | | | | | | 87 |
| Gain on bargain purchase | | | | | | | | - |
| Income tax expense | | | | | | | | 6 199 |
| Loss for the period | | | | | | | | (6 011) |

Reporting segments (for the twelve months ended 30 June)*

in PLN thousand

| 30.06.2017 | Scrap division | Production division | Distribution division | Other | Unallocated | Eliminations | Consolidated |
|--|-------------------|------------------------|--------------------------|-----------------|----------------|------------------|--------------------|
| Revenue from external customers | 195 552 | 1 226 824 | 7 665 | 31 014 | - | - | - |
| Inter-segment revenue | 195 188 | 2 985 | - | 21 461 | - | - | - |
| Total revenue | 390 740 | 1 229 809 | 7 665 | 52 475 | - | (219 634) | 1 461 055 |
| Cost of sales to external customers | (188 744) | (1 094 595) | (6 821) | (27 288) | - | - | - |
| Inter-segment cost of sales | (175 631) | (3 254) | - | (3 389) | - | - | - |
| Total cost of sales | (364 375) | (1 097 849) | (6 821) | (30 677) | - | 216 481 | (1 283 241) |
| Segment result | 26 365 | 131 960 | 844 | 21 798 | - | (3 153) | 177 814 |
| Other income | 2 711 | 3 174 | 57 | 1 577 | 1 576 | (3 355) | 5 740 |
| Distribution and administrative expenses | (21 060) | (69 769) | (2 585) | (20 991) | 73 | 18 121 | (96 211) |
| Other gain/(losses) net | 723 | (386) | (20) | 13 143 | (154) | (12 662) | 644 |
| Other expenses | (352) | (3 580) | (120) | (1 189) | (4 975) | 3 339 | (6 877) |
| Operating profit/(loss) | 8 387 | 61 399 | (1 824) | 14 338 | (3 480) | 2 290 | 81 110 |
| Net financing costs | (506) | 265 | 483 | (6 517) | (23 036) | (355) | (29 666) |
| Share of losses of associates | | | | | | | (6) |
| Gain on bargain purchase | | | | | | | - |
| Income tax expense | | | | | | | (7 118) |
| Profit for the period | | | | | | | 44 320 |

in PLN thousand

| 30.06.2016 | Scrap division | Production division | Distribution division | Other | Unallocated | Eliminations | Consolidated |
|--|-------------------|------------------------|--------------------------|-----------------|---------------|------------------|--------------------|
| Revenue from external customers | 186 422 | 1 134 730 | 13 768 | 31 134 | | | |
| Inter-segment revenue | 142 515 | 108 727 | 7 | 16 359 | | | |
| Total revenue | 328 937 | 1 243 457 | 13 775 | 47 493 | - | (267 608) | 1 366 054 |
| Cost of sales to external customers | (219 087) | (1 073 081) | (11 519) | (24 994) | | | |
| Inter-segment cost of sales | (218 786) | (83 096) | (8) | (9 465) | | | |
| Total cost of sales | (310 557) | (1 156 177) | (11 527) | (34 459) | - | 249 444 | (1 263 276) |
| Segment result | 18 380 | 87 280 | 2 248 | 13 034 | - | (18 164) | 102 778 |
| Other income | 1 626 | 3 814 | 182 | 4 979 | 65 229 | (68 800) | 4 915 |
| Distribution and administrative expenses | (22 351) | (68 038) | (1 461) | (1 250) | (14 408) | 21 319 | (82 980) |
| Other gain/(losses) net | 744 | 2 209 | (17) | 232 | 4 055 | (7 677) | 5 401 |
| Other expenses | (744) | (3 584) | (71) | (2 800) | (43 912) | 43 514 | (6 451) |
| Operating profit/(loss) | (2 345) | 21 681 | 881 | 14 195 | 10 964 | (29 808) | 23 663 |
| Net financing costs | (945) | (2 090) | (25) | (2 926) | (94 105) | 44 310 | (55 781) |
| Share of losses of associates | | | | | | | 38 |
| Gain on bargain purchase | | | | | | | - |
| Income tax expense | | | | | | | 10 993 |
| Loss for the period | | | | | | | (21 087) |

* data not reviewed

in PLN thousand

| | 30.06.2017 | Scrap division | Production division | Distribu- tion division | Other | Unallocated | Consolidated |
|---------------------|------------|-------------------|------------------------|-------------------------------|--------|-------------|----------------|
| Segment assets | | 69 958 | 639 425 | 3 435 | 51 516 | 165 190 | 929 524 |
| Segment liabilities | | 22 069 | 202 145 | 769 | 6 750 | 511 576 | 743 309 |

in PLN thousand

| | 31.12.2016 | Scrap division | Production division | Distribu- tion division | Other | Unallocated | Consolidated |
|---------------------|------------|-------------------|------------------------|-------------------------------|--------|-------------|----------------|
| Segment assets | | 67 171 | 597 983 | 3 449 | 43 389 | 183 309 | 895 301 |
| Segment liabilities | | 33 548 | 155 411 | 1 244 | 4 491 | 544 704 | 739 398 |

in PLN thousand

| | 30.06.2016 | Scrap division | Production division | Distribu- tion division | Other | Unallocated | Consolidated |
|---------------------|------------|-------------------|------------------------|-------------------------------|--------|-------------|----------------|
| Segment assets | | 68 136 | 608 244 | 4 320 | 19 902 | 172 171 | 872 773 |
| Segment liabilities | | 23 357 | 161 238 | 977 | 2 720 | 524 514 | 712 806 |

Unallocated assets

in PLN thousand

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|----------------|----------------|----------------|
| Long-term and short-term investments | 4 477 | 10 776 | 17 207 |
| Deferred tax assets | 82 803 | 92 058 | 89 445 |
| Income tax receivable | 10 | 1 908 | 47 |
| Cash and cash equivalents | 40 427 | 24 980 | 20 705 |
| Assets held for sale | - | 6 012 | 6 012 |
| Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc.) | 37 473 | 47 575 | 38 755 |
| | 165 190 | 183 309 | 172 171 |

Unallocated liabilities

in PLN thousand

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|----------------|----------------|----------------|
| Interest-bearing loans and borrowings | 436 299 | 448 849 | 442 296 |
| Bank overdraft | 23 580 | 23 154 | 8 069 |
| Deferred tax liabilities | 4 497 | 6 150 | 6 652 |
| Government grants and other deferred income | 117 | 117 | 117 |
| Current income tax payables | 205 | - | 347 |
| Other liabilities | 46 878 | 66 434 | 67 033 |
| | 511 576 | 544 704 | 524 514 |

9 Property, plant and equipment

During the three months ended 30 June 2017, the Group acquired property, plant and equipment at a cost of PLN 10 388 thousand (three months ended 30 June 2016: PLN 19 480 thousand). Assets with a net book value of PLN 925 thousand were disposed of during the three months ended 30 June 2017 (three months ended 30 June 2016: PLN 575 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 396 thousand (three months ended 30 June 2016: a net gain on disposal of PLN 232 thousand).

During the six months ended 30 June 2017, the Group acquired property, plant and equipment at a cost of PLN 14 726 thousand (six months ended 30 June 2016: PLN 29 469 thousand). Assets with a net book value of PLN 1 354 thousand were disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: PLN 939 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 59 thousand (six months ended 30 June 2016: a net gain on disposal of PLN 316 thousand).

During the twelve months ended 30 June 2017, the Group acquired property, plant and equipment at a cost of PLN 40 536 thousand (twelve months ended 30 June 2016: PLN 58 449 thousand). Assets with a net book value of PLN 2 296 thousand were disposed of during the twelve months ended 30 June 2017 (twelve months ended 30 June 2016: PLN 14 491 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 500 thousand (twelve months ended 30 June 2016: a net gain on disposal of PLN 800 thousand).

Capital commitments

As at 30 June 2017 the Group had capital commitments in the amount of PLN 4 193 thousand (31 December 2016: PLN 6 596 thousand; 30 June 2016: PLN 7 261 thousand).

10 Equity

Issued share capital

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|--|------------|------------|------------|
| Registered shares number at reporting date | 75 951 023 | 75 265 868 | 69 851 487 |
| Number of issued warrants | 56 491 225 | 57 176 380 | 62 590 761 |
| Nominal value of 1 share | 2 PLN | 2 PLN | 2 PLN |

At 30 June 2017, the Parent Company's share capital comprised 75 951 023 ordinary shares (31 December 2016: 75 265 868; 30 June 2016: 69 851 487) with a nominal value of PLN 2 each.

Information on the share capital increase in 2017 as a result of conversion of Exchangeable Notes has been disclosed in Note 14.

In accordance with the High Yield Bonds agreement the Group is permitted to pay dividends up to the limit of EUR 5 million. There were no dividends declared or paid in the reporting periods.

The ownership structure as at 30 June 2017 is presented in the table below:

| Shareholder | Shares number | Shares in equity % | Number of votes | Share of votes on General Shareholders' Meeting % |
|-----------------------|-------------------|--------------------|-------------------|---|
| PS Holdco Sp. z o.o.* | 50 800 324 | 66.89% | 50 800 324 | 66.89% |
| Other shareholders | 25 150 699 | 33.11% | 25 150 699 | 33.11% |
| Total | 75 951 023 | 100.00% | 75 951 023 | 100.00% |

* Przemysław Sztuczkowski owns 100% of shares in the PS Holdco Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A.

The ownership structure as at the date of the publication of latest condensed consolidated interim financial statements (15 May 2017) is presented in the table below:

| Shareholder | Shares number | Shares in equity % | Number of votes | Share of votes on General Shareholders' Meeting % |
|-----------------------|-------------------|--------------------|-------------------|---|
| PS Holdco Sp. z o.o.* | 50 800 324 | 67.49% | 50 800 324 | 67.49% |
| Other shareholders | 24 465 544 | 32.51% | 24 465 544 | 32.51% |
| Total | 75 265 868 | 100.00% | 75 265 868 | 100.00% |

* Przemysław Sztuczkowski owns 100% of shares in the PS Holdco Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A.

The ownership structure as at the date of the publication of these condensed consolidated interim financial statements (29 August 2017) is presented in the table below:

| Shareholder | Shares number | Shares in equity % | Number of votes | Share of votes on General Shareholders' Meeting % |
|-----------------------|-------------------|--------------------|-------------------|---|
| PS Holdco Sp. z o.o.* | 50 800 324 | 66.76% | 50 800 324 | 66.76% |
| Other shareholders | 25 286 921 | 33.23% | 25 286 921 | 33.23% |
| Total | 76 087 245 | 100.00% | 76 087 245 | 100.00% |

* Przemysław Sztuczkowski owns 100% of shares in the PS Holdco Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A.

Przemysław Sztuczkowski, President of Cognor Holding's Management Board, owns 100% of shares in PS HoldCo Sp. z o.o., which is direct and indirect owner of 66.89% shares in Cognor Holding S.A. as at 30 June 2017, giving 66.89% of votes on General Shareholders' Meeting.

PS HoldCo Sp. z o.o. owns Exchangeable Notes for shares of Cognor Holding S.A. in the nominal value of 1 938 906 EUR, which represents 3 547 784 of Cognor Holding S.A. shares after conversion.

Information on conditional capital increase and the principles on which the PS Holdco Sp. z o.o. transferred to the Group ownership of subscription warrants series B was presented in the annual consolidated financial statements for 2014 and in note no. 8 to these condensed interim consolidated financial statements.

11 Earnings per share

The calculation of basic earnings per share for the three-month period ended 30 June 2017 was based on the profit attributable to ordinary shareholders of PLN 5 967 thousand (the three-month period ended 30 June 2016: net loss PLN 496 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 30 June 2017 of 75 494 thousand (the three-month period ended 30 June 2016: 69 851 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the three months ended 30 June 2017 was 104 073 thousand* (30 June 2016: 69 851 thousand*).

The calculation of basic earnings per share for the six-month period ended 30 June 2017 was based on the profit attributable to ordinary shareholders of PLN 34 503 thousand (the six-month period ended 30 June 2016: loss PLN 6 038 thousand) and a weighted average number of ordinary shares outstanding during the six-month period ended 30 June 2017 of 75 380 thousand (the six-month period ended 30 June 2016: 69 851 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the six months ended 30 June 2017 was 104 038 thousand* (30 June 2016: 69 851 thousand*).

The calculation of basic earnings per share for the twelve-month period ended 30 June 2017 was based on the profit attributable to ordinary shareholders of PLN 42 008 thousand (the twelve-month period ended 30 June 2016: loss PLN 21 266 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 30 June 2017 of 73 735 thousand (the twelve-month period ended 30 June 2016: 68 745 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 30 June 2017 was 105 727 thousand* (30 June 2016: 68 745 thousand*).

*The calculation of diluted earnings per share in 2017 was based on the number of ordinary shares and the number of potential ordinary shares that would have been issued upon the conversion of the nominal value of convertible bonds and interest attributable to these bonds in the given periods excluding interest paid in these periods. In 2016 the calculation of diluted earnings per share was based on the average number of ordinary shares.

As at 30 June 2017, issued warrants were excluded from the diluted weighted average number of ordinary shares calculation as the effect of warrants which may remain unconverted into shares would have been anti-dilutive due to the fact that the average market value of the Parent Company's shares was lower than price of warrants conversion. The average market value of the Company's shares for purposes of calculating the dilutive effect of share warrants was based on quoted average market prices for the period during which the warrants were outstanding.

12 Inventories

in PLN thousand

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|--|----------------|----------------|----------------|
| Raw materials | 91 760 | 90 536 | 74 074 |
| Semi-finished goods and work in progress | 88 832 | 114 807 | 75 396 |
| Finished products | 118 290 | 75 761 | 82 973 |
| Goods for resale | 18 126 | 16 637 | 15 656 |
| | 317 008 | 297 741 | 248 099 |

13 Trade and other payables

Short term

in PLN thousand

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|--|----------------|----------------|----------------|
| Trade payables | 206 562 | 166 670 | 161 009 |
| Statutory payables | 10 381 | 17 838 | 18 059 |
| Investment payables | 4 193 | 6 596 | 7 261 |
| Prepayments for services and deliveries of goods | 3 799 | 1 580 | 719 |
| Liabilities due to Shareholder* | 5 388 | 8 017 | 6 619 |
| Payroll liabilities | 5 923 | 6 203 | 5 790 |
| Accrued expenses | 569 | 2 746 | 5 249 |
| Other payables | 5 161 | 9 174 | 5 758 |
| | 241 976 | 218 824 | 210 464 |

Long term

in PLN thousand

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---------------------------------|---------------|---------------|---------------|
| Liabilities due to Shareholder* | 20 025 | 25 202 | 30 780 |
| Other payables | - | - | 27 |
| | 20 025 | 25 202 | 30 807 |

* see note 14 for details relating to the transactions with PS Holdco Sp. z o.o.

14 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

Non-current liabilities

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|----------------------------------|----------------|----------------|----------------|
| Secured fixed interest rate debt | 336 387 | 350 453 | 377 421 |
| Finance lease liabilities | 21 884 | 20 849 | 21 043 |
| Secured bank loans | - | 178 | 534 |
| Other borrowings | 3 935 | 4 918 | 553 |
| | 362 206 | 376 398 | 399 551 |

Current liabilities

| | | | |
|---|---------------|---------------|---------------|
| Current portion of secured fixed interest rate debt | 33 270 | 33 759 | 17 988 |
| Current portion of finance lease liabilities | 10 655 | 10 499 | 9 163 |
| Factoring and bill of exchange liabilities | 9 901 | 10 509 | 12 700 |
| Other borrowings | 4 750 | 4 588 | 2 182 |
| Current portion of secured bank loans | 624 | 773 | 712 |
| Scrap pre-financing | 14 893 | 12 323 | - |
| | 74 093 | 72 451 | 42 745 |
| Bank overdraft | 23 580 | 23 154 | 8 069 |
| | 97 673 | 95 605 | 50 814 |

In 2017 Cognor Holding S.A. and its subsidiary Cognor S.A. utilised bank overdraft with mBank S.A. Based on Annex No. Annex No. 14 dated 24 July 2017 extended bank overdraft until 29 December 2017.

As at 30 June 2017, bank overdrafts was utilised as follows: Cognor S.A. PLN 23 580 thousand (branch HSJ in Stalowa Wola).

On June 30, 2017 there was signed a Facilities Agreement between Cognor S.A. as borrower and Cognor Holding S.A. together with other companies from the group (Zlomrex Metal Sp. z o.o., Cognor International Finance plc, Cognor Blachy Dachowe S.A., Business Support Services Sp. z o.o., Cognor Holding S.A. Sp. k., Przedsi biorstwo Transportu Samochodowego S.A.) as guarantors and mBank S.A. and Bank Polska Kasa Opieki S.A. as lenders, under which lenders committed to provide the borrower with the following financing: (i) a term loan facility of up to EUR 50 mln to be used to refinance the Senior Secured Notes (as at 30 June 2017 the nominal value of SSN is 80 887 290 EUR) and (ii) an overdraft revolving facility of up to PLN 40 mln to be used to finance day-to-day operations of the borrower and guarantors, including to replace the existing revolving facilities.

The Facilities Agreement provides that the Facilities may be drawn upon the satisfaction of certain conditions precedent, including the delivery of documentation confirming that an equity contribution has been made by Cognor Holding S.A. in a specific manner and in the amount necessary for the total repayment of the Bonds. In order to obtain own contribution Cognor Holding S.A. on June 27, 2017 has filed to Financial Supervisory Commission (KNF) a prospectus under which it would apply for admission to trading 83 333 334 shares with a nominal value of PLN 1.50 per share (PLN 125 mln in total).

Secured fixed interest debt

On 4 February 2014, Cognor International Finance plc, established in the United Kingdom (a subsidiary of Huta Stali Jako ciowych S.A.) issued Senior Secured Notes and Exchangeable Notes. Within the framework of debt restructuring new Senior Secured Notes and Exchangeable Notes were received by the holders of 7-year Senior Secured Notes issued in 2007 by Zlomrex International Finance S.A. with the maturity date of February 2014. The new issue was allocated to the holders in proportion to bonds that they owned.

The Senior Secured Notes have an aggregate principal amount of EUR 100 348 109, mature on 1 February 2020, interest will be payable semi-annually in arrears on 1 February and 1 August in each year and depend on the interest payment periods:

- 1st and 2nd year ó 7.5% (from 4 February 2014 till 1 February 2016),
- 3rd year ó 10.0% (from 2 February 2016 till 1 February 2017),
- 4th to 6th year ó 12.5% (from 2 February 2017 till 1 February 2020).

The effective interest rate of the above mentioned bonds (that includes also the transaction costs of issuing the instruments) is 10.8%.

The Senior Secured Notes are guaranteed by: PS Holdco Sp. z o.o., Odlewnia Metali Szopienice Sp. z o.o., ZW-Walcownia Bruzdowa Sp. z o.o.(currently the branch of Cognor S.A.), Huta Stali Jako ciowych S.A.(currently the branch of Cognor S.A.), Ferrostal/ ab dy Sp. z o.o.(currently the branch of Cognor S.A.), Zlomrex Metal Sp. z o.o.

Liability for the issue of Senior Secured Notes listed on the Stock Exchange in Luxembourg (Euro MTF) of the book value of PLN 369 657 thousand on 30 June 2017 was secured as follows:

- financial pledge on shares of companies: Zlomrex Metal Sp. z o.o., ZW-Walcownia Bruzdowa Sp. z o.o.(currently the branch of Cognor S.A.), Huta Stali Jako ciowych S.A.(currently the branch of Cognor S.A.), Ferrostal/ ab dy Sp. z o.o.(currently the branch of Cognor S.A.);
- registered pledge on:
 - (i) shares in the following companies: Zlomrex Metal Sp. z o.o., ZW-Walcownia Bruzdowa Sp. z o.o.(currently the branch of Cognor S.A.), Huta Stali Jako ciowych S.A.(currently the branch of Cognor S.A.), Ferrostal/ ab dy Sp. z o.o.(currently the branch of Cognor S.A.);
 - (ii) certain non-current assets of Cognor Holding S.A. currently leased to Ferrostal/ ab dy Sp. z o.o.(currently the branch of Cognor S.A.),
 - (iii) certain non-current assets of Ferrostal/ ab dy Sp. z o.o. and ZW-Walcownia Bruzdowa Sp. z o.o.(both currently the branches of Cognor S.A.),
 - (iv) issued by Huta Stali Jako ciowych S.A.(currently the branch of Cognor S.A.) intercompany bonds;
- mortgages on real estate of Ferrostal/ ab dy Sp. z o.o. and ZW-Walcownia Bruzdowa Sp. z o.o.(both currently the branches of Cognor S.A.);
- governed by English law a lien on the shares of the issuer Cognor International Finance plc;
- statements of execution notarially confirmed by Cognor International Finance plc and all companies which guarantee issuance of Senior Secured Notes;

As at 30 June 2017 the principal amount of Senior Secured Notes outstanding was 80 887 290 EUR.

The Exchangeable Notes have EUR 25 087 003 aggregate principal amount, mature on 1 February 2021, interest will be payable semi-annually in arrears on 1st February and 1st August and the fixed interest rate is 5%. In addition, Cognor International Finance plc has right not to pay a cash but capitalize the interest on exchangeable notes (using higher, i.e. 10% coupon). The holders of the Exchangeable Notes will be entitled to have their Exchangeable Notes converted into Cognor S.A. new and/or existing shares, credited as fully paid, in the period from 1 March 2015 until the lapse of 6 months following the maturity date thereof. Upon a conversion, Cognor International Finance will have the option to:

- (i) deliver (or procure the issue or transfer and delivery of) Cognor Holding S.A. shares,
- (ii) pay a cash settlement amount, or
- (iii) a combination thereof.

Unless previously purchased and cancelled, redeemed or converted, the Exchangeable Notes will be mandatorily converted into Cognor Holding S.A. shares at the conversion price on the Exchangeable Notes maturity date at the conversion price of PLN 2.35.

In these condensed consolidated financial statements the Exchangeable Notes are presented within Reserves.

In six months of 2017, bondholders of Exchangeable Notes converted 374 447 EUR nominal value of notes into 685 155 shares of Cognor Holding S.A. worth PLN 1 370 thousand. The amount was transferred from reserves to issued share capital. The total principal value of Exchangeable Notes remaining to be settled as at 30 June 2017 was 19 770 080 EUR.

Additionally in July 2017, bondholders of Exchangeable Notes converted 74 447 EUR nominal value of notes into 136 222 shares of Cognor Holding S.A. worth PLN 272 thousand. The total principal value of Exchangeable Notes remaining to be settled as at date of publication of this financial statement is 19 695 633 EUR.

Liabilities to the Owner

Within the debt restructuring process described above, on 3 February 2014 PS Holdco Sp. z o.o. transferred to Cognor International Finance plc (CIF) an ownership of 60 860 000 of subscription warrants of series B that are convertible into 60 860 000 shares of Cognor Holding S.A. for a remuneration in the amount of PLN 304 thousand and also entered into an option agreement for delivery of additional 30 082 812 shares of Cognor Holding S.A. free of charge in order to secure the holders of the Exchangeable Notes with the possibility of conversion bonds into shares. The transfer of warrants was a key element enabling the structuring of terms of Exchangeable Notes in a manner acceptable to investors and thus the successful finalization of the issue. Terms of the agreement between PS Holdco Sp. z o.o. and Cognor International Finance plc provide among other things, that warrants not used for conversion of the bonds into shares will be transferred back to PS Holdco Sp. z o.o. Depending on a choice of a payment form of the Exchangeable Notes' coupon up to 15 million warrants may return to PS Holdco Sp. z o.o. Their exact number will be known after the 1

15 Contingencies, guarantees and other commitments

The Group has not the contingent liabilities nor capital commitments.

16 Related parties

Identity of related parties

The Group has a related party relationship with the Group's Parent Company and other entities stated below.

Owner:

- PS Holdco Sp. z o.o.

Related parties not consolidated are as follows:

- AB Stahl AG
- Profil Centrum Sp. z o.o. (from April 11th, 2014 - till January 28th, 2016)

Associates (valued at equity method):

- 4 Groups Sp. z o.o. (from January 21st, 2013)
- Madrohut Sp. z o.o. (from April 11th, 2014)

Companies controlled by the owner:

- 4 Workers Przemysł w Sztuczki (previous name Wiedza i Praca Sp. z o.o.)
- Odlewnia Metali Szopienice Sp. z o.o. (sold on August 27th, 2011 to PS Holdco Sp. z o.o.)
- KDPP Doradztwo Biznesowe Sp. z o.o. (sold on August 27th, 2011 to PS Holdco Sp. z o.o.)
- Zimrex China Limited (sold on August 27th, 2011 to PS Holdco Sp. z o.o.)
- FER Holding Sp. z o.o. (sold on October 3rd, 2016 to PS Holdco Sp. z o.o.)
- HSJ Holding Sp. z o.o. (sold on October 3rd, 2016 to PS Holdco Sp. z o.o.)

in PLN thousand

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|------------|------------|------------|
| <i>Short-term receivables:</i> | | | |
| - associates | 6 | - | 3 |
| - owner | 221 | 220 | - |
| - companies controlled by the owner | 2 834 | 3 856 | 2 831 |
| <i>Other investments (option on own shares)</i> | | | |
| - owner | - | 4 750 | 9 513 |
| <i>Trade and other liabilities</i> | | | |
| - associates | 69 | 64 | 66 |
| - owner | 25 413 | 37 664 | 37 399 |
| - companies controlled by the owner | 543 | 392 | 531 |
| <i>Loans granted</i> | | | |
| - related parties (not consolidated) | 1 109 | 2 583 | 4 262 |
| - owner | 71 | 126 | 121 |
| <i>Loans received</i> | | | |
| - companies controlled by the owner | 2 702 | 2 575 | - |

in PLN thousand

| | 01.04.2017 - 30.06.2017 | 01.04.2016 - 30.06.2016 | 01.01.2017 - 30.06.2017 | 01.01.2016 - 30.06.2016 | 01.07.2016 - 30.06.2017 | 01.07.2015 - 30.06.2016 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <i>Revenues from sale of services</i> | | | | | | |
| - associates | 7 | 7 | 14 | 14 | 29 | 29 |
| - owner | 1 | 1 | 1 | 1 | 75 | 1 |
| - companies controlled by the owner | 26 | 63 | 43 | 111 | 323 | 309 |
| <i>Revenues from sale of raw materials and</i> | | | | | | |
| - companies controlled by the owner | 3 637 | 6 636 | 10 054 | 13 182 | 20 318 | 23 544 |
| <i>Purchase of commodities and raw materials</i> | | | | | | |
| - companies controlled by the owner | 1 007 | 4 112 | 2 541 | 9 887 | 4 563 | 18 858 |
| <i>Purchase of services</i> | | | | | | |
| - associates | 171 | 307 | 332 | 468 | 516 | 775 |
| - companies controlled by the owner | 526 | 533 | 1 200 | 1 193 | 3 675 | 2 820 |
| <i>Other income</i> | | | | | | |
| - owner | 2 | 2 | 5 | 5 | 26 | 10 |
| - associates | 1 | 80 | 47 | 153 | 196 | - |
| <i>Financial income/(costs)</i> | | | | | | |
| - companies controlled by the owner | (96) | - | (175) | - | (362) | - |
| - owner | (45) | (663) | (1 506) | (1 327) | (2 431) | (2 841) |

17 Cash and cash equivalents presented in cash flow statements

in PLN thousand

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|---------------|---------------|---------------|
| Cash in bank | 38 540 | 22 784 | 18 952 |
| Cash in bank restricted in use | 1 603 | 494 | 721 |
| Cash in hand | 273 | 226 | 378 |
| Short-term bank deposit | - | 1 169 | 651 |
| Other | 11 | 307 | 3 |
| Cash and cash equivalents | 40 427 | 24 980 | 27 260 |
| Bank overdrafts | (23 580) | (23 154) | (8 069) |
| Cash and cash equivalents in the statement of cash flows | 16 847 | 1 826 | 21 032 |

18 Financial instruments and financial risk management

Financial instruments measured at fair values

As at 30 June 2017, 31 December 2016 and 30 June 2016 there were no financial instruments measured at fair value.

Fair values for disclosures purposes

The following are details of the fair values of the financial instruments for which it is practicable to estimate such value:

ÉCash and cash equivalents, short-term bank deposits and short-term bank loans: the carrying amounts approximate fair value due to the short term nature of these instruments.

ÉTrade and other receivables, bills of exchange, trade and other payables and accrued liabilities: the carrying amounts approximate fair value due to the short-term nature of these instruments.

ÉInterest-bearing loans and borrowings, excluding fixed rate debt securities: the carrying amounts approximate fair value due to the variable nature of the related interest rates (level 2 in fair value hierarchy).

ÉFixed rate debt securities. The fair value of bonds at 30 June 2017 amounted to PLN 300 346 thousand (31 December 2016: PLN 312 172 thousand) - which was calculated on the basis of the market transactions on the bonds issued by Cognor International Finance plc in the period close to the reporting date (level 1 in fair value hierarchy).

The carrying amount of liability to PS Holdco Sp. z o.o. approximates fair value due to an interest rate which was similar to the interest rate applicable for liabilities with similar risk.

Financial risk management

As regards the financial risks to which the Group is exposed, its influence and the principles of managing these risks have not changed in the current interim period compared to the last year.

19 Seasonality

Trading activity on the steel product market is characterized by seasonality of revenue from sales, resulting from the variability of weather conditions in the annual weather cycle. Seasonality is reflected by lower demand for steel products in winter as a result of limitations on investment and infrastructure construction during this period.

20 Proceedings before a court, an arbitration or a public authority

Information on the proceedings before a court, an arbitration or a public authority was presented in the annual consolidated financial statements of the Group for 2016. During the six month period ended June 30, 2017 there were no significant changes in the status of these proceedings.

21 Information on the Parent Company or its subsidiary guarantees for credit or loans or warranties

Shares in consolidated companies are treated as a security for liabilities for the issue of Senior Secured Notes listed on the Stock Exchange in Luxembourg (Euro MTF) issued by the Cognor International Finance plc. For details, see note 9.

22 Subsequent events

There were no subsequent events requiring disclosure.

Poraj, 29 August 2017

Przemysław Sztuczkowski
President of the Management Board

Przemysław Grzesiak
Vice President of the Management Board

Krzysztof Zoń
Member of the Management Board

Dominik Barszcz
Member of the Management Board