

**Cognor S.A.**  
**Condensed Consolidated**  
**Interim Financial Statements**  
**as at 30 September 2016**

14 November 2016

## Condensed consolidated statement of financial position

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>30.09.2016</b>	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
<b>Assets</b>					
Property, plant and equipment	5	284 281	288 308	278 043	280 856
Intangible assets		11 520	11 051	10 834	10 826
Investment property		-	-	-	-
Investments in associates		3 281	3 234	3 147	3 110
Other investments		9 578	9 578	13 578	13 573
Other receivables		106	33	49	85
Prepaid perpetual usufruct of land		20 077	20 180	20 828	22 314
Deferred tax assets		88 520	89 445	82 018	86 808
<b>Total non-current assets</b>		<b>417 363</b>	<b>421 829</b>	<b>408 497</b>	<b>417 572</b>
Inventories		240 958	248 099	263 476	277 839
Other investments		4 465	4 395	4 236	4 676
Current income tax receivables		47	47	290	10
Trade and other receivables		153 029	171 686	127 378	240 081
Cash and cash equivalents		24 799	20 705	36 928	14 097
Assets classified as held for sale		6 012	6 012	5 506	5 548
<b>Total current assets</b>		<b>429 310</b>	<b>450 944</b>	<b>437 814</b>	<b>542 251</b>
<b>Total assets</b>		<b>846 673</b>	<b>872 773</b>	<b>846 311</b>	<b>959 823</b>

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

## Condensed consolidated statement of financial position - continued

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>30.09.2016</b>	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
<b>Equity</b>					
Issued share capital	6	141 439	139 702	139 702	133 542
Reserves		193 710	195 447	194 935	201 131
Foreign currency translation reserves		27	73	32	(499)
Accumulated losses		(186 702)	(195 280)	(187 547)	(186 479)
<b>Total equity attributable to owners of the parent company</b>		<b>148 474</b>	<b>139 942</b>	<b>147 122</b>	<b>147 695</b>
Non-controlling interests		20 740	20 025	21 569	21 661
<b>Total equity</b>		<b>169 214</b>	<b>159 967</b>	<b>168 691</b>	<b>169 356</b>
<b>Liabilities</b>					
Interest-bearing loans and borrowings	8	391 997	399 551	386 446	397 390
Employee benefits obligation		9 064	9 079	9 113	9 597
Other payables		32 541	30 807	37 479	36 856
Deferred tax liabilities		6 541	6 652	6 409	11 125
<b>Total non-current liabilities</b>		<b>440 143</b>	<b>446 089</b>	<b>439 447</b>	<b>454 968</b>
Bank overdraft	8	22 677	8 069	15 846	23 493
Interest-bearing loans and borrowings	8	41 425	42 745	48 873	94 997
Employee benefits obligation		2 855	2 613	4 867	3 244
Current income tax payables		468	347	5	89
Provisions for payables		2 935	2 362	3 697	3 877
Trade and other payables		166 839	210 464	164 768	209 682
Government grants and other deferred income		117	117	117	117
<b>Total current liabilities</b>		<b>237 316</b>	<b>266 717</b>	<b>238 173</b>	<b>335 499</b>
<b>Total liabilities</b>		<b>677 459</b>	<b>712 806</b>	<b>677 620</b>	<b>790 467</b>
<b>Total equity and liabilities</b>		<b>846 673</b>	<b>872 773</b>	<b>846 311</b>	<b>959 823</b>

Przemysław Sztuczkowski  
President of the Management Board

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Member of the Management Board

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## Condensed consolidated statement of profit or loss and other comprehensive income

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>01.07.2016 - 30.09.2016</b>	<b>01.07.2015 - 30.09.2015</b>	<b>01.01.2016 - 30.09.2016</b>	<b>01.01.2015 - 30.09.2015</b>
Revenue		309 745	341 788	1 034 924	1 065 717
Cost of sales		(273 480)	(324 249)	(929 325)	(985 800)
<b>Gross profit</b>		<b>36 265</b>	<b>17 539</b>	<b>105 599</b>	<b>79 917</b>
Other income		1 939	1 328	4 292	3 483
Distribution expenses		(12 893)	(11 426)	(37 835)	(34 372)
Administrative expenses		(8 322)	(8 288)	(25 297)	(26 710)
Other gains/(losses) - net		(577)	1 645	776	549
Other expenses		(1 070)	(1 375)	(3 084)	(4 851)
<b>Operating profit before financing costs</b>		<b>15 342</b>	<b>(577)</b>	<b>44 451</b>	<b>18 016</b>
Financial income		333	(5 466)	2 498	6 120
Financial expenses		(2 376)	(13 011)	(45 947)	(40 553)
<b>Net financing costs</b>		<b>(2 043)</b>	<b>(18 477)</b>	<b>(43 449)</b>	<b>(34 433)</b>
Share of loss of associates		47	(86)	134	(122)
Gain on bargain purchase		-	-	-	-
<b>Profit/(loss) before tax</b>		<b>13 346</b>	<b>(19 140)</b>	<b>1 136</b>	<b>(16 539)</b>
Income tax expense		(1 575)	4 889	4 624	3 419
<b>Profit/(loss) for the period</b>		<b>11 771</b>	<b>(14 251)</b>	<b>5 760</b>	<b>(13 120)</b>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the parent company		11 040	(14 459)	5 002	(14 058)
Non-controlling interests		731	208	758	938
<b>Profit/(loss) for the period</b>		<b>11 771</b>	<b>(14 251)</b>	<b>5 760</b>	<b>(13 120)</b>
<b>Other comprehensive income</b>					
<b>- that will be classified subsequently to profit or loss when specific conditions are met</b>					
Foreign currency translation differences		(46)	26	(5)	41
<b>Total comprehensive income for the period</b>		<b>11 725</b>	<b>(14 225)</b>	<b>5 755</b>	<b>(13 079)</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Parent Company		11 697	(14 433)	4 997	(14 017)
Non-controlling interests		28	208	758	938
<b>Total comprehensive income for the period</b>		<b>11 725</b>	<b>(14 225)</b>	<b>5 755</b>	<b>(13 079)</b>
<b>Basic earnings per share (PLN) attributable to the owners of the parent company</b>	8	<b>0,16</b>	<b>(0,22)</b>	<b>0,07</b>	<b>(0,21)</b>
- from continuing operations		0,16	(0,22)	0,07	(0,21)
<b>Diluted earnings per share (PLN) attributable to the owners of the parent company</b>	8	<b>0,10</b>	<b>(0,13)</b>	<b>0,05</b>	<b>(0,12)</b>
- from continuing operations		0,10	(0,13)	0,05	(0,12)

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

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>01.10.2015 - 30.09.2016</b>	<b>01.10.2014 - 30.09.2015</b>
<b>Continuing operations</b>			
Revenue		1 334 011	1 402 022
Cost of sales		(1 212 507)	(1 288 057)
<b>Gross profit</b>		<b>121 504</b>	<b>113 965</b>
Other income		5 526	9 189
Distribution expenses		(51 254)	(45 295)
Administrative expenses		(33 227)	(38 442)
Other gains - net		3 179	953
Other expenses		(6 146)	(5 081)
<b>Operating profit before financing costs</b>		<b>39 582</b>	<b>35 289</b>
Financial income		23 056	7 509
Financial expenses		(62 403)	(63 141)
<b>Net financing costs</b>		<b>(39 347)</b>	<b>(55 632)</b>
Share of loss of associates		171	(191)
Gain on bargain purchase		-	489
<b>Loss/(profit) before tax</b>		<b>406</b>	<b>(20 045)</b>
Income tax expense		4 529	10 017
<b>Loss/(profit) for the period from continuing operations</b>		<b>4 935</b>	<b>(10 028)</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations, net of tax		-	(4 047)
<b>Loss/(profit) for the period</b>		<b>4 935</b>	<b>(14 075)</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the parent company		4 233	(19 351)
Non-controlling interests		702	5 276
<b>Loss/(profit) for the period</b>		<b>4 935</b>	<b>(14 075)</b>

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

in PLN (in thousands)

	Note	01.10.2015 - 30.09.2016	01.10.2014 - 30.09.2015
<b>Other comprehensive income</b>			
- that will be classified subsequently to profit or loss when specific conditions are met			
Foreign currency translation differences		526	(4)
<b>Total comprehensive income for the period</b>		<b>5 461</b>	<b>(14 079)</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the parent company		4 759	(19 355)
Non-controlling interests		702	5 276
<b>Total comprehensive income for the period</b>		<b>5 461</b>	<b>(14 079)</b>
<b>Basic earnings per share (PLN) attributable to the owners of the parent company</b>	7	<b>0,06</b>	<b>(0,29)</b>
- from continuing operations		0,06	(0,23)
- from discontinued operations		-	(0,06)
<b>Diluted earnings per share (PLN) attributable to the owners of the parent company</b>	7	<b>0,04</b>	<b>(0,17)</b>
- from continuing operations		0,04	(0,13)
- from discontinued operations		-	(0,04)

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## Condensed consolidated statement of cash flows

<i>in PLN (in thousands)</i>	<b>01.07.2016 - 30.09.2016</b>	<b>01.07.2015 - 30.09.2015</b>	<b>01.01.2016 - 30.09.2016</b>	<b>01.01.2015 - 30.09.2015</b>
Profit/(loss) before tax	<b>13 346</b>	<b>(19 140)</b>	<b>1 136</b>	<b>(16 539)</b>
<b>Adjustments</b>				
Depreciation	9 607	8 728	27 720	25 992
Amortization	37	96	132	426
Impairment losses and valuation allowances	-	(86)	-	-
Foreign exchange losses/(gains)	(12 797)	5 590	5 862	(3 241)
Net (gains)/losses on investment activities	-	104	(2 165)	104
Net (gains)/losses on disposal of property, plant and equipment	(328)	(288)	(321)	(673)
Interest, transaction costs (related to loans and borrowings) and dividends, net	14 215	16 570	38 272	36 476
Change in receivables	18 584	5 750	(25 708)	(52 712)
Change in inventories	7 141	40 616	22 518	5 219
Change in trade and other payables	(32 691)	(44 544)	7 675	25 808
Change in provisions	572	1 464	(763)	(2 662)
Change in employee benefits obligation	227	815	(2 061)	(1 344)
Change in government grants and other deferred income	-	-	-	-
Share of profit of associates, net of tax	(47)	86	(134)	122
Gain on bargain purchase	-	-	-	-
Other adjustments	-	-	-	-
<b>Cash generated from operating activities</b>	<b>17 866</b>	<b>15 761</b>	<b>72 163</b>	<b>16 976</b>
Income tax (paid)/refunded	(639)	(88)	(641)	(280)
<b>Net cash from operating activities</b>	<b>17 227</b>	<b>15 673</b>	<b>71 522</b>	<b>16 696</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment and intangibles	1 515	4 750	10 538	6 542
Acquisitions of subsidiaries, net of cash acquired	(3)	(9)	(66)	(105)
Proceeds from sale of other investments	-	96	-	96
Interest received	126	35	182	75
Dividends received	-	-	-	-
Repayment of loans granted	-	(4)	-	1 290
Other inflows from investing activities	-	310	-	515
Acquisition of property, plant and equipment	(5 611)	(5 820)	(28 572)	(13 881)
Acquisition of intangible assets	(513)	(157)	(1 345)	(303)
Acquisition of assets held for sale	-	-	-	-
Acquisition of shares in other companies	-	(5)	-	(5)
Loans granted	-	(500)	-	(1 700)
<b>Net cash from investing activities</b>	<b>(4 486)</b>	<b>(1 304)</b>	<b>(19 263)</b>	<b>(7 476)</b>

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## Condensed consolidated statement of cash flows - continued

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>01.07.2016 - 30.09.2016</b>	<b>01.07.2015 - 30.09.2015</b>	<b>01.01.2016 - 30.09.2016</b>	<b>01.01.2015 - 30.09.2015</b>
<b>Cash flows from financing activities</b>					
Proceeds from interest-bearing loans and borrowings		17 519	31	17 769	1 529
Proceeds from factoring		(10 306)	(12 410)	(7 358)	1 332
Repayment of interest-bearing loans and borrowings		(439)	(194)	(23 599)	(581)
Payment of finance lease liabilities		(2 075)	(511)	(8 445)	(1 598)
Dividends and interests on exchangeable notes paid		(2 475)	(39)	(5 372)	(39)
Interest and transaction costs (related to loans and borrowings) paid		(21 285)	(25 992)	(38 683)	(47 579)
Other transactions with the Owner		(4 194)	(49)	(5 531)	(341)
<b>Net cash from financing activities</b>		<b>(23 255)</b>	<b>(39 164)</b>	<b>(71 219)</b>	<b>(47 277)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents net of bank overdraft, at 1 January/ 1 July		<b>(10 514)</b>	<b>(24 795)</b>	<b>(18 960)</b>	<b>(38 057)</b>
- effect of exchange rate fluctuations on cash held		12 636	15 395	21 082	28 679
<b>Cash and cash equivalents net of bank overdraft, at 30 September</b>		<b>-</b>	<b>4</b>	<b>-</b>	<b>(18)</b>
	<i>11</i>	<b>2 122</b>	<b>(9 396)</b>	<b>2 122</b>	<b>(9 396)</b>
- including cash restricted for use	<i>11</i>	949	456	949	456

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

<i>in PLN (in thousands)</i>	<b>01.10.2015 - 30.09.2016</b>	<b>01.10.2014 - 30.09.2015</b>
<b>Continuing operations</b>		
(Loss)/Profit before tax from continuing operations	<b>406</b>	<b>(20 045)</b>
<b>Adjustments</b>		
Depreciation	36 790	34 400
Amortization	507	703
Impairment losses and valuation allowances	-	-
Foreign exchange losses	8 156	8 130
Net gains on investment activities	(28 282)	507
Net (gains)/losses on disposal of property, plant and equipment	(2 887)	48
Interest, transaction costs (related to loans and borrowings) and dividends, net	54 970	37 641
Change in receivables	87 031	(30 053)
Change in inventories	36 881	(29 032)
Change in trade and other payables	(34 610)	14 250
Change in provisions	(939)	(876)
Change in employee benefits obligation	(922)	1 302
Change in government grants and other deferred income	-	-
Share of profit of associates, net of tax	(171)	191
Gain on bargain purchase	-	(489)
Other adjustments	-	(548)
<b>Cash generated from continuing operations</b>	<b>156 930</b>	<b>16 129</b>
<b>Discontinued operations</b>		
Loss before tax from discontinued operations	-	(4 252)
<b>Adjustments</b>		
Net gains on disposal of property, plant and equipment, intangible assets and assets classified as held for sale	-	1 408
Change in receivables	-	(2 278)
<b>Cash outflows from discontinued operations</b>	<b>-</b>	<b>(5 122)</b>
<b>Cash generated from operating activities</b>	<b>156 930</b>	<b>11 007</b>
Income tax (paid)/returned, incl.	(795)	(343)
- continuing operations	(795)	(343)
- discontinued operations	-	-
<b>Net cash from operating activities</b>	<b>156 135</b>	<b>10 664</b>

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

<i>in PLN (in thousands)</i>	<b>01.10.2015 - 30.09.2016</b>	<b>01.10.2014 - 30.09.2015</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment and intangibles	17 970	11 236
Acquisitions of subsidiaries, net of cash acquired	(70)	(278)
Proceeds from sale of other investments	(96)	(307)
Interest received	243	11
Dividends received	-	-
Repayment of loans granted	511	1 923
Other inflows from investing activities	-	245
Acquisition of property, plant and equipment	(31 665)	(19 687)
Acquisition of intangible assets	(1 821)	1 712
Acquisition of assets held for sale	-	(406)
Loans granted	-	(1 700)
Acquisition of other investments	(5)	(5)
<b>Cash generated on investing activities from continuing operations</b>	<b>(14 933)</b>	<b>(7 256)</b>
Cash generated on investing activities from discontinued operations	-	<b>6 500</b>
<b>Net cash from investing activities</b>	<b>(14 933)</b>	<b>(756)</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest-bearing loans and borrowings	36 097	1 513
Proceeds from factoring	(55 264)	3 300
Repayment of interest-bearing loans and borrowings	(55 258)	500
Payment of finance lease liabilities	(12 502)	(3 200)
Dividends and interests on exchangeable notes paid	(5 372)	(5 286)
Interest and transaction costs (related to loans and borrowings) paid	(31 807)	(43 905)
Other transactions with the owner	(5 582)	(541)
<b>Cash outflows on financing activities from continuing operations</b>	<b>(129 688)</b>	<b>(47 619)</b>
Cash outflows from discontinued operations	-	-
<b>Net cash from financing activities</b>	<b>(129 688)</b>	<b>(47 619)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11 514</b>	<b>(37 711)</b>
Cash and cash equivalents net of bank overdraft, as at 1 October	(9 396)	28 318
- effect of exchange rate fluctuations on cash held	4	(3)
<b>Cash and cash equivalents net of bank overdraft, as at 30 September</b>	<b>11 2 122</b>	<b>(9 396)</b>
- including cash restricted for use	11 949	456

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## Condensed consolidated statement of changes in equity

	Attributable to owners of the parent company				Total	Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings/ (Accumulated losses)			
<i>in PLN (in thousands)</i>							
<b>Equity as at 1 January 2015</b>	<b>132 444</b>	<b>202 193</b>	<b>(540)</b>	<b>(168 074)</b>	<b>166 023</b>	<b>21 263</b>	<b>187 286</b>
Total comprehensive income	-	-	41	(14 058)	<b>(14 017)</b>	938	<b>(13 079)</b>
- profit	-	-	-	(14 058)	<b>(14 058)</b>	938	<b>(13 120)</b>
- foreign currency translation differences relating to foreign operations	-	-	41	-	<b>41</b>	-	<b>41</b>
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	1 098	(1 098)	-	(4 172)	<b>(4 172)</b>	-	<b>(4 172)</b>
Conversion of exchangeable notes	1 098	(1 098)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(4 172)	<b>(4 172)</b>	-	<b>(4 172)</b>
Changes in ownership interests	-	-	-	396	<b>396</b>	(501)	<b>(105)</b>
Acquisition of non-controlling interests	-	-	-	<b>396</b>	<b>396</b>	<b>(501)</b>	<b>(105)</b>
Transfer of profit	-	36	-	(36)	-	-	-
Dividends paid	-	-	-	-	-	(39)	<b>(39)</b>
Other	-	-	-	(535)	<b>(535)</b>	-	<b>(535)</b>
<b>Equity as at 30 September 2015</b>	<b>133 542</b>	<b>201 131</b>	<b>(499)</b>	<b>(186 479)</b>	<b>147 695</b>	<b>21 661</b>	<b>169 356</b>
<b>Equity as at 1 January 2015</b>	<b>132 444</b>	<b>202 193</b>	<b>(540)</b>	<b>(168 074)</b>	<b>166 023</b>	<b>21 263</b>	<b>187 286</b>
Total comprehensive income	-	-	572	(14 827)	<b>(14 255)</b>	882	<b>(13 373)</b>
- (loss)/profit	-	-	-	(14 827)	<b>(14 827)</b>	882	<b>(13 945)</b>
- foreign currency translation differences relating to foreign operations	-	-	572	-	<b>572</b>	-	<b>572</b>
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	7 258	(7 258)	-	(3 938)	<b>(3 938)</b>	(39)	<b>(3 977)</b>
Dividends paid	-	-	-	-	-	(39)	<b>(39)</b>
Conversion of exchangeable notes	7 258	(7 258)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(3 938)	<b>(3 938)</b>	-	<b>(3 938)</b>
Change in ownership interests in subsidiaries	-	-	-	396	<b>396</b>	(505)	<b>(109)</b>
Acquisition of non-controlling interests	-	-	-	<b>396</b>	<b>396</b>	<b>(505)</b>	<b>(109)</b>
Other	-	-	-	(1 104)	<b>(1 104)</b>	(32)	<b>(1 136)</b>
<b>Equity as at 31 December 2015</b>	<b>139 702</b>	<b>194 935</b>	<b>32</b>	<b>(187 547)</b>	<b>147 122</b>	<b>21 569</b>	<b>168 691</b>

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

## Condensed consolidated statement of changes in equity - continued

	Attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings			
<i>in PLN thousand</i>							
<b>Equity as at 1 January 2016</b>	<b>139 702</b>	<b>194 935</b>	<b>32</b>	<b>(187 547)</b>	<b>147 122</b>	<b>21 569</b>	<b>168 691</b>
Total comprehensive income	-	-	(5)	5 002	<b>4 997</b>	758	<b>5 755</b>
- (loss)/profit	-	-	-	5 002	<b>5 002</b>	758	<b>5 760</b>
- foreign currency translation differences relating to foreign operations	-	-	(5)	-	(5)	-	(5)
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	1 737	(1 737)	-	(4 661)	<b>(4 661)</b>	(313)	<b>(4 974)</b>
Conversion of exchangeable notes into shares	1 737	(1 737)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(4 661)	<b>(4 661)</b>	-	<b>(4 661)</b>
Dividends paid	-	-	-	-	-	(313)	(313)
Changes in the ownership structure of subsidiaries	-	-	-	1 208	<b>1 208</b>	(1 274)	<b>(66)</b>
Acquisition of non-controlling interests	-	-	-	1 208	<b>1 208</b>	(1 274)	<b>(66)</b>
Transfer of profit	-	512	-	(512)	-	-	-
Other	-	-	-	(192)	<b>(192)</b>	-	<b>(192)</b>
<b>Equity as at 30 September 2016</b>	<b>141 439</b>	<b>193 710</b>	<b>27</b>	<b>(186 702)</b>	<b>148 474</b>	<b>20 740</b>	<b>169 214</b>
<b>Equity as at 1 July 2016</b>	<b>139 702</b>	<b>195 447</b>	<b>73</b>	<b>(195 280)</b>	<b>139 942</b>	<b>20 025</b>	<b>159 967</b>
Total comprehensive income	-	-	(46)	11 040	<b>10 994</b>	731	<b>11 725</b>
- (loss)/profit	-	-	-	11 040	<b>11 040</b>	731	<b>11 771</b>
- foreign currency translation differences relating to foreign operations	-	-	(46)	-	<b>(46)</b>	-	<b>(46)</b>
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	1 737	(1 737)	-	(2 475)	<b>(2 475)</b>	-	<b>(2 475)</b>
Conversion of exchangeable notes into shares	1 737	(1 737)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(2 475)	<b>(2 475)</b>	-	<b>(2 475)</b>
Changes in the ownership structure of subsidiaries	-	-	-	13	<b>13</b>	(16)	<b>(3)</b>
Acquisition of non-controlling interests	-	-	-	13	<b>13</b>	(16)	<b>(3)</b>
<b>Equity as at 30 September 2016</b>	<b>141 439</b>	<b>193 710</b>	<b>27</b>	<b>(186 702)</b>	<b>148 474</b>	<b>20 740</b>	<b>169 214</b>

Przemysław Sztuczkowski  
President of the Management Board

Przemysław Grzesiak  
Vice President of the Management Board

Krzysztof Zołta  
Member of the Management Board

Dominik Barszcz  
Member of the Management Board

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

## 1 Reporting entity

Cognor S.A. (Cognor, the Company, the Parent Company) with its seat in Poraj, Poland, is the Parent Company of the Group. Up until 29 August 2011, the Parent Company of the Group was Złomrex S.A. The Company was established in 1991. Since 1994 Cognor's shares have been quoted on the Warsaw Stock Exchange. Till May 2011, the main activity of the Parent Company was distribution of steel products. With effect from May 2011, Cognor S.A. became a holding company.

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

The Parent Company's shares are listed on the Warsaw Stock Exchange.

## 2 Cognor S.A. Group

The condensed consolidated interim financial statements as at and for the nine months ended 30 September 2016 comprise the Parent Company and its subsidiaries (the Group). Details of the subsidiaries that comprise the Group as at 30 September 2016 are presented in the table below.

Name of the entity	Seat of entity	Core activities	Ownership interest and voting rights	Date of obtaining control
FERROSTAL/ AB DŹ Sp. z o.o.	Poland	Manufacture of metal products	92.44%	2004-02-19*
ZW WALCOWNIA BRUZDOWA Sp. z o.o.	Poland	Manufacture of metal products	100.00%	2005-01-13*
HUTA STALI JAKO CIOWYCH S.A.	Poland	Manufacture of metal products	100.00%	2006-01-27*
COGNOR S.A. Sp. k. (previously KAPITA/ S.A. Sp. k.)	Poland	Properties	51.00%	2008-03-25*
ZŁOMREX INTERNATIONAL FINANCE S.A. in liquidation	France	Financial services, former bond issuer	100.00%	2006-10-23*
Z/ OMREX METAL Sp. z o.o.	Poland	Purchasing and processing of iron scrap	100.00%	2007-04-02*
COGNOR BLACHY DACHOWE S.A.	Poland	Manufacture and trade in roofing materials	77.44%	2007-08-01
BUSINESS SUPPORT SERVICES Sp. z o.o.	Poland	Other services	100.00%	2006-05-15*
AB STAHL AG	Germany	Trade in metal products	100.00%	2006-08-03*
COGNOR INTERNATIONAL FINANCE S.A.	United Kingdom	Financial services, bond issuer	100.00%	2013-10-24
4 GROUPS Sp. z o.o.	Poland	Other services	30.00% (associate)	2013-01-21
ZW PROFIL S.A.	Poland	Manufacture of metal products	96.41%	2014-04-11
FER HOLDING Sp. z o.o.	Poland	Holding	100.00%**	2015-04-30
HSJ HOLDING Sp. z o.o.	Poland	Holding	100.00%	2015-05-04

\* date of obtaining control by Złomrex S.A. Group

\*\* interest and voting rights owned by Ferrostal/ ab dŹ Sp. z o.o.

**Explanatory notes  
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(in PLN thousand, unless stated otherwise)

*Together reach more*



ZW Profil S.A. is the parent company of the ZW Profil S.A. Group. Details of the subsidiaries that comprise ZW Profil S.A. Group at 30 September 2016 are presented in the following table:

Name of the entity	Seat of entity	Core activities	Ownership interest and voting rights owned by ZW Profil S.A.	Ownership interest and voting rights in Cognor Group
Przedsiębiorstwo Transportu Samochodowego S.A.	Poland	Transport services	92.96%**	89.62%
Madrohut Sp. Z o.o.	Poland	Other	23.24% (associate)	22.41%

### Acquisitions, mergers and disposals of subsidiaries

#### Acquisitions in 2016

In first nine months of 2016, ZW Profil S.A. has entered into a number of agreements to purchase shares in Przedsiębiorstwo Transportu Samochodowego S.A. ZW Profil S.A. has acquired 1,693 shares in Przedsiębiorstwo Transportu Samochodowego S.A. for the amount of PLN 43 thousand. As a result the ownership interests has increased from 89.75% as at December 31, 2015 to 92.96% as at September 30, 2016.

In first nine months of 2016, Ferrostal / ab dy Sp. z o.o. has entered into a number of agreements to purchase shares in ZW Profil S.A. Ferrostal / ab dy Sp. z o.o. has acquired 490 shares in ZW Profil S.A. for the amount of PLN 23 thousand. As a result the ownership interests has increased from 95.82% as at December 31, 2015 to 96.41% as at September 30, 2016.

On May 19, 2016 Ferrostal / ab dy Sp. Z o.o. sold to Huta Stali Jakosciowych S.A. 19,100 shares representing 100% of the share capital of the company ZW-Walcownia Bruzdowa Sp. Z o.o.

On May 20, 2016 Ferrostal / ab dy Sp. Z o.o. sold to Huta Stali Jakosciowych S.A. 79,638 shares representing 96.41% of the share capital of the company ZW Profil S.A.

#### Mergers realised in 2016

No mergers took place until 30 September 2016.

#### Disposals realised in 2016

No disposals took place until 30 September 2016.

#### Liquidations realised in 2016

On January 28, 2016 after the process of liquidation the subsidiary Profil Centrum Sp. Z o.o. has been removed from the National Court Register.

### 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 Accounting Standard 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 annual 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 2015 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

The consolidated financial statements as at 31 December 2015 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 14 November 2016.

#### b) Going concern basis of accounting

The condensed consolidated financial statements as of and for the period ended 30 September 2016 have been prepared on the going concern basis. In the opinion of the Management Board of Cognor 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 as at 31 December 2015 and for the year then ended.

#### d) Estimates

The preparation of financial statements in conformity with IFRS EU requires that the Management Board of the Parent Company makes judgments, estimates and assumptions that affect the application of policies and 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 the 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 2015.

### 4 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Management Board of the Parent Company that are used to make strategic decisions.

The Management Board considers the business from a product perspective.

The reportable operating segments derive their revenue primarily from the following divisions:

1. scrap division ó this segment includes activities of buying, processing, refining and selling of scrap metal and non-ferrous scrap;
2. production division ó this segment includes activities of processing scrap metal into steel billets, steel billets into finished products, and selling them; and also the processing of non-ferrous scrap into finished products and selling them;
3. distribution division ó this segment includes activities of selling commodities (steel products, steel scrap, steel billets, non-ferrous scrap and products and others);
4. other ó this segment includes other activities such as holding activities, financial activities, recycling materials, including plastic foils, paper and other products.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Management Board of the Parent Company is measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

#### Business segments (for the three months ended 30 September)

<i>in PLN (in thousands)</i>		<b>Scrap division</b>	<b>Production division</b>	<b>Distribution division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>30.09.2016</b>							
Revenue from external customers		38 120	261 243	3 427	6 955			
Inter-segment revenue		34 953	31 316	-	3 706			
<b>Total revenue</b>		<b>73 073</b>	<b>292 559</b>	<b>3 427</b>	<b>10 661</b>	<b>-</b>	<b>(69 975)</b>	<b>309 745</b>
Cost of sales to external customers		(33 637)	(237 664)	(2 264)	(5 493)			
Inter-segment cost of sales		(35 186)	(24 823)	-	(1 113)			
<b>Total cost of sales</b>		<b>(68 823)</b>	<b>(262 487)</b>	<b>(2 264)</b>	<b>(6 606)</b>	<b>-</b>	<b>66 700</b>	<b>(273 480)</b>
<b>Segment result</b>		<b>4 250</b>	<b>30 072</b>	<b>1 163</b>	<b>4 055</b>	<b>-</b>	<b>(3 275)</b>	<b>36 265</b>
Other income		550	364	23	-	1 461	(459)	1 939
Distribution and administrative expenses		(4 868)	(14 523)	(1 761)	9	(3 458)	3 386	(21 215)
Other gain net		507	(483)	(23)	(44)	(424)	(110)	(577)
Other expenses		(54)	(881)	(82)	-	(976)	923	(1 070)

**Explanatory notes  
to the condensed consolidated  
interim financial statements**

(in PLN thousand, unless stated otherwise)

Together reach more



<b>Operating profit/(loss)</b>	<b>385</b>	<b>14 549</b>	<b>(680)</b>	<b>4 020</b>	<b>(3 397)</b>	<b>465</b>	<b>15 342</b>
Net financing costs	(120)	(86)	223	(91)	(794)	(1 175)	(2 043)
Share of profits of associates							47
Gain on bargain purchase							-
Income tax expense							(1 575)
<b>Loss for the period</b>							<b>11 771</b>

in PLN (in thousands)

	<b>Scrap division</b>	<b>Production division</b>	<b>Distribution division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>30.09.2015</b>							
Revenue from external customers	54 120	274 609	4 157	8 902			
Inter-segment revenue	35 608	20 279	7	3 822			
<b>Total revenue</b>	<b>89 728</b>	<b>294 888</b>	<b>4 164</b>	<b>12 724</b>	<b>-</b>	<b>(59 716)</b>	<b>341 788</b>
Cost of sales to external customers	(52 177)	(264 003)	(3 676)	(5 472)			
Inter-segment cost of sales	(33 403)	(17 792)	(8)	(3 319)			
<b>Total cost of sales</b>	<b>(85 580)</b>	<b>(281 795)</b>	<b>(3 684)</b>	<b>(8 791)</b>	<b>-</b>	<b>55 601</b>	<b>(324 249)</b>
<b>Segment result</b>	<b>4 148</b>	<b>13 093</b>	<b>480</b>	<b>3 933</b>	<b>-</b>	<b>(4 115)</b>	<b>17 539</b>
Other income	519	561	57	1 385	15 260	(16 454)	1 328
Distribution and administrative expenses	(5 183)	(14 221)	(413)	(139)	(3 617)	3 859	(19 714)
Other gain/(losses) net	70	1 328	178	97	533	(561)	1 645
Other expenses	(97)	(660)	(6)	(187)	(1 003)	578	(1 375)
<b>Operating profit/(loss)</b>	<b>(543)</b>	<b>101</b>	<b>296</b>	<b>5 089</b>	<b>11 173</b>	<b>(16 693)</b>	<b>(577)</b>
Net financing costs	(366)	(2 272)	(1)	202	(35 173)	19 133	(18 477)
Share of profits of associates							(86)
Gain on bargain purchase							-
Income tax expense							4 889
<b>Profit for the period</b>							<b>(14 251)</b>

**Business segments (for the nine months ended 30 September)**

in PLN (in thousands)

	<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>30.09.2016</b>							
Revenue from external customers	130 161	874 244	9 365	21 154			
Inter-segment revenue	115 530	91 647	-	12 453			
<b>Total revenue</b>	<b>245 691</b>	<b>965 891</b>	<b>9 365</b>	<b>33 607</b>	<b>-</b>	<b>(219 630)</b>	<b>1 034 924</b>
Cost of sales to external customers	(109 729)	(804 404)	(7 461)	(17 531)			
Inter-segment cost of sales	(121 336)	(71 842)	-	(5 508)			
<b>Total cost of sales</b>	<b>(231 065)</b>	<b>(876 246)</b>	<b>(7 461)</b>	<b>(23 039)</b>	<b>-</b>	<b>208 486</b>	<b>(929 325)</b>
<b>Segment result</b>	<b>14 626</b>	<b>89 645</b>	<b>1 904</b>	<b>10 568</b>	<b>-</b>	<b>(11 144)</b>	<b>105 599</b>
Other income	1 616	1 424	23	-	2 475	(1 246)	4 292
Distribution and administrative expenses	(15 031)	(46 578)	(1 761)	(140)	(11 336)	11 714	(63 132)
Other gain net	758	(290)	(23)	61	1 846	(1 576)	776
Other expenses	(132)	(2 479)	(82)	-	(2 405)	2 014	(3 084)
<b>Operating profit/(loss)</b>	<b>1 837</b>	<b>41 722</b>	<b>61</b>	<b>10 489</b>	<b>(9 420)</b>	<b>(238)</b>	<b>44 451</b>
Net financing costs	(497)	(1 698)	223	(240)	(47 285)	6 048	(43 449)
Share of profits of associates							134
Gain on bargain purchase							-
Income tax expense							4 624
<b>Loss for the period</b>							<b>5 760</b>



**Explanatory notes  
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interim financial statements**

(in PLN thousand, unless stated otherwise)

*Together reach more*



*in PLN (in thousands)*

30.09.2015	Scrap division	Production division	Distribu- tion division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	171 821	857 725	10 484	25 687			
Inter-segment revenue	157 288	56 890	7	14 152			
<b>Total revenue</b>	<b>329 109</b>	<b>914 615</b>	<b>10 491</b>	<b>39 839</b>	-	(228 337)	<b>1 065 717</b>
Cost of sales to external customers	(164 741)	(800 585)	(9 361)	(21 023)			
Inter-segment cost of sales	(147 992)	(52 859)	(8)	(6 759)			
<b>Total cost of sales</b>	<b>(312 733)</b>	<b>(853 444)</b>	<b>(9 369)</b>	<b>(27 782)</b>	-	<b>217 528</b>	<b>(985 800)</b>
<b>Segment result</b>	<b>16 376</b>	<b>61 171</b>	<b>1 122</b>	<b>12 057</b>	-	<b>(10 809)</b>	<b>79 917</b>
Other income	1 159	1 484	184	4 170	44 002	(47 516)	3 483
Distribution and administrative expenses	(16 111)	(43 381)	(1 116)	(711)	(10 934)	11 171	(61 082)
Other gain/(losses) net	478	127	186	77	260	(579)	549
Other expenses	(315)	(2 604)	(31)	(255)	(2 656)	1 010	(4 851)
<b>Operating profit/(loss)</b>	<b>1 587</b>	<b>16 797</b>	<b>345</b>	<b>15 338</b>	<b>30 672</b>	<b>(46 723)</b>	<b>18 016</b>
Net financing costs	(1 063)	(4 661)	(3)	(82)	(83 336)	54 712	(34 433)
Share of profits of associates							(122)
Gain on bargain purchase							-
Income tax expense							3 419
<b>Profit for the period</b>							<b>(13 120)</b>

**Business segments (for the twelve months ended 30 September)**

*in PLN (in thousands)*

30.09.2016	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	170 422	1 121 364	13 038	29 187			
Inter-segment revenue	141 860	119 764	-	16 243			
<b>Total revenue</b>	<b>312 282</b>	<b>1 241 128</b>	<b>13 038</b>	<b>45 430</b>	-	(277 867)	<b>1 334 011</b>
Cost of sales to external customers	(148 711)	(1 046 742)	(10 107)	(25 015)			
Inter-segment cost of sales	(145 089)	(90 127)	-	(7 259)			
<b>Total cost of sales</b>	<b>(293 800)</b>	<b>(1 136 869)</b>	<b>(10 107)</b>	<b>(32 274)</b>	-	<b>260 543</b>	<b>(1 212 507)</b>
<b>Segment result</b>	<b>18 482</b>	<b>104 259</b>	<b>2 931</b>	<b>13 156</b>	-	<b>(17 324)</b>	<b>121 504</b>
Other income	1 811	4 068	75	(3 774)	22 512	(19 166)	5 526
Distribution and administrative expenses	(20 307)	(58 966)	(2 886)	(376)	(17 529)	15 583	(84 481)
Other gain/(losses) net	(566)	22 756	(31)	(16)	2 553	(21 517)	3 179
Other expenses	(183)	(4 290)	(89)	250	(5 520)	3 686	(6 146)
<b>Operating profit/(loss)</b>	<b>(763)</b>	<b>67 827</b>	<b>-</b>	<b>9 240</b>	<b>2 016</b>	<b>(38 738)</b>	<b>39 582</b>
Net financing costs	(699)	96	199	(3 219)	(59 726)	24 002	(39 347)
Share of profits of associates							171
Gain on bargain purchase							-
Loss for the period from discontinued operations, net of tax							4 529
Income tax expense							-
<b>Loss for the period</b>							<b>4 935</b>

**Explanatory notes  
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(in PLN thousand, unless stated otherwise)

*Together reach more*



<i>in PLN (in thousands)</i>		<b>Scrap division</b>	<b>Production division</b>	<b>Distribution division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>30.09.2015</b>							
Revenue from external customers		227 875	1 124 990	14 158	34 999			
Inter-segment revenue		218 662	84 844	75	28 965			
<b>Total revenue</b>		<b>446 537</b>	<b>1 209 834</b>	<b>14 233</b>	<b>63 964</b>	<b>-</b>	<b>(332 546)</b>	<b>1 402 022</b>
Cost of sales to external customers		(230 071)	(1 025 347)	(12 603)	(29 946)			
Inter-segment cost of sales		(193 992)	(71 357)	(60)	(10 455)			
<b>Total cost of sales</b>		<b>(424 063)</b>	<b>(1 096 704)</b>	<b>(12 663)</b>	<b>(40 401)</b>	<b>-</b>	<b>285 774</b>	<b>(1 288 057)</b>
<b>Segment result</b>		<b>22 474</b>	<b>113 130</b>	<b>1 570</b>	<b>23 563</b>	<b>-</b>	<b>(46 772)</b>	<b>113 965</b>
Other income		1 581	3 689	217	5 083	66 731	(68 112)	9 189
Distribution and administrative expenses		(22 221)	(66 875)	(1 459)	39	(14 761)	21 540	(83 737)
Other gain/(losses) net		794	3 279	189	8	5 048	(8 365)	953
Other expenses		(579)	(3 795)	(60)	(3 208)	(42 924)	45 485	(5 081)
<b>Operating profit/(loss)</b>		<b>2 049</b>	<b>49 428</b>	<b>457</b>	<b>25 485</b>	<b>14 094</b>	<b>(56 224)</b>	<b>35 289</b>
Net financing costs		(1 678)	(5 857)	(31)	(1 174)	(125 879)	78 987	(55 632)
Share of profits of associates								(191)
Gain on bargain purchase								489
Income tax expense								10 017
Loss for the period from discontinued operations, net of tax								(4 047)
<b>Loss for the period</b>								<b>(14 075)</b>

<i>in PLN (in thousands)</i>		<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>30.09.2016</b>						
Segment assets		60 575	599 268	5 197	20 392	161 241	<b>846 673</b>
Segment liabilities		17 071	123 643	2 278	5 108	529 359	<b>677 459</b>

<i>in PLN (in thousands)</i>		<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>30.06.2016</b>						
Segment assets		68 136	608 244	4 320	19 902	172 171	<b>872 773</b>
Segment liabilities		23 272	151 186	960	1 182	536 206	<b>712 806</b>

<i>in PLN (in thousands)</i>		<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>31.12.2015</b>						
Segment assets		63 657	558 566	3 497	49 951	170 640	<b>846 311</b>
Segment liabilities		11 181	126 646	1 063	3 983	534 747	<b>677 620</b>

<i>in PLN (in thousands)</i>		<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>30.09.2015</b>						
Segment assets		72 764	698 411	4 981	28 794	154 873	<b>959 823</b>
Segment liabilities		20 729	164 005	1 518	3 812	600 403	<b>790 467</b>

**Explanatory notes  
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(in PLN thousand, unless stated otherwise)

Together reach more



**Unallocated assets**

*in PLN (in thousands)*

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Long-term and short-term investments	14 043	13 973	17 814	18 249
Investments in associates	3 281	3 234	3 147	3 110
Deferred tax assets	88 520	89 445	82 018	86 808
Investment property	-	-	-	-
Income tax receivable	47	47	290	10
Cash and cash equivalents	24 799	20 705	36 928	14 097
Assets held for sale	6 012	6 012	5 506	5 548
Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc.)	24 539	38 755	24 937	27 051
	<b>161 241</b>	<b>172 171</b>	<b>170 640</b>	<b>154 873</b>

**Unallocated liabilities**

*in PLN (in thousands)*

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Interest-bearing loans and borrowings	433 422	442 296	435 319	492 387
Bank overdraft	22 677	8 069	15 846	23 493
Deferred tax liabilities	6 541	6 652	6 409	11 125
Employee benefits obligation	11 919	11 692	13 980	12 841
Government grants and other deferred income	117	117	117	117
Current income tax payables	468	347	5	89
Other payables	54 215	67 033	63 071	60 351
	<b>529 359</b>	<b>536 206</b>	<b>534 747</b>	<b>600 403</b>

**5 Property, plant and equipment**

During the three months ended 30 September 2016, the Group acquired property, plant and equipment at a cost of PLN 6 660 thousand (three months ended 30 September 2015: PLN 12 201 thousand). Assets with a net book value of PLN 1 022 thousand were disposed of during the three months ended 30 September 2016 (three months ended 30 September 2015: PLN 2 894 thousand). On the sale of property, plant and equipment the Group achieved a net gain on disposal of PLN 475 thousand (three months ended 30 September 2015: a net gain on disposal of PLN 37 thousand).

During the nine months ended 30 September 2016, the Group acquired property, plant and equipment at a cost of PLN 43 406 thousand (nine months ended 30 September 2015: PLN 20 721 thousand). Assets with a net book value of PLN 9 238 thousand were disposed of during the nine months ended 30 September 2016 (nine months ended 30 September 2015: PLN 3 856 thousand). On the sale of property, plant and equipment the Group achieved a net gain on disposal of PLN 791 thousand during the nine months ended 30 September 2016 (nine months ended 30 September 2015: a net gain on disposal of PLN 785 thousand).

During the twelve months ended 30 September 2016, the Group acquired property, plant and equipment at a cost of PLN 52 908 thousand (twelve months ended 30 September 2015: PLN 46 871 thousand). Assets with a net book value of PLN 12 619 thousand were disposed of during the twelve months ended 30 September 2016 (twelve months ended 30 September 2015: PLN 9 647 thousand). On the sale of property, plant and equipment the Group achieved a net gain on disposal of PLN 1 238 thousand (twelve months ended 30 September 2015: a net loss on disposal of PLN 273 thousand).

**Capital commitments**

As at 30 September 2016 the Group had capital commitments in the amount of PLN 3 592 thousand (30 June 2016: PLN 7 261 thousand; 31 December 2015: PLN 4 795 thousand; 30 September 2015: PLN 6 817 thousand).

**6 Equity**

**Issued share capital**

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Registered shares at reporting date (number)	70 719 943	69 851 487	69 851 487	66 771 183
Issued warrants (number)	61 722 305	62 590 761	62 590 761	65 671 265
<b>Nominal value of 1 share</b>	2 PLN	2 PLN	2 PLN	2 PLN

At 30 September 2016, the Parent Company's share capital comprised 70 719 943 ordinary shares (30 June 2016: 69 851 487; 31 December 2015: 69 851 487; 30 September 2015: 66 771 183) with a nominal value of PLN 2 each.

In accordance with the bonds' issue 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.

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(in PLN thousand, unless stated otherwise)

*Together reach more*



The ownership structure as at 30 September 2016 is presented in the table below:

Shareholder	Number of shares	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS Holdco Sp. z o.o.*	46 214 258	65.35%	46 214 258	65.35%
Przemysław Sztuczkowski	635 580	0.90%	635 580	0.90%
Other shareholders	23 870 105	33.75%	23 870 105	33.75%
<b>Total</b>	<b>70 719 943</b>	<b>100.0%</b>	<b>70 719 943</b>	<b>100.0%</b>

\* Przemysław Sztuczkowski owns 100% of the 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 S.A.

The ownership structure as at the date of the publication of the last condensed consolidated interim financial statements (29 August 2016) is presented in the table below:

Shareholder	Number of shares	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS Holdco Sp. z o.o.*	46 214 258	65.35%	46 214 258	65.35%
Przemysław Sztuczkowski	635 580	0.90%	635 580	0.90%
Other shareholders	23 870 105	33.75%	23 870 105	33.75%
<b>Total</b>	<b>70 719 943</b>	<b>100.0%</b>	<b>70 719 943</b>	<b>100.0%</b>

\* Przemysław Sztuczkowski owns 100% of the 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 S.A.

The ownership structure as at the date of the publication of these condensed consolidated interim financial statements (14 November 2016) is presented in the table below:

Shareholder	Number of shares	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS Holdco Sp. z o.o.*	46 214 258	61.40%	46 214 258	61.40%
Przemysław Sztuczkowski	4 586 066	6.09%	4 586 066	6.09%
Other shareholders	24 465 544	32.51%	24 465 544	32.51%
<b>Total</b>	<b>75 265 868</b>	<b>100.0%</b>	<b>75 265 868</b>	<b>100.0%</b>

\* Przemysław Sztuczkowski owns 100% of the 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 S.A.

In the 3rd quarter of 2016 there has been the increase of share capital by 868,456 shares of series 9. These shares have been subscribed for by Przemysław Sztuczkowski and other shareholders. The increase was related to the conversion of exchangeable notes into shares of Cognor S.A.

On 7 November 2016, 4,545,925 shares of series 9 have been admitted to trading. These shares have been acquired by President Przemysław Sztuczkowski and other shareholders. The increase of share capital was related to the conversion of exchangeable notes into shares of Cognor S.A.

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 2015 and in note no. 8 to these condensed interim consolidated financial statements.

## 7 Earnings per share

The calculation of basic earnings per share for the three-month period ended 30 September 2016 was based on the gain attributable to ordinary shareholders of PLN 11 040 thousand (the three-month period ended 30 September 2015: loss of PLN 14 459 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 30 September 2016 of 70 430 thousand (the three-month period ended 30 September 2015: 66 466 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the three months ended 30 September 2016 was 108 967 thousand\* (30 September 2015: 113 268\* thousand).

The calculation of basic earnings per share for the nine-month period ended 30 September 2016 was based on the gain attributable to ordinary shareholders of 5 002 PLN thousand (the nine-month period ended 30 September 2015: loss of PLN 14 058 thousand) and a weighted average number of ordinary shares outstanding during the nine-month period ended 30 September 2016 of 70 044 thousand (the nine-month period ended 30 September 2015: 66 304 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the nine months ended 30 September 2016 was 109 476\* thousand (30 September 2015: 113 399\* thousand).

The calculation of basic earnings per share for the twelve-month period ended 30 September 2016 was based on the gain attributable to ordinary shareholders of PLN 4 233 thousand (the twelve-month period ended 30 September 2015: loss of PLN 19 351 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 30 September 2016 of 69 739 thousand (the twelve-month period ended 30 September 2015: 66 283 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 30 September 2016 was 110 549\* thousand (30 September 2015: 113 464\* thousand).

\*The calculation of diluted earnings per share 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.

As at 30 September 2016, 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.

## 8 Interest-bearing loans and borrowings and bank overdraft

in PLN (in thousands)

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
<b>Non-current liabilities</b>				
Secured fixed interest rate debt	367 920	377 421	370 730	385 058
Finance lease liabilities	19 432	21 043	14 161	10 501
Secured bank loans	4 190	534	889	1 068
Other borrowings	455	553	666	763
	<b>391 997</b>	<b>399 551</b>	<b>386 446</b>	<b>397 390</b>
<b>Current liabilities</b>				
Secured fixed interest rate debt*	9 362	17 988	11 439	28 756
Current portion of finance lease liabilities	13 170	9 163	6 936	6 174
Factoring and bill of exchange liabilities	2 394	12 700	9 752	28 156
Reverse factoring	-	-	-	29 502
Current portion of secured bank loans	1 936	712	712	712
Scrap pre-financing	12 499	-	14 324	-
Other borrowings	2 064	2 182	5 710	1 697
	<b>41 425</b>	<b>42 745</b>	<b>48 873</b>	<b>94 997</b>
Bank overdraft	22 677	8 069	15 846	23 493
	<b>64 102</b>	<b>50 814</b>	<b>64 719</b>	<b>118 490</b>

In the first nine months of 2016 Cognor S.A. and its subsidiaries (Ferrostal / ab dy Sp. z o.o., Huta Stali Jako ciowych S.A.) utilised bank overdraft in mBank S.A. Based on Annex No. 10 dated 29 June 2015 the contract has been extended till 29 June 2016 and the limit increased from PLN 9.1 million to PLN 25 million and the split between companies has been established: Ferrostal / ab dy Sp. z o.o. PLN 11.65 million, Huta Stali Jako ciowych S.A. PLN 13.35 million. On January 7, 2016 the limits has been changed for both companies for PLN 0 million. On January 27, 2016 the limit for Huta Stali Jakosciowych S.A. has been established at PLN 10 million, then increased to PLN 15 million on July 18, 2016 and finally to PLN 25 million on July 27, 2016. Based on Annex No. 13 dated 26 June 2016 the bank overdraft has been extended till July 27, 2017.

As at 30 September 2016, the bank overdraft was utilised as follows: Ferrostal / ab dy Sp. z o.o. PLN 0 thousand, Huta Stali Jako ciowych S.A. PLN 22 677 thousand.

### 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%
- 3rd year ó 10.0%
- 4th to 6th year ó 12.5%.

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., Huta Stali Jako ciowych S.A., Ferrostal/ ab dy Sp. z o.o., Zlomrex Metal SP. z o.o. and Kapitał S.A.

Liability for the issue of Senior Secured Notes listed on the Stock Exchange in Luxembourg (Euro MTF) of the book value of PLN 377 282 thousand on 30 September 2016 was secured as follows:

- financial pledge on shares of companies: Zlomrex Metal Sp. z o.o., ZW-Walcownia Bruzdowa Sp. z o.o., Huta Stali Jako ciowych S.A., Ferrostal/ ab dy Sp. z o.o. and Kapitał S.A.;
- registered pledge on:
  - (i) shares in the following companies: Zlomrex Metal Sp. z o.o., ZW-Walcownia Bruzdowa Sp. z o.o., Huta Stali Jako ciowych S.A., Ferrostal/ ab dy Sp. z o.o. and Kapitał S.A.
  - (ii) certain non-current assets of Cognor S.A. currently leased to Ferrostal/ ab dy Sp. z o.o.,
  - (iii) certain non-current assets of Ferrostal/ ab dy Sp. z o.o. and ZW-Walcownia Bruzdowa Sp. z o.o.,
  - (iv) issued by Huta Stali Jako ciowych S.A. intercompany bonds;
- mortgages on real estate of Ferrostal/ ab dy Sp. z o.o. and ZW-Walcownia Bruzdowa Sp. z o.o.;
- 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.

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 settlement 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 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 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 interim financial statements the Exchangeable Notes are presented within reserve equity.

In the 3rd quarter of 2016 the investors has converted nominal of 474,622 EUR of Exchangeable Notes into shares of Cognor S.A. These shares have been admitted to trading on Warsaw Stock Exchange.

The Company and its affiliates regularly assesses the market for its securities and may from time to time opportunistically engage in purchases or repurchases of some or all of the securities.

#### **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 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 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 final settlement

#### **9 Contingencies, guarantees and other commitments**

The Group has the following contingent liabilities, guarantees and other commitments:

##### **Contingencies**

In the sale contract relating to the sale on 5th May 2011 of most of the assets of the distribution division in Poland to ArcelorMittal Distribution Poland Sp. z o.o. and ArcelorMittal Distribution Solutions Poland Sp. z o.o., the Parent Company undertook together with other sellers (its subsidiaries) to cover any additional tax liabilities and costs of any dispute with public administration arising in relation to the Buyers in connection with the transaction structure finally accepted.

In the Management's opinion the risk of the obligations arising in relation to the afore-mentioned agreements is remote. The obligations will expire no later than 2017.

#### **10 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:**

- AB Stahl AG
- Profil Centrum Sp. z o.o. (control obtained on April 1st, 2014 - till January 28th, 2016)
- FER Holding Sp. z o.o.
- HSJ Holding Sp. z o.o.

##### **Companies controlled by the owner:**

- 4 Workers Przemysł 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.)

##### **Associates:**

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

**Explanatory notes  
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(in PLN thousand, unless stated otherwise)

*Together reach more*



*in PLN (in thousands)*

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
<i>Short-term receivables:</i>				
- associates	3	3	3	3
- companies controlled by the owner	3 713	2 831	4 680	5 366
<i>Long-term investments (options for own equity instruments)</i>				
- owner*	9 513	9 513	13 513	13 513
<i>Short-term liabilities</i>				
- associates	66	66	3	66
- owner*	33 778	37 399	43 910	43 203
- companies controlled by the owner	568	531	424	539
<i>Loans granted</i>				
- owner*	123	121	115	113
- companies controlled by the owner	4 340	4 262	4 109	4 050

\* refer to note 8 for the details of presentation of receivables from and liabilities to PS Holdco Sp. z o.o.

<i>in PLN (in thousands)</i>	01.07.2016 - 30.09.2016	01.07.2015 - 30.09.2015	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015	01.10.2015 - 30.09.2016	01.10.2014 - 30.09.2015
<i>Revenues from sale of products</i>						
- associates	-	-	-	-	-	-
<i>Revenues from sale of services</i>						
- related parties (not consolidated)	-	-	-	-	-	-
- associates	8	8	22	22	29	29
- owner	-	-	1	1	1	1
- companies controlled by the owner	61	189	172	382	181	524
<i>Revenues from sale of raw materials and commodities</i>						
- related parties (not consolidated)	-	-	-	-	-	-
- companies controlled by the owner	3 896	4 950	17 078	15 612	22 490	20 310
<i>Purchase of commodities and raw materials</i>						
- related parties (not consolidated)	-	-	-	-	-	-
- companies controlled by the owner	414	4 756	10 301	13 339	14 516	16 281
<i>Purchase of services</i>						
- related parties (not consolidated)	-	-	-	-	-	-
- associates	19	145	487	393	649	566
- companies controlled by the owner	569	647	1 762	1 719	2 742	2 450
<i>Other income</i>						
- related parties (not consolidated)	-	-	-	-	-	-
- owner	93	3	98	10	100	7 487
- companies controlled by the owner	80	59	233	174	308	240
<i>Other gain/(losses) net</i>						
- companies controlled by the owner	-	-	-	-	-	-
<i>Other expenses</i>						
- related parties (not consolidated)	-	-	-	-	-	4
<i>Financial income</i>						
- associates	-	-	-	-	-	-
<i>Financial costs</i>						
- related parties (not consolidated)	-	-	-	-	-	(5)
- owner	(664)	(757)	(1 991)	(2 271)	(2 748)	(3 198)



## 11 Cash and cash equivalents presented in cash flow statements

*in PLN (in thousands)*

	<b>30.09.2016</b>	<b>30.09.2015</b>
Cash in bank	22 898	11 012
Cash in bank restricted in use	949	456
Cash in hand	301	337
Short-term bank deposit	648	2 253
Other	3	39
<b>Cash and cash equivalents in the statement of financial position</b>	<b>24 799</b>	<b>14 097</b>
Bank overdrafts	(22 677)	(23 493)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>2 122</b>	<b>(9 396)</b>

## 12 Financial instruments

### Financial instruments measured at fair values

As at 30 September, 30 June 2016, 31 December 2015 and 30 September 2015 there were no financial instruments measured at fair value.

### Fair values

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.

ÉFixed rate debt securities. The fair value of bonds at 30 September 2016 amounted to PLN 269 643 thousand (31 December 2015: PLN 196 913 thousand) fair value as at 30 September 2016 and 31 December 2015 was determined 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 is similar to the interest rate applicable for liabilities with similar risk.

## 13 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.

## 14 Management Board's position on the possibility of implementing previously published forecasts for the year, in light of the results presented in the quarterly report

Management Board didn't publish forecasts.

**15 Ownership of the Parent Company shares or rights held by Management Board or by Supervisory Board at the date of this quarterly report, along with an indication of changes in ownership during the period from the previous report, separately for each person**

	As at the date of the current report		As at the date of the previous report	
	quantity	% in share capital	quantity	% in share capital
<b>Management Board</b>				
- Przemysław Sztuczkowski *	4 586 066	6.09%	635 580	0.90%
- Przemysław Grzesiak	-	-	-	-
- Krzysztof Zofka	-	-	-	-
- Dominik Barszcz	-	-	-	-
<b>Supervisory Board</b>				
- Hubert Janiszewski	-	-	-	-
- Piotr Freyberg	-	-	-	-
- Jerzy Kak	-	-	-	-
- Marek Rocki	-	-	-	-
- Zbigniew/ api ski	-	-	-	-

\* 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. are in the same time indirect participation of Przemysław Sztuczkowski in Cognor S.A. As at August 29, 2016 PS Holdco Sp. z o.o. was the owner of 65.35% shares of Cognor S.A, and as at November 14, 2016 PS Holdco Sp. z o.o. was the owner of 61.40%. Detailed information in note 6.

Przemysław Grzesiak, Vice President of the Management Board Cognor SA, until 21 June 2016 held 3.61% of the shares in the company Cognor SA (2 522 951 of shares), giving 3.61% of votes at the AGM.

On 26 April 2016 PS Holdco Sp. z o.o. announced a tender offer for the sale of all ordinary bearer shares of Cognor S.A. As a result of the call on 21 June 2016 Mr Przemysław Grzesiak sold 2 522 951 of shares to PS Holdco Sp. Z o.o.

In July, 2016 Mr Przemysław Sztuczkowski also bought exchangeable notes with a nominal value of EUR 2 158 987, which allowed him to obtain the result of conversion of 3 950 486 of shares Cognor S.A.

On August 10, 2016 Warsaw Stock Exchange admitted to trading 635 590 of shares Cognor S.A. emission series 9 converted from purchased earlier by Mr. Przemysław Sztuczkowski in December 2015 exchangeable notes (EN) with a nominal value of 347 352 EUR.

On November 7, 2016 Warsaw Stock Exchange admitted to trading 3 950 486 shares Cognor SA emission series 9 converted from purchased earlier by Mr. Przemysław Sztuczkowski in July 2016 exchangeable notes (EN) with a nominal value of 2 158 987 EUR. Shares owned by Mr. Przemysław Sztuczkowski represents 6.09% of the shares in the Company Cognor SA, giving 6.09% of votes at the AGM.

Mr. Przemysław Sztuczkowski ,at the date of this report (14 November 2016), holds exchangeable notes (EN) with a nominal value of 638 125 EUR, which will allow him to receive in the future as a result of the conversion - additional 1 167 632 of shares Cognor S.A.

In total, the company PS HoldCo Sp. Z o.o. and Mr. Przemysław Sztuczkowski at the date of this report (November 14, 2016) own 67.49% of shares in Cognor SA, giving 67.49% of votes (at the date of the previous report, ie. 29 August 2016, respectively 66.25% of the shares in the company Cognor S.A. and 66.25% of votes at the AGM).

**16 Proceedings before the court, arbitration or public authorities**

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 2015. During the nine month period ended September 30, 2016 there were no significant changes in the status of these proceedings.

**17 Information on the Parent Company or its subsidiary of one or more transactions with related parties if individually or in the aggregate are material and have been included under conditions other than market.**

Not applicable.

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

Warranties and guarantees granted to subsidiaries by the Parent Company:

Subsidiary	Type of liability	Guarantee value in PLN (in thousands)	Period of guarantee
Cognor Blachy Dachowe S.A.	Trade liability	3 862	without deadline
Huta Stali Jako ciowych S.A.	Loan	5 020	till 31 December 2019
Ferrostal/ ab dy Sp. z o.o.	Trade liability	1 725	without deadline

Warranties and guarantees provided by Ferrostal/ ab dy Sp. z o.o. (subsidiary) to the Group:

Subsidiary	Type of liability	Guarantee value in PLN (in thousands)	Period of guarantee
Huta Stali Jako ciowych S.A.	Lease liability	5 339	till October 2020
Cognor S.A.	Lease liability	422	till January 2019
ZW Profil S.A.	Lease liability	1 130	till December 2019
Przedsi biorstwo Transportu Samochodowego S.A.	Loan from WFO iGW	500	till November 2024

Warranties and guarantees provided by Huta Stali Jako ciowych S.A. (subsidiary) to the Group:

Ferrostal/ ab dy Sp. Z o.o.	Bank loan	5 000	till September 2016
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Warranties and guarantees provided by Zimrex Metal Sp. Z o.o. (subsidiary) to the Group:

Cognor Blachy Dachowe S.A.	Trade liability	500	without deadline
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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 8.

Guarantees related to the bank loans:

Cognor S.A. together with its subsidiaries: Ferrostal/ ab dy Sp. z o.o., Huta Stali Jako ciowych S.A. have a bank overdraft in mBank S.A. with the limit of PLN 25 000 thousand, guaranteed by the above mentioned companies. The guarantee period coincides with the credit maturity, i.e. July 27, 2017.

## 19 Other information that the Parent Company is relevant to the assessment of its personnel, assets, financial position, financial performance and their changes and information that is relevant to the assessment of the Parent Company's capacity to meet obligation.

Lack of information requiring disclosure.

## 20 Factors which in the opinion of the Parent Company will have an impact on its financial performance for at least next quarter.

The consolidated financial results of the Cognor Capital Group in the the prespective of the fourth quarter of 2015 will depend mainly on:

- the formation of relation of product prices to material prices, including especially steel scrap,
- the formation of the relations of the PLN to EUR and USD.

## **21 Subsequent events**

On 7 November 2016, 4,545,925 shares of series 9 have been admitted to trading. These shares have been acquired by President Przemysław Sztuczkowski and other shareholders. The increase of share capital was related to the conversion of exchangeable notes into shares of Cognor S.A.

Poraj, 14 November 2016

Przemysław Sztuczkowski  
*President of the Management Board*

Przemysław Grzesiak  
*Vice President of the Management Board*

Krzysztof Zofka  
*Member of the Management Board*

Dominik Barszcz  
*Member of the Management Board*