

Cognor S.A.
Condensed Consolidated
Interim Financial Statements
as at 31 March 2013

15 May 2013

Condensed consolidated statement of financial position

<i>in PLN thousand</i>	<i>Note</i>	31.03.2013	31.12.2012	31.03.2012
Assets				
Property, plant and equipment	5	311 275	317 671	341 225
Intangible assets		14 727	15 435	16 257
Investment property		603	603	1 284
Investments in associates		2 012	-	-
Other investments		3 187	7 117	3 087
Other receivables		41 838	40 943	41 888
Prepaid perpetual usufruct of land		18 849	18 954	19 744
Deferred tax assets		72 415	71 744	67 625
Total non-current assets		464 906	472 467	491 110
Inventories		195 626	179 201	211 746
Other investments		4 712	5 131	3 674
Current income tax receivables		82	82	8 173
Trade and other receivables		197 284	181 691	243 417
Cash and cash equivalents		44 481	64 151	53 836
Assets classified as held for sale		11 214	11 786	12 388
Total current assets		453 399	442 042	533 234
Total assets		918 305	914 509	1 024 344

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 thousand</i>	<i>Note</i>	31.03.2013	31.12.2012	31.03.2012
Equity				
Issued share capital	6	132 444	132 444	132 444
Reserves		141 312	141 312	141 452
Foreign currency translation reserves		(501)	(471)	(499)
Accumulated losses		(133 973)	(109 274)	(94 604)
Total equity attributable to owners of the Parent Company		139 282	164 011	178 793
Non-controlling interests		12 925	12 831	11 916
Total equity		152 207	176 842	190 709
Liabilities				
Interest-bearing loans and borrowings	8	5 600	487 020	498 985
Employee benefits obligation		6 735	6 735	7 970
Government grants and other deferred income		-	-	464
Deferred tax liabilities		8 169	6 618	8 983
Total non-current liabilities		20 504	500 373	516 402
Bank overdraft	8	13 862	15 495	3 963
Interest-bearing loans and borrowings	8	555 820	75 333	74 621
Employee benefits obligation		3 463	2 815	4 366
Current income tax payables		322	315	-
Provisions for payables		1 326	430	878
Trade and other payables		167 335	142 170	228 844
Government grants and other deferred income		3 466	736	4 561
Total current liabilities		745 594	237 294	317 233
Total liabilities		766 098	737 667	833 635
Total equity and liabilities		918 305	914 509	1 024 344

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 part of the condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss and other comprehensive income

<i>in PLN thousand</i>	01.01.2013 - 31.03.2013	01.01.2012 - 31.03.2012
Revenue	284 407	399 419
Cost of sales	(270 345)	(371 944)
Gross profit	14 062	27 475
Other income	1 881	2 691
Distribution expenses	(7 698)	(7 972)
Administrative expenses	(7 607)	(11 605)
Other gains/(losses) - net	3 522	(3 693)
Other expenses	(2 336)	(2 976)
Operating profit before financing costs	1 824	3 920
Financial income	42	28 104
Financial expenses	(25 603)	(15 537)
Net financing costs/income	(25 561)	12 567
(Loss)/profit before tax	(23 737)	16 487
Income tax expense	(868)	(2 405)
(Loss)/profit for the period	(24 605)	14 082
(Loss)/profit for the period attributable to:		
Owners of the Parent Company	(24 699)	14 367
Non-controlling interests	94	(285)
(Loss)/profit for the period	(24 605)	14 082
Other comprehensive income		
- that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(30)	186
Total comprehensive income for the period	(24 635)	14 268
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	(24 729)	14 553
Non-controlling interests	94	(285)
Total comprehensive income for the period	(24 635)	14 268
Basic earnings per share (PLN) attributable to the owners of the Parent Company	(0,37)	0,22
- from continuing operations	(0,37)	0,22
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	(0,37)	0,22
- from continuing operations	(0,37)	0,22

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 profit or loss and other comprehensive income should be read in conjunction with the explanatory notes constituting 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

	01.04.2012 - 31.03.2013	01.04.2011 - 31.03.2012
Revenue	1 284 662	1 620 861
Cost of sales	(1 202 295)	(1 455 187)
Gross profit	82 367	165 674
Other income	10 761	9 671
Distribution expenses	(33 676)	(36 796)
Administrative expenses	(30 693)	(49 248)
Other gains - net	4 991	12 370
Other expenses	(10 996)	(14 549)
Operating profit before financing costs	22 754	87 122
Financial income	8 613	34 323
Financial expenses	(72 490)	(100 728)
Net financing costs	(63 877)	(66 405)
(Loss)/profit before tax	(41 123)	20 717
Income tax expense	2 623	24 277
(Loss)/profit for the period from continuing operations	(38 500)	44 994
Discontinued operations		
Profit for the period from discontinued operations, net of tax	-	56 108
(Loss)/profit for the period	(38 500)	101 102
(Loss)/profit for the period attributable to:		
Owners of the Parent Company	(39 509)	97 765
Non-controlling interests	1 009	3 337
(Loss)/profit for the period	(38 500)	101 102

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

	01.04.2012 - 31.03.2013	01.04.2011 - 31.03.2012
Other comprehensive income		
- that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(2)	263
Total comprehensive income for the period	(38 502)	101 365
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	(39 511)	98 006
Non-controlling interests	1 009	3 359
Total comprehensive income for the period	(38 502)	101 365
Basic earnings per share (PLN) attributable to the owners of the Parent Company	(0,60)	1,48
- from continuing operations	(0,60)	0,63
- from discontinued operations	-	0,85
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	(0,60)	1,48
- from continuing operations	(0,60)	0,63
- from discontinued operations	-	0,85

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

Condensed consolidated statement of cash flows

in PLN thousand

	01.01.2013 - 31.03.2013	01.01.2012 - 31.03.2012
(Loss)/Profit before tax	(23 737)	16 487
Adjustments		
Depreciation	9 108	9 695
Amortization	736	830
Foreign exchange (gains)/losses	6 728	(31 192)
Net (gains)/losses on investment activities	-	(803)
Net (gains)/losses on disposal of property, plant and equipment	(1 576)	(110)
Interest, transaction costs (related to loans and borrowings) and dividends, net	14 531	13 761
Change in receivables	(10 361)	(35 851)
Change in inventories	(16 425)	(33 274)
Change in trade and other payables	31 403	50 621
Change in provisions	908	2 238
Change in employee benefits obligation	648	(1 311)
Change in government grants and other deferred income	2 730	3 541
Cash generated/(outflows) from operating activities	14 693	(5 368)
Income tax refunded/(paid)	7	(621)
Net cash from operating activities	14 700	(5 989)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	3 488	5 137
Interest received	69	495
Repayment of loans granted	328	21 583
Acquisition of property, plant and equipment	(793)	(6 042)
Acquisition of intangible assets	(28)	(32)
Acquisition of shares in other companies	(2 012)	-
Loans granted	(90)	-
Net cash from investing activities	962	21 141

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

Condensed consolidated statement of cash flows - continued

<i>in PLN thousand</i>	<i>Note</i>	01.01.2013 - 31.03.2013	01.01.2012 - 31.03.2012
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings		-	39 059
Repayment of interest-bearing loans and borrowings		(4 160)	-
Payment of finance lease liabilities		(2 899)	(1 580)
Interest and transaction costs (related to loans and borrowings) paid		(22 441)	(24 687)
Other transactions with the Owner		(4 200)	-
Net cash from financing activities		(33 700)	12 792
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents net of bank overdraft, at 1 January		48 656	21 930
- effect of exchange rate fluctuations on cash held		1	(1)
Cash and cash equivalents net of bank overdraft, at 31 March	<i>11</i>	30 619	49 873
- including cash restricted for use	<i>11</i>	15 923	22 397

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

Condensed consolidated statement of cash flows (last twelve months)

<i>in PLN thousand</i>	01.04.2012 - 31.03.2013	01.04.2011 - 31.03.2012
Continuing operations		
(Loss)/Profit before tax from continuing operations	(41 123)	20 717
Adjustments		
Depreciation	37 653	40 368
Amortization	3 198	3 316
Impairment losses and valuation allowances	-	(596)
Foreign exchange (gains)/losses	(2 603)	28 050
Net (gains)/losses on investment activities	(675)	(14 332)
Net (gains)/losses on disposal of property, plant and equipment	(6 024)	2 792
Interest, transaction costs (related to loans and borrowings) and dividends, net	46 643	49 869
Change in receivables	47 642	(42 061)
Change in inventories	16 120	(40 354)
Change in trade and other payables	(43 060)	(35 325)
Change in provisions	(1 320)	4 833
Change in employee benefits obligation	(2 138)	(2 294)
Change in government grants and other deferred income	(1 559)	918
Other adjustments	17	6
Cash generated from continuing operations	52 771	15 907
Discontinued operations		
Profit before tax from discontinued operations	-	52 745
Adjustments		
Foreign exchange (gains)/losses	-	397
Net (gains)/losses on investment activities	-	5 938
Net (gains)/losses on disposal of property, plant and equipment	-	(63 648)
Interest, transaction costs (related to loans and borrowings) and dividends, net	-	304
Change in receivables	-	17 501
Change in inventories	-	41 021
Change in trade and other payables	-	(32 398)
Change in provisions	-	(4 492)
Change in employee benefits obligation	-	(1 118)
Change in government grants and other deferred income	-	(69)
Other adjustments	-	(761)
Cash generated from discontinued operations	-	15 420
Cash generated from operating activities	52 771	31 327
Income tax refunded/(paid)	7 200	(8 662)
- continuing operations	7 200	(1 297)
- discontinued operations	-	(7 365)
Net cash from operating activities	59 971	22 665

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

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

<i>in PLN thousand</i>	01.04.2012 - 31.03.2013	01.04.2011 - 31.03.2012
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	13 527	6 249
Proceeds from sale of other investments	5 985	-
Interest received	154	3 305
Dividends received	-	30
Repayment of loans granted	352	32 565
Acquisition of property, plant and equipment	(7 702)	(14 689)
Acquisition of intangible assets	(1 828)	(593)
Prepaid perpetual usufruct of land	-	(1 971)
Loans granted	(90)	(3 569)
Acquisition of other investments	(7 330)	(2 379)
Other outflows from investing activities	-	(4 241)
Cash generated from continuing operations	3 068	14 707
Cash generated from discontinued operations	-	190 607
Net cash from investing activities	3 068	205 314
Cash flows from financing activities		
Net cash receipts from share issue	-	330
Proceeds from interest-bearing loans and borrowings	(13 975)	49 886
Repayment of interest-bearing loans and borrowings	(4 285)	(87 213)
Payment of finance lease liabilities	(8 911)	(7 669)
Interest and transaction costs (related to loans and borrowings) paid	(44 207)	(61 198)
Other transactions with the Owner	(10 915)	-
Cash outflows from continuing operations	(82 293)	(105 864)
Cash outflows from discontinued operations	-	(1 236)
Net cash from financing activities	(82 293)	(107 100)
Net increase / (decrease) in cash and cash equivalents		
Cash and cash equivalents net of bank overdraft, at 1 April	49 873	(71 066)
- effect of exchange rate fluctuations on cash held	-	60
Cash and cash equivalents net of bank overdraft, at 31 March	11 30 619	11 49 873
- including cash restricted for use	11 15 923	11 22 397

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

Condensed consolidated statement of changes in equity

	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings/ (Accumulated losses)	Total			
<i>in PLN thousand</i>								
Equity as at 1 January 2012	132 444	131 452	(685)	(98 971)	164 240	12 201	176 441	
Total comprehensive income	-	-	186	14 367	14 553	(285)	14 268	
- profit/(loss)	-	-	-	14 367	14 367	(285)	14 082	
- foreign currency translation differences relating to foreign operations	-	-	186	-	186	-	186	
Transactions with owners of the Company, recognised in equity								
Contribution by and distributions to owners of the Company	-	10 000	-	(10 000)	-	-	-	
Disposal/transfer of treasury shares	-	10 000	-	(10 000)	-	-	-	
Equity as at 31 March 2012	132 444	141 452	(499)	(94 604)	178 793	11 916	190 709	
Equity as at 1 January 2012	132 444	131 452	(685)	(98 971)	164 240	12 201	176 441	
Total comprehensive income	-	-	214	(443)	(229)	630	401	
- (loss)/profit	-	-	-	(443)	(443)	630	187	
- foreign currency translation differences relating to foreign operations	-	-	214	-	214	-	214	
Transactions with owners of the Company, recognised in equity								
Contribution by and distributions to owners of the Company	-	10 000	-	(10 000)	-	-	-	
Disposal/transfer of treasury shares	-	10 000	-	(10 000)	-	-	-	
Covering of loss	-	(140)	-	140	-	-	-	
Equity as at 31 December 2012	132 444	141 312	(471)	(109 274)	164 011	12 831	176 842	
Equity as at 1 January 2013	132 444	141 312	(471)	(109 274)	164 011	12 831	176 842	
Total comprehensive income	-	-	(30)	(24 699)	(24 729)	94	(24 635)	
- (loss)/profit	-	-	-	(24 699)	(24 699)	94	(24 605)	
- foreign currency translation differences relating to foreign operations	-	-	(30)	-	(30)	-	(30)	
Transactions with owners of the Company, recognised in equity								
Contribution by and distributions to owners of the Company	-	-	-	-	-	-	-	
Equity as at 31 March 2013	132 444	141 312	(501)	(133 973)	139 282	12 925	152 207	

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 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. Till 29 August 2011, the Parent Company of the Group was Zlomrex S.A. The Company was established in 1991. Since 1994 Cognor’s shares are quoted on the 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.

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 three months ended 31 March 2013 comprise the Parent Company and its subsidiaries (“the Group”). Details of the subsidiaries that comprise the Group as at 31 March 2013 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 ŁABĘDY Sp. z o.o.	Poland	Manufacture of metal products	92,4%	2004-02-19*
ZW WALCOWNIA BRUZDOWA Sp. z o.o.	Poland	Manufacture of metal products	100,0%	2005-01-13*
HUTA STALI JAKOŚCIOWYCH S.A.	Poland	Manufacture of metal products	100,0%	2006-01-27*
KAPITAŁ S.A.	Poland	Financial services	100,0%	2004-06-13*
ZLOMREX INTERNATIONAL FINANCE S.A.	France	Financial services, Bond issuer	100,0%	2006-10-23*
ZŁOMREX METAL Sp. z o.o.	Poland	Purchasing and processing of iron scrap	100,0%	2007-04-02*
COGNOR BLACHY DACHOWE S.A.	Poland	Manufacture and trade in roofing materials	77,4%	2007-08-01
BUSINESS SUPPORT SERVICES Sp. z o.o.	Poland	Other services	100,0%	2006-05-15*
COGNOR FINANSE Sp. z o.o.	Poland	Financial services	100,0%	2007-03-28*
AB STAHL AG	Germany	Trade in metal products	100,0%	2006-08-03*
4 GROUPS Sp. z o.o.	Poland	Other services	30,0% (associate)	2013-01-21

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

On 21 January 2013, Business Support Services Sp. z o.o. (a subsidiary of Cognor S.A.) acquired 90 shares in 4 Groups Sp. z o.o. After this transaction, Business Support Services Sp. z o.o. has 30% of total shares in 4 Groups Sp. z o.o. Consequently, 4 Groups Sp. z o.o. became an associate in Cognor 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 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 2012 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

These condensed consolidated interim financial statements were approved by the Board of Directors of the Parent Company on 15 May 2013.

b) Going concern basis of accounting

The condensed consolidated interim financial statements as at 31 March 2013 have been prepared on the going concern basis.

During the crisis of 2008-2010 the Group went through extremely difficult business conditions which resulted in negative net results and cash flows. Unprofitable operations raised numerous challenges for continuity of operations aimed major integration projects pending and relatively high leverage.

The Group has responded with a number of measures to adjust its business model to changing market environment and to modify its capital structure aimed at indebtedness reduction. The most important decision was to divest the Group's steel distribution business which was finalized at the beginning of 2011. This resulted in a significant reduction of the debt burden and improved liquidity and led to significant progress in business operations with improved results.

In 2012 the challenging environment for the steel industry repeated and it has persisted throughout Q1 2013. The Group's profits deteriorated significantly, thanks to all the business restructuring however, the Group's operations continued untroubled with good liquidity. The current business model has proved its relative resistance to the industry's cyclicality. We are of the opinion that the last year has been exceptionally weak for the steel business since we have been seeing some improvement in Q1 2013 compared to the previous quarter. However, in comparison to Q1 2012 our performance is still weaker.

In the opinion of Group's management there should be no internal occurrences which might result in significant doubt over the Group's ability to meet its ongoing obligations in 2013. The amount of short-term financial liabilities falling due during that period should be adequately covered by the Group's cash position so the Group should be able to meet all the upcoming maturities, even if none of the currently existing short-term financial facilities are renewed by the banks.

The senior Notes issued by the Group, in the amount of EUR 119 million (PLN 499 million as at 31 March 2013), are scheduled to mature on 1 February 2014. Refinancing of these liabilities by the Group is necessary as the Group will not be able to settle the full amount of the respective debt in the normal course of business at the date of its maturity.

In the first half of 2013, the Group initiated a review of its strategic alternatives in light of the upcoming maturity of its senior Notes and has begun preparations of a proposal to refinance the senior Notes ahead of their scheduled maturity. In connection with that review, the Company initiated a formal bondholder identification process through the clearing systems on 26 April 2013. Many bondholders have identified themselves and their holdings and those who have not yet responded are encouraged to do so. Numerous bondholders, acting individually, have since been in contact with senior management of the Company on an informal and confidential basis to discuss various possibilities for a long-term sustainable capital structure. Those discussions are continuing. Although no formal agreement or arrangement has been reached with any bondholders, the Company is hopeful that a mutually acceptable capital structure can be agreed with certain investors holding some of the larger positions in the senior Notes and proposed more broadly to the Company's stakeholders in the near term.

However, as of the date of these condensed consolidated interim financial statements the refinancing is uncommitted and therefore it is uncertain whether it will be successfully concluded. Factors that may hinder the refinancing include: liquidity and risk aversion of the financial markets, the perception of the Cognor Group by the potential investors and current and forecasted conditions for the steel industry.

Despite Cognor's management positive view on the prospects of the refinancing, the described situation indicates the existence of material uncertainty that may cast doubt about the Group's ability to continue as a going concern. If the Group is unable to continue as a going concern, it could have an impact on the Group's ability to realize its assets and discharge all its liabilities in the normal course of business.

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 2012.

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 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 2012.

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 – this segment includes activities of buying, processing, refining and selling of scrap metal and non-ferrous scrap;
2. production division – 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 – this segment includes activities of selling commodities (steel products, steel scrap, steel billets, non-ferrous scrap and products and others);
4. other – 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.

**Explanatory notes
to the condensed consolidated
interim financial statements**
(in PLN thousand, unless stated otherwise)

Together reach more



Business segments (for the three months ended 31 March)

in PLN thousand

31.03.2013	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	53 716	229 592	887	212			
Inter-segment revenue	57 876	6 355	1	2 478			
Total revenue	111 592	235 947	888	2 690	-	(66 710)	284 407
Cost of sales to external customers	(50 448)	(218 935)	(947)	(15)			
Inter-segment cost of sales	(57 324)	(6 755)	(1)	(185)			
Total cost of sales	(107 772)	(225 690)	(948)	(200)	-	64 265	(270 345)
Segment result	3 820	10 257	(60)	2 490	-	(2 445)	14 062
Other income	380	1 731	33	1 973	17 813	(20 049)	1 881
Distribution and administrative expenses	(5 371)	(8 211)	(285)	(177)	(3 452)	2 191	(15 305)
Other gain net	98	1 854	15	109	1 403	43	3 522
Other expenses	(87)	(2 200)	(16)	-	(466)	433	(2 336)
Operating profit/(loss)	(1 160)	3 431	(313)	4 395	15 298	(19 827)	1 824
Net financing costs	(396)	(2 095)	(1)	-	(42 531)	19 462	(25 561)
Income tax expense							(868)
Loss for the period							(24 605)

in PLN thousand

31.03.2012	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	65 952	327 077	5 500	890			
Inter-segment revenue	100 086	6 007	13	2 664			
Total revenue	166 038	333 084	5 513	3 554	-	(108 770)	399 419
Cost of sales to external customers	(55 790)	(310 440)	(5 305)	(409)			
Inter-segment cost of sales	(102 225)	(6 292)	(10)	(187)			
Total cost of sales	(158 015)	(316 732)	(5 315)	(596)	-	108 714	(371 944)
Segment result	8 023	16 352	198	2 958	-	(56)	27 475
Other income	737	1 280	59	874	16 348	(16 607)	2 691
Distribution and administrative expenses	(5 496)	(7 869)	(607)	(73)	(819)	(4 713)	(19 577)
Other gain/(losses) net	(262)	196	(5)	-	(5 889)	2 267	(3 693)
Other expenses	(570)	(1 110)	(5)	(25)	(1 145)	(121)	(2 976)
Operating profit/(loss)	2 432	8 849	(360)	3 734	8 495	(19 230)	3 920
Net financing costs	(424)	(1 633)	(69)	(684)	3 658	11 719	12 567
Income tax expense							(2 405)
Profit for the period							14 082

**Explanatory notes
to the condensed consolidated
interim financial statements**
(in PLN thousand, unless stated otherwise)

Together reach more



Business segments (for the twelve months ended 31 March)

in PLN thousand

31.03.2013	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	252 432	1 015 955	14 334	1 941			
Inter-segment revenue	238 579	27 551	2	17 234			
Total revenue	491 011	1 043 506	14 336	19 175	-	(283 366)	1 284 662
Cost of sales to external customers	(233 692)	(951 810)	(13 839)	(2 954)			
Inter-segment cost of sales	(239 614)	(26 637)	(2)	(430)			
Total cost of sales	(473 306)	(978 447)	(13 841)	(3 384)	-	266 683	(1 202 295)
Segment result	17 705	65 059	495	15 791	-	(16 683)	82 367
Other income	1 891	2 777	246	20 367	79 451	(93 971)	10 761
Distribution and administrative expenses	(23 433)	(39 615)	(1 903)	(959)	(21 425)	22 966	(64 369)
Other gain/(losses) net	(300)	(1 620)	5 612	(271)	9 650	(8 080)	4 991
Other expenses	(2 168)	(2 074)	(267)	(278)	(9 617)	3 408	(10 996)
Operating profit/(loss)	(6 305)	24 527	4 183	34 650	58 059	(92 360)	22 754
Net financing costs	(664)	(6 987)	(114)	(14 121)	(128 051)	86 060	(63 877)
Income tax expense							2 623
Loss for the period							(38 500)

in PLN thousand

31.03.2012	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	244 683	1 334 567	36 912	4 699			
Inter-segment revenue	365 258	26 876	1 410	9 741			
Total revenue	609 941	1 361 443	38 322	14 440	-	(403 285)	1 620 861
Cost of sales to external customers	(200 096)	(1 210 945)	(36 208)	(7 938)			
Inter-segment cost of sales	(376 663)	(25 140)	(684)	(3 559)			
Total cost of sales	(576 759)	(1 236 085)	(36 892)	(11 497)	-	406 046	(1 455 187)
Segment result	33 182	125 358	1 430	2 943	-	2 761	165 674
Other income	9 637	4 682	10 534	9 330	64 241	(88 753)	9 671
Distribution and administrative expenses	(21 733)	(46 304)	(7 780)	557	(19 822)	9 038	(86 044)
Other gain/(losses) net	1 089	(191)	(554)	848	(4 345)	15 523	12 370
Other expenses	(798)	(13 781)	(733)	(500)	(11 428)	12 691	(14 549)
Operating profit/(loss)	21 377	69 764	2 897	13 178	28 646	(48 740)	87 122
Net financing costs	(4 419)	(6 453)	(413)	(520)	(130 937)	76 337	(66 405)
Income tax expense							24 277
Profit for the period from continuing operations							44 994
Profit from discontinued operations	-	-	56 108	-	-	-	56 108
Profit for the period							101 102

in PLN thousand

31.03.2013	Scrap division	Production division	Distribu- tion division	Other	Unallocated	Consolidated
Segment assets	78 988	624 429	6 663	10 661	197 564	918 305
Segment liabilities	26 964	121 728	1 628	1 332	614 446	766 098

**Explanatory notes
to the condensed consolidated
interim financial statements**
(in PLN thousand, unless stated otherwise)

Together reach more



in PLN thousand

	31.12.2012	Scrap division	Production division	Distribu- tion division	Other	Unallocated	Consolidated
Segment assets		85 170	597 324	5 252	14 009	212 754	914 509
Segment liabilities		32 964	90 921	173	1 372	612 237	737 667

in PLN thousand

	31.03.2012	Scrap division	Production division	Distribu- tion division	Other	Unallocated	Consolidated
Segment assets		94 225	694 327	12 440	25 240	198 112	1 024 344
Segment liabilities		57 949	148 106	2 782	897	623 901	833 635

Unallocated assets

in PLN thousand

	31.03.2013	31.12.2012	31.03.2012
Long-term and short-term investments	7 899	12 248	6 761
Investment in associates	2 012	-	-
Deferred tax assets	72 415	71 744	67 625
Investment property	603	603	1 284
Income tax receivable	82	82	-
Cash and cash equivalents	44 481	64 151	53 836
Assets held for sale	11 214	11 786	12 388
Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc.)	58 858	52 140	56 218
	197 564	212 754	198 112

Unallocated liabilities

in PLN thousand

	31.03.2013	31.12.2012	31.03.2012
Interest-bearing loans and borrowings	561 420	562 353	573 606
Bank overdraft	13 862	15 495	3 963
Deferred tax liabilities	8 169	6 618	8 983
Employee benefits	10 198	9 550	12 336
Government grants and other deferred income	3 466	736	5 025
Current income tax payables	322	315	-
Other liabilities	17 009	17 170	19 988
	614 446	612 237	623 901

5 Property, plant and equipment

During the three months ended 31 March 2013, the Group acquired property, plant and equipment at a cost of PLN 3 947 thousand (three months ended 31 March 2012: PLN 8 718 thousand). Assets with a net book value of PLN 1 340 thousand were disposed of during the three months ended 31 March 2013 (three months ended 31 March 2012: PLN 696 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 296 thousand (three months ended 31 March 2012: a net gain on disposal of PLN 188 thousand).

During the twelve months ended 31 March 2013, the Group acquired property, plant and equipment at a cost of PLN 12 253 thousand (twelve months ended 31 March 2012: PLN 14 394 thousand). Assets with a net book value of PLN 4 901 thousand were disposed of during the twelve months ended 31 March 2013 (twelve months ended 31 March 2012: PLN 3 180 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 4 069 thousand (twelve months ended 31 March 2012: a net loss on disposal of PLN 2 470 thousand).

Capital commitments

As at 31 March 2013 the Group had capital commitments in the amount of PLN 658 thousand (31 March 2012: PLN 2 678 thousand).

6 Equity

Issued share capital

	31.03.2013	31.12.2012	31.03.2012
Registered shares number at reporting date	66 222 248	66 222 248	66 222 248
Number of issued warrants	6 622	6 622	6 622
Nominal value of 1 share	2 PLN	2 PLN	2 PLN

At 31 March 2013, the Parent Company's share capital comprised 66 222 248 ordinary shares (31 December 2012: 66 222 248; 31 March 2012: 66 222 248) with a nominal value of PLN 2 each. In 2011, the Parent Company issued 6 622 warrants which entitle the holder to convert 1 warrant into 10 000 ordinary shares. The nominal value of warrants is 50 PLN.

The exercise price for each share to be issued on conversion of warrants is PLN 4.

Holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at the General Meeting of Shareholders.

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 31 March 2013 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.*	43 691 307	65,98%	43 691 307	65,98%
TFI PZU	4 400 140	6,64%	4 400 140	6,64%
Other shareholders	18 130 801	27,38%	18 130 801	27,38%
Total	66 222 248	100,00%	66 222 248	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 S.A.

The ownership structure as at the date of the publication of annual consolidated financial statements for 2012 (21 March 2013) 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.*	43 691 307	65,98%	43 691 307	65,98%
TFI PZU	4 400 140	6,64%	4 400 140	6,64%
Other shareholders	18 130 801	27,38%	18 130 801	27,38%
Total	66 222 248	100,00%	66 222 248	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 S.A.

The ownership structure as at the date of the publication of these condensed consolidated interim financial statements (15 May 2013) 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.*	43 691 307	65,98%	43 691 307	65,98%
TFI PZU	4 400 140	6,64%	4 400 140	6,64%
Other shareholders	18 130 801	27,38%	18 130 801	27,38%
Total	66 222 248	100,00%	66 222 248	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 S.A.

Treasury shares

On 27 March 2012, PS HoldCo Sp. z o.o. bought 5 000 000 shares in Cognor S.A. from Huta Stali Jakościowych S.A. (subsidiary of Cognor S.A.). The nominal value of sold shares was PLN 10 000 thousand. The contribution received fulfilled PS HoldCo Sp. z o.o.'s commitment for a capital contribution to the Group. After this transaction the Group no longer holds treasury shares (directly or indirectly).

7 Earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2013 was based on the loss attributable to ordinary shareholders of PLN 24 699 thousand (the three-month period ended 31 March 2012: profit PLN 14 367 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2013 of 66 222 thousand (the three-month period ended 31 March 2012: 66 222 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the three months ended 31 March 2013 was 66 222 thousand (31 March 2012: 66 222 thousand).

The calculation of basic earnings per share for the twelve-month period ended 31 March 2013 was based on the loss attributable to ordinary shareholders of PLN 39 509 thousand (the twelve-month period ended 31 March 2012: profit PLN 97 765 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 31 March 2013 of 66 222 thousand (the twelve-month period ended 31 March 2012: 66 222 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 31 March 2013 was 66 222 thousand (31 March 2012: 66 222 thousand).

As at 31 March 2013, issued warrants were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive due to the fact that the average market value of the Parent Company's shares was lower than PLN 4. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

8 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	31.03.2013	31.12.2012	31.03.2012
Bank overdraft	13 862	15 495	3 963
Non-current liabilities			
Secured fixed interest rate debt	-	483 307	494 552
Finance lease liabilities	5 600	3 713	4 383
Secured bank loans	-	-	50
	5 600	487 020	498 985
Current liabilities			
Secured fixed interest rate debt*	498 610	14 182	7 071
Current portion of finance lease liabilities	2 141	3 745	4 984
Factoring and bill of exchange liabilities	18 428	13 528	9 834
Reverse factoring	15 801	18 879	18 597
Other borrowings	20 840	24 999	24 856
Current portion of secured bank loans	-	-	9 279
	555 820	75 333	74 621

* As at 31 March 2013, the liabilities arising from the above notes in the amount of EUR 119 359 thousand (PLN 498 610 thousand) were presented as short-term borrowings as they are due for settlement on 1 February 2014.

Based on the stipulations of the loan agreement with BRE Bank S.A., the Group is obliged to meet certain financial covenants. In case of a breach of a covenant the bank is entitled to charge a higher interest margin (increased maximum by 0.9 pp.).

As at 31 March 2013, two of the three agreed financial ratios were not met by the Group, however the margin remained unchanged. As at 31 March 2013 the liability to BRE Bank amounted to PLN 7 310 thousand.

Liabilities due to Shareholder

The liability arising from the purchase of Złomrex shares in the amount of PLN 145 995 thousand will be settled from funds obtained on exercise of the warrants held by PS HoldCo Sp. z o.o. Amounts exceeding PLN 145 995 thousand are settled on a regular basis. The above liability and receivables from the Shareholder to the amount of 145 995 resulting from the conversion of warrants (capital contribution to Cognor S.A.) were off-set in the condensed consolidated interim statement of financial position.

9 Contingencies, guarantees and other commitments

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

Contingencies

In the sale contracts relating to :

- the sale of 100% shares of Cognor Stahlhandel GmbH dated 4th of February 2011 (refer also to note 14), the Parent Company undertook together with other sellers (its subsidiaries) to cover any additional tax liabilities or other damage incurred by Buyers in connection with the transaction structure finally accepted.

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

10 Related parties

Identity of related parties

The Group has a related party relationship with the Group's Parent Company and ultimate controlling party, the companies controlled by the Parent Company's Management Board members and with members of the Management and Supervisory Boards of Group entities.

Owner:

- PS Holdco Sp. z o.o.

Related parties not consolidated are as follows:

- Odlewnia Metali Szopienice Sp. z o.o. (sold on 27 August 2011)
- Złomrex Finans Sp. z o.o.
- Złomrex China Limited
- AB Stahl AG

Companies controlled by the owner:

- 4 Workers Sp. z o.o. (previous name Wiedza i Praca Sp. z o.o.)

Associates:

- 4 Groups Sp. z o.o.

in PLN thousand

Short-term receivables:

	31.03.2013	31.12.2012	31.03.2012
- related parties (not consolidated)	9 874	9 309	9 785
- associates	3	-	-
- owner*	7	61	61
- companies controlled by the owner	26	117	23

**Explanatory notes
to the condensed consolidated
interim financial statements**
(in PLN thousand, unless stated otherwise)

Together reach more



<i>in PLN thousand</i>	31.03.2013	31.12.2012	31.03.2012
<i>Short-term liabilities</i>			
- related parties (not consolidated)	54	80	75
- associates	54	-	-
- owner*	3 757	5 694	4 099
- companies controlled by the owner	250	291	180
<i>Loans granted</i>			
- related parties (not consolidated)	3 520	7 450	3 328

<i>in PLN thousand</i>	01.01.2013- 31.03.2013	01.01.2012- 31.03.2012	01.04.2012- 31.03.2013	01.04.2011- 31.03.2012
<i>Revenues from sale of products</i>				
- related parties (not consolidated)	-	-	-	15
<i>Revenues from sale of services</i>				
- related parties (not consolidated)	7	12	29	50
- associates	5	-	5	-
- owner	-	-	1	-
- companies controlled by the owner	23	10	224	43
<i>Revenues from sale of raw materials and commodities</i>				
- related parties (not consolidated)	1 585	9 999	19 828	28 563
- companies controlled by the owner	2	70	3	1 052
<i>Purchase of commodities and raw materials</i>				
- related parties (not consolidated)	1 454	1 094	5 941	7 854
- companies controlled by the owner	140	209	1 057	342
<i>Purchase of services</i>				
- related parties (not consolidated)	-	7	3	68
- associates	102	-	102	-
- companies controlled by the owner	122	450	1 129	1 131
<i>Other income</i>				
- related parties (not consolidated)	275	171	1 086	707
<i>Other gain/(losses) net</i>				
- related parties (not consolidated)	-	-	-	1 058
- owner	-	-	3 028	15 693
- companies controlled by the owner	-	-	18	-
<i>Other expenses</i>				
- related parties (not consolidated)	-	(26)	-	(40)
<i>Financial income</i>				
- associates	3	-	3	-
<i>Financial costs</i>				
- related parties (not consolidated)	-	-	(5)	(94)
- owner	(2 264)	(2 548)	(9 654)	(6 020)

On 27 March 2012 PS HoldCo Sp. z o.o. bought 5 000 000 shares of Cognor S.A. from Huta Stali Jakościowych S.A. (subsidiary of Cognor S.A.)

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

11 Cash and cash equivalents presented in cash flow statements

in PLN thousand

	31.03.2013	31.03.2012
Cash in bank	28 234	31 176
Cash in bank restricted in use	15 923	22 397
Cash in hand	208	237
Short-term bank deposit	90	-
Other	26	26
Cash and cash equivalents	44 481	53 836
Bank overdrafts	(13 862)	(3 963)
Cash and cash equivalents in the statement of cash flows	30 619	49 873

12 Financial instruments

Financial instruments measured at fair values

As at 31 March 2013 there were no financial assets measured at fair value (31 December 2012: financial assets of PLN 1 318 thousand were carried at fair value - fair value hierarchy Level 2).

Fair values

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

- Cash 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
- Trade 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.
- Interest-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.
- Fixed rate debt securities. The fair value of bonds at 31 March 2013 amounted to PLN 357 726 thousand (31 December 2012: PLN 378 532 thousand – the amount was estimated on the basis of market transactions on bonds issued by Złomrex International Finance in the period close to the reporting day. 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 liquidity 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 Proceedings before a court, an arbitration or a public authority

In 2009, Złomrex S.A. (currently HSJ S.A.) received a binding offer from the Government of the Republic of Croatia for termination of the contract for the sale of shares in Zeljezara Split (Republic of Croatia) with the Croatian Privatisation Fund. Despite the offer's acceptance by Złomrex S.A., the appropriate agreement relating to the return of shares in Zeljezara Split to the Croatian Privatisation Fund and the payment by the Croatian Privatisation Fund to Złomrex S.A. of the amount of EUR 10 million plus interests, had not been finalized in 2009 and in 2010 the closing of the transaction was postponed for a specified period of time at the request of the Croatian counter party.

After this period, the Government of Croatia refused to sign the documentation under the terms of a binding offer and proposed a different, less favorable solution, which was not accepted by Zlomrex S.A. Zlomrex S.A. (currently HSJ S.A.) took steps, including those prescribed in the bilateral investment protection agreement concluded between Poland and Croatia, to enforce its rights. In 2012, HSJ instigated dual track legal proceedings: before both the Croatian court and the Arbitration Tribunal. Both are pending and the issuance of rulings is unlikely to occur during the next 12 months as of the date of these condensed consolidated interim financial statements.

In the opinion of the Management of the Parent Company, supported by consultations with legal advisers, despite the uncertainty about the final settlement of this case as at the date of preparing these condensed consolidated interim financial statements, recoverability of the receivable from the Government of the Republic of Croatia is probable.

In connection with the dispute on the final selling price of the Austrian group, Cognor Stahlhandel GmbH, in 2012 the Parent Company and its subsidiaries involved in the sale of Cognor Stahlhandel GmbH's shares, filed for a ruling before the Arbitration Tribunal. This process is likely to conclude in 2013 and the Management Board of the Parent Company considers that receivables from the sale of Cognor Stahlhandel GmbH included in condensed consolidated financial statement in the amount of no less than PLN 7 336 thousand are recoverable.

15 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 thousand)	Period of guarantee
Cognor Blachy Dachowe S.A.	Trade liability	4 818	till termination of trade agreement
Kapitał S.A.	Agreement of bills discounted	2 500	till 31.12.2013

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

Subsidiary	Type of liability	Guarantee value (in PLN thousand)	Period of guarantee
Zlomrex Metal Sp. z o.o.	Factoring	11 000	till 31.12.2013
Ferrostal Łabędy Sp. z o.o.	Factoring	25 350	till 31.12.2013
Ferrostal Łabędy Sp. z o.o.	Lease liability	57	till November 2013
Kapitał S.A.	Lease liability	127	till September 2013

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

Subsidiary	Type of liability	Guarantee value (in PLN thousand)	Period of guarantee
Cognor S.A.	Lease liability	540	till January 2018
Zlomrex Metal Sp. z o.o.	Factoring	11 000	without deadline

The liability for the bonds listed on the Luxemburg Stock Exchange (Euro MTF) issued by a subsidiary Zlomrex International Finance S.A. with a total value of PLN 498 610 thousands as at 31 March 2013, was secured by a pledge on the shares of the following subsidiaries: Zlomrex International Finance S.A., Ferrostal Łabędy Sp. z o.o., ZW Walcownia Bruzdowa Sp. z o.o., Huta Stali Jakościowych S.A., Business Support Services Sp. z o.o., Zlomrex Metal Sp. z o.o. and a related company Odlewnia Metali Szopienice Sp. z o.o. (a subsidiary of PS HoldCo Sp. z o.o., the main shareholders of Cognor S.A.).

Guarantees related to the bank loans:

Cognor S.A. and its subsidiaries Ferrostal Łabędy Sp. z o.o., Huta Stali Jakościowych S.A. and Złomrex Metal Sp. z o.o. have a revolving credit line with Deutsche Bank PBC S.A. with a limit amounted to PLN 25 000 thousand, that was guaranteed to this amount by these companies. The guarantee period is the same as the credit maturity, i.e. 2 September 2013.
As at 31 March 2013, Cognor S.A. utilised this credit line and the liability amounted to PLN 20 840 thousand.

Cognor S.A. and its subsidiaries Ferrostal Łabędy Sp. z o.o., Huta Stali Jakościowych S.A. and Złomrex Metal Sp. z o.o. have a credit line with PEKAO S.A. with a limit amounted to PLN 10 000 thousand, that was guaranteed to this amount by these companies. The guarantee period is the same as the credit maturity, i.e. 10 July 2013.
As at 31 March 2013, Ferrostal Łabędy Sp. z o.o. utilised this credit line and the liability amounted to PLN 6 551 thousand.

Cognor S.A. and its subsidiaries Ferrostal Łabędy Sp. z o.o., Huta Stali Jakościowych S.A. and Złomrex Metal Sp. z o.o. have a bank overdraft with BRE Bank S.A. with a limit amounted to PLN 10 000 thousand, that was guaranteed to this amount by these companies. The guarantee period is the same as the credit maturity, i.e. 29 August 2013.
As at 31 March 2013, Ferrostal Łabędy Sp. z o.o. utilised this credit line and the liability amounted to PLN 7 310 thousand.

16 Subsequent events

There were no subsequent events to be disclosed in these condensed consolidated interim financial statements.

Poraj, 15 May 2013

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