

Cognor S.A.

Condensed Consolidated Interim Financial Statements

**as at and for the three months ended
31 March 2014**

15 May 2014

Condensed consolidated statement of financial position

in PLN thousand

	31.03.2014	31.12.2013	31.03.2013
Assets			
Property, plant and equipment	284 850	293 145	311 275
Intangible assets	11 944	12 163	14 727
Investment property	-	-	603
Investment in associates	5 941	4 946	2 012
Other investments	17 017	6 352	3 187
Other receivables	41 714	41 500	41 838
Prepaid perpetual usufruct of land	18 430	18 535	18 849
Deferred tax assets	78 805	74 319	72 415
Total non-current assets	458 701	450 960	464 906
Inventories	256 438	234 816	195 626
Other investments	5 138	5 190	4 712
Current income tax receivables	36	12	82
Trade and other receivables	221 830	186 553	197 284
Prepayments	-	9 205	-
Cash and cash equivalents	19 178	14 778	44 481
Assets classified as held for sale	8 656	8 951	11 214
Total current assets	511 276	459 505	453 399
Total assets	969 977	910 465	918 305

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

Condensed consolidated statement of financial position - continued

in PLN thousand

	31.03.2014	31.12.2013	31.03.2013
Equity			
Issued share capital	132 444	132 444	132 444
Reserves	233 421	149 575	141 312
Foreign currency translation reserves	(495)	(477)	(501)
Retained earnings	(165 479)	(166 107)	(133 973)
Total equity attributable to owners of the Parent Company	199 891	115 435	139 282
Non-controlling interests	16 020	13 699	12 925
Total equity	215 911	129 134	152 207
Liabilities			
Interest-bearing loans and borrowings	406 864	6 677	5 600
Employee benefits obligation	7 202	7 313	6 735
Other payables	31 847	-	-
Deferred tax liabilities	12 400	11 637	8 169
Total non-current liabilities	458 313	25 627	20 504
Bank overdraft	6 287	-	13 862
Interest-bearing loans and borrowings	61 791	562 906	555 820
Employee benefits obligation	4 050	3 250	3 463
Other financial liabilities	6	-	-
Current income tax payables	-	152	322
Provisions for payables	2 836	516	1 326
Trade and other payables	220 666	188 763	167 335
Government grants and other deferred income	117	117	3 466
Total current liabilities	295 753	755 704	745 594
Total liabilities	754 066	781 331	766 098
Total equity and liabilities	969 977	910 465	918 305

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

Condensed consolidated statement of profit or loss and other comprehensive income

in PLN thousand

	01.01.2014 - 31.03.2014	01.01.2013 - 31.03.2013
Revenue	351 336	284 407
Cost of sales	(309 915)	(270 345)
Gross profit	41 421	14 062
Other income	3 957	1 881
Distribution expenses	(10 392)	(7 698)
Administrative expenses	(8 511)	(7 607)
Other (losses)/gains - net	(654)	3 522
Other expenses	(1 663)	(2 336)
Operating profit before financing costs	24 158	1 824
Financial income	-	42
Financial expenses	(17 487)	(25 603)
Net financing costs	(17 487)	(25 561)
Share of profit of associates	995	-
Profit/(loss) before tax	7 666	(23 737)
Income tax expense	(746)	(868)
Profit/(loss) for the period	6 920	(24 605)
Profit/(loss) for the period attributable to:		
Owners of the Parent Company	6 107	(24 699)
Non-controlling interests	813	94
Profit/(loss) for the period	6 920	(24 605)
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(18)	(30)
Total comprehensive income for the period	6 902	(24 635)
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	6 089	(24 729)
Non-controlling interests	813	94
Total comprehensive income for the period	6 902	(24 635)
Basic earnings per share (PLN) attributable to the owners of the Parent Company	0,09	(0,37)
- from continuing operations	0,09	(0,37)
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	0,09	(0,37)
- from continuing operations	0,09	(0,37)

Przemysław Sztuczkowski
President of the Management Board

Krzysztof Zolnierczyk
Member of the Management Board

Przemysław Grzesiak
Vice President of the Management Board

Dominik Barszcz
Member of the Management Board

The condensed consolidated interim statement of 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

	01.04.2013 - 31.03.2014	01.04.2012 - 31.03.2013
Revenue	1 361 198	1 284 662
Cost of sales	(1 230 694)	(1 202 295)
Gross profit	130 504	82 367
Other income	13 032	10 761
Distribution expenses	(42 212)	(33 676)
Administrative expenses	(35 868)	(30 693)
Other (losses)/gains - net	(2 197)	4 991
Other expenses	(12 812)	(10 996)
Operating profit before financing costs	50 447	22 754
Financial income	185	8 613
Financial expenses	(68 066)	(72 490)
Net financing costs	(67 881)	(63 877)
Share of profit of associates	3 754	-
(Loss)/profit before tax	(13 680)	(41 123)
Income tax expense	(2 497)	2 623
(Loss)/profit for the period	(16 177)	(38 500)
(Loss)/profit for the period attributable to:		
Owners of the Parent Company	(17 764)	(39 509)
Non-controlling interests	1 587	1 009
(Loss)/profit for the period	(16 177)	(38 500)
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	6	(2)
Total comprehensive income for the period	(16 171)	(38 502)
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	(17 758)	(39 511)
Non-controlling interests	1 587	1 009
Total comprehensive income for the period	(16 171)	(38 502)
Basic earnings per share (PLN) attributable to the owners of the Parent Company	(0,27)	(0,60)
- from continuing operations	(0,27)	(0,60)
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	(0,27)	(0,60)
- from continuing operations	(0,27)	(0,60)

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

The condensed consolidated interim statement of 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

	01.01.2014 - 31.03.2014	01.01.2013 - 31.03.2013
Profit/(loss) before tax from continuing operations	7 666	(23 737)
Adjustments		
Depreciation	8 188	9 108
Amortization	254	736
Foreign exchange (gains)/losses	2 720	6 728
Net (gains)/losses on disposal of property, plant and equipment	856	(1 576)
Interest, transaction costs (related to loans and borrowings) and dividends, net	14 323	14 531
Change in receivables	(26 229)	(10 361)
Change in inventories	(21 622)	(16 425)
Change in trade and other payables	22 521	31 403
Change in provisions	2 366	908
Change in employee benefits obligation	689	648
Change in government grants and other deferred income	-	2 730
Share of profit of associates	(995)	-
Other adjustments	(20)	-
Cash generated/(outflows) from operating activities	10 717	14 693
Income tax (paid)/returned, incl.	(155)	7
Net cash from operating activities	10 562	14 700
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	1 477	3 488
Interest received	59	69
Repayment of loans granted	-	328
Acquisition of property, plant and equipment	(1 075)	(793)
Acquisition of intangible assets	(15)	(28)
Acquisition of shares in other companies	-	(2 012)
Loans granted	-	(90)
Net cash from investing activities	446	962
Cash flows from financing activities		
Proceeds from factoring	7 587	-
Repayment of interest-bearing loans and borrowings	-	(4 160)
Payment of finance lease liabilities	(722)	(2 899)
Interest and transaction costs (related to loans and borrowings) paid	(19 615)	(22 441)
Other transactions with the Owner	(150)	(4 200)
Net cash from financing activities	(12 900)	(33 700)
Net increase / (decrease) in cash and cash equivalents	(1 892)	(18 038)
Cash and cash equivalents net of bank overdraft, at 1 January	14 778	48 656
- effect of exchange rate fluctuations on cash held	5	1
Cash and cash equivalents net of bank overdraft, at 31 March	12 891	30 619
- including cash restricted for use	-	15 923

The condensed consolidated interim 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)

in PLN thousand

	01.04.2013 - 31.03.2014	01.04.2012 - 31.03.2013
(Loss)/profit before tax from continuing operations	(13 680)	(41 123)
Adjustments		
Depreciation	33 481	37 653
Amortization	2 195	3 198
Impairment losses and valuation allowances	31	-
Foreign exchange (gains)/losses	2 634	(2 603)
Net (gains)/losses on investment activities	-	(675)
Net (gains)/losses on disposal of property, plant and equipment	1 992	(6 024)
Interest, transaction costs (related to loans and borrowings) and dividends, net	66 824	46 643
Change in receivables	(20 739)	47 642
Change in inventories	(60 812)	16 120
Change in trade and other payables	35 358	(43 060)
Change in provisions	1 490	(1 320)
Change in employee benefits obligation	1 054	(2 138)
Change in government grants and other deferred income	(3 349)	(1 559)
Share of profit of associates	(3 754)	-
Other adjustments	(20)	17
Cash generated/(outflows) from operating activities	42 705	52 771
Income tax (paid)/returned, incl.	(376)	7 200
Net cash from operating activities	42 329	59 971

The condensed consolidated interim 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

in PLN thousand

	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	4 031	13 527
Proceeds from sale of other investments	-	5 985
Interest received	554	154
Dividends received	25	-
Repayment of loans granted	-	352
Other inflows/(outflows) from investing activities	4 000	-
Acquisition of property, plant and equipment	(7 453)	(7 702)
Acquisition of intangible assets	(65)	(1 828)
Loans granted	(3 175)	(90)
Acquisition of other investments	(175)	(7 330)
Net cash from investing activities	(2 258)	3 068
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	-	(13 975)
Proceeds from factoring	19 872	-
Repayment of interest-bearing loans and borrowings	(20 840)	(4 285)
Payment of finance lease liabilities	(403)	(8 911)
Interest and transaction costs (related to loans and borrowings) paid	(55 970)	(44 207)
Other transactions with the Owner	(450)	(10 915)
Net cash from financing activities	(57 791)	(82 293)
Net increase / (decrease) in cash and cash equivalents	(17 720)	(19 254)
Cash and cash equivalents net of bank overdraft, at 1 April	30 619	49 873
- effect of exchange rate fluctuations on cash held	(8)	-
Cash and cash equivalents net of bank overdraft, at 31 March	12 891	30 619
- including cash restricted for use	-	15 923

The condensed consolidated interim 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							
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
<i>in PLN thousand</i>							
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)
Equity as at 31 March 2013	132 444	141 312	(501)	(133 973)	139 282	12 925	152 207
Equity as at 1 January 2013	132 444	141 312	(471)	(109 274)	164 011	12 831	176 842
Total comprehensive income	-	-	(6)	(48 570)	(48 576)	868	(47 708)
- (loss)/profit	-	-	-	(48 570)	(48 570)	868	(47 702)
- foreign currency translation differences relating to foreign operations	-	-	(6)	-	(6)	-	(6)
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company (<i>restated</i>)	-	-	-	-	-	-	-
Transfer of profit	-	8 263	-	(8 263)	-	-	-
Equity as at 31 December 2013	132 444	149 575	(477)	(166 107)	115 435	13 699	129 134
Equity as at 1 January 2014	132 444	149 575	(477)	(166 107)	115 435	13 699	129 134
Total comprehensive income	-	-	(18)	6 107	6 089	813	6 902
- profit	-	-	-	6 107	6 107	813	6 920
- foreign currency translation differences relating to foreign operations	-	-	(18)	-	(18)	-	(18)
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	-	(19 342)	-	-	(19 342)	-	(19 342)
Discount of obligation to the Owner	-	(19 342)	-	-	(19 342)	-	(19 342)
Issuing of exchangeable notes	-	107 874	-	(3 229)	104 645	-	104 645
Costs of issuing of exchangeable notes	-	(4 686)	-	-	(4 686)	-	(4 686)
Interests on exchangeable notes in the period	-	-	-	(789)	(789)	-	(789)
Changes in minority after acquisition	-	-	-	(1 461)	(1 461)	1 508	47
Equity as at 31 March 2014	132 444	233 421	(495)	(165 479)	199 891	16 020	215 911

The condensed consolidated interim 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. (õCognorö, õthe Companyö, õthe parent Companyö) with its seat in Poraj, Poland, is the Parent Company of the Group. Till 29 August 2011, the Parent Company of the Group was Z mrex S.A. The Company was established in 1991. Since 1994 Cognor  shares are quoted on Warsaw Stock Exchange. Till May 2011, the main activity of the Parent Company was distribution of steel products. After May 2011, Cognor S.A. became a holding company.

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

The parent Company  shares are listed on Warsaw Stock Exchange.

2 Cognor S.A. Group

The condensed consolidated interim financial statements as at and for the three months ended 31 March 2014 comprise the Parent Company and its subsidiaries (õthe Groupö). Details of the subsidiaries that comprise the Group as at 31 March 2014 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 DY 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 JAKO CIOWYCH S.A.	Poland	Manufacture of metal products	100,0%	2006-01-27*
KAPITA/ S.A.	Poland	Financial services	100,0%	2004-06-13*
KAPITA/ S.A. Sp. komandytowa	Poland	Properties	51,0%	2008-03-25*
ZLOMREX INTERNATIONAL FINANCE S.A.	France	Financial services, Bond issuer	100,0%	2006-10-23*
Z/ OMREX 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*
COGNOR INTERNATIONAL FINANCE S.A.	Great Britain	Financial services, Bond issuer	100,0%	2013-10-24
4 GROUPS Sp. z o.o.	Poland	Other services	30,0% (associate)	2013-01-21
ZW PROFIL S.A.	Poland	Manufacture of metal products	32,8% ** (associate)	2013-09-13

* date of obtaining control by Z mrex S.A. Group

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

ZW Profil S.A. is the Parent Company of the ZW Profil S.A. Group. Details of the subsidiaries that comprise the ZW Profil S.A. Group as at 31 March 2014 are presented in the table below.

Name of the entity	Seat of entity	Core activities	Ownership interest and voting rights owned by ZW Profil S.A.	Ownership interest owned by Cognor Capital Group
Przedsiębiorstwo Transportu Samochodowego S.A.	Poland	Transport services	80.0%	26.2%
Profil Centrum Sp. z o.o.	Poland	Other	100.0%	32.8%

Acquisitions, mergers and disposals of subsidiaries

Acquisitions realised in 2014

No acquisitions took place until 31 March 2014.

Mergers realised in 2014

No mergers took place until 31 March 2014.

Disposals realised in 2014

No disposals took place until 31 March 2014.

3 Basis of preparation of consolidated financial statements

a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full 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 2013.

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 May 2014.

b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 31 March 2014 have been prepared on the going concern basis.

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 2013, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (øEU IFRSø).

d) Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, equity and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by 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 2013.

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 both a geographic and product perspective. Geographically, management considers the performance of sales in Poland, Germany and other countries.

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 of them; and also the processing of non-ferrous scrap into finished products and selling of 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 comprehensive income.

Business segments (for the three months ended 31 March)

in PLN thousand

31.03.2014	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	40 278	308 689	2 155	214			
Inter-segment revenue	71 813	6 473	-	19 788			
Total revenue	112 091	315 162	2 155	20 002	-	(98 074)	351 336
Cost of sales to external customers	(34 556)	(273 392)	(1 959)	(8)			
Inter-segment cost of sales	(73 495)	(6 027)	-	(15 791)			
Total cost of sales	(108 051)	(279 419)	(1 959)	(15 799)	-	95 313	(309 915)
Segment result	4 040	35 743	196	4 203	-	(2 761)	41 421
Other income	515	450	77	1 155	24 355	(22 595)	3 957
Distribution and administrative expenses	(4 983)	(13 365)	(276)	(180)	(3 416)	3 317	(18 903)
Other gain/(losses) net	(6)	43	(15)	32	(20 576)	19 868	(654)
Other expenses	(62)	(571)	(93)	(684)	(2 426)	2 173	(1 663)
Operating profit/(loss)	(496)	22 300	(111)	4 526	(2 063)	2	24 158
Net financing costs	(394)	(1 550)	-	(87)	(39 433)	23 977	(17 487)
Share of profit of associates, net of tax							995
Income tax expense							(746)
Profit for the period							6 920

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/(losses) net	98	1 854	15	109	1 403	43	3 522
Other expenses	(87)	(2 200)	(16)	-	(466)	433	(2 336)
Operating profit	(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)
Profit for the period							(24 605)

Business segments (for the twelve months ended 31 March)

in PLN thousand

31.03.2014	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	172 599	1 175 710	11 759	1 130			
Inter-segment revenue	308 996	31 875	4	40 829			
Total revenue	481 595	1 207 585	11 763	41 959	-	(381 704)	1 361 198
Cost of sales to external customers	(150 958)	(1 069 008)	(10 690)	(38)			
Inter-segment cost of sales	(314 246)	(26 454)	(4)	(15 910)			
Total cost of sales	(465 204)	(1 095 462)	(10 694)	(15 948)	-	356 614	(1 230 694)
Segment result	16 391	112 123	1 069	26 011	-	(25 090)	130 504
Other income	2 486	2 032	245	4 054	115 092	(110 877)	13 032
Distribution and administrative expenses	(21 698)	(60 546)	(1 315)	(801)	(15 178)	21 458	(78 080)
Other gain/(losses) net	777	990	(60)	199	24 213	(28 316)	(2 197)
Other expenses	(747)	(4 081)	(329)	(990)	(26 900)	20 235	(12 812)
Operating profit/(loss)	(2 791)	50 518	(390)	28 473	97 227	(122 590)	50 447
Net financing costs	(2 106)	(5 966)	(30)	(3 063)	(149 246)	92 530	(67 881)
Share of profit of associates, net of tax							3 754
Income tax expense							(2 497)
Profit for the period							(16 177)

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		(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
Profit for the period								(38 500)

in PLN thousand

	31.03.2014	Scrap division	Production division	Distribu- tion	Other	Unallocated	Consolidated
Segment assets		66 076	672 078	7 784	27 845	196 194	969 977
Segment liabilities		20 244	153 306	3 112	11 305	566 099	754 066

in PLN thousand

	31.12.2013	Scrap division	Production division	Distribu- tion	Other	Unallocated	Consolidated
Segment assets		73 106	630 559	6 700	18 645	181 455	910 465
Segment liabilities		33 698	123 461	1 901	8 202	614 069	781 331

in PLN thousand

	31.03.2013	Scrap division	Production division	Distribu- tion	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

Unallocated assets

in PLN thousand

	31.03.2014	31.12.2013	31.03.2013
Long-term and short-term investments	22 155	11 542	7 899
Investment in associates	5 941	4 946	2 012
Deferred tax assets	78 805	74 319	72 415
Investment property	-	-	603
Income tax receivable	36	12	82
Cash and cash equivalents	19 178	14 778	44 481
Assets held for sale	8 656	8 951	11 214
Other receivables (statutory receivables, receivables relating to sale of	61 423	66 907	58 858
	196 194	181 455	197 564

Unallocated liabilities

in PLN thousand

	31.03.2014	31.12.2013	31.03.2013
Interest-bearing loans and borrowings	468 655	569 583	561 420
Bank overdraft	6 287	-	13 862
Deferred tax liabilities	12 400	11 637	8 169
Employee benefits	11 252	10 563	10 198
Government grants and other deferred income	117	117	3 466
Current income tax payables	-	152	322
Other liabilities	67 388	22 017	17 009
	566 099	614 069	614 446

5 Property, plant and equipment

During the three months ended 31 March 2014, the Group acquired property, plant and equipment at a cost of PLN 1 826 thousand (three months ended 31 March 2013: PLN 3 947 thousand). Assets with a net book value of PLN 2 038 thousand were disposed during the three months of 2014 (three months ended 31 March 2013: PLN 1 340 thousand). On the sale of fixed assets the Group achieved a net loss on disposal of PLN 1 233 thousand (three months ended 31 March 2013: a net gain on disposal of PLN 296 thousand).

During the twelve months ended 31 March 2014, the Group acquired property, plant and equipment at a cost of PLN 8 850 thousand (twelve months ended 31 March 2013: PLN 12 253 thousand). Assets with a net book value of PLN 2 477 thousand were disposed of during the twelve months ended 31 March 2014 (twelve months ended 31 March 2013: PLN 4 901 thousand). On the sale of fixed assets the Group achieved a net loss on disposal of PLN 1 360 thousand (twelve months ended 31 March 2012: a net gain on disposal of PLN 4 069 thousand).

Capital commitments

As at 31 March 2014 the Group had capital commitments in the amount of PLN 17 thousand (31 March 2013: PLN 658 thousand).

6 Equity

Issued share capital

	31.03.2014	31.12.2013	31.03.2013
Registered shares number at reporting date	66 222 248	66 222 248	66 222 248
Number of issued warrants	66 220 200	6 622	6 622
Nominal value of 1 share	2 PLN	2 PLN	2 PLN

At 31 March 2014, the parent Company's share capital comprised 66 222 248 ordinary shares (31 December 2013: 66 222 248; 31 March 2013: 66 222 248) with a nominal value of PLN 2 each.

On 19 August 2011, the Parent Company completed the resolution no 13 of the GSM as 14 March 2011 and issued 6 622 series B warrants with the nominal value of PLN 50. Warrants entitle to acquire 66 220 000 ordinary shares of new issue no 9 with the conversion price of 4 PLN for 1 share. Under the resolution of the Management Board on 13 September 2011 warrants were allocated in the following way:

- Zëmrex S.A. (presently Huta Stali Jako ciowych S.A.) 6 086 warrants
- other shareholders 6 536 warrants

As a result of the agreement signed on 20 September 2011 Zëmrex S.A. sold all its warrants to PS Holdco Sp. z o.o., and on 3 February 2014 PS Holdco Sp. z o.o. transferred these warrants to Cognor International Finance Plc, a company established in United Kingdom, a subsidiary directly from Huta Stali Jako ciowych S.A.

On 30 December 2013, the General Meeting of Shareholders of the Company made changes to the issue of series B subscription warrants by their division in this way that each of the 6 622 warrants with a nominal value of PLN 50 was divided into 10 000 warrants with a nominal value of PLN 0.005 each. As a result of this division, holders of warrants will have the right to cover no more than 66 220 000 ordinary shares of Cognor S.A. Warrants may be converted into shares at a conversion price of PLN 2.35 per share.

On 30 December 2013, the General Meeting of Shareholders of the Company passed a resolution to issue up to 200 units of series C subscription warrants with the right to acquire no more than 200 ordinary shares of the Company of new issue no 10. Warrants will be offered for subscription by way of a private subscription directed to PS Holdco Sp. z o.o. The issue price of 1 warrant of series C is PLN 1 million.

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 2014 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 previous report's publication (March 21, 2014) 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 current report's publication (May 15, 2014) 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.

Changes in the period:

There were no transactions that could have changed the ownership structure.

The Parent's Company equity contains the payment on capital in the amount of PLN 145 995 thousands on the basis of the Agreement signed on the 29th of August 2011 between Cognor S.A. and PS HoldCo Sp. z o.o. regarding the financing of Zimex's shares purchase, along with the annex of the 30th December 2011.

On 30 December 2011, an annex to the Agreement of 29 August 2011 was signed between Cognor S.A. and PS Holdco Sp. z o.o. regarding the financing of the purchase of shares of Z~~em~~rex S.A. by Cognor S.A. This annex establishes that Cognor S.A. will make the payments for purchased shares of Z~~em~~rex S.A. immediately upon receiving of PS Holdco Sp. z o.o. the converting price of subscription warrants covered by PS Holdco Sp. z o.o. Furthermore, if PS Holdco Sp. z o.o. doesn't cover warrants on or before 31 December 2013, Cognor S.A. will be able, as from 2 January 2014, to pay all or part of the price for the purchase of Z~~em~~rex S.A. shares to a separate account, and PS Holdco Sp. z o.o. will authorize Cognor S.A. to dispose of this account by way of payment for subscription warrants.

On 13 September 2012 Cognor SA and PS Holdco Sp. z o.o. signed Annex No. 2 to the Agreement of 29 August 2011 on the financing of acquisition of shares of Z~~em~~rex SA pursuant to which the parties have changed the payment of interests, the maturity of which will fall on coverage conversion price of subscription warrants. To this day Cognor SA will be obliged to partial repayment in such amounts that the total amount of the unpaid part of the price, including accrued interest does not fall below the value of PLN 145 995 116,10.

31 March 2014 Cognor SA and PS Holdco Sp. z o.o. signed an annex No. 3 to the agreement of 29 August 2011 on the financing of acquisition of shares Z~~em~~rex SA, pursuant to which:

- payment of the price will take place immediately after the receipt of the PS Holdco Sp. z o.o. payment of conversion price of Series B and or Series C of subscription warrants.
- from 1 January 2014 interest shall be payable on an annual basis under a separate charge;
- PS Holdco Sp. z o.o. committed itself that in the period up to 31 December 2021 will pay an appropriate amount of warrants to the amount of the payment was at least the equivalent of the required price.

Liability to PS Holdco Sp. z o.o. due to the acquisition of shares Z~~em~~rex SA is based on a fixed interest rate of 7% per annum. The settlement date of obligations for the acquisition of shares Z~~em~~rex SA and recapitalization of the company was rollover on December 31, 2021 in relation to the linkage of Series B Warrants with convertible bonds.

7 Earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2014 was based on the gain attributable to ordinary shareholders of PLN 5 110 thousand (the three-month period ended 31 March 2013: loss PLN 24 699 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2014 of 66 222 thousand (the three-month period ended 31 March 2013: 66 222 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 3 months period ended March 31, 2014 was 66 222 thousand (31 March 2013: 66 222 thousand).

The calculation of basic earnings per share for the twelve-month period ended 31 March 2014 was based on the loss attributable to ordinary shareholders of PLN 18 761 thousand (the twelve-month period ended 31 March 2013: loss PLN 39 509 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 31 March 2014 of 66 222 thousand (the twelve-month period ended 31 March 2013: 66 222 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 31 March 2014 was 66 222 thousand (31 March 2013: 66 222 thousand).

As at 31 March 2014, 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 price of warrants conversion. 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 warrants were outstanding.

Any other dilutive instrument number of ordinary shares was not identified in the current period.

8 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	31.03.2014	31.12.2013	31.03.2013
Bank overdraft	6 287	-	13 862
Non-current liabilities			
Secured fixed interest rate debt	399 842	-	-
Finance lease liabilities	7 022	6 677	5 600
	406 864	6 677	5 600
Current liabilities			
Secured fixed interest rate debt	7 361	515 742	498 610
Current portion of finance lease liabilities	2 151	2 472	2 141
Factoring and bill of exchange liabilities	32 090	29 367	18 428
Reverse factoring	20 189	15 325	15 801
Other borrowings	-	-	20 840
	61 791	562 906	555 820

In 2012 Cognor S.A. and its subsidiaries (Ferrostal/ ab dy Sp. z o.o., Huta Stali Jako ciowych S.A. and Z~~C~~mrex Metal Sp. z o.o.) signed the loan agreement of bank overdraft with the limit of PLN 10 million with mBank S.A. (previous BRE Bank S.A.). In 2013 Ferrostal/ ab dy Sp. z o.o. made use of this overdraft, and in 2014 the limit was split between Ferrostal/ ab dy Sp. z o.o. (PLN 3.7 million) and Huta Stali Jako ciowych S.A. (PLN 6.3 million). The limit of bank overdraft was extended until 30 May 2014. As at 31 March 2014 Ferrostal/ ab dy Sp. z o.o. had a liability in the amount of PLN 1 852 thousand and Huta Stali Jako ciowych S.A. - in the amount of PLN 4 435 thousand.

On 4 February 2014, Cognor International Finance Plc, established in 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 Z~~C~~mrex 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 100 348 109.00, mature on February 1, 2020, interest will be payable semi-annually in arrears on February 1 and August 1 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 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., Cognor Finanse Sp. z o.o. and Kapita~~C~~S.A.

The guarantee of Senior Secured Notes issue including:

- first ranking financial pledges established by:
 - (i) shares of 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., Z~~C~~mrex Metal Sp. z o.o., Cognor Finanse Sp. z o.o., Kapita~~C~~S.A.
 - (ii) certain fixed assets of Cognor S.A. currently leased by Ferrostal/ ab dy Sp. z o.o.
 - (iii) certain fixed assets of Ferrostal/ ab dy Sp. z o.o. and ZW-Walcownia Bruzdowa Sp. z o.o.
 - (iv) Intercompany Proceeds Note issued by Huta Stali Jako ciowych S.A.
- mortgages established over the real estate of Ferrostal/ ab dy Sp. z o.o. and ZW-Walcownia Bruzdowa Sp. z o.o.
- an English law equitable charge over all the shares in Cognor International Finance Plc
- submission to enforcement by Cognor International Finance and each of the Guarantors in a form of notarial deed.

The Exchangeable Notes have EUR 25 087 003 aggregate principal amount, mature on February 1, 2021, interest will be payable semi-annually in arrears on February 1 and August 1 and the fixed interest rate is 5%. 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 March 15, 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 in equity.

The issue of bonds convertible into shares carried out on 4 February 2014, was connected with a transfer of all subscription warrants in the amount of 60 860 000 owned by PS Holdco Sp. z o.o. to Cognor International Finance (CIF). The transfer of warrants was a key element enabling the structuring of terms of convertible bonds 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 provide among other things, that warrants not used to convert the bonds into shares will be transferred back upon PS Holdco Sp. z o.o. Depending on choice of the payment form of coupon on convertible bonds, about 15 million warrants may return to PS Holdco Sp. z o.o. Their exact number will be known after complete conversion of bonds convertible into shares of Cognor S.A.

Liabilities due to Shareholder

On 30 December 2011, an annex to the Agreement of 29 August 2011 was signed between Cognor S.A. and PS Holdco Sp. z o.o. regarding the financing of the purchase of shares of ZŹmrex S.A. by Cognor S.A. This annex establishes that Cognor S.A. will make the payments for purchased shares of ZŹmrex S.A. immediately upon receiving of PS Holdco Sp. z o.o. the converting price of subscription warrants covered by PS Holdco Sp. z o.o. Furthermore, PS Holdco Sp. z o.o. didn't cover warrants on or before 31 December 2013, so Cognor S.A. is able, as from 2 January 2014, to pay all or part of the price for the purchase of ZŹmrex S.A. shares to a separate account, and PS Holdco Sp. z o.o. authorized Cognor S.A. to dispose of this account by way of payment for subscription warrants.

Therefore, in these condensed consolidated interim financial statements as at 31 March 2014, the liability arising from the purchase of shares in ZŹmrex S.A. in the amount of PLN 156 584 thousand, as well as the receivable of PS Holdco Sp. z o.o. in the amount of PLN 145 995 thousand resulting from the covering of shares upon conversion of warrants (recapitalization of Cognor S.A.) are presented per balance.

In addition, the maturity of the purchase price in the amount corresponding to part or all receivables and claims available to the Group Cognor S.A. from the Croatian Government in respect of the sale of steel mill Zeljezara Split cannot be earlier than the repayment of these receivables.

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, the Parent Company undertook together with other sellers (its subsidiaries) to cover any additional tax liabilities or other damages 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:

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

Associates are as follows;

- 4 Groups Sp. z o.o. (from January 21st, 2013)
- ZW Profil S.A. (from September 13th, 2013)
- Przedsiębiorstwo Transportu Samochodowego S.A. (from September 13th, 2013)
- Profil Centrum Sp. z o.o. (from September 13th, 2013)

Companies controlled by the owner:

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

in PLN thousand

	31.03.2014	31.12.2013	31.03.2013
<i>Short-term receivables:</i>			
- related parties (not consolidated)	9 034	9 997	9 874
- associates	3	-	3
- owner	9	9	7
- companies controlled by the owner	66	34	26
<i>Short-term liabilities</i>			
- related parties (not consolidated)	571	602	54
- owner	12 747	12 638	3 757
- companies controlled by the owner	337	245	250
- associates	6 595	6 850	54
<i>Loans granted</i>			
- related parties (not consolidated)	3 700	3 642	3 520
- owner	542	533	-

in PLN thousand

	01.01.2014- 31.03.2014	01.01.2013- 31.03.2013	01.04.2013- 31.03.2014	01.04.2012- 31.03.2013
<i>Revenues from sale of products</i>				
- associates	-	-	17	-
<i>Revenues from sale of services</i>				
- related parties (not consolidated)	115	7	600	29
- associates	7	5	2	5
- owner	-	-	2	1
- companies controlled by the owner	31	23	100	224
<i>Revenues from sale of raw materials and commodities</i>				
- related parties (not consolidated)	3 466	1 585	17 510	19 828
- companies controlled by the owner	-	2	-	3
<i>Purchase of commodities and raw materials</i>				
- related parties (not consolidated)	2 967	1 454	11 691	5 941
- companies controlled by the owner	229	140	759	1 057
<i>Purchase of services</i>				
- related parties (not consolidated)	-	-	13	3
- associates	6 768	102	7 259	102
- companies controlled by the owner	523	122	2 538	1 129
<i>Other income</i>				
- related parties (not consolidated)	70	275	216	1 086
- owner	9	-	49	-
<i>Other gain/(losses) net</i>				
- owner	-	-	-	3 028
- companies controlled by the owner	-	-	-	18
<i>Financial income</i>				
- associates	-	3	-	3
<i>Financial costs</i>				
- related parties (not consolidated)	-	-	(4)	(5)
- owner	(2 307)	(2 264)	(10 319)	(9 654)

11 Cash and cash equivalents presented in cash flow statements

in PLN thousand

	31.03.2014	31.03.2013
Cash in bank	14 796	28 234
Cash in bank restricted in use	496	15 923
Cash in hand	306	208
Short-term bank deposit	3 580	90
Other	-	26
Cash and cash equivalents	19 178	44 481
Bank overdrafts	(6 287)	(13 862)
Cash and cash equivalents in the statement of cash flows	12 891	30 619

12 Financial instruments

Financial instruments measured at fair values

As at 31 March 2014, 31 December 2013 there were no financial instruments at fair value through profit or loss.

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 is similar to its nominal value and at 31 March 2014 amounted to PLN 523 227 thousand (31 December 2013: PLN 318 174 thousand - bonds issued by Zemrex International Finance S.A.) ó the amount was calculated on the basis of market transactions of bonds issued by Cognor International Finance in the period close to reporting day (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 Seasonability

Trading activity on the steel product market is characterized by seasonability of revenue from sales, resulting from the variability of weather conditions in the annual weather cycle. Seasonability is reflected by lower demand for steel products in the winter as a result of restrictions 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
Management Board				
- Przemysław Sztuczkowski *	-	-	-	-
- Przemysław Grzesiak	2 522 951	3,81%	2 522 951	3,81%
- Krzysztof Zó	-	-	-	-
- Dominik Barszcz	-	-	-	-
Supervisory Board				
- 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 March 21, 2014 PS HoldCo Sp. z o.o. was the owner of 65.98% shares of Cognor S.A, and as at May 15, 2014 PS HoldCo Sp. z o.o. was the owner of 65.98%. Detailed information in note 6.

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

In 2009, Z mrex S.A. (currently HSJ S.A.) received a binding offer from the Government of the Republic of Croatia for the termination of the contract for the sale of shares in Zeljezara Split (Republic of Croatia) with the Croatian Privatisation Fund. Despite the acceptance of the offer by Z mrex 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 Z mrex 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 counterparty.

After this period, the Government of Croatia refused to sign the documentation under the terms of the binding offer and proposed a different, less favorable solution, which was not accepted by Z mrex S.A. Z mrex 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 2014 and the Management Board of the Parent Company considers that receivables from the sale of Cognor Stahlhandel GmbH included in condensed consolidated interim financial statements to the amount of PLN 7 302 thousand are recoverable.

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 thousand)	Period of guarantee
Cognor Blachy Dachowe S.A.	Trade liability	4 829	Until termination of trade agreement

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

Subsidiary	Type of liability	Guarantee value	Period of guarantee
Z�mrex Metal Sp. z o.o.	Factoring	50 000	without deadline
Cognor S.A.	Lease liability	1 001	till 2018

Liability for the bonds listed on the Luxembourg Stock Exchange (Euro MTF) issued by a subsidiary Cognor International Finance S.A. with a total value of PLN 511 061 thousands as at 31 March 2014, was secured by a pledge on the shares of the following subsidiaries: shares of ZW-Walcownia Bruzdowa Sp. z o.o., Huta Stali Jako ciowych S.A., Ferrostal / ab dy Sp. z o.o., Z mrex Metal Sp. z o.o., Cognor Finanse Sp. z o.o., Kapita S.A. 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:

In 2012 Cognor S.A. and its subsidiaries (Ferrostal / ab dy Sp. z o.o., Huta Stali Jako ciowych S.A. and Z6mrex Metal Sp. z o.o.) signed the loan agreement of bank overdraft with the limit of PLN 10 million with mBank S.A. (previous BRE Bank S.A.). In 2013 Ferrostal / ab dy Sp. z o.o. made use of this overdraft, and in 2014 the limit was split between Ferrostal / ab dy Sp. z o.o. (PLN 3.7 million) and Huta Stali Jako ciowych S.A. (PLN 6.3 million). The limit of bank overdraft was extended until 30 May 2014.

As at 31 March 2014, Ferrostal / ab dy Sp. z o.o. and Huta Stali Jako ciowych S.A. utilised this credit line and the liability amounted to PLN 6 287 thousand.

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 perspective of the second quarter of 2014 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 25 March 2014, Ferrostal / ab dy Sp. z o.o. (subsidiary) obtained the permission of Office of Competition and Consumer Protection to take over the controlling package of shares of ZW Profil S.A. in Krakow. On 11 April 2014, Ferrostal / ab dy Sp. z o.o. purchased 2 000 shares in ZW Profil S.A. After this transaction Ferrostal / ab dy Sp. z o.o. is the owner of 5 240 shares representing 53,06% of share capital of ZW Profil S.A.

Poraj, 15 May 2014

Przemysław Sztuczkowski
President of the Management Board

Przemysław Grzesiak
Vice President of the Management Board

Krzysztof Zoć
Member of the Management Board

Dominik Barszcz
Member of the Management Board

