

Cognor S.A.
Condensed Consolidated
Interim Financial Statements
as at and for the three months ended
31 March 2015

15 May 2015

Condensed consolidated statement of financial position

in PLN thousand

	31.03.2015	31.12.2014	31.03.2014
Assets			
Property, plant and equipment	283 706	289 565	284 850
Intangible assets	11 044	11 338	11 944
Investment property	-	-	-
Investment in associates	3 242	3 232	5 941
Other investments	13 682	13 768	17 017
Other receivables	29	34	41 714
Prepaid perpetual usufruct of land	22 654	22 794	18 430
Deferred tax assets	78 100	81 932	78 805
Total non-current assets	412 457	422 663	458 701
Inventories	274 436	283 058	256 438
Other investments	5 940	4 607	5 138
Current income tax receivables	10	10	36
Trade and other receivables	255 231	187 421	221 830
Prepayments	-	-	-
Cash and cash equivalents	20 160	35 648	19 178
Assets classified as held for sale	7 110	7 110	8 656
Total current assets	562 887	517 854	511 276
Total assets	975 344	940 517	969 977

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

	31.03.2015	31.12.2014	31.03.2014
Equity			
Issued share capital	132 444	132 444	132 444
Reserves	202 193	202 193	233 421
Foreign currency translation reserves	(581)	(540)	(495)
Retained earnings	(161 909)	(168 074)	(165 479)
Total equity attributable to owners of the Parent Company	172 147	166 023	199 891
Non-controlling interests	21 560	21 263	16 020
Total equity	193 707	187 286	215 911
Liabilities			
Interest-bearing loans and borrowings	391 782	408 896	406 864
Employee benefits obligation	9 597	9 597	7 202
Other payables	34 937	34 294	31 847
Deferred tax liabilities	10 853	11 011	12 400
Total non-current liabilities	447 169	463 798	458 313
Bank overdraft	7 082	6 969	6 287
Interest-bearing loans and borrowings	94 010	87 402	61 791
Employee benefits obligation	5 369	4 588	4 050
Other financial liabilities	-	-	6
Current income tax payables	57	105	-
Provisions for payables	5 105	6 535	2 836
Trade and other payables	222 728	183 717	220 666
Government grants and other deferred income	117	117	117
Total current liabilities	334 468	289 433	295 753
Total liabilities	781 637	753 231	754 066
Total equity and liabilities	975 344	940 517	969 977

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

	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
Revenue	370 782	351 336
Cost of sales	(338 837)	(309 915)
Gross profit	31 945	41 421
Other income	1 452	3 957
Distribution expenses	(11 065)	(10 392)
Administrative expenses	(10 046)	(8 511)
Other (losses)/gains - net	(2 522)	(654)
Other expenses	(2 067)	(1 663)
Operating profit before financing costs	7 697	24 158
Financial income	22 485	-
Financial expenses	(17 237)	(17 487)
Net financing costs	5 248	(17 487)
Share of profit of associates	10	995
Profit/(loss) before tax	12 955	7 666
Income tax expense	(4 922)	(746)
Profit/(loss) for the period	8 033	6 920
Profit/(loss) for the period attributable to:		
Owners of the Parent Company	7 344	6 107
Non-controlling interests	689	813
Profit/(loss) for the period	8 033	6 920
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(41)	(18)
Total comprehensive income for the period	7 992	6 902
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	7 303	6 089
Non-controlling interests	689	813
Total comprehensive income for the period	7 992	6 902
Basic earnings per share (PLN) attributable to the owners of the Parent Company	0,11	0,09
- from continuing operations	0,11	0,09
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	0,06	0,09
- from continuing operations	0,06	0,09

Przemysław Sztuczkowski
President of the Management Board

Krzysztof Zoła
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

	01.04.2014 - 31.03.2015	01.04.2013 - 31.03.2014
Revenue	1 441 992	1 361 198
Cost of sales	(1 304 785)	(1 230 694)
Gross profit	137 207	130 504
Other income	8 878	13 032
Distribution expenses	(43 706)	(42 212)
Administrative expenses	(40 031)	(35 868)
Other (losses)/gains - net	(1 221)	(2 197)
Other expenses	(11 563)	(12 812)
Operating profit before financing costs	49 564	50 447
Financial income	24 274	185
Financial expenses	(68 842)	(68 066)
Net financing costs	(44 568)	(67 881)
Share of profit of associates	(1 611)	3 754
Gain on bargain purchase	5 859	
(Loss)/profit before tax	9 244	(13 680)
Income tax expense	1 614	(2 497)
(Loss)/profit for the period	10 858	(16 177)
Discontinued operations		
Profit/(loss) for the period from discontinued operations, net of tax	(4 047)	-
Profit/(loss) for the period	6 811	(16 177)
(Loss)/profit for the period attributable to:		
Owners of the Parent Company	1 271	(17 764)
Non-controlling interests	5 540	1 587
(Loss)/profit for the period	6 811	(16 177)

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) - continued

in PLN thousand

	01.04.2014 - 31.03.2015	01.04.2013 - 31.03.2014
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(86)	6
Total comprehensive income for the period	6 725	(16 171)
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	1 185	(17 758)
Non-controlling interests	5 540	1 587
Total comprehensive income for the period	6 725	(16 171)
Basic earnings per share (PLN) attributable to the owners of the Parent Company	0,02	(0,27)
- from continuing operations	0,08	(0,27)
- from discontinued operations	(0,06)	-
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	(0,03)	(0,27)
- from continuing operations	0,01	(0,27)
- from discontinued operations	(0,04)	-

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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

<i>in PLN thousand</i>	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
Profit/(loss) before tax from continuing operations	12 955	7 666
Adjustments		
Depreciation	8 627	8 188
Amortization	318	254
Impairment losses and valuation allowances	86	-
Foreign exchange (gains)/losses	(22 418)	2 720
Net (gains)/losses on disposal of property, plant and equipment	(200)	856
Interest, transaction costs (related to loans and borrowings) and dividends, net	18 124	14 323
Change in receivables	(67 816)	(26 229)
Change in inventories	8 622	(21 622)
Change in trade and other payables	39 702	22 521
Change in provisions	(2 586)	2 366
Change in employee benefits obligation	781	689
Change in government grants and other deferred income	-	-
Share of profit of associates	(10)	(995)
Other adjustments	-	(20)
Cash generated/(outflows) from operating activities	(3 815)	10 717
Income tax (paid)/returned, incl.	(138)	(155)
Net cash from operating activities	(3 953)	10 562
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	561	1 477
Acquisition of shares in consolidated companies (net of cash acquired)	(80)	-
Interest received	26	59
Dividends received	-	-
Repayment of loans granted	-	-
Acquisition of property, plant and equipment	(2 697)	(1 075)
Acquisition of intangible assets	(27)	(15)
Acquisition of shares in other companies	-	-
Loans granted	(1 230)	-
Acquisition of other investments	(35)	-
Net cash from investing activities	(3 482)	446
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	1 300	-
Proceeds from factoring	10 619	7 587
Repayment of interest-bearing loans and borrowings	(192)	-
Payment of finance lease liabilities	(1 070)	(722)
Interest and transaction costs (related to loans and borrowings) paid	(18 602)	(19 615)
Other transactions with the Owner	(190)	(150)
Net cash from financing activities	(8 135)	(12 900)
Net increase / (decrease) in cash and cash equivalents	(15 570)	(1 892)
Cash and cash equivalents net of bank overdraft, at 1 January	28 679	14 778
- effect of exchange rate fluctuations on cash held	(31)	5
Cash and cash equivalents net of bank overdraft, at 31 March	13 078	12 891
- including cash restricted for use	-	-

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)

<i>in PLN thousand</i>	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
(Loss)/profit before tax from continuing operations	9 244	(13 680)
Adjustments		
Depreciation	34 428	33 481
Amortization	1 147	2 195
Impairment losses and valuation allowances	86	31
Foreign exchange (gains)/losses	(10 576)	2 634
Net (gains)/losses on investment activities	-	-
Net (gains)/losses on disposal of property, plant and equipment	(284)	1 992
Interest, transaction costs (related to loans and borrowings) and dividends, net	48 003	66 824
Change in receivables	(21 415)	(20 739)
Change in inventories	(11 064)	(60 812)
Change in trade and other payables	(3 700)	35 358
Change in provisions	940	1 490
Change in employee benefits obligation	483	1 054
Change in government grants and other deferred income	(233)	(3 349)
Share of profit of associates	1 611	(3 754)
Gain on bargain purchase	(5 859)	-
Other adjustments	17 702	(20)
Cash generated/(outflows) from operating activities	60 513	42 705
Discontinued operations		
Loss before tax from discontinued operations	(4 252)	-
Adjustments		
Net gains on disposal of property, plant and equipment, intangible assets and assets classified as held for sale	1 408	-
Change in receivables	(2 278)	-
Cash outflows from discontinued operations	(5 122)	-
Cash generated from operating activities	55 391	42 705
Income tax (paid)/returned, incl.	67	(376)
- continuing operations	67	(376)
- discontinued operations	-	-
Net cash from operating activities	55 458	42 329

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

<i>in PLN thousand</i>	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	8 862	4 031
Proceeds from sale of other investments	-	-
Interest received	308	554
Dividends received	-	25
Repayment of loans granted	633	-
Other inflows/(outflows) from investing activities	-	4 000
Acquisition of property, plant and equipment	(17 284)	(7 453)
Acquisition of intangible assets	(206)	(65)
Acquisition of assets held for sale	(406)	
Acquisition of shares in consolidated companies	(442)	
Loans granted	(1 230)	(3 175)
Acquisition of other investments	(35)	(175)
Cash generated on investing activities from continuing operations	(9 800)	(2 258)
Cash generated on investing activities from discontinued operations	6 500	-
Net cash from investing activities	(3 300)	(2 258)
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	1 934	-
Proceeds from factoring	14 666	19 872
Repayment of interest-bearing loans and borrowings	(723)	(20 840)
Payment of finance lease liabilities	(5 850)	(403)
Interest and transaction costs (related to loans and borrowings) paid	(61 443)	(55 970)
Other transactions with the Owner	(540)	(450)
Cash outflows on financing activities from continuing operations	(51 956)	(57 791)
Cash outflows from discontinued operations	-	-
Net cash from financing activities	(51 956)	(57 791)
Net increase / (decrease) in cash and cash equivalents	202	(17 720)
Cash and cash equivalents net of bank overdraft, at 1 April	12 891	30 619
- effect of exchange rate fluctuations on cash held	(15)	(8)
Cash and cash equivalents net of bank overdraft, at 31 March	13 078	12 891
- including cash restricted for use	-	-

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						Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings	Total			
<i>in PLN thousand</i>								
Equity as at 1 January 2014	132 444	149 575	(477)	(166 107)	115 435	13 699	129 134	
<i>Total comprehensive income</i>	-	-	(18)	6 107	6 089	813	6 902	
<i>- (loss)/profit</i>	-	-	-	6 107	6 107	813	6 920	
<i>- foreign currency translation differences relating to foreign operations</i>	-	-	(18)	-	(18)	-	(18)	
Transactions with owners of the Company, recognised in equity								
<i>Contribution by and distributions to owners of the Company</i>	-	(19 342)	-	-	(19 342)	-	(19 342)	
<i>Discount of obligation to the Owner</i>	-	(19 342)	-	-	(19 342)	-	(19 342)	
<i>Issuing of exchangeable notes</i>	-	107 874	-	(3 229)	104 645	-	104 645	
<i>Costs of issuing of exchangeable notes</i>	-	(4 686)	-	-	(4 686)	-	(4 686)	
<i>Interests on exchangeable notes in the period</i>	-	-	-	(789)	(789)	-	(789)	
<i>Changes in minority after acquisition</i>	-	-	-	(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	
Equity as at 1 January 2014	132 444	149 575	(477)	(166 107)	115 435	13 699	129 134	
<i>Total comprehensive income</i>	-	-	(63)	34	(29)	5 664	5 635	
<i>- (loss)/profit</i>	-	-	-	34	34	5 664	5 698	
<i>- foreign currency translation differences relating to foreign operations</i>	-	-	(63)	-	(63)	-	(63)	
Transactions with owners of the Company, recognised in equity								
<i>Contribution by and distributions to owners of the Company</i>	-	46 914	-	(2 561)	44 353	-	44 353	
<i>Options for own equity instruments</i>	-	(14 256)	-	-	(14 256)	-	(14 256)	
<i>Issuing of exchangeable notes</i>	-	100 385	-	-	100 385	-	100 385	
<i>Interests on exchangeable notes in the period</i>	-	-	-	(2 561)	(2 561)	-	(2 561)	
<i>Other settlements with the Owner</i>	-	(39 215)	-	-	(39 215)	-	(39 215)	
<i>Change in ownership interests</i>	-	-	-	6 523	6 523	1 882	8 405	
<i>Obtaining control over previously equity-accounted investee and other</i>	-	-	-	6 523	6 523	1 882	8 405	
<i>Transfer of profit</i>	-	5 704	-	(5 704)	-	-	-	
<i>Other</i>	-	-	-	(259)	(259)	18	(241)	
Equity as at 31 December 2014	132 444	202 193	(540)	(168 074)	166 023	21 263	187 286	

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

Condensed consolidated statement of changes in equity - continued

	Attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings			
<i>in PLN thousand</i>							
Equity as at 1 January 2015	132 444	202 193	(540)	(168 074)	166 023	21 263	187 286
Total comprehensive income	-	-	(41)	7 344	7 303	689	7 992
- profit	-	-	-	7 344	7 344	689	8 033
- foreign currency translation differences relating to foreign operations	-	-	(41)	-	(41)	-	(41)
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	-	-	-	-	-	-	-
<i>Discount of obligation to the Owner</i>		-		-	-	-	-
Issuing of exchangeable notes	-	-	-	-	-	-	-
Costs of issuing of exchangeable notes	-	-	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(1 491)	(1 491)	-	(1 491)
Changes in minority after acquisition	-	-	-	312	312	(392)	(80)
Equity as at 31 March 2015	132 444	202 193	(581)	(161 909)	172 147	21 560	193 707

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. (“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 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 Warsaw Stock Exchange.

2 Cognor S.A. Group

The condensed consolidated interim financial statements as at and for the three months ended 31 March 2015 comprise the Parent Company and its subsidiaries (“the Group”). Details of the subsidiaries that comprise the Group as at 31 March 2015 are presented in the table below.

Name of the entity	Seat of the entity	Ownership interest and voting rights	Date of obtaining control
Cognor Blachy Dachowe S.A.	Poland	77,4%	2007-08-01
Business Support Services Sp. z o.o.	Poland	100,0%	2006-05-15*
Kapitał S.A.	Poland	100,0%	2004-06-13
Ferrostal Łabędy Sp. z o.o.	Poland	92,4%	2004-02-19*
ZW Walcownia Bruzdowa Sp. z o.o.	Poland	100%**	2005-01-13*
Huta Stali Jakościowych S.A.	Poland	100,0%	2006-01-27*
Zlomrex International Finance S.A. w likwidacji	France	100,0%	2006-10-23*
Zlomrex Metal Sp. z o.o.	Poland	100,0%	2007-04-02*
AB Stahl AG	Germany	100,0%	2006-08-03*
4 Groups Sp. z o.o.	Poland	30% (associate)	2013-01-21
Kapitał S.A. sp.k.	Poland	51,0%	2008-03-25
Cognor International Finance plc	Great Britain	100,0%	2013-10-24
ZW Profil S.A.	Poland	95,72%**	2014-04-11

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

** interest and voting rights owned by Ferrostal Łabędy 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 2015 are presented in the table below.

Name of the entity	Seat of the entity	Ownership interest and voting rights owned by ZW Profil S.A.	Ownership interest and voting rights in Cognor Group
Przedsiębiorstwo Transportu Samochodowego S.A.	Poland	87,49%	77,4%
Profil Centrum Sp. z o.o.	Poland	100,0%	88,5%
Madrohut Sp. Z o.o.	Poland	21,87% (associate)	19,4%

Acquisitions, mergers and disposals of subsidiaries

Acquisitions realised in 2015

In March 2015, ZW Profil S.A. has made a series of acquisitions of shares in Przedsiębiorstwo Transportu Samochodowego S.A. For the amount of PLN 80 thousands ZW Profil S.A. has acquired 3,987 of shares in Przedsiębiorstwo Transportu Samochodowego S.A. As a result the ownership interests has increased from 80% as at December 31, 2014 to 87,49% as at March 31, 2015.

Mergers realised in 2015

No mergers took place until 31 March 2015.

Disposals realised in 2015

No disposals took place until 31 March 2015.

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 2014.

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 May 2015.

b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 31 March 2015 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 2014, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

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

Business segments (for the three months ended 31 March)

in PLN thousand

31.03.2015	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	52 608	307 382	2 400	8 392			
Inter-segment revenue	57 227	17 743	-	6 059			
Total revenue	109 835	325 125	2 400	14 451	-	(81 029)	370 782
Cost of sales to external customers	(50 678)	(282 274)	(2 248)	(10 588)			
Inter-segment cost of sales	(54 327)	(17 061)	-	124			
Total cost of sales	(105 005)	(299 335)	(2 248)	(10 464)	-	78 215	(338 837)
Segment result	4 830	25 790	152	3 987	-	(2 814)	31 945
Other income	328	579	117	1 412	14 534	(15 518)	1 452
Distribution and administrative expenses	(5 014)	(14 454)	(312)	(468)	(4 234)	3 371	(21 111)
Other gain/(losses) net	(19)	(1 081)	2	(27)	(1 344)	(53)	(2 522)
Other expenses	(46)	(1 622)	(21)	(12)	(536)	170	(2 067)
Operating profit/(loss)	79	9 212	(62)	4 892	8 420	(14 844)	7 697
Net financing costs	(322)	(1 171)	(1)	(112)	(6 572)	13 426	5 248
Share of profit of associates, net of tax							10
Income tax expense							(4 922)
Profit for the period							8 033

<i>in PLN thousand</i>		Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
	31.03.2014							
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		(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

Business segments (for the twelve months ended 31 March)

<i>in PLN thousand</i>		Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
	31.03.2015							
Revenue from external customers		202 923	1 189 271	14 319	35 479			
Inter-segment revenue		245 127	79 720	91	29 790			
Total revenue		448 050	1 268 991	14 410	65 269	-	(354 728)	1 441 992
Cost of sales to external customers		(202 177)	(1 063 853)	(12 883)	(32 823)			
Inter-segment cost of sales		(225 962)	(66 967)	(78)	(7 613)			
Total cost of sales		(428 139)	(1 130 820)	(12 961)	(40 436)	-	307 571	(1 304 785)
Segment result		19 911	138 171	1 449	24 833	-	(47 157)	137 207
Other income		1 780	4 085	196	4 833	63 196	(65 212)	8 878
Distribution and administrative expenses		(21 726)	(64 032)	(1 433)	(1 495)	(15 953)	20 902	(83 737)
Other gain/(losses) net		785	2 438	(3)	(91)	3 358	(7 708)	(1 221)
Other expenses		(641)	(5 510)	(85)	(2 969)	(47 300)	44 942	(11 563)
Operating profit/(loss)		109	75 152	124	25 111	3 301	(54 233)	49 564
Net financing costs		(1 668)	(5 711)	(42)	(1 561)	(103 822)	68 236	(44 568)
Share of profit of associates, net of tax								(1 611)
Gain on bargain purchase								5 859
Income tax expense								1 614
Profit for the period								10 858

<i>in PLN thousand</i>	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		(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)

<i>in PLN thousand</i>	31.03.2015	Scrap division	Production division	Distribu- tion	Other	Unallocated	Consolidated
Segment assets		73 545	706 439	5 678	33 801	155 881	975 344
Segment liabilities		25 650	168 855	1 277	7 072	578 783	781 637

<i>in PLN thousand</i>	31.12.2014	Scrap division	Production division	Distribu- tion	Other	Unallocated	Consolidated
Segment assets		71 543	660 006	5 652	34 281	169 035	940 517
Segment liabilities		20 286	136 672	191	8 364	587 718	753 231

<i>in PLN thousand</i>	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

Unallocated assets

in PLN thousand

	31.03.2015	31.12.2014	31.03.2014
Long-term and short-term investments	22 864	21 607	22 155
Investment in associates	-	-	5 941
Deferred tax assets	78 100	81 932	78 805
Income tax receivable	10	10	36
Cash and cash equivalents	20 160	35 648	19 178
Assets held for sale	7 110	7 110	8 656
Other receivables (statutory receivables, receivables relating to sale of	27 637	22 728	61 423
	155 881	169 035	196 194

Unallocated liabilities

in PLN thousand

	31.03.2015	31.12.2014	31.03.2014
Interest-bearing loans and borrowings	485 792	496 298	468 655
Bank overdraft	7 082	6 969	6 287
Deferred tax liabilities	10 853	11 011	12 400
Employee benefits	14 966	14 185	11 252
Government grants and other deferred income	117	117	117
Current income tax payables	57	105	-
Other liabilities	59 916	59 033	67 388
	578 783	587 718	566 099

5 Property, plant and equipment

During the three months ended 31 March 2015, the Group acquired property, plant and equipment at a cost of PLN 2 986 thousand (three months ended 31 March 2014: PLN 1 826 thousand). Assets with a net book value of PLN 362 thousand were disposed during the three months of 2015 (three months ended 31 March 2014: PLN 2 038 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 195 thousand (three months ended 31 March 2014: a net loss on disposal of PLN 1 233 thousand).

During the twelve months ended 31 March 2015, the Group acquired property, plant and equipment at a cost of PLN 25 677 thousand (twelve months ended 31 March 2014: PLN 8 850 thousand). Assets with a net book value of PLN 6 801 thousand were disposed of during the twelve months ended 31 March 2015 (twelve months ended 31 March 2014: PLN 2 477 thousand). On the sale of fixed assets the Group achieved a net loss on disposal of PLN 93 thousand (twelve months ended 31 March 2014: a net gain on disposal of PLN 1 360 thousand).

Capital commitments

As at 31 March 2015 the Group had capital commitments in the amount of PLN 3 844 thousand (31 March 2014: PLN 17 thousand).

6 Equity

Issued share capital

	31.03.2015	31.12.2014	31.03.2014
Registered shares number at reporting date	66 222 248	66 222 248	66 222 248
Number of issued warrants	66 220 200	66 220 200	66 220 200
Nominal value of 1 share	2 PLN	2 PLN	2 PLN

At 31 March 2015, the parent Company's share capital comprised 66 222 248 ordinary shares (31 December 2014: 66 222 248; 31 March 2014: 66 222 248) with a nominal value of PLN 2 each.

The ownership structure as at 31 March 2015 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 Sztuczowski 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 Sztuczowski in Cognor S.A.

The ownership structure as at the date of previous report's publication (March 20, 2015) 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 Sztuczowski 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 Sztuczowski in Cognor S.A.

The ownership structure as at the date of current report's publication (May 15, 2015) 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.

On 29 August 2011 Cognor S.A. purchased from PS Holdco Sp. z o.o. 20 957 400 shares of Zlomrex S.A. On the same day Cognor S.A. and PS Holdco Sp. z o.o. entered into the agreement on settlement of the liability arising from the said purchase (Settlement Agreement). In the Settlement Agreement the price for the shares in Zlomrex S.A. was fixed at PLN 145 995 116.10 and its payment was made conditional on the concurrent increase of share capital of Cognor S.A. by PS Holdco Sp. z o.o. by way of subscribing to Cognor's warrants series B owned by PS Holdco Sp. z o.o. at the amount at least equal to the price for shares. The parties also agreed that the price for the shares in Zlomrex S.A. shall be appropriately reduced in case of the lack of the ability to repay the receivable of Zlomrex S.A. (currently HSJ S.A.) owned from the Republic of Croatia at the amount of PLN 39 215 thousand. It was also decided that until the payment of the liability of Cognor S.A. resulting from the purchase of shares in Zlomrex S.A. (also until the final price for Zlomrex S.A. shares is determined), this liability shall be bearing the interest at the level of 7% p.a. and that the pay

Following the restructuring of Cognor's indebtedness on 4 February 2014 PS Holdco Sp. z o.o. agreed to transfer all of its warrants series B for the purpose of the restructuring process. Consequently, on 31 March 2014 PS Holdco Sp. z o.o. and Cognor S.A., concluded the amendment no. 3 to the Settlement Agreement in order to reflect the arrangement of the restructuring in its terms. In particular it was decided that the payment of Cognor's liability shall occur following subscription for warrants series B and series C by PS Holdco Sp. z o.o. and that the total amount of the subscription shall at least equal the price of Zlomrex S.A. shares. The deadlines for the PS Holdco's undertaking to increase Cognor's equity and for the payment of the price for shares in Zlomrex S.A. by Cognor S.A. were postponed to 31 December 2021 when the remaining number of warrants series B surviving the conversion of Cognor's convertible notes, will have become known.

On 13 March 2015, based on the amendment no. 4 to the Settlement Agreement, resulting from the lack of payment of receivable at the amount of EUR 10 million owned from the Republic of Croatia and in connection with impairment loss recognised for the total amount of that receivable in Cognor's consolidated financial statements as at 31 December 2014, the parties decided to appropriately reduce the price for shares in Zlomrex S.A. by the amount of PLN 39 215 thousand and to adjust the interests for previous years on the reduced price for the shares in Zlomrex S.A. Due to direct connection between the price for the shares in Zlomrex S.A. with the value of the subscription for warrants series B and series C described in previous paragraph, the reduction of the price for the shares in Zlomrex S.A. due to impairment loss recognized on receivables from Republic of Croatia was included in Group's equity as an adjustment of transactions with the Owner of the Parent Company.

The reduction of the price for shares in Zlomrex S.A. following amendment no. 4 resulted in reduction of reserve equity in consolidated financial statements as at December 31, 2014 by PLN 39 215 thousand and recognition of other income in the amount of PLN 6 430 thousand due to adjustment of Cognor's liability related to interest accrued in previous years to PS Holdco Sp. z o.o. on the reduced price for the shares in Zlomrex S.A.

Moreover, as a consequence of the amendments no. 3 and 4 to the Settlement Agreement, due to the fact that payment deadline has been postponed till 31 December 2021, the Group recognised liability to PS Holdco Sp. z o.o. related to the discounted value of interest accrued on the unpaid price for the shares in Zlomrex S.A. totalling PLN 34 446 thousand. This liability, in its part related to capital instruments (options to own capital instruments), remaining under the control of Group, has been recognised as the reduction of equity (in 2014) at the amount of PLN 14 256 thousand (after deferred tax) and the remaining amount was recognised as other investments in the amount of PLN 13 513 thousand. The options included in assets are valued at cost less amortization, use or termination of rights to use own capital instruments.

7 Earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2015 was based on the gain attributable to ordinary shareholders of PLN 7 344 thousand (the three-month period ended 31 March 2014: gain PLN 6 107 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2015 of 66 222 thousand (the three-month period ended 31 March 2014: 66 222 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 3 months period ended March 31, 2015 was 113 274 thousand (31 March 2014: 66 222 thousand).

The calculation of basic earnings per share for the twelve-month period ended 31 March 2015 was based on the gain attributable to ordinary shareholders of PLN 1 271 thousand (the twelve-month period ended 31 March 2014: loss PLN 17 764 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 31 March 2015 of 66 222 thousand (the twelve-month period ended 31 March 2014: 66 222 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 31 March 2015 was 113 465 thousand (31 March 2014: 66 222 thousand).

As at 31 March 2015, 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.

The calculation of diluted earnings per share at 31 March 2015 was based on the number of ordinary shares and the number of potential ordinary shares that would have been issued upon the conversion of the nominal value of convertible bonds and interest attributable to these bonds in the period from January to March 2015 excluding interest paid in this period.

8 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	31.03.2015	31.12.2014	31.03.2014
Bank overdraft	7 082	6 969	6 287
Non-current liabilities			
Secured bank loans	1 424	1 602	0
Secured fixed interest rate debt	381 073	397 088	399 842
Finance lease liabilities	8 732	9 637	7 022
Other borrowings	553	569	-
	391 782	408 896	406 864
Current liabilities			
Current portion of secured bank loans	712	712	-
Current portion of secured fixed interest rate debt	20 604	25 965	7 361
Current portion of finance lease liabilities	4 014	3 990	2 151
Factoring and bill of exchange liabilities	32 996	33 408	32 090
Reverse factoring	33 949	22 918	20 189
Other borrowings	1 735	409	-
	94 010	87 402	61 791

In 2012 Cognor S.A. and its subsidiaries (Ferrostal Łabędy Sp. z o.o., Huta Stali Jakościowych S.A. and Złomrex 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 Łabędy Sp. z o.o. made use of this overdraft, and in 2014 the limit was split between Ferrostal Łabędy Sp. z o.o. (PLN 3.7 million) and Huta Stali Jakościowych S.A. (PLN 6.3 million). The limit of bank overdraft was extended until 29 May 2015. As at 31 March 2015 Ferrostal Łabędy Sp. z o.o. had a liability in the amount of PLN 3 204 thousand and Huta Stali Jakościowych S.A. - in the amount of PLN 3 760 thousand.

Secured fixed interest debt

On 4 February 2014, Cognor International Finance plc, established in the United Kingdom (a subsidiary of Huta Stali Jakościowych 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 Złomrex International Finance S.A. with the maturity date of February 2014. The new issue was allocated to the holders in proportion to bonds that they owned.

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

- 1st and 2nd year – 7.5%
- 3rd year – 10.0%
- 4th to 6th year – 12.5%.

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

Liability for the issue of Senior Secured Notes listed on the Stock Exchange in Luxembourg (Euro MTF) of the book value of PLN 411 346 thousand on 31 March 2015 was secured as follows:

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

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

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

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

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

Liabilities due to Shareholder

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

The description of transactions with the Shareholder is disclosed in note no. 6.

9 Contingencies, guarantees and other commitments

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

Contingencies

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

In 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 to PS Holdco Sp. z o.o.)
- Złomrex Finans Sp. z o.o. (sold on August 27th, 2011 to PS Holdco Sp. z o.o.)
- Złomrex China Limited (sold on August 27th, 2011 to PS Holdco Sp. z o.o.)
- Profil Centrum Sp. z o.o. (control obtained on April 11, 2014)

Associates are as follows:

- 4 Groups Sp. z o.o. (from January 21st, 2013)
- ZW Profil S.A. (from September 13, 2013 till April 10, 2014)
- Przedsiębiorstwo Transportu Samochodowego S.A. (from September 13, 2013 till April 10, 2014)
- Profil Centrum Sp. z o.o. (from September 13, 2013 till April 10, 2014)
- Madrohut Sp. z o.o. (from April 11, 2014)

Companies controlled by the owner:

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

<i>in PLN thousand</i>	31.03.2015	31.12.2014	31.03.2014
<i>Short-term receivables:</i>			
- related parties (not consolidated)	2 860	-	9 034
- associates	-	-	3
- owner	7	7	9
- companies controlled by the owner	18	18	66
<i>Short-term liabilities</i>			
- related parties (not consolidated)	654	-	571
- owner	41 121	40 396	12 747
- companies controlled by the owner	629	256	337
- associates	53	57	6 595
<i>Loans granted</i>			
- related parties (not consolidated)	7 932	-	3 700
- owner	207	203	542
<i>Loans received</i>			
- companies controlled by the owner	-	344	-
<i>Short-term investments</i>			
- owner	13 513	13 513	-

<i>in PLN thousand</i>	01.01.2015- 31.03.2015	01.01.2014- 31.03.2014	01.04.2014- 31.03.2015	01.04.2013- 31.03.2014
<i>Revenues from sale of products</i>				
- related parties (not consolidated)	-	-	-	17
<i>Revenues from sale of services</i>				
- related parties (not consolidated)	119	115	4	600
- associates	7	7	29	2
- owner	-	-	1	2
- companies controlled by the owner	-	31	87	100
<i>Revenues from sale of raw materials and commodities</i>				
- related parties (not consolidated)	4 127	3 466	661	17 510
- companies controlled by the owner	-	-	251	-
<i>Purchase of commodities and raw materials</i>				
- related parties (not consolidated)	3 873	2 967	906	11 691
- companies controlled by the owner	384	229	1 038	759
<i>Purchase of services</i>				
- related parties (not consolidated)	-	-	-	13
- associates	123	6 768	577	7 259
- companies controlled by the owner	574	523	1 966	2 538
<i>Other income</i>				
- related parties (not consolidated)	57	70	(13)	216
- owner	4	9	7 494	49
<i>Other gain/(losses) net</i>				
- owner	-	-	-	-
- companies controlled by the owner	-	-	4	-
<i>Financial income</i>				
- associates	-	-	-	-
<i>Financial costs</i>				
- related parties (not consolidated)	-	-	(5)	(4)
- owner	(916)	(2 307)	(2 985)	(10 319)

11 Cash and cash equivalents presented in cash flow statements

<i>in PLN thousand</i>	31.03.2015	31.03.2014
Cash in bank	17 056	14 796
Cash in bank restricted in use	225	496
Cash in hand	400	306
Short-term bank deposit	2 474	3 580
Other	5	-
Cash and cash equivalents	20 160	19 178
Bank overdrafts	(7 082)	(6 287)
Cash and cash equivalents in the statement of cash flows	13 078	12 891

12 Financial instruments

Financial instruments measured at fair values

As at 31 March 2015, 31 December 2014 and 31 March 2014 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 at 31 March 2015 amounted to PLN 411 346 thousand (31 December 2014: PLN 435 863 thousand) - due to lack of market transactions on the bonds issued by Cognor International Finance plc in the period close to the reporting date, fair value as at 31 March 2015 was determined with use of valuation model which was based on the market interest rate changes in the period from the date of bond issue to 31 March 2015 (level 2 in fair value hierarchy). The carrying amount of liability to PS Holdco Sp. z o.o. approximates fair value due to an interest rate which was similar to the interest rate applicable for liabilities with similar risk.

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 Sztuczowski *	-	-	-	-
- Przemysław Grzesiak	2 522 951	3,81%	2 522 951	3,81%
- Krzysztof Zoła	-	-	-	-
- Dominik Barszcz	-	-	-	-
Supervisory Board				
- Hubert Janiszewski	-	-	-	-
- Piotr Freyberg	-	-	-	-
- Jerzy Kak	-	-	-	-
- Marek Rocki	-	-	-	-
- Zbigniew Łapiński	-	-	-	-

* Przemysław Sztuczowski 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 Sztuczowski in Cognor S.A. As at March 20, 2015 PS HoldCo Sp. z o.o. was the owner of 65.98% shares of Cognor S.A, and as at May 15, 2015 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 Zlomrex S.A. (currently HSJ S.A.) received an offer from the Republic of Croatia pertaining to the termination of share purchase agreement based on which Cognor S.A. in 2007 acquired shares in Zeljezara Split steelworks from the Croatian Privatisation Fund. By exercise of this offer the Government of Croatia was to repurchase all of the shares held by HSJ S.A. for the amount of EUR 1.00 and purchase all of the claims of HSJ S.A. owed by Zeljezara Split for the price of EUR 10.0 million. In spite of the acceptance of the offer by HSJ S.A. and the commencement of drafting of the respective documents, the Croatian Government at the turning of 2009 and 2010 asked to postpone drafting and signing of the agreements and later in 2010 finally decided to refuse to enter into agreement. In 2011 a bankruptcy of Zeljezara Split was declared.

In 2012 HSJ S.A. filed a notice of arbitration against the Republic of Croatia. In the notice HSJ S.A. stated the minimal value of the claim at the amount of EUR 10.0 million. Supported by the positive opinion of legal counsel, that value was previously recognized in Cognor's financial statements.

In response to the notice of arbitration, the government side entered into negotiations on conciliatory solution of the dispute. Despite a number of meetings, the negotiations did not lead to agreement. In 2014 Cognor S.A. decided to reassess its legal position and ordered additional analysis of legal advisors. In the light of received opinions, Cognor S.A. assessed that positive solution of the claim pertaining to the offer of EUR 10.0 million is unlikely. For the second basis for the claim, relying on the terms of the bilateral investment treaty between Poland and Croatia, where the maximal compensation for Cognor S.A. could reach up to approximately EUR 50.0 million, the probability of positive outcome for the Group has been determined up to 50%.

In this light, taking into consideration the elapsed time so far, the expected further duration of legal proceedings and change in assessment of positive outcome for Cognor S.A. to prevail, it was decided to recognise in the consolidated financial statement for 2014, an impairment allowance of PLN 42 623 thousand. As the settlements with the Republic of Croatia have impact on the transactions with the owner of the Parent Company impairment allowance, in the part that was assumed as a correction of these transactions (PLN 39 215 thousand) has been recognised directly in the Group's equity. Despite current change of chances for success, the abovementioned decision does not have any impact on dedication of Cognor S.A. to continue litigation along both of the available paths.

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	3 818	Until termination of trade agreement
Ferrostal Łabędy Sp. z o.o.	Trade liability	2 064	Until termination of trade agreement

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

Subsidiary	Type of liability	Guarantee value	Period of guarantee
Zlomrex Metal Sp. z o.o.	Factoring	50 000	without deadline
Huta Stali Jakościowych S.A.	Lease liability	3 163	till 2020
Cognor S.A.	Lease liability	1 001	till 2018
Przedsiębiorstwo Transportu Samochodowego S.A.	Loan	500	till 2024

Liability for the bonds listed on the Luxemburg Stock Exchange (Euro MTF) issued by a subsidiary Cognor International Finance S.A. with a total value of PLN 411 346 thousands as at 31 March 2015, was secured by a pledge on the shares of the following subsidiaries: shares of ZW-Walcownia Bruzdowa Sp. z o.o., Huta Stali Jakościowych S.A., Ferrostal Łabędy Sp. z o.o., Zlomrex Metal Sp. z o.o., Kapitał 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.) and mortgages on real estate/pledge on certain non-current assets of Ferrostal Łabędy Sp. z o.o., ZW-Walcownia Bruzdowa Sp. z o.o. and Cognor S.A.

Guarantees related to the bank loans:

In 2012 Cognor S.A. and its subsidiaries (Ferrostal Łabędy Sp. z o.o., Huta Stali Jakościowych S.A. and Zlomrex 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 Łabędy Sp. z o.o. made use of this overdraft, and in 2014 the limit was split between Ferrostal Łabędy Sp. z o.o. (PLN 3.7 million) and Huta Stali Jakościowych S.A. (PLN 6.3 million). The limit of bank overdraft was extended until 29 May 2015 and the limit to Huta Stali Jakościowych S.A. has been decreased to PLN 5.4 million.

As at 31 March 2015, both companies utilised this credit line and the liability amounted to PLN 3 204 thousand in Ferrostal Łabędy Sp. z o.o. and to PLN 3 760 thousand in Huta Stali Jakościowych S.A.

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

Lack of information requiring disclosure.

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

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

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

21 Subsequent events

On 30 April 2015, National Court Register has registered new company FER Holding Sp. Z o.o. established by Ferrostal Łabędy Sp. z o.o. which owns 100% of shares in the share capital of this company.

On 4 May 2015, National Court Register has registered new company HSJ Holding Sp. Z o.o. established by Huta Stali Jakościowych S.A. which owns 100% of shares in the share capital of this company.

Poraj, 15 May 2015

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