

Cognor Holding S.A.
Condensed Consolidated
Interim Financial Statements
as at and for the three months ended
31 March 2017

15 May 2017

Condensed consolidated statement of financial position

in PLN thousand

	31.03.2017	31.12.2016	31.03.2016
Assets			
Property, plant and equipment	284 841	292 821	278 946
Intangible assets	12 359	11 938	11 011
Investment property	-	-	-
Investment in associates	3 199	3 250	3 184
Other investments	4 805	4 805	13 578
Other receivables	147	126	42
Prepaid perpetual usufruct of land	19 851	19 944	20 294
Deferred tax assets	84 435	92 058	84 202
Total non-current assets	409 637	424 942	411 257
Inventories	299 300	297 741	230 447
Other investments	1 685	2 721	4 311
Current income tax receivables	1 869	1 908	299
Trade and other receivables	211 287	136 997	172 070
Cash and cash equivalents	25 540	24 980	23 104
Assets classified as held for sale	6 012	6 012	5 506
Total current assets	545 693	470 359	435 737
Total assets	955 330	895 301	846 994

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

	31.03.2017	31.12.2016	31.03.2016
Equity			
Issued share capital	150 532	150 532	139 702
Reserves	184 617	184 617	193 927
Foreign currency translation reserves	13	43	34
Retained earnings	(166 709)	(193 064)	(194 288)
Total equity attributable to owners of the Parent Company	168 453	142 128	139 375
Non-controlling interests	15 587	13 775	20 302
Total equity	184 040	155 903	159 677
Liabilities			
Interest-bearing loans and borrowings	357 904	376 398	390 570
Employee benefits obligation	9 058	9 058	9 102
Other payables	19 252	25 202	37 963
Deferred tax liabilities	4 964	6 150	6 302
Total non-current liabilities	391 178	416 808	443 937
Bank overdraft	24 705	23 154	4 251
Interest-bearing loans and borrowings	66 359	72 451	41 601
Employee benefits obligation	5 363	4 914	5 321
Other financial liabilities	-	-	-
Current income tax payables	116	-	-
Provisions for payables	5 688	3 130	3 406
Trade and other payables	277 764	218 824	188 684
Government grants and other deferred income	117	117	117
Total current liabilities	380 112	322 590	243 380
Total liabilities	771 290	739 398	687 317
Total equity and liabilities	955 330	895 301	846 994

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

	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016
Revenue	429 529	355 672
Cost of sales	(371 262)	(332 065)
Gross profit	58 267	23 607
Other income	863	1 205
Distribution expenses	(15 900)	(11 385)
Administrative expenses	(9 081)	(8 401)
Other (losses)/gains - net	(1 456)	798
Other expenses	(1 073)	(817)
Operating profit before financing costs	31 620	5 007
Financial income	18 318	27
Financial expenses	(12 723)	(13 767)
Net financing costs	5 595	(13 740)
Share of profit of associates	(51)	37
Profit/(loss) before tax	37 164	(8 696)
Income tax expense	(6 816)	2 147
Profit/(loss) for the period	30 348	(6 549)
Profit/(loss) for the period attributable to:		
Owners of the Parent Company	28 536	(5 542)
Non-controlling interests	1 812	(1 007)
Profit/(loss) for the period	30 348	(6 549)
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(30)	2
Total comprehensive income for the period	30 318	(6 547)
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	28 506	(5 540)
Non-controlling interests	1 812	(1 007)
Total comprehensive income for the period	30 318	(6 547)
Basic earnings per share (PLN) attributable to the owners of the Parent Company	0,38	(0,08)
- from continuing operations	0,38	(0,08)
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	0,27	(0,05)
- from continuing operations	0,27	(0,05)

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

	01.04.2016 - 31.03.2017	01.04.2015 - 31.03.2016
Revenue	1 426 250	1 349 694
Cost of sales	(1 248 864)	(1 262 210)
Gross profit	177 386	87 484
Other income	5 385	4 470
Distribution expenses	(54 485)	(48 111)
Administrative expenses	(38 618)	(32 995)
Other (losses)/gains - net	443	6 272
Other expenses	(6 980)	(6 663)
Operating profit before financing costs	83 131	10 457
Financial income	23 507	4 220
Financial expenses	(67 168)	(53 539)
Net financing costs	(43 661)	(49 319)
Share of profit of associates	15	(58)
Gain on bargain purchase	-	-
(Loss)/profit before tax	39 485	(38 920)
Income tax expense	(1 062)	10 393
(Loss)/profit for the period	38 423	(28 527)
Discontinued operations		
Profit/(loss) for the period from discontinued operations, net of tax	-	-
Profit/(loss) for the period	38 423	(28 527)
(Loss)/profit for the period attributable to:		
Owners of the Parent Company	35 545	(27 713)
Non-controlling interests	2 878	(814)
(Loss)/profit for the period	38 423	(28 527)

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

	01.04.2016 - 31.03.2017	01.04.2015 - 31.03.2016
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(21)	615
Total comprehensive income for the period	38 402	(27 912)
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	35 524	(27 098)
Non-controlling interests	2 878	(814)
Total comprehensive income for the period	38 402	(27 912)
Basic earnings per share (PLN) attributable to the owners of the Parent Company	0,49	(0,41)
- from continuing operations	0,49	(0,41)
- from discontinued operations	-	-
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	0,33	(0,25)
- from continuing operations	0,33	(0,25)
- from discontinued operations	-	-

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>	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016
Profit/(loss) before tax from continuing operations	37 164	(8 696)
Adjustments		
Depreciation	9 575	8 834
Amortization	37	58
Impairment losses and valuation allowances	-	-
Foreign exchange (gains)/losses	(17 938)	126
Net (gains)/losses on disposal of property, plant and equipment	337	(252)
Interest, transaction costs (related to loans and borrowings) and dividends, net	12 001	12 845
Change in receivables	(74 322)	(44 688)
Change in inventories	(1 559)	33 029
Change in trade and other payables	62 308	27 645
Change in provisions	2 647	(291)
Change in employee benefits obligation	449	443
Share of profit of associates	51	(37)
Other adjustments	-	-
Cash generated/(outflows) from operating activities	30 750	29 016
Income tax (paid)/returned, incl.	(313)	-
Net cash from operating activities	30 437	29 016
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	2 499	547
Proceeds from sale of perpetual usufruct	-	465
Acquisition of shares in consolidated companies (net of cash acquired)	-	(41)
Interest received	64	25
Repayment of loans granted	1 039	-
Acquisition of property, plant and equipment	(7 946)	(8 803)
Acquisition of intangible assets	(458)	(235)
Net cash from investing activities	(4 802)	(8 042)
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	3 234	-
Proceeds from factoring	1 375	(370)
Repayment of interest-bearing loans and borrowings	(714)	(997)
Payment of finance lease liabilities	(3 085)	(3 386)
Dividends and interests on exchangeable notes paid	(2 181)	(2 584)
Interest and transaction costs (related to loans and borrowings) paid	(19 556)	(15 765)
Other transactions with the Owner	(5 699)	(100)
Net cash from financing activities	(26 626)	(23 202)
Net increase / (decrease) in cash and cash equivalents	(991)	(2 228)
Cash and cash equivalents net of bank overdraft, at 1 January	1 826	21 082
- effect of exchange rate fluctuations on cash held	-	(1)
Cash and cash equivalents net of bank overdraft, at 31 March	835	18 853
- including cash restricted for use	439	511

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

	01.04.2016 - 31.03.2017	01.04.2015 - 31.03.2016
(Loss)/profit before tax from continuing operations	39 485	(38 920)
Adjustments		
Depreciation	38 802	35 269
Amortization	238	541
Impairment losses and valuation allowances	-	(86)
Foreign exchange (gains)/losses	144	21 597
	(5 216)	(26 013)
Net (gains)/losses on investment activities	(1 004)	-
Net (gains)/losses on disposal of property, plant and equipment	309	(3 291)
Interest, transaction costs (related to loans and borrowings) and dividends, net	45 159	47 895
Change in receivables	(39 322)	83 155
Change in inventories	(68 853)	43 989
Change in trade and other payables	84 953	(28 534)
Change in provisions	400	(543)
Change in employee benefits obligation	(2)	(543)
Share of profit of associates	(15)	58
Other adjustments	-	-
Cash generated/(outflows) from operating activities	95 078	134 574
Discontinued operations		
Loss before tax from discontinued operations	-	-
Adjustments		
Cash outflows from discontinued operations	-	-
Cash generated from operating activities	95 078	134 574
Income tax (paid)/returned, incl.	(2 025)	(296)
- continuing operations	(2 025)	(296)
- discontinued operations	-	-
Net cash from operating activities	93 053	134 278

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

	01.04.2016 - 31.03.2017	01.04.2014 - 31.03.2015
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	4 604	8 962
Proceeds from sale of perpetual usufruct	-	4 383
Proceeds from sale of assets held for sale	-	1 080
Proceeds from sale of other investments	-	-
Interest received	443	135
Dividends received	2	-
Repayment of loans granted	2 539	1 801
Other inflows/(outflows) from investing activities	1 014	515
Acquisition of property, plant and equipment	(30 054)	(23 080)
Acquisition of intangible assets	(2 107)	(987)
Acquisition of assets held for sale	-	-
Acquisition of shares in consolidated companies	(322)	(80)
Loans granted	-	(470)
Acquisition of other investments	-	35
Cash generated on investing activities from continuing operations	(23 881)	(7 706)
Cash generated on investing activities from discontinued operations	-	-
Net cash from investing activities	(23 881)	(7 706)
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	23 382	18 557
Proceeds from factoring	2 502	(57 563)
Repayment of interest-bearing loans and borrowings	(32 881)	(33 045)
Payment of finance lease liabilities	(15 646)	(7 971)
Dividends and interests on exchangeable notes paid	(4 875)	(5 218)
Interest and transaction costs (related to loans and borrowings) paid	(43 484)	(35 271)
Other transactions with the Owner	(16 189)	(302)
Cash outflows on financing activities from continuing operations	(87 191)	(120 813)
Cash outflows from discontinued operations	-	-
Net cash from financing activities	(87 191)	(120 813)
Net increase / (decrease) in cash and cash equivalents	(18 019)	5 759
Cash and cash equivalents net of bank overdraft, at 1 April	18 853	13 078
- effect of exchange rate fluctuations on cash held	1	16
Cash and cash equivalents net of bank overdraft, at 31 March	835	18 853
- including cash restricted for use	439	511

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 2016	139 702	194 935	32	(187 547)	147 122	21 569	168 691	
<i>Total comprehensive income</i>	-	-	2	(5 542)	(5 540)	(1 007)	(6 547)	
- (loss)/profit	-	-	-	(5 542)	(5 542)	(1 007)	(6 549)	
- foreign currency translation differences relating to foreign operations	-	-	2	-	2	-	2	
Transactions with owners of the Company, recognised in equity								
Contribution by and distributions to owners of the Company	-	-	-	(2 426)	(2 426)	-	(2 426)	
<i>Interests on exchangeable notes in the period</i>	-	-	-	(2 426)	(2 426)	-	(2 426)	
Change in ownership interests	-	-	-	219	219	(260)	(41)	
<i>Changes in minority after acquisition</i>	-	-	-	219	219	(260)	(41)	
Other	-	(1 008)	-	1 008	-	-	-	
Equity as at 31 March 2016	139 702	193 927	34	(194 288)	139 375	20 302	159 677	
Equity as at 1 January 2016	139 702	194 935	32	(187 547)	147 122	21 569	168 691	
<i>Total comprehensive income</i>	-	-	11	1 467	1 478	59	1 537	
- (loss)/profit	-	-	-	1 467	1 467	59	1 526	
- foreign currency translation differences relating to foreign operations	-	-	11	-	11	-	11	
Transactions with owners of the Company, recognised in equity								
Contribution by and distributions to owners of the Company	10 830	(10 830)	-	(13 521)	(13 521)	(249)	(13 770)	
<i>Dividends paid</i>	-	-	-	-	-	(249)	(249)	
<i>Conversion of exchangeable notes</i>	10 830	(10 830)	-	-	-	-	-	
<i>Interests on exchangeable notes in the period</i>	-	-	-	(4 721)	(4 721)	-	(4 721)	
<i>Other settlements with the Owner</i>	-	-	-	(8 800)	(8 800)	-	(8 800)	
Change in ownership interests	-	-	-	7 241	7 241	(7 604)	(363)	
<i>Changes in minority after acquisition</i>	-	-	-	7 241	7 241	(7 604)	(363)	
Transfer of profit	-	512	-	(512)	-	-	-	
Other	-	-	-	(192)	(192)	-	(192)	
Equity as at 31 December 2016	150 532	184 617	43	(193 064)	142 128	13 775	155 903	

The 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 2017	150 532	184 617	43	(193 064)	142 128	13 775	155 903
Total comprehensive income	-	-	(30)	28 536	28 506	1 812	30 318
- profit	-	-	-	28 536	28 536	1 812	30 348
- foreign currency translation differences relating to foreign operations	-	-	(30)	-	(30)	-	(30)
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	-	-	-	(2 181)	(2 181)	-	(2 181)
<i>Interests on exchangeable notes in the period</i>	-	-	-	(2 181)	(2 181)	-	(2 181)
Equity as at 31 March 2017	150 532	184 617	13	(166 709)	168 453	15 587	184 040

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

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

2 Cognor Holding S.A. Group

The condensed consolidated interim financial statements as at and for the three months ended 31 March 2017 comprise the Parent Company and its subsidiaries (õthe Groupõ). Details of the subsidiaries that comprise the Group as at 31 March 2017 are presented in the table below.

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

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

Lack of changes in capital group in the first quarter of 2017.

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 2016.

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 May 2017.

b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 31 March 2017 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 2016, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (øEU IFRSø).

In the first quarter of 2016 the Group has disclosed the interests from financial assets and fee and commissions as financial income. Since second quarter of 2016 the Group has ceased such presentation and disclosed them as other income. Due to this fact comparable data for the first quarter of 2016 as well as LTMs differ from published financial statements in positions: other income and financial income. Accordingly the business segments has been adjusted.

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 2016.

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

31.03.2017	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	55 800	365 954	806	6 969			
Inter-segment revenue	61 019	440	-	2 872			
Total revenue	116 819	366 394	806	9 841	-	(64 331)	429 529
Cost of sales to external customers	(46 337)	(320 104)	(817)	(5 949)			
Inter-segment cost of sales	(62 630)	(272)	-	(440)			
Total cost of sales	(108 967)	(320 376)	(817)	(6 389)	-	65 287	(371 262)
Segment result	7 852	46 018	(11)	3 452	-	956	58 267
Other income	679	69	4	49	1 813	(1 751)	863
Distribution and administrative expenses	(5 348)	(17 768)	(291)	(17)	(3 902)	2 345	(24 981)
Other gain/(losses) net	(94)	(387)	7	-	(612)	(370)	(1 456)
Other expenses	(73)	(345)	(4)	-	(2 139)	1 488	(1 073)
Operating profit/(loss)	3 016	27 587	(295)	3 484	(4 840)	2 668	31 620
Net financing costs	(158)	(816)	92	(146)	9 478	(2 855)	5 595
Share of profit of associates, net of tax							(51)
Income tax expense							(6 816)
Profit for the period							30 348

in PLN thousand

31.03.2016	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	46 276	300 123	2 223	7 050			
Inter-segment revenue	28 956	540	-	4 213			
Total revenue	75 232	300 663	2 223	11 263	-	(33 709)	355 672
Cost of sales to external customers	(38 054)	(285 846)	(2 027)	(6 104)			
Inter-segment cost of sales	(32 527)	(632)	-	(2 101)			
Total cost of sales	(70 581)	(286 478)	(2 027)	(8 205)	-	35 226	(332 065)
Segment result	4 651	14 185	196	3 058	-	1 517	23 607
Other income	498	488	5	208	334	(328)	1 205
Distribution and administrative expenses	(4 867)	(14 120)	(350)	(303)	(4 207)	4 061	(19 786)
Other gain/(losses) net	(119)	89	(9)	34	711	92	798
Other expenses	(51)	(297)	(2)	-	(875)	408	(817)
Operating profit	112	345	(160)	2 997	(4 037)	5 750	5 007
Net financing costs	(238)	(976)	71	(255)	(13 983)	1 641	(13 740)
Share of profit of associates, net of tax							37
Income tax expense							2 147
Profit for the period							(6 549)

Business segments (for the twelve months ended 31 March)

<i>in PLN thousand</i>		Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
	31.03.2017							
Revenue from external customers		188 567	1 197 371	9 582	30 730			
Inter-segment revenue		200 014	2 456	-	22 636			
Total revenue		388 581	1 199 827	9 582	53 366	-	(225 106)	1 426 250
Cost of sales to external customers		(180 537)	(1 069 915)	(8 311)	(27 159)			
Inter-segment cost of sales		(182 312)	(1 013)	-	(4 984)			
Total cost of sales		(362 849)	(1 070 928)	(8 311)	(32 143)	-	225 367	(1 248 864)
Segment result		25 732	128 899	1 271	21 223	-	261	177 386
Other income		2 561	2 544	39	841	3 363	(3 963)	5 385
Distribution and administrative expenses		(21 529)	(74 036)	(1 897)	(11 926)	(3 474)	19 759	(93 103)
Other gain/(losses) net		968	(401)	(12)	13 238	824	(14 174)	443
Other expenses		(317)	(4 485)	(117)	(451)	(5 733)	4 123	(6 980)
Operating profit/(loss)		7 415	52 521	(716)	22 925	(5 020)	6 006	83 131
Net financing costs		(455)	628	315	(6 136)	(41 945)	3 932	(43 661)
Share of profit of associates, net of tax								15
Income tax expense								(1 062)
Profit for the period								38 423

<i>in PLN thousand</i>		Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
	31.03.2016							
Revenue from external customers		205 750	1 097 586	13 980	32 378			
Inter-segment revenue		155 347	2 890	7	16 096			
Total revenue		361 097	1 100 476	13 987	48 474	-	(174 340)	1 349 694
Cost of sales to external customers		(191 099)	(1 046 495)	(11 786)	(24 023)			
Inter-segment cost of sales		(149 945)	(2 189)	(8)	(10 735)			
Total cost of sales		(341 044)	(1 048 684)	(11 794)	(34 758)	-	174 070	(1 262 210)
Segment result		20 053	51 792	2 193	13 716	-	(270)	87 484
Other income		1 524	4 037	124	(808)	49 839	(50 246)	4 470
Distribution and administrative expenses		(21 240)	(55 435)	(2 279)	(782)	(17 100)	15 730	(81 106)
Other gain/(losses) net		(946)	24 343	167	61	3 022	(20 375)	6 272
Other expenses		(371)	(3 090)	(19)	7	(6 110)	2 920	(6 663)
Operating profit		(980)	21 647	186	12 194	29 651	(52 241)	10 457
Net financing costs		(1 181)	(2 672)	45	(3 204)	(103 188)	60 881	(49 319)
Share of profit of associates, net of tax								(58)
Income tax expense								10 393
Profit for the period								(28 527)

Inter-segment revenues and cost of sales in 1st quarter 2016 and LTM for the period ended 31 March 2016 in production division differ from published financial statements due to elimination of revenue and costs of sales within one segment.

<i>in PLN thousand</i>		Scrap division	Production division	Distribu- tion	Other	Unallocated	Consolidated
	31.03.2017						
Segment assets		70 657	684 295	3 470	45 130	151 778	955 330
Segment liabilities		37 530	67 044	852	154 145	511 719	771 290

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

<i>in PLN thousand</i>		Scrap division	Production division	Distribu- tion	Other	Unallocated	Consolidated
	31.03.2016						
Segment assets		45 739	562 292	3 663	71 619	163 681	846 994
Segment liabilities		576	157 203	1 483	18 080	509 975	687 317

Unallocated assets

in PLN thousand

	31.03.2017	31.12.2016	31.03.2016
Long-term and short-term investments	9 689	10 776	21 073
Deferred tax assets	84 435	92 058	84 202
Income tax receivable	1 869	1 908	299
Cash and cash equivalents	25 540	24 980	23 104
Assets held for sale	6 012	6 012	5 506
Other receivables (statutory receivables, receivables relating to sale of	24 233	47 575	29 497
	151 778	183 309	163 681

Unallocated liabilities

in PLN thousand

	31.03.2017	31.12.2016	31.03.2016
Interest-bearing loans and borrowings	424 263	448 849	432 171
Bank overdraft	24 705	23 154	4 251
Deferred tax liabilities	4 964	6 150	6 302
Government grants and other deferred income	117	117	117
Current income tax payables	116	-	-
Other liabilities	57 554	66 434	67 134
	511 719	544 704	509 975

5 Property, plant and equipment

During the three months ended 31 March 2017, the Group acquired property, plant and equipment at a cost of PLN 4 338 thousand (three months ended 31 March 2016: PLN 9 963 thousand). Assets with a net book value of PLN 2 836 thousand were disposed during the three months of 2017 (three months ended 31 March 2016: PLN 338 thousand). On the sale of fixed assets the Group achieved a net loss on disposal of PLN 337 thousand (three months ended 31 March 2016: a net gain on disposal of PLN 84 thousand).

During the twelve months ended 31 March 2017, the Group acquired property, plant and equipment at a cost of PLN 49 152 thousand (twelve months ended 31 March 2016: PLN 37 200 thousand). Assets with a net book value of PLN 4 379 thousand were disposed of during the twelve months ended 31 March 2017 (twelve months ended 31 March 2016: PLN 7 213 thousand). On the sale of fixed assets the Group achieved a net loss on disposal of PLN 336 thousand (twelve months ended 31 March 2016: a net loss on disposal of PLN 1 121 thousand).

Capital commitments

As at 31 March 2017 the Group had capital commitments in the amount of PLN 2 988 thousand (31 March 2016: PLN 1 555 thousand).

6 Equity

Issued share capital

	31.03.2017	31.12.2016	31.03.2016
Registered shares number at reporting date	75 265 868	75 265 868	69 851 487
Number of issued warrants	57 176 380	57 176 380	62 590 761
Nominal value of 1 share	2 PLN	2 PLN	2 PLN

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

On 29 August 2011 Cognor S.A. purchased from PS Holdco Sp. z o.o. 20 957 400 shares of Zëmrex S.A. On the same day Cognor Holding 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 Zëmrex 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 Holding 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 Zëmrex S.A. shall be appropriately reduced in case of the lack of the ability to repay the receivable of Zëmrex S.A. (currently Cognor 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 Holding S.A. resulting from the purchase of shares in Zëmrex S.A. (also until the final price for Zëmrex S.A. shares is determined), this liability shall be bearing the interest at the level of 7% p.a. and that the payments of the liability or related interest shall not fall below the price for the shares in Zëmrex S.A.

Following the restructuring of Cognor Holding'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 Holding 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 Holding'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 Zëmrex S.A. shares. The deadlines for the PS Holdco's undertaking to increase Cognor Holding's equity and for the payment of the price for shares in Zëmrex S.A. by Cognor Holding S.A. were postponed to 31 December 2021 when the remaining number of warrants series B surviving the conversion of Cognor Holding'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 Holding's consolidated financial statements in 2014, the parties decided to appropriately reduce the price for shares in Zëmrex 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 Zëmrex S.A. Due to direct connection between the price for the shares in Zëmrex 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 Zëmrex S.A. due to impairment loss recognized on receivables from Republic of Croatia was included in Group's equity in 2014 as an adjustment of transactions with the Owner of the Parent Company.

The reduction of the price for shares in Zëmrex S.A. following amendment no. 4 resulted in reduction of reserve equity in consolidated financial statements in 2014 by PLN 39 215 thousand.

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 Zcmrex S.A. totalling PLN 34 446 thousand (the value as at 31.03.2017: PLN 28 174 thousand). The Group has also recognised as other investments options for own equity instruments (as at 31.03.2017 in the amount of PLN 4 750 thousand). The options are measured at cost less amortization which is based on use or termination of rights to use own capital instruments.

In connection with the request of the holders of Exchangeable Notes (EN) to Cognor International Finance plc (the subsidiary) for a conversion of Notes held by them into shares of Cognor S.A., there have been series of conversions of Exchangeable Notes into shares. The National Securities Depository admitted to trading following number of shares Cognor S.A.:

- 50 000 shares were admitted to trading on 9 July 2015,
- 41 489 shares were admitted to trading on 3 August 2015,
- 457 446 shares were admitted to trading on 7 September 2015,
- 3 080 304 shares were admitted to trading on 17 November 2015,
- 868 456 shares were admitted to trading on 10 August 2016,
- 4 545 925 shares were admitted to trading on 7 November 2016.

Altogether 3 629 239 shares of Cognor S.A. were admitted to trading in 2015 as a result of conversions of 1 983 422 EUR of Exchangeable Notes. The abovementioned Notes were converted at the rate of 2.35 PLN per share.

Altogether 5 414 381 shares of Cognor Holding S.A. were admitted to trading in 2016 as a result of conversions of 2 959 024 EUR of Exchangeable Notes. The abovementioned Notes were converted at the rate of 2.35 PLN per share.

The ownership structure as at 31 March 2016 is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	50 800 324	67,49%	50 800 324	67,49%
Other shareholders	24 465 544	32,51%	24 465 544	32,51%
Total	75 265 868	100,00%	75 265 868	100,00%

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

The ownership structure as at the date of previous corrected report's publication (March 21, 2017) is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	50 800 324	67,49%	50 800 324	67,49%
Other shareholders	24 465 544	32,51%	24 465 544	32,51%
Total	75 265 868	100,00%	75 265 868	100,00%

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

The ownership structure as at the date of current report's publication (May 15, 2017) is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	50 800 324	67,49%	50 800 324	67,49%
Other shareholders	24 465 544	32,51%	24 465 544	32,51%
Total	75 265 868	100,00%	75 265 868	100,00%

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

Changes in the period:

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

7 Earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2017 was based on the profit attributable to ordinary shareholders of PLN 28 536 thousand (the three-month period ended 31 March 2016: loss PLN 5 542 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2017 of 75 266 thousand (the three-month period ended 31 March 2016: 69 851 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 3 months period ended March 31, 2017 was 104 004 thousand (31 March 2016: 109 554 thousand).

The calculation of basic earnings per share for the twelve-month period ended 31 March 2017 was based on the profit attributable to ordinary shareholders of PLN 35 545 thousand (the twelve-month period ended 31 March 2016: loss PLN 27 713 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 31 March 2017 of 72 325 thousand (the twelve-month period ended 31 March 2016: 67 837 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 31 March 2017 was 107 185 thousand (31 March 2016: 112 562 thousand).

As at 31 March 2017, 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 2017 was based on the number of ordinary shares and the number of potential ordinary shares that would have been issued upon the conversion of the nominal value of convertible bonds and interest attributable to these bonds in the period from January to March 2017 excluding interest paid in this period.

8 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	31.03.2017	31.12.2016	31.03.2016
Bank overdraft	24 705	23 154	4 251
Non-current liabilities			
Secured bank loans	-	178	712
Secured fixed interest rate debt	335 054	350 453	372 606
Finance lease liabilities	18 374	20 849	16 642
Other borrowings	4 476	4 918	610
	357 904	376 398	390 570
Current liabilities			
Current portion of secured bank loans	712	773	712
Current portion of secured fixed interest rate debt	24 131	33 759	6 718
Current portion of finance lease liabilities	9 431	10 499	9 316
Factoring and bill of exchange liabilities	11 884	10 509	9 382
Scrap pre-financing	14 967	12 323	13 559
Other borrowings	5 234	4 588	1 914
	66 359	72 451	41 601

In 2017 Cognor Holding S.A. and its subsidiary Cognor S.A. utilised bank overdraft with mBank S.A. Based on Annex No. Annex No. 13 dated 26 July 2016 extended bank overdraft until 27 July 2017.

As at 31 March 2017, bank overdrafts was utilised as follows: Cognor S.A. PLN 24 705 thousand (branch HSJ in Stalowa Wola).

Secured fixed interest debt

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

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

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

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

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

Liability for the issue of Senior Secured Notes listed on the Stock Exchange in Luxembourg (Euro MTF) of the book value of PLN 359 185 thousand on 31 March 2017 was secured as follows:

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

On 31 December 2015 the Group has redeemed of 14 460 819 EUR Senior Secured Notes purchased earlier by the Group's companies, generating a gain of PLN 26 213 thousand. On 28 December 2016 the Group has redeemed of 5 000 000 EUR Senior Secured Notes purchased earlier by the Group's companies, generating a gain of 5 216 PLN thousand. As at 31 March 2017 the principal amount of Senior Secured Notes outstanding was 80 887 290 EUR.

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

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

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

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

In 2015, bondholders of Exchangeable Notes converted 1 983 422 EUR nominal value of notes into 3 629 239 shares of Cognor Holding S.A. worth PLN 7 258 thousand. In 2016, bondholders of Exchangeable Notes converted 2 959 024 EUR nominal value of notes into 5 414 381 shares of Cognor Holding S.A. worth PLN 10 830 thousand. The amount was transferred from reserves to issued share capital. The total principal value of Exchangeable Notes remaining to be settled as at 31 March 2017 was 20 144 557 EUR.

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

9 Contingencies, guarantees and other commitments

The Group has not the contingent liabilities nor capital commitments. For subsidiary guarantees please refer to point 18.

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
- Profil Centrum Sp. z o.o. (control obtained on April 11, 2014 - till January 28, 2016)

Associates are as follows;

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

Additionally in the period from September 13, 2013 till April 10, 2014 the associates were as follows:

- ZW Profil S.A.
- Przedsiębiorstwo Transportu Samochodowego S.A.
- Profil Centrum Sp. z o.o.

Companies controlled by the owner:

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

<i>in PLN thousand</i>	31.03.2017	31.12.2016	31.03.2016
<i>Short-term receivables:</i>			
- associates	9	-	6
- owner	221	220	-
- companies controlled by the owner	4 354	3 856	5 206
<i>Short-term liabilities</i>			
- owner	28 973	37 644	44 473
- companies controlled by the owner	539	392	514
- associates	72	64	69
<i>Loans granted</i>			
- companies controlled by the owner	1 542	2 583	4 181
- owner	128	126	118
<i>Loans received</i>			
- companies controlled by the owner	3 254	2 575	-
<i>Short-term investments</i>			
- owner	4 750	4 750	13 513

<i>in PLN thousand</i>	01.01.2017- 31.03.2017	01.01.2016- 31.03.2016	01.04.2016- 31.03.2017	01.04.2015- 31.03.2016
<i>Revenues from sale of services</i>				
- associates	7	7	29	29
- owner	-	-	180	1
- companies controlled by the owner	17	48	44	320
<i>Revenues from sale of raw materials and commodities</i>				
- companies controlled by the owner	6 417	6 546	23 317	23 443
<i>Purchase of commodities and raw materials</i>				
- companies controlled by the owner	1 534	5 775	7 668	19 072
<i>Purchase of services</i>				
- associates	161	161	652	593
- companies controlled by the owner	674	660	3 682	2 785
<i>Other income</i>				
- owner	3	3	26	11
- companies controlled by the owner	46	73	275	265
<i>Financial costs</i>				
- companies controlled by the owner	(79)	-	(248)	-
- owner	(1 461)	(664)	(3 049)	(2 776)

11 Cash and cash equivalents presented in cash flow statements

<i>in PLN thousand</i>	31.03.2017	31.12.2016	31.03.2016
Cash in bank	24 061	22 784	19 784
Cash in bank restricted in use	439	494	511
Cash in hand	239	226	340
Short-term bank deposit	787	1 169	2 458
Other	14	307	11
Cash and cash equivalents	25 540	24 980	23 104
Bank overdrafts	(24 705)	(23 154)	(4 251)
Cash and cash equivalents in the statement of cash flows	835	1 826	18 853

12 Financial instruments

Financial instruments measured at fair values

As at 31 March 2017, 31 December 2016 and 31 March 2016 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:

É 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.

É 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.

É 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.

É Fixed rate debt securities. The fair value of bonds at 31 March 2017 amounted to PLN 291 838 thousand (31 December 2016: PLN 312 172 thousand) - which was calculated on the basis of the market transactions on the bonds issued by Cognor International Finance plc in the period close to the reporting date (level 1 in fair value hierarchy).

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

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	-	-	-	-
- Krzysztof Została	-	-	-	-
- 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 Holding S.A. As at March 21, 2017 PS HoldCo Sp. z o.o. was the owner of 67,49% shares of Cognor Holding S.A, and as at May 15, 2017 PS HoldCo Sp. z o.o. was the owner of 67,49%. Detailed information in note 6.

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

The Group is party to a range of court proceedings, the majority of which it participates in as the plaintiff. Group has not been charged in any singular or group proceedings which together could significantly affect their financial results or level of obligations.

Additionally, as important from the point of view of the Group, there is the following procedure:

The company Złomrex Metal Sp. z o.o. filed to the Supreme Administrative Court a cassation complaint against the judgment of the Provincial Administrative Court in Gliwice of 28 September 2015. The company is currently waiting for the hearing date. Complaint concerns challenged by the Tax Control Office in Katowice deductions of VAT invoices issued in 2008 by 19 suppliers of the Company. The amount of the contested tax is PLN 1 418 thousand. Challenged tax along with interest in the total amount of PLN 2 478 thousand has been paid by Złomrex Metal Sp. z o.o. in 2014.

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	200	without deadline
Cognor S.A.	Trade liability	1 769	without deadline
Cognor S.A.	Factoring	75 000	without deadline
Cognor S.A.	Loan	5 383	till 12.2019

Warranties and guarantees provided by Cognor S.A. (subsidiary) to the Group:

Subsidiary	Type of liability	Guarantee value	Period of guarantee
Cognor Holding S.A.	Lease liability	385	till 01.2019
Przedsiębiorstwo Transportu Samochodowego S.A.	Loan	504	till 11.2024

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

Subsidiary	Type of liability	Guarantee value	Period of guarantee
Cognor Blachy Dachowe S.A.	Trade liability	500	without deadline
Cognor S.A.	Bank loan	5 000	till 09.2017

Shares in consolidated companies are treated as a security for liabilities for the issue of Senior Secured Notes listed on the Stock Exchange in Luxembourg (Euro MTF) issued by the Cognor International Finance plc. For details, see note 8.

Guarantees related to the bank loans:

Cognor S.A. together with its subsidiary Cognor S.A. have a bank overdraft in mBank S.A. with the limit of PLN 25 000 thousand, guaranteed by the above mentioned companies. The guarantee period coincides with the credit maturity, i.e. July 27, 2017. As at 31 March 2017, the liability amounted to PLN 24 705 thousand in Cognor S.A. (branch HSJ in Stalowa Wola).

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 2017 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

There were no subsequent events requiring disclosure.

Poraj, 15 May 2017

Przemysław Sztuczkowski
President of the Management Board

Przemysław Grzesiak
Vice President of the Management Board

Krzysztof Zołta
Member of the Management Board

Dominik Barszcz
Member of the Management Board