

**Cognor Holding S.A.**  
**Condensed Consolidated**  
**Interim Financial Statements**  
**as at 30 September 2017**

14 November 2017

## Condensed consolidated statement of financial position

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>30.09.2017</b>	<b>30.06.2017</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
<b>Assets</b>					
Property, plant and equipment	8	281 147	287 575	292 821	284 281
Intangible assets		12 467	12 504	11 938	11 520
Investments in associates		3 250	3 228	3 250	3 281
Other investments		55	55	4 805	9 578
Other receivables		194	170	126	106
Prepaid perpetual usufruct of land		25 655	25 769	19 944	20 077
Deferred tax assets		79 722	82 803	92 058	88 520
<b>Total non-current assets</b>		<b>402 490</b>	<b>412 104</b>	<b>424 942</b>	<b>417 363</b>
Inventories	11	226 300	317 008	297 741	240 958
Other investments		1 196	1 194	2 721	4 465
Current income tax receivables		737	10	1 908	47
Trade and other receivables		181 489	158 780	136 997	153 029
Cash and cash equivalents	16	86 233	40 427	24 980	24 799
Assets classified as held for sale		-	-	6 012	6 012
<b>Total current assets</b>		<b>495 955</b>	<b>517 419</b>	<b>470 359</b>	<b>429 310</b>
<b>Total assets</b>		<b>898 445</b>	<b>929 523</b>	<b>895 301</b>	<b>846 673</b>

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

## Condensed consolidated statement of financial position - continued

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>30.09.2017</b>	<b>30.06.2017</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
<b>Equity</b>					
Issued share capital	9	152 175	151 902	150 532	141 439
Reserves		182 974	183 247	184 617	193 710
Foreign currency translation reserves		49	9	43	27
Accumulated losses		(171 951)	(165 000)	(193 064)	(186 702)
<b>Total equity attributable to owners of the parent company</b>		<b>163 247</b>	<b>170 158</b>	<b>142 128</b>	<b>148 474</b>
Non-controlling interests		16 044	16 055	13 775	20 740
<b>Total equity</b>		<b>179 291</b>	<b>186 213</b>	<b>155 903</b>	<b>169 214</b>
<b>Liabilities</b>					
Interest-bearing loans and borrowings	13	368 165	362 206	376 398	391 997
Employee benefits obligation		9 052	9 058	9 058	9 064
Other payables	12	19 364	20 025	25 202	32 541
Deferred tax liabilities		3 021	4 497	6 150	6 541
<b>Total non-current liabilities</b>		<b>399 602</b>	<b>395 786</b>	<b>416 808</b>	<b>440 143</b>
Bank overdraft	13	24 064	23 580	23 154	22 677
Interest-bearing loans and borrowings	13	61 538	74 093	72 451	41 425
Employee benefits obligation		2 850	2 504	4 914	2 855
Current income tax payables		25	205	-	468
Provisions for payables		4 104	5 049	3 130	2 935
Trade and other payables	12	226 854	241 976	218 824	166 839
Government grants and other deferred income		117	117	117	117
<b>Total current liabilities</b>		<b>319 552</b>	<b>347 524</b>	<b>322 590</b>	<b>237 316</b>
<b>Total liabilities</b>		<b>719 154</b>	<b>743 310</b>	<b>739 398</b>	<b>677 459</b>
<b>Total equity and liabilities</b>		<b>898 445</b>	<b>929 523</b>	<b>895 301</b>	<b>846 673</b>

Przemysław Sztuczkowski  
President of the Management Board

Przemysław Grzesiak  
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Krzysztof Zoła  
Member of the Management Board

Dominik Barszcz  
Member of the Management Board

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

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>01.07.2017 - 30.09.2017</b>	<b>01.07.2016 - 30.09.2016</b>	<b>01.01.2017 - 30.09.2017</b>	<b>01.01.2016 - 30.09.2016</b>
Revenue	4	490 044	309 745	1 323 885	1 034 924
Cost of sales	5	(443 892)	(273 480)	(1 173 311)	(929 325)
<b>Gross profit</b>		<b>46 152</b>	<b>36 265</b>	<b>150 574</b>	<b>105 599</b>
Other income		1 652	1 939	4 018	4 292
Distribution expenses	5	(18 248)	(12 893)	(48 925)	(37 835)
Administrative expenses	5	(10 882)	(8 322)	(30 425)	(25 297)
Other gains/(losses) - net		930	(577)	230	776
Other expenses		(2 411)	(1 070)	(4 578)	(3 084)
<b>Operating profit before financing costs</b>		<b>17 193</b>	<b>15 342</b>	<b>70 894</b>	<b>44 451</b>
Financial income	6	3	333	9 667	2 498
Financial expenses	6	(20 696)	(2 376)	(38 436)	(45 947)
<b>Net financing costs</b>	6	<b>(20 693)</b>	<b>(2 043)</b>	<b>(28 769)</b>	<b>(43 449)</b>
Share of loss of associates		47	47	25	134
Gain on bargain purchase		-	-	-	-
<b>Profit/(loss) before tax</b>		<b>(3 453)</b>	<b>13 346</b>	<b>42 150</b>	<b>1 136</b>
Income tax expense		(1 168)	(1 575)	(9 988)	4 624
<b>Profit/(loss) for the period</b>		<b>(4 621)</b>	<b>11 771</b>	<b>32 162</b>	<b>5 760</b>
<b>Other comprehensive income</b> <b>- that will be classified subsequently to profit or loss when</b>					
Foreign currency translation differences		40	(46)	6	(5)
<b>Other comprehensive income for the period</b>		<b>40</b>	<b>(46)</b>	<b>6</b>	<b>(5)</b>
<b>Total comprehensive income for the period</b>		<b>(4 581)</b>	<b>11 725</b>	<b>32 168</b>	<b>5 755</b>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the parent company		(4 610)	11 040	29 893	5 002
Non-controlling interests		(11)	731	2 269	758
<b>Profit/(loss) for the period</b>		<b>(4 621)</b>	<b>11 771</b>	<b>32 162</b>	<b>5 760</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Parent Company		(4 570)	11 697	29 899	4 997
Non-controlling interests		(11)	28	2 269	758
<b>Total comprehensive income for the period</b>		<b>(4 581)</b>	<b>11 725</b>	<b>32 168</b>	<b>5 755</b>
<b>Basic earnings per share (PLN) attributable to the owners of the parent company</b>	10	<b>(0,06)</b>	<b>0,16</b>	<b>0,40</b>	<b>0,07</b>
<b>Diluted earnings per share (PLN) attributable to the owners of the parent company</b>	10	<b>(0,04)</b>	<b>0,10</b>	<b>0,29</b>	<b>0,05</b>

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

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

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>01.10.2016 - 30.09.2017</b>	<b>01.10.2015 - 30.09.2016</b>
<b>Continuing operations</b>			
Revenue		1 641 354	1 334 011
Cost of sales		(1 453 653)	(1 212 507)
<b>Gross profit</b>		<b>187 701</b>	<b>121 504</b>
Other income		5 453	5 526
Distribution expenses		(61 060)	(51 254)
Administrative expenses		(43 066)	(33 227)
Other gains - net		2 151	3 179
Other expenses		(8 218)	(6 146)
<b>Operating profit before financing costs</b>		<b>82 961</b>	<b>39 582</b>
Financial income		12 385	23 056
Financial expenses		(60 701)	(62 403)
<b>Net financing costs</b>		<b>(48 316)</b>	<b>(39 347)</b>
Share of loss of associates		(6)	171
Gain on bargain purchase		-	-
<b>Loss/(profit) before tax</b>		<b>34 639</b>	<b>406</b>
Income tax expense		(6 711)	4 529
<b>Loss/(profit) for the period from continuing operations</b>		<b>27 928</b>	<b>4 935</b>

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

in PLN (in thousands)

<i>Note</i>	<b>01.10.2016 - 30.09.2017</b>	<b>01.10.2015 - 30.09.2016</b>
<b>Other comprehensive income</b>		
- that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	22	526
<b>Total comprehensive income for the period</b>	<b>27 950</b>	<b>5 461</b>
<b>(Loss)/profit for the period attributable to:</b>		
Owners of the parent company	26 358	4 233
Non-controlling interests	1 570	702
<b>Loss/(profit) for the period</b>	<b>27 928</b>	<b>4 935</b>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the parent company	26 380	4 759
Non-controlling interests	1 570	702
<b>Total comprehensive income for the period</b>	<b>27 950</b>	<b>5 461</b>
<b>Basic earnings per share (PLN) attributable to the owners of the parent company</b>	<b>0,35</b>	<b>0,06</b>
- from continuing operations	0,35	0,06
<b>Diluted earnings per share (PLN) attributable to the owners of the parent company</b>	<b>0,25</b>	<b>0,04</b>
- from continuing operations	0,25	0,04

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## Condensed consolidated statement of cash flows

<i>in PLN (in thousands)</i>	01.07.2017 - 30.09.2017	01.07.2016 - 30.09.2016	01.01.2017 - 30.09.2017	01.01.2016 - 30.09.2016
Profit/(loss) before tax	(3 453)	13 346	42 150	1 136
<b>Adjustments</b>	-	-	-	-
Depreciation	10 500	9 607	29 972	27 720
Amortization	44	37	131	132
Impairment losses and valuation allowances	-	-	-	-
Foreign exchange losses/(gains)	7 394	(12 797)	(9 956)	5 862
Net (gains)/losses on investment activities	-	-	-	(2 165)
Net (gains)/losses on disposal of property, plant and equipment	(40)	(328)	(110)	(321)
Interest, transaction costs (related to loans and borrowings) and dividends, net	10 263	14 215	36 103	38 272
Change in receivables	(22 728)	18 584	(44 564)	(25 708)
Change in inventories	90 708	7 141	71 441	22 518
Change in trade and other payables	(12 342)	(32 691)	16 386	7 675
Change in provisions	(1 229)	572	690	(763)
Change in employee benefits obligation	340	227	(2 070)	(2 061)
Change in government grants and other deferred income	-	-	-	-
Share of profit of associates, net of tax	(47)	(47)	(25)	(134)
Gain on bargain purchase	-	-	-	-
Other adjustments	-	-	-	-
<b>Cash generated from operating activities</b>	<b>79 410</b>	<b>17 866</b>	<b>140 148</b>	<b>72 163</b>
Income tax (paid)/refunded	(428)	(639)	949	(641)
<b>Net cash from operating activities</b>	<b>78 982</b>	<b>17 227</b>	<b>141 097</b>	<b>71 522</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	379	1 497	1 125	10 061
Proceeds from sale of intangibles	452	5	463	12
Proceeds from sale of perpetual usufruct of land	-	13	-	465
Acquisitions of subsidiaries, net of cash acquired	-	(3)	-	(66)
Proceeds from sale of other investments	-	-	-	-
Interest received	48	126	129	182
Dividends received	25	-	25	-
Repayment of loans granted	-	-	1 529	-
Other inflows from investing activities	-	-	-	-
Acquisition of property, plant and equipment	(4 753)	(5 611)	(12 728)	(28 572)
Acquisition of intangible assets	(455)	(513)	(1 108)	(1 345)
<b>Net cash from investing activities</b>	<b>(4 304)</b>	<b>(4 486)</b>	<b>(10 565)</b>	<b>(19 263)</b>

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## Condensed consolidated statement of cash flows - continued

<i>in PLN (in thousands)</i>	<i>Note</i>	<b>01.07.2017 - 30.09.2017</b>	<b>01.07.2016 - 30.09.2016</b>	<b>01.01.2017 - 30.09.2017</b>	<b>01.01.2016 - 30.09.2016</b>
<b>Cash flows from financing activities</b>					
Proceeds from interest-bearing loans and borrowings		-	17 519	1 611	17 769
Proceeds from factoring		1 459	(10 306)	851	(7 358)
Repayment of interest-bearing loans and borrowings		(2 633)	(439)	(2 997)	(23 599)
Payment of finance lease liabilities		(3 224)	(2 075)	(10 699)	(8 445)
Dividends and interests on exchangeable notes paid		(1 696)	(2 475)	(4 280)	(5 372)
Interest and transaction costs (related to loans and borrowings) paid		(23 262)	(21 285)	(45 363)	(38 683)
Other transactions with the Owner		-	(4 194)	(9 312)	(5 531)
<b>Net cash from financing activities</b>		<b>(29 356)</b>	<b>(23 255)</b>	<b>(70 189)</b>	<b>(71 219)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents net of bank overdraft, at 1 January/ 1 July		<b>45 322</b>	<b>(10 514)</b>	<b>60 343</b>	<b>(18 960)</b>
- effect of exchange rate fluctuations on cash held		16 847	12 636	1 826	21 082
<b>Cash and cash equivalents net of bank overdraft, at 30 September</b>		<b>62 169</b>	<b>2 122</b>	<b>62 169</b>	<b>2 122</b>
- including cash restricted for use	16	1 184	949	1 184	949

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

<i>in PLN (in thousands)</i>	<b>01.10.2016 - 30.09.2017</b>	<b>01.10.2015 - 30.09.2016</b>
<b>Continuing operations</b>		
(Loss)/Profit before tax from continuing operations	<b>34 639</b>	<b>406</b>
<b>Adjustments</b>		
Depreciation	40 313	36 790
Amortization	258	507
Impairment losses and valuation allowances	-	-
Foreign exchange losses	2 390	8 156
Net gains on investment activities	(4 055)	(28 282)
Net (gains)/losses on disposal of property, plant and equipment	(69)	(2 887)
Interest, transaction costs (related to loans and borrowings) and dividends, net	43 834	54 970
Change in receivables	(28 544)	87 031
Change in inventories	14 658	36 881
Change in trade and other payables	59 001	(34 610)
Change in provisions	(1 085)	(939)
Change in employee benefits obligation	(17)	(922)
Change in government grants and other deferred income	-	-
Share of profit of associates, net of tax	6	(171)
Gain on bargain purchase	-	-
Other adjustments	-	-
<b>Cash generated from continuing operations</b>	<b>161 329</b>	<b>156 930</b>
<b>Discontinued operations</b>		
Loss before tax from discontinued operations	-	-
<b>Adjustments</b>		
Net gains on disposal of property, plant and equipment, intangible assets and assets classified as held for sale	-	-
Change in receivables	-	-
<b>Cash outflows from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Cash generated from operating activities</b>	<b>161 329</b>	<b>156 930</b>
Income tax (paid)/returned, incl.	(122)	(795)
- continuing operations	(122)	(795)
- discontinued operations	-	-
<b>Net cash from operating activities</b>	<b>161 207</b>	<b>156 135</b>

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

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

<i>in PLN (in thousands)</i>	<b>01.10.2016 - 30.09.2017</b>	<b>01.10.2015 - 30.09.2016</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment and intangibles	1 758	17 970
Acquisitions of subsidiaries, net of cash acquired	(297)	(70)
Proceeds from sale of other investments	1 014	(96)
Interest received	351	243
Dividends received	27	-
Repayment of loans granted	3 029	511
Other inflows from investing activities	-	-
Acquisition of property, plant and equipment	(22 658)	(31 665)
Acquisition of intangible assets	(1 647)	(1 821)
Acquisition of assets held for sale	-	-
Loans granted	-	-
Acquisition of other investments	-	(5)
<b>Cash generated on investing activities from continuing operations</b>	<b>(18 423)</b>	<b>(14 933)</b>
Cash generated on investing activities from discontinued operations	-	-
<b>Net cash from investing activities</b>	<b>(18 423)</b>	<b>(14 933)</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest-bearing loans and borrowings	3 990	36 097
Proceeds from factoring	8 966	(55 264)
Repayment of interest-bearing loans and borrowings	(12 562)	(55 258)
Payment of finance lease liabilities	(18 201)	(12 502)
Dividends and interests on exchangeable notes paid	(4 186)	(5 372)
Interest and transaction costs (related to loans and borrowings) paid	(46 373)	(31 807)
Other transactions with the owner	(14 371)	(5 582)
<b>Cash outflows on financing activities from continuing operations</b>	<b>(82 737)</b>	<b>(129 688)</b>
Cash outflows from discontinued operations	-	-
<b>Net cash from financing activities</b>	<b>(82 737)</b>	<b>(129 688)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>60 047</b>	<b>11 514</b>
Cash and cash equivalents net of bank overdraft, as at 1 October	2 122	(9 396)
- effect of exchange rate fluctuations on cash held	-	4
<b>Cash and cash equivalents net of bank overdraft, as at 30 September</b>	<b>16 62 169</b>	<b>2 122</b>
- including cash restricted for use	16 1 184	949

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## Condensed consolidated statement of changes in equity

	Attributable to owners of the parent company				Total	Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings/ (Accumulated losses)			
<i>in PLN (in thousands)</i>							
<b>Equity as at 1 January 2016</b>	<b>139 702</b>	<b>194 935</b>	<b>32</b>	<b>(187 547)</b>	<b>147 122</b>	<b>21 569</b>	<b>168 691</b>
Total comprehensive income	-	-	(5)	5 002	4 997	758	5 755
- (loss)/profit	-	-	-	5 002	5 002	758	5 760
- foreign currency translation differences relating to foreign operations	-	-	(5)	-	(5)	-	(5)
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	1 737	(1 737)	-	(4 661)	(4 661)	(313)	(4 974)
Conversion of exchangeable notes	1 737	(1 737)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(4 661)	(4 661)	-	(4 661)
Dividends paid	-	-	-	-	-	(313)	(313)
Changes in ownership interests	-	-	-	1 208	1 208	(1 274)	(66)
Acquisition of non-controlling interests	-	-	-	1 208	1 208	(1 274)	(66)
Transfer of profit	-	512	-	(512)	-	-	-
Other	-	-	-	(192)	(192)	-	(192)
<b>Equity as at 30 September 2016</b>	<b>141 439</b>	<b>193 710</b>	<b>27</b>	<b>(186 702)</b>	<b>148 474</b>	<b>20 740</b>	<b>169 214</b>
<b>Equity as at 1 January 2016</b>							
<b>Equity as at 1 January 2016</b>	<b>139 702</b>	<b>194 935</b>	<b>32</b>	<b>(187 547)</b>	<b>147 122</b>	<b>21 569</b>	<b>168 691</b>
Total comprehensive income	-	-	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
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	10 830	(10 830)	-	(13 521)	(13 521)	(249)	(13 770)
Dividends paid	-	-	-	-	-	(249)	(249)
Conversion of exchangeable notes	10 830	(10 830)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(4 721)	(4 721)	-	(4 721)
Other settlements with the Owner	-	-	-	(8 800)	(8 800)	-	(8 800)
Change in ownership interests in subsidiaries	-	-	-	7 241	7 241	(7 604)	(363)
Acquisition of non-controlling interests	-	-	-	7 241	7 241	(7 604)	(363)
Transfer of profit	-	512	-	(512)	-	-	-
Other	-	-	-	(192)	(192)	-	(192)
<b>Equity as at 31 December 2016</b>	<b>150 532</b>	<b>184 617</b>	<b>43</b>	<b>(193 064)</b>	<b>142 128</b>	<b>13 775</b>	<b>155 903</b>

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

## Condensed consolidated statement of changes in equity - continued

	Attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings			
<i>in PLN thousand</i>							
<b>Equity as at 1 January 2017</b>	<b>150 532</b>	<b>184 617</b>	<b>43</b>	<b>(193 064)</b>	<b>142 128</b>	<b>13 775</b>	<b>155 903</b>
Total comprehensive income	-	-	6	29 893	<b>29 899</b>	2 269	<b>32 168</b>
- (loss)/profit	-	-	-	29 893	<b>29 893</b>	2 269	<b>32 162</b>
- foreign currency translation differences relating to foreign operations	-	-	6	-	<b>6</b>	-	<b>6</b>
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	1 643	(1 643)	-	(8 780)	<b>(8 780)</b>	-	<b>(8 780)</b>
Conversion of exchangeable notes into shares	1 643	(1 643)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(4 280)	<b>(4 280)</b>	-	<b>(4 280)</b>
Other	-	-	-	(4 500)	<b>(4 500)</b>	-	<b>(4 500)</b>
<b>Equity as at 30 September 2017</b>	<b>152 175</b>	<b>182 974</b>	<b>49</b>	<b>(171 951)</b>	<b>163 247</b>	<b>16 044</b>	<b>179 291</b>
<b>Equity as at 1 July 2017</b>	<b>151 902</b>	<b>183 247</b>	<b>9</b>	<b>(165 000)</b>	<b>170 158</b>	<b>16 055</b>	<b>186 213</b>
Total comprehensive income	-	-	40	(4 610)	<b>(4 570)</b>	(11)	<b>(4 581)</b>
- (loss)/profit	-	-	-	(4 610)	<b>(4 610)</b>	(11)	<b>(4 621)</b>
- foreign currency translation differences relating to foreign operations	-	-	40	-	<b>40</b>	-	<b>40</b>
<b>Transactions with owners of the company, recognised in equity</b>							
Contribution by and distributions to owners of the company	273	(273)	-	(2 341)	<b>(2 341)</b>	-	<b>(2 341)</b>
Conversion of exchangeable notes into shares	273	(273)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(2 099)	<b>(2 099)</b>	-	<b>(2 099)</b>
Other	-	-	-	(242)	<b>(242)</b>	-	<b>(242)</b>
<b>Equity as at 30 September 2017</b>	<b>152 175</b>	<b>182 974</b>	<b>49</b>	<b>(171 951)</b>	<b>163 247</b>	<b>16 044</b>	<b>179 291</b>

Przemysław Sztuczkowski  
President of the Management Board

Przemysław Grzesiak  
Vice President of the Management Board

Krzysztof Zoła  
Member of the Management Board

Dominik Barszcz  
Member of the Management Board

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

## 1 Reporting entity

Cognor Holding S.A. - previously Cognor S.A. ("Cognor Holding", "the Company", "the Parent Company") with its seat in Poraj, Poland, is the Parent Company of the Group. Until 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. 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 nine months ended 30 September 2017 comprise the Parent Company and its subsidiaries ("the Group"). Details of the subsidiaries that comprise the Group as at 30 September 2017 are presented in the table below.

Name of the entity	Seat of entity	Core activities	Ownership interest and voting rights	Date of obtaining control
COGNOR S.A.	Poland	Manufacture of metal products	94.38%	2006-01-27*
COGNOR S.A. Sp. k. (previously KAPITAŁ S.A. Sp. k.)	Poland	Properties	51.00%	2008-03-25*
COGNOR BLACHY DACHOWE S.A.	Poland	Manufacture and trade in roofing materials	100.00%	2007-08-01
BUSINESS SUPPORT SERVICES Sp. z o.o.	Poland	Other services	100.00%	2006-05-15*
AB STAHL AG	Germany	Trade in metal products	100.00%	2006-08-03*
COGNOR INTERNATIONAL FINANCE S.A.	United Kingdom	Financial services, bond issuer	100.00%	2013-10-24
PRZEDSIĘBIORSTWO TRANSPORTU SAMOCHODOWEGO S.A.	Poland	Transport services	87.79%	2014-04-11
4 GROUPS Sp. z o.o.	Poland	Other services	30.00% (associate)	2013-01-21
MADROHUT Sp. z o.o.	Poland	Manufacture of metal products	21.95% (associate)	2014-04-11

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

### *Mergers realised in 2017*

On September 1, 2017 the District Court in Częstochowa registered the merger of Cognor S.A. (acquiring company) and Zlomrex Metal Sp. z o.o. (the acquired company). The merger has been performed between two subsidiaries and did not affect these consolidated interim financial statements.

## 3 Basis of preparation of condensed consolidated interim financial statements

### a) Statement of compliance

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

These condensed interim consolidated financial statements as at 30 September 2017 and for the nine months then ended were reviewed by the independent auditor.

The consolidated financial statements as at 31 December 2016 and for the year then ended were audited by the auditor.

The data for the additional periods presented in these condensed consolidated financial statements (see subsection e) were not audited and were not subject to review.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Parent Company on 14 November 2017.

#### **b) Going concern basis of accounting**

The condensed consolidated financial statements as of and for the period ended 30 September 2017 have been prepared on the going concern basis. In the opinion of the Management Board of Cognor Holding S.A. on the date of preparation of these condensed interim consolidated financial statements, there are no threats that could affect the ability of the Group to continue its activities in the next twelve-month reporting period.

#### **c) Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements for 2016 except for income tax, which was calculated using the expected average annual effective tax rate.

The new and revised standards and interpretations that apply in the financial year beginning on 1 January 2017 have not affected these consolidated financial statements.

New or revised standards and interpretations that have not yet entered into force and which may have an impact on the Group have been presented, together with an overall assessment of the Group's impact, in the consolidated financial statements for the financial year ended 31 December 2016. From the date of approval of the annual accounts 2016 until the date of approval of these financial statements no new and amended standards and interpretations have been published that would affect the Group. The Group intends to adopt published, but not binding, amendments to IFRSs as at the date of these financial statements, as of the date of their entry into force.

The Group is analyzing the impact of the application of new standards that will enter into force from 1 January 2018. Preliminary analysis of IFRS 15 does not indicate that this standard would have a material impact on the Group's report, but the Group has not yet completed its analysis and further information on the implementation of the new standard will be disclosed in the annual financial statements. The impact of IFRS 9 and IFRS 16 on the Group's financial data is being analyzed.

#### **d) Estimates**

The preparation of financial statements in conformity with IFRS EU and IAS 34 requires that the Management Board of the Parent Company makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, equity and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form the basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the consolidated financial statements as at and for the year ended 31 December 2016.

#### **e) Additional comparative periods**

In relation to the information requirements arising from the obligation of publication of these consolidated financial statements on Luxembourg Stock Exchange (LSE), the Group publishes in these interim consolidated financial statements additional periods:

- for consolidated statement of financial position: as at June 30, 2017 and September 30, 2016;
- for consolidated statement of profit or loss and other comprehensive income: last twelve months LTM (01.10.2016-30.09.2017 and 01.10.2015-30.09.2016);
- for consolidated statement of cash flows: last twelve months LTM (01.10.2016-30.09.2017 and 01.10.2015-30.09.2016);
- for consolidated statement of changes in equity: twelve months ended December 31, 2016, and three months ended September 30, 2017.

#### **f) change of comparable data**

The Group has changed intra-group eliminations for particular types of expenses and in business segments within scrap division due to the errors.

The impact of the changes resulting from the above change in presentation compared to the data presented in the published interim consolidated financial statement as at 30 June 2017 is presented below.

**Expenses by type for period from January 1, 2017 till June 30, 2017**

	<b>Published</b>	<b>Change of presentation</b>	<b>Reclassified</b>
	<b>01.01.2017 -30.06.2017</b>	<b>01.01.2017 -30.06.2017</b>	<b>01.01.2017 -30.06.2017</b>
Depreciation and amortisation	(19 372)		(19 372)
Energy and materials consumption	(513 254)	(21 233)	(534 487)
External services	(71 195)		(71 195)
Taxes and charges	(7 953)		(7 953)
Wages and salaries	(62 145)		(62 145)
Social security contributions and other benefits	(15 613)		(15 613)
Other expenses	(2 517)		(2 517)
Amortisation of prepaid perpetual usufruct of land	(187)		(187)
<b>Total expenses by type</b>	<b>(692 236)</b>	<b>(21 233)</b>	<b>(713 469)</b>
Cost of goods for resale and materials	(119 453)	21 233	(98 220)
Changes in inventories	32 050		32 050
<b>Costs of products, goods and materials sold, administrative and distribution expenses</b>	<b>(779 639)</b>	<b>-</b>	<b>(779 639)</b>

**Scrap division**

**Business segments (for period 6 months ended June 30, 2017)**

	<b>Published</b>	<b>Change of presentation</b>	<b>Reclassified</b>
	<b>01.01.2017 -30.06.2017</b>	<b>01.01.2017 -30.06.2017</b>	<b>01.01.2017 -30.06.2017</b>
Cost of sales to external customers	(92 582)	(9 825)	(102 407)
Inter-segment cost of sales	(109 572)	9 825	(99 747)
<b>Total cost of sales</b>	<b>(202 154)</b>	<b>-</b>	<b>(202 154)</b>

**Business segments (for period 12 months ended June 30, 2017)**

	<b>Published</b>	<b>Change of presentation</b>	<b>Reclassified</b>
	<b>01.07.2016 -30.06.2017</b>	<b>01.07.2016 -30.06.2017</b>	<b>01.07.2016 -30.06.2017</b>
Cost of sales to external customers	(188 744)	3 116	(185 628)
Inter-segment cost of sales	(175 631)	(3 116)	(178 747)
<b>Total cost of sales</b>	<b>(364 375)</b>	<b>-</b>	<b>(364 375)</b>

**Business segments (for period 3 months ended September 30, 2016)**

	<b>Published</b>	<b>Change of presentation</b>	<b>Reclassified</b>
	<b>01.07.2016 -30.09.2016</b>	<b>01.07.2016 -30.09.2016</b>	<b>01.07.2016 -30.09.2016</b>
Cost of sales to external customers	(33 637)	(3 826)	(37 463)
Inter-segment cost of sales	(35 186)	3 826	(31 360)
<b>Total cost of sales</b>	<b>(68 823)</b>	<b>-</b>	<b>(68 823)</b>

**Business segments (for period 9 months ended September 30, 2016)**

	<b>Published</b>	<b>Change of presentation</b>	<b>Reclassified</b>
	<b>01.01.2016 -30.09.2016</b>	<b>01.01.2016 -30.09.2016</b>	<b>01.01.2016 -30.09.2016</b>
Cost of sales to external customers	(109 729)	(16 767)	(126 496)
Inter-segment cost of sales	(121 336)	16 767	(104 569)
<b>Total cost of sales</b>	<b>(231 065)</b>	<b>-</b>	<b>(231 065)</b>

**Business segments (for period 6 months ended June 30, 2016)**

	<b>Published</b>	<b>Change of presentation</b>	<b>Reclassified</b>
	<b>01.01.2016 -30.06.2016</b>	<b>01.01.2016 -30.06.2016</b>	<b>01.01.2016 -30.06.2016</b>
Cost of sales to external customers	(76 092)	(12 941)	(89 033)
Inter-segment cost of sales	(86 150)	12 941	(73 209)
<b>Total cost of sales</b>	<b>(162 242)</b>	<b>-</b>	<b>(162 242)</b>

**Business segments (for period 12 months ended June 30, 2016)**

	<b>Published</b>	<b>Change of presentation</b>	<b>Reclassified</b>
	<b>01.07.2015 -30.06.2016</b>	<b>01.07.2015 -30.06.2016</b>	<b>01.07.2015 -30.06.2016</b>
Cost of sales to external customers	(176 082)	(4 110)	(180 192)
Inter-segment cost of sales	(134 475)	4 110	(130 365)
<b>Total cost of sales</b>	<b>(310 557)</b>	<b>-</b>	<b>(310 557)</b>

**Business segments (for period 12 months ended September 30, 2016)**

	Published	Change of presentation	Reclassified
	01.10.2015 -30.09.2016	01.10.2015 -30.09.2016	01.10.2015 -30.09.2016
Cost of sales to external customers	(148 711)	(16 767)	(165 478)
Inter-segment cost of sales	(145 089)	16 767	(128 322)
<b>Total cost of sales</b>	<b>(293 800)</b>	<b>-</b>	<b>(293 800)</b>

**4 Revenues from sale**

in PLN thousand

	01.07.2017 - 30.09.2017	01.07.2016 - 30.09.2016	01.01.2017 - 30.09.2017	01.01.2016 - 30.09.2016
Revenues from sale of products	410 371	263 951	1 112 424	879 651
Revenues form sale of services	6 066	5 837	17 972	17 394
Revenues from sale of goods	64 071	37 722	173 504	128 866
Revenues from sale of raw materials	9 536	2 235	19 985	9 013
	<b>490 044</b>	<b>309 745</b>	<b>1 323 885</b>	<b>1 034 924</b>

**5 Expenses by type**

in PLN thousand

	01.07.2017 - 30.09.2017	01.07.2016 - 30.09.2016	01.01.2017 - 30.09.2017	01.01.2016 - 30.09.2016
Depreciation and amortisation	(10 430)	(9 538)	(29 802)	(27 521)
Energy and materials consumption	(254 236)	(194 890)	(788 723)	(618 549)
External services	(38 264)	(39 742)	(109 459)	(117 184)
Taxes and charges	(929)	(966)	(8 882)	(7 904)
Wages and salaries	(32 295)	(26 223)	(94 440)	(82 065)
Social security contributions and other benefits	(6 679)	(6 165)	(22 292)	(21 128)
Other expenses	(901)	(925)	(3 418)	(2 859)
Amortisation of prepaid perpetual usufruct of land	(114)	(106)	(301)	(331)
<b>Total expenses by type</b>	<b>(343 848)</b>	<b>(278 555)</b>	<b>(1 057 317)</b>	<b>(877 541)</b>
Cost of goods for resale and materials	(59 717)	(22 285)	(157 937)	(101 052)
Changes in inventories	(69 457)	6 145	(37 407)	(13 864)
<b>Costs of products, goods and materials sold, administrative and distribution expenses</b>	<b>(473 022)</b>	<b>(294 695)</b>	<b>(1 252 661)</b>	<b>(992 457)</b>

**6 Net financing costs**

in PLN thousand

	01.07.2017 - 30.09.2017	01.07.2016 - 30.09.2016	01.01.2017 - 30.09.2017	01.01.2016 - 30.09.2016
<b>Financial income</b>				
Net gain on the purchase of own bonds	-	-	-	2 165
Net foreign exchange gain	-	333	9 664	333
Other	3	-	3	-
<b>Financial income, total</b>	<b>3</b>	<b>333</b>	<b>9 667</b>	<b>2 498</b>
<b>Financial costs</b>				
Interest expense relating to financial liabilities	(11 571)	(11 617)	(34 387)	(36 005)
Bank fees and transaction costs related to loans and	(1 174)	(1 575)	(3 706)	(4 356)
Net foreign exchange loss	(7 883)	10 707	-	(5 429)
Other	(68)	109	(343)	(157)
<b>Financial expenses, total</b>	<b>(20 696)</b>	<b>(2 376)</b>	<b>(38 436)</b>	<b>(45 947)</b>
<b>Net financing costs</b>	<b>(20 693)</b>	<b>(2 043)</b>	<b>(28 769)</b>	<b>(43 449)</b>

**7 Segment reporting**

Operating segments classification and the segment result's measurement have not changed and are consistent with the policies described in the consolidated financial statements as at and for the year ended 31 December 2016.



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

*in PLN (in thousands)*

30.09.2017	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	57 422	423 575	1 348	7 699			
Inter-segment revenue	52 231	359	-	3 034			
<b>Total revenue</b>	<b>109 653</b>	<b>423 934</b>	<b>1 348</b>	<b>10 733</b>	-	<b>(55 624)</b>	<b>490 044</b>
Cost of sales to external customers	(54 219)	(388 879)	(1 534)	(5 355)			
Inter-segment cost of sales	(48 463)	(203)	-	(501)			
<b>Total cost of sales</b>	<b>(102 682)</b>	<b>(389 082)</b>	<b>(1 534)</b>	<b>(5 856)</b>	-	<b>55 262</b>	<b>(443 892)</b>
<b>Segment result</b>	<b>6 971</b>	<b>34 852</b>	<b>(186)</b>	<b>4 877</b>	-	<b>(362)</b>	<b>46 152</b>
Other income	440	1 283	4	(547)	698	(226)	1 652
Distribution and administrative expenses	(5 469)	(18 219)	(366)	(2 089)	(5 576)	2 589	(29 130)
Other gain net	(187)	1 258	(4)	(537)	3 489	(3 089)	930
Other expenses	(141)	(1 769)	(4)	350	(1 631)	784	(2 411)
<b>Operating profit/(loss)</b>	<b>1 614</b>	<b>17 405</b>	<b>(556)</b>	<b>2 054</b>	<b>(3 020)</b>	<b>(304)</b>	<b>17 193</b>
Net financing costs	(218)	(941)	11	(3 997)	(18 037)	2 489	(20 693)
Share of profits of associates							47
Gain on bargain purchase							-
Income tax expense							(1 168)
<b>Profit/(loss) for the period</b>							<b>(4 621)</b>

*in PLN (in thousands)*

30.09.2016	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	38 120	261 243	3 427	6 955			
Inter-segment revenue	34 953	(587)	-	3 706			
<b>Total revenue</b>	<b>73 073</b>	<b>260 656</b>	<b>3 427</b>	<b>10 661</b>	-	<b>(38 072)</b>	<b>309 745</b>
Cost of sales to external customers	(37 463)	(237 664)	(2 264)	(5 493)			
Inter-segment cost of sales	(31 360)	660	-	(1 113)			
<b>Total cost of sales</b>	<b>(68 823)</b>	<b>(237 004)</b>	<b>(2 264)</b>	<b>(6 606)</b>	-	<b>41 217</b>	<b>(273 480)</b>
<b>Segment result</b>	<b>4 250</b>	<b>23 652</b>	<b>1 163</b>	<b>4 055</b>	-	<b>3 145</b>	<b>36 265</b>
Other income	550	364	23	-	1 461	(459)	1 328
Distribution and administrative expenses	(4 868)	(14 523)	(1 761)	9	(3 458)	3 386	(19 714)
Other gain/(losses) net	507	(483)	(23)	(44)	(424)	(110)	1 645
Other expenses	(54)	(881)	(82)	-	(976)	923	(1 375)
<b>Operating profit/(loss)</b>	<b>385</b>	<b>8 129</b>	<b>(680)</b>	<b>4 020</b>	<b>(3 397)</b>	<b>6 885</b>	<b>15 342</b>
Net financing costs	(120)	(86)	223	(91)	(794)	(1 175)	(2 043)
Share of profits of associates							47
Gain on bargain purchase							-
Income tax expense							(1 575)
<b>Profit/(loss) for the period</b>							<b>11 771</b>

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

*in PLN (in thousands)*

30.09.2017	Scrap division	Production division	Distribu- tion division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	165 972	1 131 860	3 952	22 101			
Inter-segment revenue	160 045	1 181	-	9 265			
<b>Total revenue</b>	<b>326 017</b>	<b>1 133 041</b>	<b>3 952</b>	<b>31 366</b>	-	<b>(170 491)</b>	<b>1 323 885</b>
Cost of sales to external customers	(156 626)	(1 014 557)	(4 031)	(17 367)			
Inter-segment cost of sales	(148 210)	(697)	-	(1 640)			
<b>Total cost of sales</b>	<b>(304 836)</b>	<b>(1 015 254)</b>	<b>(4 031)</b>	<b>(19 007)</b>	-	<b>169 817</b>	<b>(1 173 311)</b>
<b>Segment result</b>	<b>21 181</b>	<b>117 787</b>	<b>(79)</b>	<b>12 359</b>	-	<b>(674)</b>	<b>150 574</b>
Other income	1 848	2 613	21	85	1 404	(1 953)	4 018
Distribution and administrative expenses	(15 644)	(49 655)	(995)	(11 017)	(9 602)	7 563	(79 350)
Other gain net	(156)	990	4	(561)	3 458	(3 505)	230
Other expenses	(276)	(2 510)	(9)	(388)	(3 566)	2 171	(4 578)
<b>Operating profit/(loss)</b>	<b>6 953</b>	<b>69 225</b>	<b>(1 058)</b>	<b>478</b>	<b>(8 306)</b>	<b>3 602</b>	<b>70 894</b>
Net financing costs	(577)	(2 815)	200	(4 473)	(22 158)	1 054	(28 769)

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

Together reach more



Share of profits of associates	25
Income tax expense	(9 988)
<b>Profit/(loss) for the period</b>	<b>32 162</b>

*in PLN (in thousands)*

30.09.2016	Scrap division	Production division	Distribu- tion division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	130 161	874 244	9 365	21 154			
Inter-segment revenue	115 530	1 783	-	12 453			
<b>Total revenue</b>	<b>245 691</b>	<b>876 027</b>	<b>9 365</b>	<b>33 607</b>	-	<b>(129 766)</b>	<b>1 034 924</b>
Cost of sales to external customers	(126 496)	(804 404)	(7 461)	(17 531)			
Inter-segment cost of sales	(104 569)	(958)	-	(5 508)			
<b>Total cost of sales</b>	<b>(231 065)</b>	<b>(805 362)</b>	<b>(7 461)</b>	<b>(23 039)</b>	-	<b>137 602</b>	<b>(929 325)</b>
<b>Segment result</b>	<b>14 626</b>	<b>70 665</b>	<b>1 904</b>	<b>10 568</b>	-	<b>7 836</b>	<b>105 599</b>
Other income	1 616	1 424	23	-	2 475	(1 246)	3 483
Distribution and administrative expenses	(15 031)	(46 578)	(1 761)	(140)	(11 336)	11 714	(61 082)
Other gain/(losses) net	758	(290)	(23)	61	1 846	(1 576)	549
Other expenses	(132)	(2 479)	(82)	-	(2 405)	2 014	(4 851)
<b>Operating profit/(loss)</b>	<b>1 837</b>	<b>22 742</b>	<b>61</b>	<b>10 489</b>	<b>(9 420)</b>	<b>18 742</b>	<b>44 451</b>
Net financing costs	(497)	(1 698)	223	(240)	(47 285)	6 048	(43 449)
Share of profits of associates							134
Income tax expense							4 624
<b>Profit/(loss) for the period</b>							<b>5 760</b>

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

*in PLN (in thousands)*

30.09.2017	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	214 854	1 389 156	5 586	31 758			
Inter-segment revenue	212 466	3 931	-	20 789			
<b>Total revenue</b>	<b>427 320</b>	<b>1 393 087</b>	<b>5 586</b>	<b>52 547</b>	-	<b>(237 186)</b>	<b>1 641 354</b>
Cost of sales to external customers	(202 384)	(1 245 810)	(6 091)	(27 150)			
Inter-segment cost of sales	(195 850)	(4 117)	-	(2 777)			
<b>Total cost of sales</b>	<b>(398 234)</b>	<b>(1 249 927)</b>	<b>(6 091)</b>	<b>(29 927)</b>	-	<b>230 526</b>	<b>(1 453 653)</b>
<b>Segment result</b>	<b>29 086</b>	<b>143 160</b>	<b>(505)</b>	<b>22 620</b>	-	<b>(6 660)</b>	<b>187 701</b>
Other income	2 601	4 093	38	1 030	813	(3 122)	5 453
Distribution and administrative expenses	(21 661)	(73 465)	(1 190)	(23 089)	(2 045)	17 324	(104 126)
Other gain/(losses) net	29	1 355	(1)	12 650	3 759	(15 641)	2 151
Other expenses	(439)	(4 468)	(42)	(839)	(5 630)	3 200	(8 218)
<b>Operating profit/(loss)</b>	<b>9 616</b>	<b>70 675</b>	<b>(1 700)</b>	<b>12 372</b>	<b>(3 103)</b>	<b>(4 899)</b>	<b>82 961</b>
Net financing costs	(604)	(590)	271	(10 423)	(40 279)	3 309	(48 316)
Share of profits of associates							(6)
Income tax expense							(6 711)
<b>Profit/(loss) for the period</b>							<b>27 928</b>

*in PLN (in thousands)*

30.09.2016	Scrap division	Production division	Distribution division	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	170 422	1 121 364	13 038	29 187			
Inter-segment revenue	141 860	119 764	-	16 243			
<b>Total revenue</b>	<b>312 282</b>	<b>1 241 128</b>	<b>13 038</b>	<b>45 430</b>	-	<b>(277 867)</b>	<b>1 334 011</b>
Cost of sales to external customers	(165 478)	(1 046 742)	(10 107)	(25 015)			
Inter-segment cost of sales	(128 322)	(90 127)	-	(7 259)			
<b>Total cost of sales</b>	<b>(293 800)</b>	<b>(1 136 869)</b>	<b>(10 107)</b>	<b>(32 274)</b>	-	<b>260 543</b>	<b>(1 212 507)</b>
<b>Segment result</b>	<b>18 482</b>	<b>104 259</b>	<b>2 931</b>	<b>13 156</b>	-	<b>(17 324)</b>	<b>121 504</b>
Other income	1 811	4 068	75	(3 774)	22 512	(19 166)	5 526
Distribution and administrative expenses	(20 307)	(58 966)	(2 886)	(376)	(17 529)	15 583	(84 481)
Other gain/(losses) net	(566)	22 756	(31)	(16)	2 553	(21 517)	3 179
Other expenses	(183)	(4 290)	(89)	250	(5 520)	3 686	(6 146)
<b>Operating profit/(loss)</b>	<b>(763)</b>	<b>67 827</b>	<b>-</b>	<b>9 240</b>	<b>2 016</b>	<b>(38 738)</b>	<b>39 582</b>
Net financing costs	(699)	96	199	(3 219)	(59 726)	24 002	(39 347)
Share of profits of associates							171
Income tax expense							4 529
<b>Profit/(loss) for the period</b>							<b>4 935</b>

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

Together reach more



*in PLN (in thousands)*

	<b>30.09.2017</b>	<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
Segment assets		81 610	553 376	6 742	61 060	195 657	<b>898 445</b>
Segment liabilities		37 133	168 425	848	6 944	505 804	<b>719 154</b>

*in PLN (in thousands)*

	<b>30.06.2017</b>	<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
Segment assets		69 958	639 425	3 435	51 515	165 190	<b>929 523</b>
Segment liabilities		22 069	202 145	769	6 751	511 576	<b>743 310</b>

*in PLN (in thousands)*

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

*in PLN (in thousands)*

	<b>30.09.2016</b>	<b>Scrap division</b>	<b>Production division</b>	<b>Distribu- tion division</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
Segment assets		60 575	599 268	5 197	20 392	161 241	<b>846 673</b>
Segment liabilities		17 156	134 278	2 295	6 290	517 440	<b>677 459</b>

**Unallocated assets**

*in PLN (in thousands)*

	<b>30.09.2017</b>	<b>30.06.2017</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
Long-term and short-term investments	4 501	4 477	10 776	17 324
Deferred tax assets	79 722	82 803	92 058	88 520
Income tax receivable	737	10	1 908	47
Cash and cash equivalents	86 233	40 427	24 980	24 799
Assets held for sale	-	-	6 012	6 012
Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc.)	24 464	37 473	47 575	24 539
	<b>195 657</b>	<b>165 190</b>	<b>183 309</b>	<b>161 241</b>

**Unallocated liabilities**

*in PLN (in thousands)*

	<b>30.09.2017</b>	<b>30.06.2017</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
Interest-bearing loans and borrowings	429 703	436 299	448 849	433 422
Bank overdraft	24 064	23 580	23 154	22 677
Deferred tax liabilities	3 021	4 497	6 150	6 541
Government grants and other deferred income	117	117	117	117
Current income tax payables	25	205	-	468
Other payables	48 874	46 878	66 434	54 215
	<b>505 804</b>	<b>511 576</b>	<b>544 704</b>	<b>517 440</b>

## 8 Property, plant and equipment

During the three months ended 30 September 2017, the Group acquired property, plant and equipment at a cost of PLN 4 301 thousand (three months ended 30 September 2016: PLN 6 346 thousand). Assets with a net book value of PLN 343 thousand were disposed of during the three months ended 30 September 2017 (three months ended 30 September 2016: PLN 2 586 thousand). On the sale of property, plant and equipment the Group achieved a net gain on disposal of PLN 36 thousand (three months ended 30 September 2016: a net gain on disposal of PLN 475 thousand).

During the nine months ended 30 September 2017, the Group acquired property, plant and equipment at a cost of PLN 19 027 thousand (nine months ended 30 September 2016: PLN 35 815 thousand). Assets with a net book value of PLN 1 697 thousand were disposed of during the nine months ended 30 September 2017 (nine months ended 30 September 2016: PLN 1 647 thousand). On the sale of property, plant and equipment the Group achieved a net gain on disposal of PLN 95 thousand during the nine months ended 30 September 2017 (nine months ended 30 September 2016: a net gain on disposal of PLN 791 thousand).

During the twelve months ended 30 September 2017, the Group acquired property, plant and equipment at a cost of PLN 37 989 thousand (twelve months ended 30 September 2016: PLN 45 317 thousand). Assets with a net book value of PLN 1 931 thousand were disposed of during the twelve months ended 30 September 2017 (twelve months ended 30 September 2016: PLN 5 028 thousand). On the sale of property, plant and equipment the Group achieved a net gain on disposal of PLN 61 thousand (twelve months ended 30 September 2016: a net gain on disposal of PLN 1 238 thousand).

### Capital commitments

As at 30 September 2017 the Group had capital commitments in the amount of PLN 1 717 thousand (30 June 2017: PLN 4 193 thousand; 31 December 2016: PLN 6 596 thousand; 30 September 2016: PLN 3 592 thousand).

## 9 Equity

### Issued share capital

	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Registered shares at reporting date (number)	76 087 245	75 951 023	75 265 868	70 719 943
Issued warrants (number)	56 355 003	56 491 225	57 176 380	61 722 305
<b>Nominal value of 1 share</b>	2 PLN	2 PLN	2 PLN	2 PLN

At 30 September 2016, the Parent Company's share capital comprised 76 087 245 ordinary shares (30 June 2017: 75 951 023; 31 December 2016: 75 265 868; 30 September 2016: 70 719 943) with a nominal value of PLN 2 each.

Information on the share capital increase in 2017 as a result of conversion of Exchangeable Notes has been disclosed in Note 13.

In accordance with the bonds' issue agreement the Group is permitted to pay dividends up to the limit of EUR 5 million. There were no dividends declared or paid in the reporting periods.

The ownership structure as at 30 September 2017 is presented in the table below:

Shareholder	Number of shares	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS Holdco Sp. z o.o.*	50 800 324	66.77%	50 800 324	66.77%
Other shareholders	25 286 921	33.23%	25 286 921	33.23%
<b>Total</b>	<b>76 087 245</b>	<b>100.0%</b>	<b>76 087 245</b>	<b>100.0%</b>

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

The ownership structure as at the date of the publication of the last condensed consolidated interim financial statements (29 August 2017) is presented in the table below:

Shareholder	Number of shares	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS Holdco Sp. z o.o.*	50 800 324	66.77%	50 800 324	66.77%
Other shareholders	25 286 921	33.23%	25 286 921	33.23%
<b>Total</b>	<b>76 087 245</b>	<b>100.0%</b>	<b>76 087 245</b>	<b>100.0%</b>

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

The ownership structure as at the date of the publication of these condensed consolidated interim financial statements (14 November 2017) is presented in the table below:

Shareholder	Number of shares	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS Holdco Sp. z o.o.*	50 800 324	66.77%	50 800 324	66.77%
Other shareholders	25 286 921	33.23%	25 286 921	33.23%
<b>Total</b>	<b>76 087 245</b>	<b>100.0%</b>	<b>76 087 245</b>	<b>100.0%</b>

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

Przemysław Sztuczowski, President of Cognor Holding's Management Board, owns 100% of shares in PS HoldCo Sp. z o.o., which is direct and indirect owner of 66.77% shares in Cognor Holding S.A. as at 30 September 2017, giving 66.77% of votes on General Shareholders' Meeting.

PS HoldCo Sp. z o.o. owns Exchangeable Notes for shares of Cognor Holding S.A. in the nominal value of 1 938 906 EUR, which represents 3 547 784 of Cognor Holding S.A. shares after conversion.

Information on conditional capital increase and the principles on which the PS Holdco Sp. z o.o. transferred to the Group ownership of subscription warrants series B was presented in the annual consolidated financial statements for 2016 and in note no. 13 to these condensed interim consolidated financial statements.

## 10 Earnings per share

The calculation of basic earnings per share for the three-month period ended 30 September 2017 was based on the loss attributable to ordinary shareholders of PLN 4 610 thousand (the three-month period ended 30 September 2016: profit of PLN 11 040 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 30 September 2017 of 76 087 thousand (the three-month period ended 30 September 2016: 70 430 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the three months ended 30 September 2017 was 103 162 thousand\* (30 September 2016: 108 967\* thousand).

The calculation of basic earnings per share for the nine-month period ended 30 September 2017 was based on the gain attributable to ordinary shareholders of 29 893 PLN thousand (the nine-month period ended 30 September 2016: gain of PLN 5 002 thousand) and a weighted average number of ordinary shares outstanding during the nine-month period ended 30 September 2017 of 75 616 thousand (the nine-month period ended 30 September 2016: 70 044 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the nine months ended 30 September 2017 was 103 746\* thousand (30 September 2016: 109 476\* thousand).

The calculation of basic earnings per share for the twelve-month period ended 30 September 2017 was based on the gain attributable to ordinary shareholders of PLN 26 358 thousand (the twelve-month period ended 30 September 2016: gain of PLN 4 233 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 30 September 2017 of 75 149 thousand (the twelve-month period ended 30 September 2016: 69 739 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 30 September 2017 was 104 276\* thousand (30 September 2016: 110 549\* thousand).

\*The calculation of diluted earnings per share in 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 given periods excluding interest paid in these periods. In 2016 the calculation of diluted earnings per share was based on the average number of ordinary shares.

As at 30 September 2017, issued warrants were excluded from the diluted weighted average number of ordinary shares calculation as the effect of warrants which may remain unconverted into shares would have been anti-dilutive due to the fact that the average market value of the Parent Company's shares was lower than price of warrants conversion. The average market value of the Company's shares for purposes of calculating the dilutive effect of share warrants was based on quoted average market prices for the period during which the warrants were outstanding.

## 11 Inventories

in PLN thousand

	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Raw materials	72 615	91 760	90 536	65 990
Semi-finished goods and work in progress	72 153	88 832	114 807	76 402
Finished products	60 500	118 290	75 761	81 460
Goods for resale	21 032	18 126	16 637	17 106
	<b>226 300</b>	<b>317 008</b>	<b>297 741</b>	<b>240 958</b>

## 12 Trade and other payables

### Short term

in PLN thousand

	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Trade payables	189 844	206 562	166 670	135 081
Statutory payables	11 597	10 381	17 838	8 880
Investment payables	1 717	4 193	6 596	3 592
Prepayments for services and deliveries of goods	4 862	3 799	1 580	2 505
Liabilities due to Shareholder*	6 651	5 388	8 017	1 224
Payroll liabilities	6 592	5 923	6 203	5 410
Accrued expenses	921	569	2 746	3 986
Other payables	4 670	5 161	9 174	6 161
	<b>226 854</b>	<b>241 976</b>	<b>218 824</b>	<b>166 839</b>

### Long term

in PLN thousand

	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Liabilities due to Shareholder*	19 364	20 025	25 202	32 541
	<b>19 364</b>	<b>20 025</b>	<b>25 202</b>	<b>32 541</b>

\* see note 13 for details relating to the transactions with PS Holdco Sp. z o.o.

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

in PLN (in thousands)

	30.09.2017	30.06.2017	31.12.2016	30.09.2016
<b>Non-current liabilities</b>				
Secured fixed interest rate debt	343 789	336 387	350 453	367 920
Finance lease liabilities	20 934	21 884	20 849	19 432
Secured bank loans	-	-	178	4 190
Other borrowings	3 442	3 935	4 918	455
	<b>368 165</b>	<b>362 206</b>	<b>376 398</b>	<b>391 997</b>
<b>Current liabilities</b>				
Secured fixed interest rate debt*	21 281	33 270	33 759	9 362
Current portion of finance lease liabilities	10 695	10 655	10 499	13 170
Factoring and bill of exchange liabilities	11 360	9 901	10 509	2 394
Other borrowings	4 687	4 750	4 588	2 064
Current portion of secured bank loans	416	624	773	1 936
Scrap pre-financing	13 099	14 893	12 323	12 499
	<b>61 538</b>	<b>74 093</b>	<b>72 451</b>	<b>41 425</b>
Bank overdraft	24 064	23 580	23 154	22 677
	<b>85 602</b>	<b>97 673</b>	<b>95 605</b>	<b>64 102</b>

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. 14 dated 24 July 2017 extended bank overdraft until 29 December 2017.

As at 30 September 2017, bank overdrafts was utilised as follows: Cognor S.A. PLN 24 064 thousand (branch HSJ in Stalowa Wola).

On June 30, 2017 there was signed a Facilities Agreement between Cognor S.A. as borrower and Cognor Holding S.A. together with other companies from the group (Zlomrex Metal Sp. z o.o., Cognor International Finance plc, Cognor Blachy Dachowe S.A., Business Support Services Sp. z o.o., Cognor Holding S.A. Sp. k., Przedsiębiorstwo Transportu Samochodowego S.A.) as guarantors and mBank S.A. and Bank Polska Kasa Opieki S.A. as lenders, under which lenders committed to provide the borrower with the following financing: (i) a term loan facility of up to EUR 50 mln to be used to refinance the Senior Secured Notes (as at 30 September 2017 the nominal value of SSN is 80 887 290 EUR) and (ii) an overdraft revolving facility of up to PLN 40 mln to be used to finance day-to-day operations of the borrower and guarantors, including to replace the existing revolving facilities.

The Facilities Agreement provides that the Facilities may be drawn upon the satisfaction of certain conditions precedent, including the delivery of documentation confirming that an equity contribution has been made by Cognor Holding S.A. in a specific manner and in the amount necessary for the total repayment of the Bonds. In order to obtain own contribution Cognor Holding S.A. on June 27, 2017 has filed to Financial Supervisory Commission (KNF) a prospectus under which it would apply for admission to trading 83 333 334 shares with a nominal value of PLN 1.50 per share (PLN 125 mln in total).

On October 3, 2017 there has been signed an annex to the aforementioned Facilities Agreement on the basis of which parites agreed to reduce the requirements of acquiring by Cognor Holding S.A. funds from the planned public offering from PLN 101 mln to PLN 90 mln.

#### **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 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 – 7.5% (from 4 February 2014 till 1 February 2016),
- 3rd year – 10.0% (from 2 February 2016 till 1 February 2017),
- 4th to 6th year – 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 Jakościowych S.A. (currently the branch of Cognor S.A.), Ferrostal Łabędy Sp. z o.o. (currently the branch of Cognor S.A.), Zlomrex Metal Sp. z o.o. (currently the branch of Cognor S.A.).

Liability for the issue of Senior Secured Notes listed on the Stock Exchange in Luxembourg (Euro MTF) of the book value of PLN 365 070 thousand on 30 September 2017 was secured as follows:

- financial pledge on shares of companies: Zlomrex Metal Sp. z o.o., ZW-Walcownia Bruzdowa Sp. z o.o. (currently the branch of Cognor S.A.), Huta Stali Jakościowych S.A. (currently the branch of Cognor S.A.), Ferrostal Łabędy Sp. z o.o. (currently the branch of Cognor S.A.);

- registered pledge on:

(i) shares in the following companies: Zlomrex Metal Sp. z o.o. (currently the branch of Cognor S.A.), ZW-Walcownia Bruzdowa Sp. z o.o. (currently the branch of Cognor S.A.), Huta Stali Jakościowych S.A. (currently the branch of Cognor S.A.), Ferrostal Łabędy 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 Łabędy Sp. z o.o. (currently the branch of Cognor S.A.),

(iii) certain non-current assets of Ferrostal Łabędy 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 Jakościowych S.A. (currently the branch of Cognor S.A.) intercompany bonds;

- mortgages on real estate of Ferrostal Łabędy 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.

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

In nine months of 2017, bondholders of Exchangeable Notes converted 448 894 EUR nominal value of notes into 821 377 shares of Cognor Holding S.A. worth PLN 1 643 thousand. The amount was transferred from reserves to issued share capital. The total principal value of Exchangeable Notes remaining to be settled as at 30 September 2017 was 19 695 663 EUR.

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

### **Liabilities to the Owner**

Within the debt restructuring process described above, on 3 February 2014 PS Holdco Sp. z o.o. transferred to Cognor International Finance plc (CIF) an ownership of 60 860 000 of subscription warrants of series B that are convertible into 60 860 000 shares of Cognor 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 the final settlement of the Exchangeable Notes of Cognor Holding S.A.

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

The Group has not the contingent liabilities.

## **15 Related parties**

### **Identity of related parties**

The Group has a related party relationship with the Group's Parent Company and other entities stated below.

#### **Owner:**

- PS Holdco Sp. z o.o.

#### **Related parties not consolidated:**

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

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

- 4 Workers Przemysław Sztuczkowski (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.)
- Złomrex 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.)

#### **Associates:**

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



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

Together reach more



<i>in PLN (in thousands)</i>	30.09.2017	30.06.2017	31.12.2016	30.09.2016
<i>Short-term receivables:</i>				
- associates	6	6	-	3
- owner	221	221	220	-
- companies controlled by the owner	3 669	2 834	3 856	3 713
<i>Long-term investments (options for own equity instruments)</i>				
- owner	-	-	4 750	9 513
<i>Short-term liabilities</i>				
- associates	69	69	64	66
- owner	26 015	25 413	37 664	33 778
- companies controlled by the owner	461	543	392	568
<i>Loans granted</i>				
- companies controlled by the owner	1 109	1 109	2 583	4 340
- owner	73	71	126	123
<i>Loans received</i>				
- companies controlled by the owner	2 670	2 702	2 575	-

<i>in PLN (in thousands)</i>	01.07.2017 - 30.09.2017	01.07.2016 - 30.09.2016	01.01.2017 - 30.09.2017	01.01.2016 - 30.09.2016	01.10.2016 - 30.09.2017	01.10.2015 - 30.09.2016
<i>Revenues from sale of services</i>						
- associates	8	8	22	22	29	29
- owner	-	-	1	1	75	1
- companies controlled by the owner	14	61	57	172	276	181
<i>Revenues from sale of raw materials and commodities</i>						
- companies controlled by the owner	4 593	3 896	14 647	17 078	21 015	22 490
<i>Purchase of commodities and raw materials</i>						
- companies controlled by the owner	366	414	2 907	10 301	4 515	14 516
<i>Purchase of services</i>						
- associates	161	19	493	487	658	649
- companies controlled by the owner	866	569	2 066	1 762	3 972	2 742
<i>Other income</i>						
- owner	1	93	6	98	(66)	100
- companies controlled by the owner	-	80	47	233	116	308
<i>Financial costs</i>						
- owner	(605)	(664)	(2 111)	(1 991)	(2 372)	(2 748)
- companies controlled by the owner	(54)	-	(229)	-	(416)	-

**16 Cash and cash equivalents presented in cash flow statements**

<i>in PLN (in thousands)</i>	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Cash in bank	84 196	38 540	22 784	22 898
Cash in bank restricted in use	1 184	1 603	494	949
Cash in hand	290	273	226	301
Short-term bank deposit	-	-	1 169	648
Other	563	11	307	3
<b>Cash and cash equivalents in the statement of financial position</b>	<b>86 233</b>	<b>40 427</b>	<b>24 980</b>	<b>24 799</b>
Bank overdrafts	(24 064)	(23 580)	(23 154)	(22 677)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>62 169</b>	<b>16 847</b>	<b>1 826</b>	<b>2 122</b>

## 17 Financial instruments

### Financial instruments measured at fair values

As at 30 September 2017, 30 June 2017, 31 December 2016 and 30 September 2016 there were no financial instruments measured at fair value.

### Fair values

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

- 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 30 September 2017 amounted to PLN 357 769 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.

## 18 Seasonality

Trading activity on the steel product market is characterized by seasonality of revenue from sales, resulting from the variability of weather conditions in the annual weather cycle. Seasonality is reflected by lower demand for steel products in winter as a result of limitations on investment and infrastructure construction during this period.

## 19 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.

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

	As at the date of the current report		As at the date of the previous report	
	quantity	% in share capital	quantity	% in share capital
<b>Management Board</b>				
- Przemysław Sztuczowski *	-	-	-	-
- Przemysław Grzesiak	-	-	-	-
- Krzysztof Zoła	-	-	-	-
- Dominik Barszcz	-	-	-	-
<b>Supervisory Board</b>				
- 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 Holding S.A. As at August 29, 2017 PS Holdco Sp. z o.o. was the owner of 66.77% shares of Cognor Holding S.A., and as at November 14, 2017 PS Holdco Sp. z o.o. was the owner of 66.77%. Detailed information in note 9.

In total, the company PS HoldCo Sp. z o.o. and Mr. Przemysław Sztuczowski at the date of this report (November 14, 2017) own 66.77% of shares in Cognor Holding S.A., giving 66.77% of votes (at the date of the previous report, ie. 29 August 2017, respectively 66.77% of the shares in the company Cognor Holding S.A. and 66.77% of votes at the AGM).

## **21 Proceedings before the court, arbitration or public authorities**

Information on the proceedings before a court, an arbitration or a public authority was presented in the annual consolidated financial statements of the Group for 2016. During the nine month period ended September 30, 2017 there were no significant changes in the status of these proceedings.

## **22 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.

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

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 13.

## **24 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.

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

The consolidated financial results of the Cognor Capital Group in the the prespective of the fourth quarter of 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.

## **26 Subsequent events**

There were no subsequent events requiring disclosure.

Poraj, 14 November 2017

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*