

**Condensed Consolidated
Interim Financial Statements**

Cognor Holding S.A.

**as at and for the three months ended
31 March 2019**

30 April 2019

Condensed consolidated statement of financial position

in PLN thousand

	31.03.2019	31.12.2018 <i>*restated</i>	31.03.2018
Assets			
Property, plant and equipment	331 741	284 617	284 099
Intangible assets	18 661	17 965	12 884
Investment property	123	123	124
Investment in associates	2 627	2 589	3 255
Other investments	55	55	55
Other receivables	350	324	247
Prepaid perpetual usufruct of land	34 222	23 013	23 323
Deferred tax assets	49 729	50 610	65 366
Total non-current assets	437 508	379 296	389 353
Inventories	391 279	376 969	322 821
Other investments	12	12	12
Current income tax receivables	8 430	660	778
Trade and other receivables	203 705	167 982	191 279
Cash and cash equivalents	26 802	76 459	96 880
Assets classified as held for sale	-	-	-
Total current assets	630 228	622 082	611 770
Total assets	1 067 736	1 001 378	1 001 123

* see note no. 4

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

	31.03.2019	31.12.2018 *restated	31.03.2018
Equity			
Issued share capital	182 041	180 626	177 923
Reserves	85 302	86 717	90 005
Foreign currency translation reserves	45	40	19
Retained earnings	17 508	10 781	(30 823)
Total equity attributable to owners of the Parent Company	284 896	278 164	237 124
Non-controlling interests	18 093	17 721	17 109
Total equity	302 989	295 885	254 233
Liabilities			
Interest-bearing loans and borrowings	265 961	229 188	361 523
Employee benefits obligation	10 971	10 677	11 282
Other payables	17 106	18 558	20 011
Deferred tax liabilities	1 450	1 162	-
Total non-current liabilities	295 488	259 585	392 816
Bank overdraft	33 804	-	2 120
Interest-bearing loans and borrowings	58 952	54 161	50 554
Liabilities due to the valuation of financial instruments	3 079	2 531	-
Employee benefits obligation	1 830	7 258	5 636
Current income tax payables	-	-	68
Provisions for payables	226	4 394	5 636
Trade and other payables	365 202	371 911	289 943
Government grants and other deferred income	6 166	5 653	117
Total current liabilities	469 259	445 908	354 074
Total liabilities	764 747	705 493	746 890
Total equity and liabilities	1 067 736	1 001 378	1 001 123

* see note no. 4

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

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018
Revenue	519 694	524 231
Cost of sales	(473 076)	(450 267)
Gross profit	46 618	73 964
Other income	2 367	660
Distribution expenses	(20 218)	(16 811)
Administrative expenses	(12 450)	(10 826)
Other (losses)/gains - net	(64)	1 064
Other expenses	(1 137)	(1 146)
Operating profit before financing costs	15 116	46 905
Financial income	1 452	-
Financial expenses	(6 309)	(15 322)
Net financing costs	(4 857)	(15 322)
Share of profit of associates	38	4
Profit/(loss) before tax	10 297	31 587
Income tax expense	(1 169)	(4 949)
Profit/(loss) for the period	9 128	26 638
Profit/(loss) for the period attributable to:		
Owners of the Parent Company	8 756	25 200
Non-controlling interests	372	1 438
Profit/(loss) for the period	9 128	26 638
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	5	11
Total comprehensive income for the period	9 133	26 649
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	8 761	25 211
Non-controlling interests	372	1 438
Total comprehensive income for the period	9 133	26 649
Basic earnings per share (PLN) attributable to the owners of the Parent Company	9	0,07
- from continuing operations		0,07
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	9	0,06
- from continuing operations		0,06

Przemysław Sztuczkowski
President of the Management Board

Krzysztof Zoła
Member of the Management Board

Przemysław Grzesiak
Vice President of the Management Board

Dominik Barszcz
Member of the Management Board

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

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

in PLN thousand

	01.04.2018 - 31.03.2019	01.04.2017 - 31.03.2018
Revenue	2 077 304	1 874 785
Cost of sales	(1 828 337)	(1 644 510)
Gross profit	248 967	230 275
Other income	12 249	9 644
Distribution expenses	(80 107)	(66 262)
Administrative expenses	(47 665)	(51 876)
Other (losses)/gains - net	849	(19)
Other expenses	(9 874)	(8 240)
Operating profit before financing costs	124 419	113 522
Financial income	5 912	3 813
Financial expenses	(58 217)	(55 879)
Net financing costs	(52 305)	(52 066)
Share of profit of associates	(628)	106
Gain on bargain purchase	-	-
(Loss)/profit before tax	71 486	61 562
Income tax expense	(16 950)	(16 272)
(Loss)/profit for the period	54 536	45 290
Discontinued operations		
Profit/(loss) for the period from discontinued operations, net of tax	-	-
Profit/(loss) for the period	54 536	45 290
(Loss)/profit for the period attributable to:		
Owners of the Parent Company	52 095	43 363
Non-controlling interests	2 441	1 927
(Loss)/profit for the period	54 536	45 290

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

	01.04.2018 - 31.03.2019	01.04.2017 - 31.03.2018
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	26	6
Total comprehensive income for the period	54 562	45 296
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	52 121	43 369
Non-controlling interests	2 441	1 927
Total comprehensive income for the period	54 562	45 296
Basic earnings per share (PLN) attributable to the owners of the Parent Company	0,44	0,48
- from continuing operations	0,44	0,48
- from discontinued operations	-	-
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	0,34	0,37
- from continuing operations	0,34	0,37
- from discontinued operations	-	-

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

Condensed consolidated statement of cash flows

<i>in PLN thousand</i>	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018
Profit/(loss) before tax from continuing operations	10 297	31 587
Adjustments		
Depreciation	11 498	10 723
Amortization	200	179
Impairment losses and valuation allowances	(477)	-
Foreign exchange (gains)/losses	91	2 954
Net (gains)/losses on disposal of property, plant and equipment	177	(814)
Interest, transaction costs (related to loans and borrowings) and dividends, net	6 245	11 609
Change in receivables	(34 378)	(19 754)
Change in inventories	(14 310)	(45 327)
Change in trade and other payables	(10 152)	35 966
Change in provisions	(4 168)	2 274
Change in employee benefits obligation	(5 134)	514
Change in government grants and other deferred income	(668)	-
Share of profit of associates	(38)	(4)
Other adjustments	(269)	-
Cash generated/(outflows) from operating activities	(41 086)	29 907
Income tax (paid)/returned, incl.	(7 770)	(69)
Net cash from operating activities	(48 856)	29 838
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	744	1 631
Proceeds from sale of intangibles	3	5
Proceeds from sale of perpetual usufruct	-	2 340
Acquisition of shares in consolidated companies (net of cash acquired)	-	(6)
Interest received	8	62
Repayment of loans granted	-	-
Acquisition of property, plant and equipment	(11 838)	(3 513)
Acquisition of intangible assets	(896)	(58)
Net cash from investing activities	(11 979)	461
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	-	14 984
Proceeds from factoring	-	444
Repayment of interest-bearing loans and borrowings	(10 146)	(780)
Payment of lease liabilities	(5 759)	(2 786)
Payment of lease liabilities (operational leases and other leases not previously recognised)	(562)	-
Dividends and interests on exchangeable notes paid	(2 029)	(2 040)
Interest and transaction costs (related to loans and borrowings) paid	(5 580)	(22 800)
Received grants for investing activities	762	-
Other received grants	688	-
Cash outflows from continuing operations	(22 626)	(12 978)
Cash outflows from discontinued operations	-	-
Net cash from financing activities	(22 626)	(12 978)
Net increase / (decrease) in cash and cash equivalents	(83 461)	17 321
Cash and cash equivalents net of bank overdraft, at 1 January	76 459	77 439
- effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents net of bank overdraft, at 31 March	(7 002)	94 760
- including cash restricted for use	571	2 562

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

Condensed consolidated statement of cash flows (last twelve months)

<i>in PLN thousand</i>	01.04.2018 - 31.03.2019	01.04.2017 - 31.03.2018
(Loss)/profit before tax from continuing operations	71 486	61 562
Adjustments		
Depreciation	43 657	41 851
Amortization	1 000	553
Impairment losses and valuation allowances	(794)	(3 605)
Foreign exchange (gains)/losses	(3 160)	(1 460)
Net gain on purchase of own bonds	-	-
Net (gains)/losses on investment activities	-	-
Net (gains)/losses on disposal of property, plant and equipment	586	(379)
Interest, transaction costs (related to loans and borrowings) and dividends, net	42 876	46 649
Change in receivables	(479)	10 582
Change in inventories	(63 603)	(19 870)
Change in trade and other payables	77 939	3 773
Change in provisions	(5 410)	(141)
Change in employee benefits obligation	(4 117)	2 328
Change in government grants and other deferred income	1 432	-
Share of profit of associates	628	(106)
Other adjustments	(957)	-
Cash generated/(outflows) from operating activities	161 084	141 737
Cash generated from operating activities	161 084	141 737
Income tax (paid)/returned, incl.	(7 583)	1 176
- continuing operations	(7 583)	1 176
- discontinued operations	-	-
Net cash from operating activities	153 501	142 913

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

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

<i>in PLN thousand</i>	01.04.2018 - 31.03.2019	01.04.2017 - 31.03.2018
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	2 121	494
Proceeds from sale of intangibles	35	293
Proceeds from sale of perpetual usufruct	38	2 340
Interest received	134	338
Dividends received	50	50
Repayment of loans granted	-	126
Acquisition of property, plant and equipment	(45 032)	(10 969)
Acquisition of intangible assets	(6 777)	(1 525)
Acquisition of investment properties	-	(125)
Prepaid perpetual usufruct of land	-	(1)
Acquisition of shares in consolidated companies	(612)	(6)
Cash generated on investing activities from continuing operations	(50 043)	(8 985)
Cash generated on investing activities from discontinued operations	-	-
Net cash from investing activities	(50 043)	(8 985)
Cash flows from financing activities		
Net cash receipts from share issue	-	39 792
Emission costs paid	(1 060)	-
Proceeds from interest-bearing loans and borrowings	299 023	13 188
Proceeds from factoring	(1 698)	(2 221)
Repayment of interest-bearing loans and borrowings	(424 158)	(18 806)
Payment of lease liabilities	(15 373)	(13 459)
Payment of lease liabilities (operational leases and other leases not previously recognised)	(562)	-
Dividends and interests on exchangeable notes paid	(15 996)	(4 139)
Interest and transaction costs (related to loans and borrowings) paid	(50 970)	(50 146)
Other transactions with the Owner	-	(3 613)
Received grants for investing activities	4 198	-
Other received grants	1 376	-
Cash outflows on financing activities from continuing operations	(205 220)	(39 404)
Cash outflows from discontinued operations	-	-
Net cash from financing activities	(205 220)	(39 404)
Net increase / (decrease) in cash and cash equivalents	(101 762)	94 524
Cash and cash equivalents net of bank overdraft, at 1 April	94 760	236
- effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents net of bank overdraft, at 31 March	(7 002)	94 760
- including cash restricted for use	571	2 562

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 2018	177 923	221 018	8	(173 600)	225 349	16 485	241 834
<i>Change of accounting method due to application of IFRS9</i>	-	-	-	(342)	(342)	-	(342)
Equity as at 1 January 2018	177 923	221 018	8	(173 942)	225 007	16 485	241 492
<i>Total comprehensive income</i>	-	-	11	25 200	25 211	1 438	26 649
<i>- (loss)/profit</i>	-	-	-	25 200	25 200	1 438	26 638
<i>- foreign currency translation differences relating to foreign operations</i>	-	-	11	-	11	-	11
Transactions with owners of the Company, recognised in equity							
<i>Contribution by and distributions to owners of the Company</i>	-	-	-	(13 902)	(13 902)	-	(13 902)
<i>Dividends</i>	-	-	-	(11 862)	(11 862)	-	(11 862)
<i>Interests on exchangeable notes in the period</i>	-	-	-	(2 040)	(2 040)	-	(2 040)
<i>Change in ownership interests</i>	-	-	-	808	808	(814)	(6)
<i>Acquisition of non-controlling interests that do not result in a change in control</i>	-	-	-	808	808	(814)	(6)
<i>Transfer of profit</i>	-	34 259	-	(34 259)	-	-	-
<i>Cover of losses from previous years from reserves</i>	-	(165 272)	-	165 272	-	-	-
Equity as at 31 March 2018	177 923	90 005	19	(30 823)	237 124	17 109	254 233
Equity as at 1 January 2018	177 923	221 018	8	(173 600)	225 349	16 485	241 834
<i>Change of accounting method due to application of IFRS9</i>	-	-	-	(342)	(342)	-	(342)
Equity as at 1 January 2018	177 923	221 018	8	(173 942)	225 007	16 485	241 492
<i>Total comprehensive income</i>	-	-	32	68 539	68 571	3 507	72 078
<i>- (loss)/profit</i>	-	-	-	68 539	68 539	3 507	72 046
<i>- foreign currency translation differences relating to foreign operations</i>	-	-	32	-	32	-	32
Transactions with owners of the Company, recognised in equity							
<i>Contribution by and distributions to owners of the Company</i>	2 703	(3 763)	-	(16 007)	(17 067)	-	(17 067)
<i>Dividends</i>	-	-	-	(11 862)	(11 862)	-	(11 862)
<i>Emission costs</i>	-	(1 060)	-	-	(1 060)	-	(1 060)
<i>Conversion of exchangeable notes</i>	2 703	(2 703)	-	-	-	-	-
<i>Interests on exchangeable notes in the period</i>	-	-	-	(4 145)	(4 145)	-	(4 145)
<i>Change in ownership interests</i>	-	-	-	1 653	1 653	(2 271)	(618)
<i>Acquisition of non-controlling interests that do not result in a change in control</i>	-	-	-	1 653	1 653	(2 271)	(618)
<i>Transfer of profit</i>	-	34 734	-	(34 734)	-	-	-
<i>Cover of losses from previous years from reserves</i>	-	(165 272)	-	165 272	-	-	-
Equity as at 31 December 2018	180 626	86 717	40	10 781	278 164	17 721	295 885

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 2019	180 626	86 717	40	10 781	278 164	17 721	295 885
Total comprehensive income	-	-	5	8 756	8 761	372	9 133
- profit	-	-	-	8 756	8 756	372	9 128
- foreign currency translation differences relating to foreign operations	-	-	5	-	5	-	5
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	1 415	(1 415)	-	(2 029)	(2 029)	-	(2 029)
Conversion of exchangeable notes	1 415	(1 415)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(2 029)	(2 029)	-	(2 029)
Equity as at 31 March 2019	182 041	85 302	45	17 508	284 896	18 093	302 989

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. (“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 Złomrex 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 three months ended 31 March 2019 comprise the Parent Company and its subsidiaries (“the Group”). Details of the subsidiaries that comprise the Group as at 31 March 2019 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 KAPITAŁ S.A. Sp. k.)	Poland	98.0%	2008-03-25*
COGNOR BLACHY DACHOWE S.A.	Poland	100.0%	2007-08-01
BUSINESS SUPPORT SERVICES Sp. z o.o.	Poland	94.38%	2006-05-15*
COGNOR INTERNATIONAL FINANCE plc	Great Britain	94.38%	2013-10-24
4 GROUPS Sp. z o.o.	Poland	28.31% (associate)	2013-01-21
MADROHUT Sp. z o.o.	Poland	23,60% (associate)	2014-04-11

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

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 2018.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 April 2019.

b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 31 March 2019 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 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU IFRS”).

In the first quarter of 2019, the Capital Group implemented IFRS 16. The effect of changes on 1 January 2019 has been disclosed in note no. 5. The Group decided to apply IFRS 16 without transformation of comparable data, therefore the previous periods presented differ from those applied in 2019.

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 2018.

4 Restatement of consolidated comparative data

The Group decided to disclose the valuation of financial instrument in the form of an interest rate swap (IRS) in a separate position in short-term liabilities.

Presented below is the transformation of comparative data for consolidated financial statements of financial position as at December 31, 2018.

Condensed consolidated statement of financial position as at December 31, 2018

in PLN thousand

	Published data	Reclassification of IRS valuation	Restated data
Assets			
Property, plant and equipment	284 617	-	284 617
Intangible assets	17 965	-	17 965
Investment property	123	-	123
Investment in associates	2 589	-	2 589
Other investments	55	-	55
Other receivables	324	-	324
Prepaid perpetual usufruct of land	23 013	-	23 013
Deferred tax assets	50 610	-	50 610
Total non-current assets	379 296	-	379 296
Inventories	376 969	-	376 969
Other investments	12	-	12
Current income tax receivables	660	-	660
Trade and other receivables	167 982	-	167 982
Cash and cash equivalents	76 459	-	76 459
Non-current assets classified as held for sale	-	-	-
Total current assets	622 082	-	622 082
Total assets	1 001 378	-	1 001 378
Equity			
Issued share capital	180 626	-	180 626
Reserves	86 717	-	86 717
Foreign currency translation reserves	40	-	40
Accumulated losses from previous years and net result of the current year	10 781	-	10 781
Total equity attributable to owners of the Parent Company	278 164	-	278 164
Non-controlling interests	17 721	-	17 721
Total equity	295 885	-	295 885

Liabilities

Interest-bearing loans and borrowings	229 188	-	229 188
Employee benefits obligation	10 677	-	10 677
Other liabilities	18 558	-	18 558
Deferred tax liabilities	1 162	-	1 162
Total non-current liabilities	259 585	-	259 585
Bank overdraft	-	-	-
Interest-bearing loans and borrowings	56 692	(2 531)	54 161
Liabilities due to the valuation of financial instruments	-	2 531	2 531
Employee benefits obligation	7 258	-	7 258
Current income tax liabilities	-	-	-
Provisions for liabilities	4 394	-	4 394
Trade and other liabilities	371 911	-	371 911
Government grants and other deferred income	5 653	-	5 653
Total current liabilities	445 908	-	445 908
Total liabilities	705 493	-	705 493
Total equity and liabilities	1 001 378	-	1 001 378

5 Impact of the IFRS 16 standard on the Group consolidated financial statements

IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. In connection with the above, the existing other leases, operating leases and future payments for perpetual usufruct of land, which in respect of the liabilities and assets owned resulting from them were not recognised in the balance sheet, have now been recognised in analogy to financial lease agreements previously regulated by IAS 17.

The Group has decided to implement IFRS 16 from January 1, 2019 using a simplified approach, i.e. retrospectively with the combined effect of the first application of this standard recognized on the first application date. The Group had not transformed comparative data, the effect of applying this standard had no impact on the opening balance of retained earnings on the date of first application.

Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. At the commencement date, the Group (a lessee) recognises a right-of-use asset and a lease liability. At the commencement date, the Group (a lessee) measures the right-of-use asset at cost. At the commencement date, the Group (a lessee) measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group has decided to disclose the right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned i.e. as 'property, plant and equipment' and 'prepaid perpetual usufruct of land'.

The Group has decided to disclose the lease liability resulting from the right-of-use assets within Interest-bearing loans and borrowings in separate item.

As a result of the analysis, the Group will recognize the following rights-of-use assets as of January 1, 2019, by distribution into the underlying asset component:

	in PLN thousand 01.01.2019
-property, plant and equipment	43 458
-prepaid perpetual usufruct of land	11 351
	54 809

In connection with the above, the lease liability will be recognized divided into non-current and current liabilities:

	in PLN thousand 01.01.2019
- non-current lease liability (operational leases and other leases not previously recognised)	48 323
- current lease liability (operational leases and other leases not previously recognised)	6 486
	54 809

The recognition will have no impact on the result from previous years.

6 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 following main activities have been distinguished:

- scrap metal: comprising purchasing, sorting, processing, refining and subsequent shipment and sale of of scrap metal to external customers,
- billets HSJ: comprising production and purchase of steel billets (crude steel) and their subsequent sale to external customers, carried out by our melting shop HSJ in Stalowa Wola,
- billets Ferrostal (FER): comprising production and purchase of steel billets (crude steel) and their subsequent sale to external customers, carried out by our melting shop Ferrostal in Gliwice,
- finished products HSJ: comprising production and purchase of finished steel products and their subsequent sale to external customers, carried out by our rolling mill HSJ in Stalowa Wola,
- finished products FER: comprising production and purchase of finished steel products and their subsequent sale to external customers, carried out by our rolling mill Ferrostal in Gliwice,
- non-ferrous scrap metal: comprising purchasing, sorting, processing, refining and subsequent shipment and sale to external customers of non-ferrous scrap metal,
- non-ferrous finished products: comprising production (from own or from customer's material) and purchase of non-ferrous products, such as bronze shafts and sleeves as well as aluminum alloys in the form of ingots, and then their subsequent shipment and sale to external customers,
- other: including transportation services, property development and other activities.

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.

6 Segment reporting - continued

Business segments (for the three months ended 31 March)

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2019											
Revenue from external customers	41 084	40 193	51 182	178 776	155 944	16 190	20 003	16 303	12		
Inter-segment revenue	50 240	10 699	-	476	12 300	5 989	873	2 006	2 082		
Total revenue	91 324	50 892	51 182	179 252	168 244	22 179	20 876	18 309	2 094	(84 658)	519 694
Cost of sales to external customers	(38 214)	(40 321)	(46 039)	(159 137)	(147 183)	(15 223)	(18 548)	(12 028)	(613)		
Inter-segment cost of sales	(48 258)	(10 547)	-	(435)	(11 984)	(5 646)	(841)	(1 234)	(11)		
Total cost of sales	(86 472)	(50 868)	(46 039)	(159 572)	(159 167)	(20 869)	(19 389)	(13 262)	(624)	83 186	(473 076)
Segment result	4 852	24	5 143	19 680	9 077	1 310	1 487	5 047	1 470	(1 472)	46 618
Other income	292	112	272	395	1 118	72	96	174	4	(168)	2 367
Distribution and administrative expenses	(4 115)	(3 021)	(787)	(9 227)	(7 380)	(1 004)	(1 114)	(1 888)	(5 699)	1 567	(32 668)
Other gain/(losses) net	69	(42)	(17)	(149)	(70)	17	-	16	57	55	(64)
Other expenses	(197)	(156)	(69)	(552)	(285)	(47)	(25)	(70)	(57)	321	(1 137)
Operating profit/(loss)	901	(3 083)	4 542	10 147	2 460	348	444	3 279	(4 225)	303	15 116
Net financing costs									(6 020)	1 163	(4 857)
Share of profit of associates, net of tax											38
Income tax expense											(1 169)
Profit for the period											9 128

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2018											
Revenue from external customers	43 059	29 121	75 875	168 073	161 362	14 002	17 815	14 910	14		
Inter-segment revenue	58 937	13 990	-	-	19 093	6 985	4 034	1 492	1 537		
Total revenue	101 996	43 111	75 875	168 073	180 455	20 987	21 849	16 402	1 551	(106 068)	524 231
Cost of sales to external customers	(39 318)	(25 817)	(65 317)	(145 594)	(139 970)	(13 380)	(16 466)	(12 209)	(1)		
Inter-segment cost of sales	(56 417)	(12 230)	-	-	(16 864)	(6 588)	(3 830)	(696)	(2)		
Total cost of sales	(95 735)	(38 047)	(65 317)	(145 594)	(156 834)	(19 968)	(20 296)	(12 905)	(3)	104 432	(450 267)
Segment result	6 261	5 064	10 558	22 479	23 621	1 019	1 553	3 497	1 548	(1 636)	73 964
Other income	149	20	72	78	209	31	34	117	10	(60)	660
Distribution and administrative expenses	(4 197)	(2 222)	(867)	(6 785)	(6 162)	(791)	(1 011)	(1 865)	(5 317)	1 580	(27 637)
Other gain/(losses) net	792	55	(63)	213	(183)	162	106	85	272	(375)	1 064
Other expenses	(20)	(192)	(42)	(749)	(121)	(4)	(14)	(36)	-	32	(1 146)
Operating profit	2 985	2 725	9 658	15 236	17 364	417	668	1 798	(3 487)	(459)	46 905
Net financing costs									(17 252)	1 930	(15 322)
Share of profit of associates, net of tax											4
Income tax expense											(4 949)
Profit for the period											26 638

Business segments (for the twelve months ended 31 March)

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2019											
Revenue from external customers	184 025	128 441	190 738	692 863	677 773	67 779	69 992	65 625	61		
Inter-segment revenue	184 181	37 209	-	664	51 613	25 211	8 626	21 749	20 039		
Total revenue	368 206	165 650	190 738	693 527	729 386	92 990	78 618	87 374	20 100	(349 285)	2 077 304
Cost of sales to external customers	(169 578)	(119 357)	(169 700)	(592 774)	(614 133)	(64 048)	(64 290)	(53 609)	(237)		
Inter-segment cost of sales	(177 317)	(34 073)	-	(571)	(47 969)	(24 110)	(7 162)	(19 959)	(1 262)		
Total cost of sales	(346 895)	(153 430)	(169 700)	(593 345)	(662 102)	(88 158)	(71 452)	(73 568)	(1 499)	331 812	(1 828 337)
Segment result	21 311	12 220	21 038	100 182	67 284	4 832	7 166	13 806	18 601	(17 473)	248 967
Other income	832	475	1 031	2 677	4 327	224	841	1 035	1 205	(398)	12 249
Distribution and administrative expenses	(16 271)	(10 381)	(3 114)	(34 025)	(30 129)	(4 215)	(5 110)	(8 661)	(34 620)	18 754	(127 772)
Other gain/(losses) net	371	(66)	170	(168)	624	121	130	145	137	(615)	849
Other expenses	(510)	(357)	(747)	(2 223)	(3 122)	(125)	(109)	(866)	(145)	(1 670)	(9 874)
Operating profit/(loss)	5 733	1 891	18 378	66 443	38 984	837	2 918	5 459	(14 822)	(1 402)	124 419
Net financing costs									(58 536)	6 231	(52 305)
Share of profit of associates, net of tax											(628)
Income tax expense											(16 950)
Profit for the period											54 536

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2018											
Revenue from external customers	152 821	101 794	260 532	539 721	639 787	59 019	64 126	56 946	39		
Inter-segment revenue	201 322	54 261	-	8	36 548	27 808	7 604	4 693	37 039		
Total revenue	354 143	156 055	260 532	539 729	676 335	86 827	71 730	61 639	37 078	(369 283)	1 874 785
Cost of sales to external customers	(146 358)	(91 949)	(228 034)	(477 351)	(574 456)	(56 228)	(59 320)	(37 647)	(2)		
Inter-segment cost of sales	(189 925)	(47 617)	-	(7)	(32 818)	(25 024)	(8 272)	(2 967)	(333)		
Total cost of sales	(336 283)	(139 566)	(228 034)	(477 358)	(607 274)	(81 252)	(67 592)	(40 614)	(335)	333 798	(1 644 510)
Segment result	17 860	16 489	32 498	62 371	69 061	5 575	4 138	21 025	36 743	(35 485)	230 275
Other income	1 441	224	1 065	753	3 043	376	196	925	(849)	2 470	9 644
Distribution and administrative expenses	(16 612)	(5 022)	(3 389)	(31 258)	(26 207)	(3 702)	(3 933)	(7 728)	(57 107)	36 820	(118 138)
Other gain/(losses) net	698	19	43	105	(17)	136	61	170	3 052	(4 286)	(19)
Other expenses	(210)	(999)	(1 211)	(3 410)	(3 550)	(56)	(64)	(991)	808	1 443	(8 240)
Operating profit	3 177	10 711	29 006	28 561	42 330	2 329	398	13 401	(17 353)	962	113 522
Net financing costs									(56 290)	4 224	(52 066)
Share of profit of associates, net of tax											106
Income tax expense											(16 272)
Profit for the period											45 290

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2019											
Segment assets	91 476	75 501	71 566	247 855	356 797	23 333	23 009	67 856	151 630	(41 287)	1 067 736
Segment liabilities	23 181	34 857	32 095	114 431	140 318	12 718	9 082	25 292	419 124	(46 351)	764 747

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.12.2018											
Segment assets	79 721	48 060	56 506	272 089	302 238	19 606	28 424	59 308	194 944	(59 518)	1 001 378
Segment liabilities	27 128	22 909	34 548	129 688	149 797	6 658	8 273	23 235	350 766	(47 509)	705 493

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2018											
Segment assets	52 807	70 695	79 129	242 952	250 831	11 024	22 187	57 249	224 406	(10 157)	1 001 123
Segment liabilities	24 477	22 114	29 348	86 203	88 072	4 997	3 500	15 430	472 215	534	746 890

Unallocated assets

in PLN thousand

Long-term and short-term investments	
Deferred tax assets	
Investment property	
Income tax receivable	
Cash and cash equivalents	
Assets held for sale	
Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc)	
Assets of central office	

31.03.2019	31.12.2018	31.03.2018
2 694	2 656	3 322
49 729	50 610	65 366
123	123	124
8 430	660	778
26 802	76 459	96 880
-	-	-
53 606	51 321	42 853
10 246	13 115	15 083
151 630	194 944	224 406

Unallocated liabilities

in PLN thousand

Interest-bearing loans and borrowings	
Bank overdraft	
Deferred tax liabilities	
Provisions	
Government grants and other deferred income	
Current income tax payables	
Other liabilities	
Liabilities due to the valuation of financial instruments	
Liabilities of central office	

31.03.2019	31.12.2018	31.03.2018
324 913	283 349	412 077
33 804	-	2 120
1 450	1 162	-
226	4 394	
6 166	5 653	117
-	-	68
43 051	43 089	57 192
3 079	2 531	-
6 435	10 588	641
419 124	350 766	472 215

7 Property, plant and equipment and intangible assets

During the three months ended 31 March 2019, the Group acquired property, plant and equipment at a cost of PLN 15 469 thousand, apart from the recognition the right-of-use assets according to IFRS 16 in amount of PLN 43 458 thousand (three months ended 31 March 2018: PLN 9 676 thousand). Assets with a net book value of PLN 922 thousand were disposed during the three months of 2019 (three months ended 31 March 2018: PLN 825 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 180 thousand (three months ended 31 March 2018: a net gain on disposal of PLN 809 thousand).

During the twelve months ended 31 March 2019, the Group acquired property, plant and equipment at a cost of PLN 54 226 thousand, apart from the recognition the right-of use assets according to IFRS 16 in amount of PLN 43 458 thousand (twelve months ended 31 March 2018: PLN 29 706 thousand). Assets with a net book value of PLN 2 769 thousand were disposed of during the twelve months ended 31 March 2019 (twelve months ended 31 March 2018: PLN 2 371 thousand). On the sale of fixed assets the Group achieved a net loss on disposal of PLN 338 thousand (twelve months ended 31 March 2018: a net gain on disposal of PLN 533 thousand).

During the three months ended 31 March 2019, the Group acquired intangible assets at a cost of PLN 896 thousand (three months ended 31 March 2018: PLN 58 thousand). Assets with a net book value of PLN 0 thousand were disposed during the three months of 2018 (three months ended 31 March 2017: PLN 0 thousand). On the sale of intangible assets the Group achieved a net gain on disposal of PLN 3 thousand (three months ended 31 March 2018: a net gain on disposal of PLN 5 thousand).

During the twelve months ended 31 March 2018, the Group acquired intangible assets at a cost of PLN 6 777 thousand (twelve months ended 31 March 2018: PLN 1 525 thousand). Assets with a net book value of PLN 0 thousand were disposed of during the twelve months ended 31 March 2019 (twelve months ended 31 March 2018: PLN 447 thousand). On the sale of intangible assets the Group achieved a net gain on disposal of PLN 35 thousand (twelve months ended 31 March 2018: a net loss on disposal of PLN 154 thousand).

8 Equity

Issued share capital

	31.03.2019	31.12.2018	31.03.2018
Registered shares number at reporting date	121 360 369	120 417 142	118 615 660
Number of issued warrants	53 610 494	54 553 721	56 355 003
Nominal value of 1 share	1,5 PLN	1,5 PLN	1,5 PLN

At 31 March 2019, the parent Company's share capital comprised 121 360 369 ordinary shares with a nominal value of PLN 1,5 each (31 December 2018: 120 417 142 ordinary shares with a nominal value of PLN 1,5 each; 31 March 2018: 118 615 660 with a nominal value of PLN 1,5 each).

On December 14, 2017, the District Court in Częstochowa registered changes in equity resulting from:

a) issue by Cognor Holding SA:

- by way of a public offering, 26 528 415 shares of issue No. 11 with a nominal value of PLN 1.5 per share (PLN 39,792 thousand)
- private subscription of 16,000,000 issue shares No. 12 with a nominal value of PLN 1.5 per share (PLN 24,000 thousand)

b) reduction of the share capital by reducing the nominal value of each share from PLN 2.0 to PLN 1.5 (with the simultaneous increase of the share capital of Cognor Holding by issuing the shares described above)

On 29 August 2011 Cognor S.A. purchased from PS Holdco Sp. z o.o. 20 957 400 shares of Złomrex 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 Złomrex 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 Złomrex S.A. shall be appropriately reduced in case of the lack of the ability to repay the receivable of Złomrex 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 Złomrex S.A. (also until the final price for Złomrex 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 Złomrex 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 Złomrex 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 Złomrex 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 Złomrex 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 Złomrex S.A. Due to direct connection between the price for the shares in Złomrex 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 Złomrex 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 Złomrex 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 Złomrex S.A. totalling PLN 34 446 thousand (the value as at 31.03.2019: PLN 17 106 thousand).

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 in

- 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,
- 685 155 shares were admitted to trading on 23 June 2017,
- 136 222 shares were admitted to trading on 14 July 2017,
- 95 271 shares were admitted to trading on 31 August 2018,
- 1 706 211 shares were admitted to trading on 7 November 2018,
- 943 227 shares were admitted to trading on 14 March 2019.

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.

Altogether 821 377 shares of Cognor Holding S.A. were admitted to trading in 2017 as a result of conversions of 448 894 EUR of Exchangeable Notes. The abovementioned Notes were converted at the rate of 2.35 PLN per share.

Altogether 1 801 482 shares of Cognor Holding S.A. were admitted to trading in 2018 as a result of conversions of 804 384 EUR of Exchangeable Notes. The abovementioned Notes were converted at the rate of 1.92 PLN per share.

Altogether 943 227 shares of Cognor Holding S.A. were admitted to trading in 2019 as a result of conversions of 421 162 EUR of Exchangeable Notes. The abovementioned Notes were converted at the rate of 1.92 PLN per share.

The conversion price of Exchangeable Notes was reduced to PLN 2.05 per share according to resolution of the Management Board of Cognor Holding S.A. of 9 January 2018 in connection with the reduction of the nominal price of the shares.

The conversion price of Exchangeable Notes was reduced to PLN 1.92 per share according to resolution of the Management Board of Cognor Holding S.A. of 12 July 2018 in connection with the payment of dividend.

The ownership structure as at 31 March 2019 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.*	92 430 239	76,16%	92 430 239	76,16%
Other shareholders	28 930 130	23,84%	28 930 130	23,84%
Total	121 360 369	100,00%	121 360 369	100,00%

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

The ownership structure as at the date of previous corrected report's publication (February 28, 2019) 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.*	92 430 239	76,76%	92 430 239	76,76%
Other shareholders	27 986 903	23,24%	27 986 903	23,24%
Total	120 417 142	100,00%	120 417 142	100,00%

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

The ownership structure as at the date of current report's publication (April 30, 2019) 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.*	92 430 239	76,16%	92 430 239	76,16%
Other shareholders	28 930 130	23,84%	28 930 130	23,84%
Total	121 360 369	100,00%	121 360 369	100,00%

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

Changes in the period:

Due to the conversion of Exchangeable Notes, the share in equity of PS HoldCo Sp. Z o.o. in Cognor Holding S.A. decreased from 77.76% to 77.16%.

The company PS HoldCo Sp. z o.o. on March 31, 2019, it held Exchangeable Notes for Cognor Holding's shares with a nominal value of EUR 5 438 906, which in the future as a result of conversion will allow for the acquisition of 12 180 882 shares of Cognor Holding S.A.

9 Earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2019 was based on the profit attributable to ordinary shareholders of PLN 8 756 thousand (the three-month period ended 31 March 2018: profit PLN 25 200 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2019 of 120 732 thousand (the three-month period ended 31 March 2018: 118 616 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 3 months period ended March 31, 2019 was 152 426 thousand (31 March 2018: 145 690 thousand).

The calculation of basic earnings per share for the twelve-month period ended 31 March 2019 was based on the profit attributable to ordinary shareholders of PLN 52 109 thousand (the twelve-month period ended 31 March 2018: profit PLN 43 363 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 31 March 2019 of 119 469 thousand (the twelve-month period ended 31 March 2018: 90 115 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 31 March 2019 was 152 704 thousand (31 March 2018: 117 641 thousand).

As at 31 March 2019, 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 2019 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 2019 excluding interest paid in this period.

10 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	31.03.2019	31.12.2018	31.03.2018
Bank overdraft	33 804	-	2 120
Non-current liabilities			
Secured bank loans	196 253	205 602	-
Secured fixed interest rate debt	-	-	337 444
Lease liabilities	21 623	21 770	20 153
Lease liabilities (operational leases and other leases not previously recognised)	46 445	-	-
Other borrowings	1 640	1 816	3 926
	265 961	229 188	361 523
Current liabilities			
Current portion of secured bank loans	36 945	36 933	59
Current portion of secured fixed interest rate debt	-	-	17 333
Current portion of lease liabilities	11 858	14 521	13 511
Current portion of lease liabilities (operational leases and other leases not previously recognised)	7 802	-	-
Factoring liabilities	70	-	1 698
Scrap pre-financing	-	-	14 985
Other borrowings	2 277	2 707	2 968
	58 952	54 161	50 554

Dual currency term and revolving facilities

On July 12, 2018 the facility agreement has been signed between subsidiary Cognor S.A. and consortium of four banks (mBank S.A., Bank Zachodni WBK S.A., Bank Gospodarstwa Krajowego and European Bank for Reconstruction and Development) under which banks committed to provide Cognor S.A. with a term loan facility of up to EUR 60 million and a revolving facility up to PLN 40 million. The loan term facility is intended for the repayment of Senior Secured Notes, which outstanding nominal value at June 30, 2018 is EUR 80,9 million. The companies from the capital group i.e.: Cognor Holding S.A., Cognor International Finance plc, Odlewnia Metali Szopienice Sp. z o.o. (currently branch of Cognor S.A.), Cognor Blachy Dachowe S.A., Business Support Services Sp. z o.o., Cognor Holding S.A. Sp. k., Przedsiębiorstwo Transportu Samochodowego S.A. (currently branch of Cognor S.A.) joined the facility agreement as guarantors.

The long-term facility was disbursed in 2 currencies: EUR 30 million, PLN 129,1 million. Part of the loan will be repaid on the loan maturity date as a balloon installment (EUR 10 million, PLN 43 million), the remaining part will be repaid in quarterly installments (EUR 20 million - quarterly installment EUR 1.1 million, PLN 86.1 million - quarterly installment PLN 4.8 million). The final repayment of the loan will take place on December 31, 2022. The above loan was granted on a variable rate (margin + EURIBOR3M, WIBOR3M), however the Group concluded an IRS agreement, which allowed to guarantee a fixed interest rate of the above-mentioned rate loan.

The revolving facility in the limit up to PLN 40 million is due on June 30, 2020. In the reporting period the revolving facility has been used in the form of bank overdraft and amounted to PLN 33 804 thousand as at 31 March 2019.

Secured fixed interest debt

In 2018, the Group fully repaid the Senior Secured Notes. More details in the consolidated financial statement of the Cognor Capital Group for 2018.

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 current conversion price of PLN 1.92.

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. In 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. In 2018 bondholders of Exchangeable Notes converted 804 384 EUR nominal value of notes into 1 801 482 shares of Cognor Holding S.A. worth PLN 2 703 thousand. In 2019 bondholders of Exchangeable Notes converted 421 162 EUR nominal value of notes into 943 227 shares of Cognor Holding S.A. worth PLN 1 415 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 2019 was 18 470 117 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 the final settlement of the Exchangeable Notes of Cognor Holding S.A.

11 Contingencies, guarantees and other commitments

The Group has not the contingent liabilities. For subsidiary guarantees please refer to note no. 20.

12 Transactions with 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

Controlling entities:

- PS Holdco Sp. z o.o.
- 4Workers Sp. z o.o. (previously 4Workers Przemysław Sztuczowski)

Associates are as follows:

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

Related companies to the controlling entities (owners):

- KDPP Doradztwo Biznesowe Sp. z o.o. (sold on August 27th, 2011 to PS Holdco Sp. z o.o.)
- czystyefekt.pl Sp. z o.o.

in PLN thousand

Short-term receivables:

	31.03.2019	31.12.2018	31.03.2018
- associates	253	-	9
- controlling entities	50	64	10
- related companies to the controlling entities	10	-	1
Liabilities			
- controlling entities	17 625	19 083	20 265
- related companies to the controlling entities	2 077	-	-
- associates	77	-	74
Loans received			
- controlling entities	-	-	556

in PLN thousand

Revenues from sale of services

	01.01.2019- 31.03.2019	01.01.2018- 31.03.2018	01.04.2018- 31.03.2019	01.04.2017- 31.03.2018
- associates	225	7	247	29
- controlling entities	6	8	30	44
Revenues from sale of raw materials and commodities				
- associates	53	-	53	-
- controlling entities	-	-	-	1
Purchase of commodities and raw materials				
- controlling entities	401	353	321	1 198
Purchase of services				
- associates	109	239	653	769
- related companies to the controlling entities	2 199	-	12 389	-
- controlling entities	762	679	4 057	2 762

<i>Other income</i>				
- controlling entities	-	-	-	4
<i>Financial income</i>				
- controlling entities	1 452	-	1 452	-
<i>Financial costs</i>				
- controlling entities	-	(519)	(2 866)	(3 606)

13 Cash and cash equivalents presented in cash flow statements

<i>in PLN thousand</i>	31.03.2019	31.12.2018	31.03.2018
Cash in bank	25 952	58 446	94 035
Cash in bank restricted in use	571	16 508	2 562
Cash in hand	263	235	279
Short-term bank deposit	-	500	-
Other	16	770	4
Cash and cash equivalents	26 802	76 459	96 880
Bank overdrafts	(33 804)	-	(2 120)
Cash and cash equivalents in the statement of cash flows	(7 002)	76 459	94 760

14 Financial instruments

Financial instruments measured at fair values

Fair values

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

- Cash and cash equivalents, short-term bank deposits and short-term bank loans: the carrying amounts approximate fair value due to the short term nature of these instruments.
- Trade and other receivables, bills of exchange, trade and other payables and accrued liabilities: the carrying amounts approximate fair value due to the short-term nature of these instruments.
- Interest-bearing loans and borrowings, excluding fixed rate debt securities: the carrying amounts approximate fair value due to the variable nature of the related interest rates.
- Fixed rate debt securities. The fair value of bonds at 31 March 2019 amounted to PLN 0 thousand (31 December 2018: PLN 0 thousand, 31 March 2018: PLN 347 681 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.

The fair value of IRS has been estimated on the base of valuation model taking into consideration the future cash flows in fixed and variable interest rate. As at 31 March 2019 the fair value relating to IRS amounted PLN 3 079 thousand (31 December 2018: PLN 2 531 thousand, 31 March 2018: there were no financial instruments valued at fair value).

15 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.

16 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.

17 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	106 000	0,09%	106 000	0,09%
- Krzysztof Zoła**	175 000	0,14%	175 000	0,15%
- Dominik Barszcz	144 500	0,12%	144 500	0,12%
Supervisory Board				
- Hubert Janiszewski	-	-	-	-
- Piotr Freyberg	-	-	-	-
- Jerzy Kak	-	-	-	-
- Marek Rocki	-	-	-	-
- Zbigniew Łapiński	-	-	-	-

* 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. Detailed information in note 8.

**Krzysztof Zoła's share in the Issuer's equity fell from 0.15% as at the date of the previous report, i.e. February 28, 2019 to 0.14% as at the date of this report, i.e. 30 April 2019 as a result of the conversion of the Exchangeable Notes and thus the increase of the total number of shares in March 2019.

18 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. (currently branch of Cognor S.A.) filed to the Supreme Administrative Court a cassation complaint against the judgment of the Provincial Administrative Court in Gliwice of 28 September 2015 - on November 17, 2017 a hearing was held, ending with a valid judgement for setting aside the judgment under appeal: annulment of the decision of the Director of Tax Chamber in Katowice of September 19, 2014 and reconsideration of the case. 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.

19 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.

20 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.*	Dual currency term	248 610	till 31.12.2022
Cognor S.A.	Trade liability	blank bill of exchange up to the value of the liability	without deadline
Cognor S.A.	Trade liability	1 720	without deadline
Cognor S.A.	Factoring	40 000	without deadline
Cognor S.A.	Loan	1 551	till 31.12.2019
Cognor S.A.*	Bank overdraft	40 000	till 29.06.2020
Cognor S.A.	Contracts for co- financing the implementation of research projects	13 861	till 30.11.2020

* guarantee granted by the Issuer together with subsidiaries, i.e. Cognor Holding S.A. Sp. K., Business Support Services Sp. Z o.o., Cognor Blachy Dachowe S.A. and Cognor International Finance plc

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

Subsidiary	Type of liability	Guarantee value	Period of guarantee
Cognor Blachy Dachowe S.A.	Trade liability	500	without deadline

21 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.

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

The consolidated financial results of the Cognor Capital Group in the the prespective of the second quarter of 2019 will depend mainly on:

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

23 Subsequent events

There were no subsequent events requiring disclosure.

Poraj, 30 April 2019

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