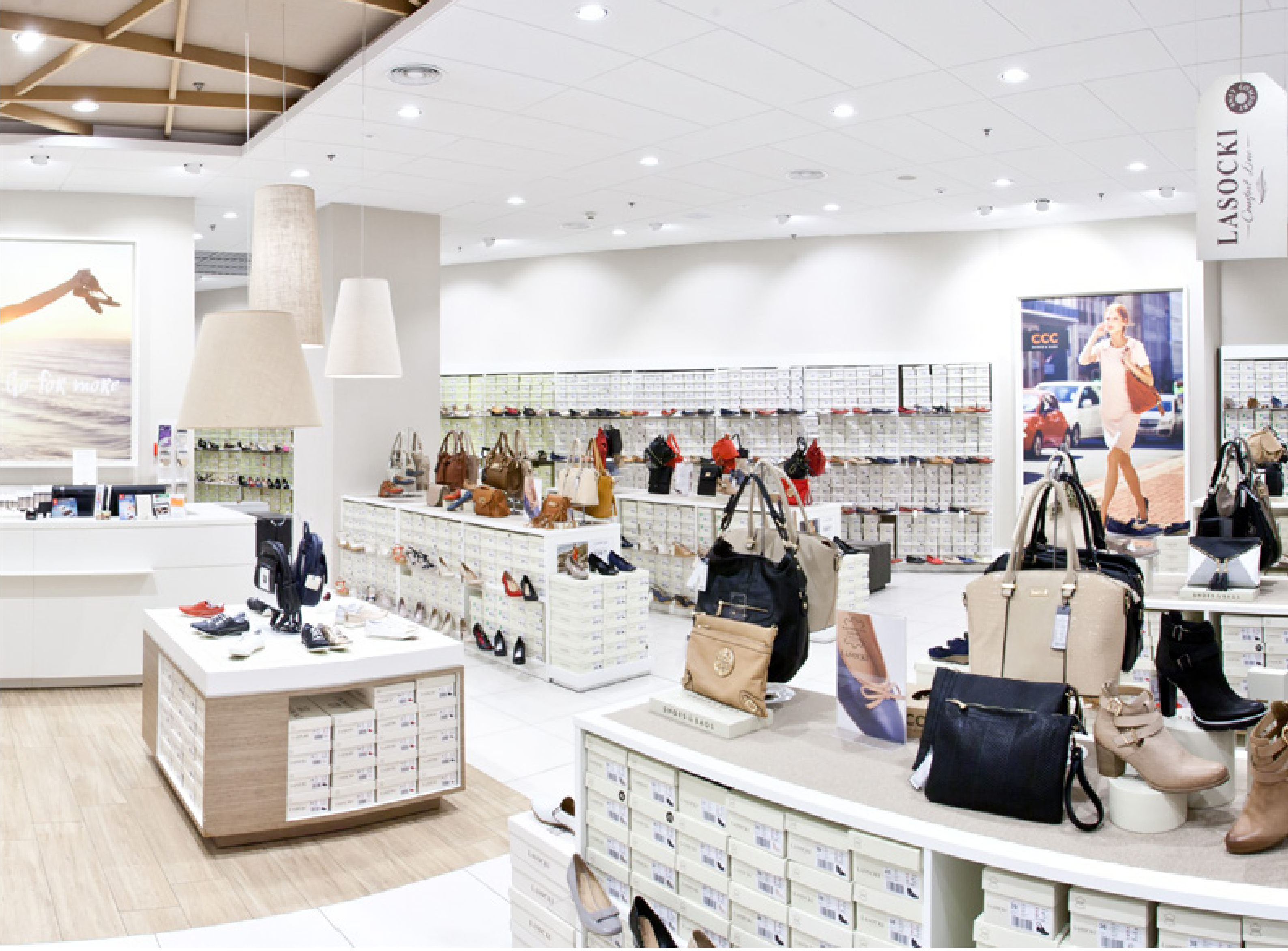
CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP CCC S.A.

FOR THE PERIOD 01.01.2015 – 31.12.2015

CCC SHOES & BAGS


CCC



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NOTE		2015	2014
2	Sales revenue	2 307,0	2 009,1
3.1	Cost of sales of goods	(1 041,2)	(902,9)
	Gross sales profit	1 265,8	1 106,2
	Gross margin	55%	55%
3.1	Cost of operating stores	(731,1)	(631,9)
3.1	Other cost of sales	(164,7)	(144,9)
3.1	Administrative expenses	(115,2)	(76,8)
3.2	Other cost and and operating revenue	1,9	(9,4)
	Operating profit	256,7	243,2
3.2	Finance revenue	0,1	3,1
3.2	Finance cost	(23,8)	(21,2)
	Profit before tax	233,0	225,1
3.3	Income tax	26,4	195,3
	NET PROFIT	259,4	420,4
	Other comprehensive income		
	Attributable to be reclassified to profit - exchange rate differences upon conversion of reports of foreign entities	0,4	(0,3)
	Non-attributable to be reclassified to result - other	—	—
	Total net comprehensive income	0,4	(0,3)
	TOTAL COMPREHENSIVE INCOME	259,8	420,1
	Weighted average number of ordinary shares (mln pcs.)	38,4	38,4
	Basic and diluted earnings per share (in PLN)	6,77	10,94

i MORE INFORMATION IN SECTION **3.1.1.1** IN STATEMENT OF OPERATIONS OF THE GROUP

[in mln PLN unless otherwise stated]

STATEMENT OF CASH FLOWS

NOTE		2015	2014
	Profit before tax	233,0	225,1
3.1	Amortisation	66,9	52,7
	Loss on investment activity	4,4	9,0
4.2	Cost of borrowings	16,8	19,4
4.4	Other adjustments to profit before tax	24,5	7,7
3.3	Income tax paid	(51,9)	(14,1)
	Cash flow before changes in working capital	293,7	299,8
	Changes in working capital	—	—
5.3	Change in inventory and inventory write-downs	60,8	(278,3)
4.4	Change in receivables	(27,6)	—
4.4	Change in current liabilities, excluding borrowings	(1,5)	32,5
	Net cash flows from operating activities	325,4	54,0
	Proceeds from the sale of tangible fixed assets	14,0	11,0
5.4	Repayment of loans granted and interest	0,6	5,4
5.2, 5.1	Purchase of intangible and tangible fixed assets	(156,9)	(206,2)
5.4	Loans granted	(13,2)	(15,4)
	Net cash flows from investing activities	(155,5)	(205,2)
4.2	Proceeds from borrowings	288,0	194,8
4.2	Issue of bonds	—	209,4
4.1	Dividends and other payments to owners	(115,2)	(61,4)
4.2	Repayment of borrowings	(147,2)	(154,6)
4.2	Interest paid	(16,8)	(18,8)
	Net cash flows from finance activities	8,8	169,4
	TOTAL CASH FLOWS	178,7	18,2
	Net increase/decrease of cash and cash equivalents	178,7	18,2
	Exchange rate changes on cash and cash equivalents	—	—
	Cash and cash equivalents at beginning of period	161,9	143,7
	Cash and cash equivalents at the end of period	340,6	161,9

i MORE INFORMATION IN SECTION 3.1.1.3 IN STATEMENT OF OPERATIONS OF THE GROUP

[in mln PLN unless otherwise stated]

STATEMENT OF FINANCIAL POSITION

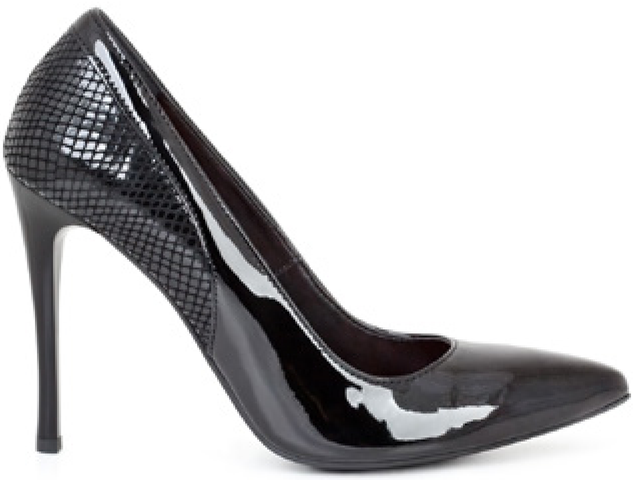
NOTE		2015	2014
5.1	Intangible assets	5,9	9,3
5.2	Tangible fixed assets - investments in stores	273,1	218,8
5.2	Tangible fixed assets - factory and distribution	221,4	213,4
5.2	Tangible fixed assets - other	97,4	88,7
3.3	Deferred tax assets	312,5	267,3
5.4	Loans granted	10,0	15,0
	Non-current assets	920,3	812,5
5.3	Inventories	680,5	741,3
5.4	Receivables from customers	51,3	35,9
3.3	Income tax receivables	6,8	–
5.4	Loans granted	18,0	0,5
5.4	Other receivables	54,5	42,1
5.5	Cash and cash equivalents	340,6	161,9
	Current assets	1 151,7	981,7
	TOTAL ASSETS	2 072,0	1 794,2
4.2	Debt liabilities	296,0	216,0
3.3	Deferred tax liabilities	6,4	6,5
5.7	Provisions	6,5	5,7
5.2	Grants received	26,1	28,7
	Non-current liabilities	335,0	256,9
4.2	Debt liabilities	422,8	362,0
5.6	Liabilities to suppliers	78,1	99,8
5.6	Other liabilities	100,4	81,5
3.3	Income tax liabilities	5,4	31,8
5.7	Provisions	4,1	7,4
5.2	Grants received	2,6	2,6
	Current liabilities	613,4	585,1
	TOTAL LIABILITIES	948,4	842,0
	NET ASSETS	1 123,6	952,2
	Equity		
4.1	Share capital and share premium	78,4	78,4
	Exchange rate differences upon conversion of reports of foreign entities	(2,0)	(2,4)
4.1	Retained earnings	1 047,2	876,2
	TOTAL EQUITY	1 123,6	952,2

i MORE INFORMATION IN SECTION 3.1.1.2 IN STATEMENT OF OPERATIONS OF THE GROUP

[in mln PLN unless otherwise stated]

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL AND SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES UPON CONVERSION OF FOREIGN ENTITIES	TOTAL EQUITY
At 1.01.2014	78,4	515,5	(2,1)	591,8
Net profit for the period		420,4		420,4
Exchange rate differences upon conversion		(0,7)	(0,3)	(1,0)
Total comprehensive income	—	419,7	(0,3)	419,4
Dividend payment	—	(61,4)	—	(61,4)
Valuation of employee option scheme	—	2,4	—	2,4
Total transactions with owners	—	(59,0)	—	(59,0)
At 31.12.2014 (1.01.2015)	78,4	876,2	(2,4)	952,2
Net profit for the period	—	259,5		259,5
Exchange rate differences upon conversion	—	—	0,4	0,4
Total comprehensive income	—	259,5	0,4	259,9
Dividend payment	—	(115,2)	—	(115,2)
Valuation of employee option scheme	—	26,7	—	26,7
Total transactions with owners	—	(88,5)	—	(88,5)
At 31.12.2015 (1.01.2016)	78,4	1 047,2	(2,0)	1 123,6



[in mln PLN unless otherwise stated]

NOTES

1. GENERAL INFORMATION

Name of the company:	CCC Spółka Akcyjna
Headquarters:	ul. Strefowa 6, 59-101 Polkowice
Registration:	District Court for Wrocław-Fabryczna in Wrocław, IX Commercial Division of the National Court Register
National Court Register/ KRS/:	0000211692
Corporate purpose:	The Company's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).

The Company CCC S.A. (a parent company in the Capital Group CCC S.A. (hereinafter: Parent Company) has been listed on the Warsaw Stock Exchange S.A. in Warsaw since 2004.

The consolidated financial statements of the Capital Group CCC S.A. (hereinafter: CG or Group) is prepared in accordance with International Financial Reporting Standards as adopted by the European Union („IFRS"). Items included in the financial statements of each Group's entities are measured using the currency of the primary economic environment in which the entity operates („the functional currency"). The financial statements is prepared under the method of historical cost.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management Board to make their own assessments within applying the accounting policies adopted by the Company. Significant estimates of the Management Board are presented in individual notes.

The most important accounting principles applied in the preparation of these financial statements are presented in the context of successive individual notes. These principles were applied in all presented years in a continuous manner. The list of the most important accounting policies and estimates and judgments for each item of reports on financial results and financial position are presented below:

NOTE	TITLE	ACCOUNTING POLICIES (Y/N)	CRITICAL ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
2	Sales revenue	Y		12
3.1	Cost of sales of goods	Y		17
3.1	Cost of operating stores	Y		17
3.1	Other cost of sales	Y		17
3.1	Administrative expenses	Y		17
3.1	Operating leasing	Y		18
3.2	Other operating and finance costs and revenues	Y		18
3.3	Income tax	Y		25
3.3	Deferred tax assets	Y	Y	22

[in mln PLN unless otherwise stated]

NOTE	TITLE	ACCOUNTING POLICIES (Y/N)	CRITICAL ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
3.3	Income tax liabilities	Y		22
4.1	Equity	Y		28
4.2	Debt liabilities	Y		29
5.1	Intangible assets	Y		33
5.2	Tangible fixed assets	Y	Y	34
5.2	Grants received	Y		35
3.1	Inventories	Y	Y	37
5.4	Loans granted	Y		39
5.4	Receivables from customers	Y		39
5.4	Other receivables	Y		39
5.5	Cash and cash equivalents	Y		41
5.6	Liabilities to suppliers	Y		42
5.6	Other liabilities	Y		42
5.7	Provisions	Y		43
6.1	Financial instruments	Y		44
6.2	Cost of incentive program	Y		50

APPLIED NEW AND REVISED ACCOUNTING STANDARDS

In these financial statements, the following new and amended standards and interpretations were applied, which came into force on 1 January 2015:

STANDARD	DESCRIPTION OF THE CHANGE
Amendments to IFRS 2011-2013	The amendments include changes in presentation, recognition and valuation and include terminological and editorial changes
IFRIC 21 „Levies"	The interpretation clarifies the accounting recognition of liabilities for payment of fees and taxes that are not income taxes

The above changes had no material impact on the Group's financial statements.

[in mln PLN unless otherwise stated]

PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE NOT EFFECTIVE YET AND HAD NOT BEEN EARLY ADOPTED BY THE GROUP

In these financial statements, the Group did not decide on early application of the published standards, interpretations or amendments to existing standards before their effective date.

The Group analysed the impact of all of said, unapplied earlier standards, with particular emphasis on the following new standards:

STANDARD	MAIN AMENDMENTS AND THE EFFECTIVE DATE
IFRS 9 „Financial instruments"	The standard introduces one model assuming only two classifications of financial assets: measured at fair value and measured at amortized cost. Classification is made on initial recognition and depends on the entity's approved model of financial instruments management and the contractual cash flow characteristics of these instruments. IFRS 9 introduces a new model for setting impairment losses – a model of expected credit losses. Effective date: 1 January 2018. (not approved by the European Union).
IFRS 15 — Revenue from Contracts with Customers"	The principles set out in IFRS 15 will apply to all contracts resulting in revenues. The fundamental principle of the new standard is to recognize revenue at the time of transferring goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished within the package, should be recognized separately, moreover, any discounts and rebates relating to the transaction prices should in principle be allocated to the individual elements of the package. Effective date: 1 January 2018. (not approved by the European Union).
IFRS 16 „Leases"	The new standard establishes rules for the recognition, measurement, presentation and disclosure regarding the lease. All leasing transactions result in obtaining the lessee's right to use the assets and liabilities arising from the obligation to pay. Thus, IFRS 16 abolishes the classification of operating leases and finance leases in accordance with IAS 17 and introduces a single model for accounting recognition of the lease by the lessee. Effective date: 1 January 2019. (not approved by the European Union)

Other published changes and new standards not listed in the table above have no material impact on the Group.

On the basis of conducted analysis, in the opinion the Management Board IFRS 16 Leases may have a significant impact on the financial statements of the Group. Within the activity described in the segment of distribution activities, the Group rents premises, in which it sells its own goods. Rent is now recognized in the financial statements of the Company as operating leases. According to the rules introduced by IFRS 16, the Group will have to recognize assets and liabilities arising from contracts of this type in the statement of financial position. The value of future minimum payments under operating leases is described in note 3.1. After application of IFRS 16, the Group expects a significant increase in the value of assets and lease liabilities in the statement of financial position of the Group. The minimum value of the discounted future payments is an approximate estimate of how much liabilities would increase if the standard was adopted at the balance sheet date. Recognized assets and liabilities will be differently accounted from the settlement of operating leases.

Currently, lease payments are accounted linearly. It is expected that the assets of the lease will also be accounted linearly however liabilities will be accounted with the effective interest rate, which will make the increase of burdens in the period after the conclusion or modification of the lease agreement and its reduction in the course of time.

The Management Board has not made a detailed assessment or simulation on the balance sheet date, and is planning to carry out relevant analyses in the years 2017-2018.

The Group expects that the only significant impact associated with the implementation of IFRS 9 may be the need to create impairments on the based on expected losses model. It is expected that this will have an impact on the opening balance and the balance positions of impairment losses, but this will have a little effect on the size of the recognized impairments. The Management Board plans to conduct appropriate analysis of the impact of this standard on the Group in 2016-2017.

In case of IFRS 15 the majority of the Group's sales to retail sale (individual products), and any changes may affect discount programs and bonus programs (especially for wholesale customers). The Management Board plans to conduct appropriate analysis of the impact of this standard on the Group in 2016-2017.

VALUATION OF AMOUNTS DENOMINATED IN FOREIGN CURRENCIES

The consolidated financial statements are presented in PLN, which is the functional currency of the Parent Company and the presentation currency for the consolidated financial statements. Gains and losses from exchange rate differences relating to debt and cash and cash equivalents are recognized in the income statement under „finance income or cost." All other gains or losses on foreign exchange differences are recognized in the income statement under „other operating income and other operating cost" in the net value.

The results and the financial position of all the Group's entities whose functional currency differ from the presentation currency are converted into the presentation currency as follows:

- assets and liabilities in each presented statement of financial position are converted at the closing rate at the balance sheet date;
- income and cost for each statement of comprehensive income is converted at average exchange rates (unless this average exchange rate is not a reasonable approximation of the cumulative effect of the rates at transaction days - in such case income and cost is converted at the rates of dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income and cumulatively as a separate component of equity.

When selling a unit operating abroad (including partial disposal), such exchange differences are recognized in income statement as part of the gain or loss on sale.

2. SEGMENTS

The financial data prepared for management reporting purposes are based on the same accounting policies as used in the preparation of the consolidated financial statements.

ACCOUNTING POLICY

The sales revenues recognize revenues from sales of goods, products and sublease services achieved in the normal course of business.

Revenue from sales is recognized at the fair value received or receivable for the sale of goods and services in the ordinary course of business of the Group. Revenue is shown after the deduction of value-added tax, returns, rebates and discounts and also after eliminating sales within the Group.

Revenues from sales of goods and products - wholesale

i FOR FURTHER DETAILS SEE NOTE 5.7

The Group sells footwear handbags, shoe care products, small leather goods and clothing in the wholesale domestic market and foreign market. In the domestic market sales are made on the basis of franchise concluded agreements. Revenue from sales is recognized at the time the contractor is transferred the significant risks and benefits related to the ownership of the goods.

The Group has all the risks associated with product obsolescence and after-sales service for the retail customer, i.e. the Group is obliged to cover the costs incurred in this connection and receive the goods coming from the complaints handling. Principles of creating provisions for warranty repairs are presented in Note 5.7.

Revenues from sales of goods and products - retail sale

i FOR FURTHER DETAILS SEE NOTE 5.7

The Group sells footwear, handbags, shoe care products, small leather goods and clothing through a network of its own stores located throughout the country. Revenue from sales is recognized upon delivery of the goods to the customer in the store. Retail sale is conducted mainly in cash or by payment cards. The Group applies a policy of return of goods by the customer within 7 days from the date of purchase. In order to estimate the size of returns and the creation of a provisions, the previous experience is applied. Principles of creating provisions for warranty repairs are presented in Note 5.7.

Revenue from premises sublease services

The Group is a party to the lease agreements and sublease of premises used to conduct retail business. Sublease agreements are concluded with business partners cooperating with the Group on the basis of franchise agreements. Therefore, the Group makes re-invoicing of lease costs for a contractor running business in a given location. In the consolidated financial statements, the Group presents the margin, it is the value of revenues less the costs associated with the title of revenue. Revenue from sublease services is recognized for the period to which lease or sublease applies.

Operating segments are presented in a manner consistent with internal reporting submitted to the chief operating decision-maker, on the basis of which he shall evaluate the results and decide on the allocation of resources. The main operating decision-maker is the board of the parent company.

The Management Board verifies Group's performance from the geographical and product perspective:

- from a geographical perspective, the Management Board analyses the activities in Poland, the European Union and other countries;
- from the perspective of product, the Management Board examines the wholesale and retail activities in each of these geographic areas

The Group identifies the following operating and reporting segments:

Reporting segment	Description of the reporting segment and used measures of the result	Premises of aggregation of operating segments into reporting segments, including economic circumstances taken into account in assessing the similarity of the economic characteristics of the operating segments
Distribution activities - retail in Poland, the stores operate in the chain: CCC, Lasocki, BOTI.	Each own individual store operating in the said country constitutes the operating segment.	The financial information was aggregated in total for the chain CCC, BOTI, LASOCKI by geographic markets due to: • Similarity of long-term average gross margins, • Similar nature of the goods (such as footwear, handbags, shoe care accessories, clothing accessories), • Similar way of distributing the goods, • Similar categories of customers (sale made in own facilities and directed to reatil customers)
Distribution activities - retail in the European Union - Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria)	Stores sell footwear handbags shoe care products, small leather goods and clothing in their own facilities, within the chain: CCC, BOTI LASOCKI.	
Distribution activities - retail in the European Union - Western Europe (Austria, Germany) Stores operate exclusively in the chain CCC.	Measures of the result is the gross sales profit calculated in relation to the external sales and the segment's operating profit being the difference between the sales, cost of goods sold, direct selling costs relating to the operations of the retail chain (stores operating costs) and the cost of organizational units supporting the sale.	
Distribution activities - retail in other countries (Turkey)		
Distribution activities – wholesale	The whole activity is carried out by CCC.eu dealing with the distribution of goods to the companies Group. The company sells footwear, handbags, shoe care products, clothing accessories to domestic and foreign franchisees and other wholesale customers. Measures of result is the gross sales profit calculated in relation to the external sales and the segment's operating profit being the difference between the sales, cost of goods sold and direct selling costs relating to the operation of the distribution network (including logistics costs).	
Manufacturing activities	Manufacturing of leather shoes for women is carried out in Poland. Measures of result is the result of operating segment being the difference between the sales, cost of sales of products and direct costs of sales.	

MORE DETAILS IN SECTION **1.3** (BUSINESS MODEL) IN STATEMENT OF OPERATIONS OF THE GROUP

MORE DETAILS IN STATEMENT OF OPERATIONS OF THE GROUP **p. 32**

[in mln PLN unless otherwise stated]

2015	DISTRIBUTION ACTIVITY					MANUFACTURING ACTIVITY	TOTAL AGGREGATED DATA OF SEGMENTS
	RETAIL				WHOLESALE		
	POLAND	UE – EUROPE ŚR-WSCH	UE – WEST EUROPE	OTHER COUNTRIES			
Total sales revenue	1 438,4	538,5	201,3	8,0	1 756,4	282,0	4 224,6
Revenues from sales to other segments	—	—	—	—	(1 638,1)	(281,8)	(1 919,9)
Revenues from sales from external customers	1 438,4	538,5	201,3	8,0	118,3	0,2	2 304,7
Gross profit from sale	771,6	313,8	131,8	4,8	41,3	0,2	1 263,5
Gross margin (gross profit on sales/revenues from sales to external customers)	53,6%	58,3%	65,5%	60,0%	34,9%	nd	54,8%
PROFIT OF SEGMENT	289,8	84,4	(34,4)	(1,6)	29,3	0,2	367,7
ASSETS OF SEGMENTS:							
Fixed assets except deferred tax asset	318,5	118,3	62,8	1,2	8,0	94,3	603,1
Deferred tax assets	5,8	—	—	—	6,6	7,9	20,3
Inventories	116,1	87,7	46,1	4,5	420,9	46,6	721,9
Outlays on tangible fixed assets and intangibles	318,5	118,3	62,8	1,2	8,0	94,3	603,1
Significant revenue/costs:							
Amortisation and depreciation	19,1	11,7	7,7	0,3	2,0	3,3	44,1
Write-downs on losses for tangible fixed assets and intangibles	(3,1)	0,8	—	—	—	—	(2,3)

2014	DISTRIBUTION ACTIVITY					MANUFACTURING ACTIVITY	TOTAL AGGREGATED DATA OF SEGMENTS
	RETAIL				WHOLESALE		
	POLAND	UE – EUROPE ŚR-WSCH	UE – WEST EUROPE	OTHER COUNTRIES			
Total sales revenue	1 398,8	431,2	94,8	5,3	766,1	281,4	2 977,6
Revenues from sales to other segments	—	—	—	—	(687,9)	(280,9)	(968,8)
Revenues from sales from external customers	1 398,8	431,2	94,8	5,3	78,2	0,5	2 008,8
Gross profit from sale	775,2	246,5	61,6	2,3	19,8	0,5	1 105,9
Gross margin (gross profit on sales/revenues from sales to external customers)	55,4%	57,2%	65,0%	43,4%	25,3%	nd	55,1%
PROFIT OF SEGMENT	307,1	40,3	(26,4)	(3,0)	10,6	0,5	329,1
ASSETS OF SEGMENTS:							
Fixed assets except deferred tax asset	294,4	98,0	43,5	1,7	7,0	90,3	534,9
Deferred tax assets	4,4	—	—	—	4,9	14,7	24,0
Inventories	228,3	89,8	29,1	1,7	408,2	48,7	805,8
Outlays on tangible fixed assets and intangibles	294,4	98,0	43,5	1,7	7,0	90,3	534,9
Significant revenue/costs:							
Amortisation and depreciation	22,8	9,7	4,2	0,3	4,0	1,9	42,9
Write-downs on losses for tangible fixed assets and intangibles	2,8	0,8	—	—	—	—	3,6

[in mln PLN unless otherwise stated]

Reconciliation of data relating to the segments of the consolidated financial statements are presented below:

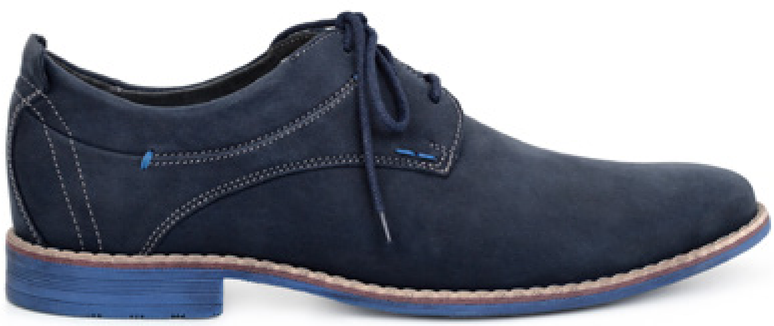
	2015			2014		
	AGGREGATED DATA OF SEGMENTS	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENTS	AGGREGATED DATA OF SEGMENTS	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENTS
Total sales revenue	4 224,6	(1 919,9)	2 304,7	2 977,6	(968,8)	2 008,8
Revenues from the sale unallocated to segment			2,3			0,3
Sales revenues in the financial statements			2 307,0			2 009,1
Cost of sales of goods in the financial statements			(1 041,2)			(902,9)
Gross profit on sales	1 263,5	—	1 265,8	1 105,9		1 106,2
Cost of sales for the activities of segments	(895,8)	—	(895,8)	(776,8)		(776,8)
Result of segment	367,7	—	370,0	329,1	—	329,4
Unallocated cost of sales			—			
General and administrative expenses			(115,2)			(76,8)
Other operating income and expenses			1,9			(9,4)
Finance income			0,1			3,1
Finance costs			(23,8)			(21,2)
Profit before tax			233,0			225,1
ASSETS OF SEGMENTS:						
Fixed assets (except deferred tax asset)	603,1	(5,3)	597,8	534,9	(4,7)	530,2
Deferred tax assets	20,3	292,2	312,5	24,0	243,3	267,3
Inventories	721,9	(41,4)	680,5	805,8	(64,5)	741,3
Outlays on tangible fixed assets and intangibles	603,1	(5,3)	597,8	534,9	(4,7)	530,2
Significant revenue/costs:						
Amortisation and depreciation	44,1	22,8	66,9	42,9	9,8	52,7
Write-downs on losses for tangible fixed assets and intangibles	(2,3)	—	(2,3)	3,6	—	3,6

[in mln PLN unless otherwise stated]

	SALES REVENUE		FIXED ASSETS (EXCEPT FINANCIAL INSTRUMENTS AND DEFERRED TAX)	
	2015	2014	2015	2014
Poland	1 454,0	1 401,1	416,9	380,7
Czech Republic	205,4	170,5	45,3	40,1
Hungary	143,7	129,0	32,1	31,8
Germany	124,0	46,0	42,7	27,9
Slovakia	121,5	100,8	18,4	14,1
Austria	77,3	48,8	20,1	19,4
Romania	69,3	38,2	—	—
Croatia	32,1	17,7	11,8	7,0
Slovenia	25,5	13,2	4,8	4,0
Other	54,2	43,8	5,7	5,2
Total	2 307,0	2 009,1	597,8	530,2
Deferred tax	—	—	312,5	267,3
Financial instruments	—	—	10,0	15,0
Total assets	—	—	920,3	812,5

i MORE DETAILS IN THE STATEMENT OF OPERATIONS OF THE **p. 65**

i FOR MORE INFORMATION SEE **3.1.1.1** (REVENUE, COGS AND GROSS PROFIT) + **3.1.1.2** (FIXED ASSETS) IN THE STATEMENTS OF OPERATIONS OF THE GROUP



3. NOTES TO STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME

3.1 COSTS BY NATURE

ACCOUNTING POLICY

Cost of goods sold

As the cost of goods sold the Group recognizes:

- value of goods sold
- value of packages expended for sale
- cost of a provision concerning complaints (note 5.7)
- the value of finished goods sold
- cost of sublease services (cost of the fees under operating lease of premises that are the subject of sublease)
- impairments for inventories
- impairment losses for fixed assets and intangible assets used in manufacturing of goods or providing services (amotization of production machines)

MORE INFORMATION IN SECTION 3.1.1.1 (COST OF OPERATING STORES) IN THE STATEMENTS OF OPERATIONS OF THE GROUP

Cost of operating stores

Cost of operating stores includes the cost of maintenance of stores and other retail outlets. This item includes mainly:

- cost of the fees in operating lease of premises in which stores are run
- remuneration costs of employees employed in stores
- amortisation of tangible fixed assets (investments in stores)
- cost of external services (inter alia, the costs of the agent's remuneration, costs of media consumption)

Other cost of sale

Other cost of sale includes cost of sale not directly related to the maintenance of stores, relating to organizational units supporting the sale. This item includes mainly:

- remuneration costs of employees of organizational units supporting sale
- amortisation of tangible fixed assets
- cost of external services
- other flat costs
- impairment losses on receivables from supplies and services

Administrative expenses

Administrative expenses include expenses related to managing the general operations of the Group(general-administrative expenses) and general expenses of the Group.

FOR FURTHER DETAILS SEE NOTE 5.7

MORE DETAILS IN THE STATEMENT OF OPERATIONS OF THE GROUP p. 73

[in mln PLN unless otherwise stated]

ACCOUNTING POLICY

Other income and operating cost

Other operating income and costs include income and costs from non-core operating business activities of the units, for example, profit or loss on disposal of tangible fixed assets, penalties and fines, donations, etc.

Finance income and cost

Finance income and cost resulting from finance activity include among others: interest, commision ,profit and loss on diferrences arrising from exchenge rate differences.

Operating lease

Leasing, in which a significant portion of the risks and benefits under the ownership are retained by the lessor, constitutes an operating lease. Operating lease mainly concerns the lease of retail space in which the sale of retail goods is made.

Payments made under operating lease are recognized in the income statement by a linear method over the period of the lease agreement. Discounts received by the lessor are recognized in the financial statement in the same way as an integral part of the total lease payments. These costs are recognized in the statement of comprehensive income in „Costs of operating stores" or „Other costs of goods sold".

NOTE	2015	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Acquisition cost of goods sold	815,3	—	—	—	815,3
	Consumption of materials and energy	—	36,3	191,1	4,2	231,6
5.3	Impairment for inventories	6,4	—	—	—	6,4
	Remuneration	—	218,6	53,2	23,1	294,9
6.3	Cost of incentive program	—	—	—	26,9	26,9
	Other employee benefits	—	54,0	12,9	5,4	72,3
	Agent services	—	37,3	—	—	37,3
	Transportation services	—	0,2	3,6	—	3,8
	Lease costs	—	283,9	0,8	13,8	298,5
	Other outsorcing services	—	34,3	86,3	25,6	146,2
5.2	Amortisation	—	35,7	3,8	8,8	48,3
	Taxes and charges	—	3,1	0,1	2,6	5,8
	Other flat costs	—	27,7	32,3	4,8	64,8
	Change in products and production in progress	—	—	0,1	—	0,1
	Total	821,7	731,1	384,2	115,2	2 052,2

The amount of cost of goods sold of the manufacturing company amounted in 2015 to 219.5 million PLN (2014 - 230.1) and was allocated to other costs of sales in the items: consumption of materials and energy 175.5 million PLN (2014 - 191.6 mln PLN) remunerations 31.6 million PLN (2014 - 29.5 million PLN), other 12.4 million PLN (2014 - 9 million PLN)

[in mln PLN unless otherwise stated]

NOTE	2014	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Acquisition cost of goods sold	672,8	–	–	–	672,8
	Consumption of materials and energy	–	35,8	202,5	8,2	246,5
5.3	Impairment for inventories	–	–	–	–	–
	Remuneration	–	180,4	72,3	7,6	260,3
6.3	Cost of incentive program	–	–	–	2,2	2,2
	Social security contributions	–	54,0	9,6	0,1	63,7
	Agent services	–	33,3	–	–	33,3
	Transportation services	–	19,1	8,0	1,4	28,5
	Lease costs	–	234,8	6,5	0,2	241,5
	Other outsorcing services	–	34,3	41,7	11,8	87,8
5.2	Amortisation	–	36,1	10,8	8,3	55,2
	Taxes and charges	–	0,7	10,1	32,7	43,5
	Other flat costs	–	3,4	11,6	14,3	19,3
	Change in products and production in progress	–	–	1,9	–	1,9
	Total	672,8	631,9	375,0	76,8	1 756,5

[in mln PLN unless otherwise stated]

OPERATING LEASE

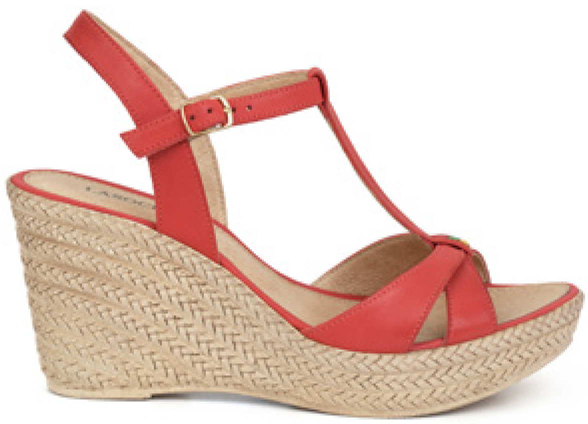
The Company uses the following assets by virtue of agreements that are classified as operating lease: premises where commercial activities are performed and other assets.

Expected minimum payments under operating leases deprived of the possibility of early termination on 31 December 2015 and 31 December 2014 are as follows:

	RENTS	
	2015	2014
up to 1 year	245	204
from 1 to 5 years	980	815
over 5 years	490	408
Total	1 715	1 427

The Group has agreements with banks pursuant to which banks issued guarantees to entities that lease premises in which the Group operates commercially. The total amount of guarantees utilised at 31 December 2015 amounted to 68.4 million PLN (61.8 million PLN at 31 December 2014).

The Group is also a party to the sublease agreements on the basis of operating leases. Revenues from sub-leasing fees on the basis of operating leases for the period of 12 months of 2015 amounted to 13.1 million PLN (in 2014 12.6 million PLN).



[in mln PLN unless otherwise stated]

3.2 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

NOTE		2015	2014
	Other costs		
	Loss on disposal of tangible fixed assets	7,3	5,8
	Stocktaking net losses	4,2	4,8
5.7	Provision establishment	1,7	4,4
	Other net operating cost	—	0,7
		13,2	15,7
	Other income		
	Profit on disposal of tangible fixed assets	—	—
	Profit from exchange rate differences on items other than debt	8,6	3,3
	Compensations	0,3	3,0
	Other net operating income	6,2	—
		15,1	6,3
	Total other operating costs and income	1,9	(9,4)

NOTE		2015	2014
	Finance cost		
4.2	Interest on borrowings (recognised in costs)	17,4	18,8
	Result on exchange rates	3,7	—
	Commissions paid	0,7	0,7
	Other finance cost	2,0	1,7
		23,8	21,2
	Finance income		
	Dividends received	0,1	0,5
	Result on exchange rates	—	1,9
	Other finance income	—	0,7
		0,1	3,1

i MORE INFORMATION IN SECTION **3.1.1.1** (FINANCE INCOME AND COSTS) IN THE STATEMENT OF OPERATIONS OF THE GROUP

3.3 TAXATION

ACCOUNTING POLICY

The obligatory burdens of result include current tax (CIT) and deferred tax.

Current tax is calculated on the basis of the tax result in a given reporting period in countries where the company and its subsidiaries operate and generate taxable income based on the rates in force in the country. Changes in estimates relating to previous years are recognized as an adjustment to the burden for the current year.

Deferred tax assets and liabilities are recognized in the result of the creation of differences between the book value of assets and liabilities and their corresponding tax values and from unaccounted tax losses. Such differences arise in the Company in a situation of different accounting of depreciation for accounting and tax purposes, the recognition of accounting impairment of assets (which for tax purposes will be realized in the form of tax write-offs in future periods) or created for the purpose of accounting provisions (which for tax purposes will be recognized at the moment of incurring respective costs). The differences (not related to acquisitions transactions) related to the initial recognition of a part of an asset or liabilities that does not affect the moment of recognition of a given asset neither the outcome nor the accounting profit (loss) tax are excluded from recognition.

Temporary differences also arise in transactions of acquisitions and internal reorganization within the group. In the case of acquisitions of external entities, temporary differences arise as a result of the valuation of assets and liabilities to their fair values without affecting the tax bases of assets and liabilities - liability or deferred tax asset arising from these differences adjusts the goodwill (profit on occasional acquisition). In case of an intra-group reorganizations, the assets and deferred tax liabilities arise as a result of recognition or changes in the value of parts of assets or liabilities for tax purposes (e.g. a trademark) without their concurrent recognition in the balance sheet due to the elimination of result on intra-group transactions - the effects of recognition of the related assets and deferred taxes liabilities are recognized in the result of the period unless the related transactions have an impact on other comprehensive income or equity.

Positive temporary differences relating to goodwill are excluded from being recognized, however, if the tax value of goodwill arising on the transaction is higher than its book value, the deferred tax asset is recognized on the initial recognition of goodwill if it is probable that the income tax will be generated which will allow for the implementation of the negative temporary difference.

Deferred tax assets and liabilities are calculated using the current (or practically applicable) tax rates. Deferred tax assets and liabilities are subject to offsetting within the Company, when it has the right to settle current tax in a net amount.

Deferred tax assets are recognized to the amount that it is probable to generate taxable income, which will allow the realization of negative temporary differences and tax losses, or when it is expected to simultaneously realize positive temporary differences. Amounts above this are exclusively subject to disclosure.

[in mln PLN unless otherwise stated]

A. AMOUNTS OF INCOME TAX RECOGNIZED IN THE INCOME STATEMENT AND STATEMENT OF CASH FLOWS

NOTE		2015	2014
	Current tax	(18,9)	(42,0)
5.3.c	Deferred tax	45,3	237,3
5.3.b	**Income tax recognized in income statement**	26,4	195,3
	Current tax recognized in the result	18,9	42,0
	Balance of (liabilities) /receivables at beginning of period	31,8	3,8
	Balance of (receivables) / liabilities at the end of the period	1,4	(31,7)
	Other changes	(0,2)	—
	Tax paid recognized in statement of cash flows	51,9	14,1

B. INFORMATION ON APPLIED TAX RATES AND RECONCILIATION FOR CHARGING THE RESULT

The table below shows the countries in which the Group achieves the highest income tax with an indication of the tax rate corresponding to the relevant jurisdiction:

	2015	2014
Poland	19%	19%
Czech Republic	19%	19%
Hungary	10%	10%
Slovakia	23%	23%
Other countries	8,47% – 25%	8,47% – 25%
Weighted average income tax rate	18,56%	16,77%

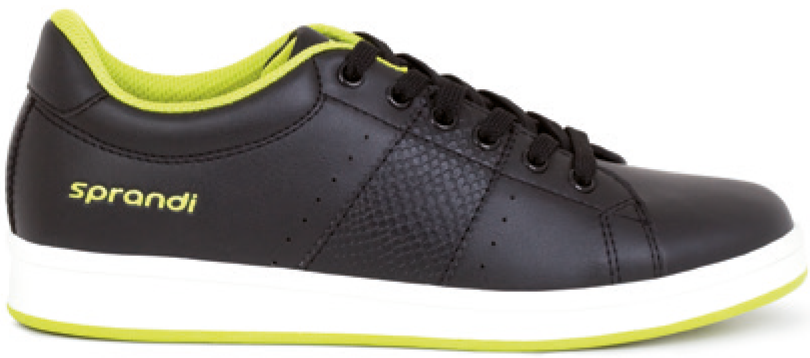
[in mln PLN unless otherwise stated]

Income tax on profit before tax of the Group differs from the theoretical amount that would have been obtained using the weighted average tax rate applicable to consolidated profits of the companies:

	2015	2014
Profit before tax	233,0	225,1
Weighted average tax rate	18,56%	16,77%
Tax calculated according to weighted average tax rate	(43,3)	(37,7)
Tax effects of the follwoing items:		
• income not allowable for tax income	0,5	9,4
• non-tax-deductible expenses	(7,1)	(6,2)
• recognition of temporary difference for trademarks and goodwill	95,2	215,7
• tax losses in respect of which deferred tax assets were not recognized	(22,1)	8,5
• other adjustments	3,2	5,6
Charging financial result on income tax	26,4	195,3

The main item of revenue not constituting tax revenues are revenues realized after the balance sheet date.

Non-tax-deductible expenses include the cost of the valuation of employee scheme.



[in mln PLN unless otherwise stated]

C. BALANCE AND CHANGES OF DEFERRED TAX

Changes in assets and liabilities due to deferred income tax during the year is presented as follows:

NOTE		31.12.2015	RECOGNIZING/ (CHARGING) FINANCIAL RESULT	31.12.2014	RECOGNIZING/ (CHARGING) FINANCIAL RESULT	01.01.2014
	Assets					
5.1	Goodwill	247,3	39,2	208,1	208,1	—
5.1	Trademarks	35,8	(4,0)	39,8	24,0	15,8
	Inventories - adjustment of margin on intragroup sale	7,8	(4,0)	11,8	8,2	3,6
	Impairment of assets	7,3	1,2	6,1	3,3	2,8
	Provisions for liabilities	3,1	(0,1)	3,2	1,4	1,8
	others	14,9	12,4	1,3	0,7	0,6
	Total before offsetting	316,2	44,7	270,3	245,7	24,6
	Liabilities					
	Accelerated tax depreciation of tangible fixed assets	3,1	(5,8)	8,9	8,1	0,8
	others	7,0	6,4	0,6	0,4	0,2
	Total before offsetting	10,1	0,6	9,5	8,5	1,0
	Offseting	3,7	0,7	3,0	—	1,0
	Balance of deferred tax in the balance sheet:					
	• Assets	312,5	—	267,3	—	23,6
	• Liabilities	6,4	—	6,5	—	—
	Charging financial result		44,1		237,2	

[in mln PLN unless otherwise stated]

D. SIGNIFICANT ESTIMATES OF THE RECOGNITION OF DEFERRED TAX ASSETS AND INFORMATION ABOUT UNRECOGNIZED DEFERRED TAX ASSETS

In October 2014, the organized part of the enterprise was transferred from CCC S.A. including distribution, logistics, marketing, investment activities and other to the company CCC.eu. The result is a tax goodwill. From the resulting negative temporary difference in respect of goodwill deferred tax asset was recognized in the amount of which implementation is likely taking into account forecasts of future tax results. At the same time, the Company CCC.eu purchased in 2014 from a related company NG2 Suisse S.a.r.l. trademarks of CCC, Lasocki and BOTI at a price equal to their fair value at the acquisition date. In this regard, the tax value of trademarks was increased. From the resulting negative temporary difference between the book value of the trademarks and their increased tax value, the deferred tax asset was recognized. As a result of the transactions, the Group recognized deferred tax assets in the amount of 215.6 mln PLN recognizing the effect in 2014, leaving the amount of 193.9 mln PLN on goodwill as undiagnosed.

In 2015, the Group recognized another part of the assets of goodwill in the amount of 95.1 million PLN thus leaving the unrecognized value of 98.8 million PLN

Implementation and reversal of temporary differences requires from the Management Board significant estimates in relation to expected results that are subject to taxation in various entities of the Group. Recognition of deferred tax assets in excess of recognized deferred tax liability means that it is probable that the Group will be able to realize the economic benefits resulting from the settlement of amortization of goodwill and trademarks. The following table shows the periods in which the realization of recognized assets and deferred tax liabilities is estimated:

PERIOD OF REALIZATION OF ASSETS AND LIABILITIES DUE TO DEFERRED TAX	2015		2014	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
up to 1 year	72,9	6,4	70,9	9,5
1-2 years	43,4	—	43,4	—
2-3 years	43,4	—	43,4	—
3-5 years	86,9	—	86,9	—
Over 5 years	65,9	—	25,7	—
Total	312,5	6,4	270,3	9,5
Unrecognized	129,7	—	202,5	—
• Relating to goodwill	98,8	—	193,9	—
• Relating to tax losses	30,9	—	8,6	—

Goodwill is amortized for tax purposes over 10 years (remaining period to 31 December 2015 - 9 years). The Management Board assumed that it is not probable to achieve the benefits of amortization or tax losses of the company CCC.eu in the period over 5 years. Estimation of future tax income of CCC.eu. affects the recoverability of asset.

The balance of unrecognized assets due to tax losses consists of tax losses of some companies of the Group [operating in Germany, Austria and Poland] and tax losses related to amortisation of the value of company.

[in mln PLN unless otherwise stated]

4. DEBT, CAPITAL AND LIQUIDITY MANAGEMENT

4.1 CAPITAL MANAGEMENT

The Group's objective in capital management is to secure Group's ability to continue its operations so that it can generate return for shareholders and benefits for other interested parties and maintain an optimal capital structure in order to reduce its cost.

In accordance with the Group's policy, the dividend is possible in the amount not less than 33% and not higher than 66% of the profit for the period. Detailed information on the dividend policy is described in the Statement on operations of the Group. [Section 3.2.1 (financial ratios)]

To maintain or adjust the capital structure, the Group may adjust the amount of dividends declared to be paid to shareholders, return capital to shareholders, issue new shares or sell assets in order to reduce debt.

Like other companies in the industry, the Group monitors the capital by using the debt ratio. This ratio is calculated as the ratio of net debt to total capital. Net debt is calculated as total of borrowings (including current and non-current loans and issued bonds indicated in the separate statement of financial position) less cash and cash equivalents. Total value of capital is calculated as equity presented in the separate statement of financial position with net debt.

i MORE DETAILS IN THE STATEMENT OF OPERATIONS OF THE GROUP **p. 82**

NOTE		2015	2014
4.2	Debt liabilities	718,8	578,0
5.5	Cash and cash equivalents	340,6	161,9
	Net debt	378,2	416,1
4.1	Total equity	1 123,6	952,2
	Capital employed (equity and net debt)	1 501,8	1 368,3
	Debt ratio	25%	30%

The change of a ratio is consistent with the activities undertaken by the Group, and the ratio is at the level expected by the Management Board of the parent company, which is in the range from 20 to 40%.

4.1.1 EQUITY

ACCOUNTING POLICY

Equity is recognized in the accounting books by type and in accordance with legal regulations and the provisions of the Articles of Association.

The types of equity:

• basic capital (share) of the Parent Company is recognized in the value specified in the Articles of Association and entered in the court register,

• capital reserve created from the surplus value from the sale of shares above their nominal value less the issuance costs,

• retained earnings created from the dividing of financial result, undivided financial result and profit (loss) for the period covered by the financial statements,

• other capitals - created based on launched stock option scheme for employees

Dividend payments to shareholders of the Parent Company are recognized as a liability in the Company's financial statements in the period in which they are approved by shareholders of the Parent Company.

SHARE CAPITAL

As at 31 December 2015 and 31 December 2014 share capital of the parent company consisted of 38.4 million shares, including 31.75 million ordinary shares and 6.65 million preferred shares with voting rights. All issued shares were paid in full.

Shareholders have the right to purchase the registered preferred shares held for sale.

The entity which has a significant effect on the Company is a company Ultro S.A., based in Polkowice, which holds 26.95% of the share capital and 33.52% of the total number of votes. This entity is dependent on Dariusz Miłek, The President of the Management Board of CCC S.A. Other information concerning the shareholders is included in the statement of operations of the Company.

i MORE DETAILS IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 108**

OTHER CAPITALS

Other capital mainly include capital from the settlement of employee benefit plans based on shares settled in capital instruments (for further details see note 6.1).

i FOR FURTHER DETAILS SEE NOTE **6.1**

i MORE DETAILS IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 108**

RETAINED EARNINGS

Retained earnings include: retained earnings from previous years (including the amounts transferred to the capital reserve in accordance with the requirements of the Commercial Companies Code) and profit of the fiscal year.

EARNINGS PER SHARE

WIn the fiscal year earnings per share amounted to 6.77 (2014 – 10.94 PLN). There were no events affecting the dilution of the profit.

DIVIDEND PAID

In the current year a dividend in the amount of 115.2 mln PLN was paid, which corresponds to 3,00 PLN per 1 share (in 2014 it was 61.44 million PLN, corresponding to 1,60 PLN per 1 share). Detailed information on the dividend policy is contained in the statement of operations of the Group.

i MORE DETAILS IN THE STATEMENT OF OPERATIONS OF THE GROUP **s. 120**

[in mln PLN unless otherwise stated]

4.2 DEBT

ACCOUNTING POLICY

Debt liabilities cover mainly bank loans and issued bonds. Debt liabilities are recognized initially at fair value less transaction costs associated with obtaining financing.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate. Financial costs are recognized in the financial result in financial costs except for costs that relate to the financing of production of fixed assets.

i ACCORDING TO THE POLICY IN NOTE **5.2**

NOTE		DEBT LIABILITIES			BONDS LIABILITIES	TOTAL DEBT
		NON-CURRENT	CURRENT	IN CURRENT ACCOUNT		
4.2	At 1.01.2014	158,0	36,1	133,7	—	327,8
	Proceeds from debt contracted	—	—	—	—	—
	- financing received	—	30,5	164,3	210,0	404,8
	- transactional cost	—	—	—	—	—
	Charging interest	2,6	2,5	13,7	—	18,8
	Repayment of debt	—	—	—	—	—
	- repayment of capital	(152,0)	—	(129,7)	—	(281,7)
	- interest paid	(2,6)	(2,5)	(13,7)	—	(18,8)
	Change in current account	—	185,4	(58,3)	—	127,1
	Other changes	—	—	—	—	—
4.2	At 31.12.2014	6,0	252,0	110,0	210,0	578,0
	Proceeds from debt contracted	—	—	—	—	—
	- financing received	—	25,0	80,7	—	105,7
	- transactional cost	—	—	—	—	—
	Charging interest	1,3	4,8	3,6	7,1	16,8
	Repayment of debt	—	—	—	—	—
	- repayment of capital	(6,0)	(131,0)	(10,1)	–	(147,1)
	- interest paid	(1,3)	(4,8)	(3,6)	(7,1)	(16,8)
	Change in current account	—	—	182,2	—	182,2
	Change in presentation from current to long-term	86,0	(86,0)	—	—	—
4.2	At 31.01.2015	86,0	60,0	362,8	210,0	718,8

[in mln PLN unless otherwise stated]

Total funding was incurred in PLN. Interest on the total funding (loans and bonds) are based on variable interest rates (WIBOR plus the bank margin). The existing debt involves interest rate risk. Description of exposure to financial risks is provided in note 6.1.

Under the terms of loan agreements and incurred liabilities with respect to bonds of which the balance of the debt on the balance sheet date is 718.8 (2014: 578.0) The Group is required to comply with the following covenants:

a) ratio 1 i.e.
[net financial debt ratio / EBITDA] is not higher than 3.0

b) ratio 2 i.e.
[interest service ratio] is not lower than 5.0

c) ratio 3 i.e.
[operating margin] is not lower than 9.0%

As of 31 December 2015 the value of Ratio 1 was 1.2 (1.4 at 31 December 2014), the value of Ratio 2 amounted to 18.6 (15.7 at 31 December 2014) whereas the value of Ratio 3 amounted to 11.1% (12.1% at 31 December 2014)

As of 31 December 2015, during the reporting period and until the date of approval of the financial statements, there had been no breaches of the covenants contained in the aforementioned agreements.

Repayment of these liabilities are covered by the following collateral:

	2015	2014
	AMOUNT/OR BOOK VALUE OF GUARANTEE	
Guarantees given	68,4	61,7
Capped mortgage on the the property	645,0	580,0
Registered pledge on movables	200,0	290,0
Blank promissory notes	—	—
Assignment of rights from insurance policies	8,0	15,0

[in mln PLN unless otherwise stated]

4.3 CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

Cautious liquidity management implies maintaining sufficient cash and cash equivalents and the availability of further funding through guaranteed sources from credit lines.

The following table provides information on the contractual undiscounted payments under the existing debt.

i MORE DETAILS IN THE STATEMENT OF THE OPERATIONS OF THE GROUP **p. 82**

i MORE INFORMATION IN SECTION **3.3.1** (BORROWINGS) IN THE STATEMENT OF OPERATIONS OF THE GROUP

NOTE	AT 31.12.2015	CONTRACTUAL MATURITIES FROM THE END OF REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3 – 12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	60,0	246,0	202,8	—	—	508,8	508,8
4.2	Bonds	—	—	—	210,0	—	210,0	210,0
5.6	Liabilities to suppliers	78,1	—	—	—	—	78,1	78,1
	Financial liabilities	138,1	246,0	202,8	210,0	—	796,9	796,9

NOTE	STAN NA 31.12.2014	CONTRACTUAL MATURITIES FROM THE END OF REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3 – 12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	160,0	91,2	116,8	—	—	368,0	368,0
4.2	Bonds	—	—	—	210,0	—	210,0	210,0
5.6	Liabilities to suppliers	99,8	—	—	—	—	99,8	99,8
	Financial liabilities	259,8	91,2	116,8	210,0	—	677,8	677,8

[in mln PLN unless otherwise stated]

4.4 ADDITIONAL INFORMATION TO SELECTED ITEMS OF THE STATEMENT OF CASH FLOWS

NOTE		RECIVABLES	LIABILITIES
	At 31.12.2014	93,5	181,3
	At 31.12.2015	133,8	178,5
	Change in the statement of financial position	(40,3)	(2,8)
	Difference arising from:		
5.4	Loans granted	12,7	—
	Change in investment liabilities	—	1,1
	Other	—	0,2
	Change recognized in the statement of cash flows	(27,6)	(1,5)
	At 31.12.2013	83,0	155,4
	At 31.12.2014	93,5	181,3
	Change in the statement of financial position	(10,5)	25,9
	Difference arising from:		
5.4	Loans granted	(10,5)	—
	Change in investment liabilities	—	(6,6)
	Change recognized in the statement of cash flows	—	32,5

	2015	2014
Other profit adjustments before taxation:		
(Profit)/loss on exchange rates differences	0,4	(1,0)
Change in provisions	(2,6)	6,2
Valuation of employee option scheme	26,6	2,5
Other	0,1	—
	24,5	7,7

	2015	2014
Depreciation and amortization resulting from changes in fixed assets		
Depreciation and amortization disclosed in note of flat costs	48,3	55,2
Change due to re-invoicing of costs	18,8	—
Other	(0,2)	2,5
	66,9	52,7

[in mln PLN unless otherwise stated]

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

POLITYKA RACHUNKOWOŚCI

The Group measures intangible assets in the value of incurred cost less depreciation write-offs and impairment losses.

Depreciation is calculated with linear method by estimating the utility period of a particular asset, which for selected groups refers to:

- patents and licenses - from 5 to 10 years
- trademarks - from 5 to 10 years
- other intangible assets - from 5 to 10 years

In case when there were events or changes in circumstances indicating that the book value of intangible assets may not be recoverable, they undergo verification for impairment in accordance with the policy described in note 5.2.

i FOR FURTHER DETAILS SEE NOTE **5.2**

	TRADEMARKS, PATENTS AND LICENCES	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross value 1.01.2014	9,8	3,1	12,9
Aggregated impairement	(3,7)	—	(3,7)
Net value 1.01.2014	6,1	3,1	9,2
Exchange rates differences from conversion	(0,1)	—	(0,1)
Amortisation and Depreciation	(2,0)	—	(2,0)
Acquisition	2,3	0,5	2,8
Producing on its own	—	—	—
Liquidation and sale	—	—	—
Transfer between groups	(0,5)	(0,1)	(0,6)
Gross value 31.12.2014	11,5	3,5	15,0
Aggregated impairement	(5,7)	—	(5,7)
Net value 31.12.2014	5,8	3,5	9,3
Exchange rates differences from conversion	—	—	—
Amortisation and Depreciation	(2,9)	—	(2,9)
Acquisition	1,1	1,1	2,2
Producing on its own	—	—	—
Liquidation and sale	—	(2,7)	(2,7)
Gross value 31.12.2015	12,6	1,9	14,5
Aggregated impairement	(8,6)	—	(8,6)
Net value 31.12.2015	4,0	1,9	5,9

[in mln PLN unless otherwise stated]

5.2 TANGIBLE FIXED ASSETS

ACCOUNTING POLICY

Tangible fixed assets include mainly: investments in foreign fixed assets (i.e. outlays in rented premises used for selling retail goods) and land and buildings, machinery and equipment.

Fixed assets are recognized at purchase price or production cost less depreciation write-offs and recognized impairment losses. Lands and fixed assets in progress are not depreciated.

Subsequent outlays are included in the book value of the fixed asset or recognized as a separate fixed asset (where appropriate) only when it is probable that this item will generate economic benefits for the Group, whereas the cost of the item can be measured reliably. Book value of the mentioned item is removed from the balance sheet. All other outlays on repairs and maintenance are recognized in financial result during the financial period in which they are incurred.

Borrowing costs are subject to capitalization and are recognized as an increase in the value of the fixed asset. Depreciation is calculated with linear method by estimating the utility period of a particular asset, which for selected groups refers to

Group of fixed assets	Depreciation period	Other utility period
Investment in stores	Depreciation period is determined by two factors and accept lesser of values: - utility period of outlays (typically 10 years) - duration of the lease store in which the fixed asset is placed (usually 10 years)	
Factory and distribution	– buildings – machines and equipment – means of transport – other tangible fixed assets	– from 10 to 40 years – from 3 to 15 years – from 5 to 10 years – from 5 to 10 years.
Other	– machines and equipment – means of transport – other tangible fixed assets	– from 3 to 15 years – from 5 to 10 years – from 5 to 10 years.

Depreciation method and its period are reviewed at each balance sheet date.

Principles of testing for impairment and accounting write-downs due to impairment of tangible fixed assets is disclosed in Note 5.2

i FOR FURTHER DETAILS SEE NOTE **5.2**

Impairment on non-financial fixed assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate the possibility of not realizing their book value. An impairment loss is recognized for the amount by which the book value of a particular part of assets exceeds its recoverable amount. The recoverable amount constitutes the higher of two amounts: fair value of assets less costs of sale or value in use. For the purposes of assessing impairment, assets are grouped at the lowest level in regard to which there are separately identifiable cash flows (cash generating units). Non-financial assets in regard to which impairment had been identified previously are assessed at each balance sheet date for the occurrence of reasons for possible reversal of the made impairment.

In retail sales each of the stores is a separate cash generating unit. In accordance with the above principles, in respect of investments in stores at each balance sheet date, the Group makes analysis for impairment loss. Operating profit realized by each of the retail units is assessed.

ACCOUNTING POLICY

In order to estimate the impairment loss of non-financial assets, the Group takes into account the following reasons

1. Store operates at least 24 months.
2. Store suffers a loss at the gross level including the customs tolerances in each of the last two years of operation.
3. Analysis of the current value of future cash flows indicates the lack of coverage of investment outlays.

In the event that the assets are recognized as irrecoverable, the Group performs an impairment loss in the amount of surplus of investment outlays over the recoverable amount. Write-down is recognized in cost of sales of goods.

Grants received

Grants for the purchase or production of tangible fixed assets the Group recognizes in the books of the Group at the moment of inflow or prima facie evidence of its inflow in the future (e.g. receiving a promissory note, incentive on operating lease) if there is reasonable assurance that the Group will meet the conditions necessary to receive a grant. Grants are recognized as deferred income (position „grants received"). Included in deferred income the amounts of grants gradually adjust the depreciation in cost of sales of goods, in parallel to depreciation write-offs or tangible fixed assets impairment financed from these sources.

In 2015, the impairment of non-financial assets was released in the amount of 2.3 million PLN in total concering the outlays in the stores.

In 2014 an impairment loss of non-financial assets in the amount of 3.6 million PLN, in total concerning the outlays in the stores.

Some of the assets relating to the specific points of sales can be permanently connected to the rented premise (outlays in stores), which causes the lack of an alternative way of using them or reselling. Their utility period, as well as the amortization period is related to the estimation of the lease of the premises. Approved utility periods are described above.

Accordingly, the level of costs of depreciation depends on the estimated rental period of the point of sales. Changes of this period can affect the level of impairment loss.

In the event that the rental period has been increased/decreased by one year, the level of depreciation expense would be decreased/increased by 6.7 million PLN.

Fixed assets in progress mainly include investment outlays incurred in the stores.

Information on fixed assets creating a pledge for the debt incurred is presented in note 4.2.

i FOR FURTHER DETAILS SEE NOTE **4.2**

The Company CCC S.A. on 23 December 2009 concluded the agreement with the Polish Agency for Enterprise Development for financing investments in fixed assets. The company applied for a grant from the Innovative Economy Operational Programme in connection with the investment of building high-storage warehouse located in Polkowice. The final amount of the grant was fixed in the amount of 38.5 million PLN.

The grant was, in accordance with the accounting policy of the Group, classified as deferred income in the statement of financial position.

In 2015, in the statement of comprehensive income the grant in the amount of 2.6 million PLN was settled (in 2014 2.6 million PLN).

[in mln PLN unless otherwise stated]

		FACTORY AND DISTRIBUTION				OTHER TANGIBLE FIXED ASSETS				
	INVESTMENT IN STORES	LAND, BUILDINGS AND CONSTRUCTIONS	MACHINES AND EQUIPMENT	TANGIBLE FIXED ASSTES IN PROGRESS	TOTAL	LAND, BUILDINGS AND CONSTRUCTIONS	MACHINES AND EQUIPMENT	OTHER	TOTAL	TOTAL
Gross value 1.01.2014	239,9	125,8	93,5	0,8	220,1	—	10,3	78,2	88,5	548,5
Write-down aggregated	(58,1)	(27,9)	(30,4)	—	(58,3)	—	(3,8)	(28,3)	(32,1)	(148,5)
Impairement loss	(2,8)	—	—	—	—	—	—	—	—	(2,8)
Net value 1.01.2014	179,0	97,9	63,1	0,8	161,8	—	6,5	49,9	56,4	397,2
Exchange rates difference from conversion	0,6			(0,1)	(0,1)		0,2	0,6	0,8	1,3
Acquisitions	71,3	5,6	6,5	123,3	135,4		7,1	47,4	51,7	258,4
Produced on its own				0,1	0,1				—	0,1
Amortisation and depreciation	(19,5)	(8,3)	(9,0)	—	(17,3)	—	(3,8)	(12,1)	(15,9)	(52,7)
Liquidation and sale	(17,6)	—	—	(3,6)	(3,6)		(3,9)	(5,6)	(9,5)	(30,7)
Impairement loss	8,6				—		2,6	2,6	5,2	13,8
Transfers				(62,9)	(62,9)				–	(62,9)
Gross value 31.12.2014	291,4	131,4	100,0	57,6	289,0	—	13,7	120,6	131,5	714,7
Write-down aggregated	(69,0)	(36,2)	(39,4)	—	(75,6)	—	(5,0)	(37,8)	(42,8)	(187,4)
Impairement loss	(3,6)	—	—	—	—	—	—	—	—	(3,6)
Net value 31.12.2014	218,8	95,2	60,6	57,6	213,4	—	8,7	82,8	88,7	520,9
Exchange rates difference from conversion	0,1				—			0,6	0,6	0,7
Acquisitions	87,9	69,0	22,7	69,1	160,8		4,3	20,8	27,9	273,8
Produced on its own					—				—	—
Amortisation and depreciation	(27,3)	(12,7)	(10,3)	—	(23,0)		(2,2)	(14,2)	(16,4)	(66,7)
Liquidation and sale	(19,1)	(1,0)	(4,7)		(5,7)			(3,9)	(3,9)	(28,7)
Impairement loss	10,4		0,8		0,8			0,5	0,5	11,7
Transfers				(124,9)	(124,9)				–	(124,9)
Gross value 31.12.2015	356,7	199,4	118,0	1,8	319,2	—	18,0	138,1	156,1	832,0
Write-down aggregated	(85,9)	(48,9)	(48,9)	—	(97,8)	—	(7,2)	(51,5)	(58,7)	(242,4)
Impairement loss	2,3	—	—	—	—	—	—	—	—	2,3
Net value 31.01.2015	273,1	150,5	69,1	1,8	221,4	—	10,8	86,6	97,4	591,9

[in mln PLN unless otherwise stated]

5.3 INVENTORIES

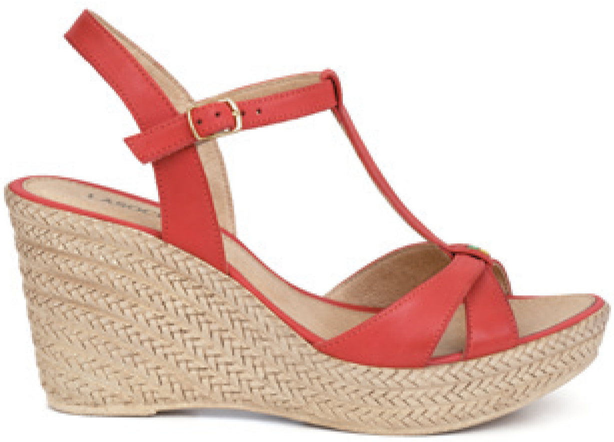
ACCOUNTING POLICY

Inventories are recognized at purchase price or production cost or the net selling price, depending which of these amounts is lower. Net selling price it is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

In the event of circumstances as a result of which there has been a decrease in the value of inventories, the impairment loss in cost of sales of goods is made. In the case of termination of the circumstances that caused the decrease in the value of inventories, the reversal of impairment is made by deducting the cost of sales of goods. In regard to the disbursement of all inventories of similar kind and similar usage the FIFO method is applied.

i FOR MORE INFORMATION SEE SECTION **3.1.1.2** (CURRENT ASSETS) IN THE STATEMENT OF OPERATIONS OF THE GROUP

	2015	2014
Materials	39,2	41,5
Manufacturing in progress	7,3	7,2
Goods	602,3	701,6
Finished goods	38,1	–
Total (after reducing impairment loss)	686,9	750,3
Impairment loss	6,4	9,0
Total (gross)	680,5	741,3



[in mln PLN unless otherwise stated]

In order to determine the amount of impairment, the Management Board relies on the most appropriate available historical data and expectations for sales. Sales of footwear depends mainly on the changing trends and customer expectations.

To determine the value of impairment on the balance sheet date inventories are taken into account that were purchased at least two years in advance. Based on the data relating to sales of footwear conforming to the above conditions, the Group establishes a ratio that is used to estimate the value of impairment of inventories. The value of inventory impairments and changes of the impairments are shown below.

CHANGE IN IMPAIRMENT LOSS ON INVENTORIES

	2015	2014
At 1 January	9,0	4,9
Establishment in cost of sales of goods	5,5	16,6
Utilisation	—	—
Reversal in cost of sales of goods	(8,1)	(12,5)
At 31 December	6,4	9,0

i FOR MORE INFORMATION SEE SECTION **3.1.1.2** (CURRENT ASSETS) IN THE STATEMENT OF OPERATIONS OF THE GROUP

The creation of an additional impairment loss of inventories or its release concerns goods. Changes in impairments result from the development of the Group's operations and sales policy.

The value of inventories pledged as collateral for repayment of loans is presented in note 4.2.

[in mln PLN unless otherwise stated]

5.4 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate less the impairment losses (further policy described in note 6.1).

If the amount payable can be expected within one year, receivables are classified as current assets. Otherwise, it is recognized as fixed assets.

Other receivables

Other receivables not being financial assets are initially recognized at nominal value and measured on the last day of the reporting period in the due amount.

Loans granted

Loans granted are measured initially at their fair values and are measured after initial recognition at amortized cost using the effective interest rate method less the impairment losses (further policy is described in note 6.1).

i FOR FURTHER DETAILS SEE NOTE **6.1**

	2015	2014
Gross receivables from customers	53,6	36,5
Impairment for receivables	(2,3)	(0,6)
Total net receivables	51,3	35,9
Loans granted	18,0	0,5
Payments on future supplies of goods	43,3	15,4
Accrued expenses	9,6	16,4
Tax receivables	1,2	2,7
Other	0,4	7,6
Total other receivables	54,5	42,1
Long-term loans granted	10,0	15,0

[in mln PLN unless otherwise stated]

Customer receivables are exposed to credit risk and currency exchange risk.

Policy for managing these risks and further information on these risks (including assessment of credit quality, the maximum exposure to credit risk, sensitivity analysis on the change rate of the exchange rate) are shown in note 6.1.

In relation to this assets of item there are not any receivables overdue

As of 31 December 2014 the balance of non-current loans consisted mainly of a loan granted to the entity Adler International Sp. o.o. Sp. k. in the amount of 15 million PLN. This entity is a lifelong partner of the Group CCC. The loan matured on December 31, 2016 the interest rate is calculated based on the rate WIBOR 3M plus margin.

The loan as of 31.12.2015 is demonstrated within the current receivables.

As of 31 December 2015 the balance of non-current loans consisted mainly of a loan granted to the entity eobuwie.pl S.A. in the amount of 13 million PLN. The company took control of the entity after the balance sheet date. The loan matured on December 31, 2017 the interest rate is calculated based on the rate WIBOR 3M plus margin.

[More information in section 3.3 (Loans granted) in the Statement of the operations of the Group]

Receivables for the loan is exposed to credit risk and interest rate risk.

Credit risk	Policy for risk management presented in note 6.1. In the opinion of the Management Board, the credit quality of the receivables is good. The loan is unsecured and the maximum amount of exposure to credit risk is the nook value of the receivable. The receivable is not expired or no impairment is stated.
Interest rate risk	Policy for managing this risk is presented in note 6.1. Analysis of sensitivity to interest-rate changes is presented in note 6.1.
Fair value	The fair value of the receivables is close to their book value.

i FOR FURTHER DETAILS SEE NOTE **6.1**

[in mln PLN unless otherwise stated]

5.5 CASH

ACCOUNTING POLICY

Cash and cash equivalents include cash in hand, bank deposits payable on demand. Overdrafts are presented in the statement of financial position as a component of short-term debt liabilities, but for the purposes of the statement of cash flows statement it decreases cash and cash equivalents.

i FOR MORE INFORMATION SEE **3.1.1.2** (CASH) IN THE STATEMENT OF THE OPERATIONS OF THE GROUP

	2015	2014
Cash in hand	15,1	15
Cash at bank	84,5	56,3
Short-term deposits (up to 3 months)	241,0	90,6
Total	340,6	161,9

i MORE INFORMATION IN THE STATEMENTS OF THE OPERATIONS OF THE GROUP **p. 80**

Cash and cash equivalents are exposed to credit risk, currency risk and interst rate risk.

Policy for managing these risks and further information on these risks (including assessment of credit quality, the maximum exposure to credit risk, sensitivity analysis on the change rate of the exchange rate) are shown in note 6.1

[in mln PLN unless otherwise stated]

5.6 LIABILITIES TO SUPPLIERS AND OTHER LIABILITIES

ACCOUNTING POLICY

Trade liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Trade liabilities are classified as current liabilities if payment is due within one year. Otherwise, liabilities are recognised as non-current. Other liabilities are measured at the amount due.

	2015	2014
Liabilities to suppliers:		
• lease and supply of goods and services	68,8	95,6
• investment	9,3	4,2
• other		
Total	78,1	99,8
Liabilities for indirect taxes, duties and other benefits	28,6	43,2
Liabilities to employees	25	27,5
Other liabilities	46,8	10,8
Total	100,4	81,5

Liabilities to suppliers are exposed to currency risk. Management of currency risk and sensitivity analysis are presented in note 6.1.

Liabilities involve liquidity risk (for further information see note 4.3).

The fair value of liabilities to suppliers approximates their book value.

FOR FURTHER INFORMATION SEE NOTE **4.3**

[in mln PLN unless otherwise stated]

5.7 PROVISIONS

ACCOUNTING POLICY

Provision for jubilee awards and retirement benefits and litigations are mainly recognized within the provisions.

The provision for warranty repairs is created as an estimated determination determine of the average level of product returns in respect of the complaints based on historical data.

After making the calculation for several periods and on the basis of gained experience of the Group in order to simplify the estimates made, the average rate of complaints concerning prior periods is calculated. Variable determining the potential returns from sales, upon which the value of the potential claims depends is the amount of revenue from sales in the period.

In subsequent periods some provisions adjustments are made by increasing or releasing depending on the revenue generated from the sale. Provision for litigations is created in the amount representing the best estimate of the amount required to settle the resulting obligation.

A defined long-term benefit scheme within the period of employment

Under the terms of the collective labor agreement, a group of employees has the right to receive jubilee awards depending on seniority. Eligible employees receive a lump sum constituting, after 10 years of service, the equivalent of 100% of the base salaries monthly, an amount equivalent to 150% of the base salaries monthly after 15 years of service, after 20 years of service an amount equivalent to 200% of the base salaries monthly and after 25 years of service an amount equivalent to 250% of the base monthly salaries.

The Group recognizes a provision for bonuses payable for the fiscal period and subject to the charging and payment after the end of the fiscal year. The value is determined at the end of the fiscal year.

The Group establishes a provision for future jubilee awards based on actuarial valuation using the projected unit benefits method.

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
At 1.01.2014	4,3	2,6	—	—	6,9
Establishment	1,6	4,8	3,0	0,8	10,2
Utilisation	—	—	—	—	—
Release	—	(3,6)	—	(0,4)	(4,0)
At 31.12.2014	5,9	3,8	3,0	0,4	13,1
current	0,4	3,6	3,0	0,3	7,3
non-current	5,4	0,2	—	0,1	5,7
At 1.01.2015	5,9	3,8	3,0	0,4	13,1
Establishment	1,4	0,4	—	0,6	2,4
Utilisation	—	—	(2,0)	—	(2,0)
Release	(0,7)	(1,2)	(1,0)	—	(2,9)
At 31.12.2015	6,6	3,0	—	1,0	10,6
current	0,1	3,0	—	1,0	4,1
non-current	6,5	—	—	—	6,5

[in mln PLN unless otherwise stated]

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Impairment of financial assets

At each balance sheet date an assessment is made whether a financial asset is impaired.

If there is evidence of impairment of loans and receivables valued at amortized cost, the impairment loss is determined as the difference between the asset's book value and the present value of estimated future cash flows discounted at the original effective interest rate for these assets. An impairment loss is recognized in financial result in other operating cost. Reversal of impairment loss is recognized if in subsequent periods, the impairment loss decreases and the decrease can be attributed to events occurring after recognition of the impairment.

	2015		2014	
	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES
Financial assets	422,6	—	221,5	—
Loans granted	28,0	—	15,5	—
Receivables from customers	54,0	—	44,1	—
Cash and cash equivalents	340,6	—	161,9	—
Financial liabilities	—	868,7	—	716,1
Debt liabilities	—	718,8	—	578,0
Liabilities to suppliers	—	149,9	—	138,1

FINANCIAL RISK MANAGEMENT

There are many different financial risks related to the activities carried out by the Capital Group CCC S.A. The Management Board identifies the main ones: the risk of changes in exchange rates, interest rate change, credit risk (described below) and liquidity risk (see note 4.3).

[in mln PLN unless otherwise stated]

RISK OF CHANGES IN CURRENCY EXCHANGE RATES

The Capital Group CCC S.A. operates internationally and therefore is exposed to the risk of changes in currency exchange rates, in particular USD and EUR in relation to the transaction costs of stores rentals and loans granted.

Key balance sheet items exposed to currency risk are trading liabilities (leases of shops), trade receivables (due to wholesale of goods and sublease of stores), loans granted and cash.

The Group monitors the exchange rate fluctuations and on regular basis takes steps to minimize the negative impact of currency fluctuations, e.g.: by taking these changes into account in product prices. The Group does not apply hedging instruments.

The following table presents the Group's exposure to foreign currency risk:

2015	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	422,6	51,8	29,7	0,8	340,5
Loans granted	28,0	—	—	—	28,2
Receivables from customers	54,0	28,3	24,5	—	1,2
Cash and cash equivalents	340,6	23,5	5,2	0,8	311,1
Financial liabilities	796,9	0,5	2,3	—	543,3
Debt liabilities	718,8	—	—	—	468,0
Liabilities to suppliers	78,1	0,5	2,3	—	75,3

2014	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	221,5	25,1	14,6	5,3	176,5
Loans granted	15,5	—	—	—	15,5
Receivables from customers	44,1	24,9	14,3	2,9	2,0
Cash and cash equivalents	161,9	0,2	0,3	2,4	159,0
Financial liabilities	677,8	0,5	12,4	5,2	659,7
Debt liabilities	578,0	—	—	—	578,0
Liabilities to suppliers	99,8	0,5	12,4	5,2	81,7

[in mln PLN unless otherwise stated]

RISK OF INTEREST RATE CHANGES

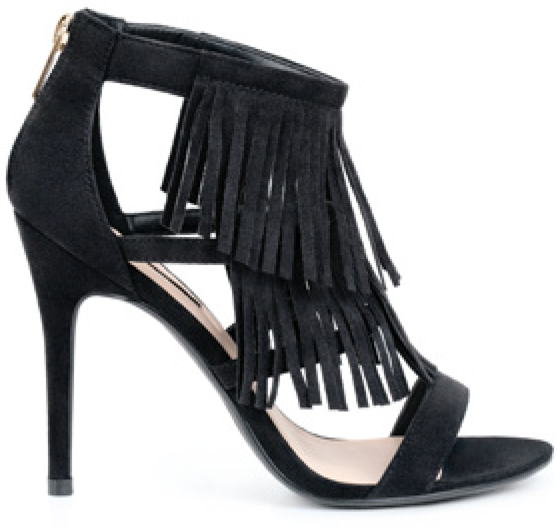
The Group CCC S.A. is exposed to interest rate change risk mainly due to the debt resulting from concluded loan agreements and issued bonds, cash in bank accounts and loans granted.

The entire debt bears interest at a variable interest rate based on WIBOR. An increase in interest rates affect the cost of debt servicing, which is partially offset by cash deposits and loans granted with variable interest rates.

The Capital Group does not use hedging activities limiting the impact on the financial result of changes in cash flows resulting from changes in interest rates.

If interest rates on debt in the 12 months ended 31 December 2015 were 1 p.p. higher/lower, the profit for the period would be about 8.7 million PLN (2014: 5.4 million PLN lower/higher). The following table presents a sensitivity analysis of the risk of changes in interest rates, which in the opinion of the Group would be reasonably possible at the balance sheet date.

	AMOUNT VULNERABLE TO RISK OF INTEREST RATE CHANGE %		31 DECEMBER 2015		31 DECEMBER 2014	
	2015	2014	+1 P.P.	-1 P.P.	+1 P.P.	-1 P.P.
Cash at bank	325,5	146,9	3,3	(3,3)	1,5	(1,5)
Loans granted	28,2	15,5	0,3	(0,3)	0,2	(0,2)
Debt liabilities	508,8	368,0	5,1	(5,1)	3,7	(3,7)
Effect on net result			8,7	(8,7)	5,4	(5,4)



[in mln PLN unless otherwise stated]

CREDIT RISK

Credit risk it is the risk by the Group to incur financial losses due to a failure by the customer or counterparty to a financial instrument to meet its contractual obligations. Credit risk is mainly related to the Group's receivables from customers (due to wholesale), loans granted and cash and cash equivalents in bank accounts

The maximum exposure to credit risk at balance sheet date (31 December) is presented in the table below:

	2015	2014
Loans granted	28,0	15,0
Receivables from customers	104,6	75,4
Cash and cash equivalents	340,6	161,9
Total	473,2	252,3

The lifetime structure of receivables, together with information on impairment of receivables are presented in note 5.4

Due to the fact that the Group's wholesale customers do not have external ratings, the Group independently monitors the exposure to credit risk associated with receivables from customers through periodic analysis of the financial situation of the counterparties, setting credit limits and collateral promissory note from the franchise recipients. Due to the lifelong cooperation with its counterparties, the Group assesses the credit risk of receivables from those counterparties as low.

Credit risk is further reduced by concluded framework agreements for offsetting of receivables from customers with liabilities (as described in note 6.1).

Credit risk related to financial instruments in the form of cash in bank accounts is limited, due to the fact that the parties to the transaction are banks with high credit ratings received from international rating agencies.

i FOR FURTHER DETAILS SEE NOTE 6.1

	2015	2014
Banks with a rating of A	—	—
Banks with a rating of A-	254,0	93,0
Banks with a rating of B +	1,0	2,0
Banks with a rating of BB	—	1,0
Banks with a rating of Baa1	—	—
Banks with a rating of Baa2	1,0	—
Banks with a rating of Baa3	1,0	—
Banks with a rating of BBB +	9,0	2,0
Banks with a rating of BBB-	25,0	20,0
Banks with a rating of BBB	16,0	5,0
Cash at banks in total	307,0	123,0

The Group has no significant concentration of credit risk. The risk is spread over a large number of banks, whose services are used, and customers with which it cooperates.

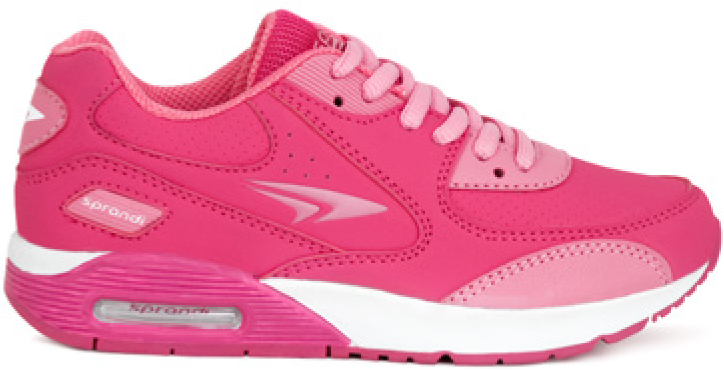
[in mln PLN unless otherwise stated]

FRAMEWORK AGREEMENTS FOR OFFSETING

The following assets and financial liabilities are covered by the enforced framework agreement and similar agreements concerning offsetting (as of 31 December).

2015	GROSS VALUES	VALUES SUBJECT TO OFFSETTING	NET VALUES PRESENTED IN THE BALANCE SHEET
Receivables from customers	97,3	—	97,3
Liabilities to suppliers	124,9	—	124,9

2014	GROSS VALUES	VALUES SUBJECT TO OFFSETTING	NET VALUES PRESENTED IN THE BALANCE SHEET
Receivables from customers	59,5	—	59,5
Liabilities to suppliers	110,5	—	110,5



6.2 TRANSACTIONS WITH RELATED ENTITIES

In the periods presented the Group made the following transactions with related entities:

	2015	2014
Entities related to members of key management personnel		
Transactions in the fiscal year:		
Sale	—	0,9
Purchases	9,2	1,4
Balances of transactions recognized as at the balance sheet date:		
Receivables	—	—
Liabilities	0,5	0,1

Transactions with related entities were concluded under market conditions.

REMUNERATION OF THE KEY MANAGEMENT PERSONNEL

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IN THOUSAND PLN	FIXED REMUNERATION	PROGRAM OF PAYMENTS BASED ON SHARES	OTHER (BONUSES)	TOTAL
2015				
Members of Management Board	2 190,0	3 134,0	950,0	6 274,0
Supervisory Board	200,0	—	—	200,0
Total	2 390,0	3 134,0	950,0	6 474,0
2014				
Members of Management Board	2 190,0	3 134,0	600,0	5 924,0
Supervisory Board	96,0	—	—	96,0
Total	2 286,0	3 134,0	600,0	6 020,0

Both in 2015 and 2014 the members of the management board were granted warrants within the employee scheme in the amount of 100,000 units

6.3 PAYMENTS IN THE FORM OF SHARES

ACCOUNTING POLICY

The Group runs a program of benefits based on shares settled in capital instruments, under which the entity receives services of employees in exchange for equity instruments (options) of the Group. The fair value of employee's services received in exchange for granting options is recognized as an expense over the period of conferring rights to exercise the option in correspondence to equity - retained earnings.

The total amount subject to recognition in cost is determined by referring to the fair value of options granted at the date of granting the option:

• taking into account any market conditions (for example entity's share price);

• excluding the impact of any related work experience and non-market conferring rights (for example, sales profitability, the goals connected with growth in sales and the indicated period of the compulsory employment of the employee in the unit); and

• taking into account the impact of any conditions unrelated to conferring the rights (for example, the requirement by the current staff to keep received instruments for a specified period).

At the end of each reporting period, the entity revises the made estimates of the expected number of options to which rights are to be conferred as a result of the conditions of conferring rights of a non-market. The Group presents the impact of a possible revision of the original estimates in the report on the financial result, with a corresponding adjustment to equity.

In addition, in certain circumstances, employees can provide services before the date of granting them the stock options. In this case, the fair value of at the date of granting stock options is estimated to recognize costs during the period from commencement of the service by the staff to the actual date of granting them the options.

Upon exercise of the options, an entity issues new shares. The funds obtained after the deduction of any costs that can be directly attributable to the transaction, increase the share capital (nominal value) and the surplus of the issue price of shares over their nominal value.

Social security contributions payable in connection with the granting of stock options are considered an integral part of the benefit granted and the cost is treated as a transaction settled in a form of cash.

The parent company launched in December 2012 the incentive program based on subscription warrants (Scheme).

The scheme is based on offering the participants subscription warrants giving the possibility to acquire in future the shares of the Company after meeting certain non-market conditions of conferring these rights.

The scheme covers the members of the board of the Unit, members of the management board of subsidiaries, key employees and associates of the Unit and subsidiaries - a total of 98 employees in 2015 (31 employees in 2014).

The aim of the scheme is to motivate the people covered by the scheme to actions ensuring both long-term growth of the Group's value as well as the steady growth in net profit as well as stabilization of the managerial staff.

The incentive program is a program settled by capital.

Within this program, the Supervisory Board has the right to grant warrants of a total number of 768,000 warrants. Out of this amount of warrants, a total of 652,000 warrants had been granted until 31 December 2015 in two tranches (described below). In addition, the Group granted 177,000 employees warrants with a total value of 16.4 million PLN, the rights to which were conferred once at the time of granting, the total cost was recognized in the income statement for 2015, increasing the equity by this amount.

[in mln PLN unless otherwise stated]

THE MAIN TERMS OF THE SCHEME:	TRANCHE 2012	TRANCHE 2015
Date of conferring rights	19.12.2012	29.12.2015
Number of employees covered by the scheme	31	67
The value of the scheme by date of conferring rights	14.9 mln PLN	16.4 mln PLN
Number of warrants granted	475.000	177.000
The value of a warrant by the date of by date of conferring rights	31,34 PLN	92,66 PLN
Cost recognized in the financial result in 2015	10.5 mln PLN	16.4 mln PLN
Cost recognized in the financial result in 2014	2.2 mln PLN	—
Cumulative amount recognized in equity as at 31 December 2015 ("retained earnings")	11.7 mln PLN	16.4 mln PLN
Terms of conferring rights	Non-market conditions relating to employment and the results (described in detail below)	
Period of conferring rights	Finished	Finished
Period of execution of warrants to which rights are conferred	until 30.06.2019	until 30.06.2019

SIGNIFICANT PARAMETERS ADOPTED IN THE VALUATION MODEL WERE:		VALUE OF PARAMETER
Valuation model of warrants		symulation Monte-Carlo
Number of warrants granted	475.000	177.000
Share price at the grant date	73,80 PLN	159,00 PLN
The exercise price of the warrant	61,35 PLN	61,35 PLN
Expected volatility	35%	33%
Value of expected dividend	1,60 PLN	3,33 PLN
The average lifetime of the option	5,9 years	3,5 years

	ASSUMPTIONS ADOPTED FOR THE IMPLEMENTATION OF THESE TERMS		
	TRANCHE 2012		TRANCHE 2015
	2015	2014	2015
Achieving annual consolidated net profit of the Capital Group for fiscal years 2013, 2014 and 2015 no less than 620 million PLN	Terms achieved	Term shall be achieved	Terms achieved
Maintaining service relation until 31.12.2015	All persons covered by the scheme implemented this term		All persons covered by the scheme implemented this term
Positive assessment of work performance review of the person entitled	Shall be implemented by all persons covered by the scheme		Shall be implemented by all persons covered by the scheme

Details concerning the purpose and the detailed rules of issuing and acquiring shares are described in the statement of the operations of the Capital Group CCC S.A. in 4.2.4

6.4 CONSOLIDATION

ACCOUNTING POLICY

Subsidiaries these are all business entities over which the Group exercises control. Subsidiaries are subject to a full consolidation from the date of transfer of control to the Group. Consolidation ceases from the date of cessation of control.

The Group recognizes the business combination using the purchase method. The payment given for the acquisition of the venture it is the fair value of the assets given, liabilities incurred to the previous owners of the acquiree and the equity shares issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities acquired in a business combination are measured at initial recognition at their fair values at the acquisition date. The Group recognizes at the acquisition date any non-controlling shares in the acquiree either at fair value or according to the proportionate share (corresponding to the share not giving control) in identifiable recognized net assets of the acquiree.

The excess of the cost of acquisition and non-controlling shares over the fair value of net assets acquired is recorded as goodwill.

Transaction costs are recognized in the financial result when incurred.

Intra-group transactions and balances and unrealized gains on transactions between the entities of the group are eliminated.

The table below shows the subsidiaries of CCC S.A.:

SUBSIDIARIES OF CCC S.A.	HEADQUARTERS/COUNTRY	TYPE OF BUSINESS ACTIVITY
CCC Factory Sp. z o.o.	Polkowice, Poland	manufacturing
CCC Czech s.r.o.	Prague, Czech Republic	commercial
CCC Slovakia s.r.o.	Bratislava, Slovakia	commercial
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial
CCC Austria Ges.M.b.H.	Graz, Austria	commercial
CCC Shoes Ayakkabıcılık Ticaret Limited Sirketi	Istanbul, Turcja	commercial
CCC Obutev d o.o.	Maribor, Slovenia	commercial
CCC Hrvatska d o.o.	Zagreb, Croatia	commercial
CCC Germany GmbH	Frankfurt, Germany	commercial
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	commercial
CCC Isle of Man Ltd.	Isle of Man, Douglas	service
CCC.eu sp. z o.o.	Polkowice, Poland	purchase and selling
CCC Shoes and Bags sp. z o.o.	Polkowice, Poland	investment
NG2 Suisse S.a.r.l.	Zug, Switzerland	in liquidation

The organizational changes that took place in the Group during the fiscal year are described in point 4.1.2 of the Statements on the operations of the Capital Group CCC S.A.

i MORE INFORMATION IN THE STATEMENTS OF THE OPERATIONS OF THE GROUP **p. 105**

6.5 EVENTS AFTER BALANCE SHEET DATE

On January 15, 2016, the Company CCC S.A. concluded the Disposal Agreement under which it acquired 74.99% stake in eobuwie.pl S.A. from a subsidiary 100% dependent on Shareholders of eobuwie.pl S.A. - MKK3 Sp. o.o. based in Zielona Góra. Under the Disposal Agreement CCC S.A. purchased I Tranche Shares, i.e. 7,498,999 shares with a nominal value of PLN 0.20 each share, i.e. with a total nominal value of PLN 1,499,800.00. On January 15, 2016 CCC S.A. paid the price for shares sold in the amount of PLN 129,982,000.00. The price for the I Tranche shares amounted to 230,660,541 PLN (74.99% of the amount equal to the product of EBITDA 2015 adjusted for one-offs x 12 less the payment of the profit for 2015 for the existing shareholders). This amount may be increased by 5,000,000 PLN + interest of 2.5% per annum, if all or part of this amount will not be secured by CCC S.A. on account of representations and warranties claims made by the Shareholders of the Company eobuwie.pl arising from the conclusion of the investment agreement. CCC has an option to repurchase the remaining 2,501,000 shares giving 25.01% of the share capital after the approval the financial statements for 2018 (II Tranche shares (CR 4/2016, CR 12/2016)

i MORE INFORMATION IN THE STATEMENTS OF THE OPERATIONS OF THE GROUP p. 98

i FOR MORE INFORMATION SEE SECTION 3.4. (PURCHASE OF EOBUWIE.PL) IN THE STATEMENT OF THE OPERATIONS OF THE GROUP

The financial statements were approved for publication by the Management Board of the Company on 28 April 2016 and signed on behalf of the Management Board by:

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS

Edyta Banaś	Główny Księgowy	

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

Dariusz Miłek	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Piotr Nowjalis	Vice-President of the Management Board	

Polkowice, 28 April 2016