



**Independent auditor's report prepared for
the General Meeting and Supervisory Board
of CCC Spółka Akcyjna**

We conducted an audit of the attached financial statements of CCC Spółka Akcyjna Capital Group (hereinafter, the "Group"), in which the dominant entity is CCC Spółka Akcyjna (hereinafter, the "Dominant Entity"), with its registered office in Polkowice at ul. Strefowa 6, comprising the consolidated statement of comprehensive income for the period from 1 January to 31 December 2012, showing comprehensive income of PLN 104,407,000, the consolidated statement of financial position prepared as at 31 December 2012, showing a total of PLN 978,114,000 on the assets and liabilities side, the consolidated statement of changes in equity, the consolidated statement of cash flow for that financial year and additional information on the accounting principles adopted and other information provided for clarification purposes.

The Management Board of the Dominant Entity is responsible for preparing the consolidated financial statements and the report on the operations of the Group in line with the applicable laws. The Management Board and Supervisory Board Members of the Dominant Entity are required to ensure that the consolidated financial statements and the report on the operations of the Group meet the requirements set forth in the Accounting Act of 29 September 1994 (the "Accounting Act", Journal of Laws of 2013, item 330).

Our task was to audit the attached consolidated financial statements and express an opinion on the conformity, in all material respects, of these financial statements with the applicable accounting policies (principles) and whether they present accurately and clearly, in all material respects, the asset and financial position and the financial result of the Group.

We conducted our audit in accordance with:

- (a) Chapter 7 of the Accounting Act;
- (b) the Polish financial reporting standards issued by the National Council of Auditors.

The audit was planned and carried out so as to offer sufficient confidence that the consolidated financial statements do not contain material errors or omissions. The audit involved, among other things, examining, on the basis of a selected sample, evidence of the amounts and information disclosed in the consolidated financial statements. The audit also involved an assessment of the accounting policies applied by the Group and material estimates made in preparing the consolidated financial statements, as well as overall assessment of their presentation. We feel that our audit provided a sufficient basis for expressing our opinion.



**Independent auditor's report prepared for
the General Meeting and Supervisory Board
of CCC Spółka Akcyjna (continued)**

In our opinion, the attached consolidated financial statements, in all material respects:

- (a) accurately and clearly present the asset and financial position of the Group as at 31 December 2012 and the financial result for the financial year from 1 January to 31 December 2012 in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union;
- (b) comply in terms of their form and contents with the applicable laws binding on the Group;
- (c) were prepared on the basis of duly maintained consolidation documents.

The information contained in the report on the operations of the Group for the financial year from 1 January to 31 December 2012 complies with the provisions of the Regulation of the Minister of Finance on current and periodical information provided by issuers of securities and the conditions of equivalency of information required by the legislation of non-member states of 19 February 2009 (the "Regulation" - Journal of Laws No. 33, item 259, as amended) and is consistent with the information contained in the audited consolidated financial statements.

The auditor carrying out the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company entered on the list of entities authorised to audit financial statements under No. 144, was:

Marcin Sawicki

Auditor of the Group, Key Auditor
Registration number 11393

Wrocław, 30 April 2013

Auditor's report from the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2012 prepared for the General Meeting of Shareholders and the Supervisory Board of CCC Spółka Akcyjna

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CCC S.A. Capital Group
Auditor's report from the audit of the consolidated financial statements
for the financial year from 1 January to 31 December 2012

I. Group overview

- a. The dominant entity in the CCC S.A. Capital Group (the "Group") is CCC Spółka Akcyjna (the "Dominant Entity") with its registered office in Polkowice at ul. Strefowa 6.
- b. The company was established as CCC Spółka Akcyjna. The deed of incorporation of the Dominant Entity was drafted as a notarial deed at the Notarial Offices of Grażyna Marciniak-Morgut in Polkowice on 15 June 2004 and registered in Repertory A No. 3540/2004. On 30 June 2004, the District Court in Wrocław, Division IX Commercial of the National Court Register, entered the Dominant Entity in the Commercial Register under KRS number 0000211692. On 24 January 2007, the General Meeting of Shareholders resolved to change the name of the Company to NG2 S.A. On 19 December 2012, by the decision of the General Meeting of Shareholders, the name of the Company was changed from NG2 S.A. to CCC S.A.
- c. For tax purposes, the Dominant Entity was assigned the following tax identification number (NIP): 692-22-00-609. For statistical purposes, the Dominant Entity was assigned the following statistical number (REGON): 390716905.
- d. The share capital of the Dominant Entity as at 31 December 2012 was PLN 3,840,000 and consisted of 38,400,000 shares with a nominal value of PLN 0.10 each. The shareholders' equity of the Dominant Entity as on that date was positive and amounted to PLN 359,060,000.
- e. As on 31 December 2012, the shareholders of the Dominant Entity were:

Name of the shareholder	Number of shares held	Nominal value of the shares held (PLN)	% share in the share capital	% votes held
Luxprofi s.a.r.l.*	15,360,000	1,536,000.00	40.0	44.6
Leszek Gaczorek	3,010,000	301,000.00	7.8	10.6
ING OFE	2,477,486	247,748.60	6.5	5.5
Aviva	2,305,389	230,538.90	6.0	5.1
Others	15,247,125	1,524,712.50	39.7	34.2
	38,400,000	3,840,000.00	100.0	100.0

* Entity controlled by Dariusz Miłek

CCC S.A. Capital Group
Auditor's report from the audit of the consolidated financial statements
for the financial year from 1 January to 31 December 2012

I. Group overview (continued)

As on the date of the report, i.e. 30 April 2013, the shareholders of the Dominant Entity were:

Name of the shareholder	Number of shares held	Nominal value of the shares held (PLN)	% share in the share capital	% votes held
Luxprofi s.a.r.l.*	13,360,000	1,336,000.00	34.8	40.2
Leszek Gaczorek	3,010,000	301,000.00	7.8	10.6
ING OFE	2,477,486	247,748.60	6.5	5.5
Aviva	2,305,389	230,538.90	6.0	5.1
Others	17,247,125	1,724,712.50	44.9	38.6
	38,400,000	3,840,000.00	100.0	100.0

- Entity controlled by Dariusz Miłek

f. In the audited period, the Group's corporate purpose was the manufacturing and sale of footwear and small leather goods.

g. In the financial year, the Dominant Entity's Management Board members were:

- Dariusz Miłek - President of the Management Board,
- Mariusz Gnynch - Vice-President of the Management Board,
- Piotr Nowjalis - Vice-President of the Management Board.

h. In the financial year, the following changes occurred in the scope of entities under consolidation. In 2012, the company CCC Hungary Shoes Kft. was established, in which CCC S.A. subscribed 100 per cent of the shares.

i. The Dominant Entity is an issuer of securities admitted to trading on the Warsaw Stock Exchange and, pursuant to the Accounting Act, it prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union. The Group has been applying IFRS since 2005.

CCC S.A. Capital Group

Auditor's report from the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2012

- Group overview (continued)**

j.j. As at 31 December 2012, the CCC S.A. Capital Group was composed of the following entities:

Name of the entity	Nature of the capital ties (ownership percentage)	Consolidation method	Entity auditing the financial statements	Type of opinion	Balance sheet date as on which the financial statements were prepared
CCC S.A.	Dominant entity	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2012
CCC Factory Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Audit completed for the purposes of auditing the consolidated financial statements of the Capital Group without issuing an opinion. By the date hereof, no opinion on the statutory audit had been issued.	31 December 2012
CCC Boty Czech s.r.o.	Subsidiary (100%)	Full	Audit Morava s.r.o.	unqualified	31 December 2012
CCC Obuv Sk s.r.o.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit		31 December 2012
CCC Hungary Shoes Kft.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit		31 December 2012
Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968)	Subsidiary (100%)	Full	The entity is not subject to mandatory audit		31 December 2012
NG2 Suisse S.a.r.l.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit		31 December 2012

CCC S.A. Capital Group
Auditor's report from the audit of the consolidated financial statements
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• **Information about the audit**

- a. The audit of the consolidated financial statements for the financial year from 1 January to 31 December 2012 was carried out by PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw at Al. Armii Ludowej 14, entered on the list of entities authorised to audit financial statements under number 144. On behalf of the authorised entity, the audit was carried out under the supervision of key auditor Marcin Sawicki, the Group's certified auditor (registered under number 11393).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed the Group's auditor by Resolution No. 11/05/2012/RN of the Supervisory Board of CCC S.A. of 30 May 2012 pursuant to Article 16 par. 2 of the Dominant Entity's Statute.
- c. PricewaterhouseCoopers Sp. z o.o. and the key auditor conducting the audit are independent from the Group entities, as defined in Article 56 par. 2-4 of the Act on auditors and their governing bodies, entities authorised to audit financial statements and on public supervision of 7 May 2009 (Journal of Laws No. 77, item 649, as amended).
- d. The audit was conducted pursuant to an agreement concluded on 22 June 2012 in the following periods:
- initial audit from 26 to 30 November 2012;
 - final audit from 18 February to 30 April 2013.

CCC S.A. Capital Group**Auditor's report from the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2012****III. Characteristics of the performance, financial position of the Group and material items of the consolidated financial statements****CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2012 (selected items)**

	31 December 2012 (PLN '000)	31 December 2011 (PLN '000)*	Change (PLN '000)	Change (%)	31 December 2012 Structure (%)*	31 December 2011 Structure (%)
ASSETS						
Non-current assets	387,368	367,139	20,229	5.5	39.6	38.1
Current assets	590,746	598,474	(7,728)	(1.3)	60.4	61.9
Total assets	<u>978,114</u>	<u>965,613</u>	<u>12,501</u>	<u>1.3</u>	<u>100.0</u>	<u>100.0</u>
LIABILITIES						
Share capital	3,840	3,840	-	-	0.4	0.4
Share premium	74,586	74,586	-	-	7.6	7.7
Currency exchange on consolidation	(1,302)	605	(1,907)	<(100.0)	(0.1)	0.1
Other capitals	-	9,341	(9,341)	(100.0)	-	1.0
Retained earnings	451,587	406,713	44,874	11.0	46.2	42.1
Non-current liabilities	124,099	208,560	(84,461)	(40.5)	12.7	21.6
Current liabilities	325,304	261,968	63,336	24.2	33.2	27.1
Total liabilities	<u>978,114</u>	<u>965,613</u>	<u>12,501</u>	<u>1.3</u>	<u>100.0</u>	<u>100.0</u>

* adjusted information

CCC S.A. Capital Group

Auditor's report from the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2012

- **Characteristics of the performance, financial position of the Group and material items of the consolidated financial statements (continued)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the financial year from 1 January to 31 December 2012 (selected items)

	2012	2011	Change	Change	2012 Share in revenue	2011 Share in revenue
	(PLN '000)	(PLN '000)	(PLN '000)	(%)	(%)	(%)
Revenue from sales	1,317,457	1,091,260	226,197	20.7	100.0	100.0
Manufacturing cost of products, goods and services sold	(639,059)	(478,447)	(160,612)	33.6	(48.5)	(43.8)
Gross earnings from sales	678,398	612,813	65,585	10.7	51.5	56.2
Net profits	106,314	122,776	(16,462)	(13.4)	8.1	11.3
Other comprehensive income	(1,907)	922	(2,829)	<(100.0)	(0.1)	0.1
Total comprehensive income	104,407	123,698	(19,291)	(15.6)	8.0	11.4

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III. Characteristics of the performance, financial position of the Group and material items of the consolidated financial statements (continued)

Selected ratios illustrating the asset and financial position and the financial performance of the Group

The business activity of the Group, its financial performance for the financial year and the asset and financial position as on the balance sheet date, as compared to previous periods, are characterised by the following indicators:

	2012	2011	2010
Activity ratios			
- receivables turnover	8 days	11 days	10 days
- inventory turnover	249 days	277 days	189 days
Profitability ratios			
- net return on sales	8%	11%	11%
- gross return on sales	11%	15%	13%
- general return on equity	21%	27%	31%
Debt ratios			
- debt ratio	46%	49%	38%
- liabilities turnover	38 days	47 days	30 days
	31 December 2012	31 December 2011	31 December 2010
Liquidity ratios			
- liquidity ratio I	1.8	2.3	2.7
- liquidity ratio II	0.6	0.4	1.0

The ratios below were calculated on the basis of the financial statements.

The purpose of the audit was not to present the entity in the context of its performance and ratios achieved. Detailed interpretation of the ratios requires in-depth analysis of the entity's operations and the conditions governing them.

III. Characteristics of the performance, financial position of the Group and material items of the consolidated financial statements (continued)

The consolidated financial statements do not account for the effect of inflation. The overall consumer price index (December-to-December) in the audited year amounted to 2.4 per cent (2011: 4.6 per cent).

The comments below are presented on the basis of the information obtained in the process of auditing the consolidated financial statements.

In the period covered by the audit, the developments below had a material effect on the Group's financial result and its asset and financial position:

- At the end of the financial year, the Group's assets amounted to PLN 978,114,000. In the period of one year, the balance sheet sum increased by PLN 12,501,000, i.e. 1.3 per cent. The increase in balance sheet sum and the disbursed dividend of PLN 61,440,000 were financed primarily from the net profits of PLN 106,314,000 and the increase in the amount of current liabilities (by PLN 97,253,000), which coincided with a decrease in non-current liabilities (by PLN 118,378,000).
- The balance of loans and borrowings as at 31 December 2012 increased compared to the previous year by PLN 9,876,000, i.e. by 3.5 per cent. Due to the occurrence of expiry dates of the loan agreements, the Group reported a decrease in long-term loans and borrowings (by PLN 118,800,000, i.e. by 57.4 per cent), which coincided with an increase in short-term loans and borrowings (by PLN 128,676,000, i.e. by 178.8 per cent).
- The Group's ratios and debt structure changed. The debt ratio decreased from 49 per cent as at the end of the previous year to 46 per cent as at the end of the year under audit. Liabilities turnover decreased from 47 days to 38 days.
- The Group's revenue from sales for the audited year increased compared to the previous year by PLN 226,197,000, i.e. by 20.7 per cent and amounted to PLN 1,317,457,000. The Group's primary corporate purpose in the current financial year was the sale of footwear. The domestic market, which accounted for 86.5 per cent of the sales, continued to be the primary market. The share of exports in total revenue increased by 5 percentage points compared to the previous year and now amounts to 13.5 per cent. In the year under audit, the Group continued its strategy of expanding and optimising its sales chain.
- Profitability measured by net profit was reported at 8 per cent, i.e. lower by three percentage points than that recorded in the previous year. An increase in the manufacturing cost of products, goods and services sold of PLN 639,056,000, which increased over the previous year by PLN 160,612,000, i.e. 33.6 per cent, had a significant effect on changes in the Group's profitability. This was mainly due to the negative effect of currency exchange rates in which purchases are made.

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- The Group's balance of payments changed. Liquidity ratio I decreased from 2.3 to 1.8 in the current financial year, while liquidity ratio II increased compared to the previous year by 0.1, reaching 0.6.

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IV. Statement of the independent auditor

- a. In the course of the audit, the Management Board of the Dominant Entity presented the required information, explanations and statements and provided a statement on complete disclosure of information in the consolidation documents and on recognising any contingent liabilities, and reported on any material events that occurred between the balance sheet and the date of the statement.
- b. The scope of the audit was not limited.
- c. The Group maintained current documentation of its accounting policies (principles) that had been approved by the Management Board of the Dominant Entity. The accounting policies adopted by the Dominant Entity were adjusted to the Group's needs and ensured identification in its accounting of all events relevant for the assessment of the asset and financial position and the financial result of the Group, while observing the prudence principle. Continuity of policies and methods applied was maintained with respect to the previous year.
- d. In all material respects, capital consolidation was carried out properly.
- e. Exclusions of mutual settlements (receivables and liabilities) and intra-Group trading (revenues and expenses) among the consolidated entities were made in all material respects in accordance with the IFRS approved by the European Union.
- f. Exclusions of results not realised by the consolidated entities, contained in the value of assets and under dividends were made in all material respects in accordance with the IFRS approved by the European Union.
- g. The consolidation documents were complete and correct and the method of their storage provides appropriate security.
- h. The consolidated financial statements of the Group for the financial year from 1 January to 31 December 2011 were approved by Resolution No. 4/ZWZA/2012 of the General Meeting of the Dominant Entity of 29 June 2012 and filed with the National Court Register in Wrocław on 3 July 2012 and announced in Monitor Polski B No. 2386 on 5 October 2012.
- i. The consolidated financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The auditor issued an unqualified opinion.
- j. The additional information presents all material information set forth in the IFRS approved by the European Union.
- k. The information contained in the report on the operations of the Capital Group for the financial year from 1 January to 31 December 2012 complies with the provisions of the Regulation of the Minister of Finance on current and periodical information provided by issuers of securities and the conditions of equivalency of information required by the legislation of non-member states of 19 February 2009

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(Journal of Laws No. 33, item 259, as amended) and is consistent with the information presented in the consolidated financial statements.

V. Final information and notes

This report was prepared in connection with the audit of the consolidated financial statements of the CCC Spółka Akcyjna Capital Group in which the dominant entity is CCC Spółka Akcyjna with its registered office in Polkowice at ul. Strefowa 6. The consolidated financial statements were signed by the Management Board of the Dominant Entity and the person entrusted with managing the accounts of the Dominant Entity on 30 April 2013:

The report should be read together with the unqualified opinion of the independent auditor for the General Meeting and Supervisory Board of CCC Spółka Akcyjna of 30 April 2013 with respect to the above-described consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion from the audit conducted. This conclusion is not the sum of assessments of the results of auditing each item of the consolidated financial statements or each issue, but it presupposes attributing certain importance (materiality) to each finding, taking into account the effect of the findings on the accuracy and correctness of the consolidated financial statements.

The auditor carrying out the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company entered on the list of entities authorised to audit financial statements under No. 144, was:

Marcin Sawicki

Auditor of the Group, Key Auditor
Registration number 11393

Wrocław, 30 April 2013