INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

OF THE CAPITAL GROUP CCC S.A.

FOR THE PERIOD FROM 01.01.2014 TO 30.06.2014

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## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL RESULTS AND OTHER INCOME

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note number | period from 01.01.2014to 30.06.2014 | period from 01.01.2013to 30.06.2013 |
|  |  |  |  |
| Sales revenues  | 7 | 855,890 | 643,560 |
| Manufacturing cost of products, goods and services sold |  | (381,398) | (309,090) |
| Gross sales profit  |  | 474,492 | 334,470 |
|  |  |  |  |
| Other operating revenues | 14 | 5,309 | 9,363 |
| Costs of sales |  | (355,339) | (279,915) |
| General administrative cost | 17 | (17,220) | (10,369) |
| Other operating expenses | 14 | (15,034) | (14,383) |
| Profit on operating activity |  | 92,208 | 39,166 |
|  |  |  |  |
| Financial revenues  | 14 | 1,542 | 1,863 |
| Financial expenses | 14 | (9,047) | (7,348) |
| Profit before tax |  | 84,703 | 33,681 |
|  |  |  |  |
| Income tax | 12 | (14,530) | (4,178) |
| **Net profit** |  | **70,173** | **29,503** |
|  |  |  |  |
| **Other total income:** |  |  |  |
| 1. Other total income that will be reclassified as gains or losses under certain conditions |  | 199 | 1 843 |
| - currency exchange differences from converting foreign units |  | 199 | 1 843 |
| 2. Other total income that will be reclassified as gains or losses |  | - | - |
| - actuary gains / losses |  | - | - |
| **Total income in total** |  | **70,912** | **31,346** |
|  |  |  |  |
| **Profit per share** |  |  |  |
| basic and diluted | 20 | 1,82 PLN | 0,77 PLN |

Due to the lack of minority shareholders, the net profit and total income is divided among CCC S.A. shareholders.

## ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note number | as of30.06.2014 | as of31.12.2013 | as of30.06.2013 |
|  |  |  |  |  |
| **Fixed assets** |  |  |  |  |
| Intangible assets | 9 | 8,705 | 9,168 | 7,320 |
| Tangible fixed assets | 8 | 427,995 | 397,250 | 353,983 |
| Non-current receivables |  | 188 | 206 | 81 |
| Deferred tax assets | 13 | 29,576 | 23,571 | 26,057 |
| Total fixed assets |  | **466,464** | **430,195** | **387,441** |
|  |  |  |  |  |
| **Current assets** |  |  |  |  |
| Inventories | 11 | 682,476 | 463,008 | 433,341 |
| Trade and other receivables |  | 97,773 | 82,788 | 90,840 |
| Income tax receivables |  | - | - | 3,402 |
| Cash and cash equivalents | 10 | 424,273 | 143,736 | 90,423 |
| Total current assets |  | **1,204,522** | **689,532** | **618,006** |
| **Total assets** |  | **1,005,447** | **1,119,727** | **1,005,447** |
|  |  |  |  |  |
| **Equity capital** |  |  |  |  |
| Share capital | 15 | 3,840 | 3,840 | 3,840 |
| Supplementary capital from share premium | 15 | 74,586 | 74,586 | 74,586 |
| Other capital |  | 3,294 | 2,196 | 956 |
| Currency exchange differences on conversion of foreign units | 15 | (1,917) | (2,115) | 541 |
| Retained earnings | 15 | 522,190 | 513,349 | 417,746 |
| Total equity capital |  | **601,993** | **591,856** | **497,669** |
|  |  |  |  |  |
| **Non-current liabilities** |  |  |  |  |
| Long-term loans and bank loans | 16 | 244,000 | 158,000 | 141,000 |
| Trade liabilities and other liabilities | 18 | 79 | 79 | 82 |
| Non-current provisions |  | 4,056 | 3,904 | 2,104 |
| Subsidies received |  | 30,001 | 31,307 | 32,612 |
| Total long-term liabilities |  | **278,136** | **193,290** | **175,798** |
|  |  |  |  |  |
| **Current liabilities** |  |  |  |  |
| Trade liabilities and other liabilities | 18 | 201,414 | 155,364 | 154,195 |
| Income tax liabilities | 18 | 15,804 | 3,789 | 3,146 |
| Short-term loans and bank loans | 16 | 567,027 | 169,809 | 169,111 |
| Current provisions |  | 4,001 | 3,008 | 2,917 |
| Subsidies received |  | 2,611 | 2,611 | 2,611 |
| Total short-term liabilities |  | **790,857** | **334,581** | **331,980** |
| **Total liabilities** |  | **1,670,986** | **1,119,727** | **1,005,447** |

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Share capital** | **Supplementary capital from share premium** | **Other capital** | **Retained earnings** | **Currency exchange differences from converting foreign units** | **Total equity capital** |
| **As at 01 January 2014** | **3,840** | **74,586** | **2,196** | **513,349** | **(2,116)** | **591,855** |
| Result for the period from 1 January to 30 June 2014 | - | - | - | 70,173 | - | **70,173** |
| Foreign exchange differences from conversion  | - | - | - | 108 | 199 | **307** |
| **Comprehensive income for the period ending on 30 June 2014** | **-** | **-** | **-** | **70,281** | **199** | **70,480** |
| Other adjustments | - | - | - | - | - | **-** |
| Declared dividend payment | - | - | - | (61,440) | - | **(61,440)** |
| Employee stock option plan – value of the benefit | - | - | 1 098 | - | - | **1 098** |
| **As of 30 June 2014** | **3,840** | **74,586** | **3,294** | **522,190** | **(1,917)** | **601,993** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Share capital** | **Supplementary capital from share premium** | **Other capital** | **Retained earnings** | **Currency exchange differences from converting foreign units** | **Total equity capital** |
| **As at 01 January 2013** | **3,840** | **74,586** | **-** | **451,587** | **(1,302)** | **528,711** |
| Results for the year | - | - | - | 125,217 | - | **125,217** |
| Foreign exchange differences from conversion  | - | - | - | (2,015) | (813) | **(2,828)** |
| **Total income in total** | **-** | **-** | **-** | **123,202** | **(813)** | **122,389** |
| Other adjustments | **-** | **-** | **-** | **-** | **-** | **-** |
| Dividend payment | - | - | - | (61,440) | - | **(61,440)** |
| Employee stock option plan – value of the benefit | - | - | 2,097 | - | - | **2,097** |
| Valuation of liabilities arising from post-employment benefits | - | - | 99 | - | - | **99** |
| **As of 31 December 2013** | **3,840** | **74,586** | **2,196** | **513,349** | **(2,115)** | **591,856** |

 **INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Share capital** | **Supplementary capital from share premium** | **Other capital** | **Retained earnings** | **Currency exchange differences on converting controlled entities** | **Total equity capital** |
| **As of 01 January 2013** | **3,840** | **74,586** | **-** | **451,587** | **(1,302)** | **528,711** |
| Result for the period from 1 January to 30 June 2013 | - | - | - | 29,503 | - | **29,503** |
| Foreign exchange differences from conversion  | - | - | - | (1,904) | 1,843 | **(61)** |
| **Comprehensive income for the period ending on 30 June 2013** | **-** | **-** | **-** | **27,599** | **1,843** | **29,442** |
| Other adjustments | - | - | - | - | - | **-** |
| Declared dividend payment | - | - | - | (61,440) | - | **(61,440)** |
| Employee stock option plan – value of the benefit | - | - | 956 | - | - | **956** |
| **As of 30 June 2013** | **3,840** | **74,586** | **956** | **417,746** | **541** | **497,669** |

## INTERIM CONSOLIDATED CASH FLOW STATEMENT

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note number | from 01.01.2014to 30.06.2014 | from 01.01.2013to 30.06.2013 |
|  |  |  |  |
| Profit before tax |  | 84,703 | 33,681 |
| Adjustments: |  | (227,508) | (63,518) |
| Amortisation and depreciation |  | 21,307 | 16,657 |
| Interest and profit sharing (dividends) |  | (232) | (62) |
| Currency exchange profits (losses) |  | 46 | (61) |
| Profit (loss) on investment activity |  | 4,154 | 4,765 |
| Cost of interest |  | 7,391 | 6,380 |
| Change in provisions |  | 1,145 | 119 |
| Change in inventories |  | (219,469) | (34,180) |
| Change in receivables |  | (19,876) | (27,883) |
| Change in short-term liabilities excluding credits and loans |  | (14,813) | (17,587) |
| Income tax paid |  | (8,520) | (12,622) |
| Other adjustments | 26 | 1,359 | 956 |
| Net cash flows from operating activities |  | **(142,805)** | **(29,837)** |
|  |  |  |  |
| **Cash flow from investment activities** |  |  |  |
| Interest received |  | 232 | 62 |
| Proceeds from the sale of tangible fixed assets |  | 4,473 | 1,795 |
| Proceeds from loans granted to third parties |  | 4,909 | 2,240 |
| Purchase of intangible assets  |  | (417) | (110) |
| Purchase of tangible fixed assets |  | (61,682) | (24,515) |
| Net cash flows from investment activities |  | **(52,485)** | **(20,528)** |
|  |  |  |  |
| **Cash flows from financial activities** |  |  |  |
| Proceeds from incurring credits and loans |  | 276,218 | 51,023 |
| Issuance of debt securities |  | 210,000 | - |
| Repayment of credits and loans |  | (3,000) | (29,560) |
| Payments of liabilities arising from financial leases |  | - | (3) |
| Interest paid |  | (7,391) | (6,380) |
| Net cash flows from financial activities |  | **475,827** | **15,080** |
|  |  |  |  |
| **Total cash flow** |  | **280,537** | **(35,285)** |
|  |  |  |  |
| Net increase (decrease) in cash and cash equivalents |  | **280,537** | (35,285) |
| Cash and cash equivalents at the beginning of the period |  | **143,736** | **125,708** |
| **Cash and cash equivalents at the end of the period** |  | **424,273** | **90,423** |

## NOTES

# GENERAL INFORMATION

**Name of the Dominant Entity:** CCC Spółka Akcyjna [a joint-stock company]

**Registered office of the Dominant Entity:** Polkowice

**Address:** ul. Strefowa 6, 59-101 Polkowice

**Telephone:** +48 (76) 845 84 00

**Fax:** +48 (76) 845 84 31

**E-mail:** ccc@ccc.eu

**Website:** [www.ccc.eu](http://www.ccc.eu/)

**Registration:** District Court for Wrocław-Fabryczna in Wrocław, 9th

Commercial Division of the National Court Register

**KRS Number:** 0000211692

**REGON (Statistical Number):** 390716905

**NIP** 692-22-00-609

**Corporate Purpose:** The Group's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 51.42)

CCC S.A. has been listed on Giełda Papierów Wartościowych S.A. in Warsaw (Warsaw Stock Exchange) since 2004.

# BASIS OF PREPARATION

CCC S.A. Capital Group presents the abbreviated consolidated interim financial statements for H1 2014 commencing on 01 January 2014 and ending on 30 June 2014.

These abbreviated consolidated interim financial statements were prepared in accordance with AIS 34 “Interim Financial Reporting”. The statements do not cover all the information and disclosures required in the annual financial statements and should be read together with the financial statements for the period from 01/01/2013 to 31/12/2013 which were prepared pursuant to the International Financial Reporting Standards approved by the European Union.

# BASIS FOR CONSOLIDATION

This abbreviated consolidated interim financial statements contain the statement of the dominant entity CCC S.A. and the statements of the subsidiaries.

The subsidiaries are subject to consolidation in the period from the date of assumption of control by the Group to the date of cessation of control.

All entities comprising the Capital Group underwent audit during the entire reporting period. Any transactions, balances, revenues and costs between the consolidated subsidiaries are subject to consolidation exemptions.

The Continental Trust Fund does not produce financial reports as it is not required under the U.S. law. However, as a Trustee, at each Beneficiary’s request, it will confirm in writing the type of assets turned over for management. The measurement of assets will be carried out in accordance with the provisions in force in the Beneficiary's jurisdiction, i.e. in accordance with the laws of Poland.

In relation to the planned restructuring of the business of the Capital Group CCC two subsidiaries were established: CCC.eu sp. z o.o. and CCC Shoes & Bags. The purpose of this reorganization is to optimize the supply chain and distribution of footwear in the Capital Group CCC. The start of the

companies in their full scope is to take place in the third and fourth quarter of 2014.

# FUNCTIONAL AND PRESENTATION CURRENCY

The items contained in the Capital Group's abbreviated consolidated interim financial statements are valued in the currency of the primary business environment in which each entity operates (“functional currency”). This financial statements are presented in PLN, which is the Group's functional currency and its presentation currency.

# ACCOUNTING PRINCIPLES APPLIED

The accounting principles applied by the Capital Group have not changed compared to the accounting principles applied in the financial statements prepared as at 31 December 2013, except for the application of the new standards.

From 1 January 2014 the Group shall be bound by the following standards and interpretations:

  - IFRS 10 "Consolidated Financial Statements" Group has applied the change from 1 January 2014. The amendment has no material impact on the interim individual financial statements of the Group.

- IFRS 11 "Joint Arrangements" The Group has applied the change from 1 January 2014. The amendment does not have a material impact on the interim individual financial statements of the Group.

- SSF 12 "Disclosure of Interests in Other Entities", the Company has applied the change from 1 January 2014. Change has no material impact on the interim individual financial statements of the Group.

- Revised IAS 27 "Separate Financial Statements" Group has applied the change from 1 January 2014. The amendment has no material impact on the interim individual financial statements of the Group.

- Revised IAS 28 "Investments in Associates and Joint Ventures"

The Group has applied the change from 1 January 2014. The amendment has no material impact on the interim individual financial statements of the Group.

- Changes in the transitional provisions of IFRS 10, IFRS 11, IFRS 12, the Group has applied the change from 1 January 2014. The amendment has no material impact on the interim individual

financial statements of the Group.

- Investment Entities - amendments to IFRS 10, IFRS 12 and IAS 27 the Group has applied the change from 1 January 2014. The amendment has no material impact on the interim individual

financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 the Group has applied

change from 1 January 2014. The amendment has no material impact on the interim individual

financial statements of the Group.

- Disclosure of the recoverable amount for the non-financial assets - Amendments to IAS 36 the Group

Has applied the change from 1 January 2014. The amendment has no material impact on the interim individual financial statements.

- Renewal of derivatives and hedge accounting continuation - Amendments to IAS 39, the Group has applied the change from 1 January 2014. The amendment has no material impact on the interim individual financial statements of the Group.

All the aforesaid amendments to standards and interpretations were approved for use by the European Union up to the date of publishing this financial report. The Group believes that its application had no impact on the financial statements of the Group or the impact was negligible, so the accounting principles applied in the preparation of these financial statements are consistent with the accounting principles applied in the preparation of the financial statements for the year ended 31 December 2013, and described therein. To the date of publication of these financial statements, further standards and interpretations were published by the International Accounting Standards Council, which to that day have not entered into force, while some of which were approved for use by the European Union. The Group has decided not to apply any of these standards earlier.

# SEASONALITY AND CYCLICALITY OF THE CCC S.A. CAPITAL COMPANY'S ACTIVITIES

In the case of CCC S.A. Capital Group companies, we are dealing with seasonal sales. The sales seasonality of the Capital Group CCC S.A. is significant, just as in the entire clothing and footwear industry. There are two primary high sales periods: Q2 and Q4. Furthermore, throughout the year, sales are tied closely to weather conditions. Weather may disrupt the seasonality pattern, accelerating or postponing the periods of lower or higher sales respectively.

# REPORTING SEGMENTS

**Identifying operating segments**

Operating segments are presented consistently with internal reporting supplied to the Key Operating Body – the management board of the dominant entity. Operating segments are divided into stores and franchise business partners.

**Identifying reporting segments**

The identified operating segments (stores, franchise business partners, wholesale contractors) are aggregated into reporting segments as they meet the aggregation criteria of IFRS 8. CCC S.A. Capital Group identifies two reportable segments in its business (“retail business”, “franchise business and other”) in accordance with IFRS 8 “Operating Segments”. In the identified segments, CCC S.A. Capital Group conducts business activity generating certain revenues and incurring costs. The results on segment activity are regularly reviewed by the Key Operating Body (persons responsible for making the main operating decisions). Financial data on the identified segments is also available.

# 7. REPORTING SEGMENTS (CONT.)

**The “retail business” – “retail” segment**

The “*retail business*” segment covers primarily the sale of footwear, shoe care products and small leather products. The Capital Group CCC S.A. carries out sales in its own locations in Poland, the Czech Republic, Slovakia, Hungary, Austria, Germany, Croatia, Slovenia, Turkey targeting retail customers. Retail sales are conducted via three chains: CCC, BOTI, LASOCKI. The operating segment is each individual customer operating in one of the chains and analysed individually by the Key Operating Body. Due to the similarity of the long-term average gross margins, and also due to the similar nature of the goods (among other things, footwear, shoe care products, small leather products), the method of distribution of goods and the types of customers (sale conducted in own stores and addressed to retail customers), the “*retail business*” segment covers financial information jointly for the CCC, BOTI and LASOCKI chains, while the operating segments were combined under IFRS 8, forming a reporting segment called “retail business”.

**The “franchise and other business" – “franchise and other” segment**

The “*franchise and other business*” segment includes primarily the sale of footwear, shoe care products, small leather products and services, as well as the value of production sold (e.g. shoes) to entities outside of CCC S.A. Capital Group. The sale is carried out through CCC S.A. and CCC Factory Sp. z o.o. in Poland and is addressed to Polish wholesale customers (primarily those conducting sale in the franchises of CCC and BOTI) as well as foreign wholesale customers. The operating segment is each individual customer operating in one of the chains and analysed individually by the Key Operating Body. Due to the similarity of long-term average gross margins, and also due to the similar nature of the goods (among other things, footwear, shoe care products, small leather products) and the services provided (re-invoicing transportation services), the method of distribution of the goods and the type of customers (sale targeting wholesalers), the “*franchise and other*” segment covers financial information for all business partners combined under IFRS 8, forming a reporting segment called “franchise and other business”.

The accounting principles applicable to the operating segments are the same as the accounting policy principles under which CCC S.A. Group companies prepare their financial statements. The Group evaluates the results of operation of each segment on the basis of financial performance.

**Other disclosures related to reporting segments**

The following items do not apply: revenues on transactions with other business segments of the same entity, the entity's share in the profit or loss of affiliated entities and joint ventures and material non- cash items other than depreciation.

Capital Group CCC S.A. discloses information about the revenues from the sale of products and services to external customers as part of reporting segments. A group of similar products (i.e. footwear, shoe care products, accessories) is presented in the retail and franchise segment (due to the minor share of the sale of goods other than footwear, they are not disclosed individually). Thus, the Capital Group CCC S.A. does not provide separate information on the revenues from the sales of products and services to external customers.

Capital Group CCC S.A. does not report information in the consolidated statement about major customers, as revenues from a single external customer do not exceed 10% of the revenue of the Capital Group CCC S.A.

Capital Group CCC S.A. does not report information in the consolidated statement about assets and liabilities concerning segments due to the fact that such information is not available on a regular basis and is not analysed by the Key Operating Body.

**7.** **Reporting segments (cont.)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  **Period from 01.01.2014**  **to 30.06.2014** |  | **Distribution activity** | **Trademark management** | **Consolidation adjustments** | **unallocated** |  |
| **Poland** | **European Union** | **Other** | **Total** | **Manufacturing activity** | **TOTAL** |
| **retail** | **franchise** | **retail** | **franchise** | **retail** | **franchise** |  |  |
| Sales revenues | 614,389 | (1,936) | 204,416 | 21,444 | 1,867 | 14,488 | 854,668 | 127,713 | 17,972 | (144,763) | 300 | 855,890 |
| Own cost of sales | (287,165) | 2,675 | (89,884) | (14,731) | (1,139) | (12,943) | (403,187) | (105,419) | - | 127,208 | - | (381,398) |
| *Transactions between segments* | *15,441* | *(226)* | *5,354* | *1,669* | *44* | *432* | *22,714* | *(22,714)* | *-* | *-* | *-* | *-* |
| **Gross sales profit** | **342,665** | **513** | **119,886** | **8,382** | **772** | **1,977** | **474,195** | **(420)** | **17,972** | **(17,555)** | **300** | **474,492** |
| Administrative cost | (260,315) | (364) | (118,397) | (3,736) | (2,249) | (1,160) | (386,221) | (3,227) | (280) | 17,555 | (386) | (372,559) |
| *Transactions between segments* | *12,001* | *32* | *2 346* | *(235)* | *(6)* | *(61)* | *14,077* | *3,199* | *(17,276)* | *-* | *-* | *-* |
| Balance of operating revenues and expenses | (5,797) | 148 | (4,346) | (16) | 10 | 219 | (9,782) | 57 | (4,818) | 4,818 | - | (9,725) |
| *Transactions between segments* | *40* | *(1)* | *13* | *4* | *-* | *1* | *57* | *(57)* | *4 818* | *(4,818)* | *-* | *-* |
| **Operating profit** | **88,594** | **328** | **(498)** | **4,399** | **(1,473)** | **976** | **92,326** | **(448)** | **416** | **-** | **(86)** | **92,208** |
| Balance of operating revenues and expenses | (6,105) | (35) | (1,671) | (305) | (383) | (290) | (8,789) | 34 | 1,250 | - | - | (7,505) |
| *Transactions between segments* | *930* | *7* | *247* | *57* | *26* | *18* | *1 285* | *(34)* | *(1,251)* | *-* | *-* | *-* |
| **Profit before tax** | **83,419** | **300** | **(1,922)** | **4,151** | **(1,830)** | **704** | **84,822** | **(448)** | **415** | **-** | **(86)** | **84,703** |
| Income tax |  |  |  |  |  |  |  |  |  |  | (14 530) | (14,530) |
| **Net profit** |  |  |  |  |  |  | **70,173** |
| ***Net profit disclosed in the statement of financial result and other comprehensive income*** | **70,173** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Assets, including: | 1,070,114 | 9,627 | 405,546 | 31,099 | 7,548 | 24,899 | 1,548,833 | 97,829 | 24,324 | - | - | 1,670,986 |
|  - fixed assets | 246,136 | 818 | 142,303 | 4,729 | 1,118 | 3,592 | 398,696 | 37,515 | 677 | - | - | 436,888 |
|  - deferred tax | 6,577 | 44 | 2 ,716 | 322 | 144 | 44 | 9,847 | 4,377 | 15,352 | - | - | 29,576 |
| Interest expenses | (5,246) | (59) | (1,982) | (287) | (22) | (273) | (7,869) | - | - | - | - | (7,869) |
| Depreciation | (13,719) | (32) | (5,782) | (187) | (126) | (142) | (19,988) | (933) | - | - | (386) | (21,307) |

**7. Reporting segments (cont.)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  **Period from 01.01.2014**  **to 30.06.2014** |  | **Distribution activity** | **Trademark management** | **Consolidation adjustments** | **unallocated** |  |
| **Poland** | **European Union** | **Other** | **Total** | **Manufacturing activity** | **TOTAL** |
| **retail** | **franchise** | **retail** | **franchise** | **retail** | **franchise** |  |  |
| Sales revenues | 509,514 | 7,920 | 101,898 | 10,929 | - | 12,664 | 642,925 | 80,672 | 12,594 | (92,889) | 258 | 643,560 |
| Own cost of sales | (246,925) | (6,650) | (51,087) | (8,029) | - | (11,220) | (323,911) | (65,646) | - | 80,467 | - | (309,090) |
| *Transactions between segments* | 12,030 | 61 | 2,559 | 6 | - | 459 | 15,115 | (15,115) | - | - | - | - |
| **Gross sales profit** | **274,619** | **1,331** | **53,370** | **2,906** | **-** | **1,903** | **334,129** | **(89)** | **12,594** | **(12,422)** | **258** | **334,470** |
| Administrative cost | (238,578) | (1,279) | (55,683) | (1,885) | - | (1,978) | (299,403) | (2,687) | (230) | 12,422 | (386) | (290,284) |
| *Transactions between segments* | 8,617 | (11) | 996 | (1) | - | (81) | 9,520 | 2,675 | (12,195) | - | - | - |
| Balance of operating revenues and expenses | (7,012) | 37 | 1,957 | 6 | - | 182 | (4,830) | 43 | (5,052) | 4,819 | - | (5,020) |
| *Transactions between segments* | (168) | - | (20) | - | - | 1 | (187) | (42) | 5,048 | (4,819) | - | - |
| **Operating profit** | **37,478** | **78** | **620** | **1,026** | **-** | **27** | **39,229** | **(100)** | **165** | **-** | **(128)** | **39,166** |
| Balance of operating revenues and expenses | (4,987) | (117) | (1,536) | (34) | - | (214) | (6,888) | 15 | 1,388 | - | - | (5,485) |
| *Transactions between segments* | 1,162 | 32 | 113 | 51 | - | 46 | 1,404 | (15) | (1,389) | - | - | - |
| **Profit before tax** | **33,653** | **(7)** | **(803)** | **1,043** | **-** | **(141)** | **33,745** | **(100)** | **164** | **-** | **(128)** | **33,681** |
| Income tax |  |  |  |  |  |  |  |  |  |  | (4,178) | (4,178) |
| **Net profit** |  |  |  |  |  |  |  |  |  |  |  | **29,503** |
| ***Net profit disclosed in the statement of financial result and other comprehensive income*** | **29,503** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Assets, including: | 648,010 | 19,893 | 202,428 | 14,191 | 89 | 20,282 | 904,893 | 66,363 | 28,580 | - | 5,611 | 1,005,447 |
|  - fixed assets | 238,394 | 2,642 | 70,432 | 4,210 | - | 3,838 | 319,516 | 35,522 | 735 | - | 5,611 | 361,384 |
|  - deferred tax | 4,253 | 15 | 2,829 | 188 | - | 84 | 7,369 | 2,520 | 16,168 | - | - | 26,057 |
| Interest expenses | (4,659) | (101) | (1,319) | (159) | - | (142) | (6,380) | - | - | - | - | (6,380) |
| Depreciation | (13,571) | (74) | (1,468) | (118) | - | (105) | (15,336) | (935) | - | - | (386) | (16,657) |

# TANGIBLE FIXED ASSETS

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Land, buildings and structures** | **Machinery and equipment** | **Means of transport** | **Other** | **Fixed assets in progress** | **Spare parts** | **Total** |
| **GROSS VALUE** |  |  |  |  |  |  |  |
| **As at 01 January 2014** | **362,761** | **103,766** | **46,524** | **30 758** | **884** | **977** | **545,670** |
| Changes due to currency exchange differences | 434 | 103 | 5 | (447) | 210 | - | 305 |
| **Increases due to:** | **33,863** | **3,547** | **2,121** | **12 646** | **38,737** | **9** | **90,923** |
| - outlays in foreign facilities | 30,037 | - | - | - | 35,873 | - | 65,910 |
| - own capital spending | 13 | - | - | - | 2,864 | - | 2,877 |
| - purchase | 3,813 | 3,547 | 2,121 | 12 646 | - | 9 | 22,136 |
| **Decreases due to:** | **10,370** | **1,216** | **415** | **270** | **31,540** | **61** | **43,872** |
| - liquidation | 9,061 | 399 | - | 98 | 4 | - | 9,562 |
| - sales | 1,309 | 817 | 415 | 172 | 1,487 | - | 4,200 |
| - investments completed | - | - | - | - | 30,049 | - | 30,049 |
| - other decreases | - | - | - | - | - | 61 | 61 |
| **As at 30 June 2014** | **386,688** | **106,200** | **48,235** | **42,687** | **8,291** | **925** | **593,026** |
| **AMORTISATION AND IMPAIRMENT** |  |  |  |  |  |  |
| **As at 01 January 2014** | **86,021** | **34,207** | **16,133** | **12,184** | **(125)** | **-** | **148,420** |
| Changes on foreign exchange differences | 3 | 51 | 1 | (39) | - | - | 16 |
| Amortisation and depreciation for the period 01.01 - 30.06. | 13,536 | 5,471 | 2,143 | 2,264 | 125 | - | 23,539 |
| Decreases due to sale or liquidation | 4,425 | 394 | 262 | 55 | - | - | 5,136 |
| Revaluation write-downs | (1,808) | - | - | - | - | - | (1,808) |
| **As at 30 June 2014** | **93,327** | **39,335** | **18,015** | **14,354** | **-** | **-** | **165,031** |
| **NET VALUE** |  |  |  |  |  |  |  |
| **As at 01 January 2014** | **276,740** | **69,559** | **30,391** | **18,574** | **1,009** | **977** | **397,250** |
| **As at 30 June 2014** | **293,361** | **66,865** | **30,220** | **28,333** | **8,291** | **925** | **427,995** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Land, buildings and structures** | **Machinery and equipment** | **Means of transport** | **Other** | **Fixed assets in progress** | **Total** |
| **GROSS VALUE** |  |  |  |  |  |  |
| **As at 01 January 2013** | **312,173** | **97,936** | **45,189** | **15,067** | **9,039** | **479,404** |
| Changes due to currency exchange differences | 852 | 194 | 32 | 31 | 118 | 1,227 |
| **Increases due to:** | **26,670** | **2,483** | **1,821** | **558** | **15,463** | **46,995** |
| - outlays in foreign facilities | 23,014 | - | 108 | - | 15,295 | 38,417 |
| - own capital spending | 80 | - | - | - | 168 | 248 |
| - purchase | 3,576 | 2,483 | 1,713 | 558 | - | 8,330 |
| **Decreases due to:** | **15,086** | **445** | **962** | **222** | **23,093** | **39,808** |
| - liquidation | 14,520 | 320 | - | 106 | - | 14,946 |
| - sales | 566 | 125 | 962 | 116 | - | 1,769 |
| - investments completed - transfer | - | - | - | - | 23,093 | 23,093 |
| **As at 30 June 2013** | **324,609** | **100,168** | **46,080** | **15,434** | **1,527** | **487,818** |

# TANGIBLE FIXED ASSETS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **AMORTISATION AND IMPAIRMENT** |  |  |  |  |  |
| **As at 01 January 2013** | **76,984** | **24,057** | **14,179** | **9,415** | **(125)** | **124,510** |
| Changes on foreign exchange differences | 272 | 72 | 12 | 15 | - | 371 |
| Amortisation and depreciation for the period 01.01 - 30.06. | 10,925 | 5,333 | 1,964 | 1,082 | - | 19,304 |
| Decreases due to sale or liquidation | 6,299 | 114 | 916 | 172 | - | 7,501 |
| Write-downs | (2,849) | - | - | - | - | (2,849) |
| **As at 30 June 2013** | **79,033** | **29,348** | **15,239** | **10,340** | **(125)** | **133,835** |
| **NET VALUE** |  |  |  |  |  |  |
| **As at 01 January 2013** | **235,189** | **73,879** | **31,010** | **5,652** | **9,164** | **354,894** |
| **As at 30 June 2013** | **245,576** | **70,820** | **30,841** | **5,094** | **1,652** | **353,983** |

|  |  |  |
| --- | --- | --- |
| **Tangible fixed assets pledged as security for credits and sureties** | **30.06.2014** | **31.12.2013** |
| Ordinary mortgage on the real property up to the value of | 575,000 | 212,500 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Changes in revaluation write-downs due to impairment of fixed assets:** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 30.06.2013** | **from 01.01.2013****to 30.06.2013** |
| As at the beginning of the period | 3,994 | 6,174 | 6,173 |
| a) increase | - | 1,545 | - |
| b) decrease | (2,186) | (3,725) | (2,849) |
| **Fixed asset revaluation write-downs at end of the period** | **1,808** | **3,994** | **3,324** |

# INTANGIBLE ASSETS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Patents and licenses** | **Trademarks** | **Intangible assets under construction** | **Total** |
|  |  |  |  |  |
| **GROSS VALUE** |  |  |  |  |
| As at 01 January 2014 | **8,828** | **954** | **3,105** | **12,887** |
| Increases during the period 01.01. - 30.06  | 183 | 68 | 166 | 417 |
| Decreases during the period 01.01. - 30.06. | - | - | - | - |
| **As at 30 June 2014** | **9,011** | **1,022** | **3,271** | **13,304** |
| **REDEMPTION** |  |  |  |  |
| As at 01 January 2014 | **3,593** | **126** | **-** | **3,719** |
| Changes on foreign exchange differences | 686 | 194 | - | 880 |
| Amortisation and depreciation in the period 01.01. - 30.06. | - | - | - | - |
| **As at 30 June 2014** | **4,279** | **320** | **-** | **4,599** |
| **NET VALUE** |  |  |  |  |
| **As at 01 January 2014** | **5,235** | **828** | **3,105** | **9,168** |
| **As at 30 June 2014** | **4,732** | **702** | **3,271** | **8,705** |

**9. INTANGIBLE ASSETS (CONT.)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Patents and licenses** | **Trademarks** | **Intangible assets in progress** | **Total** |
|  |  |  |  |  |
| **GROSS VALUE** |  |  |  |  |
| As at 01 January 2013 | **6,369** | **850** | **2,907** | **10,126** |
| Increases during the period 01.01. - 30.06  | 68 | 203 | 75 | 346 |
| Decreases during the period 01.01. - 30.06. | 22 | 200 | - | 222 |
| **As at 30 June 2013** | **6,415** | **853** | **2,982** | **10,250** |
| **REDEMPTION** |  |  |  |  |
| As at 01 January 2013 | **2,241** | **105** | **-** | **2,346** |
| Changes on foreign exchange differences | 571 | 13 | - | 584 |
| Amortisation and depreciation in the period 01.01. - 30.06. | - | - | - | - |
| **As at 30 June 2013** | **2,812** | **118** | **-** | **2,930** |
| **NET VALUE** |  |  |  |  |
| **As at 01 January 2013** | **4,128** | **745** | **2,907** | **7,780** |
| **As at 30 June 2013** | **3,603** | **735** | **2,982** | **7,320** |

# CASH

|  |  |  |  |
| --- | --- | --- | --- |
|  | **30.06.2013** | **31.12.2013** | **30.06.2013** |
| Cash in hand and at bank | 130,715 | 128,965 | 87,584 |
| Short-term deposits | 293,558 | 14,771 | 2,839 |
| **Total** | **424,273** | **143,736** | **90,423** |

Cash at bank and cash in hand comprises cash held by the companies of the Capital Group and short-term bank deposits with a maturity of three months. The book value of these assets complies with the fair value.

# INVENTORY, INVENTORY REVALUATION WRITE-DOWNS

|  |  |  |  |
| --- | --- | --- | --- |
| **Changes in inventory write-downs** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 30.06.2013** | **from 01.01.2013****to 30.06.2013** |
| As at the beginning of the period | 4,862 | 4,354 | 4,354 |
| a) increase | 3,107 | 2,833 | 1,838 |
| b) decrease | 38 | 2,325 | 1,964 |
| **Inventory revaluation write-downs as at the end of the period** | **7,931** | **4,862** | **4,228** |

The value of created and released inventory write-downs was recognised as an adjustment to the cost of sales for the current period.

Under credit agreements, pledges on inventory were established. The value of pledges on the balance sheet date amounted to PLN 350 million (PLN 323 million as at 31.12.2013, PLN 268 million as at 30.06.2013).

# INCOME TAX

|  |  |  |  |
| --- | --- | --- | --- |
| **Income tax** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 30.06.2013** | **from 01.01.2013****to 30.06.2013** |
| Profit before tax | 84,703 | 151,276 | 33,681 |
| Tax calculated at the domestic rates applicable to profits in the respective countries | 16,357 | 26,656 | 5,830 |
| Tax effects of the following items: |  |  |  |
| - the effect of income and non-tax costs exemption | 1,160 | 918 | (6,743) |
| - other adjustments | - | (1,040) | - |
| -tax losses in respect of which assets were not recognized on deferred income tax | (4,947) | (1,875) | (965) |
| **Current income tax** | **21,494** | **26,737** | **5,864** |
| Deferred tax | (6,964) | (678) | (1,686) |
| **Burden of the financial result on income tax** | **14,530** | **26,059** | **4,178** |

\* include changes in presentation in accordance with the annual financial statements for 2013

As defined in the laws, Tax Office may examine the tax returns of the Group within five years. Therefore, there is a possibility of charging the Group an additional amount of tax together with penalties and interest.

Tax rates applicable in each country where the subsidiaries operate in 2014

|  |  |
| --- | --- |
| **Domestic** | **Corporate income tax rate** |
| Poland | 19.00% |
| The Czech Republic | 19.00% |
| Slovakia | 23.00% |
| Hungary\* | 10.00% |
| Switzerland | 8.47% |
| Germany | 15.00% |
| Austria | 25.00% |
| Croatia | 20.00% |
| Slovenia | 17.00% |
| Turkey | 20.00% |

# \* Basic applied rate in Hungary is 19%. The Group uses a reduced rate of 10%, which applies to the tax base up to 500 million forints of income. "

# DEFERRED TAX

The following items comprise the main items of liabilities and deferred income tax assets recognised in the Group and the changes in the current and previous reporting period. In accordance with IAS 12, within the financial statements, the Group presents liabilities and deferred tax assets on a net basis.

|  |  |  |  |
| --- | --- | --- | --- |
| **Amounts due to deferred tax** | **30.06.2014** | **31.12.2013** | **30.06.2013** |
| Accelerated tax depreciation | 736 | 804 | 696 |
| Accrued interest | 195 | 213 | 208 |
| Other | 119 | - | - |
| **Amounts due to deferred tax** | **1,050** | **1,017** | **904** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Deferred tax assets** | **30.06.2014** | **31.12.2013** | **30.06.2013** |
| Costs after the balance sheet date | 2,280 | 557 | 1,342 |
| Provisions for liabilities | 2,763 | 1,845 | 1,861 |
| Assets impairment | 2,910 | 2,779 | 2,118 |
| Grouping adjustment of margin on inventory | 6,564 | 3,571 | 4,176 |
| Tax losses | - | 29 | 1,130 |
| Valuation of trademarks | 15,352 | 15,760 | 16,169 |
| Other | 757 | 47 | 165 |
| **Deferred tax assets** | **30,626** | **24,588** | **26,961** |

The Group has identified all of the assets, which should have the deferred income tax recognised.

# FINANCIAL AND OPERATING REVENUES AND EXPENSES

|  |  |  |
| --- | --- | --- |
| **Other operating revenues** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 30.06.2013** |
| Profit on foreign exchange differences | - | 4,476 |
| Interest received | 443 | 436 |
| Compensations received | 433 | 517 |
| Liquidated provisions | 580 | - |
| Stock-taking surplus | 1 724 | 1,804 |
| Other operating revenues | 2 129 | 2,130 |
|  **Total** | **5,309** | **9,363** |

|  |  |  |
| --- | --- | --- |
| **Other operating expenses** | **from 01.01.2014 to 30.06.2014** | **from 01.01.2013****to 30.06.2013** |
| Loss on disposal of fixed assets | 4,223 | 7,614 |
| Establishment of provisions  | 1,324 | 245 |
| Loss on foreign exchange differences | 3,615 | 1 |
| Interest | 161 | 112 |
| Stock-taking deficits | 2,431 | 2,588 |
| Paid licenses and copyrights | 695 | 848 |
| Other operating expenses | 2,585 | 2,976 |
|  **Total** | **15,034** | **14,383** |

|  |  |  |
| --- | --- | --- |
| **Financial revenues** | **from 01.01.2014**  **to 30.06.2014** | **from 01.01.2013****to 30.06.2013** |
| Revenues on current account interest and other | 232 | 218 |
| Profit on foreign exchange differences | 1,255 | 1,553 |
| Other financial revenues | 55 | 92 |
|  **Total** | **1,542** | **1,863** |

|  |  |  |
| --- | --- | --- |
| **Financial expenses** | **from 01.01.2014 to 30.06.2014** | **from 01.01.2013****to 30.06.2013** |
| Interest on loans and credits | 7,869 | 6,273 |
| Loss on foreign exchange differences | - | 121 |
| Fees and commissions paid | 381 | 320 |
| Other financial costs | 797 | 634 |
| **Total** | **9,047** | **7,348** |

# CAPITALS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Share capital** | **Number of shares** | **(including common shares)** | **nominal value** | **Share capital** |
| as at 30.06.2013 | 38,400,000 | 31,750,000 | PLN 0.10 | 3,840 |
| as at 31.12.2013 | 38,400,000 | 31,750,000 | PLN 0.10 | 3,840 |
| as at 30.06.2014 | 38,400,000 | 31,750,000 | PLN 0.10 | 3,840 |

All issued shares were paid in full. The number of registered preference shares amounts to 6.650.000. The preference applies to voting right in such a way that each preference share entitles to two votes. Shareholders have the pre-emption right to acquire the registered preference shares held for disposal.

**15.** **CAPITALS (cont.)**

|  |  |
| --- | --- |
| **Supplementary capital from share premium** | **amount** |
| as at 30.06.2013 | 74,586 |
| as at 31.12.2013 | 74,586 |
| as at 30.06.2014 | 74,586 |

|  |  |
| --- | --- |
| **Other capitals** | **amount** |
| as at 30.06.2013 | 956 |
| as at 31.12.2013 | 2,196 |
| as at 30.06.2014 | 3,555 |

|  |  |
| --- | --- |
| **Retained earnings** | **amount** |
| as at 30.06.2013  | 417,746 |
| as at 31.12.2013 | 513,349 |
| Net profit for the period | 70,173 |
| declared dividend payment | (61,440) |
| foreign exchange differences | (153) |
| other adjustments | - |
| **as at 30.06.2014** | **521,929** |

|  |  |
| --- | --- |
| **Currency exchange differences from converting foreign units** | **amount** |
| as at 30.06.2013 | 541 |
| as at 31.12.2013 | (2,115) |
| as at 30.06.2014 | (1,917) |

In accordance with Article 69 of the Act on Public Offering, at the date of submitting this semi-annual report, the list of shareholders holding at least 5% of the total number of votes at the General Meeting of Issuers is presented in the table below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Shareholder | number of shares held | percentage share in the share capital (%) | number of votes at the General Meeting | share in the overall number of votes at the General Meeting (%) |
| *Luxprofi S.a.r.l.**(subsidiary to Mr. Dariusz Miłek)**Dariusz* | 13,360,000 | 34.79 | 18,110,000 | 40.20 |
| Mr.Leszek Gaczorek | 3,010,000 | 7.84 | 4,760,000 | 10.57 |
| Aviva OFE\* | 3,174,451 | 8.27 | 3,174,451 | 7.05 |

\*data come from the information about the structure of the annual Aviva OFE assets at the date of 31.12.2013.

At the date of preparing the financial statements for 1H 2014, the CCC S.A. did not have any information on other shareholders with the number of votes at the General Meeting amounting to at least 5%.

List of shareholders, in accordance with Art. 69 of the Act on Public Offering, holding at least 5% of the total number of votes at the General Meeting of the Issuer on the date of the report QSr - I / 2014:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Shareholder | number of shares held | percentage share in the share capital (%) | number of votes at the General Meeting | share in the overall number of votes at the General Meeting (%) |
| *Luxprofi S.a.r.l.**(subsidiary to Mr. Dariusz Miłek)**Dariusz* | 13,360,000 | 34.79 | 18,110,000 | 40.20 |
| Mr.Leszek Gaczorek | 3,010,000 | 7.84 | 4,760,000 | 10.57 |
| Aviva OFE\* | 3,174,451 | 8.27 | 3,174,451 | 7.05 |

\*data come from the information about the structure of the annual Aviva OFE assets at the date of 31.12.2013.

# CREDITS AND LOANS

|  |  |  |  |
| --- | --- | --- | --- |
|  | **30.06.2014** | **31.12.2013** | **30.06.2013** |
| **Bank credits, maturing**: | 34,000 | 158,000 | 141,000 |
| - from 1 to 2 years | 34,000 | 158,000 | 132,000 |
| - from 2 to 5 years | - | - | 9,000 |
| - over 5 years | - | - | - |
| **Bonds issuance – long-term** | 210,000 | - | - |
| **Long-term** | **244,000** | **158,000** | **141,000** |
| Overdraft on current account | 314,548 | 169,809 | 113,111 |
| Bank credits | 252,000 | - | 56,000 |
| **Bonds issuance – short-term** | 479 | - | - |
| **Short-term** | **567,027** | **169,809** | **169,111** |
|  |  |  |  |
| **Credits and loans in total** | **811,027** | **327,809** | **310,111** |

On June 10, 2014 the Company issued CCC S.A. bonds within the framework of the Bond Issue Programme.

The purpose of the issue was to raise funds to finance the development of the sales network and logistics infrastructure investments. The bonds were issued in Polish zlotys, as bearer securities, dematerialized, coupon ones. The bonds were issued to the following terms and conditions of issue:

1) The nominal value of one bond - 1.000;

2) Issue Price: equal to the par value of one bond;

3) Number of bonds - 210,000;

4) The total nominal value of bonds - PLN 210,000,000;

5) Redemption of bonds - a one-time redemption at par value of bonds on June 10, 2019;

6) The interest rate coupon bonds: a variable rate based on the WIBOR 6M plus a fixed margin; Interest will be paid in semi-annual periods;

7) The bonds are secured by a guarantee issued by the Company's subsidiaries.

# CREDITS AND LOANS (CONT.)

# As at 30 June 2014

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Bank name** | **Entity name** | **Type of credit** | **Limit amount** | **Amount used** | **Long-term (DT) / Short-term (KT)** | **Expiry date** | **Financial terms** | **Securities** |
| Bank Handlowy in Warsaw SA | CCC | On current account | 64,000 | 63,289 | KT | 26.02.2015 | WIBOR + margin | 1/ credit in a current account mortgage 80 mln PLN,2/ revolving credit mortgage 107,5 mln PLN,3/ pledge on inventory 70 mln PLN |
| Bank Handlowy in Warsaw SA | CCC | Revolving | 86,000 | 86,000 | KT | 26.02.2015 | WIBOR + margin |
| mBank SA | CCC | On current account | 55,000 | 54,098 | KT | 30.12.2015 | WIBOR + margin | mortgage 82,5 mln PLN |
| mBank SA | CCC | Investment | 15,000 | 15,000 | DT (9,000) / KT (6,000) | 30.12.2016 | WIBOR + margin | mortgage 40,0 mln PLN |
| mBank SA | CCC | Revolving | 60,000 | 60,000 | KT | 27.03.2015 | WIBOR + margin | mortgage 90,0 mln PLN |
| ING Bank Śląski SA | CCC | Revolving | 100,000 | 100,000 | KT | 29.01.2015 | WIBOR + margin | mortgage 30 mln PLN, pledge on inventory 70 mln PLN |
| PKO BP SA | CCC | Multi-purpose, including: | 120,000 | 99,308 |  | 26.10.215 | WIBOR + margin | mortgage 45 mln PLN; pledge on inventory 180 mln PLN |
| *- on current account* | 75,000 | 74,307 | KT |
| - *revolving* | 100,000 | 25,000 | DT |
| Bank Pekao S.A. | CCC | On current account | 100,000 | 99,615 | KT | 08.10.2015 | WIBOR + margin | mortgage 100 mln PLN |
| Millenium Bank | CCC | On current account | 25,000 | 23,239 | KT | 03.12.2014 | WIBOR + margin | Does not apply |

The financial terms of credits taken do not differ significantly from market conditions.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Bank name** | **Entity name** | **Type of credit** | **Limit amount** | **Amount used** | **Expiry date** | **Financial terms** | **Securities** |
| mBank SA | CCC | Limit for guarantees | 15,000 | 14,127 | 13.11.2014 | commission | Does not apply |
| Societe Generale | CCC | Limit for guarantees | 12,000 | 7,722 | 30.09.2014 | commission | Does not apply |
| BZ WBK SA | CCC | Limit for guarantees | 45,000 | 14,022 | 18.06.2015 | commission | Pledge on inventory 30 mln PLN |
| PKO BP SA | CCC | Limit for guarantees\* | 20,000 | 15,948 | 26.10.2015 | commission | To the main contract |
| Raiffeisen Bank | CCC | Limit for guarantees | 15,000 | 8,478 | 17.08.2016 | commission | Does not apply |
| Bank PeKaO S.A.  | CCC  | Limit for guarantees\* | 5,000 | 201 | 08.10.2015 | commission | To the main contract |
| Česká spořitelna a.s. | CCC Czech | Limit for guarantees | 100,000 CZK | - | 31.05.2014 | commission | Surety |
| Citibank Europe plc | CCC Czech | Limit for guarantees | 30,000 CZK | - | 01.12.2014 | commission | Does not apply |

*\** *Limit guarantees with PKO BP SA and Pekao SA is part of a multipurpose credit limit*

# CREDITS AND LOANS (CONT.)

# As at 30 June 2014

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Bank name** | **Entity name** | **Type of credit** | **Limit amount** | **Amount used** | **Long-term (DT) / Short-term (KT)** | **Expiry date** | **Financial terms** | **Securities** |
| Bank Handlowy in Warsaw SA | CCC | Revolving  | 56,000 | 56,000 | DT | 26.02.2015 | WIBOR + margin | 1/ credit in a current account mortgage 70 mln PLN,2/ revolving credit mortgage 80 mln PLN,3/ pledge on inventory 70 mln PLN |
| Bank Handlowy in Warsaw SA | CCC | On current account | 64,000 | 63,960 | KT | 26.02.2015 | WIBOR + margin |
| mBank SA | CCC | On current account | 55,000 | 577 | KT | 30.12.2015 | WIBOR + margin | mortgage 82,5 mln PLN |
| mBank SA | CCC | Investment | 21,000 | 21,000 | DT (15,000) / KT (6,000) | 30.12.2016 | WIBOR + margin | mortgage 40,0 mln PLN |
| mBank SA | CCC | Revolving | 30,000 | 30,000 | KT | 27.03.2014 | WIBOR + margin | mortgage 45,0 mln PLN |
| ING Bank Śląski SA | CCC | Revolving | 70,000 | 70,000 | DT | 29.01.2015 | WIBOR + margin | mortgage 30 mln PLN, pledge on inventory 40 mln PLN |
| PKO BP SA | CCC | Multi-purpose credit limit, including: | 70,000 | 69,151 |  | 27.10.2013 | WIBOR + margin | pledge on inventory 112,5 mln PLN |
| *- on current account* | 50,000 | 49,151 | KT |
| - *revolving* | 70,000 | 20,000 | KT |

The financial terms of credits taken do not differ significantly from market conditions.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Bank name** | **Entity name** | **Type of credit** | **Limit amount** | **Amount used** | **Expiry date** | **Financial terms** | **Securities** |
| mBank SA | CCC | Limit for guarantees | 15,000 | 4,900 | 13.11.2015 | commission | Does not apply |
| Societe Generale | CCC | Limit for guarantees | 12,000 | 9,424 | 30.04.2014 | commission | Does not apply |
| BZ WBK SA | CCC | Limit for guarantees | 20,000,00 PLN and 6,000,000. EUR | 10,361,000 PLN i 5,105,000 EUR | 30.04.2014 | commission | Pledge on inventory 30 mln PLN |
| PKO BP SA | CCC | Limit for guarantees\* | 5,000 | 556 | 27.10.2013 | commission | To the main contract |
| Raiffeisen Bank | CCC | Limit for guarantees | 3,000,000 USD | 1,441,000 USD | 17.08.2015 | commission | Does not apply |
| Bank PeKaO S.A.  | CCC  | Limit for guarantees\* | 40,000,000. CZK | 32,975,000 CZK(5,504,000 PLN) | 30.04.2013 | commission | Surety |
| Česká spořitelna a.s. | CCC Czech | Limit for guarantees | 100,000,000. CZK | 5,538,000 CZK(924,000 PLN) | 31.05.2014 | commission | Surety |
| Citibank Europe plc | CCC Czech | Limit for guarantees | 30,000,000 CZK | 26,686,000 CZK(4,454,000 PLN) | 30.11.2013 | commission | Does not apply |

*\** *Limit guarantees with PKO BP SA is part of a multipurpose credit limit*

**16.** **Credits and loans (cont.)**

Under the long-term loan agreement concluded with mBank S.A., the dominant entity CCC S.A was required to maintain the operating margin and the debt ratio on the level set out in the agreement. Failure to fulfil the above condition does not give rise to credit maturity consequences but solely authorises the Bank to increase the margin. Even though the Company did not meet this requirement in the reporting period, the Bank did not decide to exercise the option of increasing the margin.

At the balance sheet date, the dominant company CCC S.A. used PLN 15,000,000 under the investment credit and PLN 60,000,000 under the revolving credit granted by mBank S.A. and PLN 54,098,000 granted by mBank S.A.

According to the agreement of a multipurpose credit limit concluded with Pekao S.A., theCompany was required, inter alia, to maintain the capital ratio at the level specified in the contract. Although the Company has not met this condition in the reporting period, it does not bear the consequences on the maturity of the credit. At the balance sheet date, the Company used 99,308,000 PLN as part of a multi-purpose credit limit included in current liabilities.

In accordance with the revolving credit agreement concluded with Bank ING Śląski S.A., the Company was required, inter alia, to maintain the ratio equity to total assets at the level specified in the contract. Although the Company has not met this condition in the reporting period, it does not bear the consequences on the maturity of the credit. At the balance sheet date, the Company used 100,000,000 PLN due to short-term working capital credit.

# PAYMENTS IN THE FORM OF SHARES

With a view to the creating mechanisms within the Company which would motivate the Members of the Management Board, the Members of the Management Board of subsidiaries, key employees and associates of the Company to act so as to ensure both long-term value of the Company as well as stable net profit growth. Moreover, pursuant to the need to stabilise the managerial team, the company has decided to launch an incentive programme based on subscription warrants. This programme offers participants the possibility of taking up the Company's shares in the future.

On 19.12.2012, the Extraordinary General Meeting of CCC S.A. adopted the resolutions concerning, among others, the conditional increase of the Company's share capital and the issue of subscription warrants with the full exclusion of the subscription right of the shareholders in respect of shares issued under the conditional share capital and subscription warrants in connection with the launch of the incentive program for current and future members of the Management Board, present and future members of the management boards of subsidiaries and the Company's executives.

The right to take up Share Incentives may be exercised by the Authorised Persons under the condition that the total consolidated net profit of the Capital Group of the Company for the financial years 2013, 2014 and 2015 will be not less than PLN 620,000,000 (six hundred and twenty million PLN).

The value of the program valuation charged to the costs of the financial result in the reporting period amounted to 1,098,000 PLN, the total amount from the beginning of the program is 3,294,000PLN.

The Management Board, having regard to the degree of implementation of objectives of the incentive program, sees no threat to its implementation.

# TRADE AND OTHER LIABILITIES

|  |  |  |  |
| --- | --- | --- | --- |
| **Non-current liabilities** | **30.06.2014** | **31.12.2013** | **30.06.2013** |
| Trade liabilities and other liabilities | 79 | 79 | 82 |
| **Total** | **79** | **79** | **82** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Current liabilities** | **30.06.2014** | **31.12.2013** | **30.06.2013** |
| Trade liabilities | 75,909 | 92,360 | 52,886 |
| Custom duty and tax liabilities | 45,686 | 26,780 | 16,421 |
| Liabilities to shareholders | 61,440 | - | 61,440 |
| LIabilities to employees | 21,442 | 19,460 | 15,922 |
| Other liabilities | 12,741 | 20,553 | 10,672 |
|  | **217,218** | **159,153** | **157,341** |

Liabilities denominated in foreign currencies are assessed at the balance sheet date in accordance with the average exchange rate for a given currency established as at the balance sheet date by the National Bank of Poland (NBP). Currency translation differences from the balance sheet valuation are charged to other costs or operating revenues. The balance sheet value is similar to the fair value.

# VALUE OF THE FUTURE MINIMUM OPERATING LEASE RENTALS

The predicted minimum rentals under operating lease agreements without the possibility of earlier termination are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **30.06.2014** | **31.12.2013** | **30.06.2013** |
| - within the period to 1 year | 224,580 | 158,808 | 152,220 |
| - within the period from 1 to 5 years | 898,320 | 635,232 | 608,880 |
| - over 5 years | 449,160 | 317,616 | 304,440 |
| **Total** | **1,572,060** | **1,111,656** | **1,065,540** |

In the case of many stores, (especially those located in shopping malls) rental charges consist of two components: a fixed fee and a contingent fee dependent upon the store revenues. The contingent fee usually constitutes 5% to 7% of the store revenues.

The Group is also a party to sublease agreements on the basis of operating leases. Income from sub-leasing fees based on the operating lease for a period of six months in 2014 and 2013 are presented as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 31.12.2013** | **from 01.01.2013****to 30.06.2013** |
| Revenues from operating sublease | 6,239 | 12,454 | 8,481 |

# PROFIT PER SHARE

|  |  |  |  |
| --- | --- | --- | --- |
| **Profits** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 31.12.2013** | **from 01.01.2013****to 30.06.2013** |
| Net profit for a given year indicated for the purposes of calculating earnings per share, subject to division among the shareholders of the dominant company | 70,173 | 125,217 | 29,503 |
| **Profit indicated for the purpose of calculating the value of****diluted earnings per share** | **70,173** | **125,217** | **29,503** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Number of issued shares** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 31.12.2013** | **from 01.01.2013****to 30.06.2013** |
| Weighted average number of shares disclosed for the purposes of calculating the value of ordinary profit per share | 38,400,000 | 38,400,000 | 38,400,000 |
| **Weighted average number of shares indicated for the purposes of calculating the value of diluted earnings per share** | **38,400,000** | **38,400,000** | **38,400,000** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Profit per share** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 31.12.2013** | **from 01.01.2013****to 30.06.2013** |
| Ordinary | PLN 1,82 | PLN 3,26 | PLN 0,77 |
| Diluted |  PLN 1,82 | PLN 3,26 | PLN 0,77 |

During the reporting period, there were no events affecting the value of the diluted earnings.

# DIVIDENDS

|  |  |  |  |
| --- | --- | --- | --- |
|  | **30.06.2014** |  | **30.06.2013** |
| The value of the declared dividend | 61,440 |  | 61,440 |
| Value per 1 share | PLN 1.60 |  | PLN 1.60 |

On 26 June 2013, the General Meeting of Shareholders of CCC S.A. adopted a resolution on the payment of dividends from the net profit for 2012, amounting to PLN 61,440,000. The dividend for one share amounts to PLN 1,60. The day of establishing the right to dividend (the D-day) was determined at 26 September 2013. The dividend payment day (the P-day) was established on 11 October 2014.

On 27 June 2014, the General Meeting of Shareholders of CCC S.A. adopted a resolution on the payment of dividends from the net profit for 2013, amounting to PLN 61,440,000. The dividend for one share amounts to PLN 1,60. The day of establishing the right to dividend (the D-day) was determined at 26 September 2014. The dividend payment day (the P-day) was established on 10 October 2014.

# CONTIGENT ASSETS AND LIABILITIES

|  |  |  |  |
| --- | --- | --- | --- |
| **Contingent assets and liabilities** | **30.06.2014** | **31.12.2013** | **30.06.2013** |
| 1. **Contingent assets**
 | **31,500** | **31,500** | **30,000** |
| From other entities: | 31,500 | 31,500 | 30,000 |
| - from received guarantees and sureties | 31,500 | 31,500 | 30,000 |
| 1. **Contingent liabilities**
 | **81,499** | **71,730** | **70,120** |
| For other entities: | 81,499 | 71,730 | 70,120 |
| - customs bonds | 15,000 | 11,000 | 11,000 |
| - other forms of security | 60,499 | 53,730 | 52,120 |
| - securities granted | 6,000 | 7,000 | 7,000 |

Customs bonds provide a security for the repayment of customs receivables due to the Company's operation of customs warehouses, and their maturity date is 17 June 2015.

Other guarantees constitute a security of concluded agreements for the lease of premises, and their maturity date is 26 October 2015.

The securities granted are related to the Paylink overdraft facility opened with Bank Handlowy for franchise customers and the security of credits for the benefit of subsidiaries, and their maturity dates are unspecified.

# TRANSACTIONS WITH RELATED PARTIES

|  |  |  |  |
| --- | --- | --- | --- |
|  | **from 01.01.2014****to 30.06.2014\*** | **from 01.01.2013****to 31.12.2013\*** | **from 01.01.2013****to 30.06.2013\*** |
| **Subsidiaries of the executives** |  |  |  |
| **MGC INWEST Sp. z o.o.** |  |  |  |
| Sales to related entities | 34 | 47 | 5 |
| Receivables from related entities | 7 | 9 | - |
| **Libra Project Sp. z o.o.** |  |  |  |
| Sales to related entities | - | 20 | - |
| Purchases from related entities | 1 | 37 | 32 |
| Receivables from related entities | - | 4 | - |
| Liabilities to related entities | - | 6 | - |
| **ASTRUM Sp. z o.o.** |  |  |  |
| Sales to related entities | 6 | 14 | 6 |
| Purchases from related entities | 30 | 55 | 25 |
| **CUPRUM ARENA MGC INWEST Sp. z o.o. S.k.** |  |  |  |
| Sales to related entities | - | 90 | - |
| Purchases from related entities  | - | 288 | 288 |
| **LUXPROFI s.a.r.l.** |
| Liabilities to related entities | 21,376 | - | 21,376 |
| **Cuprum Arena Sp. z o.o.**  |  |  |  |
| Sales to related entities | 9 | - | - |
| Purchases from related entities | 660 | - | - |
| Liabilities to related entities | 126 | - | - |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **from 01.01.2014****to 30.06.2014\*** | **from 01.01.2013****to 31.12.2013\*** | **from 01.01.2013****to 30.06.2013\*** |
| **Managers, supervisors and executives:** |  |  |
| **Dariusz Miłek:** |  |  |  |
| Dividend liabilities\*\* | - | - | - |
| **Leszek Gaczorek:** |  |  |  |
| Dividend liabilities\*\* | 4,816 | - | 4,816 |
| **Mariusz Gnych:** |  |  |  |
| Dividend liabilities\*\* | 192 | - | 192 |
| **Member of the Supervisory Board:** |  |  |  |
| Dividend liabilities\*\* | - | - | 28 |

\* The state at the balance sheet date was presented for receivables and liabilities

\*\* amount as at the report submission date

All transactions with related entities were performed on market conditions.

Gross remuneration of the Management Board

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Full name** | **Position** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 30.06.2013** | **from 01.01.2013****to 30.06.2013** |
| Mr Dariusz Miłek | President of the Management Board | 420 | 700 | 270 |
| Mr Mariusz Gnych | Vice-President of the Management Board | 393 | 615 | 248 |
| Mr Piotr Nowjalis | Vice-President of the Management Board | 460 | 738 | 248 |
| **Total** |  | **1,273** | **2,053** | **766** |

# TRANSACTIONS WITH RELATED PARTIES

Gross remuneration of the Supervisory Board

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Full name** | **Position** | **from 01.01.2014****to 30.06.2014** | **from 01.01.2013****to 30.06.2013** | **from 01.01.2013****to 30.06.2013** |
| Henryk Chojnacki | Chairman of the Supervisory Board | 18 | 24 | 18 |
| Wojciech Fenrich | Member of the Supervisory Board | 14 | 18 | 14 |
| Martyna Kupiecka | Member of the Supervisory Board | 14 | 18 | 14 |
| Piotr Nadolski | Member of the Supervisory Board | - | 14 | 14 |
| Marcin Murawski | Member of the Supervisory Board | 14 | 18 | 14 |
| Jan Rosochowicz | Member of the Supervisory Board | 14 | 4 | - |
| **Total** |  | **74** | **92** | **74** |

On 26 June 2013, the Extraordinary General Meeting of Shareholders of CCC S.A. appointed Mr.Jan Rosochowicz for a Member of the Supervisory Board for a two-year term commencing on 26 June 2013.

Mr. Piotr Nadolski’s term of office in the Supervisory Board expired on 26 June 2013.

# EVENTS AFTER THE BALANCE SHEET DATE

On August 12, 2014, at the meeting of the Supervisory Board the resolution was passed on the consent to the disposal of an organized part of the enterprise in the form of a Unit through its contribution as an in-kind contribution to CCC Shoes & Bags Sp. z o.o with its registered office in Warsaw. CCC Shoes & Bags Sp. z o.o is the Issuer’s subsidiary, in which the Company's share is 100% of the share capital.

# ADJUSTMENST OF PREVIOUS PERIODS

Spółka dominująca dokonała korekt okresów sprawozdawczych według zestawienia poniżej:

|  |  |  |  |
| --- | --- | --- | --- |
| **Title** | **Type of FS** | **Adjustments of previous periods** | **Adjustment 30.06.2013** |
| **Debit-side** | **Credit-side** |
| Presentation of the costs of re-invoicing | consolidated | Cost of sales | 2,835 | - |
| Cost of sales of products, goods and services | - | 2,835 |

# EXPLANATION OF DIFFERENCES OF SELECTED ITEMS OF ASSETS AND LIABILITIES DISCLOSED IN THE REPORT OF FINANCIAL CONDITION AND STATEMENT OF CASH FLOWS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **As of****30.06.2014** | **As of****31.12.2013** | **Balance sheet change** | **Change in CF** | **Difference** |
| **Receivables** | **97,961** | **82,994** | **(14,967)** | **(19,876)** | **4,909** |
| - adjustment of granted loans | - | - | - | - | 4,909 |
| - adjustment of investment receivables | - | - | - | - | - |
| **Liabilities** | **201,414** | **155,364** | **46,050** | **(14,813)** | **60,863** |
| -adjustment of a change for dividend liabilities | - | - | - | - | 6, 440 |
| - adjustment of a change for investment liabilities | - | - | - | - | (577) |
| **Other adjustments** | **3,555** | **2,196** | - | - | **1,359** |
| - valuation of employee stock option plan | 3,555 | 2,196 | - | - | 1,359 |

The interim condensed consolidated financial statements of the Capital Group CCC S.A. were approved for publishing by the Management Board of the Issuer on 28 August 2014 and signed on behalf of the Management Board by:

|  |
| --- |
| **SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS** |
| Edyta Banaś | Chief Accountant |  |
| **SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD** |
| 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 August 2014*