

**Auditor's report from the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2015 prepared for the General Meeting of Shareholders and the Supervisory Board of CCC S.A.**

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**CCC S.A. Capital Group**  
**Report on the audit of the consolidated financial statements**  
**for the financial year from 1 January to 31 December 2015**

**I. Group overview**

- a. The dominant entity in the Capital Group CCC S.A. (the "Group") is CCC Spółka Akcyjna (the "Dominant Entity") with its registered office in Polkowice at Strefowa Street 6.
- b. The deed of incorporation of the 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, registered the 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 Entity was changed once again, 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, and for statistical purposes, the Dominant Entity was assigned the following statistical number (REGON): 390716905.
- d. The share capital of the Dominant Entity as of 31 December 2015 and as of the day of signing this report amounted to 3.8 mln PLN and consisted of 38,400,000 shares with a nominal value of PLN 0.10 each. The equity capital of the Dominant Equity as of 31 December 2015 was positive and amounted to PLN 654.9 mln
- e. As of 31 December 2015, the shareholders of the Dominant Entity were:

<b>Name of the shareholder</b>	<b>Number of shares held</b>	<b>Nominal value of the shares held (PLN)</b>	<b>% share in the share capital</b>	<b>% of votes held</b>
ULTRO*	10,350,000	1,035,000.00	27.0	33.5
Leszek Gaczorek	2,710,000	271,000.00	7.1	9.9
Aviva OFE	3,038,335	303,833.50	7.9	6.7
Other	22,301,665	2,230,166.50	58.0	49.9
	<b>38.400.000</b>	<b>3.840.000,00</b>	<b>100,0</b>	<b>100,0</b>

\* Entity controlled by Dariusz Milek.

As of 31 December 2014, the shareholders of the Dominant Entity were:

<b>Name of the shareholder</b>	<b>Number of shares held</b>	<b>Nominal value of the shares held (PLN)</b>	<b>% share in the share capital</b>	<b>% of votes held</b>
ULTRO S.A.*	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	2.259.991	225.999.10	5.9	5.0
Aviva OFE	3.140.375	314.037,50	8.2	7.0
Other	16.629.634	1.662.963.40	43.3	37.2
	<b>38.400.000</b>	<b>3.840.000,00</b>	<b>100.0</b>	<b>100.0</b>

\* Entity controlled by Dariusz Milek.

**I. Group overview (continued.)**

- f. In the audited period, the Group's corporate purpose was manufacturing and selling of footwear and fancy leather goods.
- g. In the financial year, the Management Board members of the Dominant Entity were:
- Dariusz Miłek – President of the Management Board
  - Mariusz Gnych – Vice-President of the Management Board
  - Piotr Nowjalis – Vice-President of the Management Board
- h. During the financial year there were no changes in the scope of consolidated entities. However, on 15 January 2016 The Dominant Entity purchased 74.99% of shares in the share capital of the company eobuwie.pl S.A. with its headquarters in Zielona Góra.
- i. The Dominant Entity is an issuer of securities admitted to trading on the Warsaw Stock Exchange and pursuant to provisions of the accounting act, since 2005, the Dominant Entity has been preparing its financial statements in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union.

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**I. Group overview (continued)**

j. As of 31 December 2015, 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	n/a	PricewaterhouseCoopers Sp. z o.o.	No reservations	31 December 2015
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 2015
CCC Czech s.r.o.	Subsidiary (100%)	Full	G-Konzult (Ing. Jan Glatt)	By the date hereof, no opinion on the statutory audit had been issued.	31 December 2015
CCC Slovakia s.r.o.	Subsidiary (100%)	Full	Stopercentna daňova, kom. spoi.	By the date hereof, no opinion on the statutory audit had been issued.	31 December 2015
CCC Hungary Shoes Kft.	Subsidiary (100%)	Full	KB Audit Könyvelő és Könyvvizsgáló Kft, Hungary	By the date hereof, no opinion on the statutory audit had been issued.	31 December 2015
CCC Austria Ges. m. b. H.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	n/a	31 December 2015
CCC Shoes Ayakkabıcılık Ticaret Limited Sirketi	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	n/a	31 December 2015
CCC Obutev d.o.o.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	n/a	31 December 2015
CCC Hrvatska d.o.o.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	n/a	31 December 2015
CCC Germany GmbH	Subsidiary (100%)	Full	ATC Revision & Treuhandgesellschaft mbH	By the date hereof, no opinion on the statutory audit had been issued.	31 December 2015

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**I. Group overview (continued)**

<b>Name of the entity</b>	<b>Nature of the capital ties (ownership percentage)</b>	<b>Consolidation method</b>	<b>Entity auditing the financial statements</b>	<b>Type of opinion</b>	<b>Balance sheet date as on which the financial statements were prepared</b>
CCC Shoes Bulgaria EOOD	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	By the date hereof, no opinion on the statutory audit had been issued.	31 December 2015
CCC Isle of Man Ltd.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	n/a	31 December 2015
CCC eu 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 2015
CCC Shoes and Bags Sp. z o.o.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	n/a	30 November 2015
NG2 Suisse S.a.r.l.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	n/a	31 December 2015

## **II. Information about the audit carried out**

- a. The audit of the consolidated financial statements for the financial year from 1 January to 31 December 2015 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 Edyta Skrzypiec-Rychlik (registered under number 12460).
- b. PricewaterhouseCoopers Sp. z o.o. was approved for the Group's auditor by Resolution No. 9/05/2015 of the Supervisory Board of 20 May 2015 pursuant to Article 16 par. 2 of the Dominant Entity's Articles of Associations.
- c. PricewaterhouseCoopers Sp. z o.o. and the key auditor conducting the audit are independent from the entities of the Group, 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 as of 2015, item 1011).
- d. The audit was conducted pursuant to an agreement concluded on 21 July 2015 in the following periods:
  - initial audit from 2 to 13 November 2015;
  - final audit from 22 February to 28 April 2016.

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**III. The Group's results, financial position and significant consolidated financial statement items**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as of 31 December 2015 (selected items)**

	31.12.2015		31.12.2014		Change		Structure	
	Mln PLN	Mln PLN	Mln PLN	Mln PLN	(%)	(%)	(%)	
<b>ASSETS</b>								
Non-current assets	920	813	107	13.2	44.4	45.3		
Current assets	1.152	981	171	17.4	55.6	54.7		
<b>Total assets</b>	<b>2.072</b>	<b>1.794</b>	<b>278</b>	<b>15.5</b>	<b>100.0</b>	<b>100.0</b>		
<b>LIABILITIES</b>								
Non-current liabilities	335	257	78	30.4	16.2	14.3		
Current liabilities	613	585	28	4.8	29.6	32.6		
<b>Total liabilities</b>	<b>948</b>	<b>842</b>	<b>106</b>	<b>12.6</b>	<b>45.8</b>	<b>46.9</b>		
<b>NET ASSETS</b>	<b>1.124</b>	<b>952</b>	<b>172</b>	<b>18.1</b>	<b>54.2</b>	<b>53.1</b>		
<b>ENTITY CAPITAL</b>	<b>1.124</b>	<b>952</b>	<b>172</b>	<b>18.1</b>	<b>54.2</b>	<b>53.1</b>		

**CONSOLIDATED STATEMENT OF FINANCIAL RESULT**  
**AND OTHER COMPREHENSIVE INCOME**  
**for the financial year from 1 January to 31 December 2015 (selected items)**

	2015		2014		Change		Share in revenue	
	Mln PLN	Mln PLN	Mln PLN	Mln PLN	(%)	(%)	(%)	
Sales revenue	2.307	2.009	298	14.8	100.0	100.0		
Cost of goods sold	(1.041)	(903)	(138)	15.3	(45.1)	(44.9)		
<b>Gross sales revenue</b>	<b>1.266</b>	<b>1.106</b>	<b>160</b>	<b>14.5</b>	<b>54.9</b>	<b>55.1</b>		
<b>Net profit</b>	<b>260</b>	<b>420</b>	<b>(160)</b>	<b>(38.1)</b>	<b>11.3</b>	<b>20.9</b>		
Other comprehensive income	-	-	-	-	-	-		
<b>Total income</b>	<b>260</b>	<b>420</b>	<b>(160)</b>	<b>(38.1)</b>	<b>11.3</b>	<b>20.9</b>		

### **III. The Group's results, financial position and significant consolidated financial statement items (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 ratios:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Activity ratios			
- receivables turnover	6 days	5 days	4 days
- inventory turnover	246 days	240 days	192 days
Profitability ratios			
- net return on sales	11%	21%	8%
- gross return on sales	11%	13%	11%
- general return on equity	25%	54%	22%
Debt ratios			
- debt ratio	46%	47%	47%
- liabilities turnover	24 days	31 days	28 days
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Liquidity ratios			
- liquidity ratio I	1.9	1.7	2.1
- liquidity ratio II	0.8	0.4	0.7

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

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



### **III. The Group's results, financial position and significant consolidated financial statement items (continued)**

The financial statement does not include the effect of deflation. The overall consumer price index (December-to-December) in the audited year amounted to -0.5% (2014: -1.0%).

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

Comparability of consolidated financial statements for the years 2014-2015 and thereby informative value of financial ratios regarding these periods may be limited due to presentation changes as well as the rounding of the currency used ( from thousand PLN to million PLN)

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 2.072 bln PLN. During the year, the balance sum increased by 278 mln PLN, i.e. by 15.5%. This increase was mainly financed with a net profit of 260 mln PLN, and with increase in debt liabilities by the amount of 141 mln PLN at the same time with a dividend payment in the amount of 115 mln PLN
- On 31 December 2015, net tangible fixed assets amounted to 592 mln PLN and consisted mainly of investment in stores of the amount of 273 mln PLN, assets on manufacturing and distribution with the value of 221 mln PLN and other assets with the value of 97 mln PLN. The increase in balance of tangible fixed assets by 71 mln PLN, i.e. by 13.6% was mainly due to an increase in the value of outlays in external buildings due to opening of new stores.
- The Group's ratios and debt structure changed. The debt ratio decreased from 47% at the end of the previous year to 46% at the end of a current year. Liabilities turnover decreased respectively from 31 days to 24 days. The main reason of change was increase in value of goods sold.
- The Group's total sales revenue amounted to 2.307 bln PLN and increased by 298 mln PLN, i.e. by 14.8 % compared to the previous year. The Group's primary corporate purpose in the current financial year was selling footwear. The domestic market, which accounted for 62.3% of the sales, continued to be the primary market. The share of export sales in total revenue increased by 6.0 percentage points compared to the previous year and now amounts to 32.4%.
- The biggest item of the operating costs was the cost of purchase of goods sold in the audited financial year 1.041 bln PLN, which accounts for 50.7% of operating costs. The cost of purchase of goods sold compared to the previous year increased by 138 mln PLN, i.e. by 15.3% which was mainly caused by increase of sale revenue.
- Profitability measured by net profit was reported at 11% and was lower by 10 percentage points than that achieved in the previous year. A significant impact on the net profitability of the Group had the recognition of deferred tax asset in 2014 in the consolidated financial result, which resulted from the restructuring of the Group.
- The Group's balance of payments changed. Liquidity ratio I and II in the audited year amounted to respectively 1.9 (2014: 1.7) and 0.8 (2014: 0.4) increased mainly as a result of increase of cash balance at the end of the audited year.

#### **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 accounting records 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. In all material respects, capital consolidation and establishing the stakes giving no control was carried out properly.
- d. Exclusions of results not realized 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.
- 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. The consolidation documents were complete and correct and the method of their storage provides appropriate security.
- g. The consolidated financial statements of the Group for the financial year from 1 January to 31 December 2014 were approved by Resolution No. 4/AGM/2015 of the General Meeting of the Dominant Entity of 24 June 2015 and filed with the National Court Register in Wrocław on 1 July 2015.
- h. The additional information presents all material information set forth in the IFRS approved by the European Union.
- i. The information contained in the report on the operations of the Capital Group for the financial year from 1 January to 31 December 2015 complies with the provisions of the Regulation of the Minister of Finance of 19 February 2009 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 (Journal of Laws of 2014 item 133) and is consistent with the information presented in the consolidated financial statements.

**CCC S.A. Capital Group**  
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**V. Information and final notes**

This report was prepared in connection with the audit of the consolidated financial statements of the Capital Group CCC S.A. in which CCC Spółka Akcyjna is the dominant entity with its headquarters in Polkowice at Strefowa Street 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 28 April 2016:

The report should be read together with the unqualified opinion of the independent auditor for the General Meeting and Supervisory Board of CCC S.A. of 28 April 2016 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:

Edyta Skrzypiec - Rychlik  
Key Auditor of the Group  
Registration number 12460  
Wroclaw, 28 April 2016