

CCC S.A.

Independent auditor's report

Financial statements

Report of the Management Board on the Company's operation

Report on the audit of the financial statements

For the financial year from 1 January to 31 December 2013

Content:

Independent auditor's report

prepared by PricewaterhouseCoopers Sp. z o.o.

Financial statements

prepared by the Management Board of CCC S.A.

Report of the Management Board on the Company's operation

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Report on the audit of the financial statements

prepared by PricewaterhouseCoopers Sp. z o.o.

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 (hereinafter, the "Company"), with its registered office in Polkowice at Strefowa 6, comprising the statement of financial results for the period from 1 January to 31 December 2013, showing comprehensive income of PLN 98,495,000, the statement of financial condition prepared as of 31 December 2013, showing a total of PLN 1,033,385,000 on the assets and liabilities side as well as the equity capital, the statement of changes in equity capital, the 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 Company is responsible for preparing the financial statements and the report on the operations of the entity in line with the applicable laws and for the accuracy of the accounting records. The Company's Management Board and its Supervisory Board Members are required to ensure that the financial statements and the report on the operations of the entity meet the requirements set forth in the Accounting Act of 29 September 1994 (the "Accounting Act", Journal of Laws of 2013, item 330 as amended).

Our task was to audit the attached 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 entity and on the correctness of the accounting records used as the basis for preparing these statements.

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 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 financial statements. The audit also involved an assessment of the accounting policies applied by the Company and material estimates made in preparing the 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 financial statements, in all material respects:

- a. accurately and clearly present the asset and financial position of the Company as of 31 December 2013 and the financial result for the financial year from 1 January to 31 December 2013 in accordance with the International Financial Reporting Standards approved by the European Union;
- b. comply in terms of their form and contents with the applicable laws binding on the Company and with the Statute of the Company;
- c. were prepared on the basis of duly maintained accounting records in accordance with the applicable accounting policies (principles).

The information contained in the report on the operations of the Company for the financial year from 1 January to 31 December 2013 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 financial statements.

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

Edyta Skrzypiec-Rychlik,

Key Auditor
Registration number 12460

Wroclaw, 30 April 2014

CCC S.A.

**Auditor's report from the audit of the financial statements for
the financial year from 1 January to 31 December 2013**



Auditor's report from the audit of the financial statements for the financial year from 1 January to 31 December 2013

Prepared for the General Meeting of Shareholders and the Supervisory Board of CCC Joint-stock Company

This report contains 10 sequentially numbered pages and comprises the following sections:

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I. Company overview

- a. The registered office of CCC Spółka Akcyjna (the "Company") is in Polkowice at Strefowa Street 6
- b. The company was established as CCC Spółka Akcyjna. The deed of incorporation of the Company 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 Company 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 once again, from NG2 S.A. to CCC S.A.
- c. For tax purposes, the Company was assigned the following tax identification number (NIP): 692-22-00-609, and for statistical purposes, the Company was assigned the following statistical number (REGON): 390716905.
- d. The share capital of the Company as of 31 December 2013 and as of the day of signing this report amounted to 3,840,000 PLN and consisted of 38,400,000 shares with a nominal value of PLN 0.10 each. The equity capital as on that date was positive and amounted to PLN 398,212,000.
- e. As of 31 December 2013, the shareholders of the Company were:

Name of the shareholder	Number of shares held	Nominal value of the shares held (PLN)	% share in the share capital	% of 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	2.718.693	271.869,30	7,1	6,0
Aviva OFE	3.174.451	317.445,10	8,3	7,1
Other	16.136.856	1.613.685,60	42,0	36,1
	38.400.000	3.840.000,00	100,0	100,0

* Entity controlled by Dariusz Miłek.

As on 31 December 2012, the shareholders of the Company were:

Name of the shareholder	Number of shares held	Nominal value of the shares held (PLN)	% share in the share capital	% of 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 OFE	2.305.389	230.538,90	6,0	5,1
Other	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.

I. Company overview (continued)

- f. In the audited period, the Company's corporate purpose was wholesale and retail trade in footwear and small leather accessories.
- g. In the financial year, the Company's Management Board members were:
- Dariusz Milek – President of the Management Board
 - Mariusz Gnych – Vice-President of the Management Board
 - Piotr Nowjalis – Vice-President of the Management Board
- h. The Company's related parties are:
- The entities belonging to the CCC S.A. Capital Group in which the Company is the dominant entity,
 - Members of the Company's key executive management and parties related thereto.

Related party transactions are described in Note 27 to the financial statements.

- i. The Company is an issuer of securities admitted to trading on the Warsaw Stock Exchange. Taking advantage of the opportunity to select its accounting principles, as provided in the Act, since 2005, the Company has been preparing its financial statements in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union.

The decision to prepare financial statements of the Company in accordance with these standards was adopted by the General Assembly in Resolution No. 21/2005 on 9 May 2005

- j. The Company, as the dominant entity in the CCC SA Capital Group, also prepared, as of 30 April 2014, the consolidated financial statements in accordance with the IFRS approved by the European Union. In order to understand the financial position and results on the operations of the Company as a dominant entity, the separate financial statements should be read together with the consolidated statements.

II. Information about the audit carried out

- a. The audit of the financial statements for the financial year from 1 January to 31 December 2013 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 Company's auditor by Resolution No. 12/05/2013 of the Supervisory Board of 30 May 2013 pursuant to Article 16 par. 2 of the Company's Statute.
- c. PricewaterhouseCoopers Sp. z o.o. and the key auditor conducting the audit are independent from the audited entity, 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 1 June 2013 in the following periods:
 - initial audit from 18 to 22 November 2013;
 - final audit from 17 February to 30 April 2014.

III. The Company's results, financial position and significant financial statement items

STATEMENT OF FINANCIAL POSITION as of 31 December 2013 (selected items)

	31.12.2013		31.12.2012		Structure	
	PLN '000	PLN '000	PLN '000	(%)	31.12.2013 (%)	31.12.2012 (%)
ASSETS						
Non-current assets	345,959	352,828	(6,869)	(1.9)	33.5	38.7
Current assets	687,426	558,956	128,470	23.0	66.5	61.3
Total assets	1,033,385	911,784	121,601	13.3	100.0	100.0
LIABILITIES						
Entity capital	398,212	359,060	39,152	10.9	38.5	39.4
Non-current liabilities	190,510	123,855	66,655	53.8	18.4	13.6
Current liabilities	444,663	428,869	15,794	3.7	43.0	47.0
Total liabilities	1,033,385	911,784	121,601	13.3	100.0	100.0

STATEMENT OF FINANCIAL RESULT AND OTHER COMPREHENSIVE INCOME for the financial year from 1 January to 31 December 2013 (selected items)

	2013		2012		Share in revenue	
	PLN '000	PLN '000	PLN '000	(%)	2013 r. (%)	2012 r. (%)
Sales revenue	1,511,592	1,258,681	252,911	20.1	100.0	100.0
Manufacturing cost of sold products, goods and services	(855,817)	(670,987)	(184,830)	27.5	(56.6)	(53.3)
Gross sales revenue	665,775	587,694	68,081	11.6	43.4	46.7
Net profit	98,396	57,174	41,222	72.1	6.5	4.5
Other comprehensive income	99	-	99	-	0.0	-
Total income	98,495	57,174	41,321	72.3	6.5	4.5

III. The Company's result, financial position and significant financial statement items (continued)

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

The business activity of the Company, 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:

	2013	2012	2011
Activity ratios			
- receivables turnover	18 days	13 days	15 days
- inventory turnover	157 days	220 days	254 days
Profitability ratios			
- net return on sales	7%	5%	8%
- gross return on sales	8%	8%	12%
- general return on equity	26%	16%	25%
Debt ratios			
- debt ratio	61%	61%	60%
- liabilities turnover	56 days	68 days	84 days
	31.12.2013	31.12.2012	31.12.2011
Liquidity ratios			
- liquidity ratio I	1.5	1.3	1.7
- liquidity ratio II	0.7	0.5	0.3
Other ratios			
- effective income tax rate	15.1%	18.1%	20.3%

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. The Company's result, financial position and significant financial statement items (continued)

The financial statement does not account for the effect of inflation. The overall consumer price index (December-to-December) in the audited year amounted to 0.7% (2012: 2.4%).

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

- At the end of the financial year the Company's assets amounted to 1,033,385,000 PLN. During the year, the balance sum increased by 121,601,000 PLN, i.e. by 13.3%. This increase was mainly financed with a net profit of 98,396,000 PLN, an increase in long-term loans and bank borrowings by 70,000,000 PLN, an increase in trade liabilities by 60,007,000 PLN. At the same time the balance of short-term loans and bank loans decreased by 44,128,000 EUR and the Company paid a dividend in the amount of 61,440,000 PLN.
- The Company's ratios and debt structure changed slightly. The debt ratio did not change compared to the previous year and amounted to 61 %. Liabilities turnover decreased respectively from 68 days to 54 days.
- The total sales revenue amounted to 1,511,592,000 PLN and increased by 20.1 % compared to the previous year. The Company's primary corporate purpose in the current financial year was selling footwear. In the year under audit, the Company continued its strategy of expanding and optimising its sales chain as well as its expansion on foreign markets.
- Profitability measured by net profits was reported at 7% and it was higher by 2 percentage points than the one recorded in the previous year. The increase in financial income had a considerable impact on the profitability of the Company, which amounted to 29,844,000 PLN and increased compared to the previous year by the amount of 28,836,000 PLN.
- The Company's balance of payments changed. Liquidity ratio I and II in the audited year amounted to respectively 1.5 (2012:1.3) and 0.7 (2012: 0.5)

IV. Statement of the independent auditor

- a. In the course of the audit, the Management Board of the Company 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. The Company maintains current documentation of its accounting policies (principles) that had been approved by the Management Board. The accounting policies adopted by the Company were adjusted to its 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 Company, while observing the prudence principle. Continuity of policies and methods applied was maintained with respect to the previous year.
- d. The closing balance sheet as at the end of the previous financial year was, in all material aspects, correctly entered in the accounting records as the opening balance sheet of the current period.
- e. Inventory of assets and equity capital and liabilities was carried out and reconciled in accordance with the Accounting Act and its results were recorded in the accounting records for the year under audit.
- f. The financial statements of the Company for the financial year from 1 January to 31 December 2012 were approved by Resolution No. 3 of the General Meeting of 26 June 2013 and filed with the National Court Register in Wrocław on 28 June 2013
- g. In accordance with Resolution No. 6 of the General Meeting of 26 June 2013, the net profit for the previous year, in the amount of 57,174,000 PLN, was intended for the payment of dividend. According to this same resolution of the Meeting of shareholders an extra dividend from retained earnings in the amount of 4,266, 000 was paid.
- h. The financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The auditor issued an unqualified opinion.
- i. We have assessed the accuracy of the accounting system in place. Our audit covered in particular:
 - the correctness in documenting business transactions,
 - the accuracy, faultlessness and traceability of the accounting records, including those maintained using a computer,
 - the procedures used to prevent access to data and the computer-based system of processing them,
 - protection of accounting documents, accounting records and the financial statements.

The assessment, combined with the evaluation of the reliability of each item of the financial statements, provides the basis for expressing an overall, comprehensive opinion on these statements. It was not our goal to express a comprehensive opinion about the operation of the above system.

IV. Statement of the independent auditor (continued)

- j. The additional information presents all material information required under the International Financial Reporting Standards approved by the European Union.
- k. The information contained in the report on the operations of the Company for the financial year from 1 January to 31 December 2013 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 (Journal of Laws of 2014 item 133) and is consistent with the information contained in the audited financial statements.

V. Information and final notes

This report was prepared in connection with the audit of the financial statements of CCC Spółka Akcyjna (Joint-Stock Company) with its registered office in Polkowice at Strefowa Street 6. The financial statement was signed by the Management Board of the Company and the person entrusted with managing the accounts on 30 April 2014.

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 2014 with respect to the above-described financial statements. The opinion on the 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 financial statements or each issue, but it presupposes attributing certain importance (materiality) to each finding, including the effect of the findings on the accuracy and correctness of the 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
Registration number 12460
Wroclaw, 30 April 2014