

**CCC S.A. Capital Group**  
**Independent auditor's report**  
**Financial statements**  
**Report on the operation of the Capital Group**  
**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.

**Consolidated financial statement**

prepared by the Management Board of the Dominant Entity of CCC S.A. Capital Group

**Report on the operation of the Capital Group**

prepared by the Management Board of the Dominant Entity of CCC S.A. Capital Group

**Report on the audit of the consolidated financial statement**

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 consolidated financial statements of CCC S.A Capital Group (hereinafter, the "Group"), in which the dominant entity is CCC Spółka Akcyjna (hereinafter, the "Dominant Entity"), with its registered office in Polkowice at Strefowa Street 6, comprising the consolidated statement of financial results and other comprehensive income for the period from 1 January to 31 December 2013, showing comprehensive income of 124,503,000 PLN, the consolidated statement of financial position prepared as of 31 December 2013, showing a total of PLN 1,119,727,000 on the assets and liabilities side, the consolidated statement of changes in equity capital, the consolidated statement of cash flow for that financial year and additional information on the adopted accounting principles and other information provided for clarification purposes.

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

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

We conducted our audit in accordance with:

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

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

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

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

- a. accurately and clearly present the asset and financial position of the Group as 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 Group;
- 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 Group 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 of 2014, item 133 ) and is consistent with the information contained in the audited consolidated financial statements.

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

Edyta Skrzypiec-Rychlik,

Key Auditor  
Registration number 11393

Wroclaw, 30 April 2014

# **CCC S.A. Capital Group**

**Report on the audit of the consolidated financial statements  
for the financial year from 1 January to 31 December 2013**



**Auditor's report from the audit of the consolidated 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 S.A.**

**This report contains 12 sequentially numbered pages and comprises the following  
sections:**

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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 2013**

**IV. Group overview**

- a. The dominant entity in the CCC S.A. Capital Group (the "Group") is CCC Spółka Akcyjna (the "Dominant Entity") with its registered office in Polkowice at 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 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 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>
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	271,569,30	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
	<b>38.400.000</b>	<b>3.840.000,00</b>	<b>100,0</b>	<b>100,0</b>

\* Entity controlled by Dariusz Miłek.

**CCC S.A. Capital Group**  
**Report on the audit of the consolidated financial statements**  
**for the financial year from 1 January to 31 December 2013**

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

As of 31 December 2012, 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>
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	320,538,90	6.0	5.1
Other	15,247,125	1,524,712,50	39.7	34.2
	<b>38.400.000</b>	<b>3.840.000,00</b>	<b>100,0</b>	<b>100,0</b>

\* Entity controlled by Dariusz Milek.

- f. In the audited period, the Group's corporate purpose was wholesale and retail trade in footwear and small leather accessories.
- g. In the financial year, the Management Board members of the Dominant Entity 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. During the financial year there were the following changes in the consolidated entities. In 2013, the following Companies were established: CCC Austria Ges. m. b. H., CCC Shoes Ayakkabicilik Ticaret Limited Sirketi, CCC Obutev d.o.o, CCC Hrvatska d.o.o, CCC Germany GmbH. In the above entities CCC SA acquired 100% of the shares.
- i. The Dominant Entity 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.

**CCC S.A. Capital Group**  
**Report on the audit of the consolidated financial statements**  
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**I. Group overview (continued)**

j. As of 31 December 2013, the CCC S.A. Capital Group was composed of the following entities:

<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 S.A.	Dominant entity	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2013
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 2013
CCC Czech s.r.o.	Subsidiary (100%)	Full	Ing. Jan Glatt, The Czech Republic	unqualified	31 December 2013
CCC Slovakia s.r.o.	Subsidiary (100%)	Full	Ing. Slanislav Čistý, Slovakia	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 2013



**CCC S.A. Capital Group**  
**Report on the audit of the consolidated financial statements**  
**for the financial year from 1 January to 31 December 2013**

**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 Hungary Shoes Kft.	Subsidiary (100%)	Full	KB Audit Könyvelő és Könyvvizsgáló Kft, Hungary	Audit completed for the purposes of auditing the consolidated financial statements of the Capital Group with issuing an unqualified opinion.	31 December 2013
CCC Austria Ges. m. b. H.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	-	31 December 2013
CCC Shoes Ayakkabıcılık Ticaret Limited Sirketi	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	-	31 December 2013
CCC Obutev d.o.o.	Subsidiary (100%)	Full	Revizija d.o.o., Slovenia	Audit completed for the purposes of auditing the consolidated financial statements of the Capital Group with issuing an unqualified opinion.	31 December 2013
CCC Hrvatska d.o.o.	Subsidiary (100%)	Full	Kopun revizije d.o.o., Croatia	Audit completed for the purposes of auditing the consolidated financial statements of the Capital Group with issuing an unqualified opinion.	31 December 2013
CCC Germany GmbH	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	-	31 December 2013
Continental Trust Fund No. 968	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	-	31 December 2013
NG2 Suisse S.a.r.l.	Subsidiary (100%)	Full	The entity is not subject to mandatory audit	-	31 December 2013

## **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 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 Group's auditor by Resolution No. 12/05/2013 of the Supervisory Board of 30 May 2013 pursuant to Article 16 par. 2 of the Dominant Entity's Statute.
- c. PricewaterhouseCoopers Sp. z o.o. and the key auditor conducting the audit are independent from the 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 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.



**CCC S.A. Capital Group**  
**Report on the audit of the consolidated financial statements**  
**for the financial year from 1 January to 31 December 2013**

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

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

	31.12.2013		31.12.2012		Change		Structure	
	PLN '000	PLN '000	PLN '000	PLN '000	(%)	(%)	(%)	
<b>ASSETS</b>								
Non-current assets	430,195	387,368	42,827	11.1	38.4	39.6		
Current assets	689,532	590,746	98,786	16.7	61.6	60.4		
<b>Total assets</b>	<b>1,119,727</b>	<b>978,114</b>	<b>141,613</b>	<b>14.5</b>	<b>100,0</b>	<b>100,0</b>		
<b>LIABILITIES</b>								
Entity capital	591,856	528,711	63,145	11,9	52,8	54,0		
Non-current liabilities	193,290	124,099	69,191	55,8	17,3	12,7		
Current liabilities	334,581	325,304	9,277	2,9	29,9	33,3		
<b>Total liabilities</b>	<b>1,119,727</b>	<b>978,114</b>	<b>141,613</b>	<b>14,5</b>	<b>100,0</b>	<b>100,0</b>		

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

	2013		2012		Change		Share in revenue	
	PLN '000	PLN '000	PLN '000	PLN '000	(%)	(%)	(%)	
Sales revenue	1,643,139	1,317,457	325,682	24.7	100.0	100.0		
Manufacturing cost of sold products, goods and services	(806,434)	(639,059)	(167,375)	26.2	(49.1)	(48.5)		
<b>Gross sales revenue</b>	<b>836,705</b>	<b>678,398</b>	<b>158,307</b>	<b>23.3</b>	<b>50.9</b>	<b>51.5</b>		
<b>Net profit</b>	<b>125,217</b>	<b>106,314</b>	<b>18,903</b>	<b>17.8</b>	<b>7.6</b>	<b>8.1</b>		
Other comprehensive income	(714)	(1,907)	1,193	(62.6)	0.0	(0.1)		
<b>Total income</b>	<b>124,503</b>	<b>104,407</b>	<b>20,096</b>	<b>19.2</b>	<b>7.6</b>	<b>8.0</b>		

**pwc**

**CCC S.A. Capital Group**  
**Report on the audit of the consolidated financial statements**  
**for the financial year from 1 January to 31 December 2013**

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**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 indicators:**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Activity ratios			
- receivables turnover	4 days	8 days	11 days
- inventory turnover	192 days	249 days	277 days
Profitability ratios			
- net return on sales	8%	8%	11%
- gross return on sales	11%	11%	15%
- general return on equity	22%	21%	27%
Debt ratios			
- debt ratio	47%	46%	49%
- liabilities turnover	28 days	38 days	47 days
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Liquidity ratios			
- liquidity ratio I	2.1	1.8	2.3
- liquidity ratio II	0.7	0.6	0.4
Other ratios			
- effective income tax rate	17.2%	15.8%	18.9%

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


**pwc** 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 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.

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 1,119,727,000 PLN. During the year, the balance sum increased by 141,613,000 PLN, i.e. by 14.5%. This increase was mainly financed with a net profit of 125,217,000 PLN, an increase in trade other liabilities by 39,109,000 PLN as well as an increase in liabilities in long-term loans and bank borrowings by 39,161,000 PLN, at the same time with a dividend disbursement in the amount 61,440,000 PLN.
  - The Group's ratios and debt structure changed. The debt ratio increased from 46 % as at the end of the previous year to 47 % as at the end of the current year. Liabilities turnover decreased from 38 days to 28 days.
  - The Group's total sales revenue amounted to 1,643,139,000 PLN and increased by 325,682,000 PLN, i.e. by 24.7 % 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 77.6% of the sales, continued to be the primary market. The share of exports in total revenue increased by 8.7 percentage points compared to the previous year and now amounts to 22.4%.
  - Cost of sales of products, goods and services during the period amounted to 806,434,000 PLN and increased compared to the previous year by the amount of 167,375,000 PLN, i.e. by 26.2%. Larger increase in cost of sold products, goods and services in relation to sales is mainly due to the strengthening of the U.S. dollar compared to the previous year.
-  Profitability measured by net profit was reported at 8 % and remained at the same level as in the previous year.
- The Group's balance of payments changed. Liquidity ratio I and II in the audited year amounted to respectively 2.1 (2012:1.8) and 0.7 (2012: 0.6)

#### **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. The Group maintains current documentation of its accounting policies (principles) that had been approved by the Management Board of the Dominant Entity. The accounting policies adopted by the Dominant entity were adjusted to Group's needs and ensured identification in its accounting of all events relevant for the assessment of the asset and financial position and the financial result of the Group, while observing the prudence principle. Continuity of policies and methods applied was maintained with respect to the previous year.
- d. In all material respects, capital consolidation was carried out properly.
- e. Exclusions of mutual settlements (receivables and liabilities) and intra-Group trading (revenues and expenses) among the consolidated entities were made in all material respects in accordance with the IFRS approved by the European Union.
- f. Exclusions of results not realised by the consolidated entities, contained in the value of assets and under dividends were made in all material respects in accordance with the IFRS approved by the European Union.
- g. The consolidation documents were complete and correct and the method of their storage provides appropriate security.
- h. The consolidated financial statements of the Group for the financial year from 1 January to 31 December 2012 were approved by Resolution No. 30 of the General Meeting of the Dominant Entity of 26 June 2013 and filed with the National Court Register in Wroclaw on 28 June 2013.
- i.  The consolidated financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The auditor issued an unqualified opinion.
- j. The additional information presents all material information set forth in the IFRS approved by the European Union.
- k. The information contained in the report on the operations of the Capital Group for the financial year from 1 January to 31 December 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 presented in the consolidated financial statements.

**CCC S.A. Capital Group**  
**Report on the audit of the consolidated financial statements**  
**for the financial year from 1 January to 31 December 2013**

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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 CCC S.A. Capital Group in which the dominant entity is CCC Spółka Akcyjna with its registered office 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 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 S.A. of 30 April 2013 with respect to the above-described consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion from the audit conducted. This conclusion is not the sum of assessments of the results of auditing each item of the consolidated financial statements or each issue, but it presupposes attributing certain importance (materiality) to each finding, taking into account the effect of the findings on the accuracy and correctness of the consolidated financial statements.

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

Edyta Skrzypiec - Rychlik  
Key Auditor of the Group  
Registration number 12460  
Wrocław, 30 April 2014