CONSOLIDATED FINANCIAL STATEMENTS OF

CCC S.A. CAPITAL GROUP

FOR THE PERIOD OF

1 JANUARY 2013 TO 31 DECEMBER 2013

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amounts are denominated in PLN '000, unless indicated otherwise

CONSOLIDATED STATEMENT OF FINANCIAL RESULTS AND OTHER COMPREHENSIVE INCOME

	Note No.	Period 2013-01-01 2013-12-31	Period 2012-01-01 2012-12-31
Sales revenues	5	1 643 139	1 317 457
Manufacturing cost of products, goods and services sold	6	(806 434)	(639 059)
Sales gross profit		836 705	678 398
Other operating revenues	20	12 058	10 458
Sales costs	6	(623 016)	(520 542)
General costs of management board	6	(29 313)	(7 204)
Other operating expenses	20	(28 917)	(19 776)
Profit on operating activity		167 517	141 334
Financial revenue	20	812	734
Financial costs	20	(17 053)	(15 745)
Profit before tax		151 276	126 323
Income tax	21	(26 059)	(20 009)
Net profit		**125 217**	**106 314**
Other total incomes:		**(714)**	**(1 907)**
1. Other total incomes that will be reclassified into profits or losses after meeting certain conditions		(813)	(1 907)
- exchange differences from converting foreign units		(813)	(1 907)
2. Other total incomes that will not be reclassified into profits or losses	19	99	-
- gains / actuarial losses		99	-
Total incomes		**124 503**	**104 407**
Earnings per share			
basic and diluted	22	3,26 PLN	2,77 PLN

Due to the lack of non-controlling shares, net earnings and total comprehensive income are distributed among the shareholders of CCC S.A.

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CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

	Note no.	State on 31.12.2013	State on 31.12.2012
Fixed assets			
Intangible assets	8	9 168	7 780
Tangible assets	7	397 250	354 894
Non-current receivables	9	206	465
Deferred tax assets	17	23 571	24 229
Fixed assets in total		**430 195**	**387 368**
Current assets			
Inventory	10	463 008	399 163
Trade receivables and other receivables	9	82 788	59 681
Income tax receivables	9	-	6 194
Cash and cash equivalents	11	143 736	125 708
Current assets in total		**689 532**	**590 746**
Total assets		**1 119 727**	**978 114**
Equity capital			
Share capital	12	3 840	3 840
Share premium	12	74 586	74 586
Currency exchange differences from converting foreign units	12	(2 115)	(1 302)
Other capitals	12	2 196	-
Retained earnings	12	513 349	451 587
Equity capital in total		**591 856**	**528 711**
Non-current liabilities			
Non-current loans and bank borrowings	15	158 000	88 000
Trade and other liabilities	13	79	82
Non-current provisions	18	3 904	2 100
Non-current liabilities under finance lease	13	-	-
Received subsidies	27	31 307	33 917
Non-current liabilities in total		**193 290**	**124 099**
Current liabilities			
Trade and other liabilities	13	155 364	116 252
Income tax liabilities	13	3 789	2 988
Current liabilities under finance lease	13	-	3
Current loans and bank borrowings	15	169 809	200 648
Current provisions	18,19	3 008	2 802
Received subsidies	27	2 611	2 611
Current liabilities in total		**334 581**	**325 304**
Total equity and liabilities		**1 119 727**	**978 114**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CAPITAL

	Share capital	Share premium	Other capital	Retained profit	Currency exchange differences from converting foreign equity units	Total equity capital
As of 1 January 2013	**3 840**	**74 586**	**-**	**451 587**	**(1 302)**	**528 711**
Results for the year	-	-	-	125 217	-	**125 217**
Currency exchange differences on conversion	-	-	-	(2 015)	(813)	**(2 828)**
Total comprehensive income	**-**	**-**	**-**	**123 202**	**(813)**	**122 389**
Other adjustments	-	-	-	-	-	**-**
Dividend disbursement	-	-	-	(61 440)	-	**(61 440)**
Employee stock option plan - liquidation of the plan	-	-	2 097	-	-	**2 097**
Valuation of liabilities under benefits after employment period	-	-	99	-	-	**99**
As of 31 December 2013	**3 840**	**74 586**	**2 196**	**513 349**	**(2 115)**	**591 856**

	Share capital	Share premium	Other capital	Retained profit	Currency exchange differences from converting foreign equity units	Total equity capital
As of 1 January 2012	**3 840**	**74 586**	**9 341**	**406 713**	**605**	**495 085**
Results for the year	-	-	-	106 314	-	**106 314**
Currency exchange differences on conversion	-	-	-	-	(1 907)	**(1 907)**
Total comprehensive income	**-**	**-**	**-**	**106 314**	**(1 907)**	**104 407**
Other adjustments	-	-	-	-	-	**-**
Dividend disbursement	-	-	-	(61 440)	-	**(61 440)**
Employee stock option plan - liquidation of the plan	-	-	(9 341)	-	-	**(9 341)**
As of 31 December 2012	**3 840**	**74 586**	**-**	**451 587**	**(1 302)**	**528 711**

amounts are denominated in PLN '000, unless indicated otherwise

CONSOLIDATED CASH FLOW STATEMENT

		from 01.01.2013 to 31.12.2013	from 01.01.2012 to 31.12.2012
Profit before tax		151 276	126 323
Adjustments:		(5 922)	81 118
Depreciation		35 903	38 980
Interest and share in profits (dividends)		(332)	(984)
Currency exchange profit (loss)		(2 829)	(1 907)
Profit on investment activity		10 612	5 770
Cost of interest		12 419	13 609
Changes in provisions state		2 010	(4 385)
Changes in inventory state		(63 845)	85 652
Changes in receivables		(22 002)	16 909
Changes in current liabilities, other than loans and borrowings		38 352	(31 266)
Income tax paid		(18 406)	(31 919)
Other adjustments	30	2 196	(9 341)
Net cash flow from operating activity		**145 354**	**207 441**
Cash flow from investment activity			
Received interest		332	984
Received subsidies		-	4 376
Proceeds from the sale of tangible fixed assets		5 557	531
Proceeds from loans to third parties		3 112	1 971
Purchase of intangible assets		(2 550)	(1 842)
Purchase of tangible fixed assets		(96 844)	(54 198)
Expenses of loans to third parties		(2 232)	(3 016)
Net cash flow from investment activity		**(92 625)**	**(51 194)**
Cash flow from financial activity			
Proceeds from incurred borrowings and loans		131 002	25 673
Purchase of own share		-	195
Dividends and other disbursements to owners		(61 440)	(61 440)
Repayment of loans and borrowings		(91 841)	(15 797)
Payment of liabilities under finance leases		(3)	(114)
Paid interest		(12 419)	(13 982)
Net cash flow from financial activity		**(34 701)**	**(65 465)**
Total cash flow		**18 028**	**90 782**
Net increase (decrease) in cash and cash equivalents		18 028	90 782
Cash and cash equivalents at the beginning of the period		**125 708**	**34 926**
Cash and cash equivalents at the end of the period		**143 736**	**125 708**

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NOTES

1. GENERAL INFORMATION

Name of the dominant entity:	CCC Spółka Akcyjna
Registered office of the dominant entity:	Polkowice
Address:	ul. Strefowa 6, 59-101 Polkowice
Phone:	+48 (76) 845 84 00
Telefax:	+48 (76) 845 84 31
Email:	ccc@ccc.eu
Website:	www.ccc.eu
Registration:	District Court for Wrocław-Fabryczna in Wrocław, 9th Commercial Division of the National Court Register,
KRS Number (National Court Register):	0000211692
Regon (Statistical Number):	390716905
NIP (Tax Identification Number):	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 5142).

For the purposes of this report, the Issuer uses the new name "CCC S.A." with respect to the company, and the name "the CCC S.A. Capital Group" with respect to the Capital Group.
CCC S.A. is the dominant entity in the CCC S.A. Capital Group.
CCC S.A. has been listed on Giełda Papierów Wartościowych S.A. in Warsaw (Warsaw Stock Exchange) since 2004.

2. APPLIED ACCOUNTING PRINCIPLES

The major accounting principles used in preparing these consolidated financial statements are set out below. The principles were continuously applied in all the years presented.

2.1. Basis of preparation

The consolidated financial statements of the CCC S.A. Capital Group (hereinafter, the "Group") were prepared in accordance with the International Financial Reporting Standards approved by the European Union (IFRS approved by the EU), with IFRIC Interpretations and with the Accounting Act to the extent that applies to companies preparing their financial reports in accordance with the IFRS. The consolidated financial statements were prepared in accordance with the historical cost principle, with changes stemming from the revaluation of land and buildings, to a fair value level through the profit and loss statement.
Preparation of financial statements in accordance with the IFRS requires the use of certain considerable accounting estimates. It also requires that the Management Board make its own assessment as part of applying the accounting principles adopted by the Group. Material estimates of the Management Board are set out in note 4.
These statements were prepared on the assumption that the business activity will continue for at least twelve months. There is no indication of circumstances that would signify serious threats to the Group's continuation of its business activity.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

In this consolidated financial statements the following new and revised standards and interpretations were applied that became effective as of 1 January 2013 were applied for the first time:

- **IFRS 10 "Consolidated Financial Statements"**

IFRS 10 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter (mandatory adoption in the European Union from 1 January 2014).
The new standard replaces the guidelines concerning control and consolidation contained in IAS 27 "Consolidated and separate financial statements" and in SIC 12 "Consolidation - Special purpose entities". IFRS 10 amends the definition of control in a way that ensures that all entities are subject to the same control criteria.
This amendment did not have a crucial impact on the Group's financial statement.

- **IFRS 11 "Joint Arrangements"**

IFRS 11 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter (mandatory adoption in the European Union from 1 January 2014).
The new standard replaces IAS 31 "Interests in Joint Ventures" and the interpretation of SIC 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". Changes to the definitions reduced the number of types of joint arrangements to two: joint operations and joint ventures. Furthermore, the changes eliminated the option to select proportional consolidation for jointly controlled entities. All participants of joint ventures are currently required to recognise them using the equity method.
This amendment did not have a crucial impact on the Group's financial statement.

- **IFRS 12 "Disclosure of Interests in Other Entities"**

IFRS 12 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter (mandatory adoption in the European Union from 1 January 2014).
The new standard applies to entities holding interests in a subsidiary, joint venture, affiliate or in a non-consolidated entity governed under an agreement. The standard replaces the disclosure requirements currently contained in IAS 27 "Consolidated and separate financial statements", IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures". IFRS 12 requires that entities disclose information that will help readers of financial statements to assess the nature, risk and financial consequences of investments in subsidiaries, affiliates, joint ventures and non-consolidated entities managed under agreements. To this end, the new standard introduces the requirement to make disclosures regarding various areas, including significant judgments and assumptions made when determining whether an entity controls, jointly controls or has significant influence over other entities; extensive disclosures about the importance of non-controlling shares in the group's business and cash flows; summary financial information about subsidiaries with material non-controlling shares, as well as detailed information about shares in non-consolidated entities managed under agreements.
This amendment did not have a crucial impact on the Group's financial statement.

- **IFRS 13 "Fair Value Measurement"**

IFRS 13 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard is intended to improve consistency and reduce the complexity by providing a precise definition of fair value and bringing together the requirements concerning fair value measurement and related disclosures.
This amendment did not have a crucial impact on the Group's financial statement.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

- **Revised IAS 27 "Separate Financial Statements"**

The amendment to IAS 27 "Separate Financial Statements" was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter (mandatory adoption in the European Union from 1 January 2014).
IAS 27 was amended due to publishing IFRS 10 "Consolidated Financial Statements". The objective of the amended IAS 27 is to set the standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidelines regarding control and consolidated financial statements were replaced by IFRS 10.
This amendment did not have a crucial impact on the Group's financial statement.

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

The amendment to IAS 28 "Investments in Associates and Joint Ventures" was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter (mandatory adoption in the European Union from 1 January 2014).
The amendment to IAS 28 stemmed from the IASB draft on joint ventures. The Board decided to incorporate in IAS 28 the standards to be applied in accounting for joint ventures in accordance with the equity method, as that method applies to both joint ventures and affiliates. Save for this exception, the remaining guidelines did not change.
This amendment did not have a crucial impact on the Group's financial statement.

- **Recovery of underlying assets - Amendment to IAS 12**

The amendment to IFRS 12 "Income Taxes" concerning recovery of the value of assets was published by the International Accounting Standards Board in December 2010 and applies to year-long periods starting from 1 January 2013 or thereafter (mandatory adoption in the European Union from 1 January 2013).
The changes concern the valuation of deferred tax Provisions and assets on investment property assessed at fair value under IAS 40 "Investment Property" and introduce a refutable presumption that the value of investment property will be fully recovered through sale. This presumption may be refuted if an investment property is maintained in a business model whose goal is to take advantage of substantially all economic benefits offered by the investment property during use and not at the moment of sale. SIC 21 "Income Tax - Recovery of Revalued Non-Depreciable Assets" pertaining to similar matters concerning non-depreciable assets, valued in accordance with the valuation model presented in IAS 16 "Property, Plant and Equipment", was incorporated in IAS 12 after excluding the guidelines pertaining to investment property assessed at fair value.
This amendment did not have a crucial impact on the Group's financial statement.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

- **Severe Hyperinflation and Removal of Fixed Dates for First-Time IFRS Adopters - Amendment to IFRS 1**

The amendment to IFRS 1 "First-time Adoption" concerning hyperinflation and removal of fixed dates for first-time adopters of the IFRS was published by the International Accounting Standards Board in December 2010 and applies to year-long periods starting from 1 July 2011 or thereafter (mandatory adoption in the European Union from 1 January 2013).
The revision concerning severe hyperinflation creates an additional exclusion solely if an entity that was affected by severe hyperinflation resumes or undertakes to prepare its financial statements in accordance with the IFRS for the first time. The exclusion allows the entity to select the fair value of assets and liabilities and to use the fair value as the presumed cost of these assets and liabilities in the opening balance sheet in the first statement of financial position in accordance with the IFRS.
The International Accounting Standards Board also amended IFRS 1 to exclude references to fixed dates for one exception and one exclusion with reference to assets and financial liabilities. The first change requires that first-time IFRS adopters prospectively apply the requirements concerning removal from the IFRS balance sheet from the date of transition to the IFRS and not from 1 January 2004. The second change concerns financial assets or liabilities reported at fair value at initial recognition when the fair value is determined using valuation methods due to the absence of an active market, and allows for the application of the guidelines prospectively, from the date of transition to the IFRS, rather than from 25 October 2002 or 1 January 2004. This means that first-time IFRS adopters do not have to determine the fair value of assets and financial liabilities prior to the date of transitioning to IFRS. IFRS 9 was also adjusted to these amendments.
This amendment did not have a crucial impact on the Group's financial statement.

- **Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"**

The amendment to IAS 1 "Presentation of Financial Statements" concerning presentation of items of other comprehensive income was published by the International Accounting Standards Board in June 2011 and applies to year-long periods starting from 1 July 2013 or thereafter.
The amendment requires that entities divide the items presented under other comprehensive income into two groups based on whether they can be disclosed under financial results in the future. Furthermore, the title of the statement of comprehensive income was changed to "statement of financial result and other comprehensive income".
This amendment did not have a crucial impact on the Group's financial statement.

- **Amendment to IAS 19 "Employee Benefits"**

The amendment to IAS 19 "Employee Benefits" was published by the International Accounting Standards Board in June 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The amendment introduces new requirements regarding disclosure and measurement of the cost of defined benefit plans and employment termination benefits, and modifies the required disclosures concerning all employee benefits.
This amendment did not have a crucial impact on the Group's financial statement.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

- **Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)**

The amendment to IFRS 7 on disclosures - "Offsetting Financial Assets and Financial Liabilities" was published by the International Accounting Standards Board in December 2011 and applies to yearlong periods starting from 1 January 2013 or thereafter.
These amendments introduce the new disclosure obligations to allow users of financial statements with information that is useful in evaluating the effect or potential effect of netting arrangements, including the right to set off.
This amendment did not have a crucial impact on the Group's financial statement.

- **Government Loans (Amendments to IFRS 1)**

The amendment to IFRS 1 "First-time Adoption" concerning government loans was published by the International Accounting Standards Board in March 2013 and applies to year-long periods starting from 1 January 2013 or thereafter.
The amendments concerning government loans obtained by an entity on preferential terms (below-market rate) provide first-time preparers of IFRS statements with relief from full retroactive recognition of these transactions. The amendments provide the same relief to first-time IFRS adopters as is granted to other entities.
This amendment did not have a crucial impact on the Group's financial statement.

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**

IFRIC 20 was published by the International Accounting Standards Board in October 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The interpretation explains that stripping costs are accounted for as current production costs in accordance with IAS 2 "Inventories" if the benefit from stripping activity is realised in the form of inventory produced. However, if stripping activity provides a benefit in the form of improved access to ore, the entity should recognise the costs as a non-current "stripping activity asset", provided that the requirements set forth in the interpretation are met.
This amendment did not have a crucial impact on the Group's financial statement.

- **Amendments to the transitional Provisions to IFRS 10, IFRS 11 and IFRS 12**

In June 2013, the International Accounting Standards Boards published amendments to the transitional Provisions to IFRS 10, IFRS 11 and IFRS 12. The amendments will apply to year-long periods starting from 1 January 2013 or earlier, if the underlying standards (IFRS 10, 11 or 12) were applied with an earlier date.
The amendments specify the transitional Provisions for IFRS 10 "Consolidated Financial Statements". IFRS 10 adopters should assess whether they have control over an investee on the first day of the year-long period for which IFRS 10 was first adopted, and if the conclusions from that assessment differ from the conclusions from IAS 27 and SIC 12, comparative information should be adjusted unless it is not practicable. The amendments also provide additional transition relief in applying IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, the amendments remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.
This amendment did not have a crucial impact on the Group's financial statement.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

- **Improvements to IFRS: 2009-2011**

In May 2013, the International Accounting Standards Board published "Improvements to IFRS 2009-2011", which amended 5 standards. The improvements contain amendments of the method of presentation, recording and valuation, as well as terminology and editorial changes. The amendments will apply to year-long periods starting from 1 January 2013.
This amendment did not have a crucial impact on the Group's financial statement.

- **Annual improvements resulting from reviewing the IFRS, the 2009-2011 cycle**

In May 2013, the International Accounting Standards Board published Annual improvements to IFRS - the 2009-2011 cycle. The document contains a set of amendments to IFRS and related justifications of requests and implementation guidance, developed in the process of reviewing the standards, regularly conducted by the Board. Some of the amendments introduced result from the amendments introduced to other IFRS. The effective date of each amendment is set forth in the Standard which it concerns. During the 2009-2011, improvements were introduced to the following standards: IFRS 1 - with respect to repeated application of IFRS 1 by an entity and with respect to borrowing costs, IAS 1 - with respect to clarifying the requirements for providing comparative information, IAS 16 - with respect to classification of servicing equipment, IAS 32 - with respect to the tax effect of distribution to holders of equity instruments and IAS 34 - with respect to interim financial reporting and segment information on total assets and liabilities.
This amendment did not have a crucial impact on the Group's financial statement.

Published standards and interpretations which are not yet effective and have not been early adopted by the Company

In these financial statements, the Company did not decide to prior use the following published standards, interpretations or amendments to existing standards prior to their date of entry into force:

- **IFRS 9: „Financial Instruments Phase 1: Classification and measurement"**

IFRS 9 issued by the International Accounting Standards Board on 12 November 2009 replaces those parts of IAS 39 that refer to the classification and measurement of financial assets. In October 2010, IFRS 9 was supplemented by the classification and measurement of financial liabilities. According to the changes introduced in December 2011, the new standard is effective for annual periods beginning on 1 January 2015 or after that date.
The standard introduces one model with only two classification categories for financial assets: fair value and subsequently measured at amortized cost. The classification is made at initial recognition and depends on the entity's business model for managing financial instruments and the contractual cash flow characteristics of these instruments.
Most of the requirements in IAS 39 for classification and measurement of financial liabilities were transferred to IFRS 9 unchanged. The key change it is that individuals are imposed to be required to present in other total income effects of changes in own credit risk of financial liabilities designated as measured at fair value through its financial result.

The Company will apply IFRS 9 from 1 January 2015 , the Management Board estimates that the change will not have a material impact on the financial statements of the Group.

At the date of preparation of these financial statements, IFRS 9 has not yet been approved by the European Union .

2. APPLIED ACCOUNTING PRINCIPLES (continued)

- **Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)**

The amendments to IAS 32 "Financial Instruments: Presentation" with regard to offsetting financial assets and liabilities was published by the International Accounting Standards Board in December 2011 and applies to year-long periods starting from 1 January 2014 or thereafter.
The amendment introduces additional information on the application of IAS 32 to help clarify any inconsistencies encountered in applying some of the offsetting criteria. They clarify the meaning of *"currently has a legally enforceable right to set off"* and explain that certain gross settlement mechanisms may be treated as net settlement mechanisms if they meet certain net settlement criteria.
The Company will apply the revised IAS 32 as of 1 January 2014. The Management Board estimates that the changes will not affect the Group's financial statements materially.

- **Investment entities - amendments to IFRS 10, IFRS 12 and IAS 27**

The amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities" were published by the International Accounting Standards Board in October 2013 and apply to year-long periods starting from 1 January 2014 or thereafter.
The amendments introduce to IFRS 10 the definition of an investment entity. Such entities will be required to recognise their subsidiaries at fair value against the financial result, and consolidate solely those subsidiaries that provide it with services related to the company's investment operations. IFRS 12 was also amended by way of introducing new disclosures regarding investment entities.

The Company will apply the above amendments as of 1 January 2014. The Management Board estimates that the changes will not affect the Group's financial statements materially.

As on the date of preparing these consolidated financial statements, the amendments to IFRS 10, IFRS 12 and IAS 27 has not yet been approved by the European Union.

- **Mandatory effective date and transition disclosures - Amendments to IFRS 9 and IFRS 7**

On 16 December 2011, the International Accounting Standards Board published a document entitled "Mandatory effective date and transition disclosures" as amendments to IFRS 9 and IFRS 7. The amendment to IFRS 9 changes the initial effective date of IFRS 9 from 1 January 2013 or thereafter to 1 January 2015 or thereafter, with voluntary early adoption permitted. The Board also made amendments to IFRS 7, requiring additional disclosures related to transitioning from IAS 39 to IFRS 9, depending on the date of first application of IFRS 9 (i.e. before 2013, after 2013 or after 2013). The postponement of the mandatory application date of IFRS 9 is a result of postponing the Board's work on other parts of the project aimed at replacing IAS 39 with IFRS 9.

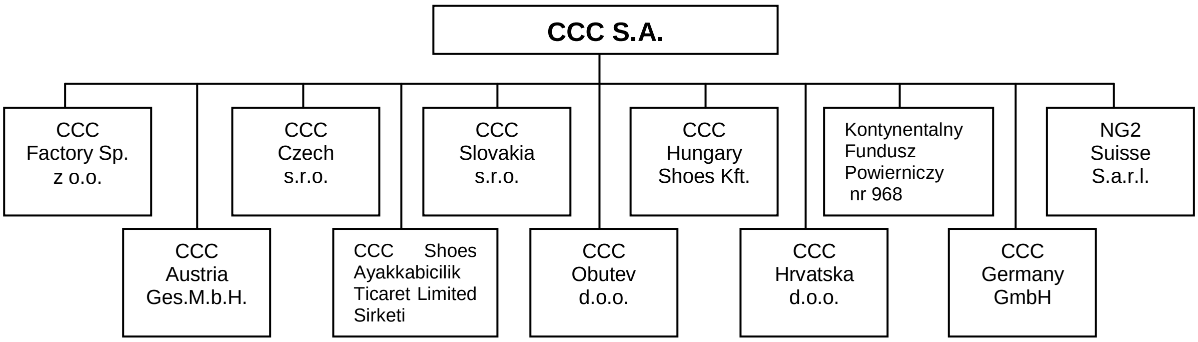
The amendment will result in delayed adoption by the Company of the standard with respect to the original date due to high probability of the EU approving IFRS 9 only in its full version.

amounts are denominated in PLN '000, unless indicated otherwise

2. APPLIED ACCOUNTING PRINCIPLES (continued)

2.2. Consolidation

CCC S.A. is the dominant entity in the CCC S.A. Capital Group. The organisational structure in the CCC S.A. Capital Group is as follows:



Subsidiaries are any entities (including special purpose vehicles) with respect to which the Group may manage their financial and operating policy, which is typically accompanied by holding a number of shares that ensures more than half of the overall number of voting rights. When assessing whether the Group controls an entity, we must consider the existence and effect of potential voting rights, which may be exercised or converted to shares at a given time. Subsidiaries are subject to full consolidation as of the date on which the Group takes control over them. They are no longer subject to consolidation as of the date on which the control ceases. Acquisition of subsidiaries by the Group is accounted for using the acquisition method. The cost of acquisition is determined as the fair value of the assets transferred, equity instruments issued and liabilities incurred or acquired as on the date of exchange, increased by costs directly related to the acquisition. Identifiable acquired assets and liabilities and contingent liabilities acquired as part of a business combination are initially assessed at their fair value as on the date of acquisition, regardless of the percentage of potential minority holdings. The surplus of the cost of acquisition over the fair value of the Group's share in identifiable acquired net assets is recorded as goodwill. If the cost of acquisition is lower than the fair value of net assets of the acquired subsidiary, the difference is entered directly in the profit and loss statement.
Revenue and costs, settlements and unrecovered profits on transactions between Group companies are eliminated. Unrecovered losses are also eliminated. Where necessary, the accounting principles applied by subsidiaries may be changed to ensure compliance with the accounting principles applied by the Group.

The subsidiaries of CCC S.A. are set out in the table below:

Subsidiaries of CCC S.A.	Registered office/Country	Percentage share in the entity's capital	Nominal value of shares
CCC Factory Sp. z o.o.	Polkowice, Poland	100	15,559,000 PLN
CCC Czech s.r.o.	Prague, The Czech Republic	100	112,600,000 CZK
CCC Slovakia s.r.o.	Bratislava, Slovakia	100	5,000 EUR
CCC Hungary Shoes Kft.	Budapest, Hungary	100	10,000,000 HUF
CCC Austria Ges. m. b. H.	Graz, Austria	100	100,000 EUR
CCC Shoes Ayakkabicilik Ticaret Limited Sirketi	Istanbul, Turkey	100	50,000 TRY
CCC Obutev d.o.o.	Maribor, Slovenia	100	50,000 EUR
CCC Hrvatska d.o.o.	Zagreb, Croatia	100	380,000 HRK
CCC Germany GmbH	Frankfurt am Main Germany	100	100,000 EUR
Continental Trust Fund 968	USA	100	10 USD*
NG2 Suisse S.a.r.l.	Zug, Switzerland	100	20,000 CHF

**the remaining contribution into the fund is an asset /plane/ with a declared value of USD 3,762,880*

The subsidiaries of CCC S.A. are consolidated using the full method.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.3. Reporting for operating segments

Identifying operating segments

Operating segments are presented consistently with internal reporting supplied to the key operating body (KOB) - the management board of the dominant entity. Operating segments are divided into stores and franchise counterparts. The company distinguishes three operating markets: Poland, other European Union countries, others.

Identifying reporting segments

The identified operating segments (stores, franchise partners) are grouped into reporting segments as they meet the grouping criteria set out in IFRS 8. The CCC S.A. Group defines three reporting segments in its business: "retail business", "manufacturing" "managing the trademark".
In the segments above, CCC S.A. Group conducts business activity, generating certain revenue and incurring costs. The results on segment activity are regularly reviewed by the KOB (persons making key operating decisions). Financial Information about the identified segments is also available.

The "retail business" - "retail" segment

The "retail business" segment covers the sale of footwear, bags, shoe care products and small leather products. CCC S.A.Group carries out sales in its own locations in Poland, The Czech Republic, Slovakia, Hungary, Germany, Austria, Croatia, Slovenia and Turkey – "retail" and for domestic and foreign franchisees and other wholesalers –"franchise".
Retail sales are conducted via the chains: CCC, BOTI, LASOCKI/QUAZI . The operating segment is each individual store operating in one of the chains and analyzed individually by the KOB. Due to the similarity of the Non-current average gross margins, and also due to the similar nature of the goods (among other things, footwear, bags, 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), "retail" covers financial information jointly for the CCC, BOTI, LASOCKI/QUAZI aggregated by operating markets.
Wholesale is addressed to domestic and foreign franchisees and other wholesalers. An operating segment is each individual recipient operating in different operating markets and separately analyzed by the KOB . Due to the similarity of the long-term average gross margins, as well as due to the similar nature of the goods (such as shoes, bags, accessories for footwear care, clothing accessories) and services provided (such as re-invoicing of transport), the distribution method of goods and categories of recipients (sales directed to wholesalers), "franchise" includes financial information for all contractors aggregated by operating markets .

Segment " manufacturing "

Segment " manufacturing " includes the value of sold production. Sales are realized in Poland by CCC Factory Sp z o.o. essentially to CCC S.A.

Segment " trademark management "

Segment " trademark management " includes the value of licenses granted for the sale of goods under the sign of the CCC , BOTI and Lasocki. Licences are granted by NG2 Suisse S.A.R.L. both entities constituting the Group CCC SA and franchise operators .The accounting principles applicable to the operating segments are the same as the accounting policy principles under which CCC S.A. Capital Group prepares its financial statements. The Group evaluates the operation of each segment on the basis of financial performance.

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2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.3. Reporting for operating segments (continued)

Other disclosures related to reporting segments

The following items do not apply: the entity's share in the profit or loss of affiliated entities and joint ventures and other than depreciation and assets on deferred tax, material noncash items.
CCC Capital Group SA does not present in the consolidated statement the information about major customers, as revenue from a single external customer does not exceed 10% of the revenue of CCC SA Capital Group.

2.4. Valuation of items denominated in foreign currencies

Functional currency and presentation currency

The items contained in the financial statements of particular entities of the Group are valued in the currency of the primary business environment in which a particular entity operates ("functional currency"). These consolidated financial statements are presented in PLN, which is the Group's functional currency and its presentation currency.

Transactions and balances

Profits and losses on currency exchange differences, pertaining to loans and cash and cash equivalents, are presented in the comprehensive income statement under "revenue or financial cost". All other profits and losses on currency exchange differences are presented in the comprehensive income statement under "other operating revenues and other operating costs" as a net amount.

Companies of the Group

The financial performance and position of all companies of the Group (none of which operates under hyperinflation), whose functional currencies differ from the presentation currency, are converted to the presentation currency as follows:

- assets and liabilities in all presented statements of financial position are converted at the closing exchange rate as on the balance sheet date;
- earnings and costs in all statements of comprehensive income are converted at the average exchange rate (unless the average exchange rate is not a satisfactory approximation of the aggregated proceeds from exchange rates on transaction dates - in such cases income and costs are converted at the exchange rates applicable on transaction dates); and
- any resulting exchange rate differences are entered as a separate item under shareholders' equity.

In the case of consolidation, currency exchange differences on converting net investments in foreign entities as well as loans and other currency instruments securing such investments are recorded under shareholders' equity. In the case of sale of an entity operating overseas (including partial sale), such currency exchange differences are entered in the global income statement as part of profit or loss on sale.
Goodwill and fair value adjustments that arise at the acquisition of a foreign entity are treated as assets and liabilities of a foreign entity and converted at the closing exchange rate as on the balance sheet date.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.5. Fixed assets

Fixed assets are presented at their purchase price or cost of manufacturing, less amortization and potential depreciation. Land is not subject to depreciation.
Fixed assets under construction are presented in the statement of financial condition at their cost of manufacturing less any depreciation. Costs of external financing are capitalized and entered as appreciation of a fixed asset.
Depreciation of a fixed asset begins once it is deemed ready for use. It is carried out in accordance with the applicable rules. Depreciation is calculated using the linear method by estimating the life cycle of an asset, presented below for the following groups:
- buildings - 10-40 years
- machines and equipment - 3 -15 years
- means of transportation - 5 -10 years
- other tangible assets - 5 -10 years.

Fixed assets under finance lease were disclosed in the statement of financial position in line with other fixed assets and are amortized on the same basis. The depreciation method and the period relating thereto are updated as on each balance sheet date.

The Group establishes an impairment write-down on fixed assets. Write-downs apply to capital expenditures incurred for premises related to retail sales if the following requirements are met jointly:

1. The shop has been in operation for at least 24 months,
2. The shop incurs a gross loss, taking into account customs variations in each of the past two years of its operation,
3. Analysis of the current value of future cash flows indicates that the capital expenditures incurred will not be covered.

2.6. Intangible assets

The Group applies the (historical) cost model to all items in a class: (initial) cost less amortization and depreciation. The rules of depreciation of intangible assets are the same as the rules applicable to property, plant and equipment.
It is assumed that the life of intangible assets does not exceed twenty years from the time each asset is fit for use. Depreciation of intangible assets is linear.
If there are occurrences or changes that indicate that the balance sheet value of intangible assets may not be recoverable, they are reviewed for potential depreciation.
In this asset group, the Group recognizes and discloses intangible assets under construction. Depreciation of an asset begins once it is deemed ready for use. It is carried out in accordance with the applicable rules.
The change in the recognition occurred in 2012 and includes investments in software used in the Group's day-to-day operations.

2.7. Revaluation of non-financial assets

Depreciable assets are reviewed in terms of depreciation whenever any occurrences or changes in circumstances indicate that their balance sheet value may not be recoverable. The loss on depreciation is entered in the amount by which the balance sheet value of an asset surpasses its recoverable value. Recoverable value is the higher of: fair value of assets, less cost of sale or value in use. For the purpose of analysing depreciation, assets are grouped at the lowest level with respect to which there are identifiable cash flows (centres generating cash flows). Non-financial assets, other than goodwill, with respect to which depreciation was previously declared, are assessed at each balance sheet date in terms of the occurrence of reasons to reverse the depreciation write-down.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

2.7. Revaluation of non-financial assets (continued)

As on each balance sheet date, the Group analyses assets related to its retail business for depreciation. The result on sales for each retail entity is also assessed by the Company. If an asset is found to be inefficient, the Group makes a depreciation adjustment in the amount of the investment outlays incurred, under operating costs.

2.8. Financial assets

The Group measures its shares in subsidiaries at acquisition cost after deducting depreciation write-downs.
In addition to shares in subsidiaries, the Group classifies the following as financial assets:
- financial assets at fair value through the statement of comprehensive income,
- loans and receivables,
- financial assets available for sale
- investments held to maturity.

Profits and losses on financial assets included in assets recorded at fair value in the statement of comprehensive income are entered in the statement of comprehensive income in the period in which they arose.
Profits and losses on financial assets included in assets “available for sale” are entered in shareholders’ equity, save for depreciation adjustments and those profits and losses on currency exchange differences that arise for cash assets. At the time of removing an asset included in assets “available for sale” from accounting records, the total profits and losses to date previously recorded under the capital are entered in the statement of comprehensive income as profits and losses on the exclusion of investments into financial assets available for sale.
Loans and receivables and investments held to maturity are valued at amortised cost using an effective interest rate.

2.9. Revaluation of financial assets

As on each balance sheet date, financial assets are assessed for depreciation. If there are reasons to expect a depreciation of the value of loans and receivables or investments held to maturity, valued at amortized cost, the adjustment amount is determined as the difference between the balance sheet value of the assets and the current value of estimated future cash flows discounted at the original effective interest rate for these assets (i.e. effective interest rate calculated as at the time of initial disclosure for assets based on a fixed interest rate and effective interest rate calculated as at the time of the most recent reassessment of assets based on a variable interest rate). Depreciation write downs are included in the statement of comprehensive income. A reversal of a write-down is entered if in subsequent periods the depreciation lessens and the lessening may be attributed to occurrences taking place after entering the write-down. As a result of a write-down reversal, the balance sheet value of financial assets cannot exceed the value of the amortized cost that would have been determined had the depreciation write-down not been entered. Depreciation write-down reversals are included in the statement of comprehensive income.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

2.10. Inventory

Inventory is disclosed at the cost of purchase (or cost of manufacturing) or the net sale price, whichever is lower.
If the circumstances that resulted in a decrease in the value of inventory disappear, a reverse operation is carried out, i.e. a reinstatement of the value of the inventory.
The following items are included in the statement of comprehensive income.

- book value of inventory sold in the period in which revenue from sale was recognised,
- the amount of depreciation adjustment to the net sale price in the period in which the adjustment was made.

Inventory adjustments adjust the prime cost of sale.
The FIFO method is applied to the consumption of all inventory of a similar kind and purpose.

2.11. Trade receivables

Trade receivables are amounts payable by customers for goods sold or services rendered in the course of a company's ordinary business. If the receivables are expected to be collected within one year, receivables are classified as current assets. Otherwise, they are entered as non-current assets. Trade receivables are initially disclosed at fair value, and then assessed at the adjusted purchase price (amortized cost), using the effective interest rate method, and decreased by depreciation write-downs.

2.12. Cash

Cash and cash equivalents include cash in the petty cash fund, bank deposits payable on demand, other Current high-liquidity investments with an initial maturity date of up to three months and overdraft facilities. Overdraft facilities are presented in the statement of financial condition as part of Current loans under current liabilities.

2.13. Capital

Equity is entered in accounting records and categorized by type, in accordance with the applicable laws and the Provisions of the statute.
Types of equity:

- base (share) capital of the parent Company is entered at the value set out in the statute and registered in the court register,
- reserve capital established from the surplus remaining after the sale of shares above their nominal value, less the cost of their issue,
- retained earnings, established as a result of distribution of the financial result, undistributed financial result and net profit (loss) for the period covered by the financial statements,
- other capital - established on the basis of the introduced employee stock option plan.

2.14. Trade liabilities

Trade liabilities are liabilities to pay for goods and services acquired from suppliers in the course of normal business. Trade receivables are classified as current liabilities if the payment date falls within one year (or, in the course of normal business, if it is longer). Otherwise, such liabilities are entered as non-current.
Trade liabilities, in their initial disclosure, are entered at fair value, and at a later time, they are entered at the adjusted purchase price (amortized cost), using the effective interest rate method.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

2.15. Loans and borrowings

Loans and borrowings are entered at their purchase price corresponding to the fair value of obtained cash, less the expenditures related to obtaining loans or borrowings. Interest and commissions on loans are entered in the statement of comprehensive income under debit, with the exception of interest and commissions pertaining to the financing of fixed assets.

2.16. Current and deferred income tax

Mandatory liabilities of the result comprise current tax (CIT) and deferred tax.
Current tax liability is calculated on the basis of the tax result for the reporting period. Tax burden is calculated on the basis of tax rates applicable in a given country in a tax year
Deferred tax is calculated as a tax payable or refundable in the future on the differences between the balance sheet values of assets and liabilities and their corresponding tax values used to calculate the taxable base.

Income tax liabilities

Deferred tax liabilities are established in the amount of income tax to be paid in the future in connection with positive transitional differences, i.e. differences that will result in an increase in the taxable base in the future. The amount of such liabilities is determined taking into account income tax rates applicable in the year in which the tax obligation arises.

Deferred income tax assets

Deferred income tax assets are determined in the amount of the sum designated to be deducted from income tax in connection with negative transitional differences that will cause a reduction of the taxable base and deductible tax loss, determined taking into account the prudency principle.

The Group presents the net amount of the deferred tax assets and liability if IFRSs do so.

2.17. Employee benefits

In the reporting period, the Group pays contributions for the mandatory public retirement plan, depending on the amount of gross remuneration disbursed, in accordance with the applicable laws. The public plan is financed on a pay-as-you-go basis, i.e. the Group is required to pay contributions in the amount defined as a percentage of the applicable remuneration and only when they are payable, and if it no longer employs the persons covered by the system, it will not be required to pay any additional benefits. The public plan is a defined retirement plan. The cost of contributions is entered in the statement of comprehensive income in the same period as the remuneration associated therewith, under item “Cost of remunerations and employee benefits”.
The Group determines Provisions for future retirement benefits and service anniversary awards on the basis of actuarial valuation.
Under the terms of the collective bargaining agreement, a group of employees is entitled to service anniversary awards depending on the length of service. Eligible employees receive a one-off amount, which, after 10 years of service, is the equivalent of 100 per cent of their monthly salary base, after 15 years of service, is the equivalent of 150 per cent of their monthly salary base, after 20 years of service, is the equivalent of 200 per cent of their monthly salary base, and after 25 years of service, is the equivalent of 250 per cent of their monthly salary base.
Retiring employees are entitled to a one-off benefit in the amount of a one-month salary.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

2.17. Employee benefits (continued)

The Group recognizes provisions for unused employee holiday. The value of the provisions is calculated as a product of the number of unused vacation days and the average pay per day in the Group.
The Group recognizes provisions for bonuses due for the financial period and payable after the end of the financial year. The value is determined after the end of the financial year.
The Group establishes provisions for the instituted “Incentive Scheme” (employee stock options). Costs are entered in the statement of comprehensive income under “costs of management and administration”. The scheme value is determined on the basis of actuarial valuation.

2.18. Provisions

Companies of the Capital Group establish provisions for anticipated returns and complaints.
The amount of the provisions should be the most accurate possible estimate of the outlays required to fulfill the requirement as on the balance sheet date. Estimates of financial performance and result are made based on the judgment of the company's management, supported by previous experience in similar transactions and, in some cases, independent experts' reports.
The amount of provisions is verified as on each balance sheet date and adjusted to reflect the current most accurate estimate. If it is no longer likely that an outflow of funds carrying economic benefits will be necessary to meet the requirement, provisions are eliminated.
Provisions for anticipated returns and complaints are established as an estimated determination of the average level of returns on the basis of historical data.
After carrying out calculations for several periods and on the basis of the Group’s experience, in order to simplify the estimates, the average ratio of complaints for previous periods is calculated. The variable defining possible returns of products sold, on which the value of potential complaints is based, is the amount of revenue obtained from sales in the period in question.
In subsequent periods appropriate provision adjustments are made through an increase or liquidation, depending on the revenue from sale being generated.

2.19. Recognising revenue

Revenue from sale is recognized at fair value of the payment for the sale of goods and services received or payable in a normal course of the Group’s business. Revenue is disclosed after deducting value-added tax, returns, rebates and discounts as well as after eliminating sales within the Group. Revenue from sale includes revenue from the sale of goods, products and services generated as part of day-to-day business activity (i.e. revenue from the sale of goods, product, ready-made products after rebates, VAT and other sales taxes).
Dividend income is recognized when gaining the right to receive payment.

Revenue from the sale of goods - wholesaling

The Group sells footwear and leather accessories on the wholesale market in Poland and abroad. In Poland, these products are sold on the basis of franchise agreements. Revenue from sale is disclosed once material risk factors and benefits of having the goods have been transferred to the business partner. The business partner takes over any and all risks related to the ageing of the goods and after-sales service for retail customers.

Revenue from the sale of goods - retail

The Group sells footwear and leather accessories through a chain of its own stores located in its country and abroad. Revenue from sale is disclosed at the time of selling goods to the customer. Retail sale is typically carried out in cash or using credit cards. The Group has a thirty-day return policy. In order to estimate the amount of returns and to establish Provisions therefore, current experience is used.

2. APPLIED ACCOUNTING PRINCIPLES (continued)

2.19. Recognising revenue (continued)

Revenue from the sale of services

The Group is a party to agreements concerning the lease and sublease of premises used for retail business. Sublease agreements are concluded with companies cooperating with the Group on the basis of franchise agreements. Therefore, the Group reinvoices the cost of lease to the business partner operating at a given location. In its consolidated financial statements, the Group discloses the value of revenue, less the value of costs related to the type of revenue. Revenue from sale is recognised for the period to which the lease or sublease pertains.

2.20. Leasing

As on the date of commencement of leasing, the Group recognises financial leasing in the balance sheet as assets and liabilities in amounts equal to the fair value of the item, as calculated on the date of commencement of the leasing or in amounts equal to the current value of minimum leasing fees, as calculated on the date of commencement of the leasing, if it is lower than its fair value. When calculating the current value of minimum leasing fees, the discount rate is the leasing interest rate, if it can be calculated. Otherwise, the lessor's marginal interest rate is applied. The lessor's initial direct costs increase the amount recognised as an asset.
Operating lease - cost of lease. Operating lease is a type of lease where a significant portion of the risk and benefits of ownership is shared by the financing party. Payments made under operating lease are entered directly in the statement of comprehensive income using the linear method during the term of the lease agreement. The discounts received from the financing parties are recognised in the statement of comprehensive income in the same way as an integral part of all the leasing fees. Operating lease applies primarily to leasing commercial spaces. The costs are recognised in the statement of comprehensive income under "Cost of sale".

2.21. Dividend

Dividend payments to the Issuer's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which they were approved by the Issuer's shareholders.

2.22. Income from subsidies

If the Group receives a subsidy for the purchase or manufacture of property, plant and equipment, it is entered in the Group's accounting records at the time of receipt or substantiation of its receipt in the future (e.g. receiving a letter of intent) as a deferred revenue. Subsidies classified as deferred revenue gradually increase other revenue, in parallel to amortisation and depreciation on property, plant and equipment financed from these sources.

3. MANAGEMENT OF FINANCIAL RISK

The type of activity conducted by CCC S.A. Capital Group carries various risks. The Management Board finds the main risks to be:

- Currency exchange rate risk. Due to the fact that the companies of CCC S.A. Capital Group generate revenue in PLN, EUR, CZK, HUF, HRK, TRY and the majority of their costs is incurred in foreign currencies, the exchange rates of CZK, HUF, USD and EUR (practically all Group imports are denominated in these currencies, as is a considerable portion of leases) will affect the cost structure, and the potential change of supply sources and recording currency exchange differences in the statement of comprehensive income. As the Chinese market is the primary supply market for CCC S.A. Capital Group, the exchange rate of the Chinese currency to world's major currencies is also very important. Its appreciation may affect import terms. Some of the cost of exchange rate fluctuations may be transferred to customers.
- Change of interest rate risk. The CCC S.A. Capital Group is exposed to the risk of interest rate changes in relation to the loan agreements concluded. The loans are subject to a variable interest rate based on WIBOR and BLR. Interest rate increase will affect the amount of interest pays on loans and interest on liabilities under lease and term deposits, where the effect is insignificant.

  The Capital Group does not use hedging instruments that would mitigate the effect of changes in cash flows resulting from interest rate fluctuations on the performance of the Group.
  The Group is exposed to the following types of interest rate risk:
  • Cash flow risk (variable interest rate) – loans and borrowings.

- Financial liquidity risk - prudent management of financial liquidity presumes maintaining sufficient resources of cash and cash equivalents as well as availability of continued funding through guaranteed credit line funds.

- Credit risk - this risk derives from uncertainty as to whether and when amounts due will be repaid. Wholesale also includes deferred payment sale, which exposes CCC S.A. Capital Group to the risk of financing customers. To remain a leader on the footwear market, CCC S.A. uses the sales credit feature, which enhances the company's appeal to wholesalers. The age structure of receivables is presented in note 9. Other sale is carried out in cash. Hence, the credit risk in this regard is negligible. Available cash is deposited only in bank accounts and term deposits of renowned Polish banks. The Group held term deposits in highly-rated established banks.

Details are set out in details in note 26.

amounts are denominated in PLN '000, unless indicated otherwise

3. MANAGEMENT OF FINANCIAL RISK (continued)

Managing capital risk

The Group's objective in managing capital risk is to protect the Group's ability to continue its activity so that shareholder return and benefits for other stakeholders may be generated and so that the best possible capital structure may be maintained for the purpose of reducing its cost.

To maintain or adjust capital structure, the Group may change the amount of dividends declared to be disbursed to shareholders, return equity to shareholders, issue new shares or sell assets to reduce debt.

Like other companies in the industry, the Group monitors its equity using the debt ratio. The ratio is calculated as a proportion of net debt to the total value of equity. Net debt is calculated as a sum of loans (including current and Non-current loans disclosed in the consolidated statement of financial position), less cash and cash equivalents. The total value of equity is calculated as shareholders' equity disclosed in the consolidated statement of financial position together with net debt.

The Group's debt ratios as on 31 December 2013 and 2012 are as follows:

	31.12.2013	31.12.2012
Total loans (note 15)	327,809	288,648
Minus: cash and cash equivalents	143,736	125,708
Net debt	184,073	162,940
Total equity capital	591,856	528,711
Invested capital	775,929	691,651
Debt ratio	**23,7%**	**23,6%**

The change in the ratio is in line with the efforts made by the Group, and the ratio is at a level anticipated by the Management Board of the dominant entity.

4. MATERIAL MANAGEMENT BOARD'S ESTIMATES

Employee benefits

The Group prepares valuations of liabilities under retirement and pension benefits as well as service anniversary awards. The valuations are prepared using actuarial methods on the basis of a number of assumptions. The assumptions used when determining the net cost (income) for the benefits include the discount rate. Any changes to the assumptions will affect the budget value of the liabilities under employee benefits. Details are set out in note 19.

Operating segments

Details of the analysis and assessment of the operating segments are set out in note 2.3.

Depreciation of non-financial assets

Once a year, the Group examines its property, plant and equipment for depreciation in accordance with the accounting policy set out in note 2.5. For assets pertaining to each store, as cash-generating centres, operating for at least two years and showing negative results, an analysis of the current value of future cash flows is carried out on the basis of current budgets. Thus-obtained value is compared to the value of assets and if a shortage is identified, depreciation is entered. In 2013, an impairment write-off was made on non-financial assets in the amount of 1.545,000 PLN.

Impairment loss of inventories

The Group calculates the impairment of the value of inventories. To determine the provision on the balance sheet date inventory that were purchased at least two years in advance and meet two conditions: is taken into account: (1) the selling price of the goods is less than the purchase price, and (2) the goods was not being rotated in the past 12 months. "

4. MATERIAL MANAGEMENT ESTIMATES (continued)

Employee stock options

The Company prepares a valuation of the benefits due to employees participating in the "Incentive Scheme" concerning employee stock options.

In 2010-2012, an incentive scheme was functioning which objectives were not met and, therefore, the subscription right was not exercised. By the decision of the Extraordinary General Meeting of Shareholders of 19 December 2013, the 2013-2015 incentive scheme was launched.

The Scheme will be carried out after the end of 2015, and the value of payments to employees will depend on the number of participants. Details are set out in note 16.

Functional currency

Items included in the financial statements of each Group's entity are measured in its functional currency, i.e. the currency of the primary economic environment in which the entity operates.

This consolidated financial statements of the Group is presented in the Polish zloty, which is the Group's functional currency and its presentation currency. It is the currency with primary influence over the prices of goods and services and the currency in which the Group maintains proceeds from operating activities. In the revenue from the sales structure, the Group generates approximately 80 % of the revenue in the functional currency. The cost of purchasing merchandise and leasing retail stores is largely borne by the Group in foreign currency. Changes in currency exchange rates may significantly affect the value of costs incurred.

Provisions for guarantee repairs

The Group performs valuation of deferred guarantee repairs, which are calculated based on historical data concerning the level of pending complaints to customers and sales revenue realized in the retail network.

amounts are denominated in PLN '000, unless indicated otherwise

5. INFORMATION ON BUSINESS SEGMENTS

Period from 01.01.2013 to 31.12.2013	Retail business											
	Poland		EU		Other		Total	Manufacturing	Trademark management	Consolidation corrections	Unallocated	TOTAL
	Retail	Franchise	Retail	Franchise	Retail	Franchise						
Sales revenue	1 256 134	19 334	308 627	31 256	1 094	22 439	1 638 884	189 667	35 221	(223 587)	2 954	1 643 139
Prime cost of sale	(636 399)	(13 887)	(149 218)	(22 263)	(515)	(19 967)	(842 249)	(153 561)	-	189 376	-	(806 434)
Transactions between segments	27 712	336	7 205	270	-	659	36 182	(36 182)	-	-	-	-
Sales gross profit	**647 447**	**5 783**	**166 614**	**9 263**	**579**	**3 131**	**832 817**	**(76)**	**35 221**	**(34 211)**	**2 954**	**836 705**
Cost of sales and management	(515 915)	(2 918)	(149 880)	(4 589)	(1 591)	(4 083)	(678 976)	(6 119)	(674)	34 211	(771)	(652 329)
Transactions between segments	24 526	(57)	3 139	(45)	-	(111)	27 452	6 104	(33 556)	-	-	-
Balance of other revenues and operating costs	(9 746)	270	(5 617)	425	612	379	(13 677)	(2 825)	(9 995)	9 638	-	(16 859)
Transactions between segments	(2 461)	(26)	(606)	(21)	-	(51)	(3 165)	2 818	9 985	(9 638)	-	-
Operating profit	**143 851**	**3 052**	**13 650**	**5 033**	**(400)**	**(735)**	**164 451**	**(98)**	**981**	**-**	**2 183**	**167 517**
Balance of earnings and financial costs	(14 108)	(307)	(3 479)	(484)	(14)	(432)	(18 824)	34	2 549	-	-	(16 241)
Transactions between segments	1 994	110	281	52	-	157	2 594	(34)	(2 560)	-	-	-
Profit before tax	**131 737**	**2 855**	**10 452**	**4 601**	**(414)**	**(1 010)**	**148 221**	**(98)**	**970**	**-**	**2 183**	**151 276**
Income tax											(26 059)	(26 059)
Net profit												**125 217**
Net profit disclosed in the statements of the financial results and other comprehensive income												**125 217**

Assets, including:	666 852	19 402	273 614	27 535	4 660	22 211	1 014 274	72 438	27 790	-	5 225	1 119 727
- fixed assets	241 131	2 559	113 170	4 078	1 036	3 638	365 612	34 986	801	-	5 225	406 624
- deferred tax assets	3 937	97	1 370	177	-	-	5 581	2 230	15 760	-	-	23 571
Cost of interest	(9 264)	(140)	(2 454)	(366)	-	(195)	(12 419)	-	-	-	-	(12 419)
Depreciation	(25 199)	(147)	(7 227)	(234)	(268)	(208)	(33 283)	(1 849)	-	-	(771)	(35 903)

amounts are denominated in PLN '000, unless indicated otherwise

5. INFORMATION ON BUSINESS SEGMENTS (continued)

Period from 01.01.2012 to 31.12.2012	Retail business						Manufacturing	Trademark management	Consolidation corrections	Unallocated	TOTAL
	Poland		EU		Other	Total					
	Retail	Franchise	Retail	Franchise	Franchise						
Sales revenue	1 119 033	19 422	146 819	9 645	19 649	1 314 568	131 971	26 148	(156 664)	1 434	1 317 457
Prime cost of sale	(554 774)	(14 397)	(65 451)	(6 891)	(17 298)	(658 811)	(111 218)	-	130 970	-	(639 059)
Transactions between segments	18 462	302	2 182	351	372	21 669	(21 669)	-	-	-	-
Sales Gross profit	**582 721**	**5 327**	**83 550**	**3 105**	**2 723**	**677 426**	**(916)**	**26 148**	**(25 694)**	**1 434**	**678 398**
Cost of sales and management	(480 208)	(2 105)	(62 009)	(968)	(2 430)	(547 720)	(4 529)	(420)	25 694	(771)	(527 746)
Transactions between segments	19 483	(62)	1 558	(72)	(76)	20 831	4 450	(25 281)	-	-	-
Balance of other revenues and operating costs	(6 181)	571	(4 979)	271	679	(9 639)	332	(9 649)	9 638	-	(9 318)
Transactions between segments	268	5	32	5	6	316	(327)	9 649	(9 638)	-	-
Operating profit	**116 083**	**3 736**	**18 152**	**2 341**	**902**	**141 214**	**(990)**	**447**	**-**	**663**	**141 334**
Balance of earnings and financial costs	(13 151)	(608)	(1 991)	(283)	(722)	(16 755)	36	1 708	-	-	(15 011)
Transactions between segments	1 469	49	140	29	58	1 745	(35)	(1 710)	-	-	-
Profit before tax	**104 401**	**3 177**	**16 301**	**2 087**	**238**	**126 204**	**(989)**	**445**	**-**	**663**	**126 323**
Income tax										(20 009)	(20 009)
Net profit											**106 314**
Net profit disclosed in the statements of the financial results and other comprehensive income											**106 314**

Assets, including:	703 352	22 985	131 334	10 970	22 621	891 262	56 618	24 238	-	5 996	978 114
- fixed assets	261 160	3 292	52 435	1 649	5 433	323 969	32 428	746	-	5 996	363 139
- deferred tax assets	4 322	168	1 286	105	-	5 881	1 771	16 577	-	-	24 229
Cost of interest	(10 784)	(450)	(1 548)	(271)	(541)	(13 594)	(15)	-	-	-	(13 609)
Depreciation	(32 839)	(241)	(2 777)	(121)	(362)	(36 340)	(1 869)	-	-	(771)	(38 980)

amounts are denominated in PLN '000, unless indicated otherwise

6. COSTS BY TYPE

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Depreciation of fixed assets and intangible assets	35 903	38 980
Consumption of materials and energy	155 102	107 339
Cost of lease	217 432	188 667
Cost of outsourced services	108 707	71 523
Taxes and fees	6 345	5 559
Cost of salaries	187 428	157 167
Cost of employee benefits	44 871	34 089
Cost of promotion and advertising	21 370	14 700
Other costs	9 171	4 710
Changes of prepayments and accruals	1 502	(1 016)
Change of inventory state	(393)	(492)
Prime cost of sale of goods	671 386	545 579
Total	**1 458 824**	**1 166 805**

7. TANGIBLE ASSETS

	Land, buildings and structures	Machines and equipment	Means of transportations	Other	Fixed assets under construction	Spare parts	Total
GROSS VALUE							
As of 1 January 2013	**312 173**	**97 936**	**45 189**	**15 067**	**9 039**	**-**	**479 404**
Change on exchange rate	(308)	(358)	(45)	(711)	(392)		(1 814)
Increases due to:	**77 565**	**7 979**	**3 468**	**17 137**	**66 201**	**977**	**173 327**
- investments in third-party facilities	72 367				64 563	-	136 930
- own investment outlays	1 597	-	-	-	1 638	-	3 235
- purchase	3 601	7 979	3 468	17 137	-	-	32 185
- disclosures	-	-	-	-	-	977	977
Decreases due to:	**26 669**	**1 791**	**2 088**	**735**	**73 964**	**-**	**105 247**
- liquidation	25 073	615	51	362	-	-	26 101
- sales	1 596	1 176	2 037	373	-	-	5 182
- completed investments - transfer	-	-	-	-	73 964		73 964
As of 31 December 2013	**362 761**	**103 766**	**46 524**	**30 758**	**884**	**977**	**545 670**
AMORTISATION AND DEPRECIATION							
As of 1 January 2013	**76 984**	**24 057**	**14 179**	**9 415**	**(125)**	**-**	**124 510**
Change on exchange rate	174	(224)	(21)	42	-	-	(29)
Depreciation for the period of 1.01-31.12	22 413	10 654	3 961	3 073	-	-	40 101
Write-downs	2 750	-	-	-	-	-	2 750
Decreases due to sales or Liquidation	10 800	280	1 986	346	-	-	13 412
As of 31 December 2013	**86 021**	**34 207**	**16 133**	**12 184**	**(125)**	**-**	**148 420**
NET VALUE							
As of 1 January 2013	**235 189**	**73 879**	**31 010**	**5 652**	**9 164**	**-**	**354 894**
As of 31 December 2013	**276 740**	**69 559**	**30 391**	**18 574**	**1 009**	**977**	**397 250**

amounts are denominated in PLN '000, unless indicated otherwise

In 2013, depreciation in the amount of 1,027,875.16 PLN was included in cost of sales. The remaining value of the depreciation was presented in cost of sales and management.

7. TANGIBLE ASSETS (CONTINUED)

In 2012, depreciation in the amount of 1,002,245,82 PLN was included in cost of sales. The remaining value of the depreciation was presented in cost of sales and management.

	Land, buildings and structures	Machines and equipment	Means of transportations	Other	Fixed assets under construction	Total
GROSS VALUE						
As of 1 January 2012	**218 735**	**36 178**	**43 566**	**11 678**	**114 489**	**424 646**
Change on exchange rate	(571)	(334)	(27)	(30)	(267)	(1 229)
Increases due to:	**105 062**	**63 221**	**2 974**	**3 773**	**59 508**	**234 538**
- investments in third-party facilities	46 034	-	-	-	40 977	87 011
- own investment outlays	58 954	20 123	-	-	18 531	97 608
- purchase	74	43 098	2 974	3 773	-	49 919
Decreases due to:	**11 053**	**1 129**	**1 324**	**354**	**164 691**	**178 551**
- liquidation	10 554	1 112	-	354	-	12 020
- sale	499	17	1 324	-	-	1 840
- completed investments - transfer	-	-	-	-	164 691	164 691
As of 31 December 2012	**312 173**	**97 936**	**45 189**	**15 067**	**9 039**	**479 404**
AMORTISATION AND DEPRECIATION						
As of 1 January 2012	**56 096**	**16 330**	**11 980**	**7 918**	**468**	**92 792**
Change on exchange rate	(58)	(146)	(11)	4	-	(211)
Depreciation for the period of 1.01-31.12	19 456	8 668	3 553	1 676	(593)	32 760
Write-downs	6 174	-	-	-	-	6 174
Decreases due to sales or liquidation	4 684	795	1 343	183	-	7 005
As of 31 December 2012	**76 984**	**24 057**	**14 179**	**9 415**	**(125)**	**124 510**
NET VALUE						
As of 1 January 2012	**162 639**	**19 848**	**31 586**	**3 760**	**114 021**	**331 854**
As of 31 December 2012	**235 189**	**73 879**	**31 010**	**5 652**	**9 164**	**354 894**

Tangible assets representing collateral for loans and guarantees	**31.12.2013**	**31.12.2012**
Ordinary mortgage over property up to the value of	212 500	252 500

Machines and technical equipment used under finance lease agreements where the Group is the lessee	**31.12.2013**	**31.12.2012**
Outlays on fixed assets under finance lease	150	423
Accumulated depreciation	(150)	(368)
Net book value	**-**	**55**

Changes in impairment write-downs on fixed assets	**01.01.2013 to 31.12.2013**	**01.01.2012 to 31.12.2012**
As at the beginning of the period	6 174	-
a) increase	1 545	6 174
b) decrease	3 725	-
- use	3 725	-
Write-downs on inventory	**3 994**	**6 174**

amounts are denominated in PLN '000, unless indicated otherwise

The value of write-downs for impairment of fixed assets was recognized as a correction of cost of sales of the current period.

8. INTANGIBLE ASSETS

	Patents and licences	Trademarks	Intangible assets under construction	Total
GROSS VALUE				
As of 1 January 2013	**6 369**	**850**	**2 907**	**10 126**
Change on exchange rate	-	-	-	-
Increases in the period of 01.01. - 31.12.	2 481	104	198	2 783
Decreases in the period of 01.01. - 31.12.	22	-	-	22
As of 31 December 2013	**8 828**	**954**	**3 105**	**12 887**

AMORTISATION				
As of 1 January 2013	**2 241**	**105**	**-**	**2 346**
Change on exchange rate	-	-	-	-
Amortisation in the period of 01.01. - 31.12.	1 352	21	-	1 373
Correction of depreciation in the period of 01.01. - 31.12.	-	-	-	-
As of 31 December 2013	**3 593**	**126**	**-**	**3 719**
NET VALUE				
As of 1 January 2013	**4 128**	**745**	**2 907**	**7 780**
As of 31 December 2013	**5 235**	**828**	**3 105**	**9 168**

	Patents and licences	Trademarks	Intangible assets under construction	Total
GROSS VALUE				
As of 1 January 2012	**1 869**	**360**	**6 040**	**8 269**
Change on exchange rate	2	-	-	2
Increases in the period of 01.01. - 31.12.	4 521	490	64	5 075
Decreases in the period of 01.01. - 31.12.	23	-	3 197	3 220
As of 31 December 2012	**6 369**	**850**	**2 907**	**10 126**

AMORTISATION				
As of 1 January 2012	**1 430**	**94**	**-**	**1 524**
Change on exchange rate	(1)	-	-	(1)
Amortisation in the period of 01.01. - 31.12.	812	11	-	823
Correction of depreciation in the period of 01.01. - 31.12.	-	-	-	-
As of 31 December 2012	**2 241**	**105**	**-**	**2 346**
NET VALUE				
As of 1 January 2012	**439**	**266**	**6 040**	**6 745**
As of 31 December 2012	**4 128**	**745**	**2 907**	**7 780**

amounts are denominated in PLN '000, unless indicated otherwise

9. TRADE AND OTHER RECEIVABLES

	31.12.2013	31.12.2012
Trade receivables	14 998	27 384
Prepayments for deliveries	31 142	20 945
Other current liabilities	-	-
Prepayments and accruals	30 654	4 972
Receivables from taxes	1 214	7 210
Loans granted, of which:	4 986	5 829
from other entities	4 986	5 829
- Non-current	-	465
- Current	4 986	5 364
Other Non-current receivables	-	-
Total	**82 994**	**66 340**

The carrying value of receivables approximates fair value and it is the maximum value of the receivables exposed to credit risk.

Granted loans

The fair value of granted loans does not differ materially from its carrying value.

As of 31 December 2013

Entity name	Amount	Amount utilised	Interest	Payment due date	Interest rate	Collaterals
3S Retail sp. z o.o	500,000 USD	150,000 USD (452,000 PLN)	-	31.12.2014	5,0%	none
Miejski Klub Sportowy Polkowice (Sport Club)	3,000,000 PLN	500,000 PLN	68	31.12.2013 *	WIBOR 1M+ margin	blank promissory note
Miejski Klub Sportowy Polkowice (Sport Club)	1,500,000 PLN	1,500,000 PLN	24	Not specified	WIBOR 1M+ margin	blank promissory note
Miejski Klub Sportowy Polkowice (Sport Club)	170,000 PLN	170,000 PLN	3	Not specified	WIBOR 1M+ margin	blank promissory note
Company - Instalatorstwo Elektryczne	38,000 PLN	38,000 PLN	-	30.06.2014	5,5%	none
Zawodowa Grupa Kolarska (Professional Cycling Team)	2,200,000 PLN	2,200,000 PLN	31	28.02.2014	WIBOR 1M+ margin	blank promissory note

* The loan was repaid after the balance sheet date.

Stan na 31 grudnia 2012

Entity name	Amount	Amount utilised	Interest	Payment due date	Interest rate	Collaterals
3S Retail sp. z o.o	1,500,000 USD	900,000 USD (2,788,000 PLN)	25	31.12.2014	fixed	pledge over shares
Miejski Klub Sportowy Polkowice (Sport Club)	3,000,000 PLN	3,000,000 PLN	16	31.12.2013	WIBOR 1M+ margin	blank promissory note

amounts are denominated in PLN '000, unless indicated otherwise

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Past-due trade receivables (gross) by receivables outstanding for:

	31.12.2013	31.12.2012
a) up to 1 month	4 623	4 631
b) 1-3 months	2 607	2 577
c) 3-6 months	1 636	1 548
d) more than 6 months	4 760	4 661
(Gross) trade receivables, total, past-due	**13 626**	**13 417**
e) write-downs on the value of past-due trade receivables	632	622
(Net) trade receivables, total, past-due	**12 994**	**12 795**

Changes in write-downs on current receivables:

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
As of the beginning of the period	622	559
a) increase	79	75
b) decrease (due to)	69	12
Utilisation	-	-
Liquidation	69	12
Write-downs on the receivables as of the end of the period	**632**	**622**

Write-downs on receivables are established on the basis of an age analysis.
Allowances for impairment of financial assets was recognized in own cost of sales for the current period.
The value of significantly past-due trade receivables is recoverable. The value of the write-down was the basis of the Group's previous experience.
The Group believes that the past-due receivables not covered by the write-down will be repaid by its business partners. Cooperation with business partners is based on a franchise, therefore, the Group does perceive a risk of a default on these receivables in order to secure a promissory note arising from the contracts.

Current trade receivables and prepayments (currency structure):

	31.12.2013	31.12.2012
a) in Polish currency	11 704	14 616
b) in foreign currencies (by currency and upon conversion to PLN)	34 499	33 008
- USD	10 009	6 136
- converted to PLN	32 075	20 731
- EUR	2 824	1 406
- converted to PLN	12 017	5 861
- CZK	-	3 241
- converted to PLN	-	83
- HUF	-	12 501
- converted to PLN	-	182
-RON	(15 302)	3 985
- converted to PLN	(14 173)	3 665
- LVL	776	424
- converted to PLN	4 580	2 486
Total current trade receivables and prepayments	**46 203**	**47 624**

amounts are denominated in PLN '000, unless indicated otherwise

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Current trade receivables and prepayments in foreign currencies were converted according to currency exchange rates included in the table below:

	31.12.2013	31.12.2012
- USD	3,0120	3,0996
- EUR	4,1472	4,0882
- CZK	-	0,1630
- 100 HUF	-	1,3977
- RON	0,9262	0,9197
- LVL	5,9009	5,8595

10. INVENTORY

	31.12.2013	31.12.2012
Materials	29 661	17 537
Production in progress	6 863	6 470
Goods	430 665	378 252
Capitalised cost of packaging	681	1 075
Write-down on the value of inventory	(4 862)	(4 171)
Total	**463 008**	**399 163**

Changes in write-downs on inventory	**01.01.2013 31.12.2013**	**01.01.2012 31.12.2012**
As of the beginning of the period	4 354	729
a) increases	2 833	5 823
b) decreases	2 325	2 198
Write-downs on inventory as of the end of the period	**4 862**	**4 354**

The value of established and liquidated write-downs on inventory was entered as the adjustment of the prime cost of sale for the period.
Due to the increased volume of sales related to expanding operations, the level of goods that met the criteria for write-downs in the financial year increased. Therefore, the value of the write-down increased compared to previous years.
On the basis of loan agreements, pledges were established on inventory. The value of the pledges as of the balance sheet date in PLN 323,000,000 (as of 31 December 2012: PLN 253.000,000).

11. CASH

	31.12.2013	31.12.2012
Cash in the bank and petty cash fund	128 965	94 994
Short-term deposits	14 771	30 714
Total	**143 736**	**125 708**

Funds in bank accounts and cash comprise cash held by the companies of the Capital Group and short-term bank deposits with a maturity date of up to three months. The book value of these assets corresponds to their fair value.

amounts are denominated in PLN '000, unless indicated otherwise

12. CAPITAL

Share capital	Number of shares	(of which ordinary shares)	Nominal value	Share capital
As of 31 December 2012	38 400 000	31 750 000	0,10 PLN	3 840
As of 31 December 2013	38 400 000	31 750 000	0,10 PLN	3 840

All issued shares were paid for in full. The number of preferred registered shares is 6,650,000. The preference pertains to voting rights, in that each preferred share carries two votes. Shareholders have the right of first purchase of registered preferred shares intended for sale.

As of the date of submitting the annual report, pursuant to Article 69 of the Act on the Offering, the list of shareholders holding at least 5 % of the overall number of votes at the Issuer's General Meeting is set out in the table below.

Shareholder	Number of shares (quantity)	percentage share in the share capital (%)	number of votes at the General Meeting (quantity)	share in the overall number of votes at the General Meeting (%)
Luxprofi s.a.r.l. *(an entity controlled by Dariusz Miłek)*	13 360 000	34,79	18 110 000	40,20
Leszek Gaczorek	3 010 000	7,84	4 760 000	10,57
ING OFE *	2 718 693	7,08	2 718 693	6,03
Aviva OFE *	3 174 451	8,27	3 174 451	7,05

* data derived from the annual structure of assets of the Funds ING OFE and Aviva OFE as of 31.12.2013 r.

As on the date of preparing the 2013 statements, CCC S.A. did not have any information about any other shareholders holding at least 5 per cent of the votes at the General Meeting.

The list of shareholders, pursuant to Article 69 of the Act on the Offering, holding at least 5 per cent of the overall number of votes at the Issuer's General Meeting as of 31.12.2013:

Shareholder	Number of shares (quantity)	percentage share in the share capital (%)	number of votes at the General Meeting (quantity)	share in the overall number of votes at the General Meeting (%)
Luxprofi s.a.r.l. *(an entity controlled by Dariusz Miłek)*	13 360 000	34,79	18 110 000	40,20
Leszek Gaczorek	3 010 000	7,84	4 760 000	10,57
ING OFE *	2 718 693	7,08	2 718 693	6,03
Aviva OFE *	3 174 451	8,27	3 174 451	7,05

* data derived from the annual structure of assets of the Funds ING OFE and Aviva OFE as of 31.12.2013 r.

amounts are denominated in PLN '000, unless indicated otherwise

12. CAPITAL (continued)

The list of shareholders, pursuant to Article 69 of the Act on the Offering, holding at least 5 per cent of the overall number of votes at the Issuer's General Meeting as of 31.12.2012:

Shareholder	Number of shares (quantity)	percentage share in the share capital (%)	number of votes at the General Meeting (quantity)	share in the overall number of votes at the General Meeting (%)
Luxprofi s.a.r.l. *(an entity controlled by Dariusz Miłek)*	15 360 000	40,00	20 110 000	44,64
Leszek Gaczorek	3 010 000	7,84	4 760 000	10,57
ING OFE *	3 075 096	8,01	3 075 096	6,83
Aviva OFE *	2 940 451	7,66	2 940 451	6,53

* data derived from the annual structure of assets of the Funds ING OFE and Aviva OFE as of 31.12.2012 r.

Share premium	Value
As of 31 December 2012	74 586
As of 31 December 2013	74 586
Other capitals	**Value**
State on 31 grudnia 2012	-
State on 31 grudnia 2013	2 196
Retained profits	**Value**
As of 31 December 2012	451 587
Dividend disbursement	(61 440)
Net profit for the period	125 217
Exchange rate differences from conversion	(2 015)
As of 31 December 2013	**513 349**

Exchange differences on conversion of foreign entities	Value
As of 31 December 2012	(1 302)
As of 31 December 2013	(2 115)

13. TRADE AND OTHER LIABILITIES

Current liabilities	31.12.2013	31.12.2012
Trade liabilities	92 360	60 202
Liabilities under customs duty and taxes, of which:	26 780	24 005
- liabilities under VAT	16 070	195
- liabilities under customs duty	1 375	17 504
- liabilities under CIT	3 789	1 383
Liabilities towards employees	19 460	20 486
Other liabilities	20 553	14 547
TOTAL	**159 153**	**119 240**

Liabilities denominated in foreign currencies are valued as on the balance sheet date in accordance with the average exchange rate for each currency announced by the National Bank of Poland as on the balance sheet date. Currency exchange differences on balance sheet valuation are entered under other costs or operating revenue, respectively.

amounts are denominated in PLN '000, unless indicated otherwise

13. TRADE AND OTHER LIABILITIES (continued)

a. Current trade receivables (currency structure):

	31.12.2013	31.12.2012
a) in Polish currency	84 155	48 089
b) in foreign currencies (by currency and upon conversion to PLN)	8 205	12 113
- USD	892	197
- converted to PLN	2 686	611
- EUR	1 614	1 722
- converted to PLN	6 694	7 041
- CZK	-	13 748
- converted to PLN	-	2 241
- HUF	-	156 797
- converted to PLN	-	2 221
- HRK	(1 910)	-
- converted to PLN	(1 040)	-
- TRY	(95)	-
- converted to PLN	(135)	-
Total current trade receivables:	**92 360**	**60 202**

Current trade liabilities in foreign currencies were converted according to the currency exchange rates included in the table below:

	31.12.2013	31.12.2012
- USD	3.0120	3.0996
- EUR	4.1472	4.0882
- CZK	-	0.1630
- 100 HUF	-	1.3977
- HRK	0.5444	-
- TRY	1.4122	-

b. Non-current liabilities

Non-current liabilities	31.12.2013	31.12.2012
Trade and other liabilities	79	82
Total	**79**	**82**

c. Liabilities under finance lease

	31.12.2013	31.12.2012
Liabilities under finance lease payable within:	-	3
- one year	-	3
- one to five years	-	-
- more than five years	-	-
Total	**-**	**3**
Minus future interest:	**-**	-
current value of future liabilities	**-**	**3**
Lessened by amounts due within twelve months (included in current liabilities)	**-**	**3**
Liabilities payable in the period after twelve months	**-**	**-**

Future minimal lease payments under these agreements and the present value of the minimal lease payments are shown in the table above.

amounts are denominated in PLN '000, unless indicated otherwise

13. TRADE AND OTHER LIABILITIES (CONTINUED)

Companies of the Capital Group used office equipment under finance lease agreements with the option to purchase the equipment. Object of the lease agreement after its completion in 2013 became the property of the Group. All lease liabilities were denominated in Polish zlotys.

14. MINIMUM VALUE OF FUTURE PAYMENTS UNDER OPERATING LEASE

The anticipated payments under operating lease without the option of early termination are as follows:

	31.12.2013	31.12.2012
- up to 1 year	158 808	145 464
- one to five years	635 232	581 856
- more than 5 years	317 616	290 928
TOTAL	**1 111 656**	**1 018 248**

In the case of many stores (especially those located at shopping centres), lease fees have two components: a fixed fee and a conditional fee based on the store's revenue. The conditional fee usually corresponds to 5-7 per cent of the store's revenue. The Company is also a party of subleasing agreements, which follow the principles of operating lease. Revenue from subleasing fees on the terms of operating lease for the period of twelve months of 2013 and 2012 is as follows:

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Revenue from operating subleases	12 454	8 481

15. LOANS AND BORROWINGS

Long-term loans	31.12.2013	31.12.2012
Long-term bank loan	158 000	88 000
Short-term loans and borrowings	**31.12.2013**	**31.12.2012**
Overdraft facility	169 809	200 648
Total short-term loans and borrowings	**169 809**	**200 648**
Total loans and borrowings	**327 809**	**288 648**

As of 31 December 2013

Bank name	Entity name	Type of loan	Limit amount	Amount utilised	Date of expiry	Financial terms	Collaterals
Bank Handlowy w Warszawie SA	CCC	Revolving	86,000	56,000	26.02.2015	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie SA	CCC	Overdraft facility	64,000	-	26.02.2015	WIBOR + margin	
mBank SA	CCC	Overdraft facility	55,000	14,322	30.12.2015	WIBOR + margin	Capped mortgage
mBank SA	CCC	Investment	18,000	18,000	30.12.2016	WIBOR + margin	Capped mortgage
mBank SA	CCC	Revolving	30,000	30,000	27.03.2014	WIBOR + margin	Capped mortgage
ING Bank Śląski SA	CCC	Revolving	100,000	70,000	29.01.2015	WIBOR + margin	Capped mortgage; Pledge over inventory

amounts are denominated in PLN '000, unless indicated otherwise

15. LOANS AND BORROWINGS (continued)

Bank name	Entity name	Type of loan	Limit amount	Amount utilised	Date of expiry	Financial terms	Collaterals
PKO BP SA	CCC	Multi-purpose credit line*, including:	120 000	40 357	26.10.2015	WIBOR + margin	Pledge over inventory
PKO BP SA	CCC	Overdraft facility	*up to 75 000*	*20 357*	*26.10.2015*	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	CCC	Revolving	*up to 100 000*	*20 000*	*26.10.2015*	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Pekao SA	CCC	Overdraft facility	100 000	*99 113*	08.10.2014	WIBOR + margin	Capped mortgage
Millennium Bank SA	CCC	Overdraft facility	25 000	17	03.12.2014	WIBOR + margin	None
PKO BP SA	CCC Factory	Overdraft facility	2 000	-	27.04.2014	WIBOR + margin	Pledge on set of movable assets
Financial terms of the loans incurred do not differ significantly from market conditions.							

** The PKO BP SA and PEKAO SA guarantee cap is a part of the Multi-purpose overdraft limit*

Bank name	Entity name	Type of loan	Limit amount	Amount utilised	Date of expiry	Financial terms	Collaterals
mBank SA	CCC	Guarantee cap	15 000	10 959	30.09.2016	Commission	None
Societe Generale SA	CCC	Guarantee cap	12 000	7 216	04.2014	Commission	None
BZ WBK SA	CCC	Guarantee cap	40,000,000 PLN 12,000,000 EUR	6,577,000 PLN 4,421,000 EUR (18,336,000 PLN)	29.04.2015	Commission	Pledge over inventory
PKO BP SA	CCC	Guarantee cap *	2,000	4 838	26.10.2015	Commission	Of main agreement
Raiffeisen Bank SA	CCC	Guarantee cap	3,000,000 USD	1,860,000 USD (5,603,000 PLN)	17.08.2015	Commission	None
Bank Pekao SA	CCC	Guarantee cap	5 000	201	08.10.2015	Commission	Of main agreement
Česká spořitelna a.s.	CCC Czech	Guarantee cap	100,000,000 CZK	-	31.05.2014	Commission	Warranty
Citibank Europe plc	CCC Czech	Guarantee cap	30,000,000 CZK	-	01.12.2014	Commission	None

**Guarantee cap in Bank PKO BP SA i Pekao SA is a part of the Multi-purpose overdraft limit*

As of 31 December 2012

Bank name	Entity name	Type of loan	Limit amount	Amount utilised	Date of expiry	Financial terms	Collaterals
Bank Handlowy w Warszawie	CCC S.A.	Revolving	36 000	36 000	27.02.2013	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie	CCC S.A.	Overdraft facility	64 000	62 938	27.02.2013	WIBOR + margin	
mBank SA	CCC S.A.	Overdraft facility	55 000	25 830	30.12.2015	WIBOR + margin	Capped mortgage
mBank SA	CCC S.A.	Investment	30 000	24 000	31.12.2016	Commission	Capped mortgage

amounts are denominated in PLN '000, unless indicated otherwise

15. LOANS AND BORROWINGS (continued)

Bank name	Entity name	Type of loan	Limit amount	Amount utilised	Date of expiry	Financial terms	Collaterals
ING Bank Śląski SA	CCC S.A.	Revolving	70 000	70 000	29.01.2015	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	CCC S.A.	Multi-purpose credit limit*, including:	75 000	69 880	27.10.2013	WIBOR + margin	Pledge over inventory
PKO BP SA	*CCC S.A.*	Overdraft facility	*Up to 50 000*	*49 880*	*27.10.2013*	*WIBOR* + margin	Pledge over inventory
PKO BP SA	*CCC S.A.*	Revolving	*Up to 70 000*	*20 000*	*27.10.2013*	*WIBOR* + margin	Pledge over inventory
PKO BP SA	CCC Factory	Overdraft facility	2 000	-	27.04.2014	WIBOR + margin	Pledge on set of movable assets
UniCredit Bank Czech Republik a.s.	CCC Czech	Overdraft facility	20,000,000. CZK	-	31.01.2013	BLR Notice + margin	Warranty

The financial terms of the loans incurred do not vary materially from market terms. The fair value of loans incurred does not differ materially from its carrying value.

Bank name	Entity name	Type of loan	Limit amount	Amount utilised	Date of expiry	Financial terms	Collaterals
mBank SA	CCC	Guarantee limit	5,000,000	-	13.11.2015	Commission	None
Societe Generale SA	CCC	Guarantee limit	12,000,000	9,799,000	Not specified	Commission	None
BZ WBK SA	CCC	Guarantee limit	20,000,000 PLN 6,000,000 EUR	11,614,000 PLN 5,121,000 EUR	29.04.2014	Commission	Pledge on inventory
PKO BP SA	CCC	Guarantee limit*	5,000,000	-	27.10.2013	WIBOR + margin	Pledge on inventory
Raiffeisen Bank SA	CCC	Guarantee limit	800,000 USD	578,000 USD	15.08.2014	Commission	None
UniCredit Bank Czech Republik a.s.	CCC Czech	Guarantee cap	10,000,000 CZK	-	31.01.2013	Commission	Warranty
Komerční banka a.s.	CCC Czech	Guarantee cap	40,000,000 CZK	32,819,000 CZK (5,350,000 PLN)	30.04.2013	Commission	None
Citibank Europe plc	CCC Czech	Guarantee cap	30,000,000 CZK	29,337,000 CZK (4,782,000 PLN)	30.11.2013	Commission	None

Under the long-term loan agreement concluded with BRE Bank S.A., the parent company was required, among other things, to maintain the operating margin and the liquidity ratio on the level set out in the agreement. Failure to fulfill the above requirements does not bear loan maturity consequences but solely authorizes the Bank to increase the margin. The parent company did not meet these requirements in the reporting period.
As on the balance sheet date, the Company was using the overdraft facility granted it by BRE Bank S.A. in the amount of PLN 14,322,000, and had used up an investment loan of PLN 18,000,000 and revolving loan of PLN 30,000,000.
After the balance sheet date the parent Company signed the annexes to the agreements concluded with z mBank S.A. and Bank Pekao S.A. Detailed information on the concluded annexes are included in the note 29.

16. SHARE-BASED PAYMENTS

The 2010-2013 incentive scheme

In the balance sheet year, the parent Company had a scheme providing benefits in the form of shares, settled on equity instruments. Under the scheme, the entity received employee services as remuneration for the parent Company's equity instruments (stock options). The fair value of the employee services received in return for awarding the options was recorded as a cost. The granting by the parent Company of options for its equity instruments to employees of the Group's subsidiaries is treated as a capital contribution. The fair value of the received employee services, calculated by reference to the fair value of the date of the grant, is to be recorded throughout the period of acquiring the rights in the form of an increase of the balance of investments into subsidiaries together with a corresponding increase in shareholders' equity.

In 2012, the parent Company wrote off the accumulated cost of measuring the employee stock option plan to cost of general management and administration. Hence, the balance of the costs of general management and administration of PLN 5,096,000 is comprised of the value of the cost of measuring the employee stock option plan written off in the amount of PLN 8,382,000 and the costs of general management and administration (PLN -3,286,000).

As the objectives of the Incentive Scheme adopted by the Extraordinary General Meeting of Shareholders of CCC S.A. on 12 November 2009 were not fulfilled, the right of subscription of series E shares by the persons eligible under the Scheme was not exercised.

The 2013-2015 incentive scheme

In order to establish in the parent Company mechanisms to motivate the members of Management Board, members of the management boards of the subsidiaries, key employees and associates of the parent Company to undertake actions that will ensure both long-term growth of the parent Company's goodwill and consistent increase in net profits, while keeping in mind the need to minimise the turnover of senior management, the parent company resolved to commence a subscription warrant-based incentive scheme. The scheme provides the participants with the opportunity to subscribe for the parent Company's shares in the future.

On 19 December 2013, the Extraordinary Meeting of Shareholders of CCC S.A. adopted resolutions, among other things, on the conditional increase of the share capital of the parent Company and on the issuance of subscription warrants with full exclusion of shareholders' right of subscription of shares issued as part of the contingent capital and subscription warrants in relation to commencing an incentive scheme for existing and future Management Board members, existing and future members of the management board of the subsidiaries and the management of the parent Company. The resolution provides for a conditional increase in the share capital of the parent Company by no more than PLN 76,800 (seventy-six thousand eight hundred zlotys) by way of issuing no more than 768,000 (seven hundred sixty-eight thousand) ordinary bearer series E shares with a nominal value of PLN 0.10 (10/100 zloty) each (the "Series E Shares" or "Employee Shares") and issuance of a maximum total of 768,000 (seven hundred sixty-eight thousand) registered series A subscription warrants (the "Subscription Warrants"), each of which carries the right to subscribe for 1 (one) Series E Share (the "Subscription Warrants"), with full exclusion of shareholders' right of subscription with respect to the Series E Shares and Subscription Warrants.

The right of subscription of the Series E Shares may be exercised by Eligible Persons provided that the total consolidated net profit of the parent Company's group for the financial years 2013, 2014 and 2015 is at least PLN 620,000,000 PLN (six hundred twenty million Polish zlotys).

According to the Article 3 par. 8 of the resolution, the Supervisory Board was authorised to adopt a resolution determining the list of Eligible Persons and to determine detailed principles governing the issuance and exercise of Subscription Warrants.

As on the date of signing the financial statements, the Supervisory Board approved the list of Eligible Persons and determined the detailed principles referred to above.

The Management Board believes, taking the results achieved by the Company in 2013 into consideration, the implementation of the program after the first year of its duration is probable.

Valuation of the program referred to the cost of the financial result in 2013 amounted to 2,196,000 PLN

amounts are denominated in PLN '000, unless indicated otherwise

17. DEFERRED TAX

The items below are the main items under deferred tax liabilities and assets entered by the Group and the changes thereof in the current and preceding reporting period. The asset was created from transitional differences according to anticipated domestic tax rates.

According to IAS 12, the Group in its consolidated financial statement discloses the net deferred tax liabilities and assets.

Deferred tax liabilities	31.12.2013	31.12.2012
Accelerated tax depreciation	804	1 072
Computed interest	213	111
Other	-	23
Deferred tax liabilities	**1 017**	**1 206**

Deferred tax assets	31.12.2013	31.12.2012
Costs after the balance sheet date	557	577
Provisions for liabilities	1 845	2 185
Depreciation of assets	2 779	2 867
Consolidation correction of margin on inventory	3 571	2 117
Valuation of trademarks	15 760	16 577
Tax losses	29	979
Other	47	133
Deferred tax assets	**24 588**	**25 435**

The Group has identified all the assets on which deferred income tax should be recognised. Asset on tax losses was created only for the CCC Czech Republic. For the other companies there was no basis for the creation of an asset.

18. PROVISIONS

Provisions for warranty repairs	01.01.2013 31.12.2013	01.01.2012 31.12.2012
As of 1 January	**2 841**	**2 486**
Establishment of provisions during the year	833	1 064
Liquidation of the provision	300	709
Utilisation of the provisions	767	-
As of 31 December	**2 607**	**2 841**
Provisions up to 1 year	2 607	2 679
Provisions for more than 1 year	-	162

The Group establishes provisions for anticipated warranty repairs of goods sold in the last financial year, on the basis of the level of warranty repairs and returns reported in previous years.

19. EMPLOYMENT AND EMPLOYEE BENEFITS

The table below presents information about employment (including the Management Board):

Number of employees	31.12.2013	31.12.2012
Administrative employees	459	391
Employees at stores	6 441	5 183
Staff employed in manufacturing positions	531	490
Employees in warehouses	430	410
Total	**7 861**	**6 474**

amounts are denominated in PLN '000, unless indicated otherwise

19. EMPLOYMENT AND EMPLOYEE BENEFITS (continued)

Cost of employment	31.12.2013	31.12.2012
Salaries	194 846	162 960
Social security contributions	40 779	32 066
Other employee benefits	7 973	6 833
Total	**243 598**	**201 859**

Provisions for employee benefits

The actuarial assumptions adopted in the valuation presume a discount rate of 4.5 per cent (3.75 per cent in 2012) and the expected employee turnover rate of 31,18 per cent per year (25 per cent in 2012) and a 2.0 per cent rate of salary base growth (3,5 per cent in 2012).

Balance sheet as of 31 December 2013

Description	Retirement severance payments	Disability benefits	The jubilee bonuses	Death benefits	The total amount of provisions
Obligation at beginning of period	**76**	**43**	**1 942**	**-**	**2 061**
Correction of undepreciated gains (-) and losses (+) actuarial BO - other comprehensive income	-	-	-	-	-
Opening balance after adjustments	**76**	**43**	**1 942**	**-**	**2 061**
Write-off provision	4	-	203	3	**210**
Interest expense	3	2	70	-	**75**
(Gains) and losses recognized in other comprehensive income	(65)	(34)	-	-	**(99)**
(Gains) and losses recognized in the income statement	-	-	(534)	-	**(534)**
The cost of past employment	148	27	2 276	301	**2 752**
Paid benefits	-	-	(174)	-	**(174)**
Obligation at the end of period	**166**	**38**	**3 783**	**304**	**4 291**

Description	Retirement severance payments	Disability benefits	The jubilee bonuses	Death benefits	The total amount of provisions
Current provision	24	4	496	16	540
Non-current provision	142	34	3 287	288	3 751
The total amount of provisions	**166**	**38**	**3 783**	**304**	**4 291**

Income statement for the 12 months ended 31 December 2013

Description	Retirement severance payments	Disability benefits	The jubilee bonuses	Death benefits	The total amount of provisions
Write-off provision	(4)	-	(203)	(3)	**(210)**
Interest expense	(3)	(2)	(70)	-	**(75)**
Return on assets (expected)	-	-	-	-	**-**
Actuarial gains and (losses) recognized in the income statement	-	-	533	(65)	**468**
Depreciation of write-off provisions of the previous year	-	-	-	-	**-**
Reduction / Plan liquidation	148	27	2 276	236	**2 687**
Net	**141**	**25**	**2 536**	**168**	**2 870**

amounts are denominated in PLN '000, unless indicated otherwise

19. EMPLOYMENT AND EMPLOYEE BENEFITS (continued)

Other comprehensive income for 12 months ended 31 December 2013

Description	Retirement severance payments	Disability benefits	The jubilee bonuses	Death benefits	The total amount of provisions
Opening balance of other comprehensive income	**-**	**-**	**-**	**-**	**-**
Adjustment of opening balance	-	-	-	-	**-**
Actuarial gains and (losses) recognized in other comprehensive income in the current period	65	34	-	-	**99**
Closing balance of other comprehensive income	**65**	**34**	**-**	**-**	**99**

Division of actuarial gains and losses

Description	Retirement severance payments	Disability benefits	The jubilee bonuses	Death benefits	The total amount of provisions
Change in financial assumptions	(1)	-	(42)		**(43)**
Change in demographic assumptions	-	-	56		**56**
Other changes (experience adjustment)	(63)	(34)	(547)		**(644)**
Total actuarial gains and losses	**(64)**	**(34)**	**(533)**		**(631)**

20. REVENUES AND OPERATING AND FINANCIAL COSTS

Other operating revenue	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Profit on sales of current assets	630	-
Profit on currency exchange differences	711	1 402
Received interest	3 988	4 174
Received compensation	926	-
Liquidated provisions	2 395	1 152
Inventory surplus	816	446
Other operating revenue	2 592	3 284
Total	**12 058**	**10 458**

Other operating cost	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Loss on sale of fixed assets	11 242	5 135
Establishment of provisions	3 322	1 183
Loss on exchange rates	554	781
Interest	141	422
Inventory shortages	5 576	6 002
Paid licenses and copyrights	1 663	-
Other operating expenses	6 419	6 253
Total	**28 917**	**19 776**

Financial revenue	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Revenue from interest on the current account and other	552	451
Result on exchange rates	-	178
Other financial revenue	260	105
Total	**812**	**734**

amounts are denominated in PLN '000, unless indicated otherwise

20. REVENUES AND OPERATING AND FINANCIAL COSTS (continued)

Financial costs	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Interest on loans and borrowings	12 419	13 606
Interest on finance lease	-	2
Negative exchange rate differences	2 974	896
Commission paid	561	273
Other financial costs	1 099	969
Total	**17 053**	**15 745**

Interest on loans and borrowings	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Value of interest charged, of which:	12 419	13 982
Interest recognised in costs	12 419	13 609
Capitalised interest for investments	-	373

21. INCOME TAX

Income tax	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Profit before tax	151 276	126 323
Tax calculated at domestic tax rates applicable to income in individual countries	26 656	19 404
Tax effects of the following items:		
- The effect of exclusion of revenues and non-taxable expenses	918	3 525
- Other adjustments	(1 040)	(1 466)
- Tax losses for which the assets were not recognized on deferred tax	(1 875)	-
Current income tax	**26 737**	**21 463**
Deferred tax	(678)	(1 454)
Burden of financial result of income tax	**26 059**	**20 009**

Applied weighted average tax rate amounted to 17.48% (2012: 16.94%).
The difference between the average and the effective rate result from:
- exclusion from income dividends disbursed to a parent company
- low rate of income tax in the company of the capital group (8.47%)

Under the applicable laws, the Tax Office may audit the tax filings of the companies of the Group for a period from 5 to 7 years since the day of submitting them. (depending on the country)

Tax rates applicable in the countries in which subsidiaries operate in 2013

Country	CIT 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. "*

amounts are denominated in PLN '000, unless indicated otherwise

22. EARNINGS PER SHARE

Earnings	**01.01.2013 31.12.2013**	**01.01.2012 31.12.2012**
Net profit for the year for the purpose of calculating earnings per share to be distributed among the Company's shareholders	125 217	106 314
Effect of dilution of number of equity shares:	-	-
Interest on convertible bonds (after taxation)	-	-
Earnings disclosed for the purpose of calculating the value of diluted earnings per share	**125 217**	**106 314**

Number of shares issued	**01.01.2013 31.12.2013**	**01.01.2012 31.12.2012**
Average weighted number of shares disclosed for the purpose of calculating the value of ordinary earnings per share	38 400 000	38 400 000
Effect of dilution of potential number of equity shares:	-	-
Stock option	-	-
Convertible bonds to shares	-	-
Average weighted number of ordinary shares disclosed for the purpose of calculating the value of diluted earnings per share	**38 400 000**	**38 400 000**

Earnings per share	**01.01.2013 31.12.2013**	**01.01.2012 31.12.2012**
Ordinary	3,26 PLN	2,77 PLN
Diluted	3,26 PLN	2,77 PLN

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

23. DIVIDEND

	2013	**2012**
Value of dividend disbursements	61 440	61 440
Value per 1 share	1,60 PLN	1,60 PLN

24. TRANSACTIONS WITH RELATED PARTIES

	01.01.2013 31.12.2013*	**01.01.2012 31.12.2012***
Subsidiaries of the member of the management:		
MGC INWEST Sp. z o.o.:		
Sales to an affiliate	47	44
Purchase from an affiliate	-	52
Receivables from an affiliate	9	11
Liabilities towards an affiliate	-	-
Libra Project Sp. z o.o.:		
Sales to an affiliate	20	-
Purchase from an affiliate	37	98
Receivables from an affiliate	4	-
Liabilities towards an affiliate	6	48
ASTRUM Sp. z o.o.:		
Sales to an affiliate	14	31
Purchase from an affiliate	55	175
Receivables from an affiliate	-	2
Liabilities towards an affiliate	-	12

amounts are denominated in PLN '000, unless indicated otherwise

24. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	01.01.2013 31.12.2013*	01.01.2012 31.12.2012*
CUPRUM ARENA MGC INWEST Sp. z o.o. S.k.:		
Sale to an affiliate	90	-
Purchase from an affiliate	288	851
Receivables from an affiliate	-	-
Liabilities towards an affiliate	-	91

** as on the balance sheet date for receivables and liabilities*

The transactions with related parties were concluded on market terms.
Reinvoicing income is netted.

Gross remuneration of management board members

Name and surname	Position	2013	2012
Dariusz Miłek	President of the Management Board	700	480
Mariusz Gnych	Vice-President of the Management Board	615	510
Piotr Nowjalis	Vice-President of the Management Board	738	525
Total		**2 053**	**1 515**

Gross remuneration of supervisory board members

Name and surname	Position	2013	2012
Henryk Chojnacki	Chairman of the Supervisory Board	24	24
Wojciech Fenrich	Member of the Supervisory Board	18	18
Martyna Kupiecka	Member of the Supervisory Board	18	18
Piotr Nadolski	Member of the Supervisory Board	14	18
Adam Szczepanik	Member of the Supervisory Board	-	13
Paweł Tamborski	Member of the Supervisory Board	-	-
Marcin Murawski	Member of the Supervisory Board	18	-
Jan Rosochowicz	Member of the Supervisory Board	4	-
Total		**96**	**92**

On 26 March 2013, the Extraordinary General Meeting of Shareholders of CCC S.A. appointed Mr. Jan Rosochowicz as a Supervisory Board Member. The Supervisory Board Member mandate expired on 26 June 2013.
On 23 January 2012, the Management Board of CCC S.A. was informed by Mr. Paweł Tamborski, Member of the Supervisory Board, about his resignation from membership in the Supervisory Board.
On 6 March 2012, the Extraordinary General Meeting of Shareholders of CCC S.A. appointed Mr. Adam Szczepanik as a Supervisory Board Member.
On 21 November 2012, the Management Board of CCC S.A. was informed by Mr. Adam Szczepanik, Member of the Supervisory Board, about his resignation from membership in the Supervisory Board.
On 19 December 2012, the Extraordinary General Meeting of Shareholders of CCC S.A. appointed Mr. Marcin Murawski as a Supervisory Board Member.
Management and Supervisory Board members do not collect any remuneration for their positions with CCC S.A., other than the salaries set out above.

amounts are denominated in PLN '000, unless indicated otherwise

25. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities	31.12.2013	31.12.2012
I. Contingent assets	**31 500**	**33 800**
From other entities (on account of)	31 500	33 800
- guarantees and warranties received	31 500	33 800
II. Contingent liabilities	**71 730**	**65 538**
To other entities (on account of)	71 730	65 538
- customs bonds	11 000	8 500
- other forms of warranties	53 730	50 038
- collaterals extended	7 000	7 000

Customs bonds provide a security for the repayment of customs receivables due to the Group's operation of customs warehouses, and their maturity date is 17 June 2013. Other guarantees secure property leases and their maturity date is 30 September 2016. The collaterals granted are related to the Paylink overdraft facility opened with Bank Handlowy for franchise customers and the loan collateral for subsidiaries. Their maturity dates are unspecified.

26. FINANCIAL INSTRUMENTS

The Group did not use any derivatives in 2013 and 2012.

Financial instruments by type:

Assets according to the balance sheet

Loans and receivables	value
31 December 2013	
Non-current	**206**
Loans and receivables	206
Current	**195 381**
Receivables other than prepayments	51 645
Cash and cash equivalents	143 736
TOTAL	**195 587**
31 December 2011	
Non-current	**465**
Loans and receivables	465
Current	**163 428**
Receivables other than prepayments	37 720
Cash and cash equivalents	125 708
TOTAL	**163 893**

Liabilities according to the balance sheet

Other financial liabilities	value
31 December 2013	
Non-current	**158 000**
Loans and borrowings	158 000
Liabilities under financial lease	-
Current	**302 183**
Loans and borrowings	169 809
Liabilities under finance lease	-
Trade liabilities and other non-tax liabilities	132 374
Total	**460 183**

amounts are denominated in PLN '000, unless indicated otherwise

26. FINANCIAL INSTRUMENTS (continued)

31 December 2012	
Non-current	**88 000**
Loans and borrowings	88 000
Liabilities under financial lease	-
Current	**295 886**
Loans and borrowings	200 648
Liabilities under finance lease	3
Trade liabilities and other non-tax liabilities	95 235
Total	**383 886**

The fair value does not differ materially from its carrying value.

Offsetting financial assets and liabilities

a. Financial assets

The following financial assets are covered by enforceable framework agreements and similar offsetting.

As of 31 December 2013	The gross value of recognized financial assets	The gross value of recognized financial liabilities offset in the balance sheet	The net value of financial assets in the balance sheet	Related value not offset in the balance sheet		Net value
				Financial instruments	Received cash collateral	
Trade receivables	167 380	(111 060)	56 320	-	-	56 320
Total	**167 380**	**(111 060)**	**56 320**	**-**	**-**	**56 320**

As of 31 December 2012	The gross value of recognized financial assets	The gross value of recognized financial liabilities offset in the balance sheet	The net value of financial assets in the balance sheet	Related value not offset in the balance sheet		Net value
				Financial instruments	Received cash collateral	
Trade receivables	121 013	(82 828)	38 185	-	-	38 185
Total	**121 013**	**(82 828)**	**38 185**	**-**	**-**	**38 185**

b. Financial liabilities

The following financial liabilities are covered by enforceable framework agreements and similar offsetting arrangements.

As of 31 December 2013	The gross value of recognized financial liabilities	The gross value of recognized financial liabilities offset in the balance sheet	The net value of financial liabilities in the balance sheet	Related value not offset in the balance sheet		Net value
				Financial instruments	Received cash collateral	
Trade liabilities	220 496	(83 654)	136 842	-	-	136 842
Total	**220 496**	**(83 654)**	**136 842**	**-**	**-**	**136 842**

amounts are denominated in PLN '000, unless indicated otherwise

26. FINANCIAL INSTRUMENTS (continued)

As of 31 December 2012	The gross value of recognized financial liabilities	The gross value of recognized financial liabilities offset in the balance sheet	The net value of financial liabilities in the balance sheet	Related value not offset in the balance sheet		Net value
				Financial instruments	Received cash collateral	
Trade liabilities	157 507	(62 169)	95 338	-	-	95 338
Total	**157 507**	**(61 332)**	**95 338**	**-**	**-**	**95 338**

Currency risk

If foreign currency exchange rates denominated in the twelve-month period ended on 31 December 2013 had been 5 per cent higher/lower, the profit for that period would have been PLN 23,278,000 lower/higher (in the twelve-month period ended 31 December 2012: PLN 13,994,000).

Interest rate risk

Exposure to the interest rate risk applies financial instruments as set out below:

Variable interest rate instruments	31.12.2013	31.12.2012
Financial liabilities		
Loans and borrowings	327 809	288 648
Total	**327 809**	**288 648**

If foreign currency exchange rates denominated in the Polish zloty in the twelve-month period ended on 31 December 2013 had been 1 percentage point higher/lower, the profit for that period would have been PLN 3,345,000 lower/higher (in the twelve-month period ended 31 December 2012: PLN 2,815,000).

Financial liquidity risk

The table below contains an analysis of the Group's financial and business liabilities that will be settled in the net amount in the appropriate age brackets, based on the time remaining until the lapse of the contractual maturity date as on the balance sheet date. The amounts set out in the table are contractual, non-discounted cash flows.

The maturity structure of trade liabilities, short- and long-term loans and borrowings as at 31 December 2013 and 31 December 2012 is presented in the tables below:

31.12.2013	Trade liabilities	Loan payments	Interest and other charges	Total
up to 1 year	92 360	169 809	9 765	271 934
1-2 years	-	155 005	5 014	160 019
2-5 years	-	2 995	657	3 652
more than 5 years	-	-	-	-
Total	**92 360**	**327 809**	**15 436**	**435 605**

31.12.2012	Trade liabilities	Loan payments	Interest and other charges	Total
up to 1 year	60 202	200 648	8 101	268 951
1-2 years	-	6 000	315	6 315
2-5 years	-	82 000	6 662	88 662
more than 5 years	-	-	-	-
Total	**60 202**	**288 648**	**15 078**	**363 928**

amounts are denominated in PLN '000, unless indicated otherwise

26. FINANCIAL INSTRUMENTS (continued)

Credit risk

The maximum credit risk exposure is set out in the table below:

	31.12.2013	31.12.2012
Trade receivables and other receivables	51 645	37 720
Cash and cash equivalents	143 736	125 708
Total	**195 381**	**163 428**

The age structure of receivables by maturity date together with information about write-downs on receivables is set out in note 9.
The Group's main financial asset are funds in bank accounts, cash, trade receivables and other receivables, which represent the maximum credit risk exposure in relation to financial assets. The Group's credit risk is primarily attributed to trade receivables.
The amounts disclosed in the consolidated statement of financial position are net amounts, taking into account write-downs on the value of questionable receivables, estimated by the Management Board of the Company on the basis of previous experience and their assessment of the current business environment. These receivables concern customers working long-term with the Company and, in the Company's opinion, the risk in this regard is negligible.
Credit risk associated with financial instruments in the form of funds in bank accounts and cash is limited due to the fact that the parties to the transactions are banks with high credit scores received from international rating agencies. The Group does not have a significant concentration of credit risk. The risk is distributed among a large number of partners and customers.
The ratings of the credit institutions (PKO BP SA, BZ WBK SA, Bank Handlowy SA, UniCredit Bank a.s., Komerční banka a.s, Citibank Europe plc) received from Moody's Investors Service were lowered compared to 2012.
The ratings of credit institutions in 2013 were as follows: PKO BP SA (A- S&P), BZ WBK SA (BBB, Fitch), ING Bank Slaski SA (A, Fitch), mBank SA (BBB + S&P), Bank Handlowy in Warsaw SA (A-, Fitch), Pekao SA (BBB + S&P), Millennium Bank SA (BBB-, Fitch), Societe Generale SA (A; Fitch).

27. SUBSIDY

On 23 December 2009 the parent company concluded an agreement on the financing of its investment into non-current assets with the Polish Agency for Enterprise Development. The Company requested a subsidy under the Innovative Economy Programme in connection with the project of constructing a high storage warehouse located in Polkowice. The final amount of the subsidy was set at PLN 38,484,000. For the duration of the project, the following performance bond was established:
-blank promissory note with a blank promissory note agreement,
-security for the amount of the subsidy, corresponding to the amount of the highest tranche of the advance in the form of a bank guarantee.
Under the financing agreement, the Beneficiary is required to ensure the durability of the results of the Project and maintain the investment in the Lower Silesia Province for a period of five years from the date of completion of the Project. In the above period, the Beneficiary is also required not to make substantial modifications to the Project. The Company does not breach the financing of its investment agreement.
In 2012, a subsidy in the amount of PLN 6,489,000 was received, and a subsidy of PLN 2,114,000 was recognised in the statement of comprehensive income.
In 2013, the amount of PLN 2,611,000 was recognised in the statement of comprehensive income.

28. INFORMATION ABOUT THE FEE OF THE ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS

On 1 June 2013, the parent company and PricewaterhouseCoopers Sp. z o.o. concluded an agreement on the review of the separate and consolidated financial statements for the first half-year of 2013 and 2014, and the audit of the annual individual and consolidated financial statements prepared as on 31 December 2013 and 31 December 2014. The net fee for the above services is PLN 176,000 for each audited financial year (of which: PLN 81,000 - for the review of the financial statements, PLN 95,000 - for the audit of the financial statements).
In addition, in 2013, PricewaterhouseCoopers Sp. z o.o. provided advisory services to the dominant entity. The net fee for these services was EUR 34,000 and EUR 35,000.

PricewaterhouseCoopers Sp. z o.o. under the agreements concluded with the CCC Factory Sp. z o.o. has reviewed the financial statements for the year 2013. The value of the net remuneration for the above mentioned services amounted to 40,000 PLN.

On 22 June 2012, the parent company and PricewaterhouseCoopers Sp. z o.o. concluded an agreement on the review of the separate and consolidated financial statements for the first half-year of 2012, and the audit of the annual individual and consolidated financial statements prepared as on 31 December 2012. The net fee for the above services was PLN 150,000 for each audited financial year (of which: PLN 55,000 - for the review of the financial statements, PLN 95,000 - for the audit of the financial statements).
In addition, in 2012, PricewaterhouseCoopers Sp. z o.o. provided advisory services to the dominant entity. The net fee for these services was PLN 90,000.

29. EVENTS AFTER THE BALANCE SHEET DATE

On 25 March 2014, CCC S.A. signed an annex to the master agreement of a revolving loan of 27 March 2013, concluded with mBank SA (previously BRE Bank S.A.) with its registered office in Warsaw at Senatorska Street 18. The agreement increases a revolving loan to the amount of PLN 60,000,000, (previous amount: PLN 30,000,000). At the same time the payment due date is changed, it is on 27 March 2015 (previous date: 27 March 2014).
In connection with the conclusion of the annex to the abovementioned agreement, loan collateral has been modified in the form of increasing mortgage amount up to PLN 90,000,000.00 on the developed land belonging to the Issuer, located in the town of Polkowice at Strefowa Street 6, which is on the plot No. 83/32, 83/33, 83/37, 83/38 and 86/2 as well as a declaration of voluntary submission to enforcement up to PLN 80,000,000.00 with the possibility of the bank to grant the writ of execution the enforceability until 31.12.2016.

On March 5, 2014, the Company CCC SA signed an annex to the agreement of 9 October 2013 on the multi-purpose credit limit with Bank Polska Kasa Opieki Społecznej SA, with its registered office in Warsaw at Grzybowska Street 53/57. The annex establishes additional collateral in the form of a surety limit granted by a related entity Company CCC Factory Sp. with o.o. and a declaration of submission to enforcement up to the amount of PLN 120,000,000.00 for surety credit agreement and PLN 5,000,000.00 with the surety of bank guarantees with the possibility of the Bank to grant the banking writ of execution the enforceability until 8 October 2018..

On 11 April 2014, the company CCC.EU limited liability company was established. CCC SA holds 100% of shares. The special purpose company was established for the purpose of future business restructuring within the supply chain and distribution of footwear in the Capital Group CCC.

amounts are denominated in PLN '000, unless indicated otherwise

30. EXPLANATION OF DIFFERENCES OF SELECTED ITEMS OF ASSETS AND LIABILITIES DISCLOSED IN THE STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

	State on 31.12.2013	State on 31.12.2012	Balance change	Change in CF	Difference
Receivables	87 462	66 340	(21 122)	(22 002)	(880)
- Adjustment of loans	-	-	-	-	**(880)**
Liabilities	**163 700**	**119 322**	**44 378**	**41 513**	**2 865**
-correction for a change of	-	-	-	-	3 941
investment commitments	-	-	-	-	-
- adjustment of income tax	-	-	-	-	(1 076)
Other adjustments	(415)	(9 341)	-	-	-
-valuation of stock options	2 196	(9 341)	-	-	-
- settlement of subsidy for fixed assets	(2 611)	-	-	-	-

The financial statements were approved for publication by the Management Board of the dominant entity on 30 April 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 MANAGEMENT BOARD MEMBERS		
Dariusz Miłek	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Piotr Nowjalis	Vice-President of the Management Board	

Polkowice, 30 April 2014 r.