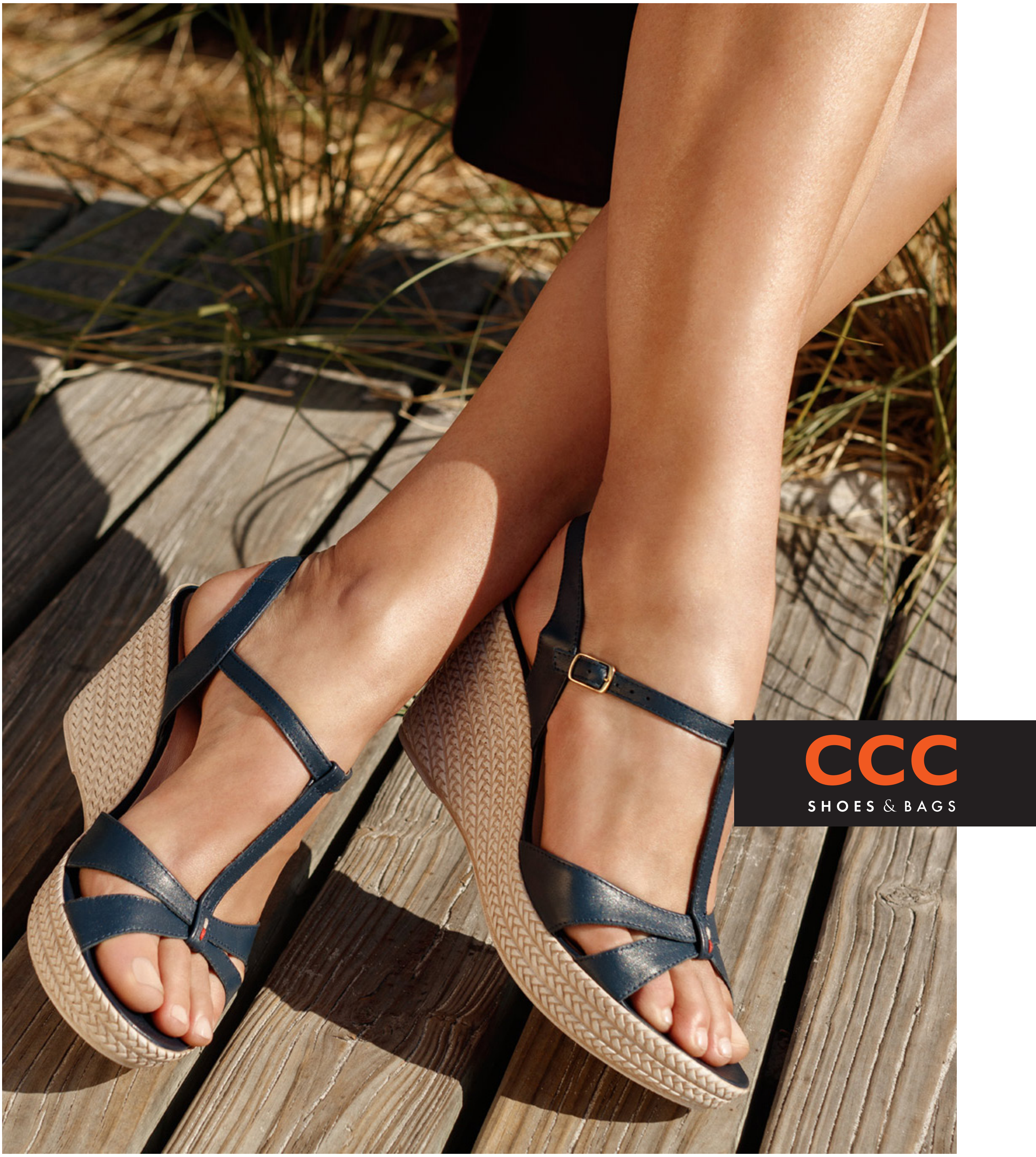
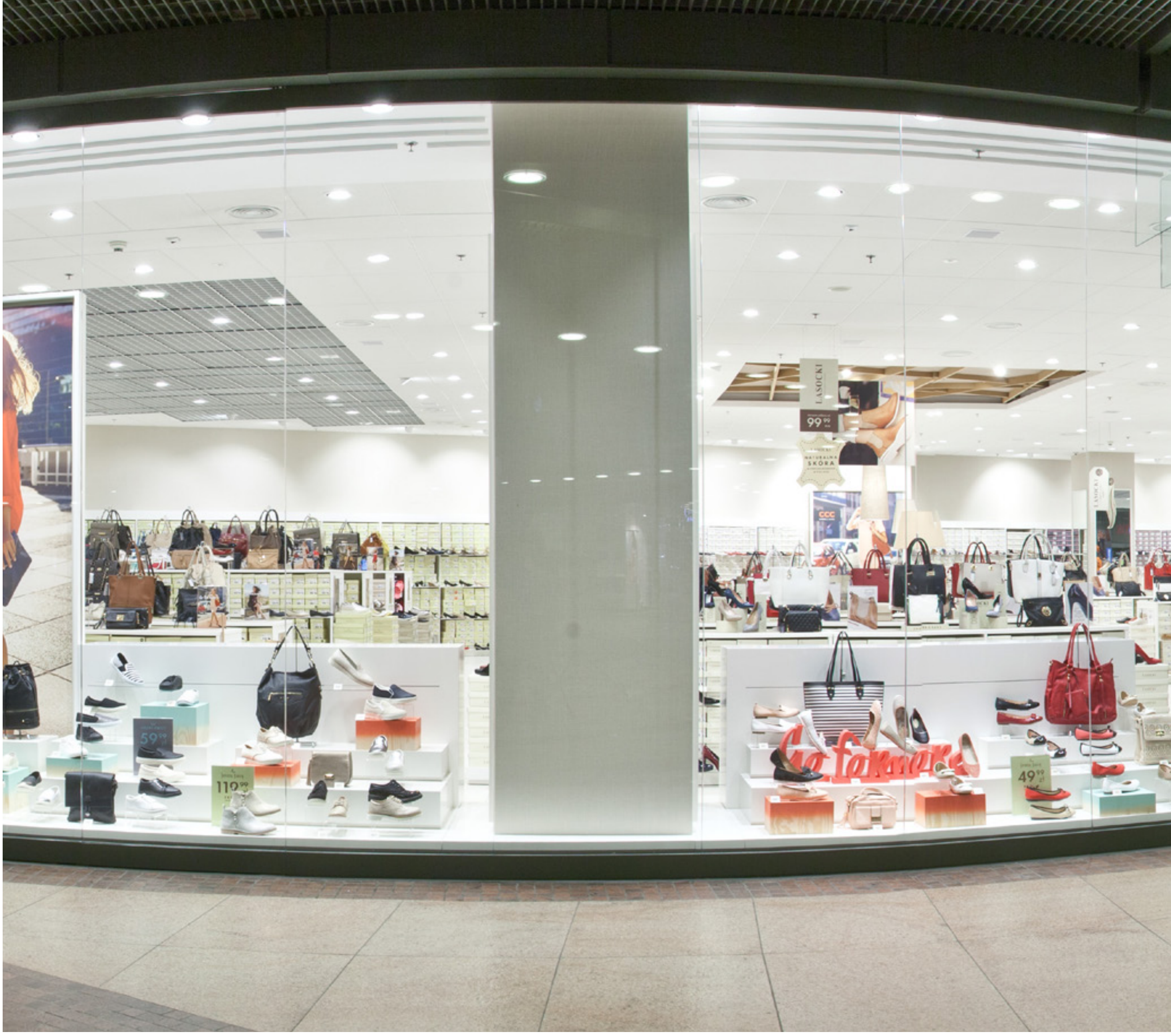
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CCC S.A.

FOR THE PERIOD 01.01.2016 – 30.06.2016

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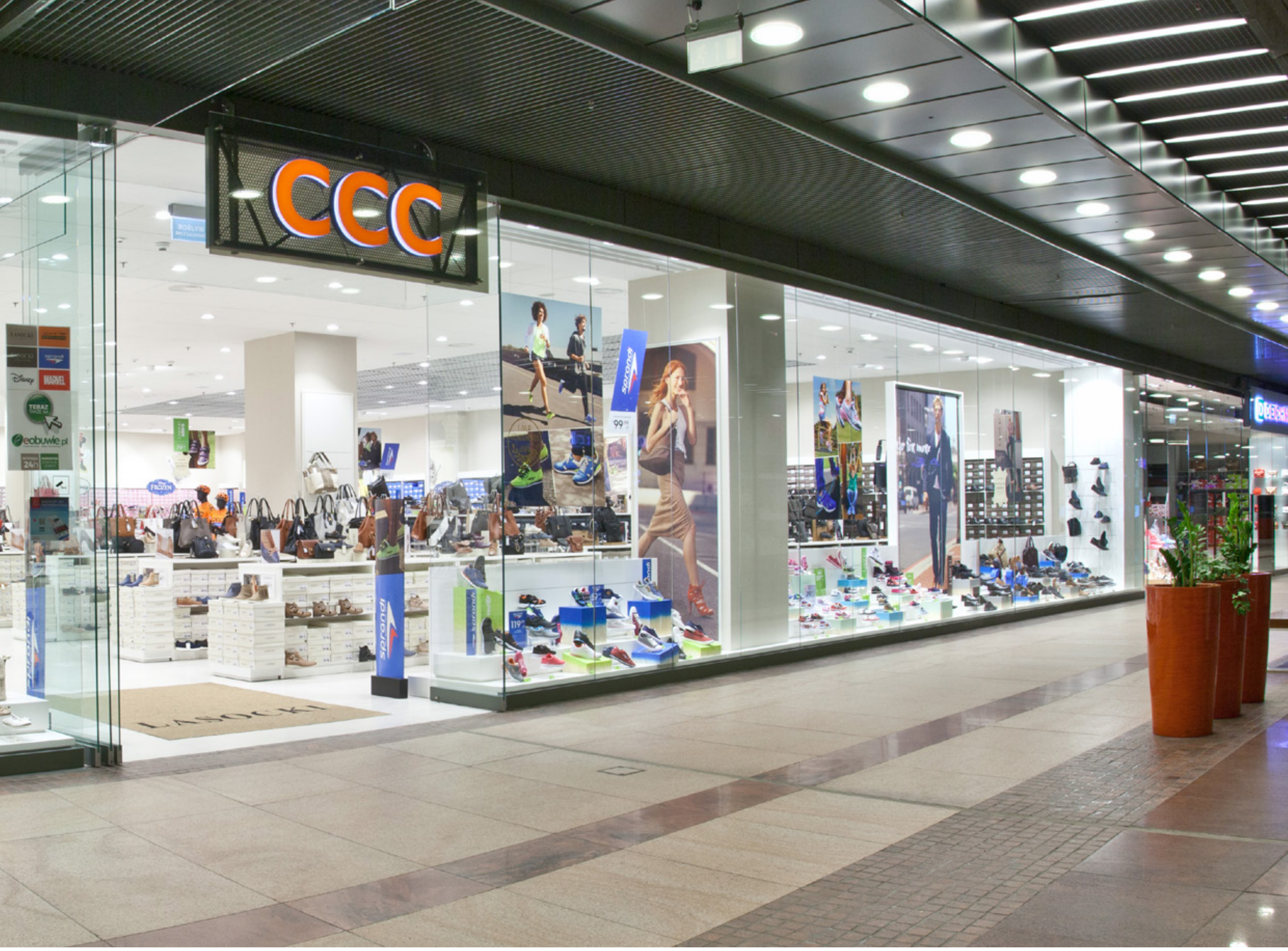

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NOTE		01.04.2016 – 30.06.2016	01.01.2016 – 30.06.2016	01.04.2015 – 30.06.2015	01.01.2015 – 30.06.2015
2	Sales revenue	493,2	790,5	405,2	738,5
3.1	Cost of goods sold	(359,9)	(540,5)	(291,9)	(495,5)
	GROSS PROFIT ON SALE	133,3	250,0	113,3	243,0
	Gross margin	27%	32%	28%	33%
3.1	Cost of operating stores	(111,8)	(209,0)	(99,8)	(197,3)
3.1	Other cost of sale	(4,0)	(7,5)	(4,2)	(9,5)
3.1	Administrative expenses	(9,6)	(15,7)	(11,9)	(17,7)
3.2	Other cost and operating revenue	1,5	1,5	7,5	3,7
	Profit on operating activity	9,4	19,3	4,9	22,2
3.2	Finance revenue	7,2	8,7	1,4	2,7
3.2	Finance cost	(2,2)	(4,6)	(1,6)	(8,1)
	Profit before tax	14,4	23,4	4,7	16,8
3.3	Income tax	(2,7)	(5,6)	(1,0)	(2,8)
	Net profit	11,7	17,8	3,7	14,0
	Other comprehensive income				
	Attributable to be reclassified to profit – exchange rate differences upon conversion of reports of foreign entities	—	—	—	—
	Non-attributable to be reclassified to result – other	—	—	—	—
	Total net comprehensive income	—	—	—	—
	TOTAL COMPREHENSIVE INCOME	11,7	17,8	3,7	14,0
	Weighted average number of ordinary shares (mln pcs)	38,4	38,4	38,4	38,4
	Basic earnings per share (in PLN)	0,30	0,46	0,09	0,36
	Diluted earnings per share (in PLN)	0,29	0,45	—	—

[in mln PLN unless otherwise stated]

STATEMENT OF CASH FLOWS

NOTE		01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
	Profit before tax	23,4	16,8
3.1	Amortization and depreciation	18,6	16,5
	Loss on investment activity	0,4	(6,1)
4.2	Cost of borrowings	3,6	3,9
4.4	Other adjustments to profit before tax	(3,4)	2,2
3.3	Income tax paid	(11,8)	(19,5)
	Cash flow before changes in working capital	30,9	13,8
	Changes in working capital	—	—
5.3	Change in inventory and inventory write-downs	(14,5)	60,5
4.4	Change in receivables	47,7	(59,6)
4.4	Change in current liabilities, excluding borrowings	28,2	(11,9)
	Net cash flows from operating activities	92,3	2,8
	Proceeds from the sale of tangible fixed assets	3,0	12,8
	Repayment of loans granted and interest	58,2	17,1
5.2, 5.1	Purchase of intangible and tangible fixed assets	(23,0)	(32,0)
	Loans granted	(41,3)	(54,7)
	Expenses for capital increase in subsidiaries	—	(0,9)
	Purchase of investment in eobuwie.pl S.A.	(231,1)	—
	Net cash flows from investing activities	(234,2)	(57,7)
4.2	Proceeds from borrowings	19,9	18,0
4.2	Issue of bonds	—	—
4.1	Dividends and other payments to owners	—	—
4.2	Repayment of borrowings	(0,8)	(3,0)
4.2	Interest paid	(3,6)	(3,9)
	Net cash flows on financial activities	15,5	11,1
	TOTAL CASH FLOWS	(126,4)	(43,8)
	Net increase/decrease of cash and cash equivalents	(126,4)	(43,8)
	Exchange rate changes on cash and cash equivalents	—	—
	Cash and cash equivalents at beginning of the period	180,8	59,0
	Cash and cash equivalents at the end of the period	54,4	15,2

[in mln PLN unless otherwise stated]

STATEMENT OF FINANCIAL POSITION

NOTE		30.06.2016	31.12.2015
5.1	Intangible assets	2,0	2,4
5.2	Tangible fixed assets – investments in stores	138,0	137,7
5.2	Tangible fixed assets – distribution	127,5	131,2
5.2	Tangible fixed assets – other	45,8	47,2
3.2	Deferred tax assets	5,3	5,8
	Loans granted	20,3	10,9
6.2	Long-term investments	370,9	124,7
	Fixed assets	709,8	459,9
5.3	Inventories	130,5	116,2
5.4	Trade receivables	20,4	69,7
	Income tax receivables	12,4	5,9
	Loans granted	181,6	200,2
5.4	Other receivables	7,0	5,4
5.5	Cash and cash equivalents	54,4	180,8
	Current assets	406,3	578,2
	TOTAL ASSETS	1 116,1	1 038,1
4.2	Debt liabilities	210,0	210,0
3.2	Deferred tax liabilities	—	—
5.7	Provisions	1,3	1,3
5.2	Grants received	24,8	26,1
	Total non-current liabilities	236,1	237,4
4.2	Debt liabilities	42,5	23,5
5.6	Trade liabilities	88,3	87,3
5.6	Other liabilities	145,0	32,0
3.2	Income tax liabilities	—	—
5.7	Provisions	0,4	0,4
5.2	Grants received	2,6	2,6
	Current liabilities	278,8	145,8
	TOTAL LIABILITIES	514,9	383,2
	NET ASSETS	601,2	654,9
	EQUITY		
4.1	Share capital and share premium	78,4	78,4
	Exchange rate differences upon conversion of foreign entities	—	—
4.1	Retained earnings	522,8	576,5
	TOTAL EQUITY	601,2	654,9

[in mln PLN unless otherwise stated]

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL AND SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES UPON CONVERSION OF FOREIGN ENTITIES	TOTAL EQUITY
As of 01.01.2015	78,4	376,4	—	454,8
Net profit for the period	—	288,4	—	288,4
Exchange rate differences from translation	—	—	—	—
Total comprehensive income	—	288,4	—	288,4
Dividend payment	—	(115,2)	—	(115,2)
Valuation of employee option scheme	—	26,9	—	26,9
Total transactions with owners	—	—	—	—
As of 31.12.2015 (01.01.2016)	78,4	576,5	—	654,9
Net profit for the period	—	17,8	—	17,8
Exchange rate differences from translation	—	—	—	—
Total comprehensive income	—	17,8	—	17,8
Dividend payment	—	(86,0)	—	(86,0)
Valuation of employee option scheme	—	14,5	—	14,5
Total transactions with owners	—	—	—	—
As of 30.06.2016 (01.07.2016)	78,4	522,8	—	601,2

NOTES

1. GENERAL INFORMATION

Name of the company:	CCC Spółka Akcyjna
Headquarters:	ul. Strefowa 6, 59-101 Polkowice
Registration:	District Court for Wrocław-Fabryczna in Wrocław, IX Commercial Division of the National Court Register
KRS:	0000211692
Corporate purpose:	The Company's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).

The Company CCC S.A. has been listed on the Warsaw Stock Exchange S.A. in Warsaw since 2004.

These abbreviated interim financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". The statements do not cover all the information and disclosures required in the annual financial statements and should be read together with the financial statements for the period from 01.01.2015 to 31.12.2015 which were prepared pursuant to the International Financial Reporting Standards approved by the European Union.

The items contained in the Company's abbreviated financial statements are valued in the currency of the primary business environment in which the Company operates ("functional currency"). These financial statements are presented in PLN, which is the Company's functional currency and its presentation currency. The financial statements is prepared under the method of historical cost.

The most important accounting principles applied in the preparation of these financial statements are presented in the context of successive individual notes. These principles were applied in all presented years in a continuous manner. The list of the most important accounting policies and estimates and judgments for each item of reports on financial results and financial position are presented below:

[in mln PLN unless otherwise stated]

APPLIED NEW AND REVISED ACCOUNTING STANDARDS:

In these financial statements, the following new and amended standards and interpretations were applied, which came into force on 1 January 2016:

STANDARD	DESCRIPTION OF THE CHANGE
IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible assets"	Clarification of Acceptable Methods of Depreciation and Amortization
IFRS 11 "Joint arrangements"	Accounting for interests in joint operations
IAS 27 "Consolidated and Separate Financial Statements"	Equity method in separate financial statements
IAS 1 " Presentation of Financial Statements	The initiative on disclosures in the financial statements
Changes related to standards "Annual improvements to IFRS (a cycle 2010-2012)"	Introduced main amendments to definitions and drawbacks (IAS 16, IAS 24, IAS 38, IFRS 2, IFRS 3, IFRS 8, IFRS 13)
Changes related to standards "Annual improvements to IFRS (a cycle 2012-2014)"	Introduced main amendments to definitions and drawbacks (IAS 19, IAS 34, IFRS 5, IFRS 7)

The above changes had no material impact on the Company's financial statements.

[in mln PLN unless otherwise stated]

PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE NOT EFFECTIVE YET AND HAD NOT BEEN EARLY ADOPTED BY THE COMPANY

In these financial statements, the Company did not decide to use earlier any of the published standards, interpretations and amendments to existing standards before their effective date.

The company analyzed the impact of all these above-mentioned, unapplied earlier standards with particular emphasis on the following new standards:

STANDARD	MAIN CHANGES AND EFFECTIVE DATE
IFRS 9 „Financial Instruments"	The standard introduces one model with only two classifications of financial assets: measured at fair value and subsequently measured at amortized cost. The classification is made on initial recognition and depends on the entity's financial instrument business model and the contractual cash flows characteristics of these instruments. IFRS 9 introduces a new model for the setting of write-downs – model of expected credit losses. Effective date: 1 January 2018.
IFRS 15 „Revenue from Contracts with Customers"	The principles set out in IFRS 15 will apply to all contracts resulting in revenues. The fundamental principle of the new standard is to recognize revenue at the time of transfer of goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished within the package, should be recognized separately, moreover, any discounts and rebates regarding transaction prices must in principle be allocated to the various elements of the package. Effective date: 1 January 2018.
IFRS 16 „Leasing"	The new standard establishes rules for the recognition, measurement, presentation and disclosures relating to the leasing. All leasing transactions result in obtaining the lessee's right to use the assets and liabilities arising from the obligation to pay. Thus, IFRS 16 removes the classification of operating leases and finance leases in accordance with IAS 17 and introduces one model for the accounting for leases by the lessee. Effective date: 1 January 2019.

Other published changes and new standards not listed in the table above have no material impact on the Company.

Based on the analysis made, in the opinion of the Management Board, IFRS 16 Leasing may have a significant impact on the financial statements of the Company. Within the activity described in the segment of „distribution activities", the Company rents premises, in which it sells its own goods. Rent is now recognized in the financial statements of the Company as operating lease. According to the rules introduced by IFRS 16, the Company will have to recognize assets and liabilities arising from contracts of this type in the statement of financial position. Future minimum payments under operating lease is described in note 3.1. After application of IFRS 16, the Company expects a significant increase in the value of assets and lease liabilities in the statement of financial position of the Company. Future minimum lease payments is a rough estimate of how much the liability would increase, if the standard was adopted at the balance sheet date. Recognized assets and liabilities will be accounted differently from the settlement under the operating lease.

Currently, lease payments are settled linearly. It is expected that the assets of the lease will also be settled linearly, while liabilities will be settled by effective interest rate, which will increase the liabilities in the period after the conclusion or modification of the lease agreement and its reduction within the course of time.

The Management Board has not made a detailed assessment or simulation on the balance sheet date, and plans to conduct relevant analyses in the years 2017-2018.

The Company expects that the only significant impact associated with the implementation of IFRS 9 may be a need to create provisions for a model of expected losses. It is expected that this will have an impact on the opening balance and the balances of write-downs, but this will have little effect on the value of the write-offs recognized. The Management Board plans to conduct appropriate analysis of the impact of this standard on the Company in 2016-2017.

In case of IFRS 15, the majority of the Company's sales it is a retail sale (of individual products) and service activities, and therefore the Company does not expect many significant changes. The Management Board plans to conduct appropriate analysis of the impact of this standard on the Company in 2016-2017.

2. SEGMENTS

The Company is exempt for a disclosure concerning segment results based on IFRS 8 par. 4, therefore the analysis of the activities of the operating segments of the Company is presented in the consolidated financial statements of the Capital Group CCC S.A.

3. NOTES TO STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME

3.1 NOTES TO STATEMENT OF PROFIT OR LOSS

ACCOUNTING POLICY

Cost of goods sold

As the cost of goods sold the Company recognizes:

- purchase value of goods sold
- value of packages expended for sale
- cost of a provision concerning complaints
- the value of finished goods sold
- cost of sublease services (cost of the fees under operating lease of premises that are the subject of sublease)
- impairments for inventories

Cost of operating stores

Cost of operating stores includes the cost of maintenance of stores and other retail outlets. This item includes mainly:

- cost of the fees in operating lease of premises in which stores are run
- remuneration costs of employees employed in stores
- amortisation of tangible fixed assets (investments in stores)
- cost of external services (inter alia, the costs of the agent's remuneration, costs of media consumption)

Other cost of sale

Other cost of sale includes cost of sale not directly related to the maintenance of stores, relating to organizational units supporting the sale. This item includes mainly:

- remuneration costs of employees of organizational units supporting sale
- amortisation of tangible fixed assets
- cost of external services
- other flat costs
- impairment losses on receivables from supplies and services

Administrative expenses

Administrative expenses include expenses related to managing the general operations of the Company (general-administrative expenses) and general expenses of the Company.

Operating lease

Leasing, in which a significant portion of the risks and benefits under the ownership are retained by the lessor, constitutes an operating lease. Operating lease mainly concerns the lease of retail space in which the sale of retail goods is made.
Payments made under operating lease are recognized in the income statement by a linear method over the period of the lease agreement. Discounts received by the lessor are recognized in the financial statement in the same way as an integral part of the total lease payments. These costs are recognized in the statement of comprehensive income in „Costs of operating stores" or „Other cost of goods sold".

Other income and operating cost

Other operating income and costs include income and costs from non-core operating business activities of the units, for example, profit or loss on disposal of tangible fixed assets, penalties and fines, donations, etc.

Income and financial cost

Financial income and cost resulting from financial activity of the Company include interest, commissions and profit or loss on exchange rates.

[in mln PLN unless otherwise stated]

NOTE	01.01.2016 – 30.06.2016	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase of goods sold	(540,5)	—	—	—	(540,5)
	Consumption of materials and energy	—	(6,6)	(0,2)	(1,1)	(7,9)
5.3	Write-downs for inventories	—	—	—	—	—
	Remunerations	—	(59,8)	(4,6)	(3,5)	(67,9)
6.4	Costs of the incentive scheme	—	—	—	(4,4)	(4,4)
	Costs of employees' benefits	—	(11,9)	(1,7)	(0,6)	(14,2)
	Agency services	—	(20,6)	—	—	(20,6)
	Transportation services	—	—	(0,3)	—	(0,3)
	Lease costs	—	(94,2)	—	(0,4)	(94,6)
	Other outsourcing services	—	(5,2)	(0,2)	(2,6)	(8,0)
5.2	Amortization and depreciation	—	(10,7)	(0,1)	(1,5)	(12,3)
	Taxes and fees	—	—	(0,1)	(0,7)	(0,8)
	Other flat costs	—	—	(0,3)	(0,9)	(1,2)
	Change in products and production in progress	—	—	—	—	—
	Total	(540,5)	(209,0)	(7,5)	(15,7)	(772,7)

NOTE	01.01.2015 – 30.06.2015	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase of goods sold	(495,5)	—	—	—	(495,5)
	Consumption of materials and energy	—	(6,6)	(0,9)	(0,7)	(8,2)
5.3	Write-downs for inventories	—	—	—	—	—
	Remunerations	—	(53,8)	(3,3)	(2,9)	(60,0)
6.4	Costs of the incentive scheme	—	—	—	(7,9)	(7,9)
	Costs of employees' benefits	—	(10,7)	(1,0)	(0,5)	(12,2)
	Agency services	—	(16,8)	—	—	(16,8)
	Transportation services	—	(10,5)	(2,8)	—	(13,3)
	Lease costs	—	(84,7)	(0,1)	(0,1)	(84,9)
	Other outsourcing services	—	(5,1)	(0,6)	(2,7)	(8,4)
5.2	Amortization and depreciation	—	(9,1)	(0,1)	(1,5)	(10,7)
	Taxes and fees	—	—	—	(0,7)	(0,7)
	Other flat costs	—	—	(0,7)	(0,7)	(1,4)
	Change in products and production in progress	—	—	—	—	—
	Total	(495,5)	(197,3)	(9,5)	(17,7)	(720,0)

[in mln PLN unless otherwise stated]

OPERATING LEASE

The Company uses the following assets under the contracts that are classified as operating lease: premises, where it operates a commercial activity and other assets.

Expected minimum payments under operating lease contracts with no possibility of early termination as of 30 June 2016 and 31 December 2015 are as follows:

	RENTS	
	30.06.2016	31.12.2015
– up to 1 year	71,6	133,0
– from 1 to 5 years	286,3	532,0
– over 5 years	143,1	266,0
Total	501,0	931,0

The Company has the agreements with banks pursuant to which banks issued guarantees to entities renting premises in which the Company conducts commercial activities. The total amount of guarantees utilized at 30 June 2016 amounted to 71.9 million PLN (68.4 million PLN at 31 December 2015).

The Company is also a party to sublease agreements on the basis of operating lease. Revenues from sub-leasing fees on the basis of operating lease for the period of 6 months in 2016 amounted to 7.0 million PLN (for the period of 12 months in 2015 amounted to 13.1 million PLN).

[in mln PLN unless otherwise stated]

OTHER INCOME AND OPERATING AND FINANCIAL COSTS

NOTE		01.04.2016 – 30.06.2016	01.01.2016 – 30.06.2016	01.04.2015 – 30.06.2015	01.01.2015 – 30.06.2015
	Total other costs				
	Loss on disposal of tangible non-current assets	—	(1,2)	2,3	—
	Stocktaking net losses	(0,4)	(0,8)	(0,5)	(0,9)
5.7	Provision establishment	—	—	—	—
	Other net operating cost	0,2	—	1,3	(0,2)
	Loss on exchange rates from positions other than debt	—	—	(0,1)	(1,2)
		(0,2)	(2,0)	3,0	(2,3)
	Other activities				
	Profit on disposal of tangible fixed assets	—	—	4,3	4,2
	Profit from exchange rate differences on items other than debt	0,6	0,7	—	—
	Compensations	0,2	0,4	—	0,1
	Other net operating income	—	1,0	(0,8)	—
	Subsidy to remunerations of PFRON	0,9	1,4	1,0	1,7
		1,7	3,5	4,5	6,0
	Total other operating costs and income	1,5	1,5	7,5	3,7

NOTE		01.04.2016 – 30.06.2016	01.01.2016 – 30.06.2016	01.04.2015 – 30.06.2015	01.01.2015 – 30.06.2015
	Finance cost				
4.2	Interest on borrowings (recognized in costs)	(1,9)	(3,8)	(2,4)	(4,8)
	Result on exchange rates	0,1	—	1,3	(2,2)
	Commissions paid	—	—	(0,1)	(0,3)
	Other finance cost	(0,4)	(0,8)	(0,4)	(0,8)
		(2,2)	(4,6)	(1,6)	(8,1)
	Finance revenue				
	Interest from current account and other	1,4	2,9	1,4	2,7
	Result on exchange rates	5,7	5,7	—	—
	Other finance revenue	0,1	0,1	—	—
		7,2	8,7	1,4	2,7

3.2 TAXATION

ACCOUNTING POLICY

The obligatory burdens of result include a current tax (CIT) and a deferred tax.

Current tax burden is calculated on the basis of the tax result in a given reporting period in countries where the company and its subsidiaries operate and generate taxable income based on the rates in force in the country. Changes in estimates relating to previous years are recognized as an adjustment to the burden for the current year.

Deferred tax assets and liabilities are recognized in the result of the creation of differences between the book value of assets and liabilities and their corresponding tax values and from unaccounted tax losses. Such differences arise in the Company in a situation of different accounting of depreciation for accounting and tax purposes, the recognition of accounting impairment of assets (which for tax purposes will be realized in the form of tax write-offs in future periods) or created for the purpose of accounting provisions (which for tax purposes will be recognized at the moment of incurring respective costs). The differences (not related to acquisitions transactions) related to the initial recognition of a part of an asset or liabilities that does not affect the moment of recognition of a given asset neither the outcome nor the accounting profit (loss) tax are excluded from recognition.

Temporary differences also arise in acquisition transactions and internal reorganization in the group. In case of acquisitions of external bodies, temporary differences arise as a result of the valuation of assets and liabilities to their fair values without affecting the tax bases of these assets and liabilities – liabilities or assets for deferred income tax resulting from these differences adjusts the value of the company (profit by on occasional acquisition). In the event of an intra-group reorganization, assets or deferred tax liabilities arise as a result of recognition or changes in the value of assets elements or liabilities for tax purposes (e.g. a trademark) without recognizing them at the same time in the balance sheet due to the elimination of result on intragroup transactions – the effects of recognition of the related assets and deferred taxes liabilities are recognized in profit or loss unless the underlying transactions had an impact on other comprehensive income or equity. Positive temporary differences relating to goodwill are excluded from a taxable recognition, however, if the tax value of goodwill of the company arising on the transaction is higher than its carrying amount then the deferred tax asset is recognized on the initial recognition of goodwill if it is probable that the tax income will be generated which will allow for the implementation of the deductible temporary difference.

Deferred tax assets and liabilities are calculated using the current (or practically applicable) tax rates. Deferred tax assets and liabilities are subject to offsetting within the Company, when it has the right to settle current tax in a net amount.

Deferred tax assets are recognized to the amount that it is probable to generate taxable income, which will allow the realization of negative temporary differences and tax losses, or when it is expected to simultaneously realize positive temporary differences. Amounts above this are exclusively subject to disclosure.

[in mln PLN unless otherwise stated]

A. AMOUNTS OF INCOME TAX RECOGNIZED IN THE INCOME STATEMENT AND STATEMENT OF CASH FLOWS

NOTE		30.06.2016	30.06.2015
	Current tax	(5,2)	(4,2)
3.2.c	Deferred tax	(0,4)	1,4
3.2.b	Income tax recognized in income statement	(5,6)	(2,8)
	Current tax recognized in the result	(5,2)	(4,2)
	Balance of liabilities /(receivables) at beginning of the period	5,9	(12,8)
	Balance of receivables /(liabilities) at the end of the period	(12,4)	(2,8)
	Other changes	(0,1)	0,3
	Tax paid recognized in statement of cash flows	11,8	19,5

[in mln PLN unless otherwise stated]

B. INFORMATION ON APPLIED TAX RATES AND RECONCILIATION FOR CHARGING THE RESULT

The table below shows the countries in which the Company achieves the highest income tax with an indication of the tax rate corresponding to the relevant jurisdiction:

	2016	2015
Poland	19%	19%
Weighted average income tax rate	19%	19%

Income tax of the Company's profit before tax differs in the following way from the theoretical amount that would be achieved, using the Company's tax rate in force applicable to the taxable income of the Company:

	01.04.2016 – 30.06.2016	01.01.2016 – 30.06.2016	01.04.2015 – 30.06.2015	01.01.2015 – 30.06.2015
Profit before tax	14,4	23,4	4,7	16,8
Weighted average tax rate	19%	19%	19%	19%
Tax calculated according to weighted average tax rate	(2,7)	(4,5)	(0,9)	(3,2)
Tax effects of the following items:				
• income not allowable for tax income	0,1	0,3	0,6	1,3
• non-tax-deductible expenses	(0,8)	(1,6)	(1,0)	(2,1)
• recognition of temporary difference for trademarks and goodwill	—	—	—	—
• tax losses in respect of which deferred tax assets were not recognized	—	—	—	—
• other adjustments	0,7	0,2	0,3	1,2
Charging of financial result on income tax	(2,7)	(5,6)	(1,0)	(2,8)

The main item of income not constituting tax revenues are the incomes achieved after balance sheet date.

Non-tax-deductible expenses include mainly the cost of the valuation of employee scheme.

[in mln PLN unless otherwise stated]

C. BALANCE AND CHANGES OF DEFERRED TAX

Changes in assets and liabilities due to deferred income tax during the year is presented as follows:

NOTE		30.06.2016	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2015	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2015
	Assets					
5.1	Goodwill	—	—	—	—	—
5.1	Trademarks	—	—	—	—	—
	Inventories – adjustment of margin on intragroup sale	—	—	—	—	—
	Impairment of assets	2,3	(0,1)	2,4	—	2,4
	Provisions for liabilities	1,4	0,2	1,2	(0,2)	1,4
	Other	3,7	(0,4)	4,1	2,0	2,1
	Total before offsetting	7,4	(0,3)	7,7	1,8	5,9
	Liabilities					
	Accelerated tax depreciation of tangible fixed assets	(1,8)	(0,2)	(1,6)	(0,4)	(1,2)
	Other	(0,3)	—	(0,3)	—	(0,3)
	Total before offsetting	(2,1)	(0,2)	(1,9)	(0,4)	(1,5)
	Offsetting	—	—	—	—	—
	Balance of deferred tax in the balance sheet:					
	Assets	5,3	(0,4)	5,8	1,4	4,4
	Liabilities	—	—	—	—	—
	Charging financial result		(0,4)		1,4	

Changes in assets and liabilities due to deferred income tax during the year is presented as follows:

PERIOD OF REALIZATION OF ASSETS AND LIABILITIES DUE TO DEFERRED TAX	30.06.2016		31.12.2015	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
up to 1 year	7,4	(2,1)	7,7	(1,9)
1-2 years	—	—	—	—
2-3 years	—	—	—	—
3-5 years	—	—	—	—
Over 5 years	—	—	—	—
Total	7,4	(2,1)	7,7	(1,9)
Unrecognized	—	—	—	—
• Relating to goodwill	—	—	—	—
• Relating to tax losses	—	—	—	—

[in mln PLN unless otherwise stated]

4. DEBT, CAPITAL AND LIQUIDITY MANAGEMENT

4.1 CAPITAL MANAGEMENT

The Company's objective in capital management is to secure Company's ability to continue its operations so that it can generate return for shareholders and benefits for other interested parties and maintain an optimal capital structure in order to reduce its cost.

In accordance with the Company's policy, the dividend is possible in the amount not less than 33% and not higher than 66% of the profit for the period.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends declared to be paid to shareholders, return capital to shareholders, issue new shares or sell assets in order to reduce debt.

Like other companies in the industry, the Company monitors the capital by using the debt ratio. This ratio is calculated as the ratio of net debt to total capital. Net debt is calculated as total of borrowings (including current and non-current loans and issued bonds indicated in the separate statement of financial position) less cash and cash equivalents. Total value of capital is calculated as equity presented in the separate statement of financial position with net debt.

NOTE		30.06.2016	31.12.2015
4.2	Debt liabilities	252,5	233,5
5.5	Cash and cash equivalents	54,4	180,8
	Net debt	198,1	52,7
4.1	Total equity	601,2	654,9
	Capital employed (equity and net debt)	799,3	707,6
	Debt ratio	25%	7%

The change of a ratio is consistent with the activities undertaken by the Company, and the ratio is at the level expected by the Management Board of the parent company.

4.1.1 EQUITY

ACCOUNTING POLICY

Equity is recognized in the accounting books by type and in accordance with legal regulations and the provisions of the Articles of Association.
The types of equity:
• basic capital (share) is recognized the value specified in the Articles of Association and entered in the court register,
• capital reserve created from the surplus value from the sale of shares above their nominal value less the issuance costs,
• retained earnings created from the dividing of financial result, undivided financial result and profit (loss) for the period covered by the financial statements,
• other capitals – created based on launched stock option scheme for employees
Dividend payments to shareholders are recognized as a liability in the Company's financial statements in the period in which they are approved by shareholders.

SHARE CAPITAL

As at 30 June 2016 and 31 December 2015 share capital of the company consisted of 38.4 million shares, including 31.75 million ordinary shares and 6.65 million preferred shares with voting rights. All issued shares were paid in full.

Shareholders have the right to purchase the registered preferred shares held for sale.

The entity which has a significant effect on the Company is a company Ultro Sp z o.o.., based in Polkowice, which holds 26.95% of the share capital and 33.52% of the total number of votes. This entity is dependent on Dariusz Miłek, The President of the Management Board of CCC S.A. Other information applied to shareholders is included in the Statement on operation of the Group.

OTHER CAPITALS

Other capitals mainly include capital from the settlement of employee benefit plans based on shares settled in capital instruments (for further details see note 6.4).

RETAINED EARNINGS

Retained earnings include: retained earnings from previous years (including the amounts transferred to the capital reserve in accordance with the requirements of the Commercial Companies Code) and profit of the fiscal year.

EARNINGS PER SHARE

In the first half of 2016 ordinary profit per share amounted to 0.46 PLN, and diluted earnings per share amounted to 0.45 PLN (in the same period of 2015 – 0,36 PLN). The cause of the profit dilution was the acquisition of series A subscription warrants by persons covered by the Incentive Scheme. (More information is presented in Note 6.4.)

	30.06.2016
Number of shares (mln pcs.)	38,4
Potential number of shares (mln pcs.)	0,8
TOTAL	39,2
Net profit	17,8
Earnings per share (in PLN)	0,46
Diluted earnings (in PLN)	0,45
Number of warrants (mln pcs.)	0,8
Price of warrants (in PLN)	61,4
Average share price during period (1-30.06.2016) (in PLN)	150,1
Number by a market price (mln pcs.)	0,3
Share price as of 30.06.2016 (in PLN)	159,7
Number of shares for ordinary earnings per share (mln pcs.)	38,4
Number of diluting shares (mln pcs.)	0,5
Number of shares after adjustment (mln pcs.)	38,9
Net profit	17,8
Diluted earnings per share (in PLN)	0,45

DIVIDEND PAID

On 2 June 2016, the General Meeting of CCC S.A. adopted a resolution on the payment of dividend from the net profit for 2015 in the amount of 86.0 million PLN, which corresponds to 2.19 PLN[1] per 1 share (in 2015 it was 115.2 million PLN, corresponding to 3,00 PLN per 1 share). The date of the dividend (D-day) was established on 31 August 2016. The dividend payment date (P-day) was established on 13 September 2016.

1 As a result of profit dilution relating to the issuance of series E shares, detailed information can be found in the Current Report No. 41/2016, provided that the new shares are registered at the KDPW.

[in mln PLN unless otherwise stated]

4.2 DEBT

ACCOUNTING POLICY

Debt liabilities cover mainly bank loans and issued bonds. Debt liabilities are recognized initially at fair value less transaction costs associated with obtaining financing.
After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate. Financial costs are recognized in the financial result in financial costs except for costs that relate to the financing of production of fixed assets (according to the policy in note 5.2).

NOTE		CREDIT LIABILITIES NON-CURRENT	CREDIT LIABILITIES CURRENT	IN CURRENT ACCOUNT	BONDS LIABILITIES	TOTAL
4.2	As of 01.01.2015	6,0	44,3	—	210,0	260,3
	Proceeds from debt contracted					
	– financing received	—	—	—	—	—
	– transactional cost	—	—	—	—	—
	Charging interest	0,2	1,7	0,1	7,1	9,1
	Debt payment					
	– repayment of capital	(6,0)	(6,0)	—	—	(12,0)
	– interest paid	(0,2)	—	(0,1)	(7,1)	(7,4)
	Change in current account	—	—	0,8	—	0,8
	Other non-cash changes	—	(17,3)	—	—	(17,3)
4.2	As of 31.12.2015	—	22,7	0,8	210,0	233,5
	Proceeds from debt contracted					
	– financing received	—	—	—	—	—
	– transactional cost	—	—	—	—	—
	Charging interest	—	0,3	0,1	3,4	3,8
	Debt payment					
	– repayment of capital	—	(1,1)	—	—	(1,1)
	– interest paid	—	(0,1)	(0,1)	(3,4)	(3,6)
	Change in current account	—	—	19,8	—	19,8
	Other non-cash changes	—	0,1	—	—	0,1
4.2	As of 30.06.2016	—	21,9	20,6	210,0	252,5

All the financing was incurred in PLN. Interest on the total funding (loans and bonds) are based on variable interest rates (WIBOR plus the bank margin). The existing debt involves interest rate risk. Description of exposure to financial risks is provided in note 6.1.

[in mln PLN unless otherwise stated]

Under the terms of loan agreements and incurred liabilities with respect to bonds of which the balance of the debt on the balance sheet date is 252,5 mln PLN (2015: 233,5 mln PLN) The Company is required to comply with the following covenants:

a) ratio 1 i.e. [net financial debt ratio / EBITDA] is not higher than 3.0

b) ratio 2 i.e. [interest service ratio] is not lower than 5.0

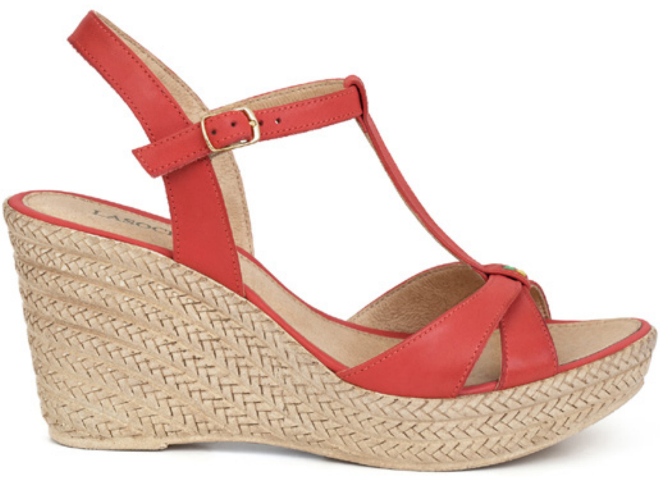
c) ratio 3 i.e. [operating margin] is not lower than 9,0%

On 30 June 2016 the value of Ratio 1 was 1.9 (1.2 at 31 December 2015), the value of Ratio 2 amounted to 18.8 (18,6 at 31 December 2015), whereas the value of Ratio 3 amounted to 9,6% (11,1% at 31 December 2015)

As of 30 June 2016, during the reporting period and until the date of approval of the financial statements, there had been no breaches of the covenants contained in the aforementioned agreements

Repayment of these liabilities are covered by the following collateral:

	AMOUNT/OR BOOK VALUE OF GUARANTEE	
	30.06.2016	31.12.2015
Sureties granted	602,8	997,0
Capped mortgages on property	487,5	187,5
Registered pledge on movable assets	180,0	97,5
In blanco bills of exchange	—	—
Assignments of insurance policies	9,8	8,0



[in mln PLN unless otherwise stated]

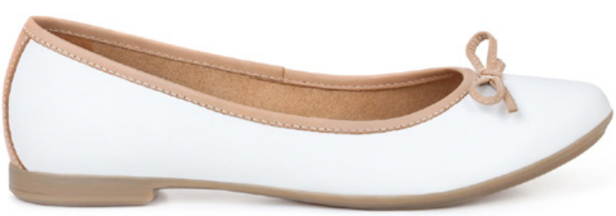
4.3 CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

Cautious liquidity management implies maintaining sufficient cash and cash equivalents and the availability of further funding through guaranteed sources from credit lines.

The following table provides information on the contractual undiscounted payments under the existing debt.

NOTE	AS OF 30.06.2016	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	33,3	9,2	—	—	—	42,5	42,5
4.2	Bonds	—	—	210,0	—	—	210,0	210,0
5.6	Trade liabilities	87,4	0,9	—	—	—	88,3	88,3

NOTE	AS OF 30.06.2015	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	12,6	10,9	—	—	—	23,5	23,5
4.2	Bonds	—	—	—	210,0	—	210,0	210,0
5.6	Trade liabilities	87,3	—	—	—	—	87,3	87,3



[in mln PLN unless otherwise stated]

4.4 ADDITIONAL INFORMATION TO SELECTED ITEMS OF THE STATEMENT OF CASH FLOWS

NOTE		RECEIVABLES	LIABILITIES
	As of 31.12.2015	286,2	119,3
	As of 30.06.2016	229,3	233,3
	Change in the statement of financial position	(56,9)	114,0
	Difference arising from:		
5.4	– Loans granted	9,2	—
	– Change in investment liabilities	—	5,0
	– Other	—	(4,8)
	– Dividend declared	—	(86,0)
	Change recognized in the statement of cash flows	(47,7)	28,2
	As of 31.12.2014	275,2	204,7
	As of 30.06.2015	375,0	308,2
	Change in the statement of financial position	99,8	103,5
	Difference arising from:		
5.4	– Loans granted	(40,3)	—
	– Change in investment liabilities	—	(0,2)
	– Dividend declared	—	(115,2)
	Change recognized in the statement of cash flows	59,5	(11,9)

	30.06.2016	30.06.2015
Other profit adjustments before taxation:		
(Profit) loss on exchange rates differences	(5,4)	—
Change in provisions	—	(2,8)
Valuation of employee option scheme	4,4	7,8
Other	(2,4)	(2,8)
	(3,4)	2,2

	30.06.2016	30.06.2015
Amortization and depreciation resulting from changes in fixed assets		
Amortization and depreciation disclosed in note of costs by nature	12,3	23,3
Change due to re-invoicing of costs	6,2	10,6
Other	0,1	0,4
Amortisation and depreciation in the statement of cash flows	18,6	34,3

[in mln PLN unless otherwise stated]

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

ACCOUNTING POLICY

Company measures intangible assets in the value of incurred cost less depreciation write-offs and impairment losses.
Depreciation is calculated with linear method by estimating the utility period of a particular asset, which for selected groups refers to:
– patents and licenses – from 5 to 10 years
– trademarks – from 5 to 10 years
– other intangible assets – from 5 to 10 years

In case when there were events or changes in circumstances indicating that the book value of intangible assets may not be recoverable, they undergo verification for impairment in accordance with the policy described in note 5.2.

	TRADEMARKS, PATENTS AND LICENSES	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross value 01.01.2015	6,0	3,4	9,4
Aggregated amortization	(3,7)	—	(3,7)
Net value 01.01.2015	2,3	3,4	5,7
Exchange rate differences from the translations	—	—	—
Amortization	(1,8)	—	(1,8)
Purchase	1,0	—	1,0
Producing on its own	—	—	—
Liquidation and disposal	—	(2,5)	(2,5)
Transfer between groups	—	—	—
Gross value 31.12.2015	7,0	0,9	7,9
Aggregated amortization	(5,5)	—	(5,5)
Net value 31.12.2015 (01.01.2016)	1,5	0,9	2,4
Exchange rate differences from the translations	—	—	—
Amortization	(0,6)	—	(0,6)
Purchase	0,2	—	0,2
Producing on its own	—	—	—
Liquidation and disposal	—	—	—
Transfer between groups	—	—	—
Gross value 30.06.2016	7,2	0,9	8,1
Aggregated amortization	(6,1)	—	(6,1)
Net value 30.06.2016	1,1	0,9	2,0

[in mln PLN unless otherwise stated]

5.2 TANGIBLE FIXED ASSETS

ACCOUNTING POLICY

Tangible fixed assets include mainly: investments in foreign fixed assets (i.e. outlays in rented premises used for selling retail goods) and land and buildings, machinery and equipment.
Fixed assets are recognized at purchase price or production cost less depreciation write-offs and recognized impairment losses. Lands and fixed assets in progress are not depreciated.
Subsequent outlays are included in the book value of the fixed asset or recognized as a separate fixed asset (where appropriate) only when it is probable that this item will generate economic benefits for the Company, whereas the cost of the item can be measured reliably. Book value of the mentioned item is removed from the balance sheet. All other outlays on repairs and maintenance are recognized in financial result during the financial period in which they are incurred.
Borrowing costs are subject to capitalization and are recognized as an increase in the value of the fixed asset. Depreciation is calculated with linear method by estimating the utility period of a particular asset, which for selected groups refers to:

GROUP OF FIXED ASSETS		DEPRECIATION PERIOD
Investments in stores	Depreciation period is determined by two factors and accept lesser of values: – utility period of outlays (typically 10 years) – duration of the lease store in which the fixed asset is placed (usually 10 years)	
Factory and distributio	– buildings – machines and equipment – means of transport – other tangible fixed assets	– from 10 to 40 years – from 3 to 15 years – from 5 to 10 years – from 5 to 10 years
Other	– machines and equipment – means of transport – other tangible fixed assets	– from 3 to 15 years – from 5 to 10 years – from 5 to 10 years

Depreciation method and its period are reviewed at each balance sheet date.

Principles of testing for impairment and accounting write-downs due to impairment of tangible fixed assets are described in note 5.2

Impairment on non-financial fixed assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate the possibility of not realizing their book value. An impairment loss is recognized for the amount by which the book value of a particular part of assets exceeds its recoverable amount. The recoverable amount constitutes the higher of two amounts: fair value of assets less costs of sale or value in use. For the purposes of assessing impairment, assets are grouped at the lowest level in regard to which there are separately identifiable cash flows (cash generating units). Non-financial assets in regard to which impairment had been identified previously are assessed at each balance sheet date for the occurrence of reasons for possible reversal of the made impairment.

In retail sales each of the stores is a separate cash generating unit. In accordance with the above principles, in respect of investments in stores at each balance sheet date, the Company makes analysis for impairment loss. Operating profit realized by each of the retail units is assessed.

In order to estimate the impairment loss of non-financial assets, the Company takes into account the following reasons:
1. Store operates at least 24 months.
2. Store suffers a loss at the gross level including the customs tolerances in each of the last two years of operation.
3. Analysis of the current value of future cash flows indicates the lack of coverage of investment outlays.
In the event that the assets are recognized as irrecoverable, the Company performs an impairment loss in the amount of surplus of investment outlays over the recoverable amount. Write-down is recognized in cost of sale.

Grants received

Grants for the purchase or production of tangible fixed assets the Company recognizes in the books of the Company at the moment of inflow or prima facie evidence of its inflow in the future (e.g. receiving a promissory note, incentive on operating lease) if there is reasonable assurance that the Company will meet the conditions necessary to receive a grant. Grants are recognized as deferred income (position „grants received").
Included in deferred income the amounts of grants gradually adjust the depreciation in cost of sales of goods, in parallel to depreciation write-offs or tangible fixed assets impairment financed from these sources.

In 2015 impairment loss of non-financial assets in the amount of 3.1 million PLN was released, in total relating to outlays in stores. As at the balance sheet date 31.12.2015 value of impairment loss of non-financial assets amounted to 3.1 mln PLN.

As at the balance sheet date 30.06.2016 value of impairment loss of non-financial assets amounted to 2.3 mln PLN. The impairment in total relating to outlays in stores.

Some of the assets relating to the specific points of sales can be permanently connected to the rented premise (outlays in stores), which causes the lack of an alternative way of using them or reselling. Their utility period, as well as the amortization period is related to the estimation of the lease of the premises. Approved utility periods are described above.

Accordingly, the level of costs of depreciation depends on the estimated rental period of the point of sales. Changes of this period can affect the level of impairment loss.

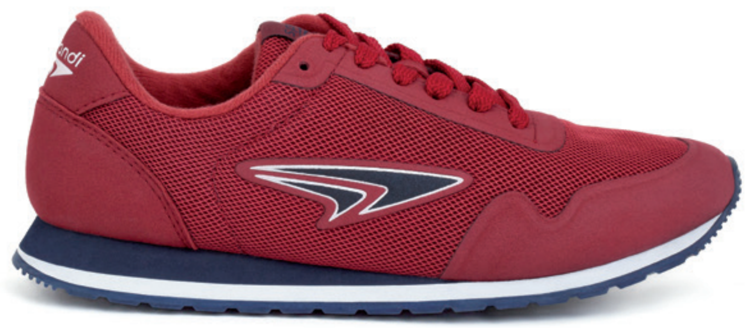
Fixed assets in progress mainly include investment outlays incurred in the stores.

Information on fixed assets creating a pledge for the debt incurred is presented in note 4.2.

The Company CCC S.A. on 23 December 2009 concluded the agreement with the Polish Agency for Enterprise Development for financing investments in fixed assets. The company applied for a grant from the Innovative Economy Operational Programme in connection with the investment of building high-storage warehouse located in Polkowice. The final amount of the grant was fixed in the amount of 38.5 million PLN.

The grant was, in accordance with the accounting policy of the Company, classified as deferred income in the statement of financial position.

In the first half of 2016 a grant in the amount of 1.3 million PLN was settled in the statement of comprehensive income (in the same period of 2015 it was also 1.3 million PLN).



[in mln PLN unless otherwise stated]

		FACTORY AND DISTRIBUTION				OTHER TANGIBLE FIXED ASSETS				
	INVESTMENT IN STORES	MACHINES AND EQUIPMENT	TANGIBLE FIXED ASSETS IN PROGRESS	TOTAL	TOTAL	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	OTHER STORES	TOTAL	TOTAL
Gross value 01.01.2015	204,2	72,6	77,9	0,8	151,3	20,1	18,7	40,3	79,1	434,6
Aggregated write-off	(74,4)	(9,1)	(25,3)	—	(34,4)	(1,7)	(13,0)	(16,1)	(30,8)	(139,6)
Impairment loss	(6,2)	—	—	—	—	—	—	—	—	(6,2)
Net value 01.01.2015	123,5	63,4	52,6	0,8	116,8	18,4	5,7	24,2	48,3	288,6
Result on xchange rate differences	—	—	—	—	—	—	—	—	—	—
Purchase	42,2	6,5	16,6	0,9	24,0	1,0	3,9	1,6	6,5	72,7
Produced on its own	—	—	—	—	—	—	—	—	—	—
Amortization and depreciation	(20,9)	(1,9)	(7,9)	—	(9,8)	(0,4)	(1,7)	(3,2)	(5,3)	(36,0)
Liquidation and sale	(19,8)	—	—	—	—	—	(3,4)	(0,3)	(3,7)	(23,5)
Write-off (liquidation and sale)	9,6	—	—	—	—	—	1,1	0,3	1,4	11,0
Transfers	—	—	—	—	—	—	—	—	—	—
Impairment loss	3,1	—	—	—	—	—	—	—	—	3,1
Gross value 31.12.2015	226,6	79,1	94,5	1,7	175,3	21,1	19,2	41,6	81,9	483,8
Aggregated write-off	(85,7)	(11,0)	(33,1)	—	(44,1)	(2,0)	(13,7)	(19,0)	(34,7)	(164,5)
Impairment loss	(3,1)	—	—	—	—	—	—	—	—	(3,1)
Net value 31.12.2015	137,7	68,1	61,4	1,7	131,2	19,1	5,5	22,6	47,2	316,1
Result on xchange rate differences	—	—	—	—	—	—	—	—	—	—
Purchase	13,3	2,8	1,0	—	3,8	-	1,2	0,4	1,6	18,7
Produced on its own	—	—	—	—	—	—	—	—	—	—
Amortization and depreciation	(11,3)	(1,0)	(4,7)	—	(5,7)	(0,2)	(0,9)	(1,5)	(2,6)	(19,6)
Liquidation and sale	(6,8)	—	—	—	—	—	(0,6)	(2,0)	(2,6)	(9,4)
Write-off (liquidation and sale)	4,3	—	—	—	—	—	0,3	1,5	1,8	6,1
Transfers	—	—	—	(1,7)	(1,7)	0,4	—	—	0,4	(1,3)
Impairment loss	0,8	—	—	—	—	—	—	—	—	0,8
Gross value 30.06.2016	233,1	81,9	95,5	—	177,4	21,5	19,8	40,0	81,3	491,8
Aggregated depreciation	(92,7)	(12,0)	(37,9)	—	(49,9)	(2,2)	(14,4)	(19,0)	(35,6)	(178,2)
Impairment loss	(2,3)	—	—	—	—	—	—	—	—	(2,3)
Net value 30.06.2016	138,0	69,9	57,6	—	127,5	19,3	5,4	21,1	45,8	311,3

[in mln PLN unless otherwise stated]

5.3 INVENTORIES

ACCOUNTING POLICY

Inventories are recognized at purchase price or production cost or the net selling price, depending which of these amounts is lower. Net selling price it is the estimated selling price in the ordinary course of business less applicable variable selling expenses.
In the event of circumstances as a result of which there has been a decrease in the value of inventories, the impairment loss in cost of sales of goods is made. In the case of termination of the circumstances that caused the decrease in the value of inventories, the reversal of impairment is made by deducting the cost of sales of goods. In regard to the disbursement of all inventories of similar kind and similar usage the FIFO method is applied.

	30.06.2016	31.12.2015
Materials	—	—
Manufacturing in progress	—	—
Goods	130,5	116,2
Finished goods	—	—
Total (gross)	130,5	116,2
Impairment	—	—
Total (net)	130,5	116,2

In order to determine the amount of impairment, the Management Board relies on the most appropriate available historical data and expectations for sales. Sales of footwear depends mainly on the changing trends and customer expectations.

To determine the value of impairment on the balance sheet date inventories are taken into account that were purchased at least two years in advance. Based on the data relating to sales of footwear conforming to the above conditions, the Company establishes a ratio that is used to estimate the value of impairment of inventories. The value of inventory impairments and changes of the impairments are shown below.

CHANGE IN IMPAIRMENT LOSS ON INVENTORIES

	2016	2015
At the beginning of the period	—	—
Establishment in cost of goods sold	—	2,1
Utilization	—	—
Reversal in cost of goods sold	—	(2,1)
At the end of the period	—	—

[in mln PLN unless otherwise stated]

The creation of an additional impairment loss of inventory or its release refers to goods. Changes in impairment resulting from the development of the Company's activities and sales policy.

The value of inventories pledged as security for the repayment of loans is presented in note 4.2.

5.4 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate less the impairment losses (further policy described in note 6.1).
If the amount payable can be expected within one year, receivables are classified as current assets. Otherwise, it is recognized as fixed assets.

Other receivables

Other receivables not being financial assets are initially recognized at nominal value and measured on the last day of the reporting period in the due amount.

Loans granted

Loans granted are valued initially at fair value and valued after initial recognition at amortized cost using the effective interest rate method less impairment loss. (further policy described in note 6.1).

	30.06.2016	31.12.2015
Trade and other receivables	22,6	72,0
Write-off for receivables	(2,2)	(2,3)
Total net receivables	20,4	69,7
Short-term loans granted	181,6	200,2
Advances on future supplies of goods	—	—
Costs settled in time	5,4	5,4
Tax receivables	1,4	—
Other	0,2	—
Total other recivables and loans granted	188,6	205,6
Long-term loans granted	20,3	10,9

Customer receivables are exposed to credit risk and currency exchange risk. Policy for managing these risks and further information on these risks (including assessment of credit quality, the maximum exposure to credit risk, sensitivity analysis on the change rate of the exchange rate) are shown in note 6.1. In relation to these assets there are no overdue receivables.

i FOR FURTHER INFORMATION SEE SECTION 2.3 IN THE STATEMENT ON OPERATIONS OF THE GROUP AND IN THE NOTE **6.2.**

Loans receivables are subject to credit risk and interest rate risk.

[in mln PLN unless otherwise stated]

For these assets there is no impairment of value. There are also no loans overdue.

Loans are mainly granted to the subsidiaries of CCC S.A.. The currency in which loans are mainly made are PLN and EUR. The amounts of loans in other foreign currencies (USD, BGN, TRY) are insignificant. Further analysis of the currency risk is described in note 6.1.

The interest rate on loans granted is based on the variable WIBOR plus a margin (loans in PLN) or fixed interest rates defined in contracts (loans in euro and other currencies). Further analysis regarding interest rate risk is presented in note 6.1.

5.5 CASH

ACCOUNTING POLICY

Cash and cash equivalents include cash in hand, bank deposits payable on demand. Overdrafts are presented in the statement of financial position as a component of short-term debt liabilities, but for the purposes of the statement of cash flows statement it decreases cash and cash equivalents.

	30.06.2016	31.12.2015
Cash in hand	8,1	12,6
Cash at bank	4,2	6,4
Short-term deposits (up to 3 months)	42,1	161,8
Total	54,4	180,8

Cash and cash equivalents are exposed to credit risk and currency exchange risk.

Policy for managing these risks and further information on these risks (including assessment of credit quality, the maximum exposure to credit risk, sensitivity analysis on the change rate of the exchange rate) are shown in note 6.1.

[in mln PLN unless otherwise stated]

5.6 LIABILITIES TO SUPPLIERS AND OTHER LIABILITIES

ACCOUNTING POLICY

Trade liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Trade liabilities are classified as current liabilities if payment is due within one year. Otherwise, liabilities are recognized as non-current. Other liabilities are measured at the amount due.

	30.06.2016	31.12.2015
Trade liabilities		
• lease and supply of goods and services	83,8	77,5
• investment	3,5	8,5
• other	1,0	1,3
Total	88,3	87,3
Liabilities for indirect taxes, customs and other benefits	23,4	0,3
Liabilities to employees	17,7	16,8
Dividend liabilities	86,0	—
Other liabilities	17,9	14,9
Total	145,0	32,0

Liabilities to suppliers are exposed to currency risk. Management of currency risk and sensitivity analysis are presented in note 6.1.

Liabilities involve liquidity risk (for further information see note 4.3). The fair value of liabilities to suppliers approximates their book value.

The fair value of liabilities to suppliers approximates their book value.

i FOR FURTHER INFORMATION SEE NOTE **4.3**

[in mln PLN unless otherwise stated]

5.7 PROVISIONS

ACCOUNTING POLICY

Provision for jubilee awards and retirement benefits are mainly recognized within the provisions.

A defined long-term benefit scheme within the period of employment

Under the terms of the collective labor agreement, a group of employees has the right to receive jubilee awards depending on seniority. Eligible employees receive a lump sum constituting, after 10 years of service, the equivalent of 100% of the base salaries monthly, an amount equivalent to 150% of the base salaries monthly after 15 years of service, after 20 years of service an amount equivalent to 200% of the base salaries monthly and after 25 years of service an amount equivalent to 250% of the base monthly salaries.
The Company recognizes a provision for bonuses payable for the fiscal period and subject to the charging and payment after the end of the fiscal year. The value is determined at the end of the fiscal year.
The Company establishes a provision for future jubilee awards based on actuarial valuation using the projected unit benefits method.

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	PROVISION FOR LITIGATION	TOTAL
As of 01.01.2015	1,5	3,0	4,5
Establishment	0,2	—	0,2
Utilization	—	(3,0)	(3,0)
Release	—	—	—
Exchange rate differences	—	—	—
As of 31.12.2015	1,7	—	1,7
Current	0,4	—	0,4
Non-current	1,3	—	1,3
As of 01.01.2016	1,7	—	1,7
Establishment	—	—	—
Utilization	—	—	—
Release	—	—	—
Exchange rate differences	—	—	—
As of 30.06.2016	1,7	—	1,7
Current	0,4	—	0,4
Non-current	1,3	—	1,3

[in mln PLN unless otherwise stated]

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Impairment loss for financial assets

For each balance sheet date an assessment is made if a financial asset is impaired. If there is evidence showing impairment of loans and receivables valued at amortized cost, the amount of impairment loss is determined as the difference between the asset's book value and the current value of estimated future cash flows discounted at the original effective interest rate for these assets. An impairment loss is recognized in statement of profit or loss in the item of other operating expenses. Reversal of impairment loss is recognized if in subsequent loss decreases and the decrease can be attributed to events occurring after recognizing the impairment.

	30.06.2016		31.12.2015	
	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES
Financial assets	276,7	—	461,6	—
Loans granted	201,9	—	211,1	—
Trade receivables	20,4	—	69,7	—
Cash and cash equivalents	54,4	—	180,8	—
Financial liabilities	—	340,8	—	320,8
Debt liabilities	—	252,5	—	233,5
Trade liabilities	—	88,3	—	87,3

FINANCIAL RISK MANAGEMENT

There are many different financial risks related to the activities carried out by the Company CCC S.A. The Management Board identifies the main ones: the risk of changes in exchange rates, interest rate change, credit risk (described below) and liquidity risk (see note 4.3).

[in mln PLN unless otherwise stated]

RISK OF CHANGES IN CURRENCY EXCHANGE RATES

CCC S.A. operates internationally and therefore is exposed to the risk of changes in currency exchange rates, in particular EUR in relation to the transaction costs of stores rentals and loans granted.

Key balance sheet items exposed to currency risk are trading liabilities (leases of shops), trade receivables (due to sublease of stores), loans granted and cash.

The Company monitors the exchange rate fluctuations and on regular basis takes steps to minimize the negative impact of currency fluctuations, e.g.: by taking these changes into account in product prices. The Company does not apply hedging instruments.

The following table presents the Company's exposure to exchange currency risk:

30.06.2016	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	276,7	10,3	140,8	29,2	96,4
Loans granted	201,9	10,0	125,5	27,9	38,5
Trade receivables	20,4	—	12,7	1,3	6,4
Cash and cash equivalents	54,4	0,3	2,6	—	51,5
Financial liabilities	340,8	0,5	0,7	0,2	339,4
Debt liabilities	252,5	—	—	—	252,5
Trade liabilities	88,3	0,5	0,7	0,2	86,9

31.12.2015	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	461,6	10,3	133,5	25,3	292,5
Loans granted	211,1	4,7	115,3	23,6	67,5
Trade receivables	69,7	0,2	17,8	1,7	50,0
Cash and cash equivalents	180,8	5,4	0,4	—	175,0
Financial liabilities	320,8	0,5	1,2	15,8	303,3
Debt liabilities	233,5	—	—	15,6	217,9
Trade liabilities	87,3	0,5	1,2	0,2	85,4

[in mln PLN unless otherwise stated]

RISK OF INTEREST RATE CHANGES

Company CCC S.A. is exposed to interest rate change risk mainly due to the debt resulting from concluded loan agreements and issued bonds, cash in bank accounts and loans granted.

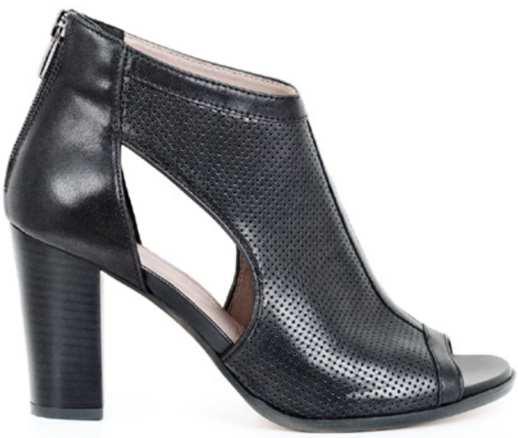
The entire debt bears interest at a variable interest rate based on WIBOR. An increase in interest rates affect the cost of debt servicing, which is partially offset by cash deposits and loans granted with variable interest rates. Loans granted in PLN bear interest using a variable WIBOR rate plus a margin.

The items bear interest at variable rates expose the Company to risk of changes in cash flows due to changes in interest rates.

The Company does not use hedging activities limiting the impact on the financial result of changes in cash flows resulting from changes in interest rates.

The following table presents a sensitivity analysis of the risk of changes in interest rates, which in the opinion of the Company would be reasonably possible at the balance sheet date.

	AMOUNT VULNERABLE TO RISK OF INTEREST RATE CHANGE %		AS OF 30.06.2016		AS OF 31.12.2015	
	30.06.2016	31.12.2015	+1 P.P.	-1 P.P.	+1 P.P.	-1 P.P.
Cash at bank	4,2	6,4	—	—	0,1	(0,1)
Loans granted	201,9	211,1	2,0	(2,0)	2,1	(2,1)
Debt liabilities	(252,5)	(233,5)	(2,5)	2,5	(2,3)	2,3
Effect on net result			(0,5)	0,5	(0,2)	0,2



[in mln PLN unless otherwise stated]

CREDIT RISK

Credit risk it is the risk by the Company to incur financial losses due to a failure by the customer or counterparty to a financial instrument to meet its contractual obligations. Credit risk is mainly related to the Company's receivables from customers, loans granted and cash and cash equivalents in bank accounts.

The maximum exposure to credit risk at balance sheet date (30 June 2016 and 31 December 2015) is presented in the table below:

	30.06.2016	31.12.2015
Loans granted	201,9	211,1
Trade receivables	20,4	69,7
Cash and cash equivalents	54,4	180,8
Total	276,7	461,6

The lifetime structure of receivables, together with information on impairment of receivables are presented in note 5.4.

Granted loans are not secured, however, due to the fact that they were granted to the entities over which the Company exercises control or long-term business partners, their repayment in the Company's opinion is not affected by a material credit risk.

Credit risk related to financial instruments in the form of cash in bank accounts is limited, due to the fact that the parties to the transaction are banks with high credit ratings received from international rating agencies.

	30.06.2016	31.12.2015
Banks with a rating of A	—	—
Banks with a rating of A-	30,3	157,9
Banks with a rating of B+	—	—
Banks with a rating of BB	—	—
Banks with a rating of BAA1	—	—
Banks with a rating of BAA2	—	—
Banks with a rating of BAA3	—	—
Banks with a rating of BBB+	10,0	8,8
Banks with a rating of BBB-	0,6	0,1
Banks with a rating of BBB	5,4	1,4
Total cash at banks	46,3	168,2

The Company has no significant concentration of credit risk. The risk is spread over a large number of banks, whose services are used, and customers with which it cooperates.

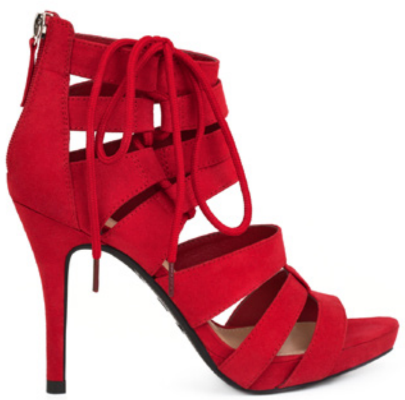
[in mln PLN unless otherwise stated]

FRAMEWORK AGREEMENTS ON OFFSETTING

The following assets and financial liabilities are covered by enforceable framework agreements and similar agreements for offsetting (as of 30 June 2016 and 31 December 2015).

30.06.2016	GROSS VALUE	VALUE SUBJECT TO OFFSETTING	NET VALUE PRESENTED IN THE BALANCE SHEET
Trade receivables	20,4	—	20,4
Trade liabilities	88,3	—	88,3

31.12.2015	GROSS VALUE	VALUE SUBJECT TO OFFSETTING	NET VALUE PRESENTED IN THE BALANCE SHEET
Trade receivables	69,7	—	69,7
Trade liabilities	87,3	—	87,3



[in mln PLN unless otherwise stated]

6.2 INVESTMENTS IN SUBSIDIARIES, TRANSACTIONS WITH RELATED ENTITIES AND LOANS GRANTED TO SUBSIDIARIES

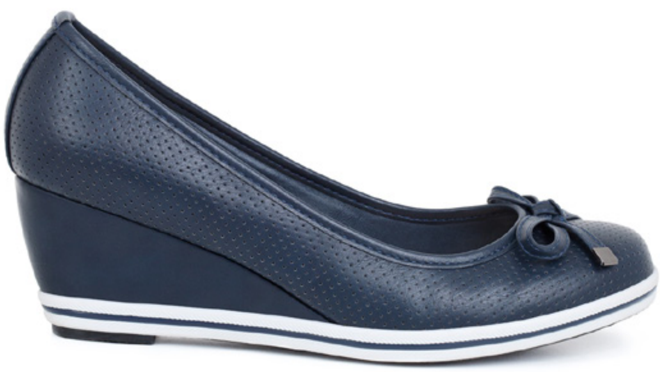
INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY

Subsidiaries in the Company's financial statements are those entities over which the Company exercises control. Investments in subsidiaries the Company values according to historical cost after reducing impairment losses.
Transaction costs related to the acquisition of investments increase the book value of the investment.

The impairment test is carried out when there is evidence for impairment by calculating the recoverable amount as the higher of two amounts: fair value less costs of sale and value in use. Impairment represents the excess of the book value over the recoverable amount.

	30.06.2016	31.12.2015
As of 1st January	124,7	107,2
Acquisition	236,2	0,9
Sale	—	—
An impairment loss	—	—
Other	10,0	16,6
At the end of the reporting period	370,9	124,7



[in mln PLN unless otherwise stated]

The structure of significant investments broken down by subsidiaries is presented below:

NAME OF COMPANY	HEADQUARTERS OF COMPANY	BUSINESS ACTIVITY	BOOK VALUE	
			30.06.2016	31.12.2015
eobuwie.pl S.A.	Zielona Góra, Poland	commercial	236,2	—
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investing	44,5	44,5
CCC Czech s.r.o.	Prague, Czech Republic	commercial	40,0	40,0
CCC Factory Sp. z o.o.	Polkowice, Poland	manufacturing	27,5	18,2
CCC.EU sp. z o.o.	Polkowice, Poland	commercial	10,0	9,3
CCC Hrvatska d.o.o.	Zagreb, Croatia	commercial	3,1	3,1
CCC Germany GmbH	Frankfurt, Germany	commercial	2,5	2,5
CCC Obutev d.o.o.	Maribor, Slovenia	commercial	2,2	2,2
CCC Austria Ges.m.b.H	Graz, Austria	commercial	1,8	1,8
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial	1,3	1,3
NG2 Suisse s.a.r.l.	Zug, Switzerland	in liquidation	0,9	0,9
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	commercial	0,5	0,5
CCC Slovakia, s.r.o.	Bratislava, Slovakia	commercial	0,3	0,3
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi Gayrettepe	Istanbul, Turkey	commercial	0,1	0,1
CCC Isle of Man Ltd.	Douglas, Isle of Man	service	—	—
Total			370,9	124,7

All subsidiaries are directly or indirectly controlled by the Company (the Company holds a 100% share in each of the above companies and the same number of voting rights, the exception is the company eobuwie.pl S.A., in which the at the balance sheet date, the Company held 74.99% of the shares, which represents 74.99% of votes at the General Meeting of eobuwie.pl S.A.).

ACQUISITION OF EOBUWIE.PL S.A.

On 15 January 2016, CCC S.A. acquired 74.99% of the share capital of eobuwie.pl S.A. for PLN 235,660,541.05 and took control of the Group eobuwie.pl S.A., dealing with online sales of shoes and fancy goods, operating in Poland and other European countries.

The remuneration was determined as follows:

– The amount of PLN 129,982,000.00 paid in cash,

– The amount of PLN 100,678,541.05 paid in cash, determined as 74.99% of the amount determined as follows: the product of PLN 12.00 (twelve thousand) for each PLN 1.00 (one) of EBITDA of the company eobuwie.pl S.A. 2015, above the amount 15.000.000,00PLN (fifteen million), less the amount paid to Shareholders by way of settlement of the Company's profit attributable for the period from 01.01.2015 until 31.12.2015

– Contingent consideration in the amount of PLN 5,000,000.00 for which the payment is deferred in time.

Following the acquisition, the Company will begin distributing their goods in the e-commerce channel.

Provisionally determined goodwill of the company in the amount of PLN 210.5 mln PLN under the acquisition is attributable to acquired customer base and benefits of scale expected from the combination of the Company's activities with the activities of eobuwie.pl S.A., as well as separated unrecognized intangible assets at the date of acquisition.

No part of the demonstrated goodwill is not deductible for income tax purposes.

The table below shows the remuneration paid for the eobuwie.pl S.A. and provisional settlement in the book value of the acquired assets and liabilities reported at the acquisition date as the Company has not yet completed works related to the identification and valuation of assets and liabilities acquired.

Settlement in fair value will take place at a future date, not later than 12 months from the date of taking control over eobuwie.pl S.A.. The Company expects adjustments related to the valuation of assets and liabilities to fair value, and the identification and valuation of intangible assets.

Non-controlling shares representing 25.01% of the capital of eobuwie.pl S.A. were established on the basis of the proportionate share of the net assets acquired.

[in mln PLN unless otherwise stated]

REMUNERATION AS OF 15 JANUARY 2016	
Cash	231,0
Contingent consideration	5,0
Total remuneration	236,0
	—
Recognized values of the identifiable acquired assets and liabilities	—
Cash and cash equivalents	9,0
Tangible fixed assets	12,0
Intangible fixed assets	1,0
Deferred tax assets	—
Inventories	47,0
Trade receivables and other receivables	9,0
Trade liabilities and other liabilities	(25,5)
Liabilities due to post-employment benefits	—
Borrowings	(17,0)
Provisions for liabilities	(1,0)
Deferred tax liabilities	—
Identifiable net assets in total	34,5
Non-controlling share	(9,0)
Goodwill	210,5
Total	236,0

Arrangements concerning contingent consideration require from the group to pay no later than 7 days after the expiration of 12 months from the date of transfer of shares, in the amount of PLN 5 000 000,00 plus interest of 2.5% per year as long as all or part of that amount is not secured by the Company on account of the Company's claims for defects representations and warranties made by eobuwie.pl S.A. due to the conclusion of the investment agreement.

The acquisition agreement provides for an option to acquire the remaining 25.01% of shares eobuwie.pl S.A. by CCC S.A.. In case of realization of the call option by eobuwie.pl S.A. or the put option by the CCC S.A., CCC S.A. will be obliged to purchase shares at a price corresponding to the value of 25.01% of the multiplier: 12 x EBITDA of eobuwie.pl S.A. for 2018, and if the company makes a loss in EBITDA or EBITDA is zero, the price will be equal to the nominal value of shares (i.e. 500 200,00 PLN). Options are exercisable until 28 February 2020.

These aforementioned put and call options are the symmetrical forward. It is a derivative regulated under IAS 39, which deals with financial instruments not quoted in an active market. Due to the fact that their fair value cannot be measured in a reliable way, such options should be recognized by cost, which is the price paid/received for these options. Under the agreement, there has been no consideration for the issued/received option, hence as of the date of initial recognition, the option was presented in the amount of „zero". Due to the lack of a reliable option valuation it has not been well valued in the financial statements at fair value.

[in mln PLN unless otherwise stated]

TRANSACTIONS WITH RELATED ENTITIES

In presented periods the Company made the following transactions with related entities:

	30.06.2016	31.12.2015
Subsidiaries		
Transactions in the fiscal year:		
Sale of finished products/goods	0,3	104,6
Sale of services	37,0	133,9
Interest on loans granted	2,4	4,8
Purchase of finished products/goods	538,9	1 091,9
Purchase of services	5,4	13,2
Sale of fixed assets	0,5	1,9
Balances of transactions recognized as at balance sheet date		
Trade receivables	14,6	64,4
Loans receivables	186,8	182,8
Trade liabilities	74,7	64,2
Debt liabilities against NG2 Suisse S.a.r.l.	21,6	22,3
Contingent assets and liabilities as at balance sheet date		
Contingent assets arising from guarantees and sureties received	83,0	83,0
Contingent liabilities arising from securities granted	997,0	997,0

LOANS GRANTED

	30.06.2016	31.12.2015
As of 1st January	211,1	153,7
Granting of loans	46,9	81,8
Interest accrued	2,6	5,4
Repayments	(58,7)	(29,9)
Impairment loss	—	—
Other	—	0,1
At the end of reporting period	201,9	211,1
– current	181,6	200,2
– non-current	20,3	10,9

[in mln PLN unless otherwise stated]

	30.06.2016	31.12.2015
Subsidiaries of CCC S.A.		
CCC.EU Sp. z o.o.	13,6	59,4
CCC Austria Ges.m.bH	55,0	52,9
CCC Germany GmbH	54,9	44,0
CCC Shoes Ayakkabicilik Ticaret Limited Sirketi	23,0	18,9
CCC Shoes Bulgaria EOOD	4,9	4,7
eobuwie.pl S.A.	33,2	—
CCC Slovakia, s.r.o.	0,9	0,9
CCC OBUTEV d.o.o.	0,9	0,9
CCC Hrvatska d.o.o.	0,4	0,9
CCC Shoes & Bags Sp. z o.o.	—	0,3
Other	—	—
Total	186,8	182,9
– current	166,5	182,0
– non-current	20,3	0,9
Other companies		
Adler International sp. z o.o. Sp.k.	15,1	15,1
eobuwie.pl S.A.	—	13,1
Total	15,1	28,2
– current	15,1	18,2
– non-current	—	10,0

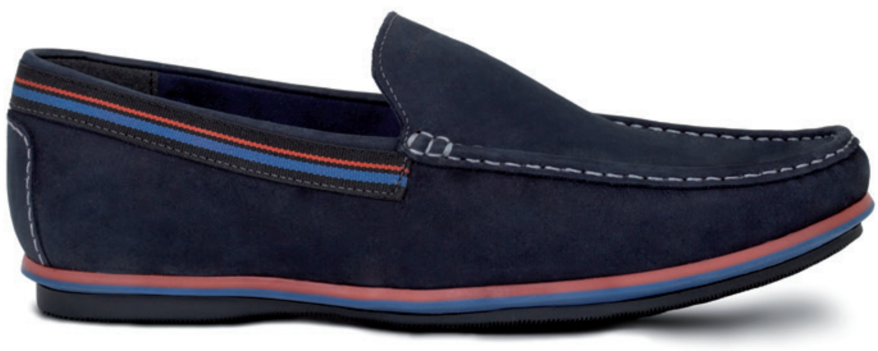
	30.06.2016	31.12.2015
Entities related to members of key management personnel		
Transactions in the fiscal year:		
Sale	—	0,1
Purchase	1,6	8,9
Transactions in the fiscal year:		
Receivables	—	—
Liabilities	0,2	0,5

Transactions with related entities were made on market conditions.

6.3 REMUNERATION OF THE KEY MANAGEMENT PERSONNEL

IN MLN PLN	FIXED REMUNERATION	PROGRAM OF PAYMENTS BASED ON SHARES – FAIR VALUE AT THE MOMENT OF GRANTING	OTHER (BONUSES)	TOTAL
30.06.2016				
Members of Management Board	1 260,0	11 502,5	—	12 762,5
Supervisory Board	198,1	—	—	198,1
Total	1 458,1	11 502,5	—	12 960,6
30.06.2015				
Members of Management Board	1 020,0	1 567,0	400,0	2 587,0
Supervisory Board	72,0	—	—	72,0
Total	1 092,0	1 567,0	400,0	2 659,0

On 19 July 2016, The Management Board of CCC S.A. informed about the acquisition of series E shares by persons performing managerial responsibilities regarding the execution of series A subscription warrants granted under the Incentive Scheme for the years 2013 – 2015 – Vice President of the Issuer's Management Board Piotr Nowjalis (75 000 shares at a price of 61.35 PLN per share) and Vice President of the Issuer's Management Board Mariusz Gnych (132 000 shares at a price of 61.35 PLN per share). (CR 40/2016)



6.4 PAYMENTS IN FORM OF SHARES

ACCOUNTING POLICY

The Company runs a program of benefits based on shares settled in capital instruments, under which the entity receives services of employees in exchange for equity instruments (options) of the Company. The fair value of employee's services received in exchange for granting options is recognized as an expense over the period of conferring rights to exercise the option in correspondence to equity – retained earnings.
The total amount subject to recognition in cost is determined by referring to the fair value of options granted at the date of granting the option:

- taking into account any market conditions (for example entity's share price);
- excluding the impact of any related work experience and non-market conferring rights (for example, sales profitability, the goals connected with growth in sales and the indicated period of the compulsory employment of the employee in the unit); and
- taking into account the impact of any conditions unrelated to conferring the rights (for example, the requirement by the current staff to keep received instruments for a specified period).

At the end of each reporting period, the entity revises the made estimates of the expected number of options to which rights are to be conferred as a result of the conditions of conferring rights of a non-market. The Company presents the impact of a possible revision of the original estimates in the report on the financial result, with a corresponding adjustment to equity.
In addition, in certain circumstances, employees can provide services before the date of granting them the stock options. In this case, the fair value of at the date of granting stock options is estimated to recognize costs during the period from commencement of the service by the staff to the actual date of granting them the options.
Upon exercise of the options, an entity issues new shares. The funds obtained after the deduction of any costs that can be directly attributable to the transaction, increase the share capital (nominal value) and the surplus of the issue price of shares over their nominal value.
Social security contributions payable in connection with the granting of stock options are considered an integral part of the benefit granted and the cost is treated as a transaction settled in a form of cash.

The parent company launched in December 2012 the incentive scheme based on subscription warrants (Scheme).

The scheme is based on offering the participants subscription warrants giving the possibility to acquire in future the shares of the Company after meeting certain non-market conditions of conferring these rights.

The scheme covers the members of the board of the Unit, members of the management board of subsidiaries, key employees and associates of the Unit and subsidiaries.

The aim of the scheme is to motivate the people covered by the scheme to actions ensuring both long-term growth of the Company's value as well as the steady growth in net profit as well as stabilization of the managerial staff.

The incentive program is a program settled by capital.

Under this program, the Supervisory Board granted warrants in a total number of 768.000 warrants. Out of this number of warrants until 31 December 2015 a total of 652.000 warrants was granted in two transhe (described above). On 2 July 2016 The Supervisory Board adopted a resolution on the implementation of the terms of the Incentive Scheme, determining the final number of warrants for a number 768.00. Overal cost of The scheme amounted to 14.5 mln PLN and increased equity.

On 22 July 2016, the Company CCC S.A. announced that on 19 – 22 July 2016 a part of persons holding registered series A subscription warrants entitled to subscribe for ordinary bearer shares of series E filed a statement of acquisition of the shares. Under the exercise of the rights of 768,000 subscription warrants, a statement of acquisition of shares was made by 85 entitled persons for a total of 727,900 shares of series E, at a price of 61.35 PLN in the amount of 44,656,665.00 PLN. The Shares of Series E will be the subject of application for admission to a trading on a regulated market. For the remaining series A subscription warrants (40.100) there is a possibility of their acquisition until 30 June 2018.

[in mln PLN unless otherwise stated]

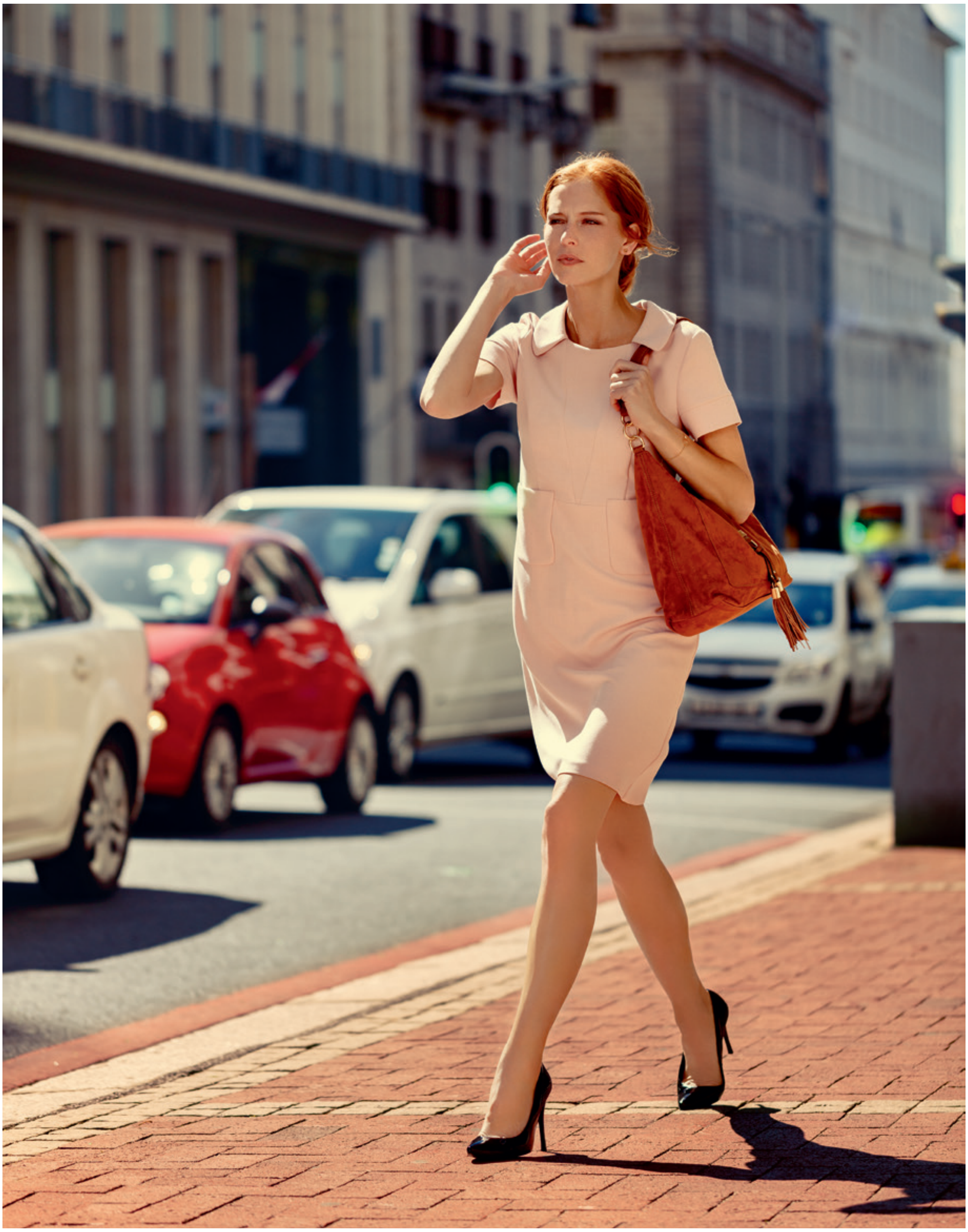
MAIN CONDITIONS OF THE SCHEME	TRANCHE 2012	TRANCHE 2015	TRANCHE 2016
Date of granting rights	19.12.2012	29.12.2015	02.06.2016
Number of employees covered by the scheme	31	67	23
The value of the scheme as of the date of rights vesting	14.9 mln PLN	16.4 mln PLN	14.5 mln PLN
Number of warrants granted	475.000	177.000	116.000
Value of a warrant at the date of rights vesting	31,34	92,66	125,00
Expense recognized in the income statement in the year 2015			14.5 mln PLN
Expense recognized in the income statement in the year 2014	10.5 mln PLN	16.4 mln PLN	—
Cumulative amount recognized in equity as at 31 December 2015 ("retained earnings")	2.2 mln PLN	—	—
Cumulative amount recognized in equity as at 30 June 2016 („retained earnings") 31 December 2015 („retained earnings")	14.9 mln PLN	16.4 mln PLN	45.8 mln PLN
Vesting conditions	Non-market conditions relating to employment and the results (described in detail below)		
Vesting period	Finished	Finished	Finished
Period of execution of warrants to which the rights were vested	Until 30.06.2018	Until 30.06.2018	Until 30.06.2018

SIGNIFICANT PARAMETERS ADOPTED IN THE MODEL OF VALUATION WERE AS FOLLOWS:			PARAMETER VALUE
The valuation model of warrants			of a Monte-Carlo simulation
Number of warrants granted	475.000	177.000	116.000
Share price at the grant date	73,8	159	107,5
Exercise price of the warrant	61,35	61,35	61,35
Expected volatility	0,35	0,33	0,33
Value of the expected dividend	1,6	3,33	2,19
Average life duration of the option	5,9 years	3,5 years	3 years

[in mln PLN unless otherwise stated]

	ASSUMPTIONS ADOPTED FOR THE IMPLEMENTATION OF THESE TERMS			
	TRANCHE 2012		TRANCHE 2015	TRANCHE 2016
	2016	2015	2015	2016
Achieving annual consolidated net profit of the Capital Group for fiscal years 2013, 2014 and 2015 no less than 620 million PLN	Terms achieved	Terms achieved	Terms achieved	Terms achieved
Maintaining service relation until 31.12.2015	Terms achieved		Terms achieved	Terms achieved
Positive assessment of work performance review of the person entitled	Terms achieved	Terms achieved	Terms achieved	Terms achieved

On 22 July 2016, the Company CCC S.A. announced that on 19 – 22 July 2016 a part of persons holding registered series A subscription warrants entitled to subscribe for ordinary bearer shares of series E filed a statement of acquisition of the shares. Under the exercise of the rights of 768,000 subscription warrants, a statement of acquisition of shares was made by 85 entitled persons for a total of 727,900 shares of series E, at a price of 61.35 PLN in the amount of 44,656,665.00 PLN. The Shares of Series E will be the subject of application for admission to a trading on a regulated market. For the remaining series A subscription warrants (40.100) there is a possibility of their acquisition until 30 June 2018.



6.5 EVENTS AFTER BALANCE SHEET DATE

On 5 July 2016, the Management Board of CCC S.A. informed on the establishment of a contractual mortgage in the amount of 300,000,000.00 PLN on the ownership title of CCC S.A. on the property located in Polkowice, ul. Strefowa 6 (CR 38/2016).

On 8 July 2016, the Management Board of CCC S.A. adopted a resolution that concerns giving a consent to dispose all shares held by the Company of shares eobuwie.pl S.A. i.e. 74.99% (7,499,000 shares), of the nominal value of the share capital of eobuwie.pl S.A., thereby giving 74.99% of votes at the General Meeting of eobuwie.pl S.A.

The sale of shares will take place for the benefit of the Company's subsidiary of CCC S.A. – CCC Shoes & Bags sp. z o.o. as a contribution in kind in exchange for the acquisition by CCC S.A. of shares in the increased share capital of CCC Shoes & Bags sp. z o.o.. The resolution will take effect on the date of giving the consent by the Supervisory Board of CCC S.A. for the disposal of shares of eobuwie.pl S.A. (CR 39/2016.)

On 22 July 2016, the Company CCC S.A. announced that on 19 – 22 July 2016 a part of persons holding registered series A subscription warrants entitled to subscribe for ordinary bearer shares of series E filed a statement of acquisition of the shares. Under the exercise of the rights of 768,000 subscription warrants, a statement of acquisition of shares was made by 85 entitled persons for a total of 727,900 shares of series E, at a price of 61.35 PLN in the amount of 44,656,665.00 PLN. The Shares of Series E will be the subject of application for admission to a trading on a regulated market. For the remaining series A subscription warrants (40.100) there is a possibility of their acquisition until 30 June 2018.

On 16 August 2016, the Board of the National Depository for Securities S.A. („KDPW") accepted in the National Depository for Securities 727,900 ordinary shares of series E (CR 43/2016).

On 17 August 2016, the Board of the Stock Exchange in Warsaw agreed to introduce to the stock exchange trading on the main market of 727,900 ordinary shares of series E with effect from 19 August 2016. (CR 44/2016). In connection with the registration of 727,900 ordinary shares of series E in KDPW, the amount of the dividend per share amounts to 2.19 PLN. (CR 44/2016).

In connection with the registration of 727.900 ordinary shares of series E in KDPW, the amount of the dividend per share amounts to 2.19 PLN. (CR 45/2016).

On 22 August the Supervisory Board adopted a resolution on giving its consent to dispose all the shares held by the Issuer in the company eobuwie.pl S.A. (7.499.000 shares constituting 74.99% of the nominal value of the share capital of eobuwie.pl S.A.) (CR 46/2016).

The financial statements were approved for publication by the Management Board of the Company on 25 August 2016 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, 25 August 2016.