

FINANCIAL STATEMENTS OF CCC S.A.
FOR THE PERIOD FROM 1 JANUARY 2012
TO 31 DECEMBER 2012

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STATEMENT OF COMPREHENSIVE INCOME

	Note number	period from 1 January 2012 to 31 December 2012	period from 1 January 2011 to 31 December 2011
Revenue from sale	5	1,258,681	1,038,451
Manufacturing cost of products, goods and services sold	6	(670,987)	(495,781)
Gross earnings from sale		587,694	542,670
Other operating revenue	21	9,091	9,714
Cost of sale	6	(497,822)	(411,473)
Cost of general management and administration	6	5,096	(8,136)
Other operating expenses	21	(15,217)	(13,542)
Profit on operating activity		88,842	119,233
Financial revenue	21	1,008	346
Financial costs	21	(20,321)	(9,603)
Profit before tax		69,529	109,976
Income tax	22	(12,355)	(22,348)
Net profits		57,174	87,628
Other comprehensive income		-	-
Total comprehensive income		57,174	87,628
Earnings per share			
basic and diluted	23	PLN 1.49	PLN 2.28

STATEMENT OF FINANCIAL POSITION

	Note numb er	As at 31 Dec 2012	As at 31 Dec 2011 adjusted information	As at 1 Jan 2011 adjusted information
Non-current assets				
Intangible assets	8	6,967	6,395	1,770
Property, plant and equipment	7	286,120	276,901	185,426
Long-term investments	9	53,671	55,255	49,761
Non-current receivables	10	1,283	3,472	114
Deferred tax assets	18	4,787	3,149	3,989
Total non-current assets		352,828	345,172	241,060
Current assets				
Inventory	11	356,496	462,665	237,455
Trade receivables and other receivables	10	96,655	86,552	89,623
Receivables from income tax	10	6,194	-	-
Cash and cash equivalents	12	99,611	29,140	71,243
Total current assets		558,956	578,357	398,321
Total assets		911,784	923,529	639,381
Shareholders' equity				
Share capital	13	3,840	3,840	3,840
Share premium	13	74,586	74,586	74,586
Other capitals	13	-	9,341	3,358
Retained earnings	13	280,634	284,900	254,716
Total shareholders' equity		359,060	372,667	336,500
Non-current liabilities				
Long-term loans and bank loans	16	88,000	214,835	103,245
Liabilities under retirement benefits and service anniversary awards	20	1,938	1,441	1,482
Non-current liabilities under finance lease	14	-	41	47
Subsidies received		33,917	-	-
Total non-current liabilities		123,855	216,317	104,774
Current liabilities				
Trade and other liabilities	14	178,877	205,537	140,086
Income tax liabilities	14	-	7,584	3,431
Current liabilities under finance lease	14	3	6	62
Short-term loans and bank loans	16	244,876	87,250	43,261
Current provisions	19	2,502	2,015	2,890
Subsidies received	26	2,611	32,153	8,377
Total current liabilities		428,869	334,545	198,107
Total liabilities		911,784	923,529	639,381

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Other capitals	Retained earnings	Total shareholders' equity
As at 1 January 2012	3,840	74,586	9,341	284,900	372,667
Results for the year	-	-	-	57,174	57,174
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	57,174	57,174
Other adjustments	-	-	-	-	-
Dividend disbursement	-	-	-	(61,440)	(61,440)
Employee stock option plan - liquidation of the plan	-	-	(9,341)	-	(9,341)
As at 31 December 2012	3,840	74,586	-	280,634	359,060

	Share capital	Share premium	Other capitals	Retained earnings	Total shareholders' equity
As at 1 January 2011	3,840	74,586	3,358	254,716	336,500
Results for the year	-	-	-	87,628	87,628
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	87,628	87,628
Other adjustments	-	-	-	156	156
Dividend disbursement	-	-	-	(57,600)	(57,600)
Employee stock option plan - value of the benefit	-	-	5,983	-	5,983
As at 31 December 2011	3,840	74,586	9,341	284,900	372,667

CASH FLOW STATEMENT

	Note number	period from 1 January 2012 to 31 December 2012	period from 1 January 2011 to 31 December 2011
Profit before tax		69,529	109,976
Adjustments:		96,975	(140,242)
Depreciation		34,890	20,446
Interest and share in profits (dividends)		(947)	(562)
Profit on investment activities		5,980	4,937
Cost of interest		15,420	7,753
Changes in provisions		(4,377)	(916)
Changes in inventory		106,170	(225,210)
Changes in receivables		(11,540)	3,898
Changes in current liabilities, other than loans and borrowings		(10,312)	60,061
Income tax paid		(29,739)	(17,404)
Other adjustments	31	(8,570)	6,755
Net cash flow from operating activities		166,504	(30,266)
Cash flow from investment activities			
Interest received		947	562
Subsidies received		4,376	23,775
Proceeds from the sale of property, plant and equipment		531	367
Proceeds from the sale of investments available for sale		959	-
Proceeds from loans extended		1,971	-
Purchase of shares in subsidiaries		(146)	(6,264)
Purchase of intangible assets		(1,383)	(67)
Purchase of property, plant and equipment		(52,282)	(112,932)
Loans granted		(4,538)	(4,184)
Net cash flow from investment activities		(49,565)	(98,743)
Cash flow from finance activities			
Proceeds from incurring loans		44,617	158,931
Dividends and other disbursements to owners		(61,440)	(57,600)
Repayment of loans and borrowings		(13,826)	(3,353)
Payment of liabilities under finance leases		(26)	(62)
Interest paid		(15,793)	(11,010)
Cash flow from finance activities		(46,468)	86,906
Total cash flow		70,471	(42,103)
Net increase (decrease) in cash and cash equivalents		70,471	(42,103)
Cash and cash equivalents at the beginning of the period		29,140	71,243
Cash and cash equivalents at the end of the period		99,611	29,140

NOTES

1. GENERAL INFORMATION

Name of the Company:	CCC Spółka Akcyjna
Registered office of the Company:	Polkowice
Address:	ul. Strefowa 6, 59-101 Polkowice
Telephone:	+48 (76) 845 84 00
Fax:	+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:	0000211692
Regon (Statistical Number):	390716905
NIP (Tax Identification Number):	692-22-00-609
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 Management Board of CCC S.A. announces that, by the decision of the General Meeting of Shareholders of 19 December 2012, the name of the company was changed from NG2 S.A. to CCC S.A.

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. ACCOUNTING PRINCIPLES APPLIED

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

2.1. Basis for preparation

The financial statements of CCC S.A. 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 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 Company. 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 Company's continuation of its business activity.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

In these financial statements, the following new and revised standards and interpretations that became effective as of 1 January 2012 were applied for the first time:

- **Transfers of Financial Assets (Amendments to IFRS 7)**

The amendment to IFRS 7 “Financial Instruments: Disclosures” concerning transfers of financial assets was published by the International Accounting Standards Board in October 2010.

The amendments require disclosures of additional information on the risk stemming from transfers of financial assets. They contain a requirement to disclose, by asset class, type, balance sheet value and description of the risk and benefits concerning financial assets transferred to another entity, but remaining on the entity's balance sheet. It is also obligatory to disclose information on the amount of the potential related liability and the relationship between the financial asset and the relevant liability. If financial assets have been removed from the balance sheet but the entity is still exposed to a certain risk and may obtain certain benefits associated with the transferred asset, it is also required to disclose information that makes it possible to understand the consequences of such a risk.

The Company has been applying the amendment to IFRS 7 since 1 January 2012. The amendment did not have a material effect on these financial statements of the Company.

Published standards and interpretations that are not in effect yet and were not previously applied by the Company

In these financial statements, the Company did not decide to adopt early the following published standards, interpretations or improvements to existing standards before their effective date:

- **IFRS 9 “Financial instruments Part 1: Classification and measurement”**

IFRS 9, published by the International Accounting Standards Board on 12 November 2009, replaced those portions of IAS 39 that pertain to classification and measurement of financial assets. In October 2010, IFRS 9 was expanded to include the issue of classification and measurement of financial liabilities. In accordance with the amendments introduced in December 2011, the new standard applies to year-long periods starting from 1 January 2015 or thereafter.

The standard introduces a single model stipulating only two financial asset classification categories: measured at fair value and measured at amortised cost. Classification is made as at the time of initial disclosure and depends on the entity's model of managing financial instruments and the description of the arbitrary cash flows from these instruments.

Most of the IAS 39 requirements regarding classification and measurement of financial liabilities were transferred to IFRS 9 in unchanged form. The key change involves the requirement for entities to disclose under other comprehensive income the results of changes in their own credit risk from financial obligations held for measurement at fair value against financial result.

The Company will apply IFRS 9 as of 1 January 2015. The Management Board estimates that the change will not affect the Company's financial statements materially.

As on the date of preparing these financial statements, IFRS 9 has not yet been approved by the European Union.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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. The amended definition is accompanied by extensive application guidelines.

The Company will apply IFRS 10 as of 1 January 2013. The Management Board estimates that the change will not affect the Company’s financial statements materially.

- **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.

The Company will apply IFRS 11 as of 1 January 2013. The Management Board estimates that the change will not affect the Company’s financial statements materially.

- **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 judgements 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.

The Company will apply IFRS 12 as of 1 January 2013. The Management Board estimates that the change will not affect the Company’s financial statements materially.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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.

The Company will apply IFRS 13 as of 1 January 2013. The Management Board estimates that the change will not affect the Company's financial statements materially.

- **IAS 27 (revised) “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.

The Company will apply IAS 27 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company's financial statements materially.

- **IAS 28 (revised) “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.

The Company will apply IFRS 28 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company's financial statements materially.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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 2012 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 rebuttable 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.

The Company will apply the revised IAS 12 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company’s financial statements materially.

- **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.

The Company will apply the revised IFRS 1 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company’s financial statements materially.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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 2012 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”.

The Company will apply the revised IAS 1 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company’s financial statements materially.

- **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.

The Company will apply the revised IAS 19 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company’s financial statements materially.

- **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 Company’s financial statements materially.

- **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 year-long 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.

The Company will apply the revised IFRS 7 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company’s financial statements materially.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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 2012 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.

The Company will apply the revised IFRS 1 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company's financial statements materially.

- **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.

The Company will apply the revised IFRIC 20 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company's financial statements.

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

In May 2012, 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.

The Company will apply the Improvements to IFRS: 2009-2011 as of 1 January 2013. The Management Board estimates that the changes will not affect the Company's financial statements.

As on the date of preparing these financial statements, the Improvements to IFRS 2009-2011 have not yet been approved by the European Union.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

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

In June 2012, 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.

The Company will apply the above amendments as of 1 January 2013. The Management Board estimates that the changes will not affect the Company's financial statements materially.

As on the date of preparing these financial statements, the amendments to the transitional provisions to IFRS 10, IFRS 11 and IFRS 12 have not yet been approved by the European Union.

- **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 2012 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 Company'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.

- **Amendments to IFRS 1 "First-Time Adoption of IFRS: Government Loans"**

In March 2012, the International Accounting Standards Board published a document entitled "Government Loans" as an amendments to IFRS 1. These amendments introduce another exception from retroactive application of the requirements of the standards as on the date of transitioning to the IFRS. The exception allows an entity to opt out of retroactively adjusting the value of loans that it received from the government on non-market terms. The exclusion concerns the application of IAS 20 and IFRS 9 (IAS 39 for entities that cannot yet apply IFRS 9) and it means that a first-time adopter of IFRS cannot recognise in its accounts as on the date of transition to IFRS a government subsidy in the form of a monetary benefit from obtaining a below-market rate government loan. If a first-time IFRS adopter uses that exclusion, the carrying amount of the loan, determined as on the date of transition to IFRS, in accordance with the accounting principles previously binding on the entity, will be the carrying amount of that loan in the statement on the financial position as on the opening balance sheet date. The entity is also required to measure the loan in accordance with IFRS 9 (IAS 39) after the date of its transition to IFRS.

The improvement will apply to year-long periods starting from 1 January 2013 or thereafter and will not affect the Company's financial statements.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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 2012, after 2012 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.

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

In May 2012, 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.

The Company estimates that the above amendments will not affect the financial statements materially. The amendments will apply to year-long periods starting from 1 January 2013 or thereafter, with retroactive application.

- **Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities: Transition Guidance.**

In June 2012, the International Accounting Standards Board published a document entitled: "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" as amendments to IFRS 10, IFRS 11 and IFRS 12, intended to mitigate the principles of full retroactive application of the new IFRS.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

The amendments to IFRS 10 limit the mandatory retroactive application of the amendments. The Board determined that the scope of adjustment of comparative information would depend on the assessment of control as on the date of first adoption of the standard, which will be interpreted as the beginning of a year-long reporting period in which IFRS 10 was first applied. Retroactive adoption of amendments will be required only if the assessment of having control under IFRS 10 is different than under IAS 27 as on the date of first adoption of IFRS 10. Any adjustments will concern solely the comparable period directly preceding the year-long period in which IFRS 10 was first adopted.

Under the amendment to IFRS 11, if, as a result of applying this standard, an entity transitions from proportionate consolidation to the equity method for a given investment, the initial measurement of the investment should be calculated as the aggregate carrying amount of assets and liabilities previously accounted for using the proportionate method, including potential goodwill obtained on the acquisition, as at the beginning of the comparable period immediately preceding the year-long period in which IFRS 11 was first adopted. The value of investments in the opening balance sheet determined in the manner set forth above will constitute the presumed cost of investment at initial recognition. Similarly, if, as a result of first adoption of IFRS 11, an entity no longer measures investments using the equity method and recognises assets and liabilities of joint operations, adjustments are made as at the beginning of the comparable period immediately preceding the first year-long period in which IFRS 11 was first adopted. In accordance with the adjustments introduced to IFRS 12, entities adjust disclosures regarding interests in other entities solely in the comparable period immediately preceding the first year-long period in which IFRS 12 was first adopted. Furthermore, there is no need to disclose comparative information for non-consolidated structured entities at any time preceding the period in which IFRS 12 was first applied.

The above amendments will apply to year-long periods starting from 1 January 2013 or thereafter.

The Company will adjust the scope of disclosures in the financial statements to the requirements of the standard.

The standards and interpretations that entered into effect on 1 January 2012 did not materially affect the accounting principles applied by the Company, as a result of which the accounting principles applied in the preparation of these financial statements correspond to the accounting principles applied in the preparation of the financial statements for the year ended on 31 December 2011 and described therein.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.2. Reporting for operating segments

Identifying operating segments

Operating segments are presented consistently with internal reporting supplied to the key operating body (KOB) - the Company's management board. Operating segments are divided into stores and franchise counterparts.

Identifying reporting segments

The identified operating segments (stores, franchise partners, wholesale partners) are grouped into reporting segments as they meet the grouping criteria set out in IFRS 8. CCC S.A. defines two reporting segments in its business ("retail business", "franchise and other business") in accordance with IFRS 8 "Operating Segments". In the segments above, CCC S.A. 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 primarily the sale of footwear, shoe care products and small leather products. CCC S.A. carries out sales in its own locations in Poland, targeting retail customers. Retail sales are conducted via the chains: CCC, BOTI, LASOCKI and QUAZI. The operating segment is each individual store operating in one of the chains and analysed individually by the KOB. Due to the similarity of the long-term average gross margins, and also due to the similar nature of the goods (among other things, footwear, 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), the "retail business" segment covers financial information jointly for the CCC, BOTI, LASOCKI and QUAZI chains, while the operating segments have been combined under IFRS 8, forming a reporting segment called "retail business".

The "franchise and other business" - "franchise and other" segment

The "franchise and other business" segment includes primarily the sale of footwear, shoe care products, small leather products and services, as well as the value of production sold (e.g. shoes). Sale is carried out in Poland and it is addressed to Polish wholesale customers (primarily those conducting sale in the franchises of CCC and BOTI) as well as foreign wholesale customers. The operating segment is each individual customer operating in one of the chains and analysed individually by the KOB. Due to the similarity of long-term average gross margins, and also due to the similar nature of the goods (among other things, footwear, shoe care products, small leather products) and the services provided (re invoicing transportation services), the method of distribution of the goods and the type of customers (sale targeting wholesalers), the "franchise and other" segment covers financial information for all business partners combined under IFRS 8, forming a reporting segment called "franchise and other business".

The accounting principles applicable to the operating segments are the same as the accounting policy principles under which CCC S.A. prepares its financial statements. The Company evaluates the operation of each segment on the basis of financial performance.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

Other disclosures related to reporting segments

The following items do not apply: earnings on transactions with other business segments of the same entity, the entity's share in the profit or loss of affiliated entities and joint ventures and material non-cash items other than depreciation.

2.3. Valuation of items denominated in foreign currencies

Functional currency and presentation currency

The items contained in the Company's 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.

Transactions and balances

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

2.4. Fixed assets

Fixed assets are presented at their purchase price or cost of manufacturing, less amortisation and potential depreciation. Land is not subject to depreciation.

Fixed assets under construction are presented on the balance sheet at their cost of manufacturing less any depreciation. Costs of external financing are capitalised 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
- plants and equipment	-	3-15 years
- means of transportation	-	5-10 years
- other non-current 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 amortised on the same basis.

The depreciation method and the period relating thereto are updated as on each balance sheet date.

The Company 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. ACCOUNTING PRINCIPLES APPLIED (CONTINUED)

2.5. Intangible assets

The Company applies the (historical) cost model to all items in a class: (initial) cost less amortisation 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 Company recognises 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 Company's day-to-day operations.

2.6. 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.

As on each balance sheet date, the Company 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 Company makes a depreciation adjustment in the amount of the investment outlays incurred, under operating costs.

2.7. Financial assets

The Company measures its shares in subsidiaries at acquisition cost after deducting depreciation write-downs.

In addition to shares in subsidiaries, the Company classifies the following as financial assets:

- financial assets at fair value through profit or loss,
- 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 income statement are entered in the income statement 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 income statement 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. ACCOUNTING PRINCIPLES APPLIED (continued)

2.8. 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 amortised 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 income statement. 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 amortised cost that would have been determined had the depreciation write-down not been entered. Depreciation write-down reversals are included in the income statement.

2.9. 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 income statement.

- 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.

2.10. 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 (amortised cost), using the effective interest rate method, and decreased by depreciation write-downs.

2.11. Cash

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

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.12. Capital

Equity is entered in accounting records and categorised by type, in accordance with the applicable laws and the provisions of the statute.

Types of equity:

- base (share) capital of the 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.

2.13. 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 (amortised cost), using the effective interest rate method.

2.14. 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 income statement under debit, with the exception of interest and commissions pertaining to the financing of fixed assets.

2.15. 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 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.

Deferred 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 prudence principle.

The Company presents the net amount of the deferred tax assets and liability.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.16. Employee benefits

In the reporting period, the Company 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 Company 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 income statement in the same period as the remuneration associated therewith, under item "Cost of remunerations and employee benefits".

The Company 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.

The Company recognises 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 Company for the relevant employee group.

The Company recognises 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 Company 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.

2.17. Provisions

The Company establishes provisions for anticipated returns and complaints.

The amount of the provisions should be the most accurate possible estimate of the outlays required to fulfil the requirement as on the balance sheet date. Estimates of financial performance and result are made based on the judgement 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 Company'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. ACCOUNTING PRINCIPLES APPLIED (continued)

2.18. Recognising revenue

Revenue from sale is recognised at fair value of the payment for the sale of goods and services received or payable in a normal course of the Company's business. Revenue is disclosed after deducting value-added tax, returns, rebates and discounts.

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).

Revenue from the sale of goods - franchise sale

The Company 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 Company sells footwear and leather accessories through a chain of its own stores located in Poland 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 Company has a thirty-day return policy. In order to estimate the amount of returns and to establish provisions therefor, experience to date is used.

Revenue from the sale of services

The Company 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 Company on the basis of franchise agreements. Therefore, the Company reinvoices the cost of lease to the business partner operating at a given location. In its financial statements, the Company 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.

2.19. Leasing

As on the date of commencement of leasing, the Company 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".

2.20. Dividend

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

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.21. Income from subsidies

If the Company receives a subsidy for the purchase or manufacture of property, plant and equipment, it is entered in the Company'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. MANAGING FINANCIAL RISK

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

- Currency risk. Due to the fact that CCC S.A. generates the majority of its revenue in PLN, and the majority of their costs is incurred in foreign currencies, the exchange rates of USD and EUR (practically all 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 income statement. As the Chinese market is the primary supply market for CCC S.A., 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, but the Company does not use other hedging instruments to protect itself against exchange rate fluctuations. In the long term, consistent exchange rate fluctuations would have a material effect on the Company's performance.
- Interest rate risk. CCC S.A. 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. Interest rate increases will affect the amount of interest the Company pays on loans and interest on liabilities under lease and term deposits, where the effect is insignificant.

The Company does not use hedging instruments that would mitigate the effect of changes in cash flows resulting from interest rate fluctuations on the Company's financial performance.

The Company is exposed to the following types of interest rate risk:

- Cash flow risk (variable interest rate) - loans.
- 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. 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 10. 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 Company held term deposits in highly-rated established banks.

Details are set out in note 25.

3. MANAGING FINANCIAL RISK (continued)

Managing capital risk

The Company's objective in managing capital risk is to protect the Company'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 Company 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 Company 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 long-term loans disclosed in the statement of financial position), less cash and cash equivalents. The total value of equity is calculated as shareholders' equity disclosed in the statement of financial position together with net debt.

The Company's debt ratios as on 31 December 2012 and 31 December 2011 are as follows:

	31 Dec 2012	31 Dec 2011
Total loans (note 16)	332,876	302,085
Minus: cash and cash equivalents	99,611	29,140
Net debt	233,265	272,945
Total shareholders' equity	359,060	372,189
Invested capital	592,325	645,134
Debt ratio	39.4%	42.3%

The change in the ratio is in line with the Management Board's efforts, and the ratio is at a level anticipated by the Company.

4. MATERIAL MANAGEMENT ESTIMATES

Employee benefits

The Company 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 20.

Operating segments

Details of the analysis and assessment of the operating segments are set out in note 2.2.

Depreciation of non-financial assets

Once a year, the Company examines its property, plant and equipment for depreciation in accordance with the accounting policy set out in note 2.6. 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 2012, an impairment write-off was made on non-financial assets in the amount of PLN 6,174,000.

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 in place, but its 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 2012, 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 17.

4. MATERIAL MANAGEMENT ESTIMATES (continued)

Functional currency

These financial statements of the Company are presented in the Polish zloty, which is the Company'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 Company maintains proceeds from operating activities. It is also the currency of the primary business environment in which the Company operates. In the revenue from the sales structure, the Company generates at least 90 per cent of the revenue in the functional currency. The cost of purchasing merchandise and leasing retail stores is largely borne by the Company in foreign currency. Changes in currency exchange rates may significantly affect the value of costs incurred.

5. INFORMATION ON BUSINESS SEGMENTS

CCC S.A. discloses information about the revenue from the sale of products and services to external customers as part of reporting segments. A group of similar products (i.e. footwear, shoe care products, accessories) are presented in the retail and franchise segment (due to the minor share of the sale of goods other than footwear, they are not disclosed individually). Therefore, CCC S.A. does not disclose individually any information about the revenue from the sale of products and services to external customers.

CCC S.A. does not disclose in the statements any information about key customers due to the fact that the revenue from its individual external customers does not exceed ten per cent of the revenue of CCC S.A.

period from 1 Jan 2012 to 31 Dec 2012	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale	1,119,034	139,647	-	1,258,681
Prime cost of sale	(555,291)	(115,696)	-	(670,987)
Gross earnings from sale	563,743	23,951	-	587,694
Cost of sales and management	(480,877)	(11,786)	(63)	(492,726)
Balance of other earnings and operating costs	(5,432)	(694)	-	(6,126)
Operating profit	77,434	11,471	(63)	88,842
Balance of earnings and financial costs	(16,123)	(3,190)	-	(19,313)
Profit before tax	61,311	8,281	(63)	69,529
Income tax			(12,355)	(12,355)
Net profit				57,174
Net profit disclosed in the statement of comprehensive income				57,174
Assets	696,537	182,343	32,904	911,784
Earnings from interest			406	406
Cost of interest	(12,344)	(3,076)	-	(15,420)
Depreciation	(32,839)	(2,051)	-	(34,890)

5. INFORMATION ON BUSINESS SEGMENTS (continued)

period from 1 Jan 2011 to 31 Dec 2011	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale	902,536	135,915	-	1,038,451
Prime cost of sale	(391,723)	(104,058)	-	(495,781)
Gross earnings from sale	510,813	31,857	-	542,670
Cost of sales and management	(409,392)	(10,550)	333	(419,609)
Balance of other earnings and operating costs	(4,447)	619	-	(3,828)
Operating profit	96,974	21,926	333	119,233
Balance of earnings and financial costs	(7,813)	(1,444)	-	(9,257)
Profit before tax	89,161	20,482	333	109,976
Income tax			(22,348)	(22,348)
Net profit				87,628
Net profit disclosed in the statement of comprehensive income				87,628

Assets	612,019	178,668	132,842	923,529
Earnings from interest	-	-	178	178
Cost of interest	(6,244)	(1,509)	-	(7,753)
Depreciation	(14,796)	(2,215)	(3,435)	(20,446)

	2012	2011
Revenue from sale from external customers:	1,258,681	1,038,451
- assigned to a country in which the Company has an office	1,138,445	979,674
- assigned to other countries, including:	120,236	58,777
- the Czech Republic	64,505	41,852
- Slovakia	15,366	-
- Hungary	8,883	-
- other countries	31,482	-

	2012	2011
Non-current assets under IFRS 8	348,041	342,023
- located in a country in which the Company has an office	314,120	305,702
- located in other countries, including:	33,921	36,321
- the Czech Republic	31,579	31,990
- Slovakia	840	-
- Hungary	145	-

6. COSTS BY TYPE

	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Depreciation of fixed assets and intangible assets	34,890	20,446
Consumption of materials and energy	29,245	21,330
Cost of lease	171,134	151,426
Cost of outsourced services	81,522	61,201
Taxes and fees	2,574	3,850
Cost of salaries	128,379	115,271
Cost of employee benefits	28,254	22,798
Cost of promotion and advertising	13,177	17,557
Other costs	4,602	3,883
Changes in prepayments and accruals	(1,051)	1,847
Prime cost of sale of goods	670,987	495,781
Total	1,163,713	915,390

7. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and structures	Plants and equipment	Means of transportation	Other	Fixed assets under construction	Total
GROSS VALUE						
As at 1 January 2012	176,175	21,887	31,773	9,123	110,002	348,960
Increases due to:	96,933	59,520	2,396	1,175	47,180	207,204
- investments in third-party facilities	37,979	-	-	-	32,836	70,815
- own investment outlays	58,954	20,123	-	-	14,344	93,421
- purchase	-	39,397	2,396	1,175	-	42,968
Decreases due to:	10,526	521	1,218	352	156,636	169,253
- liquidation	10,526	521	-	352	-	11,399
- sale	-	-	1,218	-	-	1,218
- investments completed	-	-	-	-	156,636	156,636
As at 31 December 2012	262,582	80,886	32,951	9,946	546	386,911
AMORTISATION AND DEPRECIATION						
As at 1 January 2012	50,248	8,113	7,265	6,433	-	72,059
Depreciation for the period from 1 Jan to 31 Dec	17,670	7,169	2,521	1,329	-	28,689
Write-downs	6,174	-	-	-	-	6,174
Decreases due to sale or liquidation	4,413	298	1,238	182	-	6,131
As at 31 December 2012	69,679	14,984	8,548	7,580	-	100,791
NET VALUE						
As at 1 January 2012	125,927	13,774	24,508	2,690	110,002	276,901
As at 31 December 2012	192,903	65,902	24,403	2,366	546	286,120

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land, buildings and structures	Plants and equipment	Means of transporta tion	Other	Fixed assets under constructio n	Total
GROSS VALUE						
As at 1 January 2011	155,175	22,234	10,367	9,055	45,652	242,483
Increases due to:	29,062	957	22,336	126	93,014	145,495
- investments in third-party facilities	-	-	-	-	27,891	27,891
- expenditures from transfer	28,655	-	-	-	-	28,655
- own investment outlays	407	-	-	-	65,123	65,530
- purchase	-	957	22,336	126	-	23,419
- disclosures/revaluations	-	-	-	-	-	-
Decreases due to:	8,062	1,304	930	58	28,664	39,018
- liquidation	8,062	1,304	-	58	-	9,424
- sale	-	-	930	-	-	930
- other	-	-	-	-	-	-
- investments completed - transfer	-	-	-	-	28,664	28,664
As at 31 December 2011	176,175	21,887	31,773	9,123	110,002	348,960
AMORTISATION AND DEPRECIATION						
As at 1 January 2011	39,202	6,604	6,135	5,116	-	57,057
Depreciation for the period from 1 Jan to 31 Dec	14,068	2,729	2,039	1,392	-	20,228
Decreases due to sale or liquidation	3,022	1,220	909	75	-	5,226
As at 31 December 2011	50,248	8,113	7,265	6,433	-	72,059
NET VALUE						
As at 1 January 2011	115,973	15,630	4,232	3,939	45,652	185,426
As at 31 December 2011	125,927	13,774	24,508	2,690	110,002	276,901

The value of depreciation is presented in the full amount under cost of sale and management.

Property, plant and equipment securing loans and guarantees	31 Dec 2012	31 Dec 2011
Ordinary mortgage over property up to the value of	252,500	252,500

Plants and technical equipment used under finance lease agreements where the Company is the lessee	31 Dec 2012	31 Dec 2011
Outlays on fixed assets under finance lease	423	423
Accumulated depreciation	(368)	(333)
Net book value	55	90

Changes in impairment write-downs on fixed assets	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
As at the beginning of the period	-	-
a) increase	6,174	-
b) decrease	-	-
Write-downs on inventory as at the end of the period	6,174	-

The value of the impairment write-downs on fixed assets is recognised as adjustment of other operating expenses for the period.

8. INTANGIBLE ASSETS

	Patents and licences	Intangible assets under construction	Total
GROSS VALUE			
As at 1 January 2012	1,443	6,040	7,483
Increases in the period from 1 Jan to 31 Dec	4,520	64	4,584
Decreases in the period from 1 Jan to 31 Dec	21	3,197	3,218
As at 31 December 2012	5,942	2,907	8,849
AMORTISATION			
As at 1 January 2012	1,088	-	1,088
Depreciation in the period from 1 Jan to 31 Dec	794	-	794
Adjustment of depreciation in the period from 1 Jan to 31 Dec	-	-	-
As at 31 December 2012	1,882	-	1,882
NET VALUE			
As at 1 January 2012	355	6,040	6,395
As at 31 December 2012	4,060	2,907	6,967

	Patents and licences	Intangible assets under construction	Total
GROSS VALUE			
As at 1 January 2011	1,376	1,264	2,640
Increases in the period from 1 Jan to 31 Dec	67	4,776	4,843
Decreases in the period from 1 Jan to 31 Dec	-	-	-
As at 31 December 2011	1,443	6,040	7,483
AMORTISATION			
As at 1 January 2011	870	-	870
Depreciation in the period from 1 Jan to 31 Dec	218	-	218
Adjustment of depreciation in the period from 1 Jan to 31 Dec	-	-	-
As at 31 December 2011	1,088	-	1,088
NET VALUE			
As at 1 January 2011	506	1,264	1,770
As at 31 December 2011	355	6,040	6,395

9. LONG-TERM INVESTMENTS

Investments in subsidiaries	31 Dec 2012	31 Dec 2011
Shares in non-listed companies	53,671	55,255

Non-current financial investments include shares in subsidiaries:

Company name	Registered office of the company	Country	31 Dec 2012	31 Dec 2011
CCC Factory Sp. z o.o.	Polkowice	Poland	15,036	15,584
CCC Boty Czech s.r.o.	Prague	Czech Republic	31,579	31,990
CCC Obuv Sk s.r.o.	Bratislava	Slovakia	22	22
CCC Hungary Shoes Kft.	Budapest	Hungary	146	-
NG2 Suisse s.a.r.l	Zug	Switzerland	892	892
Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968)	USA	USA	5,996	6,767
Total			53,671	55,255

Impairment write-offs on financial assets:

	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
As at the beginning of the period	3,960	3,189
a) increase	771	771
Write-downs on financial assets as at the end of the period	4,731	3,960

The impairment write-down on financial assets concerns Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968).

The Company's shares in subsidiaries of which none is listed, basic information on the subsidiaries and the value of the shares were as follows:

	Book value of shares	Assets	Liabilities	Revenues	Profit/losses	Shares held (%)
CCC Factory Sp. z o.o.	15,036	147,220	14,153	131,971	13,949	100%
CCC Boty Czech s.r.o.	31,579	51,815	27,931	121,635	6,872	100%
CCC Obuv Sk s.r.o.	22	15,953	14,958	19,374	955	100%
CCC Hungary Shoes Kft.	146	13,712	12,853	5,810	734	100%
Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968)	5,996	5,996	-	-	-	100%
NG2 Suisse s.a.r.l	892	253,569	3,013	26,148	16,167	100%

10. TRADE AND OTHER RECEIVABLES

	31 Dec 2012	31 Dec 2011
Trade receivables, of which:	66,596	46,278
- affiliates	40,895	6,974
- other entities	25,701	39,304
Prepayments for deliveries	19,905	29,554
Receivables from taxes	6,194	-
Prepayments and accruals	4,085	9,353
Loans granted, of which:	7,352	4,784
from affiliates	1,523	-
- non-current	818	-
- current	705	-
from other entities	5,829	4,784
- non-current	465	3,417
- current	5,364	1,367
Other non-current receivables	-	55
Total	104,132	90,024

The average time for payment of amounts due is 35 days. After the deadline elapses, statutory interest is charged. The Company made write-downs on the receivables in the amount of PLN 609,000. Write-downs on receivables are recognised under cost of sales.

Loans granted

As at 31 December 2012

Name of the Entity	Amount	Amount utilised	Date of repayment	Interest rate	Security
3S Retail sp. z o.o	USD 1,500,000	USD 900,000	31 Dec 2014	fixed	pledge over shares
Miejski Klub Sportowy Polkowice [Polkowice Football Club]	PLN 3,000,000	PLN 3,000,000	31 Dec 2013	1M WIBOR + margin	blank promissory note
CCC Obuv Sk s.r.o.	EUR 1,000,000	EUR 200,000	1 Mar 2017	6M LIBOR + margin	none
CCC Hungary Shoes Kft.	HUF 200,000,000	HUF 50,000,000	31 Dec 2013	7.5%	none

As at 31 December 2011

Name of the Entity	Amount	Amount utilised	Date of repayment	Interest rate	Security
3S Retail sp. z o.o	USD 1,500,000	USD 1,500,000	31 Dec 2014	fixed	pledge over shares

Past-due trade receivables, by receivables outstanding for:

	31 Dec 2012	31 Dec 2011
a) up to 1 month	4,622	6,244
b) 1-3 months	2,573	2,169
c) 3-6 months	1,548	-
d) more than 6 months	4,647	545

(Gross) trade receivables, total, past-due	13,390	8,958
e) write-downs on the value of past-due trade receivables	609	546
(Net) trade receivables, total, past-due	12,781	8,412

10. TRADE AND OTHER RECEIVABLES (continued)

Changes in write-downs on current receivables:

	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
As at the beginning of the period	546	878
a) increase	75	1
b) decrease (due to)	12	333
<i>liquidation</i>	12	333
Write-downs on the receivables as at the end of the period	609	546

Write-downs on receivables are established on the basis of an age analysis.

The value of past-due trade receivables not covered by write-downs in 2012 is negligible. The value of significantly past-due trade receivables is recoverable. The value of the write-down was estimated on the basis of the Company's previous experience.

The Company 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 arrangement. Therefore, the Company does not perceive a risk of a default on these receivables.

Current trade receivables and prepayments (currency structure):

	31 Dec 2012	31 Dec 2011
a) in the Polish currency	14,199	36,081
b) in foreign currencies (by currency and upon conversion to PLN)	72,302	39,751
- USD	5,685	7,264
- converted to PLN	19,190	27,461
- EUR	3,854	1,102
- converted to PLN	15,866	5,193
- CZK	133,722	40,546
- converted to PLN	21,840	7,097
- HUF	661,645	-
- converted to PLN	9,255	-
-RON	3,985	-
- converted to PLN	3,665	-
- LVL	424	-
- converted to PLN	2,486	-
Total current trade receivables and prepayments	86,501	75,832

11. INVENTORY

	31 Dec 2012	31 Dec 2011
Goods	359,583	463,174
Capitalised cost of packaging	1,075	197
Write-down on the value of inventory	(4,162)	(706)
Total	356,496	462,665

Changes in write-downs on inventory	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011

As at the beginning of the period	706	3,819
a) increases	5,654	439
b) decreases	2,198	3,552
Write-downs on inventory as at the end of the period	4,162	706

11. INVENTORY (continued)

The value of established and liquidated write-downs on inventory was entered as 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 has increased. Therefore, the value of the write-down has increased compared to previous years.

On the basis of loan agreements, pledges were established on inventory. The value of the pledges as on the balance sheet date in PLN 244.3 million (as on 31 December 2011: PLN 372.0 million).

12. CASH

	31 Dec 2012	31 Dec 2011
Cash in the bank and petty cash fund	72,324	10,571
Short-term deposits	27,287	18,569
Total	99,611	29,140

Funds in bank accounts and cash comprise cash held by the Company 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.

13. CAPITAL

Share capital	number of shares	(of which ordinary shares)	face value	share capital
As at 31 December 2011	38,400,000	31,750,000	PLN 0.10	3,840
As at 31 December 2012	38,400,000	31,750,000	PLN 0.10	3,840

All issued shares have been 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 refusal with respect to the purchase of registered preferred shares for sale.

As on 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 per cent of the overall number of votes at the Issuer's General Meeting is set out in the table below.

Shareholder	number of shares carrying voting rights (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 (%)
<i>LUXPROFI s.a.r.l.</i> <i>(an entity controlled by Dariusz Mitek)</i>	13,360,000	34.79	18,110,000	40.20
Leszek Gaczorek	3,010,000	7.84	4,760,000	10.57
ING OFE	2,477,486	6.45	2,477,486	5.50
Aviva OFE	2,305,389	6.00	2,305,389	5.12

As on the date of preparing the 2012 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.

13. CAPITAL (continued)

Pursuant to Article 69 of the Act on the Offering, the list of shareholders holding at least 5 per cent of the overall number of votes at the Issuer's General Meeting as at 31 December 2012:

Shareholder	number of shares carrying voting rights (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	2,477,486	6.45	2,477,486	5.50
Aviva OFE	2,305,389	6.00	2,305,389	5.12

Pursuant to Article 69 of the Act on the Offering, the list of shareholders holding at least 5 per cent of the overall number of votes at the Issuer's General Meeting as at 31 December 2011:

Shareholder	number of shares carrying voting rights (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 (%)
Dariusz Miłek, of which:	15,360,000	40.00	20,110,000	44.64
- directly,	4,750,000	12.37	9,500,000	21.09
- indirectly through a subsidiary, Luxprofi S.a.r.l.	10,610,000	27.63	10,610,000	23.55
Leszek Gaczorek	3,010,000	7.84	4,760,000	10.57
ING OFE	2,477,486	6.45	2,477,486	5.50
PKO TFI	2,350,500	6.12	2,350,500	5.22
Aviva OFE	2,305,389	6.00	2,305,389	5.12

Share premium	Value
As at 31 December 2011	74,586
As at 31 December 2012	74,586

Other capitals	Value
As at 31 December 2011	9,341
Employee stock option plan - liquidation of the plan	(9,341)
As at 31 December 2012	-

Retained earnings	Value
As at 31 December 2011	284,900
Dividend disbursement	(61,440)
Net profit for the period	57,174
As at 31 December 2012	280,634

14. TRADE AND OTHER LIABILITIES

Current liabilities	31 Dec 2012	31 Dec 2011
Trade liabilities, of which:	135,346	175,181
- affiliates	89,137	76,361
- other entities	46,209	98,820
Liabilities under customs duty and taxes, of which:	14,317	17,796
- liabilities under VAT	12,934	7,440
- liabilities under customs duty	1,383	2,306
- liabilities under CIT	-	5,966
Liabilities towards employees	18,327	13,889
Other liabilities	10,887	6,255
Total	178,877	213,121

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.

a. Current trade receivables (currency structure):

	31 Dec 2012	31 Dec 2011
a) in the Polish currency	130,409	133,619
b) in foreign currencies (by currency and upon conversion to PLN)	4,937	41,562
- USD	197	8,613
- converted to PLN	611	32,069
- EUR	1,041	2,076
- converted to PLN	4,257	9,493
- CZK	345	2
- converted to PLN	56	0
- HUF	952	-
- converted to PLN	13	-
Total current trade receivables:	135,346	175,181

b. Liabilities under finance lease

	31 Dec 2012	31 Dec 2011
Liabilities under finance lease payable within:	3	47
- one year	3	6
- one to five years	-	41
- more than five years	-	-
Total	3	47
Minus future interest:	-	-
current value of future liabilities	3	47
Less amounts due within twelve months (entered under current liabilities)	3	6
Liabilities payable in the period after twelve months	-	41

The Company uses office equipment under finance lease agreements and has the option to purchase the equipment.

Future minimum leasing fees do not differ significantly from the current value of minimum leasing fees. All liabilities under leasing are denominated in the Polish zloty.

15. MINIMUM VALUE OF FUTURE PAYMENTS UNDER OPERATING LEASE

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

	31 Dec 2012	31 Dec 2011
- up to 1 year	127,908	118,680
- one to five years	511,632	474,720
- more than 5 years	255,816	237,360
Total	895,356	830,760

In the case of multiple 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 to 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 2012 and 2011 is as follows:

	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Revenue from operating subleases	8,481	12,563

16. LOANS AND BORROWINGS

Long-term loans	31 Dec 2012	31 Dec 2011
Long-term bank loan	88,000	214,835
Short-term loans	31 Dec 2012	31 Dec 2011
Overdraft facility	244,876	87,250
Total loans and borrowings	332,876	302,085

As at 31 December 2012

Name of the bank/entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie	Revolving	36,000	36,000	27 February 2013	WIBOR + margin	Capped mortgage;
Bank Handlowy w Warszawie	Overdraft facility	64,000	62,938	27 February 2013	WIBOR + margin	Pledge over inventory
BRE Bank SA	Overdraft facility	55,000	25,830	30 December 2015	WIBOR + margin	Capped mortgage
BRE Bank SA	Investment	30,000	24,000	31 December 2016	commission	Capped mortgage
ING Bank Śląski SA	Revolving	70,000	70,000	29 January 2015	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	Multi-purpose credit limit*, including:	75,000	69,880	27 October 2013	WIBOR + margin	Pledge over inventory
PKO BP SA	Overdraft facility	up to 50,000	49,880	27 October 2013	WIBOR + margin	Pledge over shares
PKO BP SA	Revolving	up to 70,000	20,000	27 October 2013	WIBOR + margin	Pledge over shares
NG2 Suisse	Loan	-	44,228	31 December 2013	fixed interest rate	None

The financial terms of the loans incurred do not vary materially from market terms.

After the balance sheet date, the Company signed annexes to the loan agreements concluded with Bank Handlowy w Warszawie, changing, among other things, the date of repayment of the liabilities of 27 February 2013 to 26 February 2015. More information about the annexes signed is set forth in Note 30.

16. LOANS AND BORROWINGS (continued)

Name of the bank/entity	Type	Limit	Amount utilised	Date of expiry	Financial terms	Security
BRE Bank SA	Guarantee cap	5,000	-	13 November 2015	commission	None
Societe Generale	Guarantee cap	12,000	9,799	unspecified	commission	None
BZ WBK SA	Guarantee cap	PLN 20,000,000 and EUR 6,000,000	PLN 11,614,000 and EUR 5,121,000	29 April 2014	commission	Pledge over inventory
PKO BP SA	Guarantee cap*	5,000	-	27 October 2013	WIBOR + margin	Pledge over inventory
Raiffeisen Bank	Guarantee cap	USD 800,000	USD 578,000	15 August 2014	commission	None

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

As at 31 December 2011

Name of the bank/entity	Type	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie	Revolving	36,000	36,000	27 February 2013	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie	Overdraft facility	64,000	61,604	27 February 2013	WIBOR + margin	
BRE Bank SA	Investment	30,000	30,000	30 December 2016	commission	Capped mortgage
BRE Bank SA	Overdraft facility	45,000	33,656	3 January 2013	WIBOR + margin	Capped mortgage
ING Bank Śląski SA	Revolving	70,000	70,000	29 January 2012	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	Overdraft facility	50,000	45,540	27 October 2013	WIBOR + margin	Pledge over inventory
NG2 Suisse	Loan	CZK 6,000,000 (PLN 1,027,000)	CZK 6,000,000 (PLN 1,027,000)	31 December 2013	Fixed interest rate	None
NG2 Suisse	Loan	7,008	7,008	31 December 2013	Fixed interest rate	None
NG2 Suisse	Loan	8,250	8,250	31 December 2012	Fixed interest rate	None
NG2 Suisse	Loan	9,000	9,000	31 December 2012	Fixed interest rate	None

The financial terms of the loans incurred do not vary materially from market terms.

Name of the bank/entity	Type	Limit	Amount utilised	Date of expiry	Financial terms	Security
BRE Bank SA	Guarantee cap	13,500	11,640	30 April 2013	commission	None
BZ WBK SA	Guarantee cap	PLN 20,000,000 and EUR 6,000,000	PLN 9,722,000 and EUR 4,480,000	30 April 2013	commission	Pledge over inventory
Societe Generale	Guarantee cap	12,000	11,549	unspecified	commission	None
Bank Handlowy w Warszawie SA	Paylink card limit	7,000	7,000	27 January 2013	WIBOR + margin	Surety

Under the long-term loan agreement concluded with BRE Bank S.A., the 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 fulfil the above requirements does not bear loan maturity consequences but solely authorises the Bank to increase the margin. The Company did not meet these requirements in the reporting period. As on the balance sheet date, the Company was utilising the overdraft facility extended to it by BRE Bank S.A. in the amount of PLN 25,830,000, and had used up an investment loan of PLN 24,000,000.

17. SHARE-BASED PAYMENTS

The 2010-2012 incentive scheme

In the balance sheet year, the 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 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 total amount to be recognised as cost was determined by reference to the fair value of the options awarded:

- taking into account any market terms;
- without taking into account any conditions related to seniority or non-market conditions for acquiring rights (for example, profitability of sales, purposes related to an increase of sales or the prescribed period of mandatory employment at the entity);
- without taking into account any conditions not related to acquiring rights (for instance, the requirement to maintain the instruments obtained, binding on employees).

Non-market conditions are included in the assumptions regarding the anticipated number of options on which rights may be acquired. The total cost is recorded throughout the period of acquiring the rights, which is a period during which all of the prescribed conditions for acquiring the rights are to be met. At the end of each reporting period, the estimates of the expected number of options, to which rights will be acquired as a result of meeting the non-market requirements for acquiring rights, are reviewed. The entity presents the effect of the possible review of the initial estimates in the profit and loss statement, together with the appropriate adjustment of shareholders' equity. Once the options are exercised, the company issues new shares. Funds received after deducting all costs that may be directly allocated to the transaction will increase the share capital (nominal value) and the share premium upon the exercise of the options.

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

On 19 December 2012, the Extraordinary Meeting of Shareholders of CCC S.A. adopted resolutions, among other things, on the conditional increase of the share capital of the 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 Company. The resolution provides for a conditional increase in the share capital of the 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.

17. SHARE-BASED PAYMENTS (continued)

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

Under 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 did not approve the list of Eligible Persons and did not determine the detailed principles referred to above.

18. DEFERRED TAX

The items below are the main items under deferred tax liabilities and assets entered by the Company and the changes thereof in the current and preceding reporting period. Under IAS 12, in its financial statements, the Company discloses net deferred tax liabilities and assets.

Deferred tax liabilities	31 Dec 2012	31 Dec 2011
Accelerated tax depreciation	439	220
Computed interest	111	21
Other	23	-
Deferred tax liabilities	573	241

Deferred tax assets	31 Dec 2012	31 Dec 2011
Costs after the balance sheet date	437	1,237
Provisions for liabilities	1,927	1,204
Depreciation of assets	2,863	931
Other	133	18
Deferred tax assets	5,360	3,390

The Company has identified all the assets on which deferred income tax should be recognised.

19. PROVISIONS

Provisions for warranty repairs	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
As at 1 January	2,015	2,890
Establishment of provisions during the year	765	1,057
Liquidation of the provision	-	1,932
Utilisation of the provisions	401	-
As at 31 December	2,379	2,015
Provisions up to 1 year	2,379	2,015
Provisions for more than 1 year	-	-

The Company 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.

20. EMPLOYMENT AND EMPLOYEE BENEFITS

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

Number of employees	31 Dec 2012	31 Dec 2011
Administrative employees	342	321
Employees at stores	4,683	4,508
Employees in warehouses	358	294
Total	5,383	5,123

Cost of employment	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Salaries	128,379	115,271
Social security contributions	23,644	19,356
Other employee benefits	4,610	3,442
Total	156,633	138,069

Provisions for employee benefits

The actuarial assumptions adopted in the valuation presume a discount rate of 3.75 per cent (5.75 per cent in 2011) and an expected employee turnover rate of 25 per cent per year (25 per cent in 2011) and a 3.5 per cent rate of salary base growth (2 per cent in 2011).

Provision for employee benefits	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
As at 1 January	1,441	1,482
Establishment of provisions during the year	620	8
Liquidation of the provision	-	49
As at 31 December	2,061	1,441
Provisions up to 1 year	123	-
Provisions for more than 1 year	1,938	1,441

21. OPERATING AND FINANCIAL REVENUE AND COSTS

Other operating revenue	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Profit on currency exchange differences	1,152	2,729
Interest received	1,402	678
Liquidated provisions	446	1,041
Inventory surplus	4,175	3,035
Other operating revenue	1,916	2,231
Total	9,091	9,714

Other operating expenses	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Loss on sale of fixed assets	4,818	4,937
Establishment of provisions	1,183	1,000
Interest	422	84
Inventory shortages	6,002	4,921
Other operating expenses	2,792	2,600

Total	15,217	13,542
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21. OPERATING AND FINANCIAL REVENUE AND COSTS (continued)

Financial revenue	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Revenue from interest on the current account and other	406	178
Other financial revenue	602	168
Total	1,008	346

Financial costs	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Interest on loans and borrowings	15,418	7,747
Interest on finance leases	2	6
Surplus of negative exchange rate differences over positive	584	1
Impairment write-offs on financial assets	771	771
Commission paid	273	311
Other financial costs	3,273	767
Total	20,321	9,603

Interest on loans and borrowings	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Value of interest charged, of which:	15,793	11,004
Interest recognised under costs	15,419	7,747
Capitalised interest for investments	374	3,257

22. INCOME TAX

Income tax	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Profit before tax	69,529	109,976
Tax at the 19 per cent rate	13,211	20,895
Tax effect of non-deductible costs	783	613
Current income tax	13,993	21,509
Deferred tax	(1,638)	839
Income tax	12,355	22,348

Under the applicable laws, the Tax Office may audit the Company's tax filings for a period of five years. Therefore, the Company may incur an additional tax burden together with penalties and interest.

23. EARNINGS PER SHARE

Earnings	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Net profit for the year for the purpose of calculating earnings per share to be distributed among the Company's shareholders	57,174	87,628
Earnings disclosed for the purpose of calculating the value of diluted earnings per share	57,174	87,628

Number of shares issued	31 Dec 2012	31 Dec 2011
Average weighted number of shares disclosed for the purpose of calculating the value of ordinary earnings per share	38,400,000	38,400,000
Average weighted number of ordinary shares disclosed for the purpose	38,400,000	38,400,000

of calculating the value of diluted earnings per share

23. EARNINGS PER SHARE (continued)

Earnings per share	2012	2011
Ordinary	PLN 1.49	PLN 2.28
Diluted	PLN 1.49	PLN 2.28

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

24. DIVIDEND

	2012	2011
Value of dividend disbursements	61,440	57,600
Value per 1 share	PLN 1.60	PLN 1.50

25. FINANCIAL INSTRUMENTS

Financial instruments by type:

Assets according to the balance sheet

Loans and receivables	value
31 December 2012	
Non-current	54,954
Investments in subsidiaries	53,671
Loans and receivables	1,283
Current	176,361
Receivables other than prepayments	76,750
Cash and cash equivalents	99,611
Total	231,315
31 December 2011	
Non-current	58,727
Investments in subsidiaries	55,255
Loans and receivables	3,472
Current	86,138
Receivables other than prepayments	56,998
Cash and cash equivalents	29,140
Total	144,865

Liabilities according to the balance sheet

Other financial liabilities	value
31 December 2012	
Non-current	88,000
Loans and borrowings	88,000
Liabilities under finance lease	-
Current	409,439
Loans and borrowings	244,876
Liabilities under finance lease	3
Trade liabilities and other non-tax liabilities	164,560
Total	497,439

25. FINANCIAL INSTRUMENTS (continued)

31 December 2011	
Non-current	214,876
Loans and borrowings	214,835
Liabilities under finance lease	41
Current	282,581
Loans and borrowings	87,250
Liabilities under finance lease	6
Trade liabilities and other non-tax liabilities	195,325
Total	497,457

Currency risk

If currency exchange rates denominated in the twelve-month period ended on 31 December 2012 had been 5 per cent higher/lower, the profit for that period would have been PLN 9,293,000 lower/higher (in the twelve-month period ended 31 December 2011: PLN 18,598,000).

Interest rate risk

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

Variable interest rate instruments	31 Dec 2012	31 Dec 2011
Other financial liabilities		
Loans and borrowings	332,876	302,085
Total	332,876	302,085

If currency exchange rates denominated in the Polish zloty in the twelve-month period ended on 31 December 2012 had been 1 percentage point higher/lower, the profit for that period would have been PLN 3,149,000 lower/higher (in the twelve-month period ended 31 December 2011: PLN 2,476,000).

Financial liquidity risk

The table below contains an analysis of the Company'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 2012 and 31 December 2011 is presented in the tables below:

31 Dec 2012	Trade liabilities	Loan payments	Interest and other charges	Total
up to 1 year	135,346	244,876	10,524	390,746
1-2 years	-	58,000	6,345	64,345
2-5 years	-	30,000	1,265	31,265
more than 5 years	-	-	-	-
Total	135,346	332,876	18,134	486,356

31 Dec 2011	Trade liabilities	Loan payments	Interest and other charges	Total
up to 1 year	175,181	87,250	16,405	278,836
1-2 years	-	184,835	14,545	199,380
2-5 years	-	30,000	3,771	33,771
more than 5 years	-	-	-	-

Total	175,181	302,085	34,721	511,987
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25. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

	31 Dec 2012	31 Dec 2011
Shares in subsidiaries	53,671	55,255
Trade receivables and other receivables	78,033	56,998
Cash and cash equivalents	99,611	29,140
Total	231,315	141,393

The age structure of receivables by maturity date together with information about write-downs on receivables is set out in note 10.

The Company'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 Company's credit risk is primarily attributed to trade receivables.

The amounts disclosed in the 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 Company 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) received from Moody's Investors Service were lowered compared to 2011.

26. SUBSIDY

On 23 December 2009, CCC S.A. 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 Dolnośląskie 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.

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.

27. TRANSACTIONS WITH RELATED PARTIES

	1 Jan 2012 to 31 Dec 2012*	1 Jan 2011 31 Dec 2011*
Subsidiaries:		
CCC Factory Sp. z o.o.:		
Sale to an affiliate	164	138
Purchase from an affiliate	130,970	117,615
Receivables from an affiliate	(1)	-
Liabilities towards an affiliate	84,149	74,510
CCC Boty s.r.o.:		
Sale to an affiliate	71,598	37,406
Purchase from an affiliate	1,579	1,117
Receivables from an affiliate	21,803	6,938
Liabilities towards an affiliate	-	-
CCC Obuv SK s.r.o.:		
Sale to an affiliate	15,946	-
Purchase from an affiliate	59	-
Receivables from an affiliate	9,987	-
Receivables from loans	818	-
Receivables from interest on loans	4	-
Liabilities towards an affiliate	22	22
CCC Hungary Shoes Kft:		
Sale to an affiliate	9,375	-
Purchase from an affiliate	-	-
Trade receivables from an affiliate	9,073	-
Receivables from loans	699	-
Receivables from interest on loans	2	-
Liabilities towards an affiliate	-	-
NG2 Suisse s.a.r.l.:		
Sale to an affiliate	32	36
Purchase from an affiliate	25,496	17,074
Receivables from an affiliate	22	36
Trade liabilities towards an affiliate	4,988	1,829
Liabilities from loan from an affiliate	44,228	25,277
Liabilities from interest on loan	-	8
Subsidiaries of a member of the management board		
MGC INWEST Sp. z o.o.:		
Sale to an affiliate	44	103
Purchase from an affiliate	52	596
Receivables from an affiliate	11	-
Liabilities towards an affiliate	-	-
Libra Project Sp. z o.o.		
Sale to an affiliate	-	-
Purchase from an affiliate	98	84
Receivables from an affiliate	-	-

The introduction as well as the additional information and explanatory notes constitute an integral part of the financial statements

Liabilities towards an affiliate	48	6
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27. TRANSACTIONS WITH RELATED PARTIES (continued)

ASTRUM Sp. z o.o.		
Sale to an affiliate	31	12
Purchase from an affiliate	175	600
Receivables from an affiliate	2	(1)
Liabilities towards an affiliate	12	600
CUPRUM ARENA MGC INWEST Sp. z o.o. S.k.:		
Sale to an affiliate	-	-
Purchase from an affiliate	851	907
Receivables from an affiliate	-	-
Liabilities towards an affiliate	91	96

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

The transactions with related parties were concluded on market terms.

Gross remuneration of management board members

Name and surname	Position	2012	2011
Dariusz Miłek	President of the Management Board	480	503
Mariusz Gnych*	Vice-President of the Management Board	420	536
Piotr Nowjalis	Vice-President of the Management Board	525	596
Total		1,425	1,635

** for 2011, Mr. Mariusz Gnych also received a remuneration of PLN 45,000 for serving on the corporate bodies of subsidiary CCC Factory Sp. z o.o.*

for 2012, Mr. Mariusz Gnych also received a remuneration of PLN 90,000 for serving on the corporate bodies of subsidiary CCC Factory Sp. z o.o.

Gross remuneration of supervisory board members

Name and surname	Position	2012	2011
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	18	10
Adam Szczepanik	Member of the Supervisory Board	13	-
Paweł Tamborski	Member of the Supervisory Board	1	18
Rafał Chwast	Member of the Supervisory Board	-	8
Marcin Murawski	Member of the Supervisory Board	-	-
Total		92	96

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.

On 17 May 2011, the Management Board of CCC S.A. was informed about the decision of Mr. Rafał Chwał, Member of the Supervisory Board, not to seek re-election in the following term. The Supervisory Board Member mandate expired on 16 June 2011.

Management and Supervisory Board members do not collect any remuneration for their positions with CCC S.A., other than the salaries set out above.

28. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities	31 Dec 2012	31 Dec 2011
I. Contingent assets	33,800	33,800
From other entities (on account of)	33,800	33,800
- guarantees and warranties received	33,800	33,800
II. Contingent liabilities	70,440	78,101
To affiliates (on account of)	-	9,902
- security extended	-	9,902
To other entities (on account of)	70,440	68,199
- customs bonds	8,500	8,500
- other forms of security	50,038	52,699
- security extended	11,902	7,000

Customs bonds provide a security for the repayment of customs receivables due to the Company's operation of customs warehouses, and their maturity date is 17 June 2013.

Other guarantees secure property leases and their maturity date is 29 April 2014.

The security granted is related to the Paylink overdraft facility opened with Bank Handlowy for franchise customers and the loan security for subsidiaries. Their maturity dates are unspecified.

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

On 22 June 2012, CCC S.A. 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 is 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.

On 2 July 2010, CCC S.A. 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 2010 and 2011, and the audit of the annual individual and consolidated financial statements prepared as on 31 December 2010 and 31 December 2011. The net fee for the above services was PLN 130,000 for each audited financial year (of which: PLN 57,000 – for the review of the financial statements, PLN 73,000 – for the audit of the financial statements). Furthermore, the agreement concerned conducting limited review procedures for NG2 Suisse S.a.r.l. for the period from 1 January to 30 June 2010 (net fee: PLN 15,000).

30. EVENTS AFTER THE BALANCE SHEET DATE

On 21 February 2013, CCC S.A. subscribed for shares in a newly-established subsidiary, CCC Austria Ges.m.b.H. with its registered office in Graz. The purpose of the subsidiary is to distribute goods in Austria. On 6 March 2013, CCC Austria Ges.m.b.H. was registered.

On 12 March 2013, the Management Board of the Company resolved to establish a subsidiary: CCC Shoes Ayakkabıcılık Ticaret Limited Sirketi in Turkey with its registered office in Istanbul. The purpose of the subsidiary is to distribute goods in Turkey.

30. EVENTS AFTER THE BALANCE SHEET DATE (continued)

On 20 February 2013, CCC S.A. signed annexes to the revolving loan and overdraft facility agreements of 3 March 2009, concluded with Bank Handlowy with its registered office in Warsaw at ul. Senatorska 16. The annexes amended the amount of the loan in the revolving loan agreement and the loan repayment dates. In the revolving loan agreement, the value of loan extended was determined as PLN 56,000,000.00 The final repayment date for both loan was agreed as 26 February 2015.

On 5 March 2013, CCC S.A. received from the District Court in Lublin, 5th Land and Mortgage Register Division, notices dated 27 February 2013 of a change in the entries in the Land and Mortgage Registers concerning contractual capped mortgages. The entry amends the type of mortgages to contractual joint capped mortgages, the amount of the mortgage securing a revolving loan up to PLN 70,000,000.00 and repayment dates to 26 February 2015. The mortgages are established for the benefit of Bank Handlowy with its registered office in Warsaw, at ul. Senatorska 16.

On 27 March 2013, CCC S.A. signed a loan agreement and an annex to the master agreement of 14 November 2012, both concluded with BRE Bank S.A. with its registered office in Warsaw at ul. Senatorska 18. The agreement concerns a revolving loan in the amount of PLN 30,000,000, bearing interest at the variable WIBOR rate increased by the bank's margin. The loan will be utilised in the period from 29 March 2013 to 18 April 2013. The loan will be repaid by 27 March 2014.

The annex amended the maximum overdraft amount available to PLN 15,000,000 (previously: PLN 5,000,000).

On 15 April 2013, CCC S.A. received a notice from the District Court in Lublin, 5th Land and Mortgage Register Division of 8 April 2013 confirming that a contractual joint capped mortgage in the amount of PLN 45,000,000 had been entered in the land and mortgage register, which mortgage had been established over developed land owned by the Company and located in Polkowice. The mortgages are established for the benefit of BRE Bank SA as security for the revolving loan agreement of 27 March 2013. The book value of assets in the Company's accounting records, over which a mortgage was established, amounted to PLN 11,844,947.10 as at 31 March 2013.

31. EXPLANATION OF THE DIFFERENCES IN THE POSITIONS OF CERTAIN ASSETS AND LIABILITIES DISCLOSED IN THE STATEMENT OF FINANCIAL POSITION AND THE CASH FLOW STATEMENT

	As at 31 Dec 2012	As at 31 Dec 2011	Balance sheet change	CF change	difference
Receivables	104,132	90,024	14,108	11,540	2,568
- adjustment reflecting loans granted	-	-	-	-	2,568
Liabilities	178,877	213,121	(34,244)	10,312	(23,932)
- adjustment to include the change in investment liabilities	-	-	-	-	(8,188)
- adjustment to include income tax	-	-	-	-	(15,744)
Provisions	4,440	3,456	984	(4,377)	(5,361)
- impairment write-down on fixed assets	-	-	-	-	(5,361)
Other adjustments	(8,570)	6,755	-	-	-
- impairment write-offs on financial assets	771	771	-	-	-
- assessment of the employee stock option plan	(9,341)	5,984	-	-	-

32. ADJUSTMENT OF PREVIOUS REPORTING PERIODS

The Company adjusted its reporting periods as set out below:

Title	Adjustment of previous reporting periods	Adjustment 31 December 2011		Adjustment 1 January 2011	
		Dr	Cr	Dr	Cr
Presentation of intangible assets under construction	Intangible assets	6,040	-	1,264	-
	Property, plant and equipment	-	6,040	-	1,264

The financial statements were approved for publication by the Management Board of the Company on 30 April 2013 and signed on behalf of the Management Board by:

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS		
Edyta Banaś	Head of Accounting	
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 2013