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

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CONSOLIDATED 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	1,317,457	1,091,260
Manufacturing cost of products, goods and services sold	6	(639,059)	(478,447)
Gross earnings from sale		678,398	612,813
Other operating revenue	20	10,458	9,755
Cost of sale	6	(520,542)	(429,373)
Cost of general management and administration	6	(7,204)	(18,395)
Other operating expenses	20	(19,776)	(15,748)
Profit on operating activity		141,334	159,052
Financial revenue	20	734	556
Financial costs	20	(15,745)	(8,234)
Profit before tax		126,323	151,374
Income tax	21	(20,009)	(28,598)
Net profit		**106,314**	**122,776**
Other comprehensive income:			
Currency exchange differences from converting foreign units		(1,907)	922
Total comprehensive income		**104,407**	**123,698**
Earnings per share			
basic and diluted	22	PLN 2.77	PLN 3.20

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note number	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	7,780	6,745	2,146
Property, plant and equipment	7	354,894	331,854	239,630
Non-current receivables	9	465	3,472	114
Deferred tax assets	17	24,229	25,068	28,069
Total non-current assets		**387,368**	**367,139**	**269,959**
Current assets				
Inventory	10	399,163	484,815	252,446
Trade receivables and other receivables	9	59,681	78,733	72,752
Receivables from income tax	9	6,194	-	-
Cash and cash equivalents	11	125,708	34,926	83,065
Total current assets		**590,746**	**598,474**	**408,263**
Total assets		**978,114**	**965,613**	**678,222**
Shareholders' equity				
Share capital	12	3,840	3,840	3,840
Share premium	12	74,586	74,586	74,586
Currency exchange differences from converting foreign units	12	(1,302)	605	(317)
Other capitals	12	-	9,341	3,358
Retained earnings	12	451,587	406,713	341,381
Total shareholders' equity		**528,711**	**495,085**	**422,848**
Non-current liabilities				
Long-term loans and bank loans	15	88,000	206,800	103,245
Trade and other liabilities	13	82	84	86
Non-current provisions	18	2,100	1,612	1,675
Non-current liabilities under finance lease	13	-	64	111
Subsidies received	27	33,917	-	-
Total non-current liabilities		**124,099**	**208,560**	**105,117**
Current liabilities				
Trade and other liabilities	13	116,252	146,356	86,770
Income tax liabilities	13	2,988	9,119	5,833
Current liabilities under finance lease	13	3	53	136
Short-term loans and bank loans	15	200,648	71,972	46,006
Current provisions	18	2,802	2,315	3,135
Subsidies received	27	2,611	32,153	8,377
Total current liabilities		**325,304**	**261,968**	**150,257**
Total liabilities		**978,114**	**965,613**	**678,222**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Share capital	Share premium	Other capitals	Retained earnings	Currency exchange differences from converting foreign units	Total shareholders' equity
As at 1 January 2011	**3,840**	**74,586**	**3,358**	**341,381**	**(317)**	**422,848**
Results for the year	-	-	-	122,776	-	**122,776**
Currency exchange differences on conversion	-	-	-	-	922	**922**
Total comprehensive income	**-**	**-**	**-**	**122,776**	**922**	**123,698**
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**	**406,713**	**605**	**495,085**

CONSOLIDATED 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		126,323	151,374
Adjustments:		81,118	(164,734)
Depreciation		38,980	24,242
Interest and share in profits (dividends)		(984)	(586)
Currency exchange profit (loss)		(1,907)	922
Profit on investment activities		5,770	4,146
Cost of interest		13,609	7,135
Changes in provisions		(4,385)	(882)
Changes in inventory		85,652	(232,370)
Changes in receivables		16,909	(5,155)
Changes in current liabilities, other than loans and borrowings		(31,266)	54,107
Income tax paid		(31,919)	(22,277)
Other adjustments	30	(9,341)	5,984
Net cash flow from operating activities		**207,441**	**(13,360)**
Cash flow from investment activities			
Interest received		984	586
Subsidies received		4,376	23,775
Proceeds from the sale of property, plant and equipment		531	-
Proceeds from loans to third parties		1,971	-
Purchase of intangible assets		(1,842)	(67)
Purchase of property, plant and equipment		(54,198)	(116,290)
Costs of loans to third parties		(3,016)	-
Loans granted		-	(4,184)
Net cash flow from investment activities		**(51,194)**	**(96,180)**
Cash flow from finance activities			
Proceeds from incurring loans		25,673	133,647
Purchase of own shares		195	-
Dividends and other disbursements to owners		(61,440)	(57,600)
Repayment of loans and borrowings		(15,797)	(4,126)
Payment of liabilities under finance leases		(114)	(129)
Interest paid		(13,982)	(10,391)
Cash flow from finance activities		**(65,465)**	**61,401**
Total cash flow		**90,782**	**(48,139)**
Net increase (decrease) in cash and cash equivalents		90,782	(48,139)
Cash and cash equivalents at the beginning of the period		**34,926**	**83,065**
Cash and cash equivalents at the end of the period		**125,708**	**34,926**

NOTES

1. GENERAL INFORMATION

Name of the dominant entity: CCC Spółka Akcyjna

Registered office of the dominant entity: Polkowice

Address: ul. Strefowa 6, 59-101 Polkowice

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 Group'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 consolidated financial statements are set out below. The principles were continuously applied in all the years presented.

2.1. Basis for preparation

The consolidated financial statements of the CCC S.A. Capital Group (hereinafter, the "Group") were prepared in accordance with the International Financial Reporting Standards approved by the European Union (IFRS approved by the EU), with IFRIC Interpretations and with the Accounting Act to the extent that applies to companies preparing their financial reports in accordance with the IFRS. The consolidated financial statements were prepared in accordance with the historical cost principle, with changes stemming from the revaluation of land and buildings, to a fair value level through the profit and loss statement.
Preparation of financial statements in accordance with the IFRS requires the use of certain considerable accounting estimates. It also requires that the Management Board make its own assessment as part of applying the accounting principles adopted by the Group. Material estimates of the Management Board are set out in note 4.

These statements were prepared on the assumption that the business activity will continue for at least twelve months. There is no indication of circumstances that would signify serious threats to the Group's continuation of its business activity.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

In these consolidated 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 Group has been applying the amendment to IFRS 7 since 1 January 2012. The amendment did not have a material effect on the Group's consolidated financial statements.

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

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

As on the date of preparing these consolidated 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 Group will apply IFRS 10 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated 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 Group will apply IFRS 11 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated 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 Group will apply IFRS 12 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated 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 Group will apply IFRS 13 as of 1 January 2013. The Management Board estimates that the change will not affect the Group’s consolidated 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 Group will apply the revised IAS 27 as of 1 January 2013. The Management Board estimates that the changes will not affect the Group’s consolidated 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 Group will apply the revised IAS 28 as of 1 January 2013. The Management Board estimates that the changes will not affect the Group's consolidated financial statements materially.

- **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 refutable presumption that the value of investment property will be fully recovered through sale. This presumption may be refuted if an investment property is maintained in a business model whose goal is to take advantage of substantially all economic benefits offered by the investment property during use and not at the moment of sale. SIC 21 “Income Tax - Recovery of Revalued Non-Depreciable Assets” pertaining to similar matters concerning non-depreciable assets, valued in accordance with the valuation model presented in IAS 16 “Property, Plant and Equipment”, was incorporated in IAS 12 after excluding the guidelines pertaining to investment property assessed at fair value.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

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

- **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 Group will apply the revised IAS 1 after 1 January 2013. The Management Board estimates that the changes will not affect the Group's consolidated 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 Group will apply the revised IAS 19 as of 1 January 2013. The Management Board estimates that the changes will not affect the Group's consolidated financial statements materially.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

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

The amendments to IAS 32 “Financial Instruments: Presentation” with regard to offsetting financial assets and liabilities was published by the International Accounting Standards Board in December 2011 and applies to year-long periods starting from 1 January 2014 or thereafter.
The amendment introduces additional information on the application of IAS 32 to help clarify any inconsistencies encountered in applying some of the offsetting criteria. They clarify the meaning of *“currently has a legally enforceable right to set off”* and explain that certain gross settlement mechanisms may be treated as net settlement mechanisms if they meet certain net settlement criteria.

The Group will apply the revised IAS 32 as of 1 January 2014. The Management Board estimates that the changes will not affect the Group’s consolidated 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 Group will apply the revised IFRS 7 as of 1 January 2013. The Management Board estimates that the changes will not affect the Group’s consolidated financial statements materially.

- **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 Group will apply the revised IFRS 1 as of 1 January 2013. The Management Board estimates that the changes will not affect the Group’s consolidated 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 Group will apply the revised IFRIC 20 as of 1 January 2013. The Management Board estimates that the change will not affect the Group’s consolidated financial statements materially.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

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

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

- **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 Group's consolidated financial statements materially.

As on the date of preparing these consolidated 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 through financial result and consolidate only those subsidiaries that provide services to it related to the company's investment activity. IFRS 12 was also amended by way of introducing new disclosures regarding investment entities.

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

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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 Group’s consolidated financial statements.

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

2. ACCOUNTING PRINCIPLES APPLIED (continued)

- **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.

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 proceeding 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.

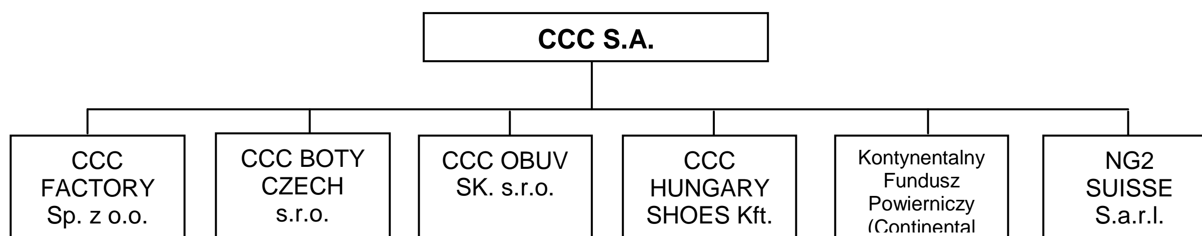
The Group will adjust the scope of disclosures in the financial statements to the requirements of the standard.

The standards and interpretations that entered into effect on 1 January 2012 did not materially affect the accounting principles applied by the Group, 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. Consolidation

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



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

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

Subsidiaries of CCC S.A.	Registered office/Country	Percentage share in the entity's capital	Nominal value of shares
CCC Factory Sp. z o.o.	Polkowice, Poland	100	PLN 15,036,000
CCC Boty Czech s.r.o.	Prague, Czech Republic	100	CZK 112,600,000
CCC Obuv Sk s.r.o.	Bratislava, Slovakia	100	EUR 5,000
CCC Hungary Shoes Kft.	Budapest, Hungary	100	HUF 10,000,000
Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968)	USA	100	USD 10*
NG2 Suisse S.a.r.l.	Zug, Switzerland	100	CHF 20,000

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

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

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.3. Reporting for operating segments

Identifying operating segments
Operating segments are presented consistently with internal reporting information supplied to the key operating body (KOB) - the management board of the dominant entity. 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. The CCC S.A. Group defines two reporting segments in its business ("retail business", "franchise and other business") in accordance with IFRS 8 "Operating Segments". In the segments above, the CCC S.A. Group conducts business activity, generating certain revenue and incurring costs. The results on segment activity are regularly reviewed by the KOB (persons making key operating decisions). Financial Information about the identified segments is also available.

The “retail business” - “retail” segment
The “retail business” segment covers primarily the sale of footwear, shoe care products and small leather products. The CCC S.A. Capital Group carries out sales in its own locations in Poland and the Czech Republic, Slovakia, and Hungary, targeting retail customers. Retail sales are conducted via the chains: CCC, BOTI, QUAZI and LASOCKI. 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, QUAZI and LASOCKI 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) to entities outside of the CCC S.A. Capital Group. Sale is carried out through CCC S.A. and CCC Factory sp. z o.o. 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 (reinvoicing 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 the Companies from the CCC S.A. Group prepare their financial statements. The Group evaluates the operation of each segment on the basis of financial performance.

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. ACCOUNTING PRINCIPLES APPLIED (continued)

2.4. Valuation of items denominated in foreign currencies

Functional currency and presentation currency

The items contained in the financial statements of each Group company are measured in the currency of the primary business environment in which the company operates ("functional currency"). The consolidated financial statements are presented in PLN, which is the Group's functional currency and its presentation currency.

Transactions and balances

Profits and losses on currency exchange differences, pertaining to loans and cash and cash equivalents, are presented in the 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.

Group companies

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

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

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

2.5. 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 in the statement of financial position 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.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.5. Fixed assets (continued)

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

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

2.6. Intangible assets

The Group applies the (historical) cost model to all items in a class: (initial) cost less 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 Group 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 Group’s day-to-day operations.

2.7. Revaluation of non-financial assets

Depreciable assets are reviewed in terms of depreciation whenever any occurrences or changes in circumstances indicate that their balance sheet value may not be recoverable. The loss on depreciation is entered in the amount by which the balance sheet value of an asset surpasses its recoverable value. Recoverable value is the higher of: fair value of assets, less cost of sale or value in use. For the purpose of analysing depreciation, assets are grouped at the lowest level with respect to which there are identifiable cash flows (centres generating cash flows). Non-financial assets, other than goodwill, with respect to which depreciation was previously declared, are assessed at each balance sheet date in terms of the occurrence of reasons to reverse the depreciation write-down.
As on each balance sheet date, the Group analyses assets related to its retail business for depreciation. The result on sales for each retail entity is also assessed by the Company. If an asset is found to be inefficient, the Group makes a depreciation adjustment in the amount of the investment outlays incurred, under operating costs.

2.8. Financial assets

The Group measures its shares in subsidiaries at cost of acquisition after deducting depreciation write-downs.
In addition to shares in subsidiaries, the Group classifies the following as financial assets:

- financial assets at fair value through the statement of comprehensive income,
- loans and receivables,
- financial assets available for sale
- investments held to maturity.

Profits and losses on financial assets included in assets recorded at fair value in the statement of comprehensive income are entered on the statement of comprehensive income in the period in which they arose.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.8. Financial assets (continued)

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 on the statement of comprehensive income as profits and losses on the exclusion of investments into financial assets available for sale.
Loans and receivables and investments held to maturity are valued at amortised cost using an effective interest rate.

2.9. Revaluation of financial assets

As on each balance sheet date, financial assets are assessed for depreciation.
If there are reasons to expect a depreciation of the value of loans and receivables or investments held to maturity, valued at 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 statement of comprehensive income. A reversal of a write-down is entered if in subsequent periods the depreciation lessens and the lessening may be attributed to occurrences taking place after entering the write-down. As a result of a write-down reversal, the balance sheet value of financial assets cannot exceed the value of the amortised cost that would have been determined had the depreciation write-down not been entered. Write-down reversals are entered on the statement of comprehensive income.

2.10. Inventory

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

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

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

2.11. Trade receivables

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

2.12. Cash

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

2. ACCOUNTING PRINCIPLES APPLIED (continued)

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

2.14. Trade liabilities

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

2.15. Loans and borrowings

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

2.16. Current and deferred income tax

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

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

Deferred income tax assets

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

The Group presents the net amount of the deferred tax assets and liabilities.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.17. Employee benefits

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

2.18. Provisions

Group companies establish 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 Group's experience, in order to simplify the estimates, the average ratio of complaints for previous periods is calculated. The variable defining possible returns of products sold, on which the value of potential complaints is based, is the amount of revenue obtained from sales in the period in question.
In subsequent periods appropriate provision adjustments are made through an increase or liquidation, depending on the revenue from sale being generated.

2. ACCOUNTING PRINCIPLES APPLIED (continued)

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

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

2.20. Leasing

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

2.21. Dividend

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

2. ACCOUNTING PRINCIPLES APPLIED (continued)

2.22. Income from subsidies

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

3. MANAGING FINANCIAL RISK

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

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

  The Capital Group does not use hedging instruments that would mitigate the effect of changes in cash flows resulting from interest rate fluctuations on the Group's financial performance.
  The Group 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 the CCC S.A. Group to the risk of financing customers. To remain a leader on the footwear market, CCC S.A. uses the sales credit feature, which enhances the company's appeal to wholesalers. The age structure of receivables is presented in note 9. Other sale is carried out in cash. Hence, the credit risk in this regard is negligible. Available cash is deposited only in bank accounts and term deposits of renowned Polish banks. The Group held term deposits in highly-rated established banks.

Details are set out in note 26.

3. MANAGING FINANCIAL RISK (continued)

Managing capital risk

The Group's objective in managing capital risk is to protect the Group's ability to continue its activity so that shareholder return and benefits for other stakeholders may be generated and so that the best possible capital structure may be maintained for the purpose of reducing its cost.
To maintain or adjust capital structure, the Group may change the amount of dividends declared to be disbursed to shareholders, return equity to shareholders, issue new shares or sell assets to reduce debt.
Like other companies in the industry, the Group monitors its equity using the debt ratio. The ratio is calculated as a proportion of net debt to the total value of equity. Net debt is calculated as a sum of loans (including current and long-term loans disclosed in the consolidated statement of financial position), less cash and cash equivalents. The total value of equity is calculated as shareholders' equity disclosed in the consolidated statement of financial position together with net debt.

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

	31 Dec 2012	31 Dec 2011
Total loans (note 15)	288,648	278,772
Minus: cash and cash equivalents	125,708	34,926
Net debt	162,940	243,846
Total shareholders' equity	528,711	495,085
Invested capital	691,651	738,931
Debt ratio	**23.6%**	**33.0%**

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

4. MATERIAL MANAGEMENT ESTIMATES

Employee benefits

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

Operating segments

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

Depreciation of non-financial assets

Once a year, the Group examines tangible assets for depreciation in accordance with the accounting policy set out in note 2.7. 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 16.

4. MATERIAL MANAGEMENT ESTIMATES (continued)

Functional currency
The items contained in the financial statements of each Group company are measured in the functional currency, i.e. the primary currency of the business environment in which a given company operates.
These consolidated financial statements of the Group are presented in the Polish zloty, which is the Group's functional currency and its presentation currency. It is the currency with primary influence over the prices of goods and services and the currency in which the Group maintains proceeds from operating activities. In the revenue from the sales structure, the Group generates 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 Group in foreign currency. Changes in currency exchange rates may significantly affect the value of costs incurred.

5. INFORMATION ON BUSINESS SEGMENTS

period from 1 Jan 2012 to 31 Dec 2012	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale from external customers:	**1,265,853**	**51,604**	**-**	**1,317,457**
- assigned to a country in which the Issuer has an office	*1,119,034*	*20,122*	*-*	*1,139,156*
- assigned to other countries	*146,819*	*31,482*	*-*	*178,301*
Prime cost of sale	(593,388)	(45,671)	-	(639,059)
Gross earnings from sale	**672,465**	**5,933**	**-**	**678,398**
Cost of sales and management	(523,985)	(3,698)	(63)	(527,746)
Balance of other earnings and operating costs	(10,640)	1,322	-	(9,318)
Operating profit	**137,840**	**3,557**	**(63)**	**141,334**
Balance of earnings and financial costs	(13,406)	(1,605)	-	(15,011)
Profit before tax	**124,434**	**1,952**	**(63)**	**126,323**
Income tax			(20,209)	(20,209)
Net profit				**106,314**
Net profit disclosed in the consolidated statement of comprehensive income				**106,314**

Assets, of which:	823,348	118,347	36,419	978,114
Non-current assets under IFRS 8	323,080	34,063	5,996	363,139
- located in a country in which the Issuer has an office	288,788	32,852	5,996	327,636
- located in other countries	34,292	1,211	-	35,503
Earnings from interest	-	-	451	451
Cost of interest	(12,344)	(1,265)	-	(13,609)
Depreciation	(35,881)	(2,328)	(771)	(38,980)

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 from external customers:	**994,381**	**96,879**	**-**	**1,091,260**
- assigned to a country in which the Issuer has an office	*902,535*	*79,954*	-	*982,489*
- assigned to other countries	*91,846*	*16,925*	-	*108,771*
Prime cost of sale	(408,462)	(69,985)	-	(478,447)
Gross earnings from sale	**585,919**	**26,894**	**-**	**612,813**
Cost of sales and management	(441,444)	(6,657)	333	(447,768)
Balance of other earnings and operating costs	(5,821)	(172)	-	(5,993)
Operating profit	**138,654**	**20,065**	**333**	**159,052**
Balance of earnings and financial costs	(7,245)	(433)	-	(7,678)
Profit before tax	**131,409**	**19,632**	**333**	**151,374**
Income tax			(28,598)	(28,598)
Net profit				**122,776**
Net profit disclosed in the consolidated statement of comprehensive income				**122,776**

Assets, of which:	636,851	138,458	190,304	965,613
Non-current assets under IFRS 8	291,243	44,061	6,767	342,071
- located in a country in which the Issuer has an office	*272,625*	*40,376*	*6,767*	*319,768*
- located in other countries	*18,618*	*3,685*		*22,303*
Earnings from interest			207	207
Cost of interest	(6,341)	(788)	(6)	(7,135)
Depreciation	(15,996)	(2,215)	(6,031)	(24,242)

	2012	2011
Revenue from sale from external customers:	**1,317,457**	**1,091,260**
- assigned to a country in which the Issuer has an office	1,139,156	982,489
- assigned to other countries, including:	178,301	108,771
- the Czech Republic	121,635	91,846
- Slovakia	19,374	-
- Hungary	5,810	-

	31 Dec 2012	31 Dec 2011
Non-current assets other than financial instruments	**363,139**	**342,071**
- located in a country in which the Issuer has an office	327,636	319,768
- located in other countries, including:	35,503	22,303
- the Czech Republic	22,163	18,618
- Slovakia	5,516	-
- Hungary	6,611	-

5. INFORMATION ON BUSINESS SEGMENTS (continued)

	31 Dec 2012	31 Dec 2011
Deferred tax assets	**24,229**	**25,068**
- located in a country in which the Issuer has an office	6,557	5,125
- located in other countries, including:	17,672	19,943
- the Czech Republic	953	2,550
- Slovakia	130	-
- Hungary	12	-
- Switzerland	16,577	17,393

The CCC S.A. Group 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, the CCC S.A. Group does not disclose individually any information about the revenue from the sale of products and services to external customers.
The CCC S.A. Group does not disclose in the consolidated 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 the CCC S.A. Group.

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	38,980	24,242
Consumption of materials and energy	106,847	86,969
Cost of lease	188,667	171,455
Cost of outsourced services	71,523	51,189
Taxes and fees	5,559	4,518
Cost of salaries	157,167	147,702
Cost of employee benefits	34,089	32,663
Cost of promotion and advertising	14,700	18,421
Other costs	4,710	4,067
Changes in prepayments and accruals	(1,016)	1,847
Prime cost of sale of goods	545,579	383,142
Total	**1,166,805**	**926,215**

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	**218,735**	**36,178**	**43,566**	**11,678**	**114,489**	**424,646**
Changes due to currency exchange differences	(571)	(334)	(27)	(30)	(267)	(1,229)
Increases due to:	**105,062**	**63,221**	**2,974**	**3,773**	**59,508**	**234,538**
- investments in third-party	46,034	-	-	-	40,977	87,011

facilities						
- own investment outlays	58,954	20,123	-	-	18,531	97,608
- purchase	74	43,098	2,974	3,773	-	49,919

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Decreases due to:	**11,053**	**1,129**	**1,324**	**354**	**164,691**	**178,551**
- liquidation	10,554	1,112	-	354	-	12,020
- sale	499	17	1,324	-	-	1,840
- investments completed - transfer	-	-	-	-	164,691	164,691
As at 31 December 2012	**312,173**	**97,936**	**45,189**	**15,067**	**9,039**	**479,404**
AMORTISATION AND DEPRECIATION						
As at 1 January 2012	**56,096**	**16,330**	**11,980**	**7,918**	**468**	**92,792**
Changes due to currency exchange differences	(58)	(146)	(11)	4	-	(211)
Depreciation for the period from 1 Jan to 31 Dec	19,456	8,668	3,553	1,676	(593)	32,760
Write-downs	6,174	-	-	-	-	6,174
Decreases due to sale or liquidation	4,684	795	1,343	183	-	7,005
As at 31 December 2012	**76,984**	**24,057**	**14,179**	**9,415**	**(125)**	**124,510**
NET VALUE						
As at 1 January 2012	**162,639**	**19,848**	**31,586**	**3,760**	**114,021**	**331,854**
As at 31 December 2012	**235,189**	**73,879**	**31,010**	**5,652**	**9,164**	**354,894**

In 2012, depreciation of PLN 1,002,245.82 was entered under prime cost of sale. The remaining value of depreciation was presented under cost of sale.
In 2011, depreciation of PLN 682,055.96 was entered under prime cost of sale. The remaining value of depreciation was presented under cost of sale.

	Land, buildings and structures	**Plants and equipment**	**Means of transportation**	**Other**	**Fixed assets under construction**	**Total**
GROSS VALUE						
As at 1 January 2011	**196,555**	**35,623**	**21,971**	**11,385**	**47,917**	**313,451**
Changes due to currency	972	290	32	32	224	1,550
Increases due to:	29,273	1,658	22,493	319	95,012	148,755
- investments in third-party	-	-	-	-	29,887	29,887
- expenditures from transfer	28,655	-	-	-		28,655
- own investment outlays	618				65,125	65,743
- purchases	-	1,658	22,493	319	-	24,470
Decreases due to:	8,065	1,393	930	58	28,664	39,110
- liquidation	8,065	1,385	-	58	-	9,508
- sale	-	8	930	-	-	938
- investments completed - transfer	-	-	-	-	28,664	28,664
As at 31 December 2011	**218,735**	**36,178**	**43,566**	**11,678**	**114,489**	**424,646**
AMORTISATION AND DEPRECIATION						
As at 1 January 2011	**44,189**	**13,360**	**9,883**	**6,266**	**123**	**73,821**
Changes due to currency	49	143	10	24	21	247
Depreciation for the period from 1	14,881	4,112	2,997	1,703	324	24,017

Jan to 31 Dec						
Decreases due to sale or liquidation	3,023	1,285	910	75	-	5,293
As at 31 December 2011	**56,096**	**16,330**	**11,980**	**7,918**	**468**	**92,792**
NET VALUE						
As at 1 January 2011	**152,366**	**22,263**	**12,088**	**5,119**	**47,794**	**239,630**
As at 31 December 2011	**162,639**	**19,848**	**31,586**	**3,760**	**114,021**	**331,854**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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 Group 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 cost of sale for the period.

8. INTANGIBLE ASSETS

	Patents and licences	Trade marks	IA under construction	Total
GROSS VALUE				
As at 1 January 2012	**1,869**	**360**	**6,040**	**8,269**
Changes due to currency exchange differences	2	-	-	2
Increases in the period from 1 Jan to 31 Dec	4,521	490	64	5,075
Decreases in the period from 1 Jan to 31 Dec	23	-	3,197	3,220
As at 31 December 2012	**6,369**	**850**	**2,907**	**10,126**

AMORTISATION				
As at 1 January 2012	**1,430**	**94**	**-**	**1,524**
Changes due to currency exchange differences	(1)	-	-	(1)
Depreciation in the period from 1 Jan to 31 Dec	812	11	-	823
Adjustment of depreciation in the period from 1 Jan to 31 Dec	-	-	-	-
As at 31 December 2012	**2,241**	**105**	**-**	**2,346**
NET VALUE				
As at 1 January 2012	**439**	**266**	**6,040**	**6,745**
As at 31 December 2012	**4,128**	**745**	**2,907**	**7,780**

	Patents and licences	Trade marks	IA under construction	Total
GROSS VALUE				
As at 1 January 2011	**1,799**	**360**	**1,264**	**3,423**
Changes due to currency exchange differences	3	-	-	3
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	**1,869**	**360**	**6,040**	**8,269**

8. INTANGIBLE ASSETS (continued)

AMORTISATION				
As at 1 January 2011	**1,183**	**94**	**-**	**1,277**
Changes due to currency exchange differences	3	-	-	3
Depreciation in the period from 1 Jan to 31 Dec	244	-		244
Adjustment of depreciation in the period from 1 Jan to 31 Dec	-	-	-	-
As at 31 December 2011	**1,430**	**94**	**-**	**1,524**
NET VALUE				
As at 1 January 2011	**616**	**266**	**1,264**	**2,146**
As at 31 December 2011	**439**	**266**	**6,040**	**6,745**

9. TRADE AND OTHER RECEIVABLES

	31 Dec 2012	31 Dec 2011
Trade receivables	26,679	39,884
Prepayments for deliveries	20,945	31,123
Other current receivables	-	1,216
Prepayments and accruals	4,972	4,862
Receivables from taxes	7,210	-
Loans granted, of which:	6,534	5,065
from affiliates	-	-
- non-current	-	-
- current	-	-
from other entities	6,534	5,065
- non-current	465	3,417
- current	6,069	1,648
Other non-current receivables	-	55
Total	**66,340**	**82,205**

The balance sheet value of receivables is similar to fair value and constitutes the maximum value of receivables exposed to credit risk.

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

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

9. TRADE AND OTHER RECEIVABLES (continued)

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

	31 Dec 2012	31 Dec 2011
a) up to 1 month	4,631	6,244
b) 1-3 months	2,577	2,169
c) 3-6 months	1,548	-
d) more than 6 months	4,661	560
(Gross) trade receivables, total, past-due	**13,417**	**8,973**
e) write-downs on the value of past-due trade receivables	622	559
(Net) trade receivables, total, past-due	**12,795**	**8,414**

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	559	1,294
a) increase	75	14
b) decrease (due to)	12	749
Utilisation	-	-
Liquidation	12	749
Write-downs on the receivables as at the end of the period	**622**	**559**

Write-downs on receivables are established on the basis of an age analysis.
The value of depreciation write-downs on financial assets was debited to the prime cost of sale for the current period.
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 Group's previous experience.
The Group believes that the past-due receivables not covered by the write-down will be repaid by its business partners. Cooperation with business partners is based on a franchise arrangement. Therefore, the Group does 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	14,616	29,686
b) in foreign currencies (by currency and upon conversion to PLN)	33,008	41,321
- USD	6,136	7,715
- converted to PLN	20,731	29,003
- EUR	1,406	1,109
- converted to PLN	5,861	5,221
- CZK	3,241	40,546
- converted to PLN	83	7,097
- HUF	12,501	-
- converted to PLN	182	-
- RON	3,985	-
- converted to PLN	3,665	-
- LVL	424	-
- converted to PLN	2,486	-

Total current trade receivables and prepayments	**47,624**	**71,007**

10. INVENTORY

	31 Dec 2012	31 Dec 2011
Materials	17,537	12,520
Production in progress	6,470	5,978
Goods	378,252	466,849
Capitalised cost of packaging	1,075	197
Write-down on the value of inventory	(4,171)	(729)
Total	**399,163**	**484,815**

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	729	3,843
a) increases	5,823	439
b) decreases	2,198	3,553
Write-downs on inventory as at the end of the period	**4,354**	**729**

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 is PLN 253.0 million (as on 31 December 2011: PLN 375.0 million).

11. CASH

	31 Dec 2012	31 Dec 2011
Cash in the bank and petty cash fund	94,994	14,728
Short-term deposits	30,714	20,198
Total	**125,708**	**34,926**

Funds in bank accounts and cash comprise cash held by the Group companies 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.

12. 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.

12. CAPITAL (continued)

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 (%)
LUXPROFI s.a.r.l. *(an entity controlled by Dariusz Miłek)*	13,360,000	34.79	18,110,000	40.20
Leszek Gaczorek	3,010,000	7.84	4,760,000	10.57
ING OFE	2,477,486	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.

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

12. CAPITAL (continued)

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
As at 31 December 2012	-
Retained earnings	**value**
As at 31 December 2011	406,713
Dividend disbursement	(61,440)
Net profit for the period	106,314
Other adjustments	-
As at 31 December 2012	**451,587**

Currency exchange differences from converting foreign units	value
As at 31 December 2011	605
As at 31 December 2012	(1,302)

13. TRADE AND OTHER LIABILITIES

Current liabilities	31 Dec 2012	31 Dec 2011
Trade liabilities	60,202	107,545
Liabilities under customs duty and taxes, of which:	24,005	23,862
- liabilities under VAT	195	10,222
- liabilities under customs duty	17,504	2,306
- liabilities under CIT	1,383	7,807
Liabilities towards employees	20,486	15,309
Other liabilities	14,547	8,759
Total	**119,240**	**155,475**

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	48,089	65,968
b) in foreign currencies (by currency and upon conversion to PLN)	12,113	41,577
- USD	197	8,613
- converted to PLN	611	32,069
- EUR	1,722	2,079
- converted to PLN	7,041	9,508
- CZK	13,748	2
- converted to PLN	2,241	0
- HUF	156,797	-
- converted to PLN	2,221	-
Total current trade receivables:	**60,202**	**107,545**

13. TRADE AND OTHER LIABILITIES (continued)

b. Non-current liabilities

Non-current liabilities	31 Dec 2012	31 Dec 2011
Trade liabilities and other liabilities	82	84
Total	**82**	**84**

c. *Liabilities under finance lease*

	31 Dec 2012	31 Dec 2011
Liabilities under finance lease payable within:	3	117
- one year	3	53
- one to five years	-	64
- more than five years	-	-
Total	**3**	**117**
Minus future interest:	**-**	-
current value of future liabilities	**3**	**117**
Less amounts due within twelve months (entered under current liabilities)	**3**	53
Liabilities payable in the period after twelve months	**-**	64

Future minimum leasing fees under these agreements and the current value of the minimum leasing fees are set out in the table above.
The Group companies use office equipment under finance lease agreements and have 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.

14. MINIMUM VALUE OF FUTURE PAYMENTS UNDER OPERATING LEASE

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

	31 Dec 2012	31 Dec 2011
- up to 1 year	145,464	132,492
- one to five years	581,856	529,968
- more than 5 years	290,928	264,984
Total	**1,018,248**	**927,444**

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 Group 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	6,090

15. LOANS AND BORROWINGS

Long-term loans	31 Dec 2012	31 Dec 2011
Long-term bank loan	88,000	206,800
Short-term loans	**31 Dec 2012**	**31 Dec 2011**
Overdraft facility	200,648	71,972
Total short-term loans	**200,648**	**71,972**
Total loans and borrowings	**288,648**	**278,772**

As at 31 December 2012

Name of the Bank	Name of the entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie	CCC S.A.	Revolving	36,000	36,000	27 February 2013	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie	CCC S.A.	Overdraft facility	64,000	62,938	27 February 2013	WIBOR + margin	
BRE Bank SA	CCC S.A.	Overdraft facility	55,000	25,830	30 December 2015	WIBOR + margin	Capped mortgage
BRE Bank SA	CCC S.A.	Investment	30,000	24,000	31 December 2016	commission	Capped mortgage
ING Bank Śląski SA	CCC S.A.	Revolving	70,000	70,000	29 January 2015	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	CCC S.A.	Multi-purpose credit limit*, including:	75,000	69,880	27 October 2013	WIBOR + margin	Pledge over inventory
PKO BP SA	*CCC S.A.*	*Overdraft facility*	*up to 50,000*	*49,880*	*27 October 2013*	*WIBOR + margin*	*Pledge over inventory*
PKO BP SA	*CCC S.A.*	*Revolving*	*up to 70,000*	*20,000*	*27 October 2013*	*WIBOR + margin*	*Pledge over inventory*
PKO BP SA	CCC Factory	Overdraft facility	2,000	-	27 April 2014	WIBOR + margin	Registered pledge on chattels
UniCredit Bank Czech Republik a.s.	CCC Czech	Overdraft facility	CZK 20,000,000	-	31 January 2013	BLR Notice + margin	Surety
The financial terms of the loans incurred do not vary materially from market terms.							

After the balance sheet date, the Dominant Entity 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.

15. LOANS AND BORROWINGS (continued)

Name of the Bank	Name of the entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
BRE Bank SA	Guarantee cap	5,000	-	13 November 2015	commission	None	None
Societe Generale	Guarantee cap	12,000	9,799	unspecified	commission	None	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	Pledge over inventory
PKO BP SA	Guarantee cap*	5,000	-	27 October 2013	WIBOR + margin	Pledge over inventory	Pledge over inventory
Raiffeisen Bank	Guarantee cap	USD 800,000	USD 578,000	15 August 2014	commission	None	None
UniCredit Bank Czech Republik a.s.	CCC Czech	Guarantee cap	CZK 10,000,000	-	31 January 2013	commission	Surety
Komerční banka a.s.	CCC Czech	Guarantee cap	CZK 40,000,000	CZK 32,819,000 (PLN 5,350,000)	30 April 2013	commission	None
Citibank Europe plc	CCC Czech	Guarantee cap	CZK 30,000,000	CZK 29,337,000 (PLN 4,782,000)	30 November 2013	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	Name of the entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie	NG2 SA	Revolving	36,000	36,000	27 February 2013	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie	NG2 SA	Overdraft facility	64,000	61,604	27 February 2013	WIBOR + margin	
BRE Bank SA	NG2 SA	Investment	30,000	30,000	30 December 2016	commission	Capped mortgage
BRE Bank SA	NG2 SA	Overdraft facility	45,000	33,656	3 January 2013	WIBOR + margin	Capped mortgage
ING Bank Śląski SA	NG2 SA	Revolving	70,000	70,000	29 January 2012	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	NG2 SA	Overdraft facility	50,000	45,540	27 October 2013	WIBOR + margin	Pledge over inventory
UniCredit Bank Czech Republik a.s.	CCC Boty	Overdraft facility	CZK 20,000,000	CZK 11,524,000 (PLN 1,972,000)	31 January 2012	BLR Notice + margin	Surety
The financial terms of the loans incurred do not vary materially from market terms.							

15. LOANS AND BORROWINGS (continued)

Name of the Bank	Name of the entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
BRE Bank SA	NG2 SA	Guarantee cap	13,500	11,640	30 April 2013	commission	none
BZ WBK SA	NG2 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	NG2 SA	Guarantee cap	12,000	11,549	unspecified	commission	none
Bank Handlowy w Warszawie	NG2 SA	Paylink card limit	7,000	7,000	27 January 2013	WIBOR + margin	Surety
UniCredit Bank Czech Republik a.s.	CCC Boty	Guarantee cap	CZK 15,000,000	CZK 8,191,000 (PLN 1,401,000)	31 January 2012	commission	Surety
Citibank Europe plc	CCC Boty	Guarantee cap	CZK 30,000,000	CZK 28,443,000 (PLN 4,867,000)	30 November 2012	commission	none
Komerční banka a.s.	CCC Boty	Guarantee cap	CZK 40,000,000	CZK 31,223,000 (PLN 5,342,000)	30 April 2013	commission	none

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

16. SHARE-BASED PAYMENTS

The 2010-2012 incentive scheme
In the balance sheet year, the Group had a scheme providing benefits in the form of shares, settled on equity instruments. Under the scheme, the Group received employee services as remuneration for equity instruments (stock options) of the Group’s dominant entity. 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.

16. SHARE-BASED PAYMENTS (continued)

The granting by the dominant entity 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 dominant entity 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.

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 consolidated financial statements, the Supervisory Board did not approve the list of Eligible Persons and did not determine the detailed principles referred to above.

17. DEFERRED TAX

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

Deferred tax liabilities	31 Dec 2012	31 Dec 2011

Accelerated tax depreciation	1,072	693
Computed interest	111	21
Other	23	-
Deferred tax liabilities	**1,206**	**714**

17. DEFERRED TAX (continued)

Deferred tax assets	31 Dec 2012	31 Dec 2011
Costs after the balance sheet date	577	1,454
Provisions for liabilities	2,185	1,204
Depreciation of assets	2,867	936
Consolidation adjustment of margin on inventory	2,117	1,906
Valuation of trade marks	16,577	17,393
Tax losses	979	2,871
Other	133	18
Deferred tax assets	**25,435**	**25,782**

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

18. PROVISIONS

Provisions for warranty repairs	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
As at 1 January	**2,486**	**3,328**
Establishment of provisions during the year	1,064	1,357
Liquidation of the provision	709	2,199
Utilisation of the provisions	-	-
As at 31 December	**2,841**	**2,486**
Provisions up to 1 year	2,679	2,315
Provisions for more than 1 year	162	171

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

19. EMPLOYMENT AND EMPLOYEE BENEFITS

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

Number of employees	31 Dec 2012	31 Dec 2011
Administrative employees	391	405
Employees at stores	5,183	4,854
Employees in manufacturing	490	506
Employees in warehouses	410	611
Total	**6,474**	**6,376**

Cost of employment	31 Dec 2012	31 Dec 2011
Salaries	162,960	147,702
Social security contributions	32,066	27,027
Other employee benefits	6,833	5,023
Total	**201,859**	**179,752**

19. EMPLOYMENT AND EMPLOYEE BENEFITS (continued)

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
Utilisation of the provisions	-	-
As at 31 December	**2,061**	**1,441**
Provisions up to 1 year	123	-
Provisions for more than 1 year	1,938	1,441

20. 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	1,402	2,574
Interest received	4,174	678
Compensation received	-	371
Liquidated provisions	1,152	1,041
Inventory surplus	446	3,036
Other operating revenue	3,284	2,055
Total	**10,458**	**9,755**

Other operating expenses	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Loss on sale of fixed assets	5,135	4,147
Establishment of provisions	1,183	1,944
Loss due to currency exchange differences	781	-
Interest	422	86
Inventory shortages	6,002	4,921
Licence and copyright fees paid	-	1,629
Other operating expenses	6,253	3,021
Total	**19,776**	**15,748**

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	451	207
Result on exchange rate differences	178	181
Other financial revenue	105	168
Total	**734**	**556**

20. OPERATING AND FINANCIAL REVENUE AND COSTS (continued)

Financial costs	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Interest on loans and borrowings	13,606	7,135
Interest on finance leases	2	6
Negative currency exchange differences	896	1
Commission paid	273	310
Other financial costs	969	782
Total	**15,745**	**8,234**

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:	13,982	10,391
Interest recognised under costs	13,609	7,135
Capitalised interest for investments	373	3,256

21. INCOME TAX

Income tax	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Profit before tax	126,323	151,374
Tax at the 19 per cent rate	24,001	28,761
Result of excluding non-tax revenue and costs	(665)	(2 165)
Result of applying other tax rates in foreign companies	(1,873)	(1,046)
Current income tax	21,463	25,420
Deferred tax	(1,454)	3,178
Income tax	**20,009**	**28,598**

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

Tax rates applicable in 2012 in countries in which the subsidiaries operate

Country	CIT rate
Poland	19.00%
Czech Republic	19.00%
Slovakia	19.00%
Hungary	10.00%
Switzerland	8.47%

22. 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 dominant entity's shareholders	106,314	122,776
Earnings disclosed for the purpose of calculating the value of diluted earnings per share	**106,314**	**122,776**

Number of shares issued	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 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 of calculating the value of diluted earnings per share	**38,400,000**	**38,400,000**

22. EARNINGS PER SHARE (continued)

Earnings per share	1 Jan 2012 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2011
Ordinary	PLN 2.77	PLN 3.20
Diluted	PLN 2.77	PLN 3.20

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

23. DIVIDEND

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

24. TRANSACTIONS WITH RELATED PARTIES

	1 Jan 2012 to 31 Dec 2012*	1 Jan 2011 31 Dec 2011*
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	-	-
Liabilities towards an affiliate	48	6
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	510	581

Piotr Nowjalis	Vice-President of the Management Board	525	596
Total		**1,515**	**1,680**

24. TRANSACTIONS WITH RELATED PARTIES (continued)

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
Paweł Tamborski	Member of the Supervisory Board	1	18
Piotr Nadolski	Member of the Supervisory Board	18	10
Adam Szczepanik	Member of the Supervisory Board	13	-
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 Chwast, Member of the Supervisory Board, not to seek re-election in the following term. The Supervisory Board Member mandate expired on 16 June 2011.

25. 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	**65,538**	**68,199**
To other entities (on account of)	65,538	68,199
- customs bonds	8,500	8,500
- other forms of security	50,038	52,699
- security extended	7,000	7,000

Customs bonds provide a security for the repayment of customs receivables due to the Group's operation of customs warehouses, and their maturity date is 17 June 2013.
Other guarantees secure property leases and their maturity date is 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.

26. FINANCIAL INSTRUMENTS

In 2012 and 2011, the Group did not use derivative instruments.

Financial instruments by type:

Assets according to the balance sheet

Loans and receivables	value
31 December 2012	
Non-current	**465**
Loans and receivables	465
Current	**163,428**
Receivables other than prepayments	37,720
Cash and cash equivalents	125,708
Total	**163,893**

31 December 2011	
Non-current	**3,472**
Loans and receivables	3,472
Current	**82,536**
Receivables other than prepayments	47,610
Cash and cash equivalents	34,926
Total	**86,008**

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	**295,886**
Loans and borrowings	200,648
Liabilities under finance lease	3
Trade liabilities and other non-tax liabilities	95,235
Total	**383,886**
31 December 2011	
Non-current	**206,864**
Loans and borrowings	206,800
Liabilities under finance lease	64
Current	**203,638**
Loans and borrowings	71,972
Liabilities under finance lease	53
Trade liabilities and other non-tax liabilities	131,613
Total	**410,502**

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 13,994,000 lower/higher (in the twelve-month period ended 31 December 2011: PLN 20,669,000).

26. FINANCIAL INSTRUMENTS (continued)

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	288,648	278,772
Total	**288,648**	**278,772**

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 2,815,000 lower/higher (in the twelve-month period ended 31 December 2011: PLN 2,356,000).

Financial liquidity risk

The table below contains an analysis of the Group's financial 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	60,202	200,648	8,101	268,951
1-2 years	-	6,000	315	6,315
2-5 years	-	82,000	6,662	88,662
more than 5 years	-	-	-	-
Total	**60,202**	**288,648**	**15,078**	**363,928**

31 Dec 2011	Trade liabilities	Loan payments	Interest and other charges	Total
up to 1 year	107,545	71,972	15,076	194,593
1-2 years	-	176,800	14,118	190,918
2-5 years	-	30,000	3,771	33,771
more than 5 years	-	-	-	-
Total	**107,545**	**278,772**	**32,965**	**419,282**

Credit risk

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

	31 Dec 2012	31 Dec 2011
Trade receivables and other receivables	37,720	52,956
Cash and cash equivalents	125,708	34,926
Total	**163,428**	**87,882**

The age structure of receivables by maturity date together with information about write-downs on receivables is set out in note 9.

The Group's main financial asset are funds in bank accounts, cash, trade receivables and other receivables, which represent the maximum credit risk exposure in relation to financial assets. The Group's credit risk is primarily attributed to trade receivables.

26. FINANCIAL INSTRUMENTS (continued)

The amounts disclosed in the consolidated statement of financial position are net amounts, taking into account write-downs on the value of questionable receivables, estimated by the Management Board of the Company on the basis of previous experience and their assessment of the current business environment. These receivables concern customers working long-term with the Company and, in the Company's opinion, the risk in this regard is negligible.
Credit risk associated with financial instruments in the form of funds in bank accounts and cash is limited due to the fact that the parties to the transactions are banks with high credit scores received from international rating agencies. The Group does not have a significant concentration of credit risk. The risk is distributed among a large number of partners and customers.
The ratings of the credit institutions (PKO BP SA, BZ WBK SA, Bank Handlowy SA, UniCredit Bank a.s. Komerční banka a.s, Citibank Europe plc) received from Moody's Investors Service were decreased compared to 2011.

27. SUBSIDY

On 23 December 2009, the Company concluded an agreement on the financing of its investment into non-current assets with the Polish Agency for Enterprise Development. The Company requested a subsidy under the Innovative Economy Programme in connection with the project of constructing a high storage warehouse located in Polkowice. The final amount of the subsidy was set at PLN 38,484,000.
For the duration of the project, the following performance bond was established:
- blank promissory note with a blank promissory note agreement,
- security for the amount of the subsidy, corresponding to the amount of the highest tranche of the advance in the form of a bank guarantee.

Under the financing agreement, the Beneficiary is required to ensure the durability of the results of the Project and maintain the investment in the 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.

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

On 22 June 2012, the dominant entity 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, the dominant entity 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 2011 (net fee: PLN 15,000).

Moreover, under the agreements concluded with CCC Factory Sp. z o.o., PricewaterhouseCoopers Sp. z o.o. reviewed and audited its 2011 financial statements. The net fee for these services was PLN 60,000.

29. EVENTS AFTER THE BALANCE SHEET DATE

On 21 February 2013, the Dominant Entity 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 Dominant Entity 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.

On 20 February 2013, the dominant entity 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, the dominant entity 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.

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

	As at 31 Dec 2012	As at 31 Dec 2011	Balance sheet change	CF change	difference
Receivables	**66,340**	**82,205**	**15,865**	**16,909**	**1,044**
- adjustment reflecting loans granted	-	-	-	-	1,044
Liabilities	**119,322**	**155,559**	**(36,237)**	**(31,266)**	**4,971**
- adjustment to include the change in investment liabilities	-	-	-	-	(7,584)
- adjustment to include	-	-	-	-	12,555

income tax					
Provisions	**4,902**	**3,927**	**975**	**(4,385)**	(5,360)
- impairment write-down on fixed assets					(5,360)
Other adjustments	**(9,341)**	**5,984**	**-**	**-**	-
- assessment of the employee stock option plan	(9,341)	5,984	-	-	-

31. ADJUSTMENT OF PREVIOUS REPORTING PERIODS

The Group 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 consolidated financial statements were approved for publication by the Management Board of the Dominant Entity 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