FINANCIAL STATEMENTS OF THE COMPANY CCC S.A.

FOR THE PERIOD 01.01.2015 – 31.12.2015

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

2.1	Sales revenue	1 673,9	1 695,9
2.2	Cost of goods sold	(1 187,1)	(996,2)
	Gross sales profit	486,8	699,7
	Gross margin	29%	41%
2.2	Cost of operating stores	(385,6)	(419,7)
2.2	Other cost of sales	(19,1)	(101,7)
2.2	Administrative expenses	(37,8)	(40,4)
2.3	Other cost and other operating revenue	(4,2)	(5,3)
	Operating profit	40,1	132,6
2.3	Finance revenue	269,5	29,1
2.3	Finance cost	(12,5)	(20,7)
	Profit before tax	297,1	141,0
2.4	Income tax	(8,7)	(25,2)
	NET PROFIT	288,4	115,8
	Other comprehensive income		
	Non-attributable to be reclassified to result - other	—	—
	Total net comprehensive income	—	—
	TOTAL COMPREHENSIVE INCOME	288,4	115,8
	Weighted average number of ordinary shares (mln pcs.)	38,4	38,4
	Basic and diluted earnings per share (in PLN)	7,5	3,0

i MORE INFORMATION IN SECTION **3.1.1.1** IN STATEMENT OF OPERATIONS OF THE COMPANY

i MORE INFORMATION IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 51**

[IN MLN PLN UNLESS OTHERWISE STATED]

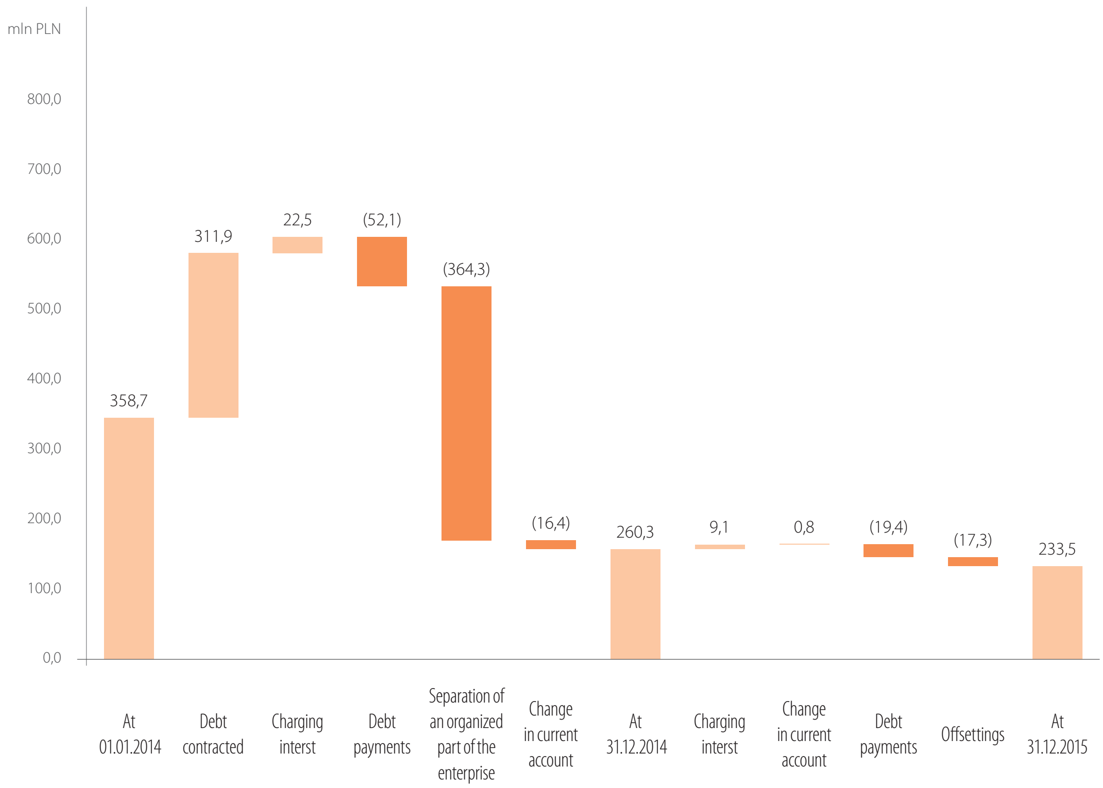
STATEMENT OF CASH FLOWS

NOTE		2015	2014
	Profit before tax	297,1	141,0
2.2	Amortisation	34,3	31,6
	Profit on investment activity	(260,5)	(16,7)
4.2	Cost of borrowings	9,1	14,7
4.4	Other adjustments to profit before tax	7,6	2,7
	Lowering capital of NG2 Suisse S.a.r.l.	209,4	—
2.4	Income tax paid	(28,6)	(12,6)
	Cash flow before changes in working capital	268,4	160,7
	Changes in working capital		
5.3	Change in inventory and inventory write-downs	112,2	(240,5)
4.4	Change in receivables	61,9	(24,3)
4.4	Change in current liabilities, excluding borrowings	(72,7)	43,5
	Net cash flows from operating activities	369,8	(60,6)
	Proceeds from the sale of tangible fixed assets	9,4	8,4
4.2	Repayment of loans granted and interest	28,8	14,5
5.2, 5.1	Purchase of intangible and tangible fixed assets	(69,2)	(59,7)
	Expenses for capital increase in subsidiaries	(0,9)	(10,4)
3.2	loans granted	(82,3)	(131,8)
	Net cash flows from investing activities	(114,2)	(179,0)
4.2	Proceeds from borrowings	0,8	126,6
4.2	Issue of bonds	—	209,4
4.1	Dividends and other payments to owners	(115,2)	(61,4)
4.2	Repayment of borrowings	(12,0)	(46,4)
4.2	Interest paid	(7,4)	(14,2)
	Net cash flows from finance activities	(133,8)	214,0
	TOTAL CASH FLOWS	121,8	(25,6)
	Cash and cash equivalents at beginning of period	59,0	92,7
	change in cash due to separation of organized part of the Enterprise	—	(8,1)
	Exchange rate changes on cash and cash equivalents	—	—
	Cash and cash equivalents at beginning of period	180,8	59,0

i MORE INFORMATION IN SECTION **3.1.1.3** IN STATEMENT OF OPERATIONS OF THE COMPANY

i MORE INFORMATION IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 60**

CHANGE OF DEBT LEVEL



[IN MLN PLN UNLESS OTHERWISE STATED]

STATEMENT OF FINANCIAL POSITION

NOTE		2015	2014
5.1	Intangible assets	2,4	5,7
5.2	Tangible fixed assets	316,1	288,7
3.1	Investments in subsidiaries	124,7	107,2
2.4	Deferred tax assets	5,8	4,4
3.2	Loans granted	10,9	47,3
	Non-current assets	459,9	453,3
5.3	Inventories	116,2	228,3
5.4	Receivables from customers	75,1	121,5
2.4	Income tax receivables	5,9	—
3.2	Loans granted	200,2	106,4
5.5	Cash and cash equivalents	180,8	59,0
	Current assets	578,2	515,2
	TOTAL ASSETS	1 038,1	968,5
4.2	Debt liabilities	210,0	216,0
5.7	Provisions	1,3	1,1
5.2	Grants received	26,1	28,7
	Non-current liabilities	237,4	245,8
4.2	Debt liabilities	23,5	44,3
5.6	Liabilities to suppliers and employees	119,3	204,8
2.4	Income tax liabilities	—	12,8
5.7	Provisions	0,4	3,4
5.2	Grants received	2,6	2,6
	Current liabilities	145,8	267,9
	TOTAL LIABILITIES	383,2	513,7
	NET ASSETS	654,9	454,8
	Equity		
4.1	Share capital and share premium	78,4	78,4
4.1	Retained earnings	576,5	376,4
	TOTAL EQUITY	654,9	454,8

[IN MLN PLN UNLESS OTHERWISE STATED]

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL AND SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
At 1.01.2014	78,4	319,8	398,2
Net profit for the period	—	115,8	115,8
Valuation of liabilities due to post-employment benefits	—	—	—
Total comprehensive income	—	115,8	115,8
Dividend payment	—	(61,4)	(61,4)
Valuation of employee option scheme	—	2,2	2,2
Total transactions with owners	—	(59,2)	(59,2)
At 31.12.2014 (1.01.2015)	78,4	376,4	454,8
Net profit for the period	—	288,4	288,4
Total comprehensive income	—	288,4	288,4
Dividend payment	—	(115,2)	(115,2)
Valuation of employee option scheme	—	26,9	26,9
Total transactions with owners	—	(88,3)	(88,3)
At 31.12.2015 (1.01.2016)	78,4	576,5	654,9

[IN MLN PLN UNLESS OTHERWISE STATED]

NOTES

1. 1.GENERAL INFORMATION

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

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

The financial statements of CCC S.A. (The Company) is prepared in accordance with International Financial Reporting Standards as adopted by the European Union („IFRS"). The financial statements is prepared under the method of historical cost. The financial statements are presented in PLN, which is functional currency and presentation currency of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management Board to make their own assessments within applying the accounting policies adopted by the Company. Significant estimates of the Management Board are presented in individual notes.

The Company is the parent company of CCC S.A.. The annual consolidated financial statements of the Capital Group is prepared in accordance with IFRS. In order to fully understand the financial position and results of operations of the Company as the parent company of the Capital Group, these financial statements should be read in conjunction with the annual consolidated financial statements for the period ended on 31 December 2015. These reports are available on the Company's website.

The most important accounting principles applied in the preparation of these financial statements are presented in the context of successive individual notes. These principles were applied in all presented years in a continuous manner. The list of the most important accounting policies and estimates

NOTE	TITLE	ACCOUNTING POLICIES (Y/N)	CRITICAL ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
2.1	Sales revenue	Y		13
2.2	Cost of goods sold	Y		15
2.2	Cost of operating stores	Y		15
2.2	Other cost of sales	Y		15
2.2	Administrative expenses	Y		15
2.2	Operating leasing	Y		16
2.3	Other operating costs and income	Y		17
2.4	Income tax	Y		18
5.2	Tangible fixed assets	Y	Y	35
5.1	Intangible assets	Y		32

[IN MLN PLN UNLESS OTHERWISE STATED]

NOTE	TITLE	ACCOUNTING POLICIES (Y/N)	CRITICAL ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
3.1	Investments in subsidiaries	Y		21
2.4	Deferred tax assets	Y		18
3.2	Loans granted	Y		23
5.3	Inventories	Y	Y	36
5.4	Receivables from customers	Y		37
5.4	Other receivables	Y		37
5.5	Cash and cash equivalents	Y		38
4.1	Equity	Y		26
4.2	Debt liabilities	Y		28
6.1	Financial instruments	Y		41
5.6	Liabilities to suppliers	Y		39
5.6	Other liabilities	Y		39
2.4	Income tax liabilities	Y		20
5.7	Provisions	Y		40
5.2	Grants received	Y		17
6.2	Cost of incentive program	Y		15

and judgments for each item of reports on financial results and financial position are presented below:

APPLIED NEW AND REVISED ACCOUNTING STANDARDS

In these financial statements, the following new and amended standards and interpretations were applied, which came into force on 1 January 2015:

STANDARD	DESCRIPTION OF THE CHANGE
Amendments to IFRS 2011-2013	The amendments include changes in presentation, recognition and valuation and include terminological and editorial changes
IFRIC 21 „Levies"	The interpretation clarifies the accounting recognition of liabilities for payment of fees and taxes that are not income taxes

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

[IN MLN PLN UNLESS OTHERWISE STATED]

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

In these financial statements, the Company did not decide on early application of the published standards, interpretations or amendments to existing standards before their effective date.

The company analysed the impact of all of said, unapplied earlier standards, with particular emphasis on the following new standards:

STANDARD	MAIN AMENDMENTS AND THE EFFECTIVE DATE
IFRS 9 „Financial instruments"	The standard introduces one model assuming only two classifications of financial assets: measured at fair value and measured at amortized cost. Classification is made on initial recognition and depends on the entity's approved model of financial instruments management and the contractual cash flow characteristics of these instruments. IFRS 9 introduces a new model for setting impairment losses – a model of expected credit losses. Effective date: 1 January 2018. (not approved by the European Union)
IFRS 15 „Revenue from Contracts with Customers"	The principles set out in IFRS 15 will apply to all contracts resulting in revenues. The fundamental principle of the new standard is to recognize revenue at the time of transferring goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished within the package, should be recognized separately, moreover, any discounts and rebates relating to the transaction prices should in principle be allocated to the individual elements of the package. Effective date: 1 January 2018. (not approved by the European Union)
MSSF 16 „Leases"	The new standard establishes rules for the recognition, measurement, presentation and disclosure regarding the lease. All leasing transactions result in obtaining the lessee's right to use the assets and liabilities arising from the obligation to pay. Thus, IFRS 16 abolishes the classification of operating leases and finance leases in accordance with IAS 17 and introduces a single model for accounting recognition of the lease by the lessee. Effective date: 1 January 2019. (not approved by the European Union)

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

On the basis of conducted analysis, in the opinion the Management Board IFRS 16 Leases may have a significant impact on the financial statements of the Company. Within the activity described in the segment of distribution activities, the Company rents premises, in which it sells its own goods. Rent is now recognized in the financial statements of the Company as operating leases. According to the rules introduced by IFRS 16, the Company will have to recognize assets and liabilities arising from contracts of this type in the statement of financial position. The value of future minimum payments under operating leases is described in note 2.2. After application of IFRS 16, the Company expects a significant increase in the value of assets and lease liabilities in the statement of financial position of the Company. The minimum value of the discounted future payments is an approximate estimate of how much liabilities would increase if the standard was adopted at the balance sheet date. Recognized assets and liabilities will be differently accounted from the settlement of operating leases.

Currently, lease payments are accounted linearly. It is expected that the assets of the lease will also be accounted linearly however liabilities will be accounted with the effective interest rate, which will make the increase of burdens in the period after the conclusion or modification of the lease agreement and its reduction in the course of time.

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

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

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

i FOR FURTHER DETAILS SEE NOTE **2.1**

1.1 SEGMENTS

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

i MORE INFORMATION IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 8**

[IN MLN PLN UNLESS OTHERWISE STATED]

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

2.1 REVENUES FROM SALE

ACCOUNTING POLICY

The sales revenues recognize revenues from sales of goods, products and sublease services achieved in the normal course of business.

Revenue from sales is recognized at the fair value received or receivable for the sale of goods and services in the ordinary course of business of the Company. Revenue is shown after the deduction of value-added tax, returns, rebates and discounts.

Revenues from sales of goods and products - retail sale

The Company sells footwear, handbags, shoe care products, small leather goods and clothing through a network of its own stores located throughout the country. Revenue from sales is recognized upon delivery of the goods to the customer in the store. Retail sale is conducted mainly in cash or by payment cards. The Group applies a policy of return of goods by the customer within 7 days from the date of purchase. In order to estimate the size of returns and the creation of a provisions, the previous experience is applied. Principles of creating provisions for warranty repairs are presented in Note 5.7.

Revenue from premises sublease services

The Company is a party to the lease agreements and sublease of premises used to conduct retail business. Sublease agreements are concluded with business partners cooperating with the Company on the basis of franchise agreements. Therefore, the Company makes re-invoicing of lease costs for a contractor running business in a given location. In the financial statements, the Company presents the margin, it is the value of revenues less the costs associated with the title of revenue. Revenue from sublease services is recognized for the period to which lease or sublease applies.

	2015	2014
Sale of goods revenue	1 601,0	1 682,9
Other sale revenue	72,9	13,0
Total revenue from sale	1 673,9	1 695,9

2.2 COSTS BY NATURE

ACCOUNTING POLICY

Cost of goods sold

As the cost of goods sold the Company recognizes:
- purchase value of goods sold
- value of packages expended for sale
- cost of a provision concerning complaints (note 5.7)
- the value of finished goods sold
- cost of sublease services (cost of the fees under operating lease of premises that are the subject of sublease)
- cost of provided logistic services, accounting services
- impairments for inventories

i MORE INFORMATION IN SECTION **3.1.1.1** (COST OF OPERATING STORES) IN STATEMENT OF OPERATIONS OF THE COMPANY

Cost of operating stores

Cost of operating stores includes the cost of maintenance of stores and other retail outlets. This item includes mainly:
- cost of the fees in operating lease of premises in which stores are run
- remuneration costs of employees employed in stores
- amortisation of tangible fixed assets (investments in stores)
- cost of external services (inter alia, the costs of the agent's remuneration, costs of media consumption)

Other cost of sale

Other cost of sale includes cost of sale not directly related to the maintenance of stores, relating to organizational units supporting the sale. This item includes mainly:
- remuneration costs of employees of organizational units supporting sale
- amortisation of tangible fixed assets
- cost of external services
- other flat costs
- impairment losses on receivables from supplies and services

Administrative expenses

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

Other income and operating cost

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

Operating lease

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

[IN MLN PLN UNLESS OTHERWISE STATED]

NOTE	2015	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Acquisition cost of goods sold	1 187,1	—	—	—	1 187,1
	Consumption of materials and energy	—	14,1	1,5	1,6	17,2
5.3	Impairment for inventories	—	—	—	—	—
	Remuneration	—	107,3	6,9	7,1	121,3
6.2	Cost of incentive program	—	—	—	10,4	10,4
	Social security contributions	—	20,5	1,0	0,8	22,3
	Other employee benefits	—	0,9	1,4	0,4	2,7
	Agent services	—	37,3	—	—	37,3
	Transportation services	—	0,2	3,6	—	3,8
	Lease costs	—	175,6	1,1	0,8	177,5
	Other outsorcing services	—	9,9	2,0	9,7	21,6
5.2	Amortisation	—	19,1	0,4	3,8	23,3
	Taxes and charges	—	0,1	0,1	1,4	1,6
	Other flat costs	—	0,6	1,1	1,8	3,5
	Change in products and production in progress	—	—	—	—	—
	Total	1 187,1	385,6	19,1	37,8	1 629,6

NOTE	2014	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Acquisition cost of goods sold	996,2	—	—	—	996,2
	Consumption of materials and energy	—	17,4	7,6	3,0	28,0
5.3	Impairment for inventories	—	—	—	—	—
	Remuneration	—	102,3	34,4	7,7	144,4
6.2	Cost of incentive program	—	—	—	0,5	0,5
	Social security contributions	—	19,6	5,8	0,9	26,3
	Other employee benefits	—	0,9	2,3	0,5	3,7
	Agent services	—	33,3	—	—	33,3
	Transportation services	—	19,1	8,0	1,4	28,5
	Lease costs	—	167,2	3,3	1,0	171,5
	Other outsorcing services	—	15,3	13,0	18,5	46,8
5.2	Amortisation	—	22,8	8,3	3,3	34,4
	Taxes and charges	—	0,1	0,1	1,9	2,1
	Other flat costs	—	21,7	18,9	1,7	42,3
	Change in products and production in progress	—	—	—	—	—
	Total	996,2	419,7	101,7	40,4	1 558,0

REMUNERATION OF THE KEY MANAGEMENT PERSONNEL

2015 IN THOUSAND PLN	FIXED REMUNERATION	PROGRAM OF PAYMENTS BASED ON SHARES - FAIR VALUE AT MOMENT OF GRANTING	OTHER (BONUSES)	TOTAL
Members of Management Board	2 040,00	3 134,00	950,00	6 124,00
Supervisory Board	200,00	—	—	200,00
Total	2 240,00	3 134,00	950,00	6 324,00

2014 IN THOUSAND PLN	FIXED REMUNERATION	PROGRAM OF PAYMENTS BASED ON SHARES - FAIR VALUE AT MOMENT OF GRANTING	OTHER (BONUSES)	TOTAL
Members of Management Board	2 040,00	3 134,00	600,00	5 774,00
Supervisory Board	96,00	—	—	96,00
Total	2 136,00	3 134,00	600,00	5 870,00

i MORE INFORMATION IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 124**

OPERATING LEASE

The Company has the agreements with banks pursuant to which banks issued guarantees to entities renting premises in which the Company conducts commercial activities. The total amount of guarantees utilized at 31 December 2015 amounted to 68.4 million PLN (61.8 million PLN at 31 December 2014):

	RENTS 2015	2014
up to 1 year	133,0	128,7
from 1 to 5 years	532,0	515,0
over 5 years	266,0	257,5
Total	931,0	901,2

The Company is also a party to sublease agreements on the basis of operating lease. Revenues from sub-leasing fees on the basis of operating lease for the period of 12 months in 2015 amounted to 13.1 million PLN (in 2014 12.6 million PLN). Total future contractual rents in this respect amount to 12.7 million PLN for the entire duration of the agreements on 31 December 2015 (15.2 million PLN at 31 December 2014).

[IN MLN PLN UNLESS OTHERWISE STATED]

2.3 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

NOTE		2015	2014
	Other cost		
	Loss on disposal of tangible fixed assets	6,8	5,1
	Stocktaking net losses	1,7	1,4
5.7	Provisions made	0,2	0,9
	Loss on exchange rates from positions other than debt	0,9	—
	Other net operating cost	—	1,2
		9,6	8,6
	Other income		
	Profit on exchange rates from positions other than debt	—	1,7
	Subsidy to remuneration PFRON	3,3	1,6
	Other net operating revenue	2,1	—
		5,4	3,3
	Total other operating costs and income	(4,2)	(5,3)

NOTE		2015	2014
	Finance cost		
4.2	Interest on borrowings (recognised in costs)	9,1	18,1
	Commissions paid	—	0,5
	Result on exchange rates	0,6	—
	Other finance cost	2,8	2,1
		12,5	20,7
	Finance income		
	Dividends received	50,7	24,6
	Interest income from current account and other	5,7	2,6
	Result on exchange rates	—	1,7
	Lowering the capital of NG2 Suisse S.a.r.l.	209,4	—
	Other finance income	3,7	0,2
		269,5	29,1
	Total other finance costs and income	257,0	8,4

i MORE INFORMATION IN SECTION **3.1.1.1** (FINANCE INCOME AND COSTS) IN THE STATEMENT OF OPERATIONS OF THE COMPANY

[IN MLN PLN UNLESS OTHERWISE STATED]

2.4 TAXATION

ACCOUNTING POLICY

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

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

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

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

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

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

		2015	2014
	Current tax	(10,0)	(25,4)
2.3.c	Deferred tax	1,3	0,2
2.3.b	Income tax recognized in income statement	(8,7)	(25,2)
	Current tax recognized in the result	(10,0)	(25,4)
	Balance of (liabilities) /receivables at beginning of period	(12,8)	(0,5)
	Balance of (receivables) / liabilities at the end of the period	(5,8)	12,8
	Other changes (give title)	—	0,6
	Tax paid recognized in statement of cash flows	(28,6)	(12,6)

[IN MLN PLN UNLESS OTHERWISE STATED]

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

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

	2015	2014
Profit before tax	297,1	141,0
Applicable tax rate	19%	19%
Tax calculated according to the applicable tax rate	(56,4)	(26,8)
Tax effects of the following items:		
income not allowable for tax Income	50,4	8,8
non-tax-deductible expenses	(2,9)	(6,8)
other adjustments	0,2	(0,4)
Charging financial result on income tax	(8,7)	(25,2)

The main item of income not constituting tax revenues are the dividends received.

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

[IN MLN PLN UNLESS OTHERWISE STATED]

C. BALANCE AND CHANGES OF DEFERRED TAX

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

NOTE		31.12.2015	RECOGNIZING/ (CHARGING) FINANCIAL RESULT	31.12.2014	RECOGNIZING/ (CHARGING) FINANCIAL RESULT	01.01.2014
	Assets					
	Costs after the balance sheet date	1,2	0,2	1,0	0,6	0,4
5.7	Provisions for liabilities	1,2	(0,2)	1,4	0,2	1,2
	Impairment of assets	2,4	—	2,4	(0,4)	2,8
	Other	2,9	1,8	1,1	0,8	0,3
	Total	7,7	1,8	5,9	1,2	4,7
	Liabilities					
	Accelerated tax depreciation	1,6	0,5	1,1	1,1	—
	Interest accrued	0,3	(0,1)	0,4	0,2	0,2
	Other	—	—	—	(0,3)	0,3
	Total	1,9	0,4	1,5	1,0	0,5

[IN MLN PLN UNLESS OTHERWISE STATED]

3. INVESTMENTS IN SUBSIDIARIES, LOANS GRANTED AND TRANSACTIONS WITH RELATED ENTITIES

3.1 INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY

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

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

	2015	2014
At 1 January	107,2	55,9
Acquisition	0,9	54,8
Sale	—	—
An impairment loss of value	—	—
Other	16,6	(3,5)
At 31 December	124,7	107,2

[IN MLN PLN UNLESS OTHERWISE STATED]

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

NAME OF COMPANY	HEADQUARTERS OF COMPANY	BUSINESS ACTIVITY	BOOK VALUE 2015	BOOK VALUE 2014
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investing	44,5	44,5
CCC Czech s.r.o.	Prague, Czech Republic	commercial	40,0	37,7
CCC Factory Sp. z o.o.	Polkowice, Poland	manufacturing	18,1	16,1
CCC Hrvatska d.o.o.	Zagreb, Croatia	commercial	3,1	2,9
CCC Obutev d.o.o.	Maribor, Slovenia	commercial	2,2	2,1
CCC Germany GmbH	Frankfurt, Germany	commercial	2,5	1,3
CCC.EU sp. z o.o.	Polkowice, Poland	commercial	9,3	—
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial	1,3	0,6
CCC Austria Ges.m.b.H	Graz, Austria	commercial	1,8	0,8
NG2 Suisse s.a.r.l.	Zug, Switzerland	company in liquidation	0,9	0,9
other			1,0	0,3
Total			124,7	107,2

All subsidiaries are directly or indirectly controlled by the Company (the Company holds a 100% share in each of the above companies and the same number of voting rights).

3.2 LOANS GRANTED

ACCOUNTING POLICY

Loans granted are valued initially at fair value and valued after initial recognition at amortized cost using the effective interest rate method less impairment loss.

Impairment loss for financial assets

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

[IN MLN PLN UNLESS OTHERWISE STATED]

	2015	2014
At 1 January	153,7	31,6
Granting of loans	81,8	134,2
Interest paid	5,4	2,3
Repayments	(29,9)	(14,4)
Impairment loss	—	—
Other	0,1	—
At 31 December	211,1	153,7
current	200,2	106,4
non-current	10,9	47,3

The fair value of loans granted does not differ significantly from the book value.

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

Loans are mainly granted to subsidiaries of CCC S.A.. The currency in which loans are granted is mainly PLN and EUR. The amounts of loans in other foreign currencies (USD, BGN, HUF, TRY) are insignificant. The interest rate on loans granted is based on the variable WIBOR plus a margin (loans in PLN) or fixed interest rates defined in the agreements (loans in EUR and other currencies). The loans are not secured. Further analysis regarding the risk of currency is described in note 6.1.

	KWOTA POŻYCZKI 2015	KWOTA POŻYCZKI 2014
Subsidiaries of CCC S.A.		
CCC.EU Sp. z o.o.	59,5	60,0
CCC Austria Ges.m.bH	52,8	31,6
CCC Germany GmbH	44,0	30,3
CCC Shoes Ayakkabicilik Ticaret Limited Sirketi	18,9	13,4
CCC Shoes Bulgaria EOOD	4,7	0,2
Other	3,0	3,2
Total	182,9	138,7
Other subsidiaries		
Adler International	15,1	15,0
eobuwie.pl S.A. [1]	13,1	—
Total	28,2	15,0
including:		
current	200,2	106,4
non-current	10,9	47,3

[1] Since 2016 company obuwie.pl S.A. has been a related party to CCC S.A.

Analysis regarding credit risk described in note 6.1.

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

Credit risk	Policy on this risk management is presented in note 6.1. In the opinion of the Management Board, the credit quality of these receivables is good. The loans are unsecured and the maximum amount of exposure to credit risk corresponds to the book value of these receivables. Loans receivables aren't overdue or no impairment loss is confirmed.
Interest rate risk	Policy on this risk management, and analysis of sensitivity to interest-rate changes is presented in note 6.1.
Fair value	The fair value of receivables is similar to their book value.

[IN MLN PLN UNLESS OTHERWISE STATED]

3.3 TRANSACTIONS WITH RELATED ENTITIES

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

	2015	2014
Subsidiaries of the Company		
Transactions in the fiscal year:		
Sale of finished products / goods	104,6	229,6
Sales of services	133,9	24,6
Interest on loans granted	4,8	2,2
Purchases of finished products / goods	1 091,9	467,7
Purchases of services	13,2	35,6
Sale of fixed assets	1,9	2,6
Balances of transactions recognized as at balance sheet date:		
Receivables from customers	64,4	102,4
Loans receivables	182,8	138,6
Liabilities to suppliers	64,2	72,5
Debt liabilities against NG2 Suisse S.a.r.l.	22,3	37,9
Contingent assets and liabilities as at balance sheet date		
Contingent assets arising from guarantees and sureties received	83,0	801,0
Contingent liabilities arising from securities granted	997,0	780,6

Details regarding loans granted to related entities are presented in note 3.2 .

Transactions with related entities were made on market conditions.

[IN MLN PLN UNLESS OTHERWISE STATED]

4. DEBT, CAPITAL AND LIQUIDITY MANAGEMENT

4.1 CAPITAL MANAGEMENT

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

In accordance with the Company's policy, the dividend is possible in the amount not less than 33% and not higher than 66% of the profit for the period. Detailed information on the dividend policy is described in the Statement on operations of the Company. [Section 3.2.1 (financial ratios)].

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

Like other companies in the industry, the Company monitors the capital by using the debt ratio. This ratio is calculated as the ratio of net debt to total capital. Net debt is calculated as total of borrowings (including current and non-current loans and issued bonds indicated in the separate statement of financial position) less cash and cash equivalents. Total value of capital is calculated as equity presented in the separate statement of financial position with net debt. The change of a ratio is consistent with the activities undertaken by the Company, and the ratio is at the level expected by the Management Board of the parent company, which is in the range from 20 to 40%.

NOTE		2015	2014
	Debt liabilities	233,5	260,3
5.5	Cash and cash equivalents	180,8	59,0
	Net debt	52,7	201,3
4.1	Total equity	654,9	454,8
	Capital employed (equity and net debt)	707,6	656,1
	Debt ratio	7%	31%

i MORE INFORMATION IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 66**

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

4.1.1. EQUITY

ACCOUNTING POLICY

Equity is recognized in the accounting books by type and in accordance with legal regulations and the provisions of the Articles of Association.
The types of equity:
- basic capital (share) is recognized the value specified in the Articles of Association and entered in the court register,
- capital reserve created from the surplus value from the sale of shares above their nominal value less the issuance costs,
- retained earnings created from the dividing of financial result, undivided financial result and profit (loss) for the period covered by the financial statements,
- other capitals - created based on launched stock option scheme for employees

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

SHARE CAPITAL

As at 31 December 2105 and 31 December 2014 share capital of the company consisted of 38.4 million shares, of the nominal value per share 0.1 PLN including 31.75 million ordinary shares and 6.65 million preferred shares with voting rights. All issued shares were paid in full.

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

The entity which has a significant effect on the Company is a company Ultro S.A., based in Polkowice, which holds 26.95% of the share capital and 33.52% of the total number of votes. This entity is dependent on Dariusz Miłek, The President of the Management Board of CCC S.A..

i MORE INFORMATION IN STATEMENT OF OPERATIONS OF THE COMPANY **p. 85**

i FOR FURTHER DETAILS SEE NOTE **6.1**

OTHER CAPITALS

Other capital mainly include capital from the settlement of employee benefit plans based on shares settled in capital instruments (for further details see note 6.1).

RETAINED EARNINGS

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

EARNINGS PER SHARE

In the fiscal year earnings per share amounted to 7.51 PLN (2014 - 3.01 PLN). There were no events affecting the dilution of the profit.

DIVIDEND PAID

In the current year a dividend in the amount of 115.20 mln PLN was paid, which corresponds to 3.00 PLN per 1 share (in 2014 it was 115.20 million PLN, corresponding to 3.00 PLN per 1 share). Detailed information on the dividend policy is contained in the statement of operations of the Company.

i MORE INFORMATION IN STATEMENT OF OPERATIONS OF THE COMPANY **s. 93**

[IN MLN PLN UNLESS OTHERWISE STATED]

4.2 DEBT

ACCOUNTING POLICY

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

i FOR FURTHER DETAILS SEE NOTE 5.2

NOTE	DEBT LIABILITIES			BONDS LIABILITIES	TOTAL DEBT
	NON-CURRENT	CURRENT	IN CURRENT ACCOUNT		
At 1.01.2014	158,0	66,0	134,8	—	358,7
Proceeds from debt contracted					
- financing received	—	101,9	—	210,0	311,9
- transactional cost	—	—	—	—	—
Charging interest	1,5	2,9	13,7	4,4	22,5
Repayment of debt					
- repayment of capital	—	(31,0)	—	—	(31,0)
interest paid	(1,5)	(1,4)	(13,7)	(4,4)	(21,0)
Change in current account	—	—	(16,4)	—	(16,4)
Separation of an organized part of enterprise	(152,0)	(94,0)	(118,4)	—	(364,4)
Other non-cash changes	—	—	—	—	—
At 31.12.2014	6,0	44,4	—	210,0	260,3
Proceeds from debt contracted					
- financing received	—	—	—	—	—
- transactional cost	—	—	—	—	—
Charging interest	0,2	1,7	0,1	7,1	9,1
Repayment of debt					
- repayment of capital	(6,0)	(6,0)	—	—	(12,0)
- interest paid	(0,2)	—	(0,1)	(7,1)	(7,4)
Change in current account	—	—	0,8	—	0,8
Other non-cash changes	—	(17,3)	—	—	(17,3)
At 31.12.2015	—	22,8	0,8	210,0	233,5

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

[IN MLN PLN UNLESS OTHERWISE STATED]

Under the terms of loan agreements and incurred liabilities with respect to bonds of which the balance of the debt on the balance sheet date is 233,5 (2014: 260.3) The Company is required to comply with the following covenants:

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

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

On 31 December 2015 the value of Ratio 1 was 1.12 (1.4 at 31 December 2014), whereas the value of Ratio 2 amounted to 18.2 (15.7 at 31 December 2014).

As of 31 December 2015, during the reporting period and until the date of approval of the financial statements, there had been no breaches of the covenants contained in the aforementioned agreements.

Repayment of these liabilities are covered by the following collateral:

INDICATOR	AMOUNT/OR BOOK VALUE OF COLLATERAL	
	2015	2014
Guarantees given	997,0	780,6
Capped mortgage on the property	187,5	45,0
Registered pledge on movables	97,5	97,5
Blank promissory notes	—	—
Assignment of rights from insurance policies	8,0	15,0

[IN MLN PLN UNLESS OTHERWISE STATED]

4.3 CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

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

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

i MORE INFORMATION IN SECTION 3.3.1 IN THE STATEMENT OF OPERATIONS OF THE COMPANY

NOTE	AT 31.12.2015	CONTRACTUAL MATURITIES FROM THE END OF REPORTING PERIOD					„TOTAL UNDISCOUNTED"	BOOK VALUE
		UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
4.2	Borrowings	12,5	10,9	—	—	—	23,5	23,5
4.2	Bonds	—	—	—	210,0	—	210,0	210,0
5.6	Liabilities to suppliers	86,2	—	—	—	—	86,2	86,2
	Financial liabilities	98,7	10,9	—	210,0	—	319,7	319,7

NOTE	AT 31.12.2014	CONTRACTUAL MATURITIES FROM THE END OF REPORTING PERIOD					„TOTAL UNDISCOUNTED"	BOOK VALUE
		UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
4.2	Borrowings	5,6	32,7	12,0	—	—	50,3	50,3
4.2	Bonds	—	—	—	210,0	—	210,0	210,0
5.6	Liabilities to suppliers	167,3	—	—	—	—	167,3	167,3
	Financial liabilities	172,9	32,7	12,0	210,0	—	427,6	427,6

[IN MLN PLN UNLESS OTHERWISE STATED]

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

NOTE		RECEIVABLES	LIABILITIES
	At 31.12.2014	275,1	204,7
	At 31.12.2015	286,1	119,2
	Change in the statement of financial position	(11,0)	(85,5)
	Difference arising from:		
3.2	Loans granted	57,3	—
	Change in investment liabilities	—	(4,9)
	Other	15,6	17,7
	Change recognized in the statement of cash flows	61,9	(72,7)
	At 31.12.2013	206,6	238,9
	At 31.12.2014	275,1	204,7
	Change in the statement of financial position	(68,5)	34,2
	Difference arising from:		
3.2	Loans granted	122,9	—
	Separation of an organized part of the enterprise	(74,4)	76,9
	Change in the balance of investment liabilities	—	0,3
	Other	(4,2)	0,4
	Change recognized in the statement of cash flows	(24,3)	43,5

	2015	2014
Other profit adjustments before taxation:		
Change in provisions	(2,8)	0,9
Valuation of employee option scheme	10,4	2,2
Acquisition of investments available for sale	—	(1,7)
Other	—	1,3
	7,6	2,7

	2015	2014
Depreciation and amortization resulting from changes in fixed assets		
Depreciation and amortization disclosed in note of flat costs	23,3	34,4
Change due to re-invoicing of costs	11,0	(2,8)
	34,3	31,6

[IN MLN PLN UNLESS OTHERWISE STATED]

5. NOTES TO STATEMENT OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

ACCOUNTING POLICY

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

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

i FOR FURTHER DETAILS SEE NOTE **5.2**

	PATENTS AND LICENSES	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross value 1.01.2014	6,3	3,1	9,4
Impairment	(3,0)	—	(3,0)
Net value 1.01.2014	3,3	3,1	6,4
Amortisation and Depreciation	(0,7)	–	(0,7)
Acquisition	0,2	0,4	0,6
Producing on its own	—	—	—
Liquidation and sale	(0,5)	(0,1)	(0,6)
Transfer between groups	—	—	—
Gross value 31.12.2014	6,0	3,4	9,4
Impairment	(3,7)	—	(3,7)
Net value31.12.2014	2,3	3,4	5,7
Amortisation and Depreciation	(1,8)	—	(1,8)
Acquisition	1,0	—	1,0
Producing on its own	—	—	—
Liquidation and sale	—	(2,5)	(2,5)
Gross value 31.12.2015	7,0	0,9	7,9
Impairment	(5,5)	—	(5,5)
Net value 31.12.2015	1,5	0,9	2,4

5.2 TANGIBLE FIXED ASSETS

ACCOUNTING POLICY

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

GROUP OF FIXED ASSETS	DEPRECIATION PERIOD
Investment in stores	Depreciation period is determined by two factors and accept lesser of values: - utility period of outlays (typically 10 years) - duration of the lease store in which the fixed asset is placed (usually 10 years)
Buildings	– from 10 to 40 years
Machines and equipment	– from 3 to 15 years
Means of transport	– from 5 to 10 years
Other tangible fixed assets	– from 5 to 10 years
Depreciation method and its period are reviewed at each balance sheet date.	

Impairment on non-financial fixed assets

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

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

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

W przypadku uznania aktywa za nieodzyskiwalne Spółka dokonuje odpisu z tytułu utraty wartości w wysokości nadwyżki poniesionych nakładów inwestycyjnych nad wartością odzyskiwalną. Odpis ujmowany jest w kosztach funkcjonowania sklepów.

Grants received

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

SIGNIFICANT ESTIMATE

In 2015 impairment loss of non-financial assets in the amount of 3.1 million PLN was released, in total relating to outlays in stores.

In 2014 impairment loss of non-financial assets in the amount of 5.2 million PLN was made, in total relating to outlays in stores.

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

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

In the event that the rental period has been increased/decreased by one year, the level of depreciation expense would be decreased/increased by 2.3 million PLN. Fixed assets in progress mainly include investment outlays incurred in the stores. At the balance sheet date the value of the investment amounted to 2.1 million PLN (1.6 million PLN - 31.12.2014).

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

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

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

In 2015, in the statement of comprehensive income the grant in the amount of 2.6 million PLN was settled (in 2014 2.6 million PLN).

[IN MLN PLN UNLESS OTHERWISE STATED]

	INVESTMENTS IN STORES	LAND, BUILDINGS AND CONSTRUCTIONS	MACHINES AND EQUIPMENT	MEANS OF TRANSPORT	OTHER	TOTAL
Gross value 1.01.2014	180,1	88,5	82,8	32,9	11,3	395,6
Write-down	(54,6)	(21,1)	(23,5)	(9,5)	(8,4)	(117,1)
Impairement loss	—	—	—	—	—	—
Net value 1.01.2014	125,5	67,4	59,3	23,4	2,9	278,5
Acquisitions	42,5	3,4	6,5	5,5	0,8	58,7
Produced on its own	—	—	—	—	—	—
Amortisation and depreciation	(12,5)	(8,3)	(8,7)	(2,8)	(0,7)	(33,0)
Impairement loss	(16,2)	(0,6)	(2,2)	(1,1)	(0,4)	(20,5)
Liquidation and sale	7,9	—	1,1	1,0	0,1	10,1
Separation of an organized part of the enterprise	—	—	(1,7)	(3,3)	(0,5)	(5,5)
Transfers	—	—	1,5	1,4	0,3	3,2
Gross value 31.12.2014	206,4	91,3	85,4	34,0	11,2	428,3
Write-down	(59,2)	(29,4)	(29,6)	(9,9)	(8,7)	(136,8)
Impairement loss	(2,8)	—	—	—	—	(2,8)
Net value 31.12.2014	144,4	61,9	55,8	24,1	2,5	288,7
Acquisitions	41,0	8,5	17,8	1,7	2,0	71,0
Produced on its own	—	—	—	—	—	—
Amortisation and depreciation	(12,5)	(10,5)	(9,1)	(3,2)	(0,5)	(35,8)
Impairement loss	(18,8)	(1,0)	(1,2)	(0,3)	(0,5)	(21,8)
Liquidation and sale	9,6	—	0,8	0,3	0,2	10,9
Transfers	—	—	—	—	—	—
Gross value 31.12.2015	225,8	98,8	102,0	35,4	12,7	474,7
Write-down	(62,1)	(39,9)	(37,9)	(12,8)	(9,0)	(161,7)
Impairement loss	3,1	—	—	—	—	3,1
Net value 31.01.2015	166,8	58,9	64,1	22,6	3,7	316,1

[IN MLN PLN UNLESS OTHERWISE STATED]

5.3 INVENTORIES

ACCOUNTING POLICY

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

i MORE INFORMATION IN SECTION **3.1.1.2** (FIXED ASSETS) IN STATEMENT OF OPERATIONS OF THE COMPANY

	2015	2014
Goods	116,2	228,3
Total net	116,2	228,3
Write-down	—	—
Gross total	116,2	228,3

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

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

i FOR FURTHER DETAILS SEE NOTE **6.1**

CHANGE IN IMPAIRMENT LOSS ON INVENTORIES

i FOR MORE INFORMATION SEE **3.1.1.2** (CURRENT ASSETS) IN THE STATEMENT OF THE OPERATIONS OF COMPANY

	2015	2014
At 1 January 1 stycznia	—	5,1
Establishment in cost of goods sold	2,1	7,4
Reversal in cost of goods sold	(2,1)	(12,5)
At 31 December	—	—

[IN MLN PLN UNLESS OTHERWISE STATED]

Due to changes in the business structure of the entire Capital Group CCC S.A., which occurred on 1 October 2014, The Company now owns most of all goods stored in retail outlets. This reduced the value of inventories that meet the conditions for creating an impairment during the year. In 2015, the Company did not identify any circumstances to create an impairment.

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

i FOR FURTHER DETAILS SEE NOTE 4.2

5.4 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate less the impairment losses (further policy described in note 3.2).
If the amount payable can be expected within one year, receivables are classified as current assets. Otherwise, it is recognized as fixed assets

Other receivables

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

i FOR FURTHER DETAILS SEE NOTE 3.2

	2015	2014
Gross receivables from customers	72,7	120,8
Impairment for receivables	(2,3)	(0,6)
Total net receivables	70,4	120,2
Other	4,7	1,3
Total receivables from customers	75,1	121,5

Customer receivables are exposed to credit risk and currency exchange risk.

Policy for managing these risks and further information on these risks (including assessment of credit quality, the maximum exposure to credit risk, sensitivity analysis on the change rate of the exchange rate) are shown in note 6.1. In relation to this assets overdue receivables amount to 18.6 mln PLN and mainly is related to subsidiaries - 14.8 mln PLN and other 3.8 mln PLN.

[IN MLN PLN UNLESS OTHERWISE STATED]

5.5 CASH

ACCOUNTING POLICY

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

i FOR MORE INFORMATION SEE **3.1.1.2** (CASH) IN THE STATEMENT OF THE OPERATIONS OF COMPANY

	2015	2014
Cash in hand	12,5	12,6
Cash at bank	6,4	1,6
Short-term deposits (up to 3 months)	161,9	44,8
Total	180,8	59,0

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

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

[IN MLN PLN UNLESS OTHERWISE STATED]

5.6 LIABILITIES TO SUPPLIERS AND OTHER LIABILITIES

ACCOUNTING POLICY

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

	2015	2014
Liabilities to suppliers:	86,2	167,4
lease and supply of goods and services	77,7	163,8
investment	8,5	3,6
other	—	—
Total	86,2	167,4
Liabilities for indirect taxes, duties and other benefits	0,3	10,9
Liabilities to employees	16,8	16,6
Other liabilities	16,0	9,9
Total	33,1	37,4

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

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

[IN MLN PLN UNLESS OTHERWISE STATED]

5.7 PROVISIONS

ACCOUNTING POLICY

Provision for jubilee awards and retirement benefits and litigations are mainly recognized within the provisions.
Due to the executed restructuring, the Company until 30 September 2014 had created a provision for expected warranty repairs.
The provision for warranty repairs is created as an estimated determination determine of the average level of product returns in respect of the complaints based on historical data.
After making the calculation for several periods and on the basis of gained experience of the Company in order to simplify the estimates made, the average rate of complaints concerning prior periods is calculated. Variable determining the potential returns from sales, upon which the value of the potential claims depends is the amount of revenue from sales in the period.
In subsequent periods some provisions adjustments are made by increasing or releasing depending on the revenue generated from the sale.
Provision for litigations is created in the amount representing the best estimate of the amount required to settle the resulting obligation.

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

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

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
At 1.01.2014	1,6	2,0	—	—	3,6
Establishment	—	1,3	3,0	—	4,3
Utilisation	—	—	—	—	—
Release	(0,1)	(3,3)	—	—	(3,4)
At 31.12.2014	1,5	—	3,0	—	4,5
current	0,4	—	3,0	—	3,4
non-current	1,1	—	—	—	1,1
At 1.01.2015	1,5	—	3,0	—	4,5
Establishment	0,2	—	—	—	0,2
Utilisation	—	—	(2,0)	—	(2,0)
Release	—	—	(1,0)	—	(1,0)
At 31.12.2015	1,7	—	—	—	1,7
current	0,4	—	—	—	0,4
non-current	1,3	—	—	—	1,3

[IN MLN PLN UNLESS OTHERWISE STATED]

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY IAS 39

CATEGORY ACCORDING TO MSR39	2015		2014	
BALANCE SHEET ITEMS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES (AT AMORTIZED COST)	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES (AT AMORTIZED COST)
Financial assets	461,6	—	333,2	—
Loans granted	211,1	—	153,7	—
Receivables from customers	69,7	—	120,5	—
Cash and cash equivalents	180,8	—	59,0	—
Financial liabilities	—	335,5	—	437,5
Debt liabilities	—	233,5	—	260,3
Liabilities to suppliers	—	102,0	—	177,2

FINANCIAL RISK MANAGEMENT

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

[IN MLN PLN UNLESS OTHERWISE STATED]

RISK OF CHANGES IN CURRENCY EXCHANGE RATES

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

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

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

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

2015	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			OTHER
		USD	EUR	HUF	
Financial assets	467,0	10,3	133,5	—	323,2
Loans granted	211,1	4,7	115,3	—	91,1
Receivables from customers	75,1	0,2	17,8	—	57,1
Cash and cash equivalents	180,8	5,4	0,4	—	175,0
Financial liabilities	352,8	0,5	1,2	—	351,1
Debt liabilities	233,5	—	—	—	233,5
Liabilities to suppliers	119,3	0,5	1,2	—	117,6

2014	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			OTHER
		USD	EUR	HUF	
Financial assets	334,2	8,4	135,6	43,6	146,6
Loans granted	153,7	4,6	81,1	—	68,0
Receivables from customers	121,5	3,0	40,3	43,6	34,6
Cash and cash equivalents	59,0	0,8	14,2	—	44,0
Financial liabilities	465,1	0,4	2,2	—	462,5
Debt liabilities	260,3	—	—	—	260,3
Liabilities to suppliers	204,8	0,4	2,2	—	202,2

[IN MLN PLN UNLESS OTHERWISE STATED]

RISK OF INTEREST RATE CHANGES

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

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

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

If interest rates on debt in the 12 months ended 31 December 2015 were 1 p.p. higher/lower, the profit for the period would be about 4.5 million PLN (2014: 4.1 million PLN lower/higher). The following table presents a sensitivity analysis of the risk of changes in interest rates, which in the opinion of the Company would be reasonably possible at the balance sheet date.

	AMOUNT VULNERABLE TO RISK OF INTEREST RATE CHANGE %		31 DECEMBER 2015		31 DECEMBER 2014	
	2015	2014	+1 P.P.	-1 P.P.	+1 P.P.	-1 P.P.
Cash at bank	6,4	1,6	0,1	(0,1)	—	—
Loans granted	211,1	153,7	2,1	(2,1)	1,5	(1,5)
Debt liabilities	233,5	260,3	2,3	(2,3)	2,6	(2,6)
Effect on net result			4,5	(4,5)	4,1	(4,1)

[IN MLN PLN UNLESS OTHERWISE STATED]

CREDIT RISK

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

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

	2015	2014
Loans granted	211,1	153,7
Receivables from customers	75,1	121,5
Cash and cash equivalents	180,8	59,0
Total	467,0	334,2

The lifetime structure of receivables, together with information on impairment of receivables are presented in note 5.4 (receivables from customers) and in note 3.2 (loans granted).

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

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

	2015	2014
Banks with a rating of A	—	—
Banks with a rating of A-	157,9	43,5
Banks with a rating of BAA1	—	—
Banks with a rating of BAA2	—	—
Banks with a rating of BAA3	—	—
Banks with a rating of BB	—	0,5
Banks with a rating of BBB +	8,8	0,6
Banks with a rating of BBB-	0,1	0,2
Banks with a rating of BBB	1,4	1,6
Cash at banks in total	168,2	46,4

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

6.2 PAYMENTS IN FORM OF SHARES

ACCOUNTING POLICY

The Company runs a program of benefits based on shares settled in capital instruments, under which the entity receives services of employees in exchange for equity instruments (options) of the Company. The fair value of employee's services received in exchange for granting options is recognized as an expense over the period of conferring rights to exercise the option in correspondence to equity - retained earnings.
The total amount subject to recognition in cost is determined by referring to the fair value of options granted at the date of granting the option:
• taking into account any market conditions (for example entity's share price);
• excluding the impact of any related work experience and non-market conferring rights (for example, sales profitability, the goals connected with growth in sales and the indicated period of the compulsory employment of the employee in the unit); and
• taking into account the impact of any conditions unrelated to conferring the rights (for example, the requirement by the current staff to keep received instruments for a specified period).
At the end of each reporting period, the entity revises the made estimates of the expected number of options to which rights are to be conferred as a result of the conditions of conferring rights of a non-market. The Company presents the impact of a possible revision of the original estimates in the report on the financial result, with a corresponding adjustment to equity.
In addition, in certain circumstances, employees can provide services before the date of granting them the stock options. In this case, the fair value of at the date of granting stock options is estimated to recognize costs during the period from commencement of the service by the staff to the actual date of granting them the options.
Upon exercise of the options, an entity issues new shares. The funds obtained after the deduction of any costs that can be directly attributable to the transaction, increase the share capital (nominal value) and the surplus of the issue price of shares over their nominal value.
Social security contributions payable in connection with the granting of stock options are considered an integral part of the benefit granted and the cost is treated as a transaction settled in a form of cash.

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

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

The scheme covers the members of the board of the Unit, members of the management board of subsidiaries, key employees and associates of the Unit and subsidiaries - a total of 98 employees in 2015 (31 employees in 2014).

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

The incentive program is a program settled by capital.

Within this program, the Supervisory Board has the right to grant warrants of a total number of 768,000 warrants. As of 31 December 2015, the Participation Agreement was concluded that provided for granting a total of 652,000 warrants to 98 eligible persons In addition, the Company granted 177.000 employees warrants with a total value of 16.4 million PLN, the rights to which were conferred once at the time of granting, the total cost was recognized in the income statement for 2015, increasing the equity by this amount.

[IN MLN PLN UNLESS OTHERWISE STATED]

THE MAIN TERMS OF THE SCHEME:	TRANCHE 2012	TRANCHE 2015
Date of conferring rights	19.12.2012	29.12.2015
Number of employees covered by the scheme	31	67
The value of the scheme by date of conferring rights	14.9 mln PLN	16.4 mln PLN
Number of warrants granted	475.000	177.000
The value of a warrant by the date of by date of conferring rights	31,34 PLN	92,66 PLN
Cost recognized in the financial result in 2015	10.5 mln PLN	16.4 mln PLN
Cost recognized in the financial result in 2014	2.2 mln PLN	—
Cumulative amount recognized in equity as at 31 December 2015 ("retained earnings")	11.7 mln PLN	16.4 mln PLN
Terms of conferring rights	Non-market conditions relating to employment and the results (described in detail below)	
Period of conferring rights	Finished	Finished
Period of execution of warrants to which rights are conferred	until 30.06.2019	until 30.06.2019

SIGNIFICANT PARAMETERS ADOPTED IN THE VALUATION MODEL WERE:	VALUE OF PARAMETER	
Valuation model of warrants	symulation Monte-Carlo	
Number of warrants granted	475.000	177.000
Share price at the grant date	73,80 PLN	159,00 PLN
The exercise price of the warrant	61,35 PLN	61,35 PLN
Expected volatility	35%	33%
Value of expected dividend	1,60 PLN	3,33 PLN
The average lifetime of the option	5,9 year	3,5 year

TERMS OF CONFERRING RIGHTS ARISING FROM THE SCHEME:	ASSUMPTIONS ADOPTED FOR THE IMPLEMENTATION OF THESE TERMS		
	TRANCHE 2012		TRANCHE 2015
	2015	2014	2015
Achieving annual consolidated net profit of the Capital Group for fiscal years 2013, 2014 and 2015 no less than 620 million PLN	Terms achieved	Term shall be achieved	Terms achieved
Maintaining service relation until 31.12.2015	All persons covered by the scheme implemented this term		All persons covered by the scheme implemented this term
Positive assessment of work performance review of the person entitled (please clarify)	Shall be implemented by all persons covered by the scheme	Shall be implemented by all persons covered by the scheme	Shall be implemented by all persons covered by the scheme

6.3. EVENTS AFTER BALANCE SHEET DATE

On January 15, 2016, the Company CCC S.A. concluded the Disposal Agreement under which it acquired 74.99% stake in eobuwie.pl S.A. from a subsidiary 100% dependent on Shareholders of eobuwie.pl S.A. - MKK3 Sp. o.o. based in Zielona Góra. Under the Disposal Agreement CCC S.A. purchased I Tranche Shares, i.e. 7,498,999 shares with a nominal value of PLN 0.20 each share, i.e. with a total nominal value of PLN 1,499,800.00. On January 15, 2016 CCC S.A. paid the price for shares sold in the amount of PLN 129,982,000.00. The price for the I Tranche shares amounted to 230,660,541 PLN (74.99% of the amount equal to the product of EBITDA 2015 adjusted for one-offs x 12 less the payment of the profit for 2015 for the existing shareholders). This amount may be increased by 5,000,000 PLN + interest of 2.5% per annum, if all or part of this amount will not be secured by CCC S.A. on account of representations and warranties claims made by the Shareholders of the Company eobuwie.pl arising from the conclusion of the investment agreement. CCC has an option to repurchase the remaining 2,501,000 shares giving 25.01% of the share capital after the approval the financial statements for 2018 (II Tranche shares), (CR 4/2016, CR 12/2016).

i For more information see **3.4** (Purchase of eobuwie.pl) in the Statement of the operations of Company

The financial statements were approved for publication by the Management Board of the Company on 28 April 2016 and signed on behalf of the Management Board by:

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS

Edyta Banaś	Chief Accountant	

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

Dariusz Miłek	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Piotr Nowjalis	Vice-President of the Management Board	

Polkowice, 28 April 2016