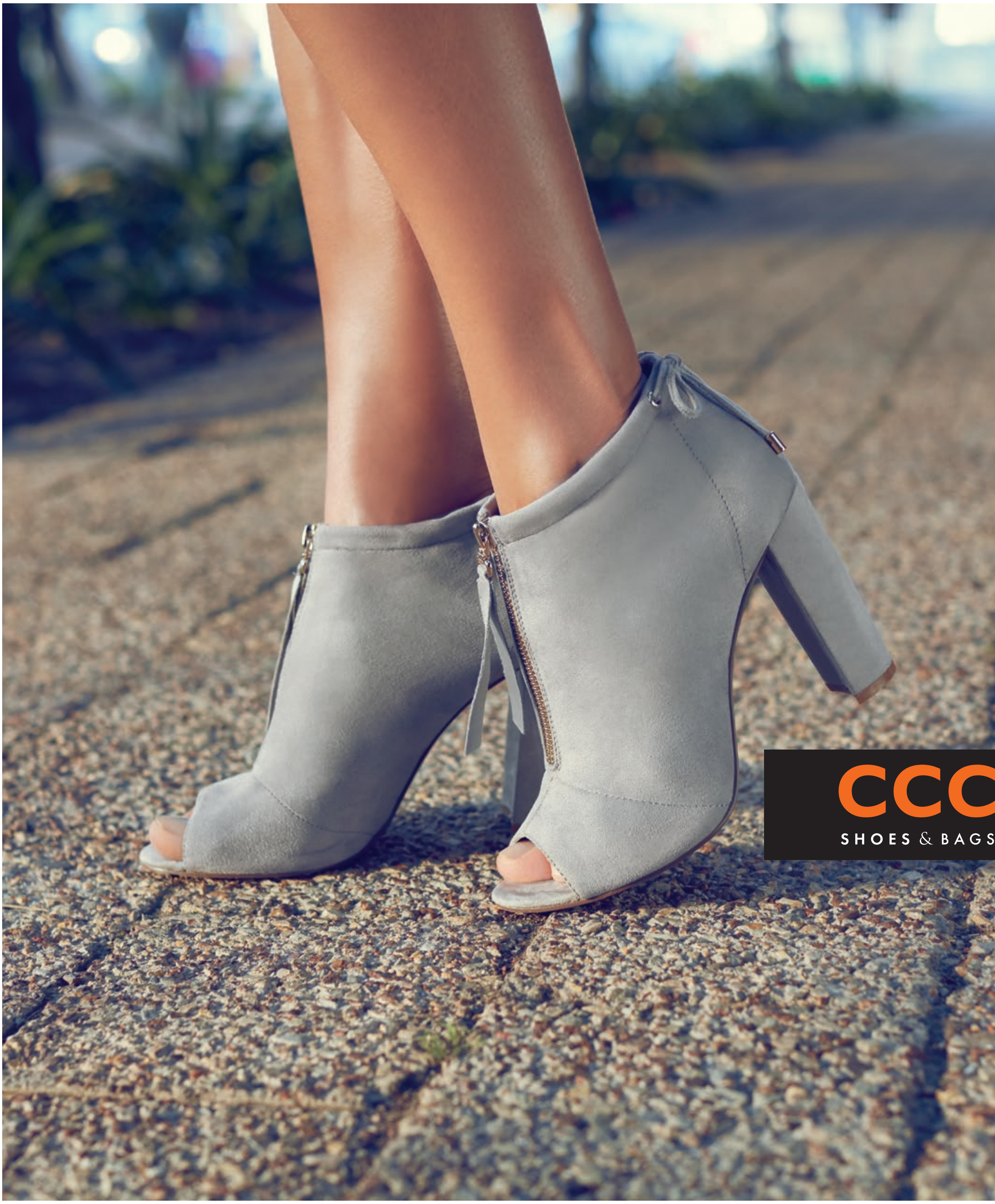
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CCC S.A. FOR THE PERIOD 01.01.2017 – 30.06.2017



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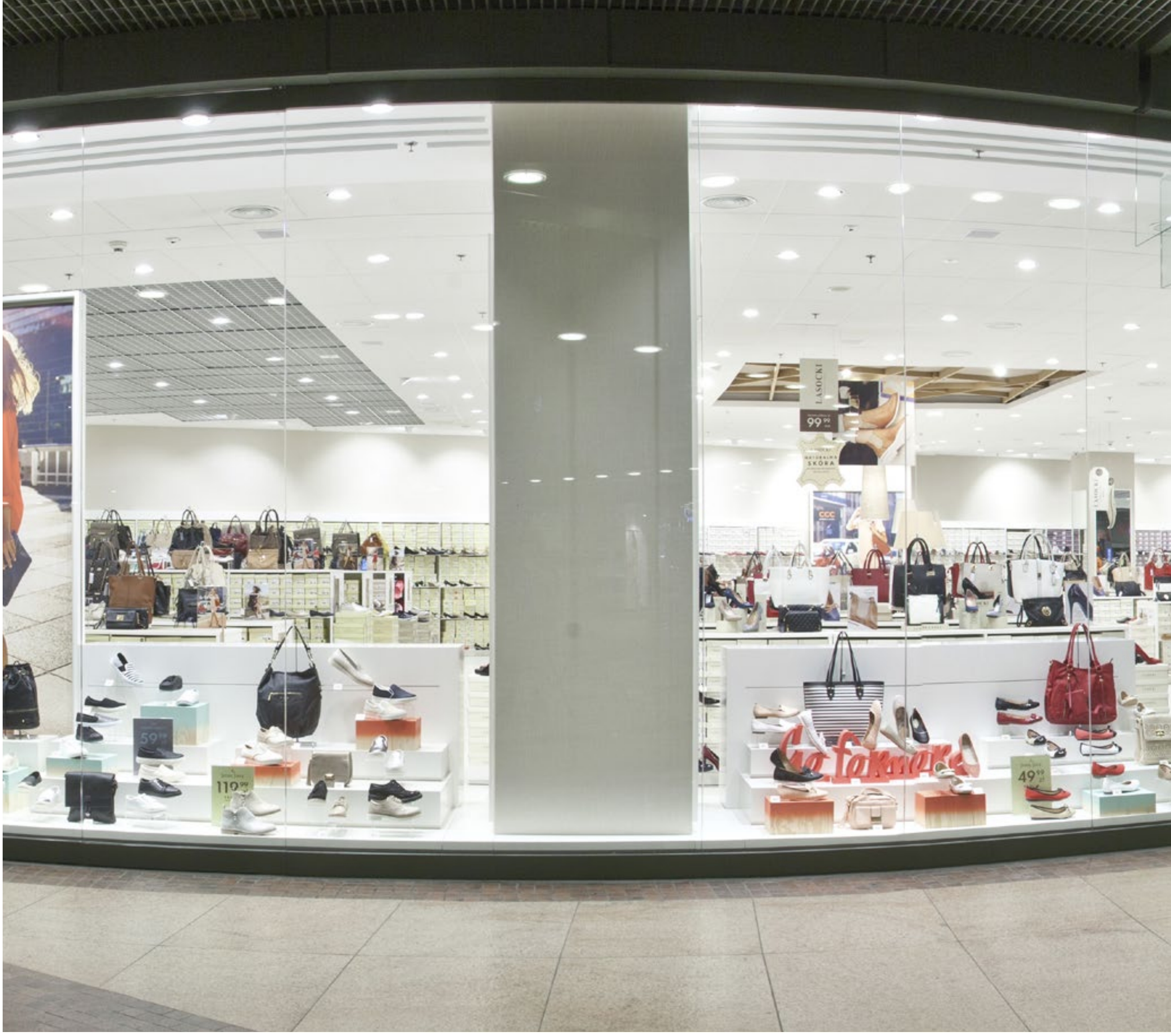
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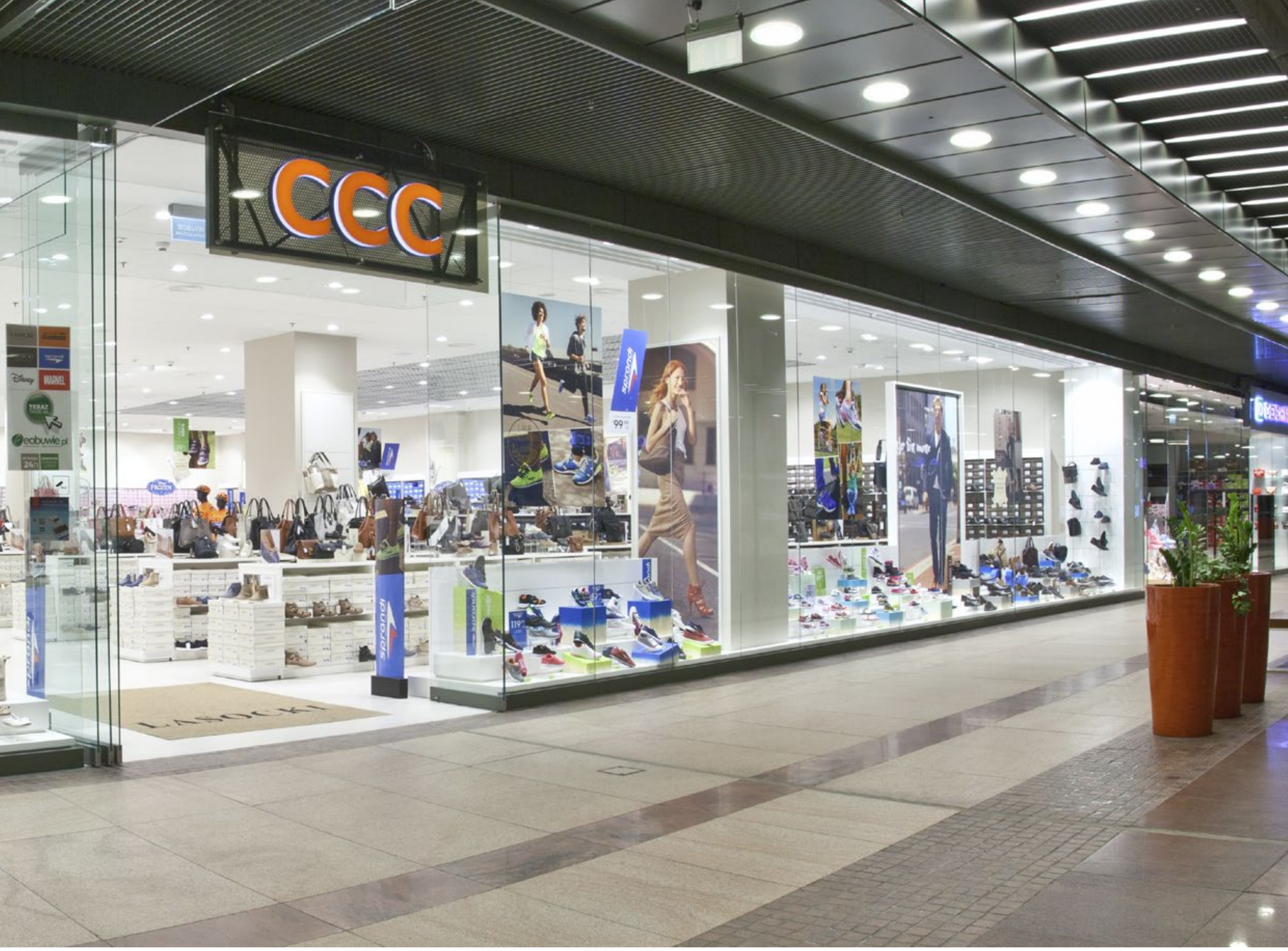

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INTERIM CONDENSED FINANCIAL STATEMENTS AND OTHER COMPREHENSIVE INCOME

NOTE		04.2017-06.2017	04.2016-06.2016	01.2017-06.2017	01.2016-06.2016
2	Sales revenue	592,7	493,2	949,6	790,5
3.1	Cost of goods sold	(431,6)	(359,9)	(657,7)	(540,5)
	GROSS PROFIT ON SALE	161,1	133,3	291,9	250,0
3.1	Cost of operating stores	(135,0)	(111,8)	(246,7)	(209,0)
3.1	Other cost of sale	(5,0)	(4,0)	(7,4)	(7,5)
3.1	Administrative expenses	(5,5)	(9,6)	(11,6)	(15,7)
3.2	Other cost and operating revenue	2,0	1,5	2,2	1,5
	Profit on operating activity	17,6	9,4	28,4	19,3
3.1	Finance revenue	4,6	7,2	5,7	8,7
3.1	Finance cost	(4,3)	(2,2)	(14,5)	(4,6)
	Profit before tax	17,9	14,4	19,6	23,4
3.2	Income tax	(4,9)	(2,7)	(5,2)	(5,6)
	Net profit	13,0	11,7	14,4	17,8
	Other comprehensive income	—	—	—	—
	Total net comprehensive income	—	—	—	—
	TOTAL COMPREHENSIVE INCOME	13,0	11,7	14,4	17,8
	Weighted average number of ordinary shares (mln pcs.)	39,1	38,4	39,1	38,4
	Basic earnings per share (in PLN)	0,33	0,30	0,37	0,46
	Diluted earnings per share (in PLN)	0,33	0,29	0,37	0,45

[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

NOTE		30.06.2017	31.12.2016 CONVERTED DATA
	Intangible assets	2,7	3,1
5.1	Tangible fixed assets – investments in stores	148,7	148,0
5.1	Tangible fixed assets – factory and distribution	127,5	123,3
5.1	Tangible fixed assets – other	50,1	42,8
5.2	Investment properties	33,7	—
3.2	Deferred tax assets	3,5	6,7
5.4	Loans granted	33,0	29,4
6.2	Long-term investments	374,6	371,1
	Fixed assets	773,8	724,4
5.3	Inventoreis	246,6	149,6
5.4	Trade receivables	12,3	14,5
	Income tax receivables	23,2	7,0
5.4	Loans granted	174,3	172,3
	Other receivables	28,7	23,4
5.5	Cash and cash equivalents	19,6	38,0
	Current assets	504,7	404,8
	TOTAL ASSETS	1 278,5	1 129,2
4.2	Debt liabilities	210,0	210,0
	Provisions	1,6	1,6
	Grants received	22,3	23,5
	Non-current liabilities	233,9	235,1
4.2	Debt liabilities	41,1	37,8
5.6	Trade liabilities	257,1	114,8
5.6	Other liabilities	146,8	51,6
	Income tax liabilities	—	5,5
	Provisions	0,4	0,4
	Grants received	2,6	2,6
	Current liabilities	448,0	212,7
	TOTAL LIABILITIES	681,9	447,8
	Net assets	596,6	681,4
	EQUITY		
4.1	Share capital and share premium	125,3	123,1
	Retained earnings	471,3	558,3
	TOTAL EQUITY	596,6	681,4

[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF CASH FLOWS

NOTE		01.2017-06.2017	01.2016-06.2016
	Profit before tax	19,6	23,4
3.1	Amortization and depreciation	19,7	18,6
	Loss on investment activity	0,3	0,4
4.2	Cost of borrowings	3,6	3,6
4.4	Other adjustments to profit before tax	4,4	(3,4)
3.2	Income tax paid	(23,6)	(11,8)
	Cash flows before changes in working capital	24,0	30,9
	Changes in working capital		
5.3	Change in inventory and inventory write-downs	(97,0)	(14,5)
4.4	Change in receivables	0,2	47,7
4.4	Change in current liabilities, excluding borrowings	121,9	28,2
	Net cash flows from operating activities	49,0	92,3
	Proceeds from the sale of tangible fixed assets	4,0	3,0
4.4	Repayment of loans granted and interest	12,3	58,2
5.1	Purchase of intangible and tangible non-current assets	(36,3)	(23,0)
5.2	Purchase of investment properties	(16,5)	—
5.4	Loans granted	(24,3)	(41,3)
	Expenditure on capital increase in subsidiaries	(3,5)	—
	Purchase of investment in eobuwie S.A.	(5,0)	(231,1)
	Net cash flows from investing activities	(69,3)	(234,2)
4.2	Proceeds from borrowings	3,3	19,9
4.2	Repayment of borrowings	—	(0,8)
4.2	Interest paid	(3,6)	(3,6)
	Equity increase	2,2	—
	Net cash flows on financing activities	1,9	15,5
	TOTAL CASH FLOWS	(18,4)	(126,4)
	Net increase/decrease of cash and cash equivalents	(18,4)	(126,4)
	Exchange rate changes on cash and cash equivalents	—	—
	Cash and cash equivalents at beginning of period	38,0	180,8
	Cash and cash equivalents at the end of period	19,6	54,4

[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL AND SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
As of 01.01.2016	78,4	576,5	654,9
Net profit for the period	—	58,5	58,5
Total comprehensive income	—	58,5	58,5
Dividend payment	—	(85,7)	(85,7)
Valuation of employee option scheme	—	14,5	14,5
Issue of shares	44,7	—	44,7
Total transactions with owners	44,7	(71,2)	(26,5)
As of 31.12.2016 (01.01.2017)	123,1	563,8	686,9
Adjustment of errors	—	(5,5)	(5,5)
As of 31.12.2016 (01.01.2017) after adjustment	123,1	558,3	681,4
Net profit for the period	—	14,4	14,4
Total comprehensive income	—	14,4	14,4
Approved dividend	—	(101,4)	(101,4)
Issue of shares	2,2	—	2,2
Total transactions with owners	2,2	(101,4)	(99,2)
As of 30.06.2017	125,3	471,3	596,6

	SHARE CAPITAL AND SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
As of 01.01.2016	78,4	576,5	654,9
Net profit for the period	—	17,8	17,8
Total comprehensive income	—	17,8	17,8
Approved dividend	—	(86,0)	(86,0)
Valuation of employee option scheme	—	14,5	14,5
Total transactions with owners	—	(71,5)	(71,5)
As of 30.06.2016	78,4	522,8	601,2

[in PLN million unless otherwise stated]

NOTES

1. GENERAL INFORMATION

Name of the company:	CCC Spółka Akcyjna
Headquarters:	ul. Strefowa 6, 59-101 Polkowice
Registration:	District Court for Wrocław-Fabryczna in Wrocław, IX Commercial Division of the National Court Register,
KRS:	211692
Corporate purpose:	The Company's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).

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

These interim condensed separate financial statements have been prepared in accordance with International Accounting Standard 34 „Interim Financial Reporting" as adopted by the EU („IAS 34"). The financial statements have been prepared in accordance with the historical cost principle.

The preparation of financial statements in accordance with IFRS requires the use of certain significant accounting estimates. It also requires the Management Board to make its own assessments within the framework of the application of the accounting policies adopted by the Company. Significant estimates of the Management Board are presented in the individual notes.

The interim condensed financial statements of the Company cover the six-month period ended 30 June 2017 and include comparative data for the six months ended 30 June 2016 and as of 31 December 2016. The statement of comprehensive income and notes to the statement of comprehensive income covering the data for the 3-month period ended 30 June 2017 and the comparative data for the 3-month period ended 30 June 2016 were not reviewed or audited by an auditor.

The Company is the parent company of the CCC S.A. The interim condensed financial statements of the Company have been prepared in accordance with IAS 34. The interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the Company's financial statements for the year ended 31 December 2016 approved for publication on 28.04.2017.

[in PLN million unless otherwise stated]

These interim condensed financial statements of the Company for the period of 6 months ended 30 June 2017 have been approved by the Management Board to be published.

The Company has also prepared interim condensed consolidated financial statements for the six months ended 30 June 2017, which, on 31 August 2017 were approved by the Management Board to be published.

The most important accounting policies applied while preparing the financial statements have been presented in subsequent notes. These principles have been applied continuously throughout the presented years. Below there is a list of the accounting policies and important estimates and judgments for each item of statement of financial result and financial position:

NOTE	TITLE	ACCOUNTING POLICIES (Y/N)	CRITICAL ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
2	Sales revenue	Y	Y	14
3.1	Cost of goods sold	Y		15
3.1	Cost of operating stores	Y		15
3.1	Other cost of sale	Y		15
3.1	Administrative expenses	Y		15
3.1	Operating leasing	Y		16
3.1	Other operating and finance costs and revenues	Y		17
3.2	Income tax	Y		18
3.2	Deferred tax assets	Y	Y	20
3.2	Income tax liabilities	Y		20
4.1.1	Equity	Y	Y	21
4.2	Debt liabilities	Y		24
5.1	Tangible fixed assets	Y		27
5.3	Inventories	Y		30
5.4	Loans granted	Y		31
5.4	Trade receivables	Y		31
5.4	Other receivables	Y		31
5.5	Cash and cash equivalents	Y		33
5.6	Trade liabilities	Y		34
5.6	Other liabilities	Y		34
6.1	Financial instruments	Y		35
6.4	Costs of the incentive program	Y		45

BASIS OF PREPARATION OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

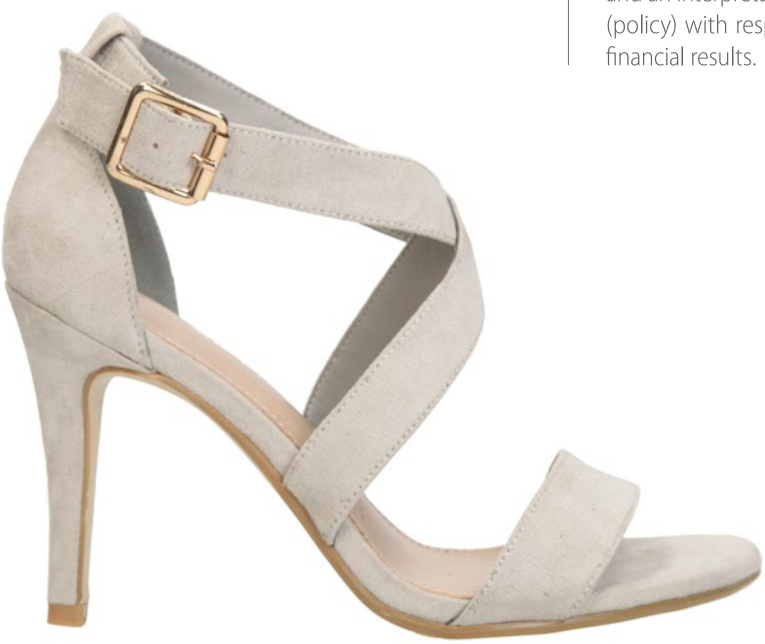
These interim condensed separate financial statements have been prepared assuming that the Company will continue its business operations in the foreseeable future i.e. at least one year after the balance sheet date. As at the date of publication of the condensed separate financial statements, there are no circumstances indicating the risk of continuing the Company's operations for at least one year from the balance sheet date.

APPLIED NEW AND REVISED ACCOUNTING STANDARDS

The accounting (policy) rules used to prepare the interim condensed separate financial statements are consistent with those ones used in the preparation of the annual financial statements of the Company for the year that commenced on 1 January 2016.

After January 1, 2016, no new or amended standards and interpretations were in force for annual periods beginning after January 1, 2016. Standards and interpretations that have been issued but are not valid because they have not yet been approved by the European Union or have been approved by the European Union but not previously applied by the Capital Group are presented in the annual financial statements for 2016. In the first half of 2017 only IFRS 17 Insurance Contracts were published. The Company has not opted for early adoption of any standard, interpretation or amendment that has been published but has not yet come into effect in the eyes of European Union legislation.

As at the date of approval of these financial statements for publication, the Management Board has not yet finalized the impact assessment of the introduction of the standards and an interpretation of the Company's accounting policy (policy) with respect to the Company's operations or its financial results.



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

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

Currently, lease payments are settled linearly. It is expected that the assets of the lease will also be settled linearly, while liabilities will be settled by effective interest rate, which will result in an increase in interest due to interest charges and a reduction in the payment of rent.

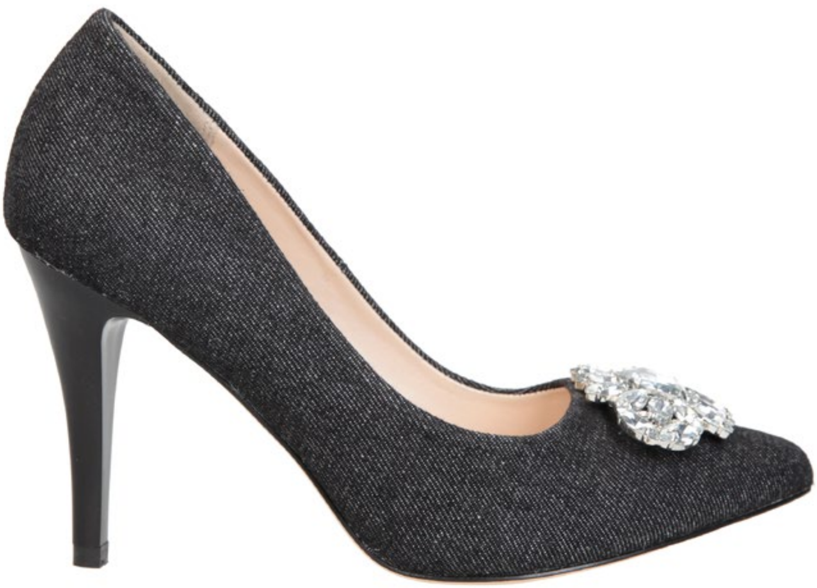
The Management Board has not made a detailed assessment or simulation on the balance sheet date, and plans to conduct relevant analyses in the years 2017-2018.

The Company expects that the only significant impact associated with the implementation of IFRS 9 may be a need to create provisions for a model of expected losses. It is expected that this will have an impact on the opening balance and the balances of write-downs, but this will have little effect on the value of the write-offs recognized. The Management Board plans to conduct appropriate analysis of the impact of this standard on the Company in 2017-2018.

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

2. SEGMENTS

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



3. NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AND OTHER COMPREHENSIVE INCOME

3.1 NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

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
- 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

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
- the cost of employees' salaries employed in the stores, therefore the actuarial provisions are shown as the cost of goods sold and the salaries – the cost of operating the stores
- amortisation of tangible fixed assets (investments in stores)
- cost of external services (inter alia, the costs of the agent's remuneration, costs of media consumption)

Other cost of sale

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

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

Administrative expenses

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

Operating lease

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

ACCOUNTING POLICY

Sale revenue

IAS 18.PI21 recommends considering a number of factors to determine whether a particular entity acts as an agent or a principal. The Company's Management Board conducted a comprehensive analysis in this respect, taking into account the concluded cooperation agreements between the Company and its subsidiary CCC.eu sp. z o.o. („CCC.eu") and a truly working business model.

Elements that may indicate that the Company could be treated as an intermediary are the following terms resulting from the agreements concluded:

- according to the adopted settlement model, the Company is guaranteed to obtain a fixed operating margin;
- goods that the Company has not been able to sell in a given season can be returned to CCC.eu, while CCC.eu can request a goods return from the Company, and the costs of such return shall be borne by CCC.eu;
- CCC.eu defines the standards and supports the Company with regard to pricing, promotion and discounts in the stores, including it provides recommendations for retail prices, rules of discounts and increases, as well as discounts and promotions for customers;
- CCC.eu decides on assortments and quantities of goods delivered to the Company;
- The Company accepts returns from retail customers and considers after-sales complaints, while the costs of such complaints are fully covered by CCC.eu.

In the opinion of the Management Board, other circumstances characterizing the co-operation between the Company and CCC.eu are of higher importance and predominate in the assessment of the Company's role. According to the Management Board's opinion, the Company does not act as an intermediary because it is exposed to a significant risk of its business operations and benefits from the sale of goods purchased from CCC.eu. The confirmation of a such assessment of the role of the Company are the following conditions for mutual cooperation:

- The Company is responsible for the delivery of goods to the customer and the Company is responsible for the acceptability of the products purchased by the customer. The Company sells goods purchased from CCC.eu on its own behalf and on its own account. Property at the time of loading into the means of transport);
- The Company is mainly liable for the delivery of goods to the customer and the Company is responsible for the acceptability of the products purchased by the customer. The Company sells goods purchased from CCC.eu on its own behalf and on its own account, the purchase from CCC.eu is made under the terms of CPT delivery (transfer of property at the time of loading into the means of transport);
- The Company bears the risk of inventory prior to and after the order is placed by the customer, during delivery or returns, and the inventories held by the Company are owned by the Company and the Company bears the risk of their possible loss;
- The Company only receives recommendations from CCC.eu regarding the policy of pricing, bonus and discounts as well as it has full freedom in terms of setting the prices, directly or indirectly;
- The Company bears a credit risk in relation to amounts due from the customer;
- The Company bears the full reputation / image risk associated with the quality of the goods sold, and potential customer objections may translate into a negative situation for the Company.

As a result, the Management Board recognizes that CCC S.A. is the main unit and should not be treated as an agent within the meaning of the provisions of IAS 18.

Other income and operating cost

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

Income and financial cost

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

[in PLN million unless otherwise stated]

NOTE	01.2017-06.2017	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase of goods sold	(657,7)	—	—	—	(657,7)
	Consumption of materials and energy	—	(6,9)	(0,3)	(0,6)	(7,8)
5.3	Provision for inventories	—	—	—	—	—
	Remunerations	—	(78,3)	(4,0)	(5,0)	(87,3)
6.3	Costs of the incentive program	—	—	—	—	—
	Social security contributions	—	(14,7)	(1,5)	(0,6)	(16,8)
	Agency services	—	(23,7)	—	—	(23,7)
	Transportation services	—	—	(0,3)	—	(0,3)
	Lease costs	—	(104,2)	(0,2)	(1,2)	(105,6)
	Other outsourcing services	—	(5,4)	(0,8)	(1,4)	(7,6)
5.2	Amortization and depreciation	—	(13,4)	(0,1)	(1,5)	(15,0)
	Taxes and fees	—	(0,1)	—	(0,4)	(0,5)
	Other flat costs	—	—	(0,2)	(0,9)	(1,0)
	Total	(657,7)	(246,7)	(7,4)	(11,6)	(923,4)

NOTE	01.2016-06.2016	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase of goods sold	(540,5)	—	—	—	(540,5)
	Consumption of materials and energy	—	(6,6)	(0,2)	(1,1)	(7,9)
5.3	Provision for inventories	—	—	—	—	—
	Remunerations	—	(59,8)	(4,6)	(3,5)	(67,9)
6.3	Costs of the incentive program	—	—	—	(4,4)	(4,4)
	Social security contributions	—	(11,9)	(1,7)	(0,6)	(14,2)
	Agency services	—	(20,6)	—	—	(20,6)
	Transportation services	—	—	(0,3)	—	(0,3)
	Lease costs	—	(94,2)	—	(0,4)	(94,6)
	Other outsourcing services	—	(5,2)	(0,2)	(2,6)	(8,0)
5.2	Amortization and depreciation	—	(10,7)	(0,1)	(1,5)	(12,3)
	Taxes and fees	—	—	(0,1)	(0,7)	(0,8)
	Other flat costs	—	—	(0,3)	(0,9)	(1,2)
	Total	(540,5)	(209,0)	(7,5)	(15,7)	(772,7)

[in PLN million unless otherwise stated]

OPERATING LEASE

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

Expected minimum payments under operating lease contracts with no possibility of early termination as of 30 June 2017 and 30 June 2016 are as follows:

	RENTS	
	30.06.2017	31.12.2016
– up to 1 year	162,4	146,9
– from 1 to 5 years	649,5	587,4
– over 5 years	324,8	293,7
Total	1 136,7	1 028,0

The Company has the agreements with banks pursuant to which banks issued guarantees to entities renting premises in which the Company conducts commercial activities. The total amount of guarantees utilized at 30 June 2017 amounted to PLN 89.1 million (PLN 88.8 million at 31 December 2016).

The Company is also a party to sublease agreements on the basis of operating lease. Revenues from sub-leasing fees on the basis of operating lease for the period of 6 months in 2017 amounted to PLN 8.1 million (for the period of 12 months in 2016 amounted to PLN 14.3 million)

[in PLN million unless otherwise stated]

OTHER INCOME AND OPERATING AND FINANCIAL COSTS

NOTE		01.04-30.06.2017	01.04-30.06.2016	01.2017-06.2017	01.2016-06.2016
	Other costs				
	Loss on disposal of tangible non-current assets	0,5	—	(0,3)	(1,2)
	Stocktaking net losses	(0,2)	(0,4)	(0,6)	(0,8)
5.7	Provision establishment	—	—	—	—
	Other net operating cost	—	0,2	—	—
	Loss on exchange rate differences on items other than debt	(0,1)	—	(0,2)	—
	Total other costs	0,2	(0,2)	(1,1)	(2,0)
	Other income				
	Profit on disposal of tangible fixed assets	—	—	—	—
	Profit from exchange rate differences on items other than debt	—	0,6	—	0,7
	Compensations	0,1	0,2	0,3	0,4
	Subsidy of SFRDP remuneration	0,5	—	1,3	1,0
	Other net operating income	1,2	0,9	1,7	1,4
	Total other income	1,8	1,7	3,3	3,5
	Total other operating costs and income	2,0	1,5	2,2	1,5

NOTE		01.04-30.06.2017	01.04-30.06.2016	01.2017-06.2017	01.2016-06.2016
	Finance costs				
4.2	Interest on borrowings (recognised in costs)	(1,8)	(1,9)	(3,6)	(3,8)
	Result on exchange rates	(1,0)	0,1	(9,1)	—
	Commissions paid	—	—	—	—
	Other finance cost	(0,3)	(0,4)	(0,6)	(0,8)
	Credit sureties received	(1,2)	—	(1,2)	—
	Total finance costs	(4,3)	(2,2)	(14,5)	(4,6)
	Finance revenue				
	Received dividends	—	1,4	—	2,9
	Interest from current account and other	1,2	5,7	2,2	5,7
	Result on exchange rates	—	0,1	—	0,1
	Other finance revenue	0,1	—	0,2	—
	Credit sureties granted	3,3		3,3	
	Total finance revenue	4,6	7,2	5,7	8,7

[in PLN million unless otherwise stated]

3.2 TAXATION

ACCOUNTING POLICY

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

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

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

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

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

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

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

NOTE		01.2017-06.2017	01.2016-06.2016
	Current tax	(2,0)	(5,2)
5.3.c	Deferred tax	(3,2)	(0,4)
5.3.b	Income tax recognized in income statement	(5,2)	(5,6)
	Current tax recognized in the result	2,0	5,2
	Balance of liabilities /(receivables) at beginning of period	(1,5)	(5,9)
	Balance of receivables / (liabilities) at the end of the period	23,2	12,4
	Other changes	(0,1)	0,1
	Tax paid recognized in statement of cash flows	23,6	11,8

[in PLN million unless otherwise stated]

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

	01.04-30.06.2017	01.04-30.06.2016	01.2017-06.2017	01.2016-06.2016
Profit before tax	17,9	14,4	19,6	23,4
Weighted average tax rate	19,00%	19,00%	19,00%	19,00%
Tax calculated according to weighted average tax rate	(3,4)	(2,7)	(3,7)	(4,5)
Tax effects of the following items:				
• income not allowable for tax income	0,2	0,1	0,2	0,3
• non-tax-deductible expenses	(0,6)	(0,8)	(0,6)	(1,6)
• other adjustments	(1,1)	0,7	(1,1)	0,2
Charging financial result on income tax	(4,9)	(2,7)	(5,2)	(5,6)
Effective tax rate	27,61%	18,55%	26,38%	23,99%

The Company's income tax before taxation differs in the following way from the theoretical amount it would receive applying the weighted average tax rate applicable to the Company's tax profits:

The main item of revenue not constituting tax revenue is the revenue from released provisions and settlement of subsidies.

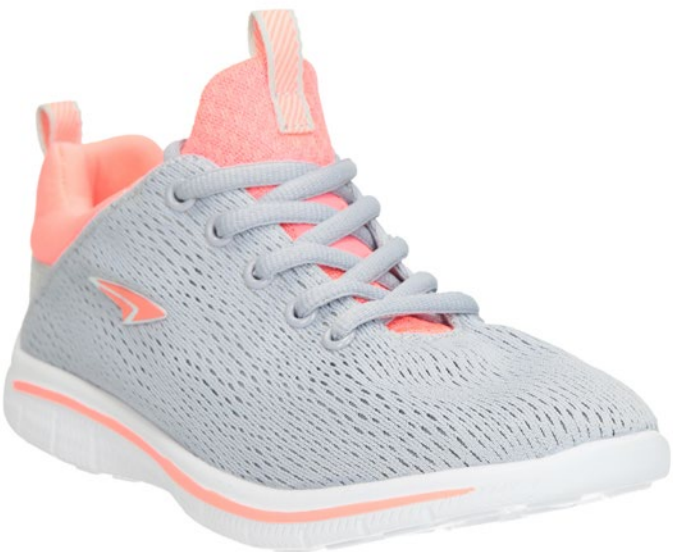
Non-deductible costs mainly include the cost of valuation of the employee scheme.

[in PLN million unless otherwise stated]

C. BALANCE AND CHANGES OF DEFERRED TAX

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

NOTE	30.06.2017	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2016	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2016
Assets					
Impairment of assets	—	—	—	(2,4)	2,4
Provisions for liabilities	4,0	0,2	3,8	2,6	1,2
Other	2,2	(3,2)	5,4	1,3	4,1
Total before offsetting	6,2	(3,0)	9,2	1,5	7,7
Liabilities					
Accelerated tax depreciation of tangible fixed assets	2,1	(0,2)	2,3	0,7	1,6
Other	0,6	0,4	0,2	(0,1)	0,3
Total before offsetting	2,7	0,2	2,5	0,6	1,9
Offsetting	(2,7)	(0,3)	(2,5)	(0,6)	(1,9)
Balance of deferred tax in the balance sheet:					
Assets	3,5	(3,2)	6,7	0,9	5,8
Liabilities	—	—	—	—	—



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.

According to the Group's policy, a dividend payment is possible of not less than 33% and no more than 66% of the consolidated net profit of the Capital Group attributable to shareholders of the parent company, assuming that the net debt to EBITDA ratio at the end of the financial year will amount to below 3.0. Detailed information on the dividend policy is contained in the Report on the Group's Activities.-Section 2.2.1 (financial ratios).

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 net profit (loss) for the period covered by the financial statements,
- other capitals – created based on launched stock option scheme for employees

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

SHARE CAPITAL

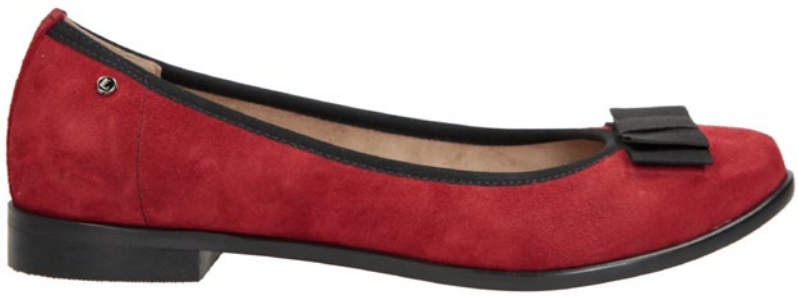
As at 30 June 2017, the company's share capital consisted of 39.16 million shares (as at 31 December 2016 the share capital consisted of 39.12 million shares) of PLN 0.1, including 32.51 million ordinary shares and 6.65 million voting preferred shares. In the reporting period 36,100 ordinary shares were issued, with a nominal value of PLN 0.1 each. The issue price of a share amounted to PLN 61.35. The surplus of the issue price over the nominal value of shares was transferred to reserve capital.

The value of share capital as at 30 June 2017 amounted to PLN 3.9 million.

All issued shares have been fully paid up.

Shareholders have a pre-emptive right to acquire registered preference shares held for sale.

The entity that holds a significant influence on the Company is ULTRO Sp. z o.o., based in Polkowice, holding 28.24% of the share capital and 36.43% of the total number of votes. This entity is dependent on Dariusz Miłek, the President of the Management Board of CCC S.A. Other information about shareholders is included in the report on the Company's activities.



RESERVE CAPITAL FROM THE SALE OF SHARES ABOVE THEIR NOMINAL VALUE

Reserve capital mainly includes the capital from the settlement of employee benefit scheme based on the shares settled in capital instruments. The issue was wholly attributable to the share capital in the amount of PLN 2.2 million.

The value of reserve capital as at 30 June 2017 amounted to PLN 121.4 million.

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.

The Company adjusted retained earnings for 2016 decreasing them by PLN 5.5 million.

i MORE INFORMATIONIN NOTE **6.5**

EARNINGS PER SHARE

In the first half of 2017 ordinary and diluted earnings per share amounted to PLN 0.37 (in the same period of 2016 – respectively PLN 0.46 and PLN 0,45).

	30.06.2017	30.06.2016
Number of shares (pcs.)	39 164 000	38 400 000
Potential number of shares (pcs.)	4 000	768 000
Total	39 168 000	39 168 000
Net profit (mln PLN)	14,4	17,8
Earnings per share (in PLN)	0,37	0,46
Diluted earnings (in PLN)	0,37	0,45
Number of warrants (mln pcs.)	4 000	768 000
Price of warrants (in PLN)	61,35	61,35
Average share price during period (1-30.06) (in PLN)	221,24	150,02
Number by a market price (pcs.)	1 109	314 073
Share price as of end of period (in PLN)	225,00	159,65
Number of shares for ordinary earnings per share (mln pcs.)	39 164 000	38 400 000
Number of diluting shares (pcs.)	2 891	453 927
number of shares after adjustments (pcs.)	39 166 891	38 853 927
Net profit (mln PLN)	14,4	17,8
Diluted earnings per share (in PLN)	0,37	0,45

DIVIDEND PAID

On 8 June 2017, the General Meeting of CCC S.A. adopted a resolution on the payment of dividend from the net profit for 2016 in the amount of PLN 101.4 million, which corresponds to PLN 2.59 per 1 share (in 2016 it was PLN 86.0 million, corresponding to PLN 2.19 per 1 share). The date of the dividend (D-day) was established on 7 September 2017. The dividend payment date (P-day) was established on 21 September 2017.

[in PLN million unless otherwise stated]

4.2 DEBT

ACCOUNTING POLICY

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

NOTE		DEBT LIABILITIES			BONDS PAYABLE	TOTAL
		NON-CURRENT	CURRENT	IN CURRENT ACCOUNT		
4.2	As of 01.01.2016	—	22,7	0,8	210,0	233,5
	Proceeds from debt contracted					
	– financing received	—	—	—	—	—
	– transactional cost	—	—	—	—	—
	Charging interest	—	0,4	0,2	6,8	7,4
	Debt payment					
	– repayment of capital	—	(6,4)	—	—	(6,4)
	– interest paid	—	(0,1)	(0,2)	(6,8)	(7,1)
	Change in current account	—	—	20,3	—	20,3
	Change of presentation from short to long-term	—	—	—	—	—
	Other non-cash changes	—	0,1	—	—	0,1
4.2	As of 31.12.2016	—	16,7	21,1	210,0	247,8
	Proceeds from debt contracted					
	– financing received	—	—	—	—	—
	– transactional cost	—	—	—	—	—
	Charging interest	—	—	0,2	3,4	3,6
	Debt payment					
	– repayment of capital	—	—	—	—	—
	– interest paid	—	—	(0,2)	(3,4)	(3,6)
	Change in current account	—	—	3,3	—	3,3
	Change of presentation from short to long-term	—	—	—	—	—
	Other non-cash changes	—	—	—	—	—
4.2	As of 30.06.2017	—	16,7	24,4	210,0	251,1

[in PLN million unless otherwise stated]

Repayment of these liabilities are covered by the following collateral:

	30.06.2017	31.12.2016
		AMOUNT/OR BOOK VALUE OF GUARANTEE
Sureties granted	1 504,0	1 127,6
Capped mortgages on property	521,1	487,5
Registered pledge on movable assets	490,0	900,0
In blanco bills of exchange	600,6	600,6
Assignments of insurance policies	27,0	9,8
Bank guarantees	89,1	88,8

4.3 CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

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

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

NOTE	AS OF 30.06.2017	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	31,5	9,6	—	—	—	41,1	41,1
4.2	Bonds	—	6,9	216,2	—	—	223,1	210,0
5.6	Trade liabilities	257,1	—	—	—	—	257,1	257,1
	Financial liabilities	288,6	16,5	216,2	—	—	521,3	508,2

NOTE	AS OF 31.12.2016	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	34,3	3,5	—	—	—	37,8	37,8
4.2	Bonds	—	6,8	219,6	—	—	226,4	210,0
5.6	Trade liabilities	113,2	1,6	—	—	—	114,8	114,8
	Financial liabilities	147,5	11,9	219,6	—	—	379,0	362,6

[in PLN million unless otherwise stated]

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

NOTE		RECEIVABLES	LIABILITIES
	As of 31.12.2016	239,5	166,3
	As of 30.06.2017	248,3	403,9
	Change in the statement of financial position	8,8	237,6
	Difference arising from:		
5.4	Loans granted	(5,6)	—
	Change in investment liabilities	—	(17,9)
	Dividend declared	—	(101,4)
	Other	(3,0)	3,6
	Change recognized in the statement of cash flows	0,2	121,9
	As of 31.12.2015	286,2	119,3
	As of 30.06.2016	229,3	233,3
	Change in the statement of financial position	(56,9)	114,0
	Difference arising from:		
5.4	Loans granted	9,2	—
	Change in investment liabilities	—	5,0
	Dividend declared	—	(86,0)
	Other	—	(4,8)
	Change recognized in the statement of cash flows	(47,7)	28,2

	01.2017-06.2017	01.2016-06.2016
Other profit adjustments before taxation:		
(Profit) loss on exchange rates differences	8,7	(5,4)
Change in provisions	—	—
Valuation of employee option scheme	—	4,4
Other	(4,3)	(2,4)
	4,4	(3,4)

	01.2017-06.2017	01.2016-06.2016
Amortization and depreciation resulting from changes in fixed assets		
Amortization and depreciation disclosed in note of costs by nature	15,0	12,3
Change due to re-invoicing of costs	4,7	6,2
Other	—	0,1
	19,7	18,6

[in PLN million unless otherwise stated]

5. NOTES TO THE INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

5.1 TANGIBLE FIXED ASSETS

ACCOUNTING POLICY

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

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

Depreciation method and its period are reviewed at each balance sheet date.
Principles of testing for impairment and accounting write-downs due to impairment of tangible fixed assets are described in note 5.2

Impairment on non-financial fixed assets

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

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

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

ACCOUNTING POLICY

Subsidies received

Subsidies 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. Subsidies are recognized as deferred income (position „Subsidies received"). Included in deferred income the amounts of subsidies gradually adjust the depreciation in other operating income, in parallel to depreciation write-offs or tangible fixed assets impairment financed from these sources.

In 2017, no impairment loss was made or reversed for non-financial assets.

In 2016 impairment loss of non-financial assets in the amount of PLN 3.1 million 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.

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

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

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

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

In the first half of 2017 a grant in the amount of PLN 1.3 million was settled in the statement of comprehensive income (in the same period of 2016 it was also PLN 1.3 million).

[in PLN million unless otherwise stated]

	INVESTMENT IN STORES	FACTORY AND DISTRIBUTION				OTHER TANGIBLE FIXED ASSETS				TOTAL
		LAND AND BUILDINGS	MACHINES AND EQUIPMENT	TANGIBLE FIXED ASSETS IN PROGRESS	TOTAL	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	OTHER	TOTAL	
Gross value 01.01.2016	226,6	79,1	94,5	1,7	175,3	21,1	19,2	41,6	81,9	483,8
Aggregated depreciation	(85,7)	(11,0)	(33,1)	—	(44,1)	(2,0)	(13,7)	(19,0)	(34,7)	(164,5)
Impairment loss	(3,1)	—	—	—	—	—	—	—	—	(3,1)
Net value 01.01.2016	137,7	68,1	61,4	1,7	131,2	19,1	5,5	22,6	47,2	316,1
Purchase	34,6	2,9	1,1	1,3	5,3	0,5	6,0	0,4	6,9	46,8
Producing on its own	—	—	—	—	—	—	—	—	—	—
Amortization and depreciation	(23,1)	(2,0)	(9,5)	—	(11,5)	(0,4)	(2,1)	(2,0)	(4,5)	(39,1)
Liquidation and sale	(12,2)	—	—	—	—	(0,1)	(2,7)	(12,9)	(15,7)	(27,9)
Write-off (liquidation and sale)	7,9	—	—	—	—	—	0,6	8,7	9,3	17,2
Transfers	—	—	—	(1,7)	(1,7)	(1,4)	1,0	—	(0,4)	(2,1)
Impairment loss	3,1	—	—	—	—	—	—	—	—	3,1
Gross value 31.12.2016	249,0	82,0	95,6	1,3	178,9	20,1	23,5	29,0	72,7	500,5
Aggregated depreciation	(100,9)	(13,0)	(42,6)	—	(55,6)	(2,4)	(15,2)	(12,2)	(29,9)	(186,4)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Net value 31.12.2016	148,0	69,0	53,0	1,3	123,3	17,7	8,3	16,8	42,8	314,1
Purchase	15,6	—	—	10,0	10,0	8,6	1,2	—	9,8	35,4
Producing on its own	—	—	—	—	—	—	—	—	—	—
Amortization and depreciation	(12,4)	(1,0)	(4,8)	—	(5,8)	(0,2)	(1,2)	(0,9)	(2,3)	(20,5)
Liquidation and sale	(4,4)	—	—	—	—	—	(0,2)	—	(0,2)	(4,6)
Write-off (liquidation and sale)	1,9	—	—	—	—	—	—	—	1,9	1,9
Transfers	—	—	—	—	—	—	—	—	—	—
Impairment loss	—	—	—	—	—	—	—	—	—	—
Gross value 30.06.2017	260,1	82,0	95,6	11,3	188,9	28,6	24,6	29,0	82,2	531,3
Aggregated depreciation	(111,4)	(14,0)	(47,4)	—	(61,4)	(2,5)	(16,5)	(13,1)	(32,1)	(205,0)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Net value 30.06.2017	148,7	68,0	48,2	11,3	127,5	26,1	8,1	15,9	50,1	326,3

[in PLN million unless otherwise stated]

5.2 INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment properties are stated at cost of acquisition or at the cost of manufacturing, with regard to transaction costs. For subsequent valuation, a fair value model or cost model is applied. Current costs are recognized at the time they are incurred.
Impairment of investment property is recognized in accordance with IAS 36.

The Company acquired PLN 33.7 million worth of investment property on May 10, 2017. This property will be used by other entities belonging to the Capital Group CCC S.A. for their statutory activities.

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 goods sold 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 goods sold. In regard to the disbursement of all inventories of similar kind and similar usage the FIFO method is applied.

	30.06.2017	31.12.2016
Materials	—	—
Manufacturing in progress	—	—
Goods	246,6	149,6
Finished goods	—	—
Total (gross)	246,6	149,6
Inventory provision	—	—
Total (net)	246,6	149,6

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.

As at the balance sheet date, the Company recorded a significant increase in inventories in relation to comparative data.

The reason for this situation is that the peak of summer shoe sales is in July and August, while for winter footwear, the highest sales in December.

The Company did not make a revaluation write-off for inventories in 2017.

5.4 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade receivables

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

Other receivables

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

Loans granted

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

[in PLN million unless otherwise stated]

	30.06.2017	31.12.2016
Gross trade receivables	13,7	16,7
Provision for receivables	(1,4)	(2,2)
Total net receivables	12,3	14,5
Short-term loans granted	174,3	172,3
Advances on future supplies of goods	—	—
Accrued expenses	3,9	3,9
Tax receivables other than income tax	3,4	0,5
Other	21,4	19,0
Total other receivables	203,0	195,7
Long-term loans granted	33,0	29,4

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

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

For further information see section 2.3 in the Statement on operations of the Group and in the note 6.2

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

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.

i MORE DETAILS IN NOTE **6.1**

[in PLN million unless otherwise stated]

5.5 CASH

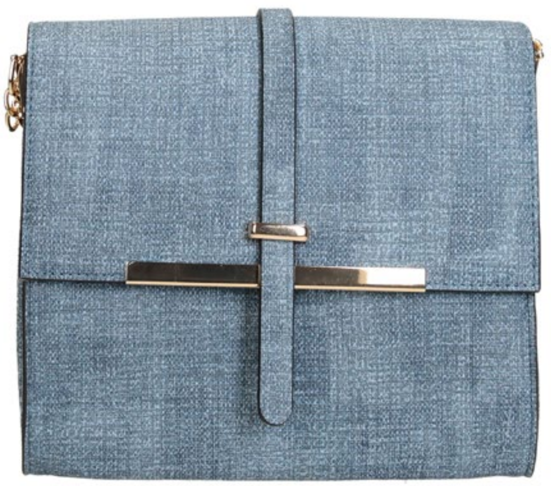
ACCOUNTING POLICY

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 does not decrease cash and cash equivalents.

	30.06.2017	31.12.2016
Cash in hand	11,4	17,9
Cash at bank	8,0	16,7
Short-term deposits (up to 3 months)	0,2	3,4
Total	19,6	38,0

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 PLN million unless otherwise stated]

5.6 LIABILITIES TO SUPPLIERS AND OTHER LIABILITIES

ACCOUNTING POLICY

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

	30.06.2017	31.12.2016
Trade liabilities		
• lease and supply of goods and services	230,2	109,9
• investment	26,9	4,9
Total	257,1	114,8
Liabilities for indirect taxes, duties and other benefits	4,0	6,9
Liabilities to employees	24,1	18,5
Other liabilities	17,2	23,7
Dividend liabilities	101,4	—
Total	146,7	49,1

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.

i FOR FURTHER INFORMATION SEE NOTE **4.3**

As of 30 June 2017, the Company recorded a significant increase in trade liabilities. The reason for this situation was the increased purchase of goods before the summer season. The company records the peak sales of summer collection products in July and August.

[in PLN million unless otherwise stated]

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

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

	30.06.2017		31.12.2016	
	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES
Financial assets	239,2	—	254,2	—
Loans granted	207,3	—	201,7	—
Trade receivables	12,3	—	14,5	—
Cash and cash equivalents	19,6	—	38,0	—
Financial liabilities	—	508,2	—	362,6
Debt liabilities	—	251,1	—	247,8
Trade liabilities	—	257,1	—	114,8

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).

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.

Values have been converted to a functional currency at the rate applicable at the last day of the reporting period

- currency rate as of 30.06.2017 amounted to 1 EUR – 4.2265 PLN
- currency rate as of 31.12.2016 amounted to 1 EUR – 4.4240 PLN
- currency rate as of 30.06.2017 amounted to 1 USD – 3.7062 PLN
- currency rate as of 31.12.2016 amounted to 1 USD – 4.1793 PLN

The conversion was made according to the exchange rates indicated earlier by dividing the value expressed in millions of Polish zlotys by the exchange rate.

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

30.06.2017	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	239,2	21,0	133,2	5,9	79,1
Loans granted	207,3	20,7	127,6	4,6	54,4
Trade receivables	12,3	—	—	1,3	11,0
Cash and cash equivalents	19,6	0,3	5,6	—	13,7
Financial liabilities	508,3	0,4	1,0	—	506,9
Debt liabilities	251,1	—	—	—	251,1
Trade liabilities	257,1	0,4	1,0	—	255,7

31.12.2016	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	254,2	22,6	147,5	6,0	78,1
Loans granted	201,7	19,0	128,7	4,7	49,3
Trade receivables	14,5	0,3	2,7	1,3	10,2
Cash and cash equivalents	38,0	3,3	16,1	—	18,6
Financial liabilities	362,6	0,5	0,7	0,2	361,2
Debt liabilities	247,8	—	—	—	247,8
Trade liabilities	114,8	0,5	0,7	0,2	113,4

[in PLN million unless otherwise stated]

RISK OF INTEREST RATE CHANGES

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

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

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

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

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

	AMOUNT VULNERABLE TO RISK OF INTEREST RATE CHANGE %		AS OF 30.06.2017		AS OF 31.12.2016	
	30.06.2017	31.12.2016	+1 P.P.	-1 P.P.	+1 P.P.	-1 P.P.
Cash at bank	8,0	16,7	0,1	(0,1)	0,2	(0,2)
Loans granted	207,3	201,7	2,1	(2,1)	2,0	(2,0)
Debt liabilities	(251,1)	(247,8)	(2,5)	2,5	(2,5)	2,5
Effect on net result	—	—	(0,3)	0,3	(0,3)	0,3

[in PLN million unless otherwise stated]

CREDIT RISK

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

The maximum exposure to credit risk at balance sheet date (30 June 2017 and 31 December 2016) is presented in the table below:

	30.06.2017	31.12.2016
Loans granted	207,3	201,7
Trade receivables	12,3	14,5
Cash and cash equivalents	19,6	38,0
Total	239,2	254,2

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

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

	30.06.2017	31.12.2016
Banks with a rating of A	—	—
Banks with a rating of A-	5,7	18,9
Banks with a rating of B+	—	—
Banks with a rating of BB	—	—
Banks with a rating of BAA1	—	—
Banks with a rating of BAA2	—	—
Banks with a rating of BAA3	—	—
Banks with a rating of BBB+	1,7	1,0
Banks with a rating of BBB-	—	0,1
Banks with a rating of BBB	0,8	0,1
Banks with a rating of BB-	—	—
Total cash at banks	8,2	20,1

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

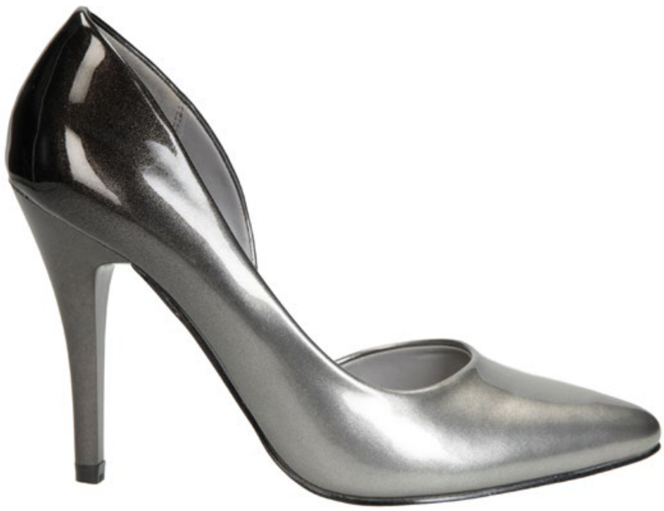
[in PLN million unless otherwise stated]

FRAMEWORK AGREEMENTS ON OFFSETTING

The following assets and financial liabilities are covered by enforceable framework agreements and similar agreements for offsetting (as of 30 June 2017 and 31 December 2016).

30.06.2017	GROSS VALUE	VALUE SUBJECT TO OFFSETTING	NET VALUE PRESENTED IN BALANCE SHEET
Trade receivables	12,3	—	12,3
Trade liabilities	257,1	—	257,1

31.12.2016	GROSS VALUE	VALUE SUBJECT TO OFFSETTING	NET VALUE PRESENTED IN BALANCE SHEET
Trade receivables	14,5	—	14,5
Trade liabilities	114,8	—	114,8



[in PLN million unless otherwise stated]

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

INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY

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

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

	30.06.2017	31.12.2016
As of 1st January	371,1	124,7
Acquisition	—	236,4
Sale	—	—
An impairment loss	—	—
Other	3,5	10,0
At the end of the reporting period	374,6	371,1

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

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

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

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

[in PLN million unless otherwise stated]

NAME OF COMPANY	HEADQUARTERS OF COMPANY	BUSINESS ACTIVITY	BOOK VALUE	
			30.06.2017	31.12.2016
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investing	280,7	280,7
CCC Czech s.r.o.	Prague, Czech Republic	commercial	40,0	40,0
CCC Factory Sp. z o.o.	Polkowice, Poland	manufacturing	27,5	27,5
CCC.EU sp. z o.o.	Polkowice, Poland	commercial	10,0	10,0
CCC Hrvatska d.o.o.	Zagreb, Croatia	commercial	3,1	3,1
CCC Germany GmbH	Frankfurt, Germany	commercial	2,5	2,5
CCC Obutev d.o.o.	Maribor, Slovenia	commercial	2,2	2,2
CCC Austria Ges.m.b.H	Graz, Austria	commercial	1,8	1,8
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial	1,3	1,3
NG2 Suisse s.a.r.l.	Zug, Switzerland	investing	0,9	0,9
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	commercial	0,5	0,5
CCC Slovakia, s.r.o.	Bratislava, Slovakia	commercial	0,3	0,3
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	Gayrettepe Istanbul, Turkey	commercial	0,1	0,1
CCC Isle of Man Ltd.	Douglas, Isle of Man	service	—	—
CCC Shoes & Bags d.o.o. Beograd	Belgrad, Serbia	commercial	3,7	0,2
Other			—	—
Total			374,6	371,1

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)

ACQUISITION OF EOBUWIE.PL S.A.

On 15 January 2016, CCC S.A. acquired 74.99% of the share capital of eobuwie.pl S.A. for PLN 236,2 million and took control of the eobuwie.pl S.A. Group, which deals with selling footwear and fancy goods online, operating in Poland and other European countries.

Under the share transfer agreement dated 30.08.2016, CCC S.A. provided a contribution in kind 7,498,999 registered preference shares of F series worth PLN 0.2 each held in the company eobuwie.pl S.A., with a total nominal value of PLN 236.2 million, in exchange for 118,093 shares in CCC Shoes & Bags Sp. z o.o. with a nominal value of PLN 2.0 thousand each, with a total nominal value of PLN 236.2 million.

[in PLN million unless otherwise stated]

TRANSACTIONS WITH RELATED ENTITIES

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

	30-06-2017	31-12-2016
Subsidiaries		
Transactions in the fiscal year:		
Sale of finished products/goods	—	0,5
Sale of services	29,3	72,3
Interest loans granted	2,2	4,8
Purchase of finished products/goods	697,0	1 118,8
Purchase of services	1,3	15,5
Sale of fixed assets	—	0,8
Balances of transactions recognized as at balance sheet date		
Trade receivables	18,6	20,1
Loans receivables	196,2	190,6
Trade liabilities	(205,1)	(94,8)
Debt liabilities against NG2 Suisse S.a.r.l.	(16,3)	(16,3)
Contingent and liabilities as at balance sheet date	—	—
Contingent assets arising from guarantees sureties received	863,5	816,0
Contingent liabilities arising from securities granted	3 231,8	3 115,7

[in PLN million unless otherwise stated]

LOANS GRANTED

	30.06.2017	31.12.2016
As of 1st January	201,7	211,0
Granting of loans	24,4	86,2
Interest accrued	2,2	5,3
Repayments	(12,3)	(86,1)
Impairment loss	—	—
Other	(8,7)	(14,7)
At the end of reporting period	207,3	201,7
– current	174,3	172,3
– non-current	33,0	29,4

	30.06.2017	31.12.2016
Subsidiaries of CCC S.A.		
CCC.EU Sp. z o.o.	19,1	20,7
CCC Austria Ges.m.b.H	55,8	52,6
CCC Germany G.m.b.H	52,3	54,8
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	—	—
CCC Shoes Bulgaria EOOD	4,6	4,7
eobuwie.pl S.A.	51,8	47,1
CCC Slovakia, s.r.o.	—	0,9
CCC OBUTEV d.o.o.	—	—
CCC Hrvatska d.o.o.	—	—
CCC Shoes & Bags Sp. z o.o.	1,3	—
CCC Shoes & Bags d.o.o. Beograd – Stari Grad	—	1,3
CCC Russia Sp. z o.o.	11,3	8,5
Total	196,2	190,6
– current	163,2	161,2
– non-current	33,0	29,4
Other companies	—	—
Adler International Sp. z o.o. Sp.k.	11,1	11,1
Total	11,1	11,1
– current	11,1	11,1
– non-current	—	—

	30.06.2017	31.12.2016
Entities related to members of key management personnel		
Transactions in the fiscal year:		
Sale	—	—
Purchase	0,9	1,7
Transactions in the fiscal year:		
Receivables	—	—
Liabilities	—	0,2

Transactions with related entities were made on market conditions.

6.3 REMUNERATION OF THE KEY MANAGEMENT PERSONNEL

IN THOUSAND PLN	FIXED REMUNERATION	PROGRAM OF PAYMENTS BASED ON SHARES – FAIR VALUE AT THE MOMENT OF GRANTING	OTHER (BONUSES)	TOTAL
30.06.2017				
Members of Management Boad	2 194,8	—	—	2 194,8
Supervisory Board	196,6	—	—	196,6
Total	2 391,3	—	—	2 391,3
30.06.2016				
Members of Management Boad	1 260,0	11 502,5	—	12 762,5
Supervisory Board	198,1	—	—	198,1
Total	1 458,1	11 502,5	—	12 960,6

6.4 PAYMENTS IN FORM OF SHARES

ACCOUNTING POLICY

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

The total amount subject to recognition in cost is determined by referring to the fair value of options granted at the date of granting the option:
- taking into account any market conditions (for example entity's share price);
- excluding the impact of any related work experience and non-market conferring rights (for example, sales profitability, the goals connected with growth in sales and the indicated period of the compulsory employment of the employee in the unit); and
- taking into account the impact of any conditions unrelated to conferring the rights (for example, the requirement by the current staff to keep received instruments for a specified period).

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

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

Under this scheme, the Supervisory Board granted warrants totalling to 768,000. As part of exercising the right of 768,000 subscription warrants, 94 entitled persons made a statement of taking up shares, resulting in a total of 764,000 series E shares at PLN 61.35 for the amount of PLN 46,871,400.00. With respect to the remaining 4,000 series A subscription warrants that have not been exercised for the conversion into Series E Shares, it is possible to acquire the Shares by 30 June 2018.

Details on the aim and detailed rules for issue and subscribing for shares are described in the Statement on operations of CCC S.A. in section 4.2.4.

On 8 June 2017, the Ordinary General Meeting of Shareholders adopted a resolution on the conditional increase of the Company's share capital and the issue of subscription warrants, thereby as a result, the incentive scheme will be commenced (Scheme), comprising current and future members of the Management Board, current and future members of the management boards of the subsidiaries and management of the subsidiaries.

Under this scheme, the Supervisory Board has the right to grant warrants in the total number of 1,174,920 warrants. As of the date of publication of the report, no warrants have been granted to eligible persons. The Company will make the valuation of the Scheme after approval of the regulations and identification of eligible persons.

6.5 ADJUSTMENT OF PREVIOUS YEARS

Due to a fiscal control carried out by the Head of the Office of the Lower Silesian Customs and Revenue in Wrocław for the year 2014 regarding income tax from legal persons and the tax on goods and services and due to the findings of the authority contained in the inspection report, the Company CCC SA was required to pay income tax, the amount of which, together with the interest due, amounted to PLN 5.5 million.

Due to the fact that this liability referred to the year 2014 and as of 31.12.2016, it was not included in the books, The Management Board decided to adjust the financial statements for 2016 as a result of which the reserve capital in the item retained earnings was reduced by a total amount of 5.5 million PLN.

The Company adjusted the comparative data in the report of financial position under the item:

- income tax liabilities by the amount of PLN 5.5 million
- retained earnings in the amount of PLN 5.5 million.

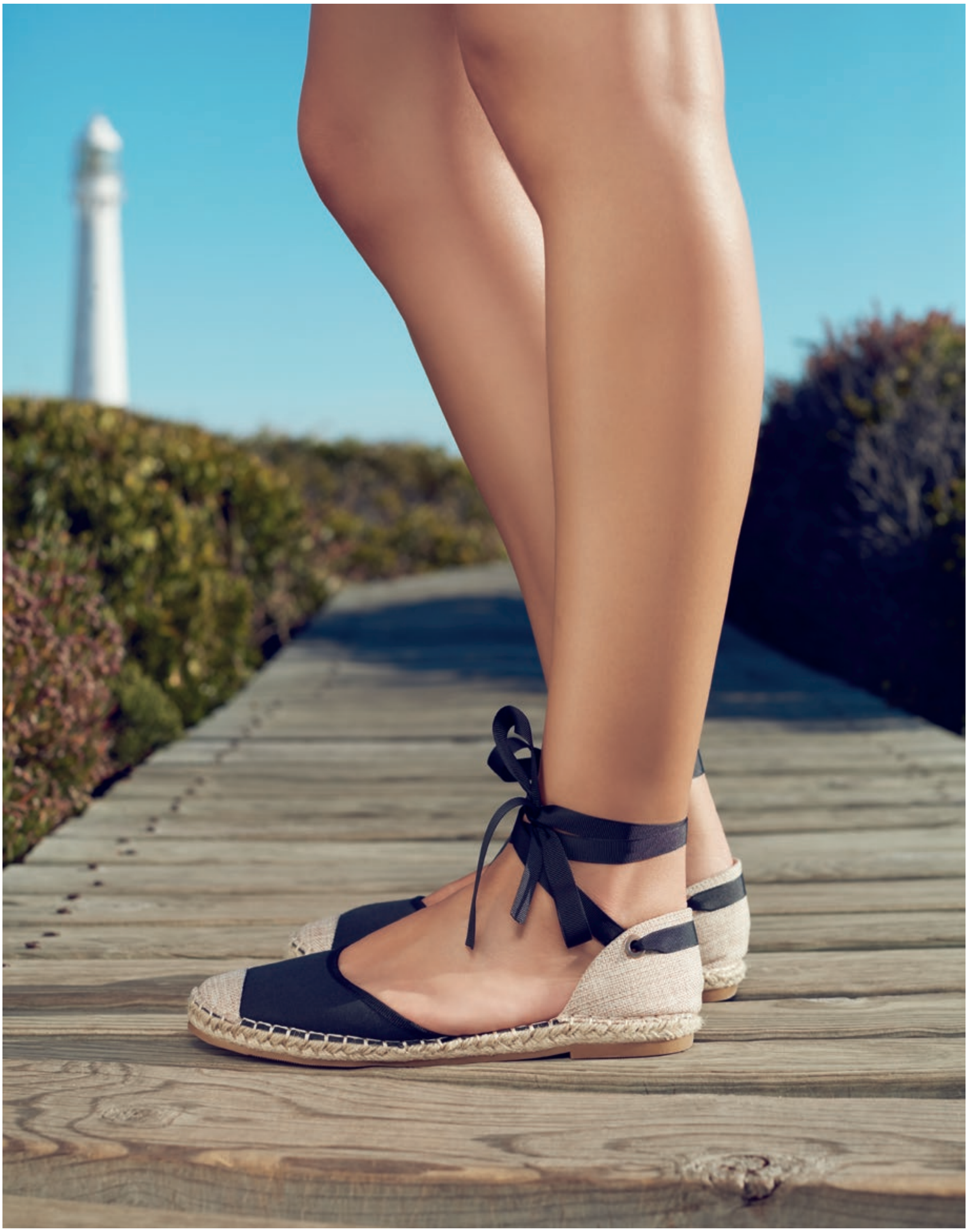
In the current period, the Company made the payment of the outstanding income tax while recognizing it in the retained earnings.

6.6 EVENTS AFTER BALANCE SHEET DATE

On 21 August 2017, CCC S.A. signed an annex to the agreement obliging the sale of shares of eobuwie.pl S.A. as of 26 August 2015 concluded between CCC S.A., based in Polkowice as a buyer and shareholders of the Company eobuwie.pl S.A. as a seller.

According to the annex, the following conditions have changed:

- It was prolonged until 28 February 2023 the right of CCC S.A. to acquire registered shares of the Company from eObuwie.pl S.A., constituting a total of 25.01% of the nominal value of the share capital of eObuwie.pl SA (Call Option) and the right of eObuwie.pl S.A. to sell shares for CCC S.A. or another entity from the CCC S.A. Capital Group (Put option). The price for the Shares was set at 25.01% of the amount of the EBITDA 2021 x 12, whereby, unless there occurs any of the cases specified in the annex meeting the terms of the Significant Unfavourable Change, then the amount may not be less than PLN 100 million (one hundred million zlotys) and under no circumstances it cannot be higher than PLN 1 billion 200 million (one billion two hundred million zlotys) and if a) EBITDA 2021 will be zero or negative and b) sales for year 2021 from core business (sale from an individual customer, excluding wholesale) will be less than PLN 500 million, then the price for all Shares will be equal to the total par value of the Shares. EBITDA ratio may be modified in good faith by the Parties in the case of acquisitions made by the Company. In addition, eobuwie.pl S.A. was granted the right to use the accelerated Put Option in the case of a Change of Control in relation to CCC S.A., then the price of the Shares in this case will be determined on the basis of EBITDA for the last two full half-years prior to the date of using the accelerated Put Option;
- 20% of the net profit of eObuwie.pl S.A. for the fiscal years 2019-2021 will be allocated for dividend for the shareholders of the Company;



The interim condensed financial statements were approved for publication by the Management Board of the Company on 31 August 2017 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	
Marcin Czyczerski	Vice-President of the Management Board	
Karol Półtorak	Vice-President of the Management Board	
Marcin Pałażej	Vice-President of the Management Board	

Polkowice, 31 August 2017