INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CCC S.A. FOR THE PERIOD 01.01.2018 – 30.06.2018

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NOTE		01.2018-06.2018	04.2018-06.2018	01.2017-06.2017	04.2017-06.2017
		UNAUDITED			
3.1	Sales revenue	958,2	648,1	949,6	592,7
3.1	Cost of sale of goods	(637,2)	(474,1)	(657,7)	(431,6)
	Gross profit (loss) on sale	321,0	174,0	291,9	161,1
3.1	Cost of operating stores	(263,1)	(137,9)	(246,6)	(135,0)
3.1	Other cost of sale	(10,5)	(5,8)	(7,4)	(5,0)
3.1	Administrative expenses	(26,7)	(13,9)	(11,7)	(5,5)
3.1	Other cost and operating revenue	6,9	4,8	2,2	2,0
	Operating profit (loss)	27,6	21,2	28,4	17,6
3.1	Finance revenue	7,9	7,8	5,7	4,6
3.1	Finance cost	(28,2)	(21,7)	(14,5)	(4,3)
	Profit (loss) before tax	7,3	7,3	19,6	17,9
3.2	Income tax	(2,9)	(0,6)	(5,2)	(4,9)
	NET PROFIT (LOSS)	4,4	6,7	14,4	13,0
	Other comprehensive income	—	—	—	
	Total net comprehensive income	—	—	—	—
	TOTAL COMPREHENSIVE INCOME	4,4	6,7	14,4	13,0
4.1	Weighted average number of ordinary shares (mln pcs)	41,1	41,1	39,1	39,1
4.1	Basib earnings per shaer (in PLN)	0,11	0,16	0,37	0,33
4.1	Diluted earnings per share (in PLN)	0,11	0,16	0,37	0,33

[More information in section 3.1.1.1 in Statements of operations of the Company]

STATEMENT OF FINANCIAL POSITION

NOTE		30.06.2018	31.12.2017
		UNAUDITED	
5.1	Intangible assets	2,6	2,8
5.2	Tangible fixed assets – investments in stores	199,1	170,9
5.2	Tangible fixed assets – factory and distribution	189,6	168,8
5.2	Tangible fixed assets – other	60,5	51,9
5.3	Rights of use of the assets	630,8	—
3.2	Deferred tax assets	2,5	1,8
5.5	Loans granted	29,0	31,0
6.2	Long-term investments	430,3	379,2
	Total non-current assets	1 544,4	806,4
5.4	Inventories	308,9	249,8
5.5	Trade receivables	20,8	18,8
	Income tax receivables	—	26,0
5.5	Loans granted	76,6	169,2
5.5	Other receivables	54,2	35,4
5.6	Cash and cash equivalents	315,9	300,4
	Total current assets	776,4	799,6
	TOTAL ASSETS	2 320,8	1 606,0
4.2	Debt liabilities	210,0	210,0
5.8	Provisions	1,8	2,1
5.2	Grants received	20,1	21,3
5.3	Lease liabilities	480,6	—
	Total non-current liabilities	712,5	233,4
4.2	Debt liabilities	57,1	0,7
5.7	Trade liabilities	139,9	166,8
5.7	Other liabilities	140,8	50,6
3.2	Income tax liabilities	1,4	—
5.8	Provisions	1,0	0,7
5.2	Grants received	2,4	2,4
5.3	Lease liabilities	185,4	—
	Total current liabilities	528,0	221,2
	TOTAL LIABILITIES	1 240,5	454,6
	NET ASSETS	1 080,3	1 151,4
	Equity		
4.1	Share capital	4,1	4,1
4.1	Share premium	644,9	644,9
	Retained earnings	431,3	502,4
	TOTAL EQUITY	1 080,3	1 151,4
	TOTAL EQUITY AND LIABILITIES	2 320,8	1 606,0

STATEMENT OF CASH FLOWS

NOTE		01.2018-06.2018	01.2017-06.2017
		UNAUDITED	
	Profit before tax	7,3	19,6
4.4	Amortization and depreciation	116,0	19,7
	Profit (loss) on investment activity	(4,4)	0,3
4.2	Cost of borrowings	9,5	3,6
4.4	Other adjustments to profit before tax	20,8	4,4
3.2	Income tax paid	24,0	(23,6)
	Cash flow before changes in working capital	173,2	24,0
	Changes in working capital		
5.4	Change in inventory and inventory write-downs	(59,1)	(97,0)
4.4	Change in receivables	(26,0)	0,2
4.4	Change in current liabilities, excluding borrowings	106,6	121,9
	Net cash flows from operating activities	194,7	49,0
	Proceeds from the sale of tangible fixed assets	28,6	4,0
5.5	Repayment of loans granted and interest	158,5	12,3
5.2, 5.1	Purchase of intangible and tangible fixed assets	(92,2)	(36,3)
5.5	Loans granted	(196,5)	(24,3)
	Expenses on capital increase in subsidiaries	(40,3)	(3,5)
	Purchase of investment in eobuwie S.A.	—	(5,0)
	Purchase of investment properties	—	(16,5)
	Net cash flows from investing activities	(141,9)	(69,3)
4.2	Proceeds from borrowings	49,5	3,3
	Issue of debt securities	209,4	—
4.2	Repayment of borrowings	(203,2)	—
	Lease payments	(84,4)	—
4.2	Interest paid	(8,4)	(3,6)
	Equity increase	—	2,2
	Other financial expenses	(1,0)	—
	Net cash flows from finance activities	(38,1)	1,9
	TOTAL CASH FLOWS	14,7	(18,4)
	Net increase/decrease of cash and cash equivalents	15,6	(18,4)
	Exchange rate changes on cash and cash equivalents	0,9	—
	Cash and cash equivalents at beginning of period	300,4	38,0
	Exchange rate changes on cash and cash equivalents	0,9	—
	Cash and cash equivalents at the end of period	315,0	19,6

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

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	RETAINED EARNINGS	PREMIUM CAPITAL	TOTAL EQUITY
As of 31.12.2017 (01.01.2018)	4,1	502,4	644,9	1 151,4
Net profit for the period	—	4,5	—	4,5
Total comprehensive income	—	4,5	—	4,5
Approved dividend	—	(94,7)	—	(94,7)
Total transactions with owners	—	(94,7)	—	(94,7)
Valuation of employee option scheme	—	19,1	—	19,1
As of 30.06.2018 (01.07.2018)	4,1	431,3	644,9	1 080,3

	SHARE CAPITAL	RETAINED EARNINGS	PREMIUM CAPITAL	TOTAL EQUITY
As of 01.01.2017	3,9	558,3	119,2	681,4
Net profit for the period	—	14,4	—	14,4
Total comprehensive income	—	14,4	—	14,4
Approved dividend	—	(101,4)	—	(101,4)
Total transactions with owners	—	(101,4)	—	(101,4)
Valuation of employee option scheme	—	—	2,2	2,2
As of 30.06.2017	3,9	471,3	121,4	596,6
As of 01.01.2017	3,9	558,3	119,2	681,4
Net profit for the period	—	37,4	—	37,4
Total comprehensive income	—	37,4	—	37,4
Dividend payment	—	(101,4)	—	(101,4)
Total transactions with owners	—	(101,4)	—	(101,4)
Issue of shares	0,2	—	525,7	525,9
Valuation of employee option scheme	—	8,1	—	8,1
As of 31.12.2017 (01.01.2018)	4,1	502,4	644,9	1 151,4

EXPLANATORY 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,
National Court Register/KRS/:	0000211692
Corporate purpose:	The Company's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).

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

These 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 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 interim condensed financial statements of the company covers a period of 6 months ended 30 June 2018 and contains comparative data for a period of 6 months ended 30 June 2017, and on 31 December 2017. Report on the total income and the notes to the report on the total revenue data for the 3 months ended 30 June 2018 and comparative data for the period of 3 months, ended 30 June 2017, were not the subject of review or examination by the auditor.

The company is the parent of the Group CCC S.A. Interim condensed financial statements of the company have been prepared in accordance with the requirements of IAS 34. Interim condensed financial statements does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the company for the year ended 31 December 2017 approved for publication on 26.03.2018.

These interim condensed financial statements of the company for a period of 6 months ended June 30, 2018 by the Management Board authorised for issue 24 August 2018.

The company also drew up interim condensed consolidated financial statements for the 6 months ended June 30 of the year 2018, which on August 24, 2018 by the Board of Directors approved for publication.

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

The list of the most important accounting policies and estimates and judgments for each item of reports on financial results and financial position are presented below:

NOTE	TITLE	ACCOUNTING POLICIES (Y/N)	CRITICAL ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
3.1	Sales revenue	T		12
3.1	Cost of sales of goods	T		17
3.1	Cost of operating stores	T		17
3.1	Other cost of sales	T		17
3.1	Administrative expenses	T		17
3.1	Other operating and finance costs and revenues	T		18
3.2	Income tax	T	T	22
3.2	Deferred tax assets	T	T	22
3.2	Income tax liabilities	T		22
4.1	Equity	T	T	25
4.2	Debt liabilities	T		28
4.3	Contractual maturities for financial liabilities and liquidity management policy			29
4.4	Additional information to selected items of the statement of cash flows			30
5.1	Intangible assets	T	T	31
5.2	Tangible fixed assets	T	T	32
5.2	Grants received	T		33
5.3	Right of the use assets and leasing liabilities			35
5.4	Inventories	T	T	37
5.5	Loans granted	T		38
5.5	Trade receivables	T		38
5.5	Other receivables	T		38
5.6	Cash and cash equivalents	T		40
5.7	Trade liabilities	T		41
5.7	Other liabilities	T		41
5.8	Provisions	T	T	42
6.1	Financial instruments and risk management			43
6.2	Investments in subsidiaries, loans granted and transactions with related entities			48
6.3	Remuneration of the key management personnel			52
6.4	Cost of incentive program	T	T	53
6.5	Adjustment of previous years			54
6.6	Events after balance sheet date			54

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

IFRS 9 „FINANCIAL INSTRUMENTS"

International Financial Reporting Standard 9 Financial instruments („IFRS 9"). IFRS 9 covers three aspects related to financial instruments: classification and measurement, impairment and hedge accounting. It applies to annual periods beginning on 1 January 2018 and later, with the possibility of earlier application.

The Company applies IFRS 9 from the effective date of the standard, without transforming the like-for-like data.

In the Company's opinion, the implementation of the standard has no significant impact on the accounting principles (policy) applied to the Company's operations and its financial results except for the effects of the application of IFRS 9 in terms of impairment. The company has not identified an increase in impairment losses, with a negative impact on equity, as discussed below. In addition, as a result of the application of IFRS 9, the classification of some financial instruments has changed.

a) Classification and valuation

The company has not identified a material impact on the statement of financial position and equity in connection with the application of IFRS 9 in the area of classification and valuation. All financial assets currently measured at fair value are measured at fair value.

Trade receivables are maintained to obtain cash flows resulting from the agreement, and the Company does not sell trade receivables as part of factoring – they are still valued at amortized cost by the financial result. The company benefits from practical exemption and for trade receivables under 12 months does not identify significant elements of financing. In the case of trade receivables, due to the nature of receivables, an impairment loss along with the associated deferred tax asset is relatively small due to the prevailing cash sales.

b) Impairment

In accordance with IFRS 9, the entity measures the write-down for expected credit losses in the amount equal to the 12-month expected credit loss or expected credit losses in the life of the financial instrument. In the case of trade receivables, the Company applies a simplified approach and measures the write-off for expected credit losses in the amount equal to the expected credit losses over the whole life period due to. In addition, receivables are related to retail and franchise operations, which is why they are characterized by a low level of non-recoverability risk.

The company estimates that due to the nature of trade receivables, the impairment loss will not increase

The implementation of the standard did not significantly affect the statement of financial position and equity, in the area of classification and valuation.At the same time, financial assets previously measured at fair value continue to be measured at fair value.

IFRS 15 „REVENUE FROM CONTRACTS WITH CUSTOMERS"

In accordance with the above standard IFRS 15 income are recognised in the amount of remuneration, which shall have the unit in Exchange for the transfer of promised goods or services to the customer. The new standard replaces previous requirements for the recognition of revenue in the context of contracts with customers in accordance with IFRS. The standard applies to annual reporting periods beginning on 1 January 2018 year.

The company shall apply IFRS 15 after the date of entry into force of the standard, without transforming the comparative data, using the simplified method.

IFRS 15 introduces new requirements for the presentation and disclosures. The fundamental principle of the new standard is recognition of revenue at the time of the transfer of goods and services to the client, in the amount of the transaction price. Goods or services, which you can extract the package, should be recognised separately. In addition, any discounts and rebates on the transaction price is in principle allocated in individual elements of the package. The recognition and measurement requirements in accordance with IFRS 15 shall also apply to the recognition and measurement of profit/ loss from the sale of non-financial assets (such as tangible and intangible assets), if such a sale does not take place in the normal the course of doing business.

In accordance with the requirements of IFRS 15, the company presents included income from contracts with customers, broken down into categories that reflect the impact of economic factors on the nature, amount, payment term and the uncertainty of income and flows .

CCC company reveals information that will enable users of financial statements to understand the linkage between disclosure of revenue broken down by categories, and information about the revenue that an entity shall disclose for each segment .

SALES REVENUES

THE COMPANY OPERATES IN THE AREA OF	TIME OF INCOME RECOGNITION	AS PART OF THE ASSESSMENT OF THE IMPACT OF THE INTRODUCTION OF IFRS 15, THE COMPANY CONSIDERED, INTER ALIA, THE FOLLOWING ASPECTS:	
		VARIABLE REMUNERATION	GUARANTEES
Retail sales of goods	The contract contains only one obligation to perform the service – sales of the goods, therefore, the Group assesses that the impact of adopting IFRS 15 on the recognition of revenues and the Group's financial results under such agreements will not be material.Revenue will be recognized at a specific moment, i.e.when the customer obtains control over the goods	In accordance with IFRS 15, if the remuneration specified in the contract includes a variable amount, the entity estimates the amount of remuneration to which it will be entitled in exchange for the transfer of promised goods or services to the customer and includes a part or all of the variable remuneration in the transaction price only to such extent, in which there is a high probability that there will be no reversal of a significant part of the amount of previously recognized accumulated revenues when the uncertainty about the amount of variable remuneration shall cease. • The right to return The Group grants customers the right to return unused goods within 7 days from the date of purchase In assessing the impact of the company's adoption of IFRS 15 is not significant	The Group provides a guarantee for the goods sold.Typically, guarantees are the assurance for the customer that the product complies with the specifications set by the parties and does not constitute an additional service.The Company does not apply additional regulations or agreements in this matter, therefore, as a consequence, the existing guarantees will be further recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets In assessing the impact of the company's adoption of IFRS 15 is not significant.
Wholesale of goods		N/D	

MSSF 16 „LEASING"

The company is a party to lease agreements as a lessee. The prevailing contracts are rental agreements for store space.

The company decided to earlier implementation the IFRS 16 Leasing standard, which obligatorily covers all companies preparing their reports in accordance with IFRS for the financial year 2019. This resulted in changes in the accounting principles adopted so far. The company chose a modified retrospective approach.

IFRS 16 Leasing has a material impact on the Company's financial statements, as part of its operations, it is a party to lease agreements for premises in which it sells, rents warehouse and office space, car leasing and servers. These contracts have so far been classified in accordance with IAS 17 as operating lease, and as a result, fees for this have been included in operating costs as the contract period expires in amounts resulting from invoices.

In accordance with IFRS 16 Leases, the Company has implemented uniform accounting principles that require lessees to recognize assets and liabilities in all lease agreements, taking into account the exceptions listed in the standard.

The Company recognizes a component of assets due to the right of use together with an appropriate leasing liability determined in the amount of discounted future payments during the leasing period.

Expenses related to the use of leased assets, previously included in the operating costs of stores or in other selling costs in the „lease" item, are now presented as depreciation and interest expenses. The valuation of the lease liability is periodically settled with the lease payments. Assets due to the right of use are amortized on a straight-line basis, while liabilities under lease agreements are settled effective interest rate.

Implementation of IFRS 16 affects almost all commonly used financial indicators and measure the effectiveness of such as: debt ratios, current ratio, turnover assets, interest coverage ratio, EBITDA, EBIT, operating profit, net profit, profit ratio per share (EPS), the rate of return on capital employed (ROCE, ROE) and operating cash flow. Definitions of indicators used by the company contains the report on the activities of the Board. These changes also affect the Covenants included in credit agreements, credit ratings and the cost of loans, and may also be reflected in changes of behavior in the financial market. This is related to the fact that the cost of operating lease, which formerly were settled over EBITDA, have been replaced by the depreciation of the assets in respect of the right to use presented in the cost. Additionally included are interest on discounted leasing obligations and foreign exchange differences arising from the valuation of these commitments. The company in the field of selected credit agreements in which there are covenants, uses the indicators with the exception of the impact resulting from the implementation of the IFRS 16 Leasing.

Application of the IFRS requires the company to analyze the data and make estimates and calculations, which have an impact on the valuation of lease obligations and valuation of assets in respect of the right to use. These include: an evaluation of whether the arrangement contains a lease in accordance with IFRS 16 and period of validity.

The company carries out a detailed analysis of the duration of their contracts, in particular for options to extend its rights in selected contracts. Detailed evaluation of the potential use of these options is made on the basis of management information concerning, inter alia, the individual and the profitability of the store but also expertise. Described the analysis applies to contracts ending in the short period of 12 months. Adopted the period derives from the reasonableness of the business that can be applied to the adopted analysis. Where the Management Board decides to extend the rental contract, its duration adopted for valuation is extended by the period of the extension options activated resulting from contract.

The current value of the lease payment is determined using the marginal interest rate. The company determines the risk-free rate based on available interest rate curves, corresponding to the currencies in which leasing contracts and cash-flow maturity dates resulting from concluded contracts are denominated.

The impact of the implementation of IFRS 16 on the financial statements as at 1 January 2018 is as follows:

Recognition of right of use the assets	626,4
Recognition of lease liabilities	626,4

OTHER CHANGES TO ACCOUTING POLICIES

a) IFRIC Interpretation 22

Foreign Currency Transaction and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advances consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt in advance consideration.

This Interpretation does not have any impact on the Company separate financial statements.

b) Amendments to IAS 40

Transfers of Investment Property

The amendments clarifies when an entity should transfer property, including property under construction for development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Company separate financial statements.

c) Amendments to IFRS 2

Classification and Measurement of Share-based Payment Transaction

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

These amendments do not have any impact on the Company separate financial statements.

d) Amendments to IFRS 4

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments allow entities that carry out insurance activity to postpone the date of entry into force of IFRS 9 by 1 January 2021. The effect of such postponement is that the entities concerned may continue to prepare financial statements in accordance with the applicable standard, i.e. IAS 39.

These changes do not apply to the Company.

e) Amendments to IAS 28

Investments in Associates and Joint Ventures as a part of Amendments resulting from the review of IFRSs 2014-2016

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit and loss under IFRS 9. If an entity, that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interest in subsidiaries. This selection is made separately for each investment entity associate or joint venture, at the later of the date on which a) the investment entity associate or joint venture is initially recognised; b) the associate or joint venture becomes an investment entity; c) the investment entity associate or joint venture becomes a parent.

These amendments do not have any impact on the Company separate financial statements.

f) Amendments to IFRS 1

First-time Adoption of International Financial Reporting Standards as part of amendments resulting from the review of IFRSs 2014-2016

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have not served they intended purpose.

These amendments do not have any impact on the Company separate financial statements.

The Company has not early adopted any standard, interpretation or amendment that was issued but is not yet effective in the light of European Union regulations.

2. SEGMENTS

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

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

3.1 NOTES TO STATEMENT OF PROFIT OR LOSS AND STATEMENT

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 provided logistic services, accounting services,
- write-downs on inventories.

Cost of operating stores

Cost of operating stores includes the cost of maintenance of stores and other retail outlets. This item includes mainly:
- remuneration costs of employees employed in stores,
- amortisation of tangible fixed assets (investments in stores),
- depreciation costs of assets due to the right to use,
- 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 cost,
- write-downs 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.

Lease costs

In accordance with IFRS 16, the Company recognizes the right to use the asset together with the relevant leasing liability determined in the amount of discounted future payments during the leasing period.
Expenses related to the use of leased assets, previously included in the operating costs of stores or in other selling costs in the „lease" item, are now presented as "depreciation" and in the financial costs as interest expenses. The valuation of the lease liability is periodically settled with the lease payments. Assets under the right of use are amortized on a straight-line basis, while liabilities under leasing contracts are settled with the effective interest rate.

As a result of the application of IFRS 16 described in more detail in item 1 above (General information), the Company estimates leasing contracts that meet the criteria of IFRS 16. Expenses related to the use of leased assets, previously included in the operating costs of stores or in other selling costs in the item „costs „are currently presented as depreciation and interest expenses. The Company includes the following items in current costs:
- Depreciation costs of assets due to the right to depreciation
- Interest costs
- Result of exchange differences
- The costs of completing lease agreements

ACCOUNTING POLICY

Sale revenue

IFRS 15 establishes the so-called The Five Steps Model for recognizing revenues resulting from contracts with clients. In accordance with the above standard, revenues are recognized in the amount of remuneration that the entity is entitled to in exchange for the transfer of promised goods or services to the customer. 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 15.

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.

NOTE	01.2018-06.2018	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase of goods sold	(634,4)	—	—	—	(634,4)
	Consumption of materials and energy	—	(9,4)	(1,2)	(0,8)	(11,4)
5.4	Provision for inventories	(2,8)	—	—	—	(2,8)
	Remunerations	—	(86,8)	(7,5)	(7,0)	(101,3)
6.3	Cost of incentive scheme	—	—	—	(8,3)	(8,3)
	Agent services	—	(20,4)	—	—	(20,4)
	Lease costs *	—	(29,6)	—	(1,9)	(31,5)
	Other outsourcing services	—	(6,9)	(1,4)	(3,7)	(12,0)
5.1, 5.2	Amortization	—	(109,5)	—	(2,4)	(111,9)
	Taxes and charges	—	(0,1)	—	(1,2)	(1,3)
	Other flat costs	—	(0,4)	(0,4)	(1,4)	(2,2)
	Total	(637,2)	(263,1)	(10,5)	(26,7)	(937,5)

* Variable fees (advertising, media)

NOTE	01.2017-06.2017	COST OF SALE OF GOODS	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)
5.4	Provision for inventories	—	—	—	—	—
	Remunerations	—	(78,3)	(4,0)	(5,0)	(87,3)
6.3	Cost of incentive scheme	—	(14,7)	(1,5)	(0,6)	(16,8)
	Agent 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)
5.1, 5.2	Amortization	—	(13,4)	(0,1)	(1,5)	(15,0)
	Taxes and charges	—	(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)

OTHER INCOME AND OPERATING AND FINANCIAL COSTS

NOTE		04.2018-06.2018	01.2018-06.2018	04.2017-06.2017	01.2017-06.2017
	Other operating costs	UNAUDITED			
	Loss on disposal of tangible fixed assets	—	—	0,5	(0,3)
	Stocktaking net losses	(0,9)	(1,4)	(0,2)	(0,6)
	Other net operating cost	(0,2)	(0,3)	—	—
	Loss on exchange rate differences on items other than debt	(0,3)	(0,3)	(0,1)	(0,2)
	Total other costs	(1,4)	(2,0)	0,2	(1,1)
	Other operating income				
	Profit on disposal of tangible fixed assets	3,9	4,5	—	—
	Compensations	0,1	0,4	0,1	0,3
	Subsidy of SFRDP remuneration	0,8	1,5	0,5	1,3
	Other net operating income	1,4	2,5	1,2	1,7
	Total other income	6,2	8,9	1,8	3,3
	Total other operating costs and income	4,8	6,9	2,0	2,2

NOTE		01.04-30.06.2018	01.2018-06.2018	04.2017-06.2017	01.2017-06.2017
	Finance cost	UNAUDITED			
4.2	Interest on borrowings (recognised in costs)	(4,0)	(7,7)	(1,8)	(3,6)
	Result on exchange rates	(14,3)	(16,9)	(1,0)	(9,1)
	Commissions paid	(1,8)	(1,8)	—	—
	Other finance cost	(0,3)	(0,6)	(0,2)	(0,6)
	Credit sureties received	(1,3)	(1,2)	(1,2)	(1,2)
	Total finance cost	(21,7)	(28,2)	(4,2)	(14,5)
	Finance revenue				
	Interest from current account and other	2,7	2,7	1,2	2,3
	Other finance revenue	0,1	0,2	0,1	0,1
	Credi sureties granted	5,0	5,0	3,3	3,3
	Total finance revenue	7,8	7,9	4,6	5,7

3.2 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. 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

	01.2018-06.2018	01.2017-06.2017
Current tax	(3,6)	(1,9)
Deferred tax	0,7	(3,3)
Income tax recognized in income statement	(2,9)	(5,2)
Current tax recognized in the result	3,6	1,9
Balance of liabilities /(receivables) under Corporate Income Tax at beginning of period	(26,2)	(1,5)
Balance of receivables / (liabilities) under Corporate Income Tax at the end of the period	(1,4)	23,2
Other changes	—	0,1
Tax paid recognized in statement of cash flows	(24,0)	23,7

B. INFORMATION ON THE TAX RATES APPLIED AND RECONCILIATION OF THE RESULT CHARGE

	04.2018-06.2018	01.2018-06.2018	04.2017-06.2017	01.2017-06.2017
Profit before tax	7,3	7,3	17,9	19,6
Weighted average tax rate	19%	19%	19%	19%
Tax calculated according to weighted average tax rate	(1,4)	(1,4)	(3,4)	(3,7)
Tax effects of the following items:				
• income not allowable for tax income	—	—	0,2	0,2
• non-tax-deductible expenses	0,7	(1,3)	(0,6)	(0,6)
• other adjustments	0,1	(0,2)	(1,1)	(1,1)
Charging financial result on income tax	(0,6)	(2,9)	(4,9)	(5,2)

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

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

C. BALANCE AND AMENDMENTS OF DEFERRED TAX

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

NOTE	30.06.2018	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2017	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2017
Assets					
Write-down on inventory	1,0	1,0	—	—	—
Write-down on assets	0,1	(0,4)	0,5	0,5	—
Provisions for liabilities	2,1	(0,4)	2,5	(1,3)	3,8
Others	0,7	(0,7)	1,4	(4,1)	5,5
Lease agreement valuation	1,0	1,0	—	—	—
Total before offsetting	4,9	0,5	4,4	(4,8)	9,2
Liabilities					
Accelerated tax depreciation of tangible fixed assets	1,4	(1,0)	2,4	0,1	2,3
Others	0,7	0,5	0,2	—	0,2
Total before offsetting	2,1	(0,5)	2,6	0,1	2,5
Offsetting	(2,1)	(0,3)	(2,6)	(0,1)	(2,5)
Balance of deferred tax in the balance sheet:	—	—	—	—	—
Assets	2,5	0,7	1,8	(4,9)	6,7
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 a return for shareholders and benefits for other interested parties and maintain an optimal capital structure in order to reduce its cost.

Detailed information on the dividend policy is described in the Statement on operations of the Group. [Section 2.2.1 (dividend policy)]

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 and also 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 2018, the company's equity capital consisted of 41,16 million shares (as at 31 December 2017 it consisted of 41,16 million shares) with a nominal value of PLN 0.1 each, including 34,51 million ordinary shares and 6,65 million voting preference shares.

After the balance sheet date June 30, 2018, but before the date of publication, 4.000 ordinary bearer shares were issued with a nominal value of PLN 0,10 each. The issue price of shares is PLN 61.35. The surplus of the issue price over the nominal price of the shares has been allocated to supplementary capital. The Management Board of the Company filed an application to the court to change the amount of the share capital in connection with the issue. The issue was registered by the court on July 24, 2018. The value of the share capital as at June 30, 2018 amounted to PLN 4,1 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 which has a significant effect on the Company is a company ULTRO Sp. z o.o., based in Polkowice, which holds 26,87% of the share capital and 34,55% 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 on Shareholders is included in Statements of operations of the Company.

RESERVE CAPITAL FROM THE SALE OF SHARES ABOVE THEIR NOMINAL VALUE

Reserve capital mainly includes capital from share issue and settlement of employee benefit scheme based on shares settled in capital instruments.

The value of reserve capital as at 30 June 2018 amounted to PLN 644.9 million.(further information is presented in the note 6.4)

RETAINED EARNINGS

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

EARNINGS PER SHARE

In the first half of the year 2018, basic and diluted earnings per share was PLN 0,11. (PLN 0.37 in 2017, respectively).

	30.06.2018	30.06.2017
Number of shares (pcs.)	41 164 000	39 164 000
Potential number of shares (pcs.)	293 730	4 000
TOTAL (pcs.)	41 457 730	39 168 000
Net profit	4,4	14,4
Earnings per share (PLN)	0,11	0,37
Diluted earnings (PLN)	0,11	0,37
Number of warrants (psc.)	293 730	4 000
Price of warrants (PLN)	211,42	61,35
Weighted average price of shares during the period (PLN)	262,8	221,24
Number by a market price (psc.)	1 118	1 109
Number without price (psc.)	205	225
Number of shares for ordinary earnings per share (psc.)	41 164 000	39 164 000
Number of diluting shares (psc.)	36 415	2 891
Number of shares after adjustment (psc.)	41 200 415	39 166 891
Net profit [million PLN]	4,4	14,4
Diluted earnings per share (PLN)	0,11	0,37

DIVIDEND

On June 22, 2018, the General Meeting of Shareholders of CCC S.A. adopted a resolution regarding the payment of dividend from net profit for 2017 in the amount of PLN 94.7 million, which corresponds to PLN 2.30 per 1 share (in 2017 it was PLN 101.4 million, corresponding to PLN 2.59 per share) . The dividend record date (day D) was set for September 19, 2018. The dividend payment date (day W) was set for October 1, 2018.

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 NON-CURRENT AND CURRENT*	TOTAL
	NON-CURRENT	CURRENT	IN CURRENT ACCOUNT		
As of 01.01.2017	—	16,7	21,2	210,0	247,8
Proceeds from debt contracted					
– financing received	—	—	—	—	—
– transactional cost	—	—	—	—	—
Charging interest	—	0,3	0,2	6,9	7,5
Repayment of debt					
– repayment of capital	—	—	—	—	—
– interest paid	—	—	(0,2)	(6,9)	(7,2)
Change in current account	—	—	(21,1)	—	(21,1)
Other non-cash changes	—	(16,3)	—	—	(16,3)
As of 31.12.2017	—	0,7	—	210,0	210,7
Proceeds from debt contracted					
– financing received	—	—	—	210,0	210,0
– transactional cost	—	—	—	1,8	1,8
Charging interest	—	—	—	3,5	3,5
Repayment of debt					
– repayment of capital	—	—	—	(203,2)	(203,2)
– interest paid	—	(0,3)	—	(5,3)	(5,6)
Change in current account	—	—	49,6	—	49,6
Other non-cash changes	—	0,3	—	—	0,3
As of 30.06.2018	—	0,7	49,6	216,9	267,1

* The short-term part amounts to PLN 6.9 million, the long-term part amounts to PLN 210.0 million.

Repayment of these liabilities are covered by the following collateral:

	30.06.2018	31.12.2017
	AMOUNT/OR BOOK VALUE OF GUARANTEE	
Sureties granted	1 694,6	1 694,6
Capped mortgages on property	491,1	491,1
Registered pledge on movable assets	1 650,0	1 650,0
In blanco bills of exchange	600,0	600,0
Assignments of insurance policies	17,0	27,0
Bank guarantees	116,1	96,7

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 2018 amounted to PLN 116,1 million (PLN 96,7 million at 31 December 2017).

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 30.06.2018	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	Bonds	50,3	—	—	—	—	50,3	50,3
4.2	Financial liabilities	—	13,4	223,2	—	—	236,6	216,9
	Financial liabilities	50,3	13,4	223,2	—	—	286,9	267,2

NOTE	AS OF 31.12.2017	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	Bonds	0,7	—	—	—	—	0,7	0,7
4.2	Financial liabilities	—	6,8	212,8	—	—	219,6	210,0
	Financial liabilities	0,7	6,8	212,8	—	—	220,3	210,7

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

NOTE		RECEIVABLES	LIABILITIES
	As of 31.12.2017	54,2	217,4
	As of 30.06.2018	75,0	280,7
	Change in the statement of financial position	(20,8)	63,3
	Difference arising from:		
5.5	Loans granted	—	—
	Change the of the guarantee	(5,2)	9,7
	Change in investment liabilities	—	(13,8)
	Deduction of receivables on loans	—	141,7
	Other	—	0,4
	Declared dividend	—	(94,7)
	Change recognized in the statement of cash flows	(26,0)	106,6
	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:		
5.5	Loans granted	(5,6)	—
	Change in investment liabilities	—	(17,9)
	Declared dividend	—	(101,4)
	Other	(3,0)	3,6
	Change recognized in the statement of cash flows	0,2	121,9

	01.2018-06.2018	01.2017-06.2017
Other profit adjustments before taxation:		
(Profit) loss on exchange rates differences	19,4	8,7
Change in provisions	(0,2)	—
Valuation of employee option scheme	8,3	—
Guarantees	(3,8)	—
Other	(3,1)	(4,3)
	20,6	4,4

	01.2018-06.2018	01.2017-06.2017
Amortization and depreciation resulting from changes in fixed assets		
Amortization and depreciation disclosed in note of costs by nature	111,9	15,0
Change due to re-invoicing of costs	5,9	4,7
Other	(1,8)	—
	116,0	19,7

5. NOTES TO STATEMENTS OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

	TRADEMARKS, PATENTS AND LICENCES	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross value 01.01.2017	8,9	1,7	10,6
Aggregated amortization	(7,5)	—	(7,5)
Net value 01.01.2017	1,4	1,7	3,1
Amortization	(0,9)	—	(0,9)
Purchase	—	0,6	0,6
Transfer	2,1	(2,1)	—
Gross value 31.12.2017 (01.01.2018)	11,0	0,2	11,2
Aggregated amortization	(8,4)	—	(8,4)
Net value 31.12.2017 (01.01.2018)	2,6	0,2	2,8
Amortization	(0,4)	—	(0,4)
Purchase	0,2	—	0,2
Transfer	0,2	(0,2)	—
Gross value 30.06.2018	11,4	—	11,4
Aggregated amortization	(8,8)	—	(8,8)
Net value 30.06.2018	2,6	—	2,6

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. Carrying amount 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)
Factory and distribution	– Buildings – from 10 up 40 years – Machines and equipment – from 3 up 15 years – Means of transport – from 5 up 10 years – Other tangible fixed assets – from 5 up 10 years
Other	– Machines and equipment – from 3 up 15 years – Means of transport – from 5 up 10 years – Other tangible fixed assets – from 5 up 10 years

Depreciation method and its period are reviewed at each balance sheet date.
Testing policy on the loss of values and the recognition of impairment loss of tangible assets described in 5.2.

Impairment on non-financial fixed assets

Assets that are subject to amortization are reviewed for write-down whenever events or changes in circumstances indicate the possibility of not realizing their carrying amount. Write-down is recognized for the amount by which the carrying amount 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 write-down, 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 write-down had been identified previously are assessed at each balance sheet date for the occurrence of reasons for possible reversal of the made write-down.

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 write-down. 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. Impairment is recognized in cost of sales of goods.

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 other operating income, in parallel to depreciation write-offs or tangible fixed assets impairment financed from these sources.

In 2018, neither creation nor release of write-down was made for non-financial assets. In 2017, neither creation nor release of write-down was made for non-financial assets.

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 in accounting policy.

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 write-down.

Assets under construction consist primarily of investments in stores.

Information on fixed assets creating a collateral 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 2018, a total of PLN 1.3 million was settled to the comprehensive income statement (PLN 1.3 million in 2017), which was recognized in other operating income.

	INVESTMENT IN STORES	FACTORY AND DISTRIBUTION				OTHER TANGIBLE FIXED ASSETS				
		LAND, BUILDINGS AND CONSTRUCTIONS	MACHINES AND EQUIPMENT	TANGIBLE FIXED ASSETS IN PROGRESS	TOTAL	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	OTHER	TOTAL	
Gross value 01.01.2017	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 01.01.2017	148,0	68,9	53,0	1,3	123,3	17,8	8,2	16,8	42,8	314,1
Purchase	65,9	0,1	—	57,1	57,2	9,0	6,0	1,4	16,4	139,7
Depreciation	(25,8)	(2,2)	(9,5)	—	(11,7)	(0,4)	(2,5)	(1,7)	(4,8)	(42,2)
Liquidation and sale	(23,2)	—	—	—	—	(1,8)	(2,5)	(1,6)	(5,8)	(29,0)
Decrease	5,9	—	—	—	—	0,8	1,1	1,6	3,5	9,4
Transfers	—	35,4	—	(35,4)	—	(0,3)	—	—	(0,3)	(0,3)
Gross value 31.12.2017 (01.01.2018)	291,7	117,5	95,6	22,9	236,1	27,0	27,0	28,8	82,9	610,7
Aggregated depreciation	(120,8)	(15,2)	(52,1)	—	(67,3)	(2,1)	(16,6)	(12,4)	(31,1)	(219,2)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Net value 31.12.2017 (01.01.2018)	170,9	102,4	43,5	22,9	168,8	24,9	10,5	16,4	51,8	391,5
Purchase	50,5	0,1	—	36,7	36,8	18,1	0,2	0,1	18,4	105,7
Depreciation	(15,1)	(1,4)	(4,8)	—	(6,2)	(0,9)	(1,4)	(0,7)	(3,0)	(24,3)
Liquidation and sale	(8,9)	—	—	—	—	(0,2)	(2,9)	(20,2)	(23,3)	(32,2)
Decrease	1,7	—	—	—	—	—	0,1	6,6	6,7	8,4
Transfers	—	(3,7)	—	(6,3)	(10,0)	10,0	—	—	10,0	—
Gross value 30.06.2018	333,3	114,1	95,6	53,3	263,0	54,9	24,4	8,6	88,0	684,3
Aggregated depreciation	(134,2)	(16,7)	(56,9)	—	(73,4)	(3,0)	(17,9)	(6,4)	(27,5)	(235,1)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Net value 30.06.2018	199,1	97,4	38,7	53,3	189,6	51,9	6,5	2,2	60,5	449,2

5.3 RIGHT OF THE USE ASSETS AND LEASING LIABILITIES

Due to the implementation of IFRS 16 Leasing, the Company measures lease agreements that give the Company the right to use the leased asset during their term.

The company analyzed the concluded agreements in terms of the application of IFRS 16 „Leasing". The subject matter concerned all financial leasing contracts, operating lease, short-term rental and long-term lease.

In order for a contract to be classified as a leasing contract in accordance with IFRS 16, the following conditions must be met:

1. The contract must relate to an identified asset for which the supplier does not have a significant converting right.

2. It should give the beneficiary the right to control the use of the identified asset for a specified period of time. This means that the user has the right to take advantage of the economic benefits of using a given component and the right to decide on its use.

3. The contract must be payable.

4. The term of the contract is the lease is defined as the irrevocable term of the leasing agreement, including the possible periods of renewal of the lease if the lessee is sufficiently sure that he will use this possibility and possible periods of termination of the lease if the lessee is sufficiently sure that he will not use with this option. The period does not have to be expressed in units of time, it can also be marked by determining the scope of the contract usage, e.g. the quantity of production, to the production of which the asset will be used.

In addition, two elements of simplification concerning contracts are possible:

1. Short-term – short-term lease agreement is a contract with no option to purchase an asset, concluded for a period shorter than 12 months from the beginning of the contract. If an entity decides to use a simplification for a given asset, it must use it consistently for the entire asset class being leased.

2. Low-value – the basis for the assessment of the „low" value should be the value of the new asset. This applies to lease agreements regarding assets whose value did not exceed 5,000. USD (when new), which can be treated as the upper limit of recognition for a low value item.

The simplification of the Company obliges it to apply them throughout the period of validity of the standard. The simplifications used are documented by appropriate accounting policy provisions.

The tables below present the value of the assets valued and liabilities:

	RIGHTS OF USE OF THE ASSETS
Value 01.01.2018	626,4
Addition of agreement	84,0
Modification	19,7
Change of scope – gross value	(7,1)
Change of scope – depreciation	0,4
Renewal	1,1
Depreciation	(93,7)
Net value 30.06.2018	630,8

	LEASE LIABILITIES
Liabilities as of 01.01.2018	626,4
Charging interest	4,2
Lease payments	(88,4)
Rate exchanges	25,7
Addition of agreement	83,4
Modification	11,0
Indexation	8,7
Renewal	1,1
Change of scope	(6,1)
Liabilities as of 30.06.2018	—
Liabilities as of 30.06.2018	666,0

5.4INVENTORIES

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 a write-down is made by deducting the cost of sales of goods. In regard to the disbursement of all inventories of similar kind and similar usage the FIFO method is applied.

	30.06.2018	31.12.2017
Materials	—	—
Manufacturing in progress	—	—
Goods	311,7	251,6
Finished goods	—	—
Total (gross)	311,7	251,6
Inventory provision	(2,8)	(1,8)
Total (net)	308,9	249,8

In order to determine the amount of write-down, 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.

At the balance sheet date, the company recorded a significant increase in the value of inventories relative to comparative data. The reason for this situation is the fact that the peak of sales of summer footwear falls on July and August with the highest sales recorded in December for winter footwear

In 2018, the Company made a write-down revaluating inventories in the amount of PLN 2,8 million.

5.5 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 are measured initially at fair value. After initial recognition, valuation is made in the amount of amortised cost using the effective interest rate, less depreciation, impairment (further in this regard, the policy presented in note 6.1).

	30.06.2018	31.12.2017
Trade and other receivables	21,6	19,6
Provision for receivables	(0,8)	(0,8)
Total net receivables	20,8	18,8
Short-term loans granted	76,6	169,2
Payments on future supplies of goods	5,8	2,4
Accrued expenses	7,2	4,2
Indirect taxes receivables	22,0	4,9
Credit sureties granted	5,0	10,3
Investment receivables	11,7	11,9
Other	2,5	1,7
Total other receivables	130,8	204,6
Long-term loans granted	29,0	31,0

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. With respect to this asset item there are no receivables past due.

i MORE INFORMATION IN SECTION **2.3**
IN THE STATEMETNS ON THE OPERATIONS OF THE GROUP AND IN THE NOTE **6.2**.

Loan receivables are exposed to credit risk and interest rate risk.

Credit risk	Policy for risk management presented in note 6.1. In the opinion of the Management Board, the credit quality of the receivables is good. The loan is unsecured and the maximum amount of exposure to credit risk is the nook value of the receivable. The receivable is not expired or no impairment is stated.
Interest rate risk	Policy for managing this risk is presented in note 6.1. Analysis of sensitivity to interest-rate changes is presented in note 6.1.
Fair value	The fair value of the receivables is close to their book value.

5.6 CASH

ACCOUNTING POLICY

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

	30.06.2018	31.12.2017
Cash in hand	14,2	22,1
Cash at bank	56,1	5,9
Short-term deposits (up to 3 months)	245,6	272,4
Total	315,9	300,4

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.

5.7 TRADE 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.

	30.06.2018	31.12.2017
Trade liabilities		
• lease and supply of goods and services	87,2	143,2
• investment	40,4	23,6
• confirming	12,3	—
Total	139,9	166,8
Liabilities for indirect taxes, duties and other benefits	3,7	3,3
Liabilities for employee benefits	23,0	28,9
Accrued expenses	14,4	12,0
Credit sureties received	3,6	3,5
Dividend liabilities	94,7	—
Other liabilities	1,4	2,9
Razem	140,8	50,6

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 financial instruments not measured at fair value, including liabilities due to suppliers, is similar to the carrying amount.

i FOR FURTHER INFORMATION SEE **4.3**

5.8 PROVISIONS

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	TOTAL
As of 01.01.2017	2,0	2,0
Establishment	0,8	0,8
Utilisation	—	—
Release	—	—
As of 31.12.2017	2,8	2,8
Current	0,7	0,7
Non-current	2,1	2,1
As of 01.01.2018	2,8	2,8
Establishment	—	—
Utilisation	—	—
Release	—	—
As of 30.06.2018	2,8	2,8
Current	1,0	1,0
Non-current	1,8	1,8

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Write-down on financial assets

The application of IFRS 9 fundamentally changes the approach to the write-down of financial assets by resigning from the concept of loss incurred in favour of expected loss, where the entire expected credit loss is recognized ex-ante.

In the case of trade receivables, the Company applies a simplified approach and measures the write-down for expected credit losses in the amount equal to the expected credit losses over the entire lifetime using the provisions matrix. The Company uses its historical data on credit losses, adjusted, where appropriate, by the impact of future information.

In the case of other financial assets, the Company measures the write-down for expected credit losses in the amount equal to 12-month expected credit losses. If the credit risk related to a given financial instrument has significantly increased since the initial recognition, the Company measures the write-down for expected credit losses from the financial instrument in the amount equal to the expected credit losses over the entire lifetime.

	30.06.2018		31.12.2017	
	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES
Financial assets	442,3	—	519,4	—
Loans granted	105,6	—	200,2	—
Trade receivables	20,8	—	18,8	—
Cash and cash equivalents	315,9	—	300,4	—
Financial liabilities	—	407,0	—	377,5
Debt liabilities	—	267,1	—	210,7
Trade liabilities	—	139,9	—	166,8

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.

The amounts were translated to a functional currency according to the rate applicable at the last day of the reporting period:

- currency exchange rate as at 30.06.2018 amounted to 1 EUR – 4,3616 PLN
- currency exchange rate as at 31.12.2017 amounted to 1 EUR – 4,1709 PLN
- currency exchange rate as at 30.06.2018 amounted to 1 USD – 3,744 PLN
- currency exchange rate as at 31.12.2017 amounted to 1 USD – 3,4813 PLN

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

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

30.06.2018	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	INNE	
Financial assets	442,3	34,4	31,1	6,5	370,7
Loans granted	105,6	9,4	1,9	4,8	89,7
Trade receivables	20,8	—	0,3	1,7	18,8
Cash and cash equivalents	315,9	25,0	28,9	—	262,2
Financial liabilities	407,0	0,4	0,7	0,2	405,9
Debt liabilities	267,1	—	—	—	267,1
Trade liabilities	139,9	0,4	0,7	0,2	138,8

31.12.2017	TOTAL BOOK VALUE	POZYCJE W WALUCIE OBCEJ PO PRZELICZENIU NA PLN			POZYCJE W WALUCIE FUNKCJONALNEJ
		USD	EUR	INNE	
Financial assets	519,4	19,6	126,2	5,8	367,6
Loans granted	200,2	19,5	121,8	4,5	54,3
Trade receivables	18,8	—	0,3	1,3	17,2
Cash and cash equivalents	300,4	0,1	4,1	—	296,1
Financial liabilities	377,5	0,4	0,7	0,2	376,1
Debt liabilities	210,7	—	—	—	210,7
Trade liabilities	166,8	0,4	0,7	0,2	165,4

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 30.06.2018		AS OF 31.12.2017	
	30.06.2018	31.12.2017	+1 P.P.	-1 P.P.	+1 P.P.	-1 P.P.
Cash at bank	56,1	5,9	0,6	(0,6)	0,1	(0,1)
Loans granted	105,6	200,2	1,1	(1,1)	2,0	(2,0)
Debt liabilities	(267,1)	(210,7)	(2,7)	2,7	(2,1)	2,1
Effect on net result	—	—	(1,1)	1,1	—	—

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 2018 and 31 December 2017) is presented in the table below:

	30.06.2018	31.12.2017
Loans granted	105,6	200,2
Trade receivables	20,8	18,8
Cash and cash equivalents	315,9	300,4
Total	442,3	519,4

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

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

	30.06.2018	31.12.2017
Banks with a rating of A	—	—
Banks with a rating of A-	299,8	275,6
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+	1,1	2,1
Banks with a rating of BBB-	0,5	0,3
Banks with a rating of BBB	0,3	0,3
Banks with a rating of BB-	—	—
Total cash at banks	301,7	278,3

The company has no significant concentration of credit risk. The risk is the large number of banks whose services it uses, and clients with which it cooperates.

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

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 carrying amount 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). Write-down represents the excess of the carrying amount over the recoverable amount.

	30.06.2018	31.12.2017
As of 01.01.2018	379,2	371,2
Acqusition	—	—
Valuation of program of payments based on shares	10,8	4,6
Equity increasing in subsidiary	40,3	3,6
As of 30.06.2018	430,3	379,2

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) 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:

NAME OF COMPANY	HEADQUARTERS OF COMPANY	BUSINESS ACTIVITY	BOOK VALUE	
				31-12-2017
eobuwie.pl S. A.	Zielona Góra, Poland	commercial	1,6	0,5
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investing	280,7	280,7
CCC Czech s.r.o.	Praque, Czech Republic	commercial	40,6	40,2
CCC Factory Sp. z o.o.	Polkowice, Poland	manufacturing	28,2	27,7
CCC.EU sp. z o.o.	Polkowice, Poland	commercial	19,6	12,9
CCC Hrvatska d.o.o.	Zagreb, Croatia	commercial	3,2	3,1
CCC Germany GmbH	Frankfurt, Germany	commercial	3,2	2,7
CCC Obutev d.o.o.	Maribor, Slovenia	commercial	2,3	2,2
CCC Austria Ges.m.b.H	Graz, Austria	commercial	2,5	2,0
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial	1,6	1,4
NG2 Suisse s.a.r.l.	Zug, Switzerland	commercial	38,7	0,9
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	commercial	0,8	0,6
CCC Slovakia, s.r.o.	Bratislava, Slovakia	commercial	0,6	0,4
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	Gayrettepe Istanbul, Turkey	commercial	0,1	0,1
CCC Isle of Man Ltd.	Douglas, Isle of Man	commercial	0,0	0,0
CCC Shoes & Bags d.o.o. Beograd	Belgrad, Serbia	commercial	6,3	3,7
CCC Russia sp. z o.o.	Moscow, Russia	commercial	0,3	0,1
Total			430,3	379,2

All subsidiaries are directly or indirectly controlled by the Company (the Company holds a 100% share in most of the above companies and the same number of voting rights). The exception is eobuwie.pl S.A. 74.99% interest, a subsidiary indirectly by CCC Shoes & Bags SP. Z o.o. and CCC Russia SP. Z o.o. 75% of the shares.

TRANSACTIONS WITH RELATED ENTITIES

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

	30.06.2018	31.12.2017
Subsidiaries of the company		
Transactions in the financial year:		
Sale of services	49,9	67,9
Credi sureties granted	5,0	10,1
Interest on loans granted	2,0	3,8
Purchases of finished products/ goods	725,4	1 475,0
Purchase of services	33,7	15,3
Guarantees received	1,2	2,2
Sale of fixed assets	0,6	1,0
Transactions at the balance sheet date:	—	—
Receivables from customers	14,4	0,6
Loans receivables	94,5	191,1
Liabilities for suppliers	(94,1)	(119,1)
Debt liability toward NG2 Suisse s.a.r.l.	(0,3)	(0,3)
Contingent assets and liabilities as at the balance sheet date	—	—
Contingent assets from guarantees and sureties recaived	988,0	988,0
Contingent liabilities from collaterals granted	4 435,7	4 435,7

LOANS GRANTED

	30.06.2018	31.12.2017
As at 1 January	200,2	201,7
Loans granting	196,5	28,1
Accrued interest	2,2	4,6
Repayments	(158,2)	(22,7)
Other*	(135,1)*	(11,5)
As at 31 December	105,6	200,2
– current	76,6	169,2
– non-current	29,0	31,0

* in reporting period value – 135,1 containsassignment – 141,0 mln PLN and exchange rate valuation 5,9 mln PLN

	30.06.2018	31.12.2017
Subsidiaries of CCC S.A.		
CCC.EU Sp. z o.o.	9,4	18,5
CCC Austria Ges.m.bH	0,3	55,1
CCC Germany GmbH	0,3	51,6
CCC Shoes Bulgaria EOOD	4,8	4,5
eobuwie.pl S.A.	78,4	49,5
CCC Slovakia, s.r.o.	—	—
CCC Shoes & Bags d.o.o. Beograd – Stari Grad	1,3	1,3
CCC Russia Sp. z o.o.	—	10,7
Total	94,5	191,1
– current	65,5	160,1
– non-current	29,0	31,0
Other companies		
Adler International sp. z o.o. Sp.k.	10,1	9,1
Miejski Klub Sportowy Polkowice	1,1	—
Total	11,2	9,1
– current	11,2	9,1
– non-current	—	—

	30.06.2018	31.12.2017
Entities related to members of key management personnel		
Transactions in the fiscal year:		
Sale	0,1	0,8
Purchase	4,8	1,3
Transactions in the fiscal year:		
Receivables	—	0,9
Liabilities	0,1	0,2

Transactions with related parties were concluded at market conditions.

6.3 REMUNERATION OF THE KEY MANAGEMENT PERSONNEL

IN '000 PLN	FIXED REMUNERATION	PROGRAM OF PAYMENTS BASED ON SHARES – FAIR VALUE AT THE MOMENT OF GRANTING	OTHER (BONUSES)	TOTAL
30.06.2018				
Members of Management Board	1 730,0	1 297,7	720,0	3 747,7
Supervisory Board	201,0	—	—	201,0
Total	1 931,0	1 297,7	720,0	3 948,7
31.12.2017				
Members of Management Board	4 124,8	560,0	490,0	5 174,8
Supervisory Board	388,6	—	—	388,6
Total	4 513,4	560,0	490,0	5 563,4

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.

On 13 April 2017, the Issuer's Supervisory Board adopted a resolution on giving the positive opinion and conditional approval of the three-year Incentive Scheme presented by the Issuer's Management Board for 2017-2019 („Scheme"), subject to a positive decision of the Issuer's General Meeting regarding conditional share capital increase of the Issuer and issuance of shares and subscription warrants for the implementation of the Scheme. The main objectives of the scheme are additional, long-term motivation of the CCC Capital Group managers to implement the Group's strategy in 2017-2019 and taking actions and efforts aimed at further development of the Group and its perspectives for 2020 and another years – as a consequence of increasing the value of the Company's shares and the value for shareholders. The Scheme provides for the issuance of no more than 1,174,920 Warrants and no more than 1,174,920 Series F shares. The persons entitled to take it up are the members of the Management Board, members of the management board of subsidiaries, members of the management of the company, members of the management of subsidiaries, however the warrants cannot be offered to the persons directly or indirectly holding at least 10% of the Company's stake. The condition for granting the rights to subscribe for the Warrants is that the persons concerned obtain positive performance review for 2017-2019. The total number of persons entitled under the incentive scheme will not exceed 149 people. The scheme assumes minimum EBITDA thresholds (which condition the launch of the Scheme tranches) at PLN 550, 650 and 800 million for 2017, 2018 and 2019 respectively, that is, a total of not less than PLN 2 billion in this period.

6.5 ADJUSTMENT OF PREVIOUS YEARS

In the reporting period, there were no adjustments of previous years

6.6 EVENTS AFTER BALANCE SHEET DATE

On 29 April 2018, the Capital Group CCC S.A. (through the company CCC S.A.) signed the agreement for the purchase of an organized part of the enterprise from Adler International Sp. z o.o. sp. k. (limited liability company, limited partnership)

The acquired organized part of the company is a network of stores selling footwear marked with the CCC logo in the Podkarpackie, Małopolskie and Świętokrzyskie voivodships together with the employees of these stores.

The date of taking control was assumed on July 1, 2018, due to the fact that on that day at CCC S.A. gained the right to run stores together with all the benefits and obligations in this respect.

The amount of payment for the acquired organized part of the enterprise was set at PLN 77,0 million payable in cash. The payment price does not take into account any conditional payments.

The total value of purchased movables (including, in particular, the equipment of stores and equipment necessary to serve stores customers) specified in the agreement amounted to PLN 15.4 million, while the value of expenditure on stores specified in the agreement (investments in external fixed assets) was 12.6 million PLN. Under the agreement, no cash or trade receivables that arose until the acquisition date were transferred as part of the transaction. The Group also does not identify, as at the date of signing these financial statements, other types of receivables that need to be included in the acquisition settlement.

As at the date of this interim financial statements, the Group has not yet completed the process of identifying the assets and liabilities of the acquired business and their valuation. Settlement at fair value will take place next time, not later than 12 months from the date of taking control. The Company expects adjustments related primarily to the identification and valuation of intangible assets as well as assets and liabilities due to taken over lease agreements.

As at the date of signing these financial statements, the Group does not identify any contingent liabilities related to the acquisition transaction.

Other requirements of IFRS 3 regarding the disclosure of information regarding the acquisition transactions effected after the end of the reporting period do not concern the takeover of an organized part of the enterprise from Adler International Sp. z o.o. sp. k.

The Company expects that the company's goodwill will be recognized due to the final settlement of the acquisition. No part of the goodwill value calculated at a later date will be deductible for income tax purposes.

The financial statements were approved for publication by the Management Board of the Company on 24 August 2018 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	

Polkowice, 24 August 2018