NG2

New Gate Group

ABBREVIATED INTERIM

FINANCIAL STATEMENTS OF NG2 S.A.

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

Table of Contents

Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM GLOBAL INCOME STATEMENT

	Note number	period from 1 Jan 2011 to 30 Jun 2011	period from 1 Jan 2010 to 30 Jun 2010
Revenue from sale	6	460 106	429 728
Manufacturing cost of products, goods and services sold		(223 000)	(203 920)
Gross earnings from sale		237 106	225 808
Other operating revenue	12	3 941	6 050
Cost of sale		(194 893)	(173 705)
Cost of general management and administration		(3 879)	(1 754)
Other operating costs	12	(5 400)	(5 236)
Profit on operating activity		36 875	51 163
Financial revenue	12	167	232
Financial costs	12	(4 365)	(4 441)
Profit before tax		32 677	46 954
Income tax	10	(7 570)	(9 657)
Net profit		**25 107**	**37 297**
Other global income:		-	-
Total global income		**25 107**	**37 297**
Earnings per share:			
basic and diluted	18	PLN 0.65	PLN 0.97

Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM STATEMENT OF FINANCIAL STANDING

	Note number	As on 30 June 2011	As on 31 December 2010	As on 30 June 2010
Non-current assets				
Other intangible assets	8	420	506	564
Tangible fixed assets	7	244 004	186 689	164 013
Long-term investments	21	55 311	49 762	38 929
Long-term receivables		84	114	144
Deferred tax assets	11	1 774	3 989	1 606
Total tangible assets		**301 593**	**241 060**	**205 256**
Current assets				
Inventory		308 093	237 455	233 767
Trade receivables and other receivables		108 027	89 623	100 436
Cash and cash equivalents	9	47 955	71 243	25 032
Total current assets		**464 075**	**398 321**	**359 235**
Total assets		**765 668**	**639 381**	**564 491**
Shareholders' equity				
Share capital	13	3 840	3 840	3 840
Reserve capital from the sale of shares above their nominal value	13	74 586	74 586	74 586
Other capitals	13	6 349	3 358	292
Retained earnings	13	222 380	254 716	206 121
Total shareholders' equity		**307 155**	**336 500**	**284 839**
Long-term liabilities				
Long-term loans and bank loans	14	133 998	103 245	50 000
Long-term provisions		1 482	1 482	683
Long-term liabilities under financial leasing	16	21	47	76
Total long-term liabilities		**135 501**	**104 774**	**50 759**
Short-term liabilities				
Trade liabilities and other liabilities	16	222 539	140 086	169 590
Income tax liabilities	16	1 038	3 431	841
Short-term liabilities under financial leasing	16	55	62	69
Short-term loans and bank loans	14	78 250	43 261	57 258
Short-term provisions		1 207	2 890	1 135
Subsidies received		**19 923**	8 377	**-**
Total short-term liabilities		**323 012**	**198 107**	**228 893**
Total liabilities		**765 668**	**639 381**	**564 491**

Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Total shareholders' equity
As on 1 January 2011	**3 840**	**74 586**	**3 358**	**254 716**	**336 500**
Result for the period from 1 January to 30 June 2011	-	-	-	25 107	**25 107**
Total global income	**-**	**-**	-	**25 107**	**25 107**
Declared dividend disbursement	-	-	-	(57 600)	**(57 600)**
Employee stock option plan - value of the benefit	-	-	2 991	-	**2 991**
Other adjustments	-	-	-	157	**157**
As on 30 June 2011	**3 840**	**74 586**	**6 349**	**222 380**	**307 155**

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Total shareholders' equity
As on 1 January 2010	**3 840**	**74 586**	**-**	**207 224**	**285 650**
Results for the year	-	-		85 892	**85 892**
Other global income	**-**	**-**	-		
Total global income	**-**	**-**	-	**85 892**	**85 892**
Dividend disbursement	-	-	-	(38 400)	**(38 400)**
Employee stock option plan - value of the benefit	-	-	3 358	-	**3 358**
As on 31 December 2010	**3 840**	**74 586**	**3 358**	**254 716**	**336 500**

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Total shareholders' equity
As on 1 January 2010	**3 840**	**74 586**	**-**	**207 224**	**285 650**
Results for the period from 1 January to 30 June 2010	-	-	-	37 297	**37 297**
Other global income	**-**	**-**			
Total global income	**-**	**-**	-	**37 297**	**37 297**
Declared dividend disbursement	-	-	-	(38 400)	**(38 400)**
Employee stock option plan - value of the benefit	-	-	292	-	**292**
As on 30 June 2010	**3 840**	**74 586**	**292**	**206 121**	**284 839**

Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM CASH FLOW STATEMENT

	period from 1 Jan 2011 to 30 Jun 2011	period from 1 Jan 2010 to 30 Jun 2010
Gross profits:	32 677	46 954
Adjustments:	(59 748)	(29 146)
Depreciation	9 884	9 012
Interest and share in profits (dividends)	103	(215)
Profit (loss) on investment activity	928	286
Cost of interest	3 007	3 272
Changes in provisions	(1 683)	(271)
Changes in inventory	(70 638)	(104)
Changes in receivables	(18 373)	(39 394)
Changes in short-term liabilities, other than loans and borrowings	21 985	12 354
Other adjustments	3 378	678
Income tax paid	(8 339)	(14 764)
Net operating cash flow	**(27 071)**	**17 808**
Investment cash flow		
Interest received	(103)	215
Subsidies received	11 545	-
Proceeds from the sale of intangible assets	-	15
Proceeds from the sale of tangible assets	103	-
Purchase of intangible assets	(20)	(2)
Purchase of tangible assets	(63 199)	(29 108)
Investments into share capital increases in subsidiaries	(5 935)	-
Purchase of shares in subsidiaries	-	(892)
Net investment cash flow	**(57 609)**	**(29 772)**
Financial cash flow		
Proceeds from incurring loans	114 635	22 257
Repayment of loans and borrowings	(48 893)	(34 980)
Payment of liabilities under financial leasing agreements	(33)	(33)
Interest paid	(4 317)	(3 272)
Net financial cash flow	**61 392**	**(16 028)**
Total cash flow	**(23 288)**	**(27 992)**
Net increase (decrease) in cash and cash equivalents	(23 288)	(27 992)
Cash and cash equivalents at the beginning of the period	**71 243**	**53 024**
Cash and cash equivalents at the end of the period	**47 955**	**25 032**

Amounts are expressed in PLN '000 unless stated otherwise

ADDITIONAL INFORMATION ON THE ACCOUNTING PRINCIPLES ADOPTED AND OTHER BACKGROUND INFORMATION

1. GENERAL INFORMATION

Company name:	NG2 Spółka Akcyjna
Registered office of the Company:	Polkowice
Address:	ul. Strefowa 6, 59-101 Polkowice
Telephone:	(76) 845 84 00
Fax:	(76) 845 84 31
Email:	ng2@ng2.pl
Website:	www.ng2.pl
Registration:	District Court for Wrocław-Fabryczna in Wrocław, 9th Commercial Division of the National Court Register,
KRS Number:	0000211692
Regon (Statistical Number):	390716905
NIP (Tax Identification Number):	692-22-00-609
Corporate Purpose:	The Company's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 51.42).

NG2 S.A. has been listed on Giełda Papierów Wartościowych S.A. in Warsaw (Warsaw Stock Exchange) since 2004.

2. BASIS FOR PREPARATION

NG2 S.A. presents abbreviated interim financial statements for the first half-year of 2011 started on 1 January 2011 and ended on 30 June 2011.

These abbreviated interim financial statements were prepared in accordance with IAS 34 "Interim financial reporting". The statements do not cover all the information and disclosures required in annual financial statements and should be read together with the financial statements for the period from 1 January 2010 to 31 December 2010, which were prepared in accordance with the International Financial Reporting Standards approved by the European Union.

3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The items contained in the Company's abbreviated financial statements are valued in the currency of the primary business environment in which the Company operates ("functional currency"). These financial statements are presented in PLN, which is the Company's functional currency and its presentation currency, rounded up or down to whole thousands.

4. ACCOUNTING PRINCIPLES APPLIED

The accounting principles applied by NG2 S.A. did not change compared to the accounting principles applied in the financial statements prepared as on 31 December 2010, aside from applying new standards. The Company introduced classification adjustments with respect to the comparative periods, as set out in Note 23.

4. ACCOUNTING PRINCIPLES APPLIED (continued)

New standard or interpretation not applied earlier

Amendment to IAS 32 "Classification of Rights Issues"

The revisions to IFRS 32 "Classification of Rights Issues" were published by the International Accounting Standards Board on 8 October 2009 and apply to year-long periods starting from 1 February 2010 or thereafter.
The changes concern accounting for rights issues (rights, options, warrants), denominated in a currency other than the issuer's functional currency. The changes require that, when meeting specific requirements, rights issues be classified under shareholders' equity regardless of the currency in which the price of the right is denominated.

The Company has been applying the amendment to IAS 32 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim financial statements of the Company.

Amendment to IAS "Related Party Disclosures"

The revisions to IAS 24 "Related Party Disclosures" were published by the International Accounting Standards Board on 4 November 2009 and apply to year-long periods starting from 1 January 2011 or thereafter.
The revisions simplify the requirements with respect to disclosures by parties related to public institutions and specify the definition of a related party.

The Company has been applying the amendment to IAS 24 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim financial statements of the Company.

Amendment to IFRS 1 "First-Time Adoption of IFRS"

The amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters" was published by the International Accounting Standards Board on 28 January 2010 and applies to year-long periods starting from 1 July 2010 or thereafter.
The amendment introduces additional exemptions for first-time IFRS adopters with regard to disclosures required under the IFRS 7 amendments issued in March 2009 with respect to fair value and liquidity risk.

The Company has been applying the amendment to IFRS 1 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim financial statements of the Company.

Improvements to IFRS 2010

On 6 May 2010, the International Accounting Standards Board published "Improvements to IFRS 2010", which amended 7 standards. The improvements contain amendments of the method of presentation, recording and valuation, as well as terminology and editorial changes. The majority of the amendments will apply to year-long periods starting from 1 January 2011.

The Company has been applying the improvements to IFRS in accordance with the transitional provisions. The amendment did not have a material effect on these abbreviated interim financial statements of the Company.

Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"

The amendment to IFRIC 14 was issued by the IFRS Interpretations Committee on 26 November 2009 and applies to year-long periods starting from 1 January 2011 or thereafter. The interpretation contains guidelines with respect to recognising earlier payment of contributions to cover minimum funding requirements as assets in the paying entity.

The Company has been applying the amendment to IFRIC 14 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim financial statements of the Company.

4. ACCOUNTING PRINCIPLES APPLIED (continued)

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 was issued by the IFRS Interpretations Committee on 26 November 2009 and applies to year-long periods starting from 1 July 2010 or thereafter. The interpretation explains the accounting principles applied in circumstances where, as a result of renegotiation by an entity of the terms of its indebtment, a liability is extinguished through an issue of equity instruments addressed to the creditor. The interpretation requires the assessment of equity instruments at fair value and recognising the profit or loss in the difference between the book value of a liability and the fair value of an equity instrument.

The Company has been applying IFRIC 19 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim financial statements of the Company.

Standards, changes and interpretations of existing standards that are not in effect yet and were not previously applied by the Company:

IFRS 9 "Financial instruments Part 1: Classification and measurement"

IFRS 9, published by the International Accounting Standards Board on 12 November 2009, replaced those portions of IAS 39 that pertain to classification and measurement of financial assets. In October 2010, IFRS 9 was expanded to include the issue of classification and measurement of financial liabilities. The new standard applies to year-long periods starting from 1 January 2013 or thereafter.
The standard introduces a single model stipulating only two financial asset classification categories: measured at fair value and measured at amortised cost. Classification is made as at the time of initial disclosure and depends on the entity's model of managing financial instruments and the description of the arbitrary cash flows from these instruments.
Most of the IAS 39 requirements regarding classification and measurement of financial liabilities was transferred to IFRS 9 in unchanged form. The key change involves the requirement for entities to disclose under other global income the results of changes in their own credit risk from financial obligations held for measurement at fair value against financial result.

The Group will apply IFRS 9 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's financial statements materially.

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

IFRS 10 "Consolidated Financial Statements"

IFRS 10 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard replaces the guidelines concerning control and consolidation contained in IAS 27 "Consolidated and separate financial statements" and in SIC 12 "Consolidation - Special purpose entities". IFRS 10 amends the definition of control in a way that ensures that all entities are subject to the same control criteria. The amended definition is accompanied by extensive application guidelines.

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

As on the date of preparing these consolidated financial statements, IFRS 10 has not yet been approved by the European Union.

4. ACCOUNTING PRINCIPLES APPLIED (continued)

IFRS 11 "Joint Arrangements"

IFRS 11 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard replaces IAS 31 "Interests in Joint Ventures" and the interpretation of SIC 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". Changes to the definitions reduced the number of types of joint arrangements to two: joint operations and joint ventures. Furthermore, the changes eliminated the option to select proportional consolidation for jointly controlled entities. All participants of joint ventures are currently required to consolidate them using the equity method.

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

As on the date of preparing these consolidated financial statements, IFRS 11 has not yet been approved by the European Union.

IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard applies to entities holding an interest in a subsidiary, joint venture, affiliate or in a non-consolidated structure. The standard replaces the disclosure requirements currently contained in IAS 28 "Investments in Associates". IFRS 12 requires that entities disclose information that will help readers of financial statements to assess the nature, risk and financial consequences of an entity's investments in subsidiaries, affiliates, joint ventures and non-consolidated structures. To this end, the new standard introduces the requirement to make disclosures regarding various areas, including significant judgements and assumptions made when determining whether an entity controls, jointly controls or has significant influence over its shares in other entities; extensive disclosures about the importance of non-controlling shares in the group's business and cash flows; summary financial information about subsidiaries with material non-controlling shares, as well as detailed information about shares in non-consolidated structures.

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

As on the date of preparing these consolidated financial statements, IFRS 12 has not yet been approved by the European Union.

IFRS 13 "Fair Value Measurement"

IFRS 13 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard is intended to improve consistency and reduce the complexity by providing a precise definition of fair value and bringing together the requirements concerning fair value measurement and related disclosures.

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

As on the date of preparing these consolidated financial statements, IFRS 13 has not yet been approved by the European Union.

4. ACCOUNTING PRINCIPLES APPLIED (continued)

Amendment to IFRS 7 "Transfers of Financial Assets"

The amendment to IFRS 7 "Transfers of Financial Assets" was published by the International Accounting Standards Board in October 2010 and applies to year-long periods starting from 1 July 2011 or thereafter.
The amendments require disclosures of additional information on the risk stemming from transfers of financial assets. They contain a requirement to disclose, by asset classes, type, balance sheet value and description of the risk and benefits concerning financial assets transferred to another entity, but remaining on the entity's balance sheet. It is also obligatory to disclose information that enables a User to learn the amount of the potential related liability and the relationship between the financial asset and the relevant liability. If financial assets have been removed from the balance sheet but the entity is still exposed to a certain risk and may obtain certain benefits associated with the transferred asset, it is also required to disclose information that makes it possible to understand the consequences of such a risk.

The Company will apply the amendment to IFRS 7 after 1 July 2011. The Management Board estimates that the change will not affect the Company's financial statements materially.

As on the date of preparing these consolidated financial statements, the amendment to IFRS 7 has not yet been approved by the European Union.

Recovery of underlying assets - Amendment to IAS 12

The amendment to IFRS 12 "Recovery of underlying assets" was published by the International Accounting Standards Board in December 2010 and applies to year-long periods starting from 1 January 2012 or thereafter.
The changes concern the valuation of deferred tax liabilities and assets on investment property assessed at fair value under IAS 40 "Investment Property" and introduce a refutable presumption that the value of investment property may be fully recovered through sale. This presumption may be refuted if an investment property is maintained in a business model whose goal is to take advantage of substantially all economic benefits offered by the investment property during and not at the moment of sale. SIC 21 "Income Tax - Recovery of Revalued Non-Depreciable Assets" pertaining to similar matters concerning non-depreciable assets, valued in accordance with the valuation model presented in IAS 16 "Property, Plant and Equipment", was incorporated in IAS 12 after excluding the guidelines pertaining to investment property assessed at fair value.

The Company will apply the amendment to IAS 12 from 1 January 2012. The Management Board estimates that the change will not affect the Company's financial statements materially.

As on the date of preparing these consolidated financial statements, the amendment to IAS 12 has not yet been approved by the European Union.

Severe Hyperinflation and Removal of Fixed Dates for First-Time IFRS Adopters - Amendment to IFRS 1

The amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters" was published by the International Accounting Standards Board in December 2010 and applies to year-long periods starting from 1 July 2010 or thereafter.
The revision concerning severe hyperinflation creates an additional exclusion solely if an entity that was affected by severe hyperinflation resumes or undertakes to prepare its financial statements in accordance with the IFRS for the first time. The exclusion allows the entity to select the fair value of assets and liabilities and to use the fair value as the presumed cost of these assets and liabilities in the opening balance sheet in the first statement on the financial standing in accordance with the IFRS.

4. ACCOUNTING PRINCIPLES APPLIED (continued)

The International Accounting Standards Board also amended IFRS 1 to exclude references to fixed date for one exception and one exclusion with reference to assets and financial liabilities. The first change requires that first-time IFRS adopters prospectively apply the requirements concerning removal from the IFRS balance sheet from the date of transition to IFRS and not from 1 January 2004. The second change concerns financial assets or liabilities reported at fair value at initial recognition when the fair value is determined using valuation methods due to the absence of an active market, and allows for the application of the guidelines prospectively, from the date of transition to the IFRS, rather than from 25 October 2002 or 1 January 2004. This means that first-time IFRS adopters do not have to determine the fair value of assets and financial liabilities prior to the date of transitioning to IFRS. IFRS 9 was also adjusted to these amendments.

The Company will apply the amendment to IFRS 1 after 1 July 2011. The Management Board estimates that the change will not affect the Company's financial statements materially.

As on the date of preparing these consolidated financial statements, the amendment to IFRS 1 has not yet been approved by the European Union.

Amendment to IAS 1 "Presentation of Financial Statements"

The amendment to IAS 1 "Presentation of Financial Statements" was published by the International Accounting Standards Board in June 2011 and applies to year-long periods starting from 1 July 2012 or thereafter.
The amendment requires that entities divide the items presented in other global income into two groups based on whether they can be disclosed under financial results in the future. Furthermore, the title of the global income statement was changed to "statement of financial result and other global income".

The Company will apply the amendment to IAS 1 after 1 July 2012. The Management Board estimates that the change will not affect the Company's financial statements materially.

As on the date of preparing these consolidated financial statements, the amendment to IAS 1 has not yet been approved by the European Union.

Amendment to IAS 19 "Employee Benefits"

The amendment to IAS 19 "Employee Benefits" was published by the International Accounting Standards Board in June 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The amendment introduces new requirements regarding disclosure and measurement of the cost of defined benefit plans and employment termination benefits, and modifies the required disclosures concerning all employee benefits.

The Company will apply the amendment to IAS 19 from 1 January 2013. The Management Board estimates that the change will not affect the Company's financial statements materially.

As on the date of preparing these consolidated financial statements, the amendment to IAS 19 has not yet been approved by the European Union.

The standards and interpretations that entered into effect on 1 January 2011 did not materially affect the accounting principles applied by the Company, as a result of which the accounting principles applied in the preparation of these abbreviated interim financial statements correspond to the accounting principles applied in the preparation of the financial statements for the year ended on 31 December 2010 and described therein.

5. SEASONAL OR CYCLIC NATURE OF THE ISSUER'S ACTIVITIES

In the case of NG2 S.A., we are dealing with seasonal sales. The seasonality of NG2's sales is significant, not unlike that of the entire clothing and footwear industry. There are two primary high sales periods: the second and fourth quarter. Furthermore, throughout the year, sales are tied closely to weather conditions. Weather can disrupt such seasonality pattern, by accelerating or postponing the periods of lower or higher sales, respectively.

6. REPORTING SEGMENTS

Identifying operating segments

Operating segments are presented consistently with internal reporting information supplied to the key operating body (KOB) - the management board of the dominant entity. Operating segments are divided into stores and franchise counterparts.

Identifying reporting segments

The identified operating segments (stores, business partners) are grouped into reporting segments as they meet the grouping criteria set out in IFRS 8. NG2 S.A. defines two reporting segments in its business ("retail business", "franchise and other business") in accordance with IFRS 8 "Operating Segments". In the segments above, NG2 S.A. conducts business activity, generating certain revenue and incurring costs. The results on segment activity are regularly reviewed by the KOB (persons making key operating decisions). Financial Information about the identified segments is also available.

The "retail business" - "retail" segment

The "retail business" segment covers primarily the sale of footwear, shoe care products and small leather products. NG2 S.A. carries out sales in its own locations in Poland, targeting retail customers. Retail sales are conducted via three chains: CCC, BOTI and QUAZI. **The operating segment is each individual store operating in one of the chains and analysed individually by the KOB.** Due to the similarity of the long-term average gross margins, and also due to the similar nature of the goods (among other things, footwear, shoe care products, small leather products), the method of distribution of goods and the types of customers (sale conducted in own stores and addressed to retail customers), the "retail business" segment covers financial information jointly for the CCC, BOTI and QUAZI chains, while the operating segments have been combined under IFRS 8, forming a reporting segment called "retail business".

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

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

The accounting principles applicable to the operating segments are the same as the accounting policy principles under which NG2 S.A. prepares its financial statements. The Company assesses the performance of each segment on the basis of the profit or loss on operations before tax.

Amounts are expressed in PLN '000 unless stated otherwise

6. REPORTING SEGMENTS (continued)

Other disclosures related to reporting segments

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

period from 1 January 2011 to 30 June 2011	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale	397 776	62 330	-	460 106
a) obtained in Poland	*397 776*	*38 059*	-	*435 835*
b) exports, of which:	-	*24 271*		*24 271*
- sale to subsidiary CCC BOTY	-	*13 646*	-	*13 646*
Prime cost of sale	(172 448)	(50 552)	-	(223 000)
Gross earnings from sale	**225 328**	**11 778**	**-**	**237 106**
Cost of sales and management	(193 935)	(5 011)	174	(198 772)
Balance of other earnings and operating costs	(1 881)	422	-	(1 459)
Operating profit	**29 512**	**7 189**	**174**	**36 875**
Balance of earnings and financial costs	(3 364)	(834)	-	(4 198)
Profit before tax	**26 148**	**6 355**	**174**	**32 677**
Income tax			(7 570)	(7 570)
Net profit				**25 107**
Net profit disclosed in the statement of global income				***25 107***
Assets	448 873	116 201	200 594	765 668
Earnings from interest	-	-	106	106
Cost of interest	2 409	591	7	3 007
Depreciation	7 323	1 106	1 455	9 884

period from 1 January 2010 to 30 June 2010	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale	363 671	66 057	-	429 728
a) obtained in Poland	*363 671*	*42 439*	-	*406 110*
b) exports, of which:	-	*23 618*	-	*23 618*
- sale to subsidiary CCC BOTY	-	*17 276*	-	*17 276*
Prime cost of sale	(159 861)	(44 059)	-	(203 920)
Gross earnings from sale	**203 810**	**21 998**	**-**	**225 808**
Cost of sales and management	(171 520)	(3 900)	(39)	(175 459)
Balance of other earnings and operating costs	(1 099)	1 913	-	814
Operating profit	**31 191**	**20 011**	**(39)**	**51 163**
Balance of earnings and financial costs	(3 358)	(851)	-	(4 209)
Profit before tax	**27 833**	**19 160**	**(39)**	**46 954**
Income tax			(9 657)	(9 657)
Net profit				**37 297**
Net profit disclosed in the statement of global income				***37 297***
Assets	338 888	100 746	124 857	564 491
Earnings from interest	-	-	169	169
Cost of interest	2 614	652	6	3 272
Depreciation	6 550	1 125	1 337	9 012

Amounts are expressed in PLN '000 unless stated otherwise

6. REPORTING SEGMENTS (continued)

Disclosures of information concerning the entity

NG2 S.A. discloses information about the revenue from the sale of products and services to external customers as part of reporting segments. A group of similar products (i.e. footwear, shoe care products, accessories) are presented in the retail and franchise segment (due to the minor share of the sale of goods other than footwear, they are not disclosed individually). Therefore, NG2 S.A. does not disclose individually any information about the revenue from the sale of products and services to external customers.
NG2 S.A. does not disclose in the statements any information about key customers due to the fact that the revenue from its individual external customers does not exceed ten per cent of the revenue of NG2 S.A.
In its statements, NG2 S.A. does not disclose information about non-current assets other than financial instruments, deferred tax assets, assets associated with employment termination benefits and rights under insurance agreements, divided by geographic areas due to the fact that all of the Company's assets are located in Poland.

7. TANGIBLE FIXED ASSETS

	Land, buildings and structures	Plants and equipment	Means of transportation	Other	Fixed assets under construction	Total
GROSS VALUE						
As on 1 January 2011	**155 175**	**22 234**	**10 367**	**9 055**	**46 915**	**243 746**
Increases due to:	**3 715**	**335**	**1 568**	**73**	**66 212**	**71 903**
-investments in third-party facilities	**3 713**	**-**	**-**	**-**	**9 114**	**12 827**
-own investment outlays	**2**	**-**	**-**	**-**	**57 098**	**57 100**
-purchase	**-**	**335**	**1 568**	**73**	**-**	**1 976**
Decreases due to:	**1 724**	**2**	**668**	**-**	**3 716**	**6 110**
-liquidation	**1 724**	**2**	**-**	**-**	**-**	**1 726**
-sale	**-**	**-**	**668**	**-**	**-**	**668**
-investments completed - transfer	**-**	**-**	**-**	**-**	**3 716**	**3 716**
As on 30 June 2011	**157 166**	**22 567**	**11 267**	**9 128**	**109 411**	**309 539**
AMORTISATION AND DEPRECIATION						
As on 1 January 2011	**39 202**	**6 604**	**6 135**	**5 116**	**-**	**57 057**
Depreciation for the period from 1 Jan to 30 Jun	6 869	1 331	875	702	-	9 777
Decreases due to sale or liquidation	647	-	652	-	-	1 299
As on 30 June 2011	**45 424**	**7 935**	**6 358**	**5 818**	**-**	**65 535**
NET VALUE						
As on 1 January 2011	**115 973**	**15 630**	**4 232**	**3 939**	**46 915**	**186 689**
As on 30 June 2011	**111 742**	**14 632**	**4 909**	**3 310**	**109 411**	**244 004**

Amounts are expressed in PLN '000 unless stated otherwise

7. TANGIBLE FIXED ASSETS (continued)

	Land, buildings and structures	Plants and equipment	Means of transportation	Other	Fixed assets under construction	Total
GROSS VALUE						
As on 1 January 2010	**138 563**	**21 430**	**9 027**	**7 848**	**10 441**	**187 309**
Increases in the period from 1 Jan to 30 Jun	**9 397**	**421**	**558**	**223**	**24 237**	**34 836**
Decreases in the period from 1 Jan to 30 Jun	**67**	**-**	**118**	**15**	**9 361**	**9 561**
As on 30 June 2010	**147 893**	**21 851**	**9 467**	**8 056**	**25 317**	**212 584**
AMORTISATION AND DEPRECIATION						
As on 1 January 2010	**27 047**	**3 972**	**5 051**	**3 749**	**-**	**39 819**
Depreciation for the period from 1 Jan to 30 Jun	6 122	1 293	787	702	-	8 904
Decreases due to sale or liquidation	48	-	98	6	-	152
As on 30 June 2010	**33 121**	**5 265**	**5 740**	**4 445**	**-**	**48 571**
NET VALUE						
As on 1 January 2010	**111 516**	**17 458**	**3 976**	**4 100**	**10 441**	**147 491**
As on 30 June 2010	**114 772**	**16 586**	**3 727**	**3 611**	**25 317**	**164 013**

The Company did not make write-downs with respect to fixed assets, including fixed assets under construction.

Tangible fixed assets securing loans	**30 Jun 2011**	**31 Dec 2010**
Capped and ordinary mortgage over property up to the value of	208 250	208 250

In connection with the investment co-funded by the EU, the Company is required to complete the investment and bear the cost, whose estimated balance remaining as on the balance sheet date is PLN 42,685,000.

8. INTANGIBLE ASSETS

	Patents and licences	Trade marks	Total
GROSS VALUE			
As on 1 January 2011	**1 376**	**-**	**1 376**
Increases in the period from 1 Jan to 30 Jun	21	-	21
Decreases in the period from 1 Jan to 30 Jun	-	-	-
As on 30 June 2011	**1 397**	**-**	**1 397**
AMORTISATION			
As on 1 January 2011	**870**	**-**	**870**
Depreciation in the period from 1 Jan to 30 Jun	107	-	107
Adjustment of depreciation in the period from 1 Jan to 30 Jun	-	-	-
As on 30 June 2011	**977**	**-**	**977**
NET VALUE			
As on 1 January 2011	**506**	**-**	**506**
As on 30 June 2011	**420**	**-**	**420**

Amounts are expressed in PLN '000 unless stated otherwise

8. INTANGIBLE ASSETS (continued)

	Patents and licences	Trade marks	Total
GROSS VALUE			
As on 1 January 2010	**1 326**	**360**	**1 686**
Increases in the period from 1 Jan to 30 Jun	2	-	2
Decreases in the period from 1 Jan to 30 Jun	-	360	360
As on 30 June 2010	**1 328**	**0**	**1 328**
AMORTISATION			
As on 1 January 2010	**659**	**94**	**753**
Depreciation in the period from 1 Jan to 30 Jun	108	-	108
Adjustment of depreciation in the period from 1 Jan to 30 Jun	3	94	97
As on 30 June 2010	**764**	**0**	**764**
NET VALUE			
As on 1 January 2010	**667**	**266**	**933**
As on 30 June 2010	**564**	**-**	**564**

9. CASH

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Cash in the bank and petty cash fund	6 672	5 623	5 158
Short-term deposits	41 283	65 620	19 874
Total	**47 955**	**71 243**	**25 032**

Funds in bank accounts and cash comprise cash held by the Company and short-term bank deposits with a maturity date of up to three months. The book value of these assets corresponds to their fair value.

10. INCOME TAX

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Profit before tax	32 677	107 614	46 954
Tax at the 19 per cent rate	6 209	20 447	8 921
Result of excluding non-tax revenue and costs	(854)	3 752	830
Current income tax	5 355	24 199	9 751
Deferred tax	2 215	(2 477)	(94)
Income tax	**7 570**	**21 722**	**9 657**

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

11. DEFERRED TAX

The items below are the main items under deferred tax provisions and assets entered by the Company and the changes thereof in the current and preceding reporting period:

Deferred tax provisions	30 Jun 2011	31 Dec 2010	30 Jun 2010
Accelerated tax depreciation	220	242	297
Computed interest	31	7	36
Total	**251**	**249**	**333**

Amounts are expressed in PLN '000 unless stated otherwise

11. DEFERRED TAX (continued)

Deferred tax assets	30 Jun 2011	31 Dec 2010	30 Jun 2010
Costs after the balance sheet date	95	1 931	334
Provisions for liabilities	1 178	1 604	969
Depreciation of assets	734	690	623
Other	18	13	13
Total	**2 025**	**4 238**	**1 939**

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

12. REVENUES AND COSTS

Other operating revenue	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Profit from the sale of fixed assets	-	-
Liquidation of the provisions	825	272
Result on exchange rate differences	-	2 633
Inventory reconciliation	1 499	2 201
Interest on overdue receivables	302	327
Compensation received	210	164
Other revenue	1 105	453
Total	**3 941**	**6 050**

Other operating costs	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Loss on from the sale of fixed assets	928	24
Establishment of provisions	500	198
Result on exchange rate differences	115	-
Inventory reconciliation	2 464	3 684
Licence and copyright fees paid	744	762
Interest on liabilities	59	38
Other operating costs	590	530
Total	**5 400**	**5 236**

Financial revenue	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Revenue from interest on the current account and other	106	169
Other financial revenue	61	63
Total	**167**	**232**

Financial costs	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Interest on loans and borrowings	3 004	3 266
Interest on financial leases	3	6
Result on exchange rate differences	399	73
Impairment write-offs on fixed assets	386	386
Commission paid	184	244
Other financial costs	389	466
Total	**4 365**	**4 441**

Amounts are expressed in PLN '000 unless stated otherwise

13. CAPITAL

Share capital	Number of shares	(of which ordinary	Nominal value per share	Base capital
As on 30 June 2010	38 400 000	31 750 000	PLN 0.10	3 840
As on 31 December 2010	38 400 000	31 750 000	PLN 0.10	3 840
As on 30 June 2011	38 400 000	31 750 000	PLN 0.10	3 840

All issued shares have been paid for in full. The number of preferred registered shares is 6,650,000. The preference pertains to voting rights, in that each preferred share carries two votes. Shareholders have the right of first refusal with respect to the purchase of registered preferred shares for sale.

Reserve capital from the sale of shares above their nominal value	value
As on 30 June 2010	74 586
As on 31 December 2010	74 586
As on 30 June 2011	74 586

Other capital - assessment of the employee stock option plan	value
As on 30 June 2010	292
As on 31 December 2010	3 358
As on 30 June 2011	6 349

Retained earnings	value
As on 30 June 2010	206 122
As on 31 December 2010	254 716
Net profit for the period	25 107
Declared dividend disbursement	(57 600)
Other adjustments	157
As on 30 June 2011	222 380

The list of shareholders holding at least 5 per cent of the overall number of shares at the Issuer's General Meeting, as on the balance sheet date, is set out in the table below:

Shareholder	Number of shares held (quantity)	Percentage share in the share capital	Number of votes at the General Meeting (quantity)	Percentage share in the overall number of votes at the General Meeting
Dariusz Miłek, of which:	15 360 000	40.00	20 110 000	44.64
-directly,	*4 750 000*	*12.37*	*9 500 000*	*21.09*
-indirectly through a subsidiary, Luxprofi S.a.r.l.	*10 610 000*	*27.63*	*10 610 000*	*23.55*
Leszek Gaczorek	3 010 000	7.84	4 760 000	10.57
ING OFE	2 477 486	6.45	2 477 486	5.50
PIONEER Investment Management	3 271 877	8.52	3 271 877	7.26
PKO TFI	2 350 500	6.12	2 350 500	5.22

As on the balance sheet date, NG2 S.A. did not have any information about any other shareholders holding at least 5 per cent of the votes at the General Meeting.

14. LOANS AND BORROWINGS

Amounts are expressed in PLN '000 unless stated otherwise

Long-term loans	**30 Jun 2011**	**31 Dec 2010**	**30 Jun 2010**
Long-term bank loan, of which:	133 998	103 245	50 000
-payable in the period from 1 to 2 years	*121 800*	*98 893*	*50 000*
-payable in the period from 2 to 5 years	-	-	-
-payable in more than 5 years	*12 198*	*4 352*	-

Short-term loans and borrowings	**30 Jun 2011**	**31 Dec 2010**	**30 Jun 2010**
Short-term loans and borrowings, of which:	78 250	43 261	57 258
-Overdraft facility	*70 000*	*43 261*	*57 258*
-Loan	*8 250*	-	-

Total loans and borrowings	**212 248**	**146 506**	**107 258**

NG2 S.A. concluded the following loan and other agreements:

As on 30 June 2011

Name of the entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie SA	Revolving	36 000	36 000	27.02.2013	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie SA	Overdraft facility	64 000	62 957	27.02.2013	WIBOR + margin	
BRE Bank SA	Overdraft facility	45 000	22 843	03.01.2013	WIBOR + margin	Capped mortgage
BRE Bank SA	Investment	30 000	12 198	30.12.2016	WIBOR + margin	Capped mortgage
ING Bank Śląski SA	Revolving	70 000	70 000	29.01.2012	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	Overdraft facility	50 000	-	27.10.2013	WIBOR + margin	Pledge over inventory
NG2 Suisse S.a.r.l.	Loan	8 250	8 250	31.12.2012	Interest as agreed	none

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

Name of the Bank	Type	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie SA	Guarantee cap	2 000	1 046	27.02.2013	commission	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie SA	Paylink card limit	7 000	6 971	30.12.2011	WIBOR + margin	Surety
BRE Bank SA	Guarantee cap	13 500	11 640	30.04.2012	commission	Joint contractual capped mortgage
Societe Generale	Guarantee cap	12 000	11 603	unspecified	commission	none
BZ WBK SA	Guarantee cap	PLN 20,000,000 EUR 6,000,000	PLN 8,902,000 EUR 2,078,000	30.04.2012	commission	Pledge over inventory
Raiffeisen Bank	Guarantee cap	USD 800,000	-	15.05.2013	commission	none

14. LOANS AND BORROWINGS (continued)

Amounts are expressed in PLN '000 unless stated otherwise

As on 31 December 2010

Name of the Bank	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie SA	Revolving	30 000	30 000	09.03.2011	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie SA	Overdraft facility	29 000	13 261	08.03.2011	WIBOR + margin	
BRE Bank SA	Overdraft facility	30 000	-	03.01.2013	WIBOR + margin	Capped mortgage
BRE Bank SA	Investment	30 000	4 352	30.12.2016	WIBOR + margin	Capped mortgage
ING Bank Śląski SA	Revolving	50 000	50 000	29.01.2012	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	Overdraft facility	50 000	48 893	27.10.2013	WIBOR + margin	Pledge over inventory

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

Name of the Bank	Type	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie SA	Guarantee cap	5 000	927	04.07.2011	commission	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie SA	Paylink card limit	7 000	1 003	30.12.2011	WIBOR + margin	Surety
BRE Bank SA	Guarantee cap	13 500	11 640	30.04.2012	commission	Joint contractual capped mortgage
Societe Generale	Guarantee cap	12 000	11 849	unspecified	commission	none
BZ WBK SA	Guarantee cap	PLN 12,000,000 EUR 6,000,000	PLN 8,570,000 EUR 3,688,000	31.03.2011	commission	Pledge over inventory

15. SHARE-BASED PAYMENTS

The Company has a scheme providing benefits in the form of shares, settled on equity instruments. Under the scheme, the entity receives employee services as remuneration for the group's equity instruments (stock options). The fair value of the employee services received in return for awarding the options is recorded as a cost. The total amount to be recognised as cost is determined by reference to the fair value of the options awarded:
- taking into account any market terms;
- without taking into account any conditions related to seniority or non-market conditions for acquiring rights (for example, profitability of sales, purposes related to an increase of sales or the prescribed period of mandatory employment at the entity);
- without taking into account any conditions not related to acquiring rights (for instance, the requirement to maintain the instruments obtained, binding on employees).

Non-market conditions are included in the assumptions regarding the anticipated number of options on which rights are acquired. The total cost is recorded throughout the period of acquiring the rights until 31 December 2012, which is a period during which all of the prescribed conditions for acquiring the rights are to be met. As at the end of each reporting period, the estimates of the expected number of options, to which rights will be acquired as a result of meeting the non-market requirements for acquiring rights, are reviewed. The entity presents the effect of the possible review of the initial estimates in the profit and loss statement, together with the appropriate adjustment of shareholders' equity / investments into subsidiaries. Once the options are exercised, the company issues new shares.

Amounts are expressed in PLN '000 unless stated otherwise

15. SHARE-BASED PAYMENTS (continued)

Funds received after deducting all costs that may be directly allocated to the transaction will increase the share capital (nominal value) and the share premium upon the exercise of the options.
The granting by the Company of options for its equity instruments to employees of the group's subsidiaries is treated as a capital contribution. The fair value of the received employee services, calculated by reference to the fair value of the date of the grant, is to be recorded throughout the period of acquiring the rights in the form of an increase of the balance of investments into subsidiaries together with a corresponding increase in shareholders' equity. As on 30 June 2011, 44 persons are eligible for the plan and entitled to subscribe for 682,000 shares.

16. TRADE AND OTHER LIABILITIES

Trade liabilities and other liabilities	30 Jun 2011	31 Dec 2010	30 Jun 2010
Trade liabilities, of which:	137 469	105 001	98 233
-affiliates	66 694	66 407	62 316
-other entities	70 775	38 594	35 917
Liabilities under customs duty and taxes	12 489	13 952	12 476
Liabilities towards shareholders	57 600	-	38 400
Liabilities towards employees	15 960	16 059	16 206
Other liabilities	59	8 505	5 116
Total	**223 577**	**143 517**	**170 431**

The average credit period for commercial purchases is 40 days. Liabilities denominated in foreign currencies are valued as on the balance sheet date in accordance with the average exchange rate for each currency announced by the National Bank of Poland as on the balance sheet date. Currency exchange differences on balance sheet valuation are entered under other costs or operating revenue, respectively.

a. Liabilities under financial lease

Minimum lease payments	30 Jun 2011	31 Dec 2010	30 Jun 2010
Liabilities under financial lease payable within:	76	109	145
-one year	55	62	69
-one to five years	21	47	76
-more than five years	-	-	-
Total	**76**	**109**	**145**
Minus future interest:			
Current value of future liabilities	**76**	**109**	**145**
Less amounts due within twelve months (entered under short-term liabilities)	55	62	69
Liabilities payable in the period after twelve months	**21**	**47**	**76**

The Company uses office equipment under financial lease agreements and has the option to purchase the equipment.
Future minimum leasing fees under these agreements and the current value of the minimum leasing fees are set out in the table above. Future minimum leasing fees do not differ significantly from the current value of minimum leasing fees. All liabilities under leasing are denominated in the Polish zloty.

Amounts are expressed in PLN '000 unless stated otherwise

17. MINIMUM VALUE OF FUTURE PAYMENTS UNDER OPERATING LEASE

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

	30 Jun 2011	31 Dec 2010	30 Jun 2010
-up to 1 year	114 588	109 836	108 720
-one to five years	458 352	439 344	434 880
-more than 5 years	229 176	219 672	217 440
Total	**802 116**	**768 852**	**761 040**

In the case of multiple stores (especially those located at shopping centres), lease fees have two components: a fixed fee and a conditional fee based on the store's revenue. The conditional fee usually corresponds to 5-7 per cent of the store's revenue.
The Company is also a party to subleasing agreements, which follow the principles of operating lease. Revenue from subleasing fees on the terms of operating lease for the period of six months of 2011 and 2010 is as follows:

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Revenue from operating subleasing	6 090	11 616	5 906

18. EARNINGS PER SHARE

Earnings	**30 Jun 2011**	**31 Dec 2010**	**30 Jun 2010**
Net profit for the year for the purpose of calculating earnings per share to be distributed among the shareholders of the dominant entity	25 107	85 892	37 297
Earnings disclosed for the purpose of calculating the value of diluted earnings per share	**25 107**	**85 892**	**37 297**
Number of shares issued	**30 Jun 2011**	**31 Dec 2010**	**30 Jun 2010**
Average weighted number of shares disclosed for the purpose of calculating the value of ordinary earnings per share	38 400 000	38 400 000	38 400 000
Average weighted number of ordinary shares disclosed for the purpose of calculating the value of diluted earnings per share	**38 400 000**	**38 400 000**	**38 400 000**

Earnings per share	**30 Jun 2011**	**31 Dec 2010**	**30 Jun 2010**
Ordinary	PLN 0.65	PLN 2.24	PLN 0.97
Diluted	PLN 0.65	PLN 2.24	PLN 0.97

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

19. DIVIDEND

	30 Jun 2011	30 Jun 2010
Value of dividend declared	57 600	38 400
Value per 1 share	PLN 1.50	PLN 1.00

On 16 June 2011, the General Meeting of Shareholders of NG2 SA resolved to disburse a dividend from the 2010 net earnings in the amount of PLN 57,600,000. The amount of dividend per one share is PLN 1.5. The dividend eligibility determination date (D day) was set to 9 September 2011. The dividend disbursement date (W day) was set to 27 September 2011.

Amounts are expressed in PLN '000 unless stated otherwise

20. CONTINGENT ASSETS AND LIABILITIES

	30 Jun 2011	31 Dec 2010	30 Jun 2010
I. CONTINGENT ASSETS	**33 800**	**34 800**	**40 450**
From other entities (on account of)	33 800	34 800	40 450
- guarantees and warranties received	33 800	34 800	40 450
II. CONTINGENT LIABILITIES	**55 164**	**70 949**	**75 557**
To other entities (on account of)	55 164	70 949	74 827
- customs bonds	8 500	22 500	22 500
- other forms of security	29 762	30 221	34 829
- security extended	**16 902**	**18 228**	**18 228**

Customs bonds provide a security for the repayment of customs receivables due to the Company's operation of customs warehouses, and their maturity date is 17 June 2012.
Other guarantees secure property leases and their maturity date is 15 May 2013.
The security granted is related to the Paylink overdraft facility opened with Bank Handlowy for franchise customers and the loan security for subsidiaries. Their maturity dates are unspecified.
Under the long-term loan agreement concluded with BRE Bank S.A., the Company was required to maintain the operating margin and the liquidity ratio on the level set out in the agreement. Failure to fulfil the above conditions does not bear loan maturity consequences but solely authorises the Bank to increase the margin. The Company did not meet this requirement in the reporting period. As on the balance sheet date, the Company was utilising the overdraft facility extended to it by BRE Bank SA in the amount of PLN 22,843,000, and had used up an investment loan of PLN 12,198,000.

21. INVESTMENTS IN SUBSIDIARIES

Long-term investments	30 Jun 2011	31 Dec 2010	30 Jun 2010
Shares in non-listed companies	55 311	49 762	38 929

Long-term financial investments include shares in subsidiaries:

Company name	Registered office of the company	Country	book value of shares 30 Jun 2011	31 Dec 2010	30 Jun 2010
CCC Factory Sp. z o.o.	Polkowice	Poland	15 409	15 233	15 036
CCC Boty Czech s.r.o.	Prague	Czech Republic	31 858	26 099	15 078
Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968)	USA	USA	7 152	7 538	7 924
NG2 Suisse S.a.r.l.	Zug	Switzerland	892	892	892
Total:			**55 311**	**49 762**	**38 929**

22. TRANSACTIONS WITH RELATED PARTIES

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Subsidiaries:			
CCC Factory Sp. z o.o.:			
Sale to an affiliate	58	380	207
Purchase from an affiliate	55 530	96 550	44 593
Liabilities towards an affiliate	65 284	64 942	61 163
CCC Boty s.r.o.:			
Sale to an affiliate	13 986	38 764	17 570
Purchase from an affiliate	509	1 029	623
Receivables from an affiliate	15 519	20 886	32 234
Liabilities towards an affiliate	-	93	68

Amounts are expressed in PLN '000 unless stated otherwise

22. TRANSACTIONS WITH RELATED PARTIES (continued)

	30 Jun 201	31 Dec 2010	30 Jun 2010
NG2 Suisse s.a.r.l.:			
Purchase from an affiliate	8 468	11 560	2 469
Receivables from an affiliate	-	-	2 401
Liabilities towards an affiliate	11 362	1 223	1 085
Subsidiaries of a member of the management board:			
MGC INWEST Sp. z o.o.:			
Sale to an affiliate	7	-	-
Purchase from an affiliate	7	-	-
Liabilities towards an affiliate	35	-	-
Libra Projekt Sp. z o.o.:			
Purchase from an affiliate	39	70	29
Liabilities towards an affiliate	6	-	6
CUPRUM ARENA MGC INWEST Sp. z o.o. s. k.:			
Sale to an affiliate	-	1	1
Purchase from an affiliate	575	821	433
Liabilities towards an affiliate	82	1	93
ASTRUM Sp. z o.o.			
Sale to an affiliate	6	15	10
Purchase from an affiliate	-	105	20
Liabilities towards an affiliate	-	43	-
LUXPROFI s.a.r.l.			
Liabilities towards an affiliate*	15 915	-	12 350
Persons managing, supervising or performing managerial functions:			
Dariusz Miłek:			
Liabilities towards an affiliate*	7 125	-	4 750
Leszek Gaczorek:			
Liabilities towards an affiliate*	4 515	-	4 010
Mariusz Gnych:			
Liabilities towards an affiliate*	180	-	120

* as on the date of submitting the report

The transactions with related parties were concluded on market terms.

Gross remuneration of management board members

Name and surname	Position	from 1 Jan 201 to 30 Jun 2011	from 1 Jan 2010 to 31 Dec 2010	from 1 Jan 2010 to 30 Jun 2010
Dariusz Miłek	President of the Management Board	225	450	225
Lech Chudy	Vice-President of the Management Board	-	59	59
Mariusz Gnych	Vice-President of the Management Board	207	474	237
Piotr Nowjalis	Vice-President of the Management Board	207	474	237
Total		**639**	**1 457**	**758**

Amounts are expressed in PLN '000 unless stated otherwise

22. TRANSACTIONS WITH RELATED PARTIES (continued)

Gross remuneration of supervisory board members

Name and surname	Position	from 1 Jan 2011 to 30 Jun 2011	from 1 Jan 2010 to 31 Dec 2010	from 1 Jan 2010 to 30 Jun 2010
Henryk Chojnacki	Chairman of the Supervisory Board	12	24	12
Rafał Chwast	Member of the Supervisory Board	9	18	9
Wojciech Fenrich	Member of the Supervisory Board	9	18	9
Martyna Kupiecka	Member of the Supervisory Board	9	18	9
Paweł Tamborski	Member of the Supervisory Board	9	18	9
Total		**48**	**96**	**48**

In 2010, the Company and Mr. Rafał Chwast concluded an agreement for the provision of IT organisation consulting services. The agreement was concluded for a fixed term from 1 January 2010 to 31 December 2010. The remuneration for the performance of the agreement was set at PLN 11,000 net per month, increased by the applicable VAT.

On 17 May 2011, the Management Board of NG2 S.A. was informed about the decision of Mr. Rafał Chwast, Member of the Supervisory Board, not to seek re-election in the following term. The Supervisory Board Member mandate expired on 16 June 2011.
On 16 June 2011, the General Meeting of Shareholders of NG2 S.A. appointed Mr. Piotr Nadolski as a Supervisory Board Member for a term beginning on 16 June 2011. In the period covered by these statements, Mr. Piotr Nadolski did not receive remuneration.

Management and Supervisory Board members do not collect any remuneration for their positions with NG2 S.A., other than the salaries set out above.

23. ADJUSTMENT OF PREVIOUS REPORTING PERIODS

The Company made classification adjustments of previous reporting periods, resulting from inaccurate presentation, as set forth below:

Title	Adjustment of previous reporting periods	30 Jun 2010	
		Dr	Cr
Presentation of provisions for costs after the balance sheet date	Other operating revenue	1 531	
	Cost of sale		1 531
Compensation of provisions for liabilities	Other operating revenue	2 500	
	Other operating costs		2 500
Presentation of provisions for holidays	Cost of sale	167	
	Other operating costs		167
Presentation of licencing costs	Cost of sale	2 464	
	Other operating costs		2 464

24. OCCURRENCES AFTER THE BALANCE SHEET DATE

Not applicable.

The Company's financial statements were approved for publication by the Management Board of the Company on 29 August 2011 and signed on behalf of the Management Board by:

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS		
Edyta Banaś	Head of Accounting	
SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS		
Dariusz Miłek	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Piotr Nowjalis	Vice-President of the Management Board	

Polkowice, 29 August 2011