**CONSOLIDATED FINANCIAL STATEMENTS**
**For the 4th quarter of 2008 ending 31 December 2008**

**NOTES**
**To the Consolidated Quarterly Report**
**For the 4th quarter of 2008**

## 1. General information

***Statement of compliance***

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations published by way of regulations of the European Commission.

***Presentation of Financial Statements***

The NG2 S.A. Capital Group presents its financial statements for the 4th quarter of 2008 beginning 1 October 2008 and ending 31 December 2008 and comparable financial data for the corresponding period of 2007.

The financial statements were prepared on the assumption that the NG2 S.A. Capital Group will continue as a going concern in the foreseeable future. There are no circumstances indicating any threats to the Group's continuing as a going concern.

The parent company prepares and publishes the consolidated financial statements of the Capital Group.

***General information concerning the Issuer and the Capital Group***

At 31 December 2008 the NG2 Capital Group consisted of:

a) parent company NG2 S.A. with its registered seat in Polkowice;
b) subsidiary undertakings:
   - CCC FACTORY Sp. z o.o. with its registered seat in Polkowice;
   - CCC BOTY CZECH s.r.o. with its registered seat in Prague (the Czech Republic);
   - Continental Trust Fund No. 968.

NG2 S.A. holds a 100% share in the capitals of the aforementioned undertakings and 100% share in the total number of votes of the Companies.
The Continental Trust Fund does not prepare financial reports as it is not required by U.S. law. Whereas, the Fund, as a Trustee, shall confirm in writing, any time it is demanded to do so by the Beneficiary, the type of assets under trust fund. The valuation of assets is effected according to regulations applicable in the Beneficiary's state, i.e. according to Polish regulations.

***Functional and reporting currency***

The functional currency of the parent Company and the reporting currency in the financial statements shall be PLN. The data presented are expressed as thousands PLN.

## 2. Applied accounting principles

The financial statements were drawn up according to the IFRS in force as at 31 December 2008.

The statements are made according to the historical cost model with the exception of financial instruments which were measured at fair value.

The NG2 S.A. Capital Group shows economic events in the financial statements according to their economic substance.

**Basis for consolidation**

The consolidated financial statements consist of the statements of the parent company NG2 S.A. and statements of the subsidiary undertakings.

The subsidiary undertakings are subject to consolidation in the period from the Group's acquisition of control up to the termination of the control.
The CCC FACTORY Sp. z o.o. subsidiary started to be controlled from 01.06.2004, and CCC BOTY CZECH s.r.o. from 01.01.2005.
Therefore, the consolidated financial statements include:

- data pertaining to CCC Factory Sp. z o.o. for the period from 01.01.2008 up to 31.12.2008 and similar data for the period from 01.01.2007 up to 31.12.2007;
- data pertaining to CCC BOTY CZECH s.r.o. for the period from 01.01.2008 up to 31.12.2008 and similar data for the period from 01.01.2007 up to 31.12.2007;

All transactions, balances, income and costs between the related undertakings under consolidation are subject to consolidation eliminations.

The NG2 S.A. Capital Group draws up the profit and loss account in the multiple-step variant. The value of income from the sale of goods and materials and products are set against the value of the goods and materials sold at the acquisition or purchase price and the costs of manufacture of products sold as well as sales (commercial) and overhead expenses.

**<u>Income from sales</u>**

Income from sale of goods and products includes income from sale of goods, products and services earned during normal business operations (i.e. income from sale of goods, materials, and finished products less rebates, VAT and other sale-related taxes).
Income from sales includes also profits/losses on fair valuation of settled derivative instruments which hedge future cash flows in that part which constitutes effective hedge.

**<u>Value of goods, products and services sold</u>**

The item of "value of goods, products and materials sold" presents:

- value of goods sold as at the moment of handing them over to the recipient at the acquisition price;
- value of packaging released for sale;
- return of goods according to customers' complaints;
- direct costs (particularly materials and labor) and indirect production costs connected with the manufacturing of finished products and rendering of services;
- write-downs for stock;
- impairment write-offs on fixed assets and intangible assets used in the production of goods or while providing services (depreciation of production machinery);
- profits/ losses on factoring transactions.

**<u>Other operating income</u>**

Other operating income includes income from business activities other than the core operating activities of the Capital Group's undertakings. This item comprises mainly:

- profits from sale of tangible fixed assets, including recoveries from the liquidation of fixed assets;
- profit from sale of intangible assets;
- reimbursement of costs by the insurer;
- state subsidies received and other donations;
- charging expired or extinct receivables to income;
- release of unused provisions;
- fines and penalties imposed;
- recognized unsettled excess of tangible assets and cash assets;

- other operating income.

**Sales expenses**

Sales expenses include the cost of maintaining shops and other sales outlets. This item includes mainly:

- depreciation of fixed assets;
- amortization of intangible assets;
- cost of outsourcing;
- cost of wages;
- other costs;
- write-downs for trade receivables.

**Overhead expenses**

Overhead expenses include the cost of managing the whole business activity of the NG2 S.A Capital Group and overheads of the companies of the Capital Group.

**Other operating expenses**

Other operating expenses include the costs of the business other than the core operating activities of the undertakings. This item includes mainly:

- losses from sale of tangible assets and liquidation costs;
- losses from sale of intangible assets;
- write-offs for fixed assets under construction, including those with no economic effect;
- costs of maintenance of investment property;
- donations given;
- charging expired and extinct receivables to costs;
- establishing provisions for disputable matters, penalties, damages, and other directly connected with the operating activities;
- fines and penalties paid;
- unintentional shortages of assets and act-of-god damage (relating to tangible fixed assets, tangible current assets, cash);
- other operating expenses.

**Other investment profits and losses**

Other investment profits and losses include:

- interest income from bank deposits;
- reduction of the fair value of investments held for trading due to the sale of such investments;
- decrease of the fair value of financial assets held for trading until the balance sheet date;
- profit from sale of available-for-sale financial assets;
- profit from foreign exchange differences arisen only on liabilities relative to the sources of financing the business activities of the undertaking;
- other investment profits and losses;

**Financial costs**

Financial costs show the costs of financing the business activities of the undertaking, in particular:

- Interest on current account borrowings, bank loans and loans;
- interest on financial lease liabilities;
- loss from trading of derivative instruments;
- losses from foreign exchange differences arisen only on liabilities relative to the sources of financing the business activities of the undertaking.

The companies belonging to the Capital Group perform the valuation of off-balance items in the following manner:

***Tangible fixed assets***

They are recognized at cost of acquisition/ production less impairment loss, if any. Land is excluded from depreciation.

Fixed assets under construction are presented in the balance sheet at the cost of manufacture less depreciation and impairment loss. Borrowing costs are recognized as period cost in the profit and loss account.

Plant and machinery and other fixed assets are presented in the balance sheet at historical cost less depreciation and impairment loss.

Depreciation commences upon putting assets for use and is done according to the principles adopted.

Depreciation is calculated on a straight line basis by estimating the useful life of a particular asset, i.e.:

| | |
|---|---|
| - buildings | - from 10 to 20 years |
| - plant and machinery | - from 5 to 15 years |
| - means of transport | - from 5 to 10 years |
| - other tangible fixed assets | - from 5 to 10 years |

Fixed assets under financial lease contracts were recognized on the balance sheet alongside other fixed assets and are subject to depreciation according to the same principles.

***Intangible assets***

The companies apply the historical cost model to all items within a given class of assets. The (entry) cost less depreciation and impairment write-offs. The method of amortization of intangible assets is analogous to the amortization of tangible fixed assets.

It is assumed that the useful life of intangible assets does not exceed 20 years from the moment when a particular asset is ready for use. Amortization of intangible assets is calculated on a straight-line basis.

Intangible assets made by an undertaking on its own are not recognized as assets and outlays on production thereof are charged to the profit and loss account in the year in which they were incurred.

If events or changes in circumstances indicate that the carrying value of intangible assets may not be recoverable, they are reviewed for any possible impairment.

**Patents and Trademarks**

Patents and trademarks are recognized on the balance sheet at cost less depreciation using the straight-line method for their useful life and less impairment, if any. The amortization period is 5 years.

**Inventories**

Inventories are recognized at the lower of cost or net realizable value. Depreciation of inventories down to their net realizable value is generally effected through write-downs, as regards the inventories which have become obsolete. If circumstances which caused the depreciation of inventories cease to exist, an opposite operation is performed, i.e. restoration of the value of the inventories.

The profit and loss account includes:

- book value of inventories sold in the period in which income from sale was recognized;
- write-down of inventories to the net realizable price in the period in which the write-down was made.

Write-downs adjust the cost of goods sold.

The FIFO method is applied to all inventories of similar type and purpose.

**Loans and receivables**

Trade receivables which generally mature from 30 up to 180 days are recognized in amounts invoiced originally.

Other receivables are recognized in the amount due.

Receivables are valued at nominal value adjusted by relevant write-downs. Receivables are revaluated allowing for the likelihood of them being paid.

At the balance sheet date, loans are recognized at adjusted acquisition price estimated using the effective interest rate.

Receivables write-downs are classified as sales expenses.

**Cash and cash equivalents**

Cash is recognized at nominal value, but the cash deposited in bank accounts includes also capitalized interest added to the bank account balance.
Interest accrued on deposits of the Company Social Benefits Fund are added to that Fund, in other cases it constitutes the Company's financial income.
Foreign currencies deposited in the undertakings' FX account and withdrawn during the year are recognized at the exchange rate on the date of the transaction (at the exchange rate applied by the bank which maintains that account).

**Derivative instruments**

In order to hedge against financial risks connected with changes in exchange rates, forward and option contracts are used. Derivative instruments are not used for speculation purposes.
Derivative instruments (forwards, options) are posted in the books of account as at the execution date, at fair value of the value of assets received.
As at the balance sheet date forwards are recognized at fair value which is measured reliably.

***Prepayment and accrual of expenses***

The companies of the NG2 S.A. Capital Group recognize prepayments if they refer to future reporting periods. The companies' prepayments are effected according to the matching principle, which provides for matching income and related costs. This allows avoiding the distortion of the financial results for particular reporting periods. Minor or irrelevant amounts of expenses, even if they refer to several reporting periods, is not deferred but charged directly to expenses when incurred.
The companies recognize accrued expenses in the amount of probable liabilities relating to the current reporting periods.
Liabilities recognized as accrued expenses and the principles of their determination are based on the generally recognized business practice.

**Equity**

Equity is recognized in the books of account broken down by type and according to principles as stipulated by law and articles.
Types of equity:

- share capital of the Company is recognized at the amount stated in the articles and entered into a court register;
- reserve capital made up of the surplus of the sale value over the nominal value of shares less the costs of issue;
- other capital due to reclassification of profit or loss brought forward to be covered;
- retained earnings.

***Corporate income tax***

The mandatory tax charge on financial results comprises the current tax (CIT) and deferred tax.
The current tax charge is calculated on the basis of taxable income for a given reporting period. The tax charge is calculated using tax rates in force in a given tax year.
Deferred tax is calculated as a tax payable or refundable in the future on differences between the carrying values of assets and liabilities and corresponding tax amounts used to calculate the tax base.

***Income tax provision***

Deferred tax provisions are established in the amount of income tax to be paid in the future due to timing differences, i.e. differences which will cause an increase of the base for determining the income tax in the future. The amount of that provision is determined using income tax rates in force in the year in which the tax liability arose.

***Deferred income tax assets***

Deferred income tax assets are determined in the amount which will presumably be deducted from income tax in the future in connection with negative timing differences which will cause, in the future, a reduction of the income tax base and a tax loss capable of deduction to be determined in a prudent manner.

***Other provisions***

The companies of the NG2 S.A. Capital Group establish provisions for:

- anticipated returns and complaints;

- future pension benefits and anniversary awards;
- unused employee leaves;
- pending court proceedings.

The amount to be provisioned for should be the best estimate of outlays necessary to meet the present liability as at the balance sheet date. The estimates of the financial result and effect are determined through the judgment of the management of the company, supported by experience of similar transactions and - in some cases - reports of independent experts.

The balance of provisions is reviewed at each balance sheet date and adjusted in order to reflect the current best estimate. If it is no longer likely that an outflow of resources with economic benefits will be required to meet the liability, then the provision is released.
A provision for anticipated returns and complaints concerning goods sold during the last financial year is established as an estimate of an average of returns based on historical data.
With calculations made for several periods and thanks to the experience gained, the Companies calculate the average ratio of complaints for the previous periods. The variable which indicates any possible returns on sales and which influences the value of any possible complaints expresses the value of income from sales for those months to which the returns apply. The return-on-sales ratio for the previous months is calculated by dividing the value of returns by income from sales for the period to which a given complaint applies.
A provision is appropriately adjusted in the next periods by increasing or releasing such a reserve, depending on the income from sales.
A provision for future pension benefits and anniversary awards is established on the basis of actuarial valuation.
A provision for unused annual leaves is calculated by multiplying all the unused days of an annual leave by the average pay per day in the companies of the Capital Group.

***Credits and loans***
Credits and loans are recognized at cost corresponding to the fair value of cash received less costs connected with obtaining a credit or loan.

***Trade payables and other liabilities***
Liabilities include the balance of all liabilities connected with the purchase of goods and services for the operating activities, including the purchase of works from domestic and foreign providers.
Trade payables are recognized in the books of account at the amount due.

***Employee benefits liabilities***
Such liabilities include, inter alia: wages and salaries, social and health insurance, and also liabilities relative to the Labor Fund and the Guaranteed Employment Benefit Fund, the Company Social Benefits Fund.

***Income tax liabilities***
Income tax liabilities include the Company's corporate and personal income-tax related liabilities towards the state budget.

***Lease contracts***
As of the beginning of a lease period, the Companies recognize financial lease contracts on the balance sheet as assets and liabilities in amounts equal to the fair value of leased thing as established at the date of the beginning of the lease contract or in amounts equal to the present value of minimum rent payments as established at the date of the beginning of the lease contract, if lower than the fair value. The present value of the minimum rent payments is calculated with the use of a discounted interest rate being the lease interest rate, if it is possible to determine. Otherwise, the marginal interest rate of the leaseholder is applied. The leaseholder’s initial direct costs increase the amount recognized as an asset.

***Foreign currency transactions***

Initial valuation
Business operations denominated in foreign currencies are recognized in the books of account at the date of their execution at buying and selling rates applied by the bank whose services are used by the

companies, as regards the operations of buying and selling currencies and paying liabilities or receivables.

Regardless of the fact whether cash denominated in foreign currencies was credited to the company's bank domestic currency account or foreign currency account, it is measured at:

- buying rate of the bank whose services are used by the company if foreign receivables are credited to the account;
- selling rate of the bank whose services are used by the company if foreign currencies are purchased.

On the other hand, foreign currency withdrawals from the domestic bank account are valuated at:

- selling rate of the bank whose services are used by the company in the event of repayment of foreign liabilities;
- buying rate of the bank whose services are used by the company when foreign currencies are sold.

In the case of:

- importing or exporting goods and materials or investment goods – they are valuated at the rate stated in the SAD document (or another valid document);
- importing or exporting services, purchase of rights, and financial assets (shares in other undertakings and securities purchased) – they are valuated at the average rate established by the National Bank of Poland as at that date;
- intra-Community transactions – at the average rate established by the National Bank of Poland as at the transaction date (date of issuing of an invoice).

<u>Balance sheet valuation</u>
At the balance sheet date, assets and liabilities denominated in foreign currencies and recognized in the books of account at that date are measured at the average exchange rate published by the National Bank of Poland for a particular currency at that date.

Since 01.01.2007, the Companies have applied the accounting method of settling exchange differences.

***<u>Events after the balance sheet date</u>***
The companies adjust amounts shown in the financial statements to recognize the events that occur after the balance sheet date and for which adjustments are necessary.
The NG2 S.A. Capital Group does not adjust amounts shown in the financial statements to reflect such events occurring after the balance sheet date which are referred to as “requiring no adjustments”.

## 3. Information on adjustments for provisions and write-downs for assets

On the consolidated balance sheet of the NG2 Capital Group made at 31.12.2008, liabilities include provisions for liabilities of PLN 6,457,000. They comprise:

| | |
|---|---|
| - deferred income tax provision | PLN 873,000 |
| - provision for warranty repairs | PLN 2,134,000 |
| - provision for employee benefits | PLN 1,294,000 |
| - provision for auditing the balance sheet | PLN 116,000 |
| - provision for costs after the balance sheet date | PLN 595,000 |
| - other provisions | PLN 1,445,000 |

Movements in provisions for liabilities in the period from 01.01. to 31.12.2008 are as follows:

| | |
|---|---|
| Balance at 31.12.2007 | PLN 4,332,000 |
| Provisions established from 01.01. to 31.12.2008 | PLN 9,222,000 |
| Provisions released from 01.01. to 31.12.2008 | PLN 7,097,000 |
| Balance at 31.12.2008 | PLN 6,457,000 |

On the consolidated balance sheet of the NG2 Capital Group made at 31.12.2008, assets include deferred income tax assets of PLN 5,510,000.
Movements in income tax assets in the period from 01.01. to 31.12.2008 are as follows:

| | |
|---|---|
| Balance at 31.12.2007 | PLN 3,423,000 |
| Provisions established from 01.01. to 31.12.2008 | PLN 5,195,000 |

| | |
|---|---|
| Provisions released from 01.01. to 31.12.2008 | PLN 3,108,000 |
| Balance at 31.12.2008 | PLN 5,510,000 |

On the separate balance sheet of NG2 made at 31.12.2008, liabilities include provisions for liabilities of PLN 4,079,000. They comprise:

| | |
|---|---|
| - deferred income tax provision | PLN 682,000 |
| - provision for warranty repairs | PLN 1,697,000 |
| - provision for employee benefits | PLN 1,016,000 |
| - provision for auditing the balance sheet | PLN 89,000 |
| - provision for costs after the balance sheet date | PLN 595,000 |

Movements in provisions for liabilities in the period from 01.01. to 31.12.2008 are as follows:

| | |
|---|---|
| Balance at 31.12.2007 | PLN 2,792,000 |
| Provisions established from 01.01. to 31.12.2008 | PLN 8,384,000 |
| Provisions released from 01.01. to 31.12.2008 | PLN 7,097,000 |
| Balance at 31.12.2008 | PLN 4,079,000 |

On the separate balance sheet of NG2 made at 31.12.2008, assets include deferred income tax assets of PLN 3,022,000.

Movements in income tax assets in the period from 01.0. to 31.12.2008 are as follows:

| | |
|---|---|
| Balance at 31.12.2007 | PLN 2,354,000 |
| Provisions established from 01.01. to 31.12.2008 | PLN 3,252,000 |
| Provisions released from 01.01. to 31.12.2008 | PLN 2,584,000 |
| Balance at 31.12.2008 | PLN 3,022,000 |

## 4. Short description of important achievements or failures of the issuer in the reporting period and a list of the most important related events

The achievements of the NG2 Capital Group in the fourth quarter of 2008 are mostly the following:

- increase of income from sales by 35.9% in comparison with the fourth quarter of 2007 (cumulatively for four quarters + 41.0%);
- increase of operating profit by 93.7% in comparison with the fourth quarter of 2007 (cumulatively for four quarters + 86.4%);
- increase of net profit by 78.8% in comparison with the fourth quarter of 2007 (cumulatively for four quarters + 100.2%);
- strengthening the image of the Company and further development of the chain of CCC, QUAZI, BOTI showrooms.

At 31 December 2008, the retail network of the NG2 Capital Group had 596 sales outlets, i.e.:

- 228 showrooms of the CCC brand (respectively, 179 showrooms at 31.12.2007);
- 33 QUAZI boutiques (25 at 31.12.2007);
- 142 own BOTI shops (66 at 31.12.2007);
- 25 branded showrooms in the Czech Republic (15 at 31.12.2007);
- 168 franchise chain shops, including 73 BOTI shops (respectively, 114 CCC and 71 BOTI at 31.12.2007).

The sales area in the own facilities located domestically increased up to 94,000 sq.m. (71,200 sq.m. at 31.12.2007), i.e. by 32.0%.

## 5. Description of factors and events, especially of extraordinary nature, having a material effect on the financial results

In the reporting period, no unusual circumstances occurred having a material effect on the financial results.

## 6. Explanations on the seasonal and cyclical nature of the issuer's activity in the presented period

In case of the companies of the NG2 Capital Group, their selling and production activity may be regarded as being of seasonal nature.

The seasonal nature of sales of the NG2 Capital Group is considerable, as it is the case for the whole clothing and footwear industry. There are two basic periods with the highest sales, i.e. second and fourth quarter of a year. Moreover, during the year sales are very much dependent upon weather conditions which may disturb the seasonality schedule, hastening or delaying the better or worse sales periods.

Seasonality of production is a derivative of: 1) seasonality of sales; 2) production profile. CCC Factory specializes in autumn, spring and summer footwear and, therefore, it must produce, in sufficient advance and before the sales peak, adequate number of shoes in order to provide branded showrooms with the products. The sales peak is during the first and third quarters, and the period of decreased production and maintenance break usually takes place in July.

**7. Information on the issuance, redemption and repayment of debt securities and equity securities**

Not applicable.

**8. Information on total dividends paid (or declared) per share, separately for ordinary shares and preferential shares**

Not applicable.

**9. Events that occurred after the date of preparing the condensed quarterly financial statements and which were not recognized in these statements but which may materially affect the future results of the issuer**

After the date as at which the statements are prepared no events occurred that may affect the future financial results.

**10. Consequences of changes in the structure of the business unit, also as a result of business combinations, acquisition or sale of undertakings of the capital group, long-term investments, division, restructuring and discontinuance of business operations**

Not applicable.

**11. Information on changes in contingent liabilities or assets that have occurred since the end of the previous financial year**

Not applicable.

## 12. Financial highlights comprising basic items of the condensed financial statements

| CONSOLIDATED FINANCIAL HIGHLIGHTS | PLN Thousand | | PLN Thousand | |
|---|---|---|---|---|
| | Period from 2008-01-01 up to 2008-12-31 | period from 2007-01-01 up to 2007-12-31 | Period from 2008-01-01 up to 2008-12-31 | period from 2007-01-01 up to 2007-12-31 |
| highlights pertaining to consolidated financial statements | | | | |
| I. Net income from the sale of products, goods and materials | 767 729 | 544 493 | 217 358 | 144 168 |
| II. Operating profit (loss) | 137 787 | 73 916 | 39 010 | 19 571 |
| III. Gross profit (loss) | 127 282 | 63 559 | 36 036 | 16 829 |
| IV. Net profit (loss) | 107 020 | 53 467 | 30 299 | 14 157 |
| V. Net cash flows from operating activities | 43 969 | 30 537 | 12 448 | 8 085 |
| VI. Net cash flows from investment activities | (58 250) | (49 237) | (16 492) | (13 037) |
| VII. Net cash flows from financing activities | 18 752 | 20 713 | 5 309 | 5 484 |
| VIII. Total net cash flows | 4 471 | 2 013 | 1 266 | 533 |
| IX. Total assets | 483 136 | 329 888 | 115 793 | 92 096 |
| X. Liabilities and provision for liabilities | 183 593 | 133 180 | 44 002 | 37 180 |
| XI. Long-term liabilities | 14 320 | 1 797 | 3 432 | 502 |
| XII. Short-term liabilities | 169 273 | 131 383 | 40 570 | 36 679 |
| XIII. Equity | 299 543 | 196 708 | 71 792 | 54 916 |
| XIV. Share capital | 3 840 | 3 840 | 920 | 1 072 |
| XV. Number of shares (pcs.) | 38 400 000 | 38 400 000 | 38 400 000 | 38 400 000 |
| XVI. Profit (loss) per ordinary share (in PLN/EUR) | 2.79 | 1.39 | 0.79 | 0.37 |
| XVII. Book value per share (in PLN/EUR) | 7.80 | 5.12 | 1.87 | 1.43 |
| XVIII. Dividend declared or paid per share (in PLN/EUR) | - | 1.00 | | 0.26 |

| CONSOLIDATED FINANCIAL HIGHLIGHTS | PLN Thousand | | PLN Thousand | |
|---|---|---|---|---|
| | Period from 2008-01-01 up to 2008-12-31 | period from 2007-01-01 up to 2007-12-31 | Period from 2008-01-01 up to 2008-12-31 | period from 2007-01-01 up to 2007-12-31 |
| **highlights pertaining to condensed separate financial statements** | | | | |
| I. Net income from the sale of products, goods and materials | 748 113 | 530 645 | 211 805 | 140 502 |
| II. Operating profit (loss) | 122 762 | 64 755 | 34 756 | 17 146 |
| III. Gross profit (loss) | 113 077 | 54 002 | 32 014 | 14 298 |
| IV. Net profit (loss) | 91 150 | 42 856 | 25 806 | 11 347 |
| V. Net cash flows from operating activities | 38 487 | 14 681 | 10 896 | 3 887 |
| VI. Net cash flows from investment activities | (48 736) | (38 485) | (13 798) | (10 190) |
| VII. Net cash flows from financing activities | 14 840 | 20 676 | 4 201 | 5 474 |
| VIII. Total net cash flows | 4 591 | (3 128) | 1 300 | (828) |
| IX. Total assets | 466 423 | 298 124 | 111 788 | 83 228 |
| X. Liabilities and provision for liabilities | 206 223 | 125 772 | 49 426 | 35 112 |
| XI. Long-term liabilities | 13 878 | 1 599 | 3 326 | 446 |
| XII. Short-term liabilities | 192 345 | 124 173 | 46 099 | 34 666 |
| XIII. Equity | 260 200 | 172 352 | 62 362 | 48 116 |
| XIV. Share capital | 3 840 | 3 840 | 920 | 1 072 |
| XV. Number of shares (pcs.) | 38 400 000 | 38 400 000 | 38 400 000 | 38 400 000 |
| XVI. Profit (loss) per ordinary share (in PLN/EUR) | 2.37 | 1.12 | 0.67 | 0.30 |
| XVII. Book value per share (in PLN/EUR) | 6.78 | 4.49 | 1.62 | 1.25 |
| XVIII. Dividend declared or paid per share (in PLN/EUR) | - | 1.00 | - | 0.26 |

## 13. Information on applying average exchange rates of PLN, published by the National Bank of Poland, in the period reported in the financial statements and comparable financial data in relation to EUR

| Financial period | Average exchange rate in the period | Minimal exchange rate in the period | Maximal exchange rate in the period | Exchange rate as at the last day of the period |
|---|---|---|---|---|
| 01.01 – 31.12.2008 | 3.5321 | 3.2026 | 4.1848 | 4.1724 |
| 01.01 – 31.12.2007 | 3.7768 | 3.5699 | 3.9385 | 3.5820 |

Financial data converted to EUR in the following manner:
- individual assets and liabilities at average exchange rates published by the National Bank of Poland as at 31.12.2008 and 31.12.2007;
- individual items of the profit and loss account and cash flow statement at exchange rates being the arithmetic mean of average exchange rates published by the National Bank of Poland as at the last day of each finished month in the following reporting periods: 01.01.2008 - 31.12.2008 and 01.01.2007 – 31.12.2007.

## 14. Opinion of the Management Board on the possibility to realize the earlier published forecasts concerning results for a given year in the light of the results shown in the quarterly report in comparison with the forecast results

No forecast for 2008 performance was published.

## 15. Shareholders holding, directly or indirectly through subsidiary undertakings, at least 5% of the total of number of votes at the General Meeting of the issuer at the date of submitting the quarterly report

| Shareholder | Number of shares held | % share in the initial capital | Number of votes at the General Meeting | % share in the votes at the General Meeting |
|---|---|---|---|---|
| Dariusz Miłek | 21,470,330 | 55.91% | 26,220,330 | 58.14% |
| Leszek Gaczorek | 4,600,000 | 11.98% | 6,350,000 | 14.08% |
| ING Towarzystwo Funduszy Inwestycyjnych S.A. | 2,471,833 | 6.44% | 2,471,833 | 5.48% |

## 16. Specification of the issuer's shareholding or rights thereto (options) held by the issuer's managing and supervising persons as at the date of submitting the quarterly report, and information on movements in the shareholding from the submission date of the previous quarterly report separately for each of the persons

According to the issuer's knowledge, the managing and supervising persons' shareholding is as follows:

| Title/position/name | Shares held as at the submitting of the QSr – III/2008 report | Shares held as at the submitting of the QSr – IV/2008 report |
|---|---|---|
| President – Dariusz Miłek | 21,470,330 | 21,470,330 |
| Vice-president – Lech Chudy | 220,000 | 220,000 |
| Vice-president – Mariusz Gnych | 120,000 | 120,000 |

According to the issuer's knowledge, the Chairman and members of the Supervising Board hold no shares of the Company.

## 17. Proceedings pending before courts, arbitration or public administration bodies

The companies of the NG2 Capital Group are not a party in any court proceedings where the value of the claim exceeds 10% of the Company's equity

**18. Information on one or more transactions concluded by the issuer or its subsidiary with related undertakings if the value of such transactions (total value of all the transactions concluded in the period from the beginning of the financial year) exceeds the PLN equivalent of EUR 500,000 – if they are not typical and routine transactions**

Not applicable.

**19. Information on granting by the issuer or its subsidiary credit and loan sureties or guarantees**

Not applicable.

**20. Information which, according to the issuer, is essential for the assessment of the HR, property and financial status, financial result and changes thereof, as well as information which is necessary for the assessment of the ability to satisfy liabilities to the issuer**

Pursuant to the Resolution of the Supervisory Board of NG2 SA, Mr. Piotr Nowjalis, the-then Financial Director of the Company, was appointed Vice President of the Company as of 16.12.2008 (RB/2008).

The financial statements contain basic information which is necessary to assess the standing of the NG2 Capital Group. According to the Management Board, there are currently no threats to the Group's meeting its liabilities.

**21. Factors which, according to the issuer, will affect the results achieved by the issuer over at least one quarter**

According to the issuer, the basic factors which will affect the results achieved in the near future are as follows:

1) sales volume achieved and margin realized;
2) continuing dynamic development of the retail network of NG2;
3) weather conditions;
4) foreign exchange rates.

**22. Statement by business and geographical segments**

The basic division is a division by business segments. There are three industry segments in the Group:

- **wholesale**
- **retail**
- **services (leases)**

Type of goods and services in each of the business segments reported.

**1. Segment: wholesale**
In this segment, NG2 S.A. and CCC Factory Sp. z o.o. sell footwear to wholesale customers.

**2. Segment: retail**
In this segment, NG2 S.A. and CCC BOTY CZECH s.r.o. sell footwear to its own retail network.

**3. Segment: services**
In this segment NG2 S.A. sub-leases facilities (sales outlets) within the franchise network.

The NG2 S.A. Capital Group does not apply the division by geographical segments, because the international sales segment did not reach the appropriate 10% thresholds as laid down in IFRS 14.

| I-XII 2008 | Retail | Wholesale | Lease services | Unallocated items | Group |
|---|---|---|---|---|---|
| Income from sales | 612 274 | 140 534 | 14 921 | | 767 729 |
| Sales expenses | (253 934) | (88 888) | (14 023) | (5 656) | (362 501) |
| ***Gross profit from sales*** | 358 340 | 51 646 | 898 | (5 656) | 405 228 |
| Sales expenses and overhead expenses | (235 348) | (7 785) | | (29 748) | (272 881) |
| Other operating income (cost) - (balance) | | | | 5 440 | 5 440 |
| ***Operating profit*** | 122 992 | 43 861 | 898 | (29 964) | 137 787 |
| Financial income (cost) - (balance) | | | | (10 505) | (10 505) |
| ***Profit before tax*** | | | | | 127 282 |
| Income tax | | | | (20 262) | (20 262) |
| ***Net profit*** | | | | | 107 020 |

| I-XII 2007 | Retail | Wholesale | Tenancy services | Unallocated items | Group |
|---|---|---|---|---|---|
| Income from sales | 398 418 | 131 704 | 14 371 | | 544 493 |
| Sales expenses | (165 866) | (82 803) | (14 126) | (2 805) | (265 600) |
| ***Gross profit from sales*** | 232 552 | 48 901 | 245 | (2 805) | 278 893 |
| Sales expenses and overhead expenses | (156 101) | (7 296) | | (29 118) | (192 515) |
| Other operating income (cost) - (balance) | | | | (12 462) | (12 462) |
| ***Operating profit*** | 76 451 | 41 605 | 245 | (44 385) | 73 916 |
| Financial income (cost) - (balance) | | | | (10 357) | (10 357) |
| ***Profit before tax*** | | | | | 63 559 |
| Income tax | | | | (10 092) | (10 092) |
| ***Net profit*** | | | | | 53 467 |

**Reclassification of comparable amounts**

The companies of the Capital Groups changed the business segments reclassifying in 2008:
- Sales expenses
- overhead expenses.

Previously, sales expenses not directly connected with the cost incurred by own sales outlets were recognized in the "wholesale" segment. In 2008 costs generated by organizational units operating within particular segments were allocated with the use of an allocation key. The costs of the organizational units not linked with the separate segments ware included in the unallocated items.
The overhead expenses of CCC Factory Sp. z o.o. were shown in the "wholesale" segment. In 2008 they were allocated with the use of an allocation key to the "retail" and "wholesale" segments.

Comparable data were presented according to new rules.

| SIGNATURE OF THE PERSON AUTHORIZED TO KEEP ACCOUNT BOOKS | | |
|---|---|---|
| Edyta Banaś | Chief Accountant | |

| SIGNATURES OF ALL THE MEMBERS OF THE MANAGEMENT BOARD | | |
|---|---|---|
| Dariusz Miłek | President of the Management Board | |
| Lech Chudy | Vice-president of the Management Board | |
| Mariusz Gnych | Vice-president of the Management Board | |
| Piotr Nowjalis | Vice-president of the Management Board | |

*Polkowice, this 19th day of February 2009*