



INTERIM REPORT ON BUSINESS ACTIVITY OF
THE NG2 SA GROUP
AND THE NG2 SA
FOR 01.01.2009 – 30.06.2009

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1. The structure of the NG2 SA Group with subsidiaries subjects to the consolidation.

NG2 SA is the parent company In the NG2 Group. The structure of the NG2 SA Group is presented below:

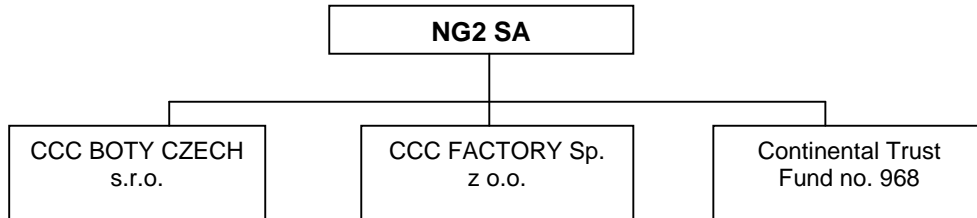


Table 1. The NG2 SA Group's related parties stated on 30.06.2009

Subsidiaries of the NG2 S.A.	Head Office / Country	Share In equity %	Consolidation method
CCC Factory Sp. .z o.o.	Polkowice, Poland	100	Full
CCC Boty Czech s.r.o.	Brno, Czech Republic	100	Full
Continental Trust Fund no. 968	USA	100	Full

2. Information concerning sale markets and information about sources of supply.

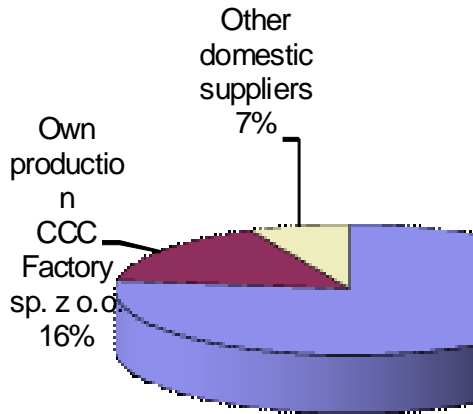
In the first half of the year 2009 participation of retail sales in sales in total was 82,7% (77,5% in the first half of the year 2008). Development of own sale's points is an extremely important factor to increase profitability with regard to higher margins acquired from retail sales. In case of franchising entities, the parent company realizes lower margin from wholesales. The sales structure of NG2 SA Group is presented in table 2.

Table 2. The sales structure of the NG2 SA Group related to channels of distribution.

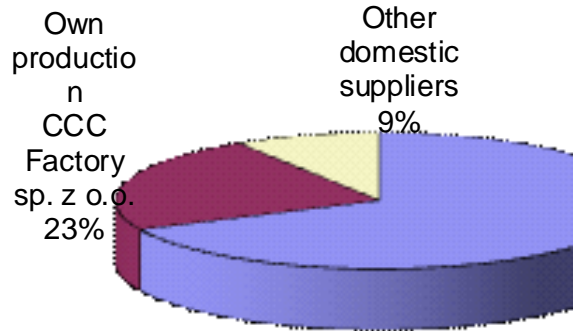
Category	1H 2009		1H 2008	
	'000 PLN	share %	'000 PLN	share %
Retail sales	349 205	82,7	257 623	77,5
Wholesales	73 053	17,3	74 706	22,5
Total	422 258	100,0	332 329	100,0

Figure 1 Main directions of product supply of the NG2 SA Group (in terms of value)

Territorial structure of purchase in 1H2009



Territorial structure of purchase in 1H2008



The sources of supply of the NG2 SA Group consists of domestic suppliers, own production (CCC Factory sp. z o.o.) and import. The structure of supply (country/domestic, import) is stable. The Group has a possibility of quick changes in the foreign supply structure according to the economic situation. The import from China is diversified and consists of tens of suppliers but the main procurements are realized by one entity which performs as a export and import agency.

3. Overview of basic economic and financial figures disclosed in the interim financial statement with description of factors and events, including atypical ones, that significantly affect the issuer's business activity and profits generated by it or losses suffered during the current financial year, as well as an overview of prospects for development of the Issuer's business, at least during the incoming financial year.

At 31 June 2009 sales network consisted of 649 outlets, specifically:

- 237 CCC official shops in Poland (197 shops at 30.06.2008)
- 41 QUAZI boutiques (28 at 30.06.2008)
- 181 own BOTI shops (108 at 30.06.2008)
- 158 shops in the franchise network – including 76 BOTI shops (100 CCC and 80 BOTI at 30.06.2008)
- 32 CCC shops in Czech Republic (19 at 30.06.2008)

The sales space in own outlets located on the territory of Poland and Czech Republic increased by 31,4% up to 114 300 m² (87 000 m² at 30.06.2008).

The growth of own outlets number is currently the main element of strategy of NG2 SA Group. The fastest development enjoys BOTI. During the first half of 2009 it grew by 39 own shops. The chain of CCC increased by 15 outlets (8 in Poland and 7 in Czech Republic) and QUAZI by 8 exclusive boutiques.

The Basic economic and financial figures are presented in the tables below.

Table 3. Basic economic and financial figures for NG2 SA Group

Item	1H2009 '000 PLN	1H2008 '000 PLN	Change zmiana %
Net sale revenue	422 258	332 329	27,06
Gross profit from sales	215 475	182 232	18,24
Operating profit (EBIT)	46 738	63 995	-26,97
Gross profit	42 578	58 436	-27,14
Net profit	35 487	48 811	-27,30
Equity	292 022	240 665	21,34
Liabilities and provisions	288 253	219 648	31,23
Long-term liabilities and provisions	92 276	20 118	358,67
Short-term liabilities and provisions	195 977	199 530	-1,78
Fixed assets	196 245	151 519	29,52
Current assets	384 030	308 794	24,36
Inventories	255 270	194 819	31,03
Short-term receivables	111 888	103 907	7,68

During the first half-year 2009, NG2 SA Group earned the sale revenue of PLN 422 258 000, i.e., 27.06% more than in the corresponding period of the previous year. Significant depreciation PLN against USD and EUR (increase of cost of commodities purchase) inflicted on lower, other than in sale revenues, dynamism in growth of gross profits from sales (18,24%). The unfavorable exchange rates have an influence also on the growth of selling costs, particularly commercial rent costs which are in significant part denominated in EUR.

The assets and liabilities balance at 30.06.2009 was closed at amount of 580 275 000 PLN. Total balance increased by 26,06% in relation to value from 30.06.2008. On growth of assets had the major influence high dynamism of current assets (24,36%) including inventories (31,03%). The rise in inventories value is a result of development of shops network, particularly development of retail network. The shop chain development, thanks to expenditure on new outlets, have also an influence on growth in fixed assets (29,52%).

On the liabilities the growth in long-term liabilities up to 92 300 000 PLN (20 100 000 PLN – 30.06.2008) makes this item significant. Rise in liabilities is an effect of higher financing by foreign capital.

4. Descriptions of material risk factors and threats and the identification of the degree of the Issuer's exposure to them

In the opinion of the Management Board, NG2 SA Group is affected by the following external factors:

- Level of foreign exchange rates.

Since virtually all revenue is earned by NG2 SA Group in PLN and the majority of costs are incurred in foreign currencies, the exchange rates of USD and EUR (virtually all of the Issuer's imports are denominated in those currencies, likewise a large share of the costs of space lease), they will affect the cost structure, the change of supply sources, if any, and the disclosure of foreign exchange differences in the profit and loss account. Since China is the main supply market for NG2 SA Group, the exchange rate of the Chinese currency to the main world currencies is also of importance. Its appreciation might deteriorate the conditions of import. Some costs caused by exchange rate fluctuations may be shifted onto consumers.

- Change of interest rates.

NG2 S.A. is exposed to the risk of interest rate changes in connection with its loan facility agreements. Those facilities bear interest at a WIBOR-based floating interest rate. Any increase of interest rates will affect the amount of interest paid by NG2 S.A. under loan facilities.

- Credit risk

The source of this type of risk is the uncertainty about the settlement of receivables. With regard to wholesales the payment period is also deferred, that is why the NG2 SA Group is exposed on financing recipients risk. In order to keep the position of the market leader Ng2 SA uses credit merchandise instruments, in addition they increase the attractiveness for wholesale recipients.

- General economic situation in Poland.

The prevailing share of revenue of NG2 S.A. is generated in Poland and, hence, the purchasing power of domestic consumers and their propensity to buy are material for the Company. Any deterioration of the economic situation at home might adversely affect the performance and financial standing of the Issuer

- General economic situation in the Czech Republic.

NG2 S.A. generates a portion of its revenue in the Czech Republic and, hence, the purchasing power of Czech consumers and their propensity to buy are important. Any deterioration of the economic situation there might adversely affect the performance and financial standing of the Issuer.

- Seasonality of sales and weather conditions.

Sales and stock volumes depend on the seasonality of demand (peak demand is in spring and autumn). Unusual weather conditions might make customers postpone their purchase decisions or shorten the peak sales seasons. Own production capacities are the factor which allows to reduce the vulnerability of NG2 S.A. to seasonal and weather factors. The Issuer is able to adjust its production rapidly and to supply shops with goods that satisfy expectations and match weather conditions at a given time

- Location of retail outlets.

The strengthening of the market position by a dynamic development of the retail chain might entail the risk of failed location of a shop as well as the limited number of attractive new locations.

- Fashion trends and failed collections.

NG2 S.A. is exposed to the risk associated with unsuccessful footwear collections. The factor allowing for mitigation of that risk is the Issuer's extensive market experience, continuous observation of trends in the European and world fashion (participation in international footwear fashion fairs, e.g., in Milan, Garda, Düsseldorf).

The Management Board of NG2 SA Group informs that no factors or atypical events occurred during the reporting period which would significantly affect that Issuer's operations.

5. Identification of results of changes made in the structure of business entity and financial result after consolidation, takeovers and sales of the Group units, long-term investments, sharing, restructuring and abandoned activities.

Do not concern.

6. The Management Board's attitude towards possibility of realizing previously announced forecasts for a given financial year according to the information presented in the interim report regarding to the forecasted figures.

Any financial forecasts had not been published for year 2009.

7. Shareholders holding, directly or indirectly via subsidiaries, at least 5% of total number of votes at the General Meeting of the Issuer on the day of conveying the interim financial statement, and number of shares held by those entities, their percentage share in the share capital, number of votes attached to them and their percentage share in total number of votes at the General Meeting, as well indication changes in ownership structure of the Issuer's significant blocks of shares in the period from the last quarterly report announcement.

On the day of interim report announcement the list of shareholders holding more than 5% of total number of votes at the General Meeting of the Issuer is listed below in the table.

Shareholders	Shareholding	Percentage of share capital	Number of votes at the General Meeting	Percentage of votes at the General Meeting
Dariusz Miłek	14 729 000	38,36%	19 479 000	43,19%
Luxprofi S.a.r.l *	4 500 000	11,72%	4 500 000	9,98%
Leszek Gaczorek	4 200 000	10,94%	5 950 000	13,19 %
ING Towarzystwo Funduszy Inwestycyjnych S.A.	2 471 833	6,44%	2 471 833	5,48%
Pioneer Pekao Investment Management S.A.	2 263 439	5,89%	2 263 439	5,02%

**subsidiary to Mr Dariusz Miłek*

At the date of the interim report 2009, NG2 SA Group did not have information about shareholders entitled to at least 5% votes at the General Meeting.

8. Statement of volume of shares and rights held by the management and supervision personnel on the day of interim report announcement with the indication of changes made in volume of shares held in the period between the previous quarterly report announcement till now for each person.

To the knowledge of Issuer the volume of shares held by the management and supervision personnel presents as follow:

Position / Function Name	Volume of shares held on the day of announcement of interim report 2009	Volume of share held on the day of the first announced quarterly report 2009
President of the Management Board – Dariusz Miłek*	14 729 000*	21 470 330
Vice President of the Management Board – Lech Chudy	220 000	220 000
Vice President of the Management Board – Mariusz Gnych	120 000	120 000
Member of Supervisory Board – Wojciech Fenrich**	16 500	-

* Mr Dariusz Miłek is also a parent entity in company named Luxprofi S.a.r.l., holding 4 500 000 shares of NG2 SA.

** Mr Wojciech Fenrich is a member of Supervisory Board since 29.06.2009 and his volume of shares held have not been announced in the quarterly report for 1Q of the year 2009.

Mr Dariusz Miłek made following transactions in the first half-year:

- 27.05.2009 - sold 290.000 shares of NG2 S.A. (RB. 17/2009),
- 30.06.2009 - sold 1.000.000 shares of NG2 S.A. (RB. 30/2009)
- 02.07.2009 - sold 535.000 shares of NG2 S.A. (RB. 30/2009)
- 03.07.2009 - sold 30.000 shares of NG2 S.A. (RB. 30/2009)
- 06.07.2009 - sold 386.330 shares of NG2 S.A. (RB. 30/2009)
- 07.07.2009 - contribution 4.500.000 shares of NG2 S.A. to the company Luxprofi S.a.r.l.- (RB. 31/2009).

To the knowledge of Issuer the chairman and members of Supervisory Board do not hold company's shares.

9. Indication of proceedings pending before courts, competent arbitration tribunals or public administration body.

The entities of NG2 S.A. Group are not a party to any legal proceedings where the value of a subject of litigation exceeds 10% of the Company's equity.

10. Information on any significant transactions made by the Issuer or its subsidiary with related parties otherwise than on an Arm's Length Basis, with amounts and details of nature of such transactions.

Do not concern.

11. Information about given guarantees, credits or loans by the Issuer or by the subsidiaries

Do not concern.

12. Important information from the Issuer point of view for personnel, property, financial and financial result situation and their changes and also information which are significant for assessment of possibility of liabilities settlement.

Financial statement consist basic information which are important for the Group assessment. The Management Board claims that there is no risk in settling the Group liabilities.

13. Indicated factors which in the assessment of the Issuer had an influence on achieved financial results.

In the opinion of the Issuer, basic factors which will have an influence on achieved financial results in the nearest future are:

- achieved level of sales and realized margin
- further dynamic development of the NG2 shop network
- weather conditions
- foreign rate exchange

14. An announcement of the parent's company Management Board.

Pursuant to the § 89 and 90 subpara. 1 point 4,5 Regulation of the Ministry of Finance dated 19.02.2009 on current and periodical information to be published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state , the Management of the parent company of the NG2 S.A. Group represents that:

- to the best of his knowledge interim condensed financial statement of NG2 SA Group and interim condensed financial statement of NG2 SA, and also comparable data have been prepared in compliance with current accounting standards and are true, reliable and clear representation of the NG2's Group asset position and financial standing as well as the NG2's Group financial result,
- interim business activity report of the NG2 SA Group and NG2 SA is a true representation of NG2's group development, achievements and standing, and contains a description of the basic hazards and risk,
- authorized entity for auditing financial statement making overview of interim condensed financial statement of the NG2 SA Group and interim condensed financial statement of NG2 SA was chosen according to the rules(of law). Additionally this entity and chartered accountant performing overview of the Issuer interim condensed financial statement and it's Group fulfilled conditions required to issue impartial and independent opinions about audited interim condensed financial statements according with respective rules and professional standards.
- the entity entitled to audit financial statements, which is auditing the NG2's Group interim condensed financial statement and the NG2's S.A. interim condensed financial statement has been selected in accordance with the law in force. Moreover, this entity and chartered accountants auditing the NG2's Group and the Issuer's interim condensed financial statements met the conditions necessary to issue an impartial and independent opinion on the interim condensed financial statement, pursuant to the relevant regulations and professional standards.

SIGNATURES OF ALL 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, 24th August 2009