

Letter of the President of the Management Board

Dear Sir or Madam,

Last year was a very successful year for the NG2 Group. We increased our share in the market, achieved historic high sales results and observed almost a two-fold increase in the net profit. After 2008 not only CCC storages, but also BOTI shops and Quazi boutiques have a firm position on the Polish market.

Consistent implementation of strategies and an increase in efficiency lead to an increase in consolidated sales revenues by almost 41.2% to the amount of PLN 769,011,000 as compared with 2007. Effectiveness in detailed planning and monitoring of the activity costs and well-negotiated agreements on the purchase and delivery of goods resulted in a net profit of PLN 103,496,000. This means that financial result of the NG2 Group improved by 117.2% when compared with 2007.

In 2008, our sales network expanded considerably. As at 31 December 2008, the number of NG2 outlets equaled 596 points of sale in Poland and Czech Republic, including 428 own outlets. The sales space area in own outlets in Poland and Czech Republic increased by 101,900,000 m², i.e. by 33.2%.

Most of entrepreneurs entered 2009 with anxieties as to the effects of the economic slowdown. I would like to assure our Shareholders that the NG2 Group is very well prepared for these hard times. In previous years, we invested successively in the development of own retail network by implementing a rational cost policy and cautiously using loan facilities. We opted for an organic development strategy and now do not have to bear the costs of the purchasing made. The selected strategy earns high equity and results in a low level of banking debt. When accompanied by a high profitability and high sales growth rate, this provides solid foundations, on which the NG2 business model is based.

We were not affected by the reduced liquidity on the financial market. While other borrowers had difficulty obtaining loans, we entered into very advantageous loan facility agreements securing financing of our current activity for the nearest future period.

NG2 intends to profit from the economic slowdown to further expand on the market. We did not cut our investment plans and are planning to open at least 130 new outlets. We are convinced that at the time of economic downturn, the most successful will be the products intended for the customers looking for high quality at a reasonable price.

Our belief is confirmed by the sales figures of 2009. The first four months of the current year mark an increase of more than 30% in sales and a high, two-digit sales effectiveness growth, measured by the sales figures of comparable outlets.



I am deeply convinced that the Company is very well prepared for further effective expansion, generating high profits and increasing value for the Shareholders. Low level of indebtedness and the confidence that financial institutions have in our Company will grant us an access to financing sources enabling further development.

Year 2008 was the year of many prizes and distinctions awarded to NG2. The award of particular importance to me is the one granted by "Parkiet" Stock Exchange Bulletin in the category of "Best Managed Public Company in 2008". NG2 was appreciated for very good, increasing financial results, high profitability, reasonable cost policy, consistent strengthening of its market position, competitive advantage over other companies in the industry, appropriate investment as well as a coherent and effective development strategy.

I would like to thank all who contributed to the development of NG2 last year 2008 – employees, customers, suppliers and partners. I would also like to thank the participants of capital market for their confidence and belief in our strategy and growth prospects. I believe that we will carry out all our ambitious plans for the year 2009, which will entail further improvement of financial results and an increase in the Company's value for the Shareholders.

Yours faithfully,

President of the Management Board of NG2 S.A.
Dariusz Miłek