



NG2 S.A. CAPITAL GROUP  
CONSOLIDATED INTERIM REPORT  
FOR THE THIRD QUARTER OF 2011

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## Table of Contents

SELECTED CONSOLIDATED FINANCIAL INFORMATION.....	4
ABBREVIATED INTERIM CONSOLIDATED GLOBAL INCOME STATEMENT.....	5
ABBREVIATED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL STANDING....	6
ABBREVIATED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.....	7
ABBREVIATED INTERIM CONSOLIDATED CASH FLOW STATEMENT.....	8
SELECTED INDIVIDUAL FINANCIAL INFORMATION.....	9
ABBREVIATED INTERIM GLOBAL INCOME STATEMENT.....	10
ABBREVIATED INTERIM STATEMENT OF FINANCIAL STANDING.....	11
ABBREVIATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY...	12
ABBREVIATED INTERIM CASH FLOW STATEMENT.....	13
ADDITIONAL INFORMATION ON THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2011.....	14
1. STRUCTURE OF THE ISSUER'S GROUP AND CONSOLIDATED ENTITIES.....	14
2. BASIS FOR PREPARATION.....	15
3. BASIS FOR CONSOLIDATION.....	15
4. FUNCTIONAL CURRENCY AND CURRENCY OF THE FINANCIAL STATEMENTS.....	15
5. ACCOUNTING PRINCIPLES APPLIED.....	15
6. REPORTING SEGMENTS.....	15
7. EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF THE FINANCIAL STANDING AND THE INTERIM CONSOLIDATED GLOBAL INCOME STATEMENT.....	18
8. EXPLANATORY NOTES TO THE ABBREVIATED STATEMENT OF THE FINANCIAL STANDING AND THE INTERIM ABBREVIATED INCOME STATEMENT.....	20
9. CONCISE DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OR FAILURES OF THE ISSUER DURING THE PERIOD WHICH THE REPORT CONCERNS, TOGETHER WITH A LIST OF THE MOST IMPORTANT EVENTS RELATED TO THEM.....	21
10. DESCRIPTION OF THE FACTORS AND CIRCUMSTANCES, ESPECIALLY NON-TYPICAL FACTORS AND CIRCUMSTANCES, WHICH AFFECT THE ACHIEVED FINANCIAL RESULTS.....	21
11. INFORMATION ABOUT THE NATURE AND SCOPE OF ALL SIGNIFICANT LIMITATIONS IN THE CAPABILITIES OF SUBSIDIARIES TO FORWARD FUNDS TO THE DOMINANT ENTITY, IN THE FORM OF CASH DIVIDENDS OR REPAYMENT OF CREDITS OR LOANS.....	22
12. EXPLANATIONS CONCERNING SEASONALITY OR PERIODICITY OF THE ISSUER'S ACTIVITY DURING THE PERIOD IN QUESTION.....	22
13. INFORMATION CONCERNING THE ISSUE, PURCHASE AND REPAYMENT OF NON-EQUITY SECURITIES.....	22
14. INFORMATION ON THE TOTAL DISBURSED (DECLARED) DIVIDEND PER SHARE.....	22
15. INDICATION OF EVENTS WHICH OCCURRED AFTER THE DAY ON WHICH THE FINANCIAL STATEMENTS WERE PREPARED, NOT DISCLOSED IN THESE STATEMENTS BUT WHICH MIGHT SIGNIFICANTLY AFFECT THE ISSUER'S FUTURE FINANCIAL RESULTS.....	22
16. INFORMATION ON CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS, WHICH OCCURRED FROM THE MOMENT THE LAST FINANCIAL YEAR ENDED.....	22
17. INFORMATION ON THE APPLICATIONS OF AVERAGE PLN EXCHANGE RATES DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS AND COMPARABLE FINANCIAL DATA WITH RESPECT TO EUR, SET BY THE NATIONAL BANK OF POLAND.....	23
18. RESULTS OF CHANGES IN THE STRUCTURE OF THE BUSINESS ENTITY, INCLUDING RESULTS OF BUSINESS COMBINATIONS, ACQUISITIONS OR SALES OF ENTITIES IN THE ISSUER'S GROUP, LONG-TERM INVESTMENTS, DEMERGERS, RESTRUCTURINGS AND DISCONTINUED OPERATIONS.....	23
19. THE MANAGEMENT BOARD'S VIEW ON THE ABILITY TO DELIVER ON THE PREVIOUSLY PUBLISHED RESULT PROJECTIONS FOR THE YEAR, IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT, COMPARED TO THE PROJECTED RESULTS.....	23

20. SHAREHOLDERS HOLDING, WHETHER DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5 PER CENT OF THE OVERALL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING AS ON THE DATE OF SUBMITTING THE QUARTERLY REPORT. ....	23
21. BREAKDOWN OF THE HOLDING OF THE ISSUER'S SHARES OR RIGHTS THERETO BY MEMBERS OF THE ISSUER'S MANAGEMENT AND SUPERVISORY BOARDS AS ON THE DATE OF SUBMISSION OF THE QUARTERLY REPORT, STATING ANY CHANGES IN OWNERSHIP SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT, INDIVIDUALLY FOR EACH PERSON.....	24
22. PROCEEDINGS PENDING BEFORE A COURT, AN AUTHORITY COMPETENT TO CONDUCT ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION BODY. ....	24
23. INFORMATION ON CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE RELATED PARTY TRANSACTIONS, IF THEY ARE INDIVIDUALLY OR JOINTLY MATERIAL AND WERE CONCLUDED ON NON-MARKET TERMS.....	24
24. INFORMATION ON OVERALL CREDIT, LOAN SURETIES OR WARRANTIES GRANTED BY THE ISSUER OR ITS SUBSIDIARY TO A SINGLE ENTITY OR THAT ENTITY'S SUBSIDIARY, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR WARRANTIES CONSTITUTES AN EQUIVALENT OF AT LEAST 10 PER CENT OF THE ISSUER'S EQUITY.....	24
25. INFORMATION THAT, IN THE ISSUER'S VIEW, IS CRITICAL FOR THE ASSESSMENT OF THE STAFFING, ASSET, AND FINANCIAL SITUATION, THE FINANCIAL RESULT AND ANY CHANGES THERETO, AS WELL AS INFORMATION THAT IS CRITICAL FOR THE ASSESSMENT OF THE ISSUER'S ABILITY TO DISCHARGE ITS LIABILITIES.....	24
26. FACTORS THAT, IN THE ISSUER'S VIEW, WILL AFFECT ITS RESULTS IN THE PERSPECTIVE OF AT LEAST THE SUBSEQUENT QUARTER.....	24

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

	PLN '000		EUR '000	
	period from 1 Jan 2011 to 30 Sept 2011	period from 1 Jan 2010 to 30 Sept 2010	period from 1 Jan 2011 to 30 Sept 2011	period from 1 Jan 2010 to 30 Sept 2010
I. Net revenue from the sale of products, goods and materials	726 845	708 181	179 854	176 926
II. Profit on operating activity	78 442	79 062	19 410	19 752
III. Gross profits	73 038	72 974	18 073	18 231
IV. Net profit	58 782	76 801	14 545	19 187
V. Net operating cash flow	( 70 322)	24 285	(17 401)	6 067
VI. Net investment cash flow	(75 646)	( 46 539)	(18 718)	(11 627)
VII. Net financial cash flow	77 593	( 5 306)	19 200	(1 326)
VIII. Total net cash flow	(68 375)	( 27 560)	(16 919)	(6 885)
IX. Earnings per share (PLN/EUR)	1.53	2.00	0.38	0.50
X. Diluted earnings per share (PLN/EUR)	1.53	2.00	0.38	0.50
	PLN '000		EUR '000	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
XI. Total assets	874 608	678 222	198 270	171 255
XII. Liabilities and provisions for liabilities	444 168	255 374	100 691	64 483
XIII. Long-term liabilities	221 570	105 117	50 229	26 543
XIV. Short-term liabilities	222 598	150 257	50 462	37 941
XV. Equity	430 440	422 848	97 579	106 772
XVI. Share capital	3 840	3 840	871	970
XVII. Number of shares (units)	38 400 000	38 400 000	38 400 000	38 400 000
XVIII. Book value per share (PLN/EUR)	11.21	11.01	2.54	2.78
XIX. Diluted book value per share (PLN/EUR)	11.21	11.01	2.54	2.78
XX. Declared or disbursed dividend per share (PLN/EUR)	1.50	1.00	0.34	0.25

The financial data was converted to EUR in accordance with the following rules:

- each asset and liability: according to the average exchange rate announced by the National Bank of Poland on 30 September 2011: 1 EUR= 4.4112 and on 31 December 2010: 1 EUR= 3.9603
- each item in the global income statement and cash flow statement: according to rates which constitute the arithmetic mean of the average exchange rates announced by the National Bank of Poland on the last day of each completed month in the following reporting periods: 1 January 2011 – 30 September 2011 and 1 January 2010 – 30 September 2010, respectively:  
1 EUR = 4.0413 and 1 EUR = 4.0027.

## ABBREVIATED INTERIM CONSOLIDATED GLOBAL INCOME STATEMENT

	period from 1 July 2011 to 30 Sept 2011	period from 1 Jan 2011 to 30 Sept 2011	period from 1 July 2010 to 30 Sept 2010	period from 1 Jan 2010 to 30 Sept 2010
Revenue from sale	242 588	726 845	267 927	708 181
Manufacturing cost of products, goods and services sold	(107 562)	(321 921)	(125 456)	(324 579)
<b>Gross earnings from sale</b>	<b>135 026</b>	<b>404 924</b>	<b>142 471</b>	<b>383 602</b>
Other operating revenues	1 749	5 803	3 905	10 239
Cost of sale	(104 785)	(308 140)	(106 944)	(292 200)
Cost of general management and administration	(4 473)	(13 084)	(4 303)	(10 256)
Other operating cost	(4 636)	(11 061)	(3 968)	(12 323)
<b>Profit (loss) on operating activity</b>	<b>22 881</b>	<b>78 442</b>	<b>31 161</b>	<b>79 062</b>
Financial revenue	192	399	177	447
Financial costs	(1 861)	(5 803)	(1 889)	(6 535)
<b>Profit (loss) before tax</b>	<b>21 212</b>	<b>73 038</b>	<b>29 449</b>	<b>72 974</b>
Income tax	(4 113)	(14 256)	(5 500)	3 827
<b>Net profit (loss)</b>	<b>17 099</b>	<b>58 782</b>	<b>23 949</b>	<b>76 801</b>
<b>Other global income</b>				
Currency exchange differences from converting foreign units	1 364	1 766	(280)	(427)
<b>Total global income</b>	<b>18 463</b>	<b>60 548</b>	<b>23 669</b>	<b>76 374</b>
<b>Earnings (loss) per share</b>				
basic and diluted	PLN 0.45	PLN 1.53	PLN 0.62	PLN 2.00

Due to the lack of minority shareholders, the net profit (loss) and global income is divided among the NG2 S.A. shareholders.

## ABBREVIATED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL STANDING

	as on 30 Sept 2011	as on 31 Dec 2010	as on 30 Sept 2010
<b>Non-current assets</b>			
Other intangible assets	730	882	936
Tangible fixed assets	316 161	240 894	224 840
Long-term receivables	70	114	129
Deferred tax assets	25 433	28 069	25 849
<b>Total tangible assets</b>	<b>342 394</b>	<b>269 959</b>	<b>251 754</b>
<b>Current assets</b>			
Inventory	407 163	252 446	262 958
Trade receivables and other receivables	110 361	72 752	118 986
Cash and cash equivalents	14 690	83 065	33 335
<b>Total current assets</b>	<b>532 214</b>	<b>408 263</b>	<b>415 279</b>
<b>Total assets</b>	<b>874 608</b>	<b>678 222</b>	<b>667 033</b>
<b>Shareholders' equity</b>			
Share capital	3 840	3 840	3 840
Reserve capital from the sale of shares above their nominal value	74 586	74 586	74 586
Currency exchange on consolidation	1 449	(317)	(569)
Other capitals	7 845	3 358	1 862
Retained earnings	342 720	341 381	300 326
<b>Total shareholders' equity</b>	<b>430 440</b>	<b>422 848</b>	<b>380 045</b>
<b>Long-term liabilities</b>			
Long-term loans and bank loans	219 768	103 245	35 000
Trade liabilities and other liabilities	87	86	89
Long-term provisions	1 701	1 675	1 072
Long-term liabilities under financial leasing	14	111	66
<b>Total long-term liabilities</b>	<b>221 570</b>	<b>105 117</b>	<b>36 227</b>
<b>Short-term liabilities</b>			
Trade liabilities and other liabilities	119 601	86 770	118 532
Income tax liabilities	2 051	5 833	3 818
Short-term liabilities under financial leasing	81	136	163
Short-term loans and bank loans	72 006	46 006	127 063
Short-term provisions	1 769	3 135	1 185
Subsidies received	27 090	8 377	-
<b>Total short-term liabilities</b>	<b>222 598</b>	<b>150 257</b>	<b>250 761</b>
<b>Total liabilities</b>	<b>874 608</b>	<b>678 222</b>	<b>667 033</b>

**ABBREVIATED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Currency exchange differences on converting controlled entities	Total shareholders' equity
<b>As on 1 January 2011</b>	<b>3 840</b>	<b>74 586</b>	<b>3 358</b>	<b>341 381</b>	<b>(317)</b>	<b>422 848</b>
Result for the period from 1 January to 30 September 2011	-	-	-	58 782	-	58 782
Currency exchange differences on conversion	-	-	-	-	1 766	1 766
<b>Total global income</b>	-	-	-	<b>58 782</b>	<b>1 766</b>	<b>60 548</b>
Dividend disbursement	-	-	-	(57 600)	-	(57 600)
Employee stock option plan - value of the benefit	-	-	4 487	-	-	4 487
Other adjustments	-	-	-	157	-	157
<b>As on 30 September 2011</b>	<b>3 840</b>	<b>74 586</b>	<b>7 845</b>	<b>342 720</b>	<b>1 449</b>	<b>430 440</b>

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Currency exchange differences on converting controlled entities	Total shareholders' equity
<b>As on 1 January 2010</b>	<b>3 840</b>	<b>74 586</b>	-	<b>261 925</b>	<b>(142)</b>	<b>340 209</b>
Results for the year	-	-	-	117 856	-	117 856
Currency exchange differences on conversion	-	-	-	-	(175)	(175)
<b>Total global income</b>	-	-	-	<b>117 856</b>	<b>(175)</b>	<b>117 681</b>
Dividend disbursement	-	-	-	(38 400)	-	(38 400)
Employee stock option plan - value of the benefit	-	-	3 358	-	-	3 358
<b>As on 31 December 2010</b>	<b>3 840</b>	<b>74 586</b>	<b>3 358</b>	<b>341 381</b>	<b>(317)</b>	<b>422 848</b>

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Currency exchange differences on converting controlled entities	Total shareholders' equity
<b>As on 1 January 2010</b>	<b>3 840</b>	<b>74 586</b>	-	<b>261 925</b>	<b>(142)</b>	<b>340 209</b>
Result for the period from 1 January to 30 September 2010	-	-	-	76 801	-	76 801
Currency exchange differences on conversion	-	-	-	-	(427)	(427)
<b>Total global income</b>	-	-	-	<b>76 801</b>	<b>(427)</b>	<b>76 374</b>
Dividend disbursement	-	-	-	(38 400)	-	(38 400)
Employee stock option plan - value of the benefit	-	-	1 862	-	-	1 862
<b>As on 30 September 2010</b>	<b>3 840</b>	<b>74 586</b>	<b>1 862</b>	<b>300 326</b>	<b>(569)</b>	<b>380 045</b>

## ABBREVIATED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	period from 1 Jan 2011 to 30 Sept 2011	period from 1 Jan 2010 to 30 Sept 2010
Gross profit (loss):	73 038	72 974
Adjustments:	(143 360)	(48 689)
Depreciation	17 767	16 331
Interest and share in profits (dividends)	(353)	(628)
Currency exchange profit (loss)	1 766	(679)
Profit (loss) on investment activity	2 744	784
Cost of interest	4 902	5 129
Changes in provisions	(1 340)	(408)
Changes in inventory	(154 717)	(20 265)
Change in receivables	(37 564)	(81 311)
Changes in short-term liabilities, other than loans and borrowings	31 936	48 915
Changes in prepayments and accruals	-	-
Income tax paid	(12 988)	(18 419)
Other adjustments	4 487	1 862
<b>Net operating cash flow</b>	<b>(70 322)</b>	<b>24 285</b>
<b>Investment cash flow</b>		
Interest received	353	628
Subsidies received	18 713	-
Proceeds from the sale of tangible assets	-	-
Proceeds from loans granted to affiliates	-	10 000
Cost of loans granted to affiliates	-	(10 000)
Purchase of intangible assets	(28)	(49)
Purchase of tangible assets	(94 684)	(47 118)
<b>Net investment cash flow</b>	<b>(75 646)</b>	<b>(46 539)</b>
<b>Financial cash flow</b>		
Proceeds from incurring loans	143 262	85 507
Repayment of loans and borrowings	(739)	(47 233)
Dividends and other disbursements to owners	(57 600)	(38 400)
Payment of liabilities under financial leasing agreements	(151)	(51)
Interest paid	(7 179)	(5 129)
<b>Net financial cash flow</b>	<b>77 593</b>	<b>(5 306)</b>
<b>Total cash flow</b>	<b>(68 375)</b>	<b>(27 560)</b>
Net increase (decrease) in cash and cash equivalents	(68 375)	(27 560)
Cash and cash equivalents at the beginning of the period	83 065	60 895
<b>Cash and cash equivalents at the end of the period</b>	<b>14 690</b>	<b>33 335</b>



## SELECTED INDIVIDUAL FINANCIAL INFORMATION

	PLN '000		EUR '000	
	period from 1 Jan 2011 to 30 Sept 2011	period from 1 Jan 2010 to 30 Sept 2010	period from 1 Jan 2011 to 30 Sept 2011	period from 1 Jan 2010 to 30 Sept 2010
I. Net revenue from the sale of products, goods and materials	694 870	691 018	171 942	172 638
II. Profit on operating activity	50 268	75 395	12 439	18 836
III. Gross profits	43 818	69 297	10 843	17 313
IV. Net profit	33 673	55 083	8 332	13 761
V. Net operating cash flow	(78 556)	15 035	(19 438)	3 756
VI. Net investment cash flow	(78 296)	(41 708)	(19 374)	(10 420)
VII. Net financial cash flow	95 324	(1 332)	23 587	(333)
VIII. Total net cash flow	(61 528)	(28 005)	(15 225)	(6 997)
IX. Earnings per share (PLN/EUR)	0.88	1.43	0.22	0.36
X. Diluted earnings per share (PLN/EUR)	0.88	1.43	0.22	0.36
	PLN '000		EUR '000	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
XI. Total assets	828 217	639 381	187 753	161 448
XII. Liabilities and provisions for liabilities	511 000	302 881	115 841	76 479
XIII. Long-term liabilities	221 264	104 774	50 160	26 456
XIV. Short-term liabilities	289 736	198 107	65 682	50 023
XV. Equity	317 217	336 500	71 912	84 968
XVI. Share capital	3 840	3 840	871	970
XVII. Number of shares (units)	38 400 000	38 400 000	38 400 000	38 400 000
XVIII. Book value per share (PLN/EUR)	8.26	8.76	1.87	2.21
XIX. Diluted book value per share (PLN/EUR)	8.26	8.76	1.87	2.21
XX. Declared or disbursed dividend per share (PLN/EUR)	1.50	1.00	0.34	0.25

The financial data was converted to EUR in accordance with the following rules:

- each asset and liability: according to the average exchange rate announced by the National Bank of Poland on 30 September 2011: 1 EUR= 4.4112 and on 31 December 2010: 1 EUR= 3.9603
- each item in the global income statement and cash flow statement: according to rates which constitute the arithmetic mean of the average exchange rates announced by the National Bank of Poland on the last day of each completed month in the following reporting periods: 1 January 2011 – 30 September 2011 and 1 January 2010 – 30 September 2010, respectively:  
1 EUR = 4.0413 and 1 EUR = 4.0027.

## ABBREVIATED INTERIM GLOBAL INCOME STATEMENT

	period from 1 July 2011 to 30 Sept 2011	period from 1 Jan 2011 to 30 Sept 2011	period from 1 July 2010 to 30 Sept 2010	period from 1 Jan 2010 to 30 Sept 2010
Revenue from sale	234 764	694 870	261 290	691 018
Manufacturing cost of products, goods and services sold	(117 819)	(340 819)	(132 664)	(336 584)
<b>Gross earnings from sale</b>	<b>116 945</b>	<b>354 051</b>	<b>128 626</b>	<b>354 434</b>
Other operating revenue	1 720	5 661	4 106	10 156
Cost of sale	(99 221)	(294 114)	(103 317)	(277 022)
Cost of general management and administration	(1 981)	(5 860)	(2 122)	(3 876)
Other operating cost	(4 070)	(9 470)	(3 061)	(8 297)
<b>Profit (loss) on operating activity</b>	<b>13 393</b>	<b>50 268</b>	<b>24 232</b>	<b>75 395</b>
Financial revenue	89	256	242	401
Financial costs	(2 341)	(6 706)	(2 131)	(6 499)
<b>Profit (loss) before tax</b>	<b>11 141</b>	<b>43 818</b>	<b>22 343</b>	<b>69 297</b>
Income tax	(2 575)	(10 145)	(4 557)	(14 214)
<b>Net profit (loss)</b>	<b>8 566</b>	<b>33 673</b>	<b>17 786</b>	<b>55 083</b>
Other global income	-	-	-	-
<b>Total global income</b>	<b>8 566</b>	<b>33 673</b>	<b>17 786</b>	<b>55 083</b>
<b>Earnings (loss) per share</b> basic and diluted	PLN 0.22	PLN 0.88	PLN 0.46	PLN 1.43

## ABBREVIATED INTERIM STATEMENT OF FINANCIAL STANDING

	as on 30 Sept 2011	as on 31 Dec 2010	as on 30 Sept 2010
<b>Non-current assets</b>			
Other intangible assets	374	506	554
Tangible fixed assets	261 330	186 689	170 623
Long-term investments	55 272	49 762	44 768
Long-term receivables	70	114	129
Deferred tax assets	2 132	3 989	1 845
<b>Total tangible assets</b>	<b>319 178</b>	<b>241 060</b>	<b>217 919</b>
<b>Current assets</b>			
Inventory	376 781	237 455	248 509
Trade receivables and other receivables	122 543	89 623	144 195
Cash and cash equivalents	9 715	71 243	25 019
<b>Total current assets</b>	<b>509 039</b>	<b>398 321</b>	<b>417 723</b>
<b>Total assets</b>	<b>828 217</b>	<b>639 381</b>	<b>635 642</b>
<b>Shareholders' equity</b>			
Share capital	3 840	3 840	3 840
Reserve capital from the sale of shares above their nominal value	74 586	74 586	74 586
Other capitals	7 845	3 358	1 862
Retained earnings	230 946	254 716	223 907
<b>Total shareholders' equity</b>	<b>317 217</b>	<b>336 500</b>	<b>304 195</b>
<b>Long-term liabilities</b>			
Long-term loans and bank loans	219 768	103 245	35 000
Liabilities under retirement payments and service anniversary awards	1 482	1 482	683
Long-term liabilities under financial leasing	14	47	66
<b>Total long-term liabilities</b>	<b>221 264</b>	<b>104 774</b>	<b>35 749</b>
<b>Short-term liabilities</b>			
Trade liabilities and other liabilities	173 206	140 086	164 877
Income tax liabilities	436	3 431	2 618
Short-term liabilities under financial leasing	47	62	61
Short-term loans and bank loans	87 250	43 261	127 007
Short-term provisions	1 707	2 890	1 135
Subsidies received	27 090	8 377	-
<b>Total short-term liabilities</b>	<b>289 736</b>	<b>198 107</b>	<b>295 698</b>
<b>Total liabilities</b>	<b>828 217</b>	<b>639 381</b>	<b>635 642</b>

**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
<b>As on 1 January 2011</b>	<b>3 840</b>	<b>74 586</b>	<b>3 358</b>	<b>254 716</b>	<b>336 500</b>
Result for the period from 1 January to 30 September 2011	-	-	-	33 673	<b>33 673</b>
<b>Total global income</b>	-	-	-	<b>33 673</b>	<b>33 673</b>
Dividend disbursement	-	-	-	(57 600)	<b>(57 600)</b>
Employee stock option plan - value of the benefit	-	-	4 487	-	<b>4 487</b>
Other adjustments	-	-	-	157	<b>157</b>
<b>As on 30 September 2011</b>	<b>3 840</b>	<b>74 586</b>	<b>7 845</b>	<b>230 946</b>	<b>317 217</b>

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

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Total shareholders' equity
<b>As on 1 January 2010</b>	<b>3 840</b>	<b>74 586</b>	-	<b>207 224</b>	<b>285 650</b>
Result for the period from 1 January to 30 September 2010	-	-	-	55 083	<b>55 083</b>
<b>Total global income</b>	-	-	-	<b>55 083</b>	<b>55 083</b>
Dividend disbursement	-	-	-	(38 400)	<b>(38 400)</b>
Employee stock option plan - value of the benefit	-	-	1 862	-	<b>1 862</b>
<b>As on 30 September 2010</b>	<b>3 840</b>	<b>74 586</b>	<b>1 862</b>	<b>223 907</b>	<b>304 195</b>

## ABBREVIATED INTERIM CASH FLOW STATEMENT

	period from 1 Jan 2011 to 30 Sept 2011	period from 1 Jan 2010 to 30 Sept 2010
Gross profits	43 818	69 297
Adjustments:	(122 374)	(54 262)
Depreciation	14 929	13 679
Interest and share in profits (dividends)	(337)	(495)
Profit (loss) on investment activity	2 733	896
Cost of interest	5 264	4 908
Changes in provisions	(1 183)	(271)
Changes in inventory	(139 326)	(14 847)
Changes in receivables	(32 875)	(83 138)
Changes in short-term liabilities, other than loans and borrowings	35 580	41 716
Other adjustments	5 066	2 440
Income tax paid	(12 225)	(19 150)
<b>Net operating cash flow</b>	<b>(78 556)</b>	<b>15 035</b>
<b>Investment cash flow</b>		
Interest received	337	495
Subsidies received	18 713	-
Proceeds from the sale of tangible assets	291	25
Purchase of shares in subsidiaries	-	(892)
Investments into share capital increases in subsidiaries	(6 089)	(6 031)
Purchase of intangible assets	(28)	(44)
Purchase of tangible assets	(91 520)	(35 261)
<b>Net investment cash flow</b>	<b>(78 296)</b>	<b>(41 708)</b>
<b>Financial cash flow</b>		
Proceeds from incurring loans	160 512	77 007
Repayment of loans and borrowings	-	(34 980)
Dividends and other disbursements to owners	(57 600)	(38 400)
Payment of liabilities under financial leasing agreements	(47)	(51)
Interest paid	(7 541)	(4 908)
<b>Net financial cash flow</b>	<b>95 324</b>	<b>(1 332)</b>
<b>Total cash flow</b>	<b>(61 528)</b>	<b>(28 005)</b>
Net increase (decrease) in cash and cash equivalents	(61 528)	(28 005)
Cash and cash equivalents at the beginning of the period	71 243	53 024
<b>Cash and cash equivalents at the end of the period</b>	<b>9 715</b>	<b>25 019</b>

## ADDITIONAL INFORMATION ON THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2011

**Name of the Dominant Entity:** NG2 Spółka Akcyjna

**Registered office of the Dominant Entity:** Polkowice

**Address:** ul. Strefowa 6, 59-101 Polkowice

**Telephone:** +48 (76) 845 84 00

**Fax:** +48 (76) 845 84 31

**Email:** [ng2@ng2.pl](mailto:ng2@ng2.pl)

**Website:** [www.ng2.pl](http://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 Group'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.

### 1. Structure of the Issuer's Group and consolidated entities.

As on 30 September 2011, the NG2 Capital Group was composed of:

- a) the dominant entity NG2 S.A. with its registered office in Polkowice,
- b) subsidiaries:
  - CCC FACTORY Sp. z o.o. with its registered office in Polkowice,
  - CCC BOTY CZECH s.r.o with its registered office in Prague (Czech Republic),
  - NG2 Suisse S.a.r.l. with its registered office in Zug (Switzerland),
  - Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968) in the USA.

NG2 S.A. holds all of the shares in the capital of the above companies and all of the shares in the overall number of votes of the Companies.

**Table 1. Entities comprising the NG2 S.A. Capital Group as on 30.09.11**

Subsidiaries of NG2 S.A.	Registered office/Country	Percentage share in the entity's capital	Consolidation
CCC Factory Sp. z o.o.	Polkowice, Poland	100	full
CCC Boty Czech s.r.o.	Prague, Czech Republic	100	full
NG2 Suisse S.a.r.l	Zug, Switzerland	100	full
Kontynentalny Fundusz Powierniczy nr 968 (Continental Trust Fund No. 968)	USA	100	-

## **2. Basis for Preparation.**

The NG2 S.A. Capital Group presents abbreviated interim consolidated financial statements for the period of three quarters of 2011 started on 1 January 2011 and ended on 30 September 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.

## **3. Basis for consolidation.**

The consolidated financial statements contain the statement of the dominant entity of NG2 S.A. and the statements of the subsidiaries.

The subsidiaries are consolidated in the period from the date of assumption of control by the Group to the date of cessation of control.

All entities comprising the Capital Group were under control during the entire reporting period. Any transactions, balances, revenues and costs between the consolidated subsidiaries are subject to consolidation exemptions

The Continental Trust Fund does not produce financial reports as it is not required under US law. However, as a Trustee, at the Beneficiary's request, it will confirm in writing the type of assets turned over for management. The measurement of assets will be carried out in accordance with the provisions in force in the Beneficiary's jurisdiction, i.e. in accordance with the laws of Poland.

## **4. Functional currency and currency of the financial statements.**

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

## **5. Accounting principles applied.**

The accounting principles applied by the NG2 S.A. Group companies did not change in comparison to those applied in the financial statements for the financial year from 1 January to 31 December 2010.

## **6. Reporting segments.**

### ***Identifying operating segments***

Operating segments are presented consistently with internal reporting 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. The NG2 S.A. Group defines two reporting segments in its business ("retail business", "franchise and other business") in accordance with IFRS 8 "Operating Segments". In the segments above, the NG2 S.A. Group 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. The NG2 S.A. Capital Group carries out sales in its own locations in Poland and the Czech Republic, 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) to entities outside of the NG2 S.A. Capital Group. Sale is carried out through NG2 S.A. and CCC Factory Sp. z o.o. 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 (re invoicing 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. Group companies prepare their financial statements. The Group assesses the performance of each segment on the basis of the profit or loss on operations before tax.

**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 01.01.11 to 30.09.11	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale	646 786	80 059	-	726 845
- obtained in Poland	590 971	79 051	-	670 022
- obtained outside of Poland	55 815	1 008	-	56 823
Prime cost of sale	(265 711)	(56 210)	-	(321 921)
<b>Gross earnings from sale</b>	<b>381 075</b>	<b>23 849</b>	-	<b>404 924</b>
Cost of sales and management	(316 010)	(5 511)	297	(321 224)
Balance of other earnings and operating costs	(4 699)	(559)	-	(5 258)
<b>Operating profit</b>	<b>60 366</b>	<b>17 779</b>	<b>297</b>	<b>78 442</b>
Balance of earnings and financial costs	(4 680)	(724)	-	(5 404)
<b>Profit before tax</b>	<b>55 686</b>	<b>17 055</b>	<b>297</b>	<b>73 038</b>
Income tax			(14 256)	(14 256)
<b>Net profit</b>				<b>58 782</b>
<b>Net profit disclosed in the consolidated statement of global income</b>				<b>58 782</b>
Assets	565 073	158 820	150 715	874 608
Tangible assets under IFRS 8	273 160	43 731	-	316 891
- in Poland	254 943	43 463	-	298 406
- outside of Poland	18 217	268	-	18 485
Earnings from interest	-	-	137	137
Cost of interest	4 240	654	8	4 902
Depreciation	11 806	1 658	4 303	17 767



period from 1 January 2010 to 30.09.10	Franchise business	Franchise and other business	Unassigned items	Total
Revenue from sale	623 862	84 319	-	708 181
- obtained in Poland	579 729	83 639	-	663 368
- obtained outside of Poland	44 133	680	-	44 813
Prime cost of sale	(268 174)	(56 405)	-	(324 579)
<b>Gross earnings from sale</b>	<b>355 688</b>	<b>27 914</b>	-	<b>383 602</b>
Cost of sales and management	(296 253)	(6 226)	23	(302 456)
Balance of other earnings and operating costs	(659)	(1 425)	-	(2 084)
<b>Operating profit</b>	<b>58 776</b>	<b>20 263</b>	<b>23</b>	<b>79 062</b>
Balance of earnings and financial costs	(4 739)	(1 349)	-	(6 088)
<b>Profit before tax</b>	<b>54 037</b>	<b>18 914</b>	<b>23</b>	<b>72 974</b>
Income tax			3 827	3 827
<b>Net profit</b>				<b>76 801</b>
<b>Net profit disclosed in the consolidated statement of global income</b>				<b>76 801</b>
Assets	418 870	98 898	149 266	667 033
Tangible assets under IFRS 8	203 832	21 944	-	225 776
- in Poland	188 624	21 676	-	210 300
- outside of Poland	15 208	268	-	15 476
Earnings from interest	-	-	235	235
Cost of interest	4 174	724	231	5 129
Depreciation	10 796	1 679	3 856	16 331

**Disclosures of information concerning the entity.** The NG2 S.A. Group 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, the NG2 S.A. Group does not disclose individually any information about the revenue from the sale of products and services to external customers.

In the statements, the NG2 S.A. Group presents information about revenues received from external customers by geographic area, as well as information about fixed assets other than financial instruments, and deferred tax assets by geographic area.

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 the NG2 S.A. Group.

from 01.01.11 to 30.09.11	Poland	Czech Republic	Switzerland	TOTAL
Earnings from sale	670 022	55 815	1 008	726 845
Tangible assets other than financial instruments	298 406	18 217	268	316 891
Deferred tax assets	3 960	3 876	17 597	25 433

from 1 January 2010 to 30.09.10	Poland	Czech Republic	Switzerland	TOTAL
Earnings from sale	663 368	44 133	680	708 181
Tangible assets other than financial instruments	210 300	15 208	268	225 776
Deferred tax assets	3 754	3 682	18 413	25 849

**7. Explanatory notes to the interim consolidated statement of the financial standing and the interim consolidated global income statement.**

Provisions	Provisions for warranty repairs	Provisions for employee benefits	Total
	PLN'000	PLN'000	PLN'000
<b>As on 1 January 2010</b>	<b>1 764</b>	<b>901</b>	<b>2 665</b>
Changes due to currency exchange differences	6	9	15
Establishment of provisions	227	-	227
Liquidation of the provisions	423	227	650
Utilisation of the provisions	-	-	-
<b>As on 30 September 2010</b>	<b>1 574</b>	<b>683</b>	<b>2 257</b>
Provisions up to 1 year	1 185	-	1 185
Provisions for more than 1 year	389	683	1 072

Provisions	Provisions for warranty repairs	Provisions for employee benefits	Total
	PLN'000	PLN'000	PLN'000
<b>As on 1 January 2011</b>	<b>3 328</b>	<b>1 482</b>	<b>4 810</b>
Changes due to currency exchange differences	26	-	26
Establishment of provisions	500	-	500
Liquidation of the provisions	1 866	-	1 866
Utilisation of the provisions	-	-	-
<b>As on 30 September 2011</b>	<b>1 988</b>	<b>1 482</b>	<b>3 470</b>
Provisions up to 1 year	1 769	-	1 769
Provisions for more than 1 year	219	1 482	1 701

Deferred tax provision	30.09.2011	30.09.2010
Accelerated tax depreciation	568	413
Computed interest	21	32
<b>Total</b>	<b>589</b>	<b>445</b>

Deferred tax assets	30.09.2011	30.09.2010
Costs after the balance sheet date	191	302
Provisions for liabilities	1 463	1 264
Depreciation of assets	766	653
Adjustment of margin on inventory	1 882	2 761
Tax losses	4 105	2 891
Valuation of trade marks	17 597	18 413
Other	18	10
<b>Total</b>	<b>26 022</b>	<b>26 294</b>

Changes in write-downs on short-term receivables	30.09.2011	30.09.2010
As at the beginning of the period	1 294	1 978
a) increase	14	234
b) decrease	714	221
<b>As at the end of the period</b>	<b>594</b>	<b>1 991</b>

Changes in write-downs on inventory	30.09.2011	30.09.2010
As at the beginning of the period	3 843	530
a) increase	-	-
b) decrease	3 386	806
<b>As at the end of the period</b>	<b>457</b>	<b>(276)</b>

The Group adjusted its reporting periods as set out below:

Title	Adjustment of previous reporting periods	30.09.2010	
		Dr	Cr
Presentation of provisions for costs after the balance sheet date	Other operating revenue	2 915	-
	Cost of sale	-	1 531
	Other operating cost	-	1 384
Compensation of provisions for liabilities	Other operating revenue	6 795	-
	Other operating cost	-	6 795
Presentation of provisions for holidays	Cost of sale	667	-
	Other operating cost	-	667
Change of the method of measurement of a subsidiary	Revenue from sale	15	-
	Cost of sale	12	-
	Other operating cost	-	61
	Financial costs	-	643
	Income tax	-	24
	Deferred tax assets	-	2 472
	Trade receivables and other receivables	194	-
	Currency exchange on consolidation	2 979	-
Retained earnings	-	701	

**8. Explanatory notes to the abbreviated statement of the financial standing and the interim abbreviated income statement.**

Provisions	Provisions for warranty repairs	Provisions for employee benefits	Total
	PLN'000	PLN'000	PLN'000
<b>As on 1 January 2010</b>	<b>1 406</b>	<b>683</b>	<b>2 089</b>
Establishment of provisions	-	-	-
Liquidation of the provisions	271	-	271
Utilisation of the provisions	-	-	-
<b>As on 30 September 2010</b>	<b>1 135</b>	<b>683</b>	<b>1 818</b>
Provisions up to 1 year	1 135	-	1 135
Provisions for more than 1 year	-	683	683

Provisions	Provisions for warranty repairs	Provisions for employee benefits	Total
	PLN'000	PLN'000	PLN'000
<b>As on 1 January 2011</b>	<b>2 890</b>	<b>1 482</b>	<b>4 372</b>
Establishment of provisions	500	-	500
Liquidation of the provisions	1 683	-	1 683
Utilisation of the provisions	-	-	-
<b>As on 30 September 2011</b>	<b>1 707</b>	<b>1 482</b>	<b>3 189</b>
Provisions up to 1 year	1 707	-	1 707
Provisions for more than 1 year	-	1 482	1 482

Deferred tax provision	30.09.2011	30.09.2010
Accelerated tax depreciation	220	272
Computed interest	21	32
<b>Total</b>	<b>241</b>	<b>304</b>

Deferred tax assets	30.09.2011	30.09.2010
Costs after the balance sheet date	190	222
Provisions for liabilities	1 406	1 264
Depreciation of assets	759	653
Other	18	10
<b>Total</b>	<b>2 373</b>	<b>2 149</b>

Changes in write-downs on short-term receivables	30.09.2011	30.09.2010
As at the beginning of the period	878	1 427
a) increase	1	234
b) decrease	298	221
<b>As at the end of the period</b>	<b>581</b>	<b>1 440</b>

Changes in write-downs on inventory	30.09.2011	30.09.2010
As at the beginning of the period	3 819	496
a) increase	-	-
b) decrease	3 385	797
<b>As at the end of the period</b>	<b>434</b>	<b>(301)</b>

The Company adjusted its reporting periods as set out below:

Title	Adjustment of previous reporting periods	30.09.2010	
		Dr	Cr
Presentation of provisions for costs after the balance sheet date	Other operating revenue	2 915	-
	Cost of sale	-	1 531
	Other operating cost	-	1 384
Compensation of provisions for liabilities	Other operating revenue	6 795	-
	Other operating cost	-	6 795
Presentation of provisions for holidays	Cost of sale	667	-
	Other operating cost	-	667
Presentation of licencing costs	Cost of sale	6 326	-
	Other operating cost	-	6 326

**9. Concise description of significant achievements or failures of the Issuer during the period which the report concerns, together with a list of the most important events related to them.**

In the third quarter of 2011 the NG2 Capital Group noted:

- a drop in the revenue from sale by 9.5 per cent with respect to the third quarter of 2010 (cumulatively an increase in revenue from sale by 2.6 per cent with respect to an analogical period of 2010)
- a drop in net result by 28.6 per cent with respect to the third quarter of 2010 (cumulatively a drop in net profit by 23.5 per cent with respect to an analogical period of 2010)
- strengthening of the Company's image and further development of CCC, QUAZI, BOTI retail stores.

As on 30 September 2011, the NG2 S.A. Group's sales network comprised 705 locations, which included:

- 283 CCC retail stores in Poland (267 - as on 30.09.2010),
- 39 QUAZI boutiques (48 boutiques as on 30.09.10),
- 220 own BOTI stores (225 stores as on 30.09.10),
- 49 CCC retail stores in the Czech Republic (41 - as on 30.09.2010)
- 114 franchise stores – including 64 BOTI stores, 48 CCC stores in Poland and 2 CCC stores in Russia (124 stores, including 63 BOTI stores – as on 30.09.2010)

The retail space in its own shops located in Poland increased to 130.800 sq. m (123.300 sq. m as on 30.09.2010), i.e. by 6.08 per cent in comparison to a 2.82 per cent drop in the franchise space (from 20.700 sq. m - as on 30.09.2011 to 21.300 sq. m as on 30.09.2010).

**10. Description of the factors and circumstances, especially non-typical factors and circumstances, which affect the achieved financial results.**

In the period covered by this report there were no non-typical occurrences that would significantly affect the achieved financial results.

**11. Information about the nature and scope of all significant limitations in the capabilities of subsidiaries to forward funds to the dominant entity, in the form of cash dividends or repayment of credits or loans.**

To the knowledge of the Management Board of the dominant entity there are no significant limitations in the capabilities of the subsidiaries to forward funds to the dominant entity.

**12. Explanations concerning seasonality or periodicity of the Issuer's activity during the period in question.**

In the case of NG2 Group companies, we are dealing with seasonal sales. The seasonality of NG2 Group'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.

**13. Information concerning the issue, purchase and repayment of non-equity securities.**

The above occurrences did not take place in the reporting period in question.

**14. Information on the total disbursed (declared) dividend per share.**

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 57.600.000.00. The amount of dividend per one share is PLN 1.50. 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.

**15. Indication of events which occurred after the day on which the financial statements were prepared, not disclosed in these statements but which might significantly affect the Issuer's future financial results.**

Not applicable.

**16. Information on changes in contingent liabilities or contingent assets, which occurred from the moment the last financial year ended.**

The changes in the contingent liabilities and assets are described in the following table.

	30.09.2011	31.12.2010	change 2011/2010 (value-wise)
1) guarantees and securities received	33 800	34 800	(1 000)
<b>Total contingent assets</b>	<b>33 800</b>	<b>34 800</b>	<b>(1 000)</b>
1) customs bonds	8 500	22 500	(14 000)
2) other forms of security	29 762	30 221	(459)
3) security extended	7 000	7 000	(1 326)
<b>Total contingent liabilities</b>	<b>45 262</b>	<b>59 721</b>	<b>(15 785)</b>

Customs bonds provide a security for the repayment of customs receivables due to the Group'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 dominant entity 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 dominant entity did not meet this requirement in the reporting period. As on the balance sheet date, the dominant entity was utilising the overdraft facility extended to it by BRE Bank SA in the amount of PLN 44.994.000 and had used up an investment loan of PLN 25.181.000.

**17. Information on the applications of average PLN exchange rates during the period covered by the financial statements and comparable financial data with respect to EUR, set by the National Bank of Poland.**

Period	Average exchange rate during the period	Minimum exchange rate during the period	Maximum exchange rate during the period	Exchange rate as on the last day of the period
01.01 – 30.09.2011	4,0413	4.4900	3.8403	4.4112
01.01 – 30.09.2010	4.0027	3.8356	4.1770	3.9870

The financial data was converted to EUR in accordance with the following rules:

- each asset and liability: according to the average exchange rate announced by the National Bank of Poland on 30 September 2011: 1 EUR= 4.4112 and on 31 December 2010: 1 EUR= 3.9603
- each item in the global income statement and cash flow statement: according to rates which constitute the arithmetic mean of the average exchange rates announced by the National Bank of Poland on the last day of each completed month in the following reporting periods: 1 January 2011 – 30 September 2011 and 1 January 2010 – 30 September 2010, respectively:  
1 EUR = 4.0413 and 1 EUR = 4.0027.

**18. Results of changes in the structure of the business entity, including results of business combinations, acquisitions or sales of entities in the Issuer's Group, long-term investments, demergers, restructurings and discontinued operations.**

Not applicable.

**19. The Management Board's view on the ability to deliver on the previously published result projections for the year, in the light of the results presented in the quarterly report, compared to the projected results.**

No 2011 projections were published.

**20. Shareholders holding, whether directly or indirectly through subsidiaries, at least 5 per cent of the overall number of votes at the Issuer's General Meeting as on the date of submitting the quarterly report.**

No changes in the ownership of major blocks of the Issuer's shares since the submission of the previous quarterly report.

Shareholder	Number of shares held (quantity)	Percentage share in the share capital	Number of votes at the General Meeting (quantity)	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 date of preparing the Q3 2011 statements, the Company did not have any information about any other shareholders holding at least 5 per cent of the votes at the General Meeting of Shareholders.

**21. Breakdown of the holding of the Issuer's shares or rights thereto by members of the Issuer's management and supervisory boards as on the date of submission of the quarterly report, stating any changes in ownership since the submission of the previous quarterly report, individually for each person.**

To the Issuer's best knowledge, the holding of shares by members of its management and supervisory boards is as follows:

Position/function name and surname*	Shares held as on the date of submitting the report Q Sr – III/2011	Shares held as on the date of submitting the report for PS – I/2011
Management Board President - Dariusz Miłek*	4 750 000	4 750 000
Vice-President of the Management Board - Mariusz Gnych	120 000	120 000

\*Mr. Dariusz Miłek is also the dominant entity at Luxprofi S.a.r.l., which, as on the date of submitting the report QSr- III/2011, held 10.610.000 shares in NG2 S.A.

**22. Proceedings pending before a court, an authority competent to conduct arbitration proceedings or a public administration body.**

The companies of the NG2 S.A. Group are not a party to any court proceedings in which the value of the subject of dispute would exceed 10 per cent of the Company's own funds.

**23. Information on conclusion by the Issuer or its subsidiary of one or more related party transactions, if they are individually or jointly material and were concluded on non-market terms.**

Not applicable.

**24. Information on overall credit, loan sureties or warranties granted by the Issuer or its subsidiary to a single entity or that entity's subsidiary, if the total value of the existing sureties or warranties constitutes an equivalent of at least 10 per cent of the Issuer's equity.**

Not applicable.

**25. Information that, in the Issuer's view, is critical for the assessment of the staffing, asset, and financial situation, the financial result and any changes thereto, as well as information that is critical for the assessment of the Issuer's ability to discharge its liabilities.**

The financial statements contain fundamental information important for the assessment of the standing of the NG2 Capital Group. The Management Board believes that there are currently no threats to the Group's ability to discharge its liabilities.

**26. Factors that, in the Issuer's view, will affect its results in the perspective of at least the subsequent quarter.**

In the Issuer's view, the major factors that will affect its performance in the near future are:

- 1) volume of sales completed and margins generated,
- 2) continued expansion of the NG2's sales network,
- 3) weather conditions,
- 4) currency exchange rates.



The abbreviated interim consolidated financial statements of the NG2 S.A. Capital Group were approved for publication by the Management Board of the dominant entity on 10 November 2011 and signed on behalf of the Management Board by:

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

*Polkowice, 10 November 2011*