



INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENT  
OF NG2 S.A. GROUP  
FOR 01.10.2010 – 31.12.2010

## FINANCIAL CONSOLIDATED HIGHLIGHTS

	('000) PLN		('000) EUR	
	from	from	from	from
	01 Jan 2010 to 31 Dec 2010	01 Jan 2009 to 31 Dec 2009	01 Jan 2010 to 31 Dec 2010	01 Jan 2009 to 31 Dec 2009
I. Sales revenue	1 029 605	922 408	257 118	212 507
II. Operating profit / (loss)	133 532	108 159	33 346	24 918
III. Profit / (loss) before tax	126 366	99 677	31 557	22 964
IV. Net / (loss) profit	120 583	83 603	30 113	19 261
V. Cash flow from operating activity	53 525	124 659	13 367	28 719
VI. Cash flow from investing activity	(62 762)	(44 838)	(15 673)	(10 330)
VII. Cash flow from financing activity	23 013	(34 284)	5 747	(7 898)
VIII. Total net cash flow	13 776	45 537	3 440	10 491
IX. Basic earnings per share (PLN/ EUR)	3,14	2,18	0,78	0,50
X. Diluted earnings per share (PLN/ EUR)	3,14	2,18	0,78	0,50
	('000) PLN		('000) EUR	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
XI. Total assets	683 571	551 125	172 606	134 152
XII. Total liabilities	253 689	210 916	64 058	51 340
XIII. Long-term liabilities	36 161	81 361	9 131	19 805
XIV. Short-term liabilities	217 528	129 555	54 927	31 536
XV. Equity	429 882	340 209	108 548	82 812
XVI. Share capital	3 840	3 840	970	935
XVII. Shares quantity	38 400 000	38 400 000	38 400 000	38 400 000
XVIII. Share book value (PLN/EUR)	11,19	8,86	2,83	2,16
XIX. Diluted share value (PLN/EUR)	11,19	8,86	2,83	2,16
XX. Declared Or paid dividends per share (PLN/EUR)	1,00	1,00	0,24	0,24

The financial data denominated in EUR regarding to the following principles:

- particular positions of assets and liabilities according to the average EUR/PLN exchange rates announced by National Bank of Poland on 31.12.2010 – 1 EUR=3.9603 and 31.12.2009 – 1 EUR=4.1082;

- particular positions of statement comprehensive and cash flow according to the arithmetic average EUR/PLN exchange rates announced by National Bank of Poland on the last day of every month in the following reporting periods: 01.01.2010 – 31.12.2010 and 01.01.2009 – 31.12.2009, 1 EUR=4.0044 and 1 EUR=4.3406 respectively.

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Period from 01 Oct 2010 to 31 Dec 2010	Period from 01 Jan 2010 to 31 Dec 2010	Period from 01 Oct 2009 to 31 Dec 2009	Period from 01 Jan 2009 to 31 Dec 2009
Sales revenue	321 409	1 029 605	270 381	922 408
Cost of sales	(144 893)	(469 472)	(119 909)	(441 206)
<b>Gross profit /(loss) on sales</b>	<b>176 516</b>	<b>560 133</b>	<b>150 472</b>	<b>481 202</b>
Other operating income	1 918	21 867	7 039	21 705
Selling costs	(109 184)	(402 236)	(101 358)	(361 448)
General and administrative costs	(4 384)	(14 640)	(4 293)	(13 133)
Other operating expenses	(10 362)	(31 592)	(6 022)	(20 167)
<b>Operating profit /(loss)</b>	<b>54 504</b>	<b>133 532</b>	<b>45 838</b>	<b>108 159</b>
Financial income	26	474	301	859
Financial expenses	(462)	(7 640)	(2 379)	(9 341)
<b>Profit /(loss) before tax</b>	<b>54 068</b>	<b>126 366</b>	<b>43 760</b>	<b>99 677</b>
Corporate income tax	(9 585)	(5 783)	(6 711)	(16 074)
Net loss from abandoned activities				
<b>Net profit / (loss)</b>	<b>44 483</b>	<b>120 583</b>	<b>37 049</b>	<b>83 603</b>
<b>Other comprehensive income:</b>				
Currency translation differences	1 580	4 132	(160)	(151)
<b>Total comprehensive income</b>	<b>46 063</b>	<b>124 715</b>	<b>36 889</b>	<b>83 452</b>
<b>Profit attributable to:</b>				
Shareholders	<b>46 063</b>	<b>124 715</b>	<b>36 889</b>	<b>83 452</b>
Minority interests				
<b>Earning per share:</b>				
Basic and diluted	1,16	3,14	0,96	2,18

Due to the fact that no non-controlling interests are stated, net profit and comprehensive income are attributable to the shareholders of NG2 S.A.

**INTERIM CONSOLIDATED BALANCE SHEET**

	At on 31 December 2010	At on 31 December 2009
<b>Non-current Assets</b>		
Other intangible Assest	882	1 073
Property, land and equipment	240 896	202 591
Long-term receivebles	114	174
Deferred income tax assets	30 707	6 070
<b>Total Non-current Assets</b>	<b>272 599</b>	<b>209 908</b>
<b>Current Assets</b>		
Inventories	251 846	242 693
Trade and other receivebles	76 078	37 629
Cash and cash equivalentents	83 048	60 895
<b>Total Current Assets</b>	<b>410 972</b>	<b>341 217</b>
<b>Total Assets</b>	<b>683 571</b>	<b>551 125</b>
<b>Equity</b>		
Share capital	3 840	3 840
Other capital reserves	74 586	74 586
Share Premium	3 358	
Retained profit/(deficit)	344 108	261 925
Foreign Exchange gain/loses from consolidation	3 990	(142)
<b>Razem kapitały własne</b>	<b>429 882</b>	<b>340 209</b>
<b>Long term liabilities</b>		
Interest bearing loans and borrowings	34 352	80 000
Provision under retirement payments and service anniversary awards	1 482	901
Long-term provision	193	155
Long-term lease liabilities	47	216
Liabilities Trade and other payables	87	89
<b>Total long-term liabilities</b>	<b>36 161</b>	<b>81 361</b>
<b>Short-term liabilities</b>		
Trade and other account payable	86 066	81 297
Short-term income tax payable	5 834	6 536
Short-term lease payable	126	127
Interest bearing loans and borrowings	114 973	39 986
Subsidy received	8 377	
Short-term provisions	2 152	1 609
<b>Total short-term liabilities</b>	<b>217 528</b>	<b>129 555</b>
<b>Total equity and liabilities</b>	<b>683 571</b>	<b>551 125</b>

**INTERIM CONSOLIDATED OFF BALANCE SHEET ITEMS**

<b>CONSOLIDATED OFF BALANCE SHEET ITEMS</b>	As on 2010-12-31	As on 2009-12-31
<b>I. RECEIVABLES</b>	<b>34 800</b>	<b>40 450</b>
<b>1. Other receivables</b>	<b>34 800</b>	<b>40 450</b>
1.1. from other undertakings(relative to)	34 800	40 450
- guarantees and warranties received	34 800	40 450
<b>II. LIABILITIES</b>	<b>62 900</b>	<b>59 768</b>
<b>1. Other liabilities</b>	<b>62 900</b>	<b>59 768</b>
1.1 To other undertakings (relative to)	62 900	59 768
- custom guarantees	22 500	22 500
- other guarantees	33 400	30 268
- security established	7 000	7 000
<b>Total off balance sheet items</b>	<b>97 700</b>	<b>100 218</b>

*Interim condensed consolidated financial statement of the NG2 S.A. Group for the 4 Quarter of 2010.  
Amounts presented in thousands PLN, unless otherwise specified*

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN 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 2010</b>	3 840	74 586		261 925	(142)	340 209
Results for the year				120 583		120 583
Foreign exchange differences					4 132	4 132
<b>Comprehensive income for the period ended 31 December 2010</b>	3 840	74 586		120 583	4 132	124 715
Coverage of loss from previous years						
Dividend disbursement				(38 400)		(38 400)
Stock option plan - the value of benefits			3 358			3 358
<b>As on 31 December 2010 r.</b>	3 840	74 586	3 358	344 108	3 990	429 882

	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 2009</b>	3 840	74 586		217 755	9	296 190
Adjustments for errors				(1 033)		(1 033)
<b>As on 1 January 2009 after adj.</b>	3 840	74 586		216 722	9	295 157
Results for the year				83 603		83 603
Foreign exchange differences					(151)	(151)
<b>Comprehensive income for the period ended 31 December 2009</b>				83 603	(151)	83 452
Dividend disbursement				(38 400)		(38 400)
<b>As on 31 December 2009</b>	3 840	74 586	0	261 925	(142)	340 209

**INTERIM CONSOLIDATED CASH FLOW**

	Period from 01 Jan 2010 to 31 Dec 2010	Period from 01 Jan 2009 to 31 Dec 2009
Profit / (loss) before tax:	126 366	99 677
Total adjustments:	(72 841)	24 982
Depreciation and amortization	21 390	18 346
Interest and shares in profits(dividend)	(532)	(1 460)
Profit / (loss) on investments	3 880	478
Interest and dividends received, net	(2 007)	200
Change in provisions	6 232	7 247
Change in inventory position	1 161	(1 660)
Change in balance of receivables, net	(9 153)	(12 406)
Change in short-term liabilities, excluding borrowings	(38 389)	24 251
Change in accruals	(27 913)	9 816
Other adjustments:	(414)	(273)
Corporate income tax paid	3 358	
Cash flows from operating activities	(30 454)	(19 557)
<b>Profit / (loss) before tax:</b>	<b>53 525</b>	<b>124 659</b>
<b>Cash flow from investing activities</b>		
Interest received	532	1 460
Disposal of tangible fixed assets		72
Proceeds on loans granted to third parties	10 000	8 500
Interest on loans granted to third parties		
Purchase of intangible assets	(66)	(67)
Purchase of fixed assets	(63 228)	(46 303)
Expenses on loans granted to third parties	(10 000)	(8 500)
Cash flows from investment activities	(62 762)	(44 838)
<b>Cash flows from financial activities</b>		
Proceeds from loans and advances	69 420	152 033
Dividends and other disbursements to owners		(38 400)
Payments of loans and advances	(40 170)	(140 446)
Payments of financial lease liabilities	(5)	(231)
Interest	(6 232)	(7 240)
Cash flows from financial activities	23 013	(34 284)
<b>Total net cash flows</b>	<b>13 776</b>	<b>45 537</b>
Net increase (decrease) of cash and cash equivalents	13 776	45 537
Cash and cash equivalents at the beginning of the period	60 895	15 358
<b>Cash and cash equivalents at the end of the period</b>	<b>74 671</b>	<b>60 895</b>
<b>The difference between the value of the cash shown on the balance sheet and CF</b>		
	<b>31.12.2010</b>	<b>31.12.2009</b>
Value of balance sheet	83 048	60 895
Value of CF	74 671	60 895
Different (value received subsidy to build fixed assets)	8 377	

**FINANCIAL HIGHLIGHTS OF NG2**

	('000) PLN		('000) EUR	
	From 01 Jan 2010 to 31 Dec 2010	From 01 Jan 2009 to 31.12.2009	From 01 Jan 2010 to 31 Dec 2010	From 01 Jan 2009 to 31.12.2009
I. Sales revenue	999 692	883 565	249 648	203 558
II. Operating profit / (loss)	118 412	94 126	29 570	21 685
III. Profit / (loss) before tax	111 688	85 525	27 891	19 703
IV. Net profit / (loss)	88 842	68 539	22 186	15 790
V. Cash flow from operating activities	97 900	125 642	24 448	28 946
VI. Cash flow from investing activities	(69 939)	(50 486)	(17 466)	(11 631)
VII. Cash flow from financing activities	(18 119)	(30 448)	(4 525)	(7 015)
VIII. Total net cash flow	9 842	44 708	2 458	10 300
IX. Basic earnings per share (PLN/EUR)	2,31	1,78	0,58	0,41
X. Diluted earnings per share (PLN/EUR)	2,31	1,78	0,58	0,41
	('000) PLN		('000) EUR	
	31.12. 2010	31.12.2009	31.12.2010	31.12.2009
XI. Total assets	640 794	536 231	161 804	130 527
XII. Total liabilities	301 344	250 581	76 091	60 995
XIII. Long-term liabilities	35 882	80 788	9 060	19 665
XIV. Short-term liabilities	265 462	169 793	67 031	41 330
XV. Equity	339 450	285 650	85 713	69 532
XVI. Share capital	3 840	3 840	970	935
XVII. Shares quantity	38 400 000	38 400 000	38 400 000	38 400 000
XVIII. Share book value (PLN/EUR)	8,84	7,44	2,23	1,81
XIX. Dilute share value(PLN/EUR)	8,84	7,44	2,23	1,81
XX. Declared or paid dividends per share(PLN/EUR)	1,00	1,00	0,25	0,24

The financial data denominated in EUR regarding to the following principles:

- particular positions of assets and liabilities according to the average EUR/PLN exchange rates announced by National Bank of Poland on 31.12.2010 – 1 EUR=3.9603 and 31.12.2009 – 1 EUR=4.1082;

- particular positions of statement comprehensive and cash flow according to the arithmetic average EUR/PLN exchange rates announced by National Bank of Poland on the last day of every month in the following reporting periods: 01.01.2010 – 31.12.2010 and 01.01.2009 – 31.12.2009, 1 EUR=4.0044 and 1 EUR=4.3406 respectively.



**INTERIM STATEMENT OF COMPREHENSIVE INCOME OF NG2**

	Period from 01 Oct 2010 to 31 Dec 2010	Period from 01 Jan 2010 to 31 Dec 2010	Period from 01 Oct 2009 to 31 Dec 2009	Period from 01 Jan 2009 to 31 Dec 2009
Sales revenue	308 673	999 692	258 476	883 565
Cost of sales	(149 579)	(486 164)	(119 536)	(451 340)
<b>Gross profit /(loss) on sales</b>	<b>159 094</b>	<b>513 528</b>	<b>138 940</b>	<b>432 225</b>
Other operating income	3 541	21 742	9 399	20 205
Selling costs	(101 104)	(372 664)	(94 796)	(336 104)
General and administrative costs	(2 107)	(5 983)	(976)	(3 403)
Other operating expenses	(16 408)	(38 211)	(8 180)	(18 797)
<b>Operating profit /(loss)</b>	<b>43 016</b>	<b>118 412</b>	<b>44 387</b>	<b>94 126</b>
Financial income	77	421	164	674
Financial expenses	(702)	(7 145)	(2 228)	(9 275)
<b>Profit /(loss) before tax</b>	<b>42 391</b>	<b>111 688</b>	<b>42 323</b>	<b>85 525</b>
Corporate income tax	(8 632)	(22 846)	(8 159)	(16 986)
Net loss from abandoned activities				
<b>Net profit / (loss)</b>	<b>33 759</b>	<b>88 842</b>	<b>34 164</b>	<b>68 539</b>
<b>Other comprehensive income:</b>				
Currency translation differences				
<b>Total comprehensive income</b>	<b>33 759</b>	<b>88 842</b>	<b>34 164</b>	<b>68 539</b>
<b>Profit attributable to:</b>				
Shareholders	33 759	88 842	34 164	68 539
Minority interests				
<b>Earning per share:</b>				
Basic and diluted	0,88 zł	2,31 zł	0,89 zł	1, 78 zł

Due to the fact that no non-controlling interests are stated, net profit and comprehensive income are attributable to the shareholders of NG2 S.A.

**INTERIM STATEMENT OF FINANCIAL POSITION OF NG2**

	As on 31 December 2010	As on 31 December 2009
<b>Non-current assets</b>		
Other intangible assets	506	933
Property, plant and equipment	186 692	147 491
Long-term investment	49 417	38 423
Long-term receivables	114	174
Deferred tax assets	3 022	1 512
<b>Total non-current assets</b>	<b>239 751</b>	<b>188 533</b>
<b>Current assets</b>		
Inventory	236 849	233 662
Trade receivables and other receivables	92 951	61 012
Cash and cash equivalents	71 243	53 024
<b>Total current assets</b>	<b>401 043</b>	<b>347 698</b>
<b>Total assets</b>	<b>640 794</b>	<b>536 231</b>
<b>Equity</b>		
Share capital	3 840	3 840
Share premium	74 586	74 586
Other capital	3 358	
Retained profits	257 666	207 224
<b>Total equity</b>	<b>339 450</b>	<b>285 650</b>
<b>Long-term liabilities</b>		
Long-term loans and bank loans	34 353	80 000
Liabilities under retirement payments and service anniversary awards	1 482	683
Long-term liabilities under financial leasing	47	105
<b>Total long-term liabilities</b>	<b>35 882</b>	<b>80 788</b>
<b>Short-term liabilities</b>		
Trade liabilities and other liabilities	139 375	122 452
Income tax liabilities	3 587	5 882
Short-term liabilities under financial leasing	62	73
Short-term loans and bank loans	112 154	39 980
Subsidies received	8 377	
Short-term provisions	1 907	1 406
<b>Total short-term liabilities</b>	<b>265 462</b>	<b>169 793</b>
<b>Total liabilities</b>	<b>640 794</b>	<b>536 231</b>

**INTERIM OFF BALANCE SHEET ITEMS**

<b>OFF BALANCE SHEET ITEMS</b>	As on 31 December 2010	As on 31 December 2009
<b>I. RECEIVABLES</b>	<b>34 800</b>	<b>40 450</b>
<b>1. Other receivables</b>	<b>34 800</b>	<b>40 450</b>
1.1. from other undertakings(relative to)	34 800	40 450
- guarantees and warranties received	34 800	40 450
<b>II. LIABILITIES</b>	<b>70 949</b>	<b>64 038</b>
<b>1. Other liabilities</b>	<b>70 949</b>	<b>64 038</b>
1.1. To other undertakings (relative to)	70 949	64 038
- custom guarantees	22 500	22 500
- other guarantees	30 221	30 268
- security established	18 228	11 270
<b>Total off balance sheet items</b>	<b>105 749</b>	<b>104 488</b>

*Interim condensed consolidated financial statement of the NG2 S.A. Group for the 4 Quarter of 2010.  
Amounts presented in thousands PLN, unless otherwise specified*

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF NG2**

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Total shareholders' equity
As on 1 January 2010 r.	3 840	74 586		207 224	285 650
Comprehensive income for the period ended 31 December 2010				88 842	88 842
Declaration of payment dividend				(38 400)	(38 400)
Stock option plan - the value of benefits			3 358		3 358
<b>As on 31 December 2010 r.</b>	<b>3 840</b>	<b>74 586</b>	<b>3 358</b>	<b>257 666</b>	<b>339 450</b>

	Share capital	Reserve capital from the sale of shares above their nominal value	Other capitals	Retained earnings	Total shareholders' equity
As on 1 January 2009 r.	3 840	74 586		178 118	256 544
Adjustments for errors				(1 033)	(1 033)
As on 1 January 2009 r. after adj.	3 840	74 586		177 085	255 511
Comprehensive income for the period ended 31 December 2009 r.					
Results for the year				68 539	68 539
Declaration of payment dividend				(38 400)	(38 400)
<b>As on 31 December 2009 r.</b>	<b>3 840</b>	<b>74 586</b>	<b>0</b>	<b>207 224</b>	<b>285 650</b>

**INTERIM STATEMENT OF CASH FLOWS OF NG2**

	Period from 1 Jan 2010 to 31 Dec 2010	Period from 1 Jan 2009 to 31 Dec 2009
Gross profit (loss):	111 688	85 525
Adjustments:		40 117
Depreciation	18 450	14 816
Interest and shares in profits(dividend)	(627)	(1 460)
Profit (loss) on investment activity	1 499	199
Cost of interest	6 177	7 149
Change in provisions	1 299	(516)
Changes in inventory	(3 187)	(8 584)
Changes in receivables	(31 879)	22 235
Changes in short-term liabilities, other than loans and borrowings	17 076	24 874
Changes in prepayments and accruals		
Other adjustments	4 128	771
Income tax paid	(26 724)	(19 367)
<b>Net operating cash flow</b>	<b>97 900</b>	<b>125 642</b>
<b>Investment cash flow</b>		
Interest received	627	1 460
Proceeds from the sale of tangible assets	50	72
Purchase of intangible assets	(50)	(46)
Purchase of tangible assets	(58 801)	(47 205)
Purchase of investments available for sale	(11 765)	(4 767)
<b>Net investment cash flow</b>	<b>(69 939)</b>	<b>(50 486)</b>
<b>Financial cash flow</b>		
Proceeds from incurring loans	66 506	134 980
Repayment of loans and borrowings	(39 980)	(119 648)
Dividends and other disbursements to owners	(38 400)	(38 400)
Płatności zobowiązań z tytułu umów leasingu finansowego	(68)	(231)
Payment of liabilities under financial leasing agreements	(6 177)	(7 149)
Interest	(18 119)	(30 448)
<b>Total cash flow</b>	<b>9 842</b>	<b>44 708</b>
Net increase (decrease) in cash and cash equivalents	9 842	44 708
Cash and cash equivalents at the beginning of the period	53 024	8 316
<b>Cash and cash equivalents at the end of the period</b>	<b>62 866</b>	<b>53 024</b>
<b>The difference between the value of the cash shown on the balance sheet and CF</b>		
	<b>31.12.2010</b>	<b>31.12.2009</b>
Value of balance sheet	71 243	53 024
Value of CF	62 866	53 024
Different (value received subsidy to build fixed assets)	8 377	

## GENERAL INFORMATION

<b>Name of the parent company:</b>	NG2 Spółka Akcyjna
<b>Registered Office</b>	
<b>of the parent company:</b>	Polkowice
<b>Address:</b>	ul. Strefowa 6, 59-101 Polkowice
<b>Telephone:</b>	( 0-prefix-76 ) 845 84 00
<b>Telefax:</b>	( 0-prefix-76 ) 845 84 31
<b>E-mail:</b>	<a href="mailto:ng2@ng2.pl">ng2@ng2.pl</a>
<b>Website:</b>	<a href="http://www.ng2.pl">www.ng2.pl</a>
<b>Registration:</b>	District Court of Wrocław – Fabryczna in Wrocław, IX Commercial Division of the National Court Register
<b>KRS:</b>	0000211692
<b>Regon [statistical number]:</b>	390716905
<b>NIP [Tax Identification Number]</b>	692-22-00-609
<b>Scope of business:</b>	According to the European Classification of Activities, the Issuer's core business is wholesale and retail trade services of clothing and footwear (ECA 5142).

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

### 1. Description of the organization issuer's group indicating the the units to be consolidated.

At 31 December 2011 Group of Companies NG2, include:

- a) the parent company NG2 SA, based in Polkowice,
- b) subsidiaries:
  - CCC Factory Sp. z o.o. established in Polkowice,
  - CCC Boty Czech sro, based in Prague, Czech Republic
  - Continental Trust Fund no. 968 in USA
  - NG2 Suisse S.a.r.l. headquartered in Zug, Switzerland.

NG2 SA holds 100% equity participation in the above. entities and 100% of the total number of votes Companies.

Continental Trust Fund does not prepare financial statements, as it is not required by the law of the USA. The Trustee will, at each request of the Beneficiary, provide a written confirmation of what type of property was transferred for administration. Property valuation will be made according to International Accounting Standards (IAS).

**Table 1. The NG2 SA Group's related parties stated 31 December 2010 r.**

Subsidiaries of the NG2 S.A.	Head office /Country	Share in equity %	Consolidation methode
CCC Factory Sp. z o.o.	Polkowice, Poland	100	Full
CCC Boty Czech s.r.o.	Prague, Czech Rep.	100	Full
Continental Trust Fund no. 968	USA	100	-
NG2 Suisse S.a.r.l	Zug, Switzerland	100	Full

## **2. Basis for preparation.**

The NG2 Group presents the interim condensed consolidated financial statements for 2010 beginning 1 October 2010 and ending 31 December 2010.

The interim condensed consolidated statement presented were prepared with accordance to IAS 34 "Interim Financial Reporting". This consolidated financial report does not embrace all the information and disclosures required in the annual consolidated financial report and it should be read together with consolidated financial statement for the period 01.01.2009 -31.12.2009.

## **3. Basis consolidation.**

The consolidated financial statements include the parent report and the report of NG2 subsidiaries. Subsidiaries are consolidated in the period from the date of acquisition of control by the Group until the date of cessation of control.

The NG2 Suisse S.a.r.l. subsidiary started to be controlled from 30.04.2010, and the other entities of the Group were controlled the reporting period. All transactions, balances, income and expenses between related parties are subject to exemptions consolidated consolidation.

Continental Trust Fund does not prepare financial statements, as it is not required by the law of the USA. The Trustee will, at each request of the Beneficiary, provide a written confirmation of what type of property was transferred for administration. Property valuation will be made according to International Accounting Standards (IAS).

## **4. Functional and reporting currency.**

The items included in interim condensed financial statements of Group entities are measured in the currency of the primary economic environment in which a given entity operates ("functional currency"). Financial statements are presented in the PLN currency which is a functional and presentation currency of the Group. The data presented is expressed as thousands PLN.

## **5. Relevant accounting standards.**

Accounting standards applied by entities of NG2 S.A. Group did not change in relation to those used in financial statement prepared for 31.12.2009.

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

The NG2 Capital Group's achievements of the 4<sup>th</sup> quarter 2010 include, in particular:

- increase of income from sales by 18.9% in comparison with the 4<sup>th</sup> quarter of 2009 (incrementally for 4 quarters + 11.6%);
- increase of operating profit by 20.1% in comparison with the 4<sup>th</sup> quarter of 2009 (incrementally for 4 quarters + 44.2%);
- increase of net profit by 18.9% in comparison with the 4<sup>th</sup> quarter of 2009 (incrementally for 4 quarters + 23.5%);
- strengthening the reputation of the Company and further development of the chain of CCC, QUAZI, BOTI showrooms.

As at 31 December 2010 the retail network of the NG2 Capital Group had 703 sales outlets, i.e.:

- 273 showrooms of the CCC brand (254 showrooms as at 31.12.2009);
- 49 QUAZI boutiques (51 boutiques as at 31.12.2009);
- 213 own BOTI shops (213 shops as at 31.12.2009);
- 45 branded showrooms in the Czech Republic (38 showrooms as at 31.12.2009);
- 123 franchise chain shops, including 62 BOTI shops (72 CCC and 64 BOTI as at 31.12.2009).

The sales area in the own facilities located domestically increased up to 125,000 sq.m (115,600 sq.m as at 31.12.2009), i.e. by 8.1% compared to 12.1% decrease retail space franchise store (from 24,000. sq.m - as at 31.12.2009 to 21,100 sq.m at as 31.12.2010).

**7. Description of factors and events, in particular non-recurring ones, which had a material effect on financial results.**

During the reporting period, there were no events which affect the value of the results.

**8. Information on the nature and extent of any significant restrictions on the ability of subsidiaries to transfer funds to the parent, in the form of Cash dividends to repay credit or loans.**

To the knowledge of the Management Board of the parent company, there are no significant restrictions on the ability of subsidiaries to transfer funds to the parent company.

**9. Explanations to seasonality or cyclist of the Issuer's economic activity in the reporting period.**

The seasonality of sales concerns NG2 SA. It's the significant factor as it is in a whole branch of shoes and clothing. It is possible to point out two fundamental periods with the highest value of sales revenue: 2nd and 4th quarter. As well the whole year sales is strongly subordinated to weather conditions. They can disturb seasonality model by hasting or delaying periods of i periods of higher and lower sales.

**10. Information concerning the issue, redemption and repayment of non equity securities.**

During the reporting period, there were no these events.

**11. Information on any dividend paid out (or declared) in aggregate and per one share, separately for ordinary and preference shares.**

Not applicable.

**12. 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.**

Not applicable.

**13. Information on changes in contingent liabilities or contingent assets which occurred since the end of the last financial year.**

Changes of contingent liabilities or contingent assets the describes below table:

	31 Dec 2010	31 Dec 2009	change 2011/2010 (value)
1) - received guarantees and sureties	34 800	40 450	(5 650)
<b>Total contingent assets</b>	<b>34 800</b>	<b>40 450</b>	<b>(5 650)</b>
1) customs bonds	22 500	22 500	0
2) other guarantees	33 400	30 268	3 132
3) collaterals granted	7 000	7 000	0
<b>Total contingent liabilities</b>	<b>62 900</b>	<b>59 768</b>	<b>3 132</b>

Customs bonds are employed to secure the payment of customs liabilities related to maintaining bonded warehouses by the Company, and their maturity date falls on 17.06.2011

Other guarantees secure premises lease agreements entered into, and their maturity date falls on 31.01.2012.



The collaterals granted are related to the Paylink credit line opened in Bank Handlowy in favour of franchise clients, and their maturity date has not been defined.

According to long-term credit agreement entered into with BRE Bank SA The company was required to maintain operating margins at the level specified in the contract. The Company did not realize this condition during the reporting period. On the balance sheet date, the Company did not benefit from the credit limit granted by BRE Bank SA.

In the event that the Company no longer meeting the investment structure of high storage warehouse would be forced to cover these liabilities to contractors:

Performer	Value of contingent liability
TGW Systems Integration Gmbh	Payment of the cost of loss of profits or other losses and expenses incurred by the Contractor up to the amount of 380 000 EUR. The salary has been set at 12,680 EUR
Wielkopolskie Przedsiębiorstwo Inżynierii Przemysłowej Sp. z o.o. Sp.k.	Contractual penalty amounting to 10% of the net. Price was set at 21,998.

Breach of other loans in the Group did not involve significant risk.

**14. 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 rate for the period	The minimum rate for the period	The maximum rate for the period	Rates on the last day of the period
01.01 – 31.12.2010	4,0044	3,8356	4,1770	3,9603
01.01 – 31.12.2009	4,3406	3,9170	4,8999	4,1082

The financial data denominated in EUR regarding to the following principles:

- particular positions of assets and liabilities according to the average EUR/PLN exchange rates announced by National Bank of Poland on 31.12.2010 - 1 EUR = 3.9603 and 31.12.2009 - 1 EUR= 4.1082;
- particular positions of statement comprehensive and cash flow according to the arithmetic average EUR/PLN exchange rates announced by National Bank of Poland on the last day of every month in the following reporting periods: 01.01.2010 – 31.12.2010 and 01.01.2009 – 31.12.2009, 1 EUR=4.0044 and 1 EUR=4.3406 respectively.

**15. Effects of changes In the structure of the company, including mergers, acquisitions or disposals of the issuer's group undertakings, long-term investments, de-mergers, restructuring and discontinued operations.**

Not applicable.

**16. 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 2010.

**17. Shareholders holding, directly or indirectly via subsidiaries, at least 5% of total number of votes at the General Meeting of the Issuer on the date of submitting the quarterly report .**

Shareholder	Number of shares owed	Participation in share capital (%)	Number of votes at the General Meeting	Participation in the total 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 the Luxprofi s.a.r.l. subsidiary.	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

There were no changes in ownership of large blocks of shares in the period from the previous quarterly report.

As at the date of preparing the financial statements for 4<sup>th</sup> 2010, NG2 S.A. did not hold information about other shareholders with the number of votes at the General Meeting equaling at least 5%.

**18. Summary of number of shares of the issuer or the rights to them by managers and supervisors of the issuer at the date of quarterly report, together with an indication of changes in ownership during the period of the prior quarterly report, separately 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 Q Sr – IV/2010	Volume of share held on the day of the first announced Q Sr – III/2010
President of the Management Board – 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 a parent entity in company named Luxprofi S.a.r.l., at the date of the report QSr- IV/2010 has had 10.610.000 shares NG2 S.A.

**19. 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.

**20. Information about the conclusion by the Issuer or its Subsidiary one or more transactions with related parties, if individually or collectively they are significant and have been included under other circumstances than market.**

On 24 November 2010 NG2 S.A., as the sole shareholder in CCC Boty Czech s.r.o., took a resolution on the raising capital the Company by making a voluntary payment to the amount of capital CZK 30.000.000 beyond the initial capital.

**21. Information on sureties for loans or guarantees issued by the issuer or its subsidiary undertaking— jointly to one entity or its subsidiary, if the aggregate value of existing sureties and guarantees is equivalent to at 10% of the issuer's equity.**

Not applicable.

**22. 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.

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

The Issuer believes that the following are the primary factors which will affect the results of the NG2 S.A. Group achieved in the near future:

- 1) amount of achieved sales volume and achieved margins,
- 2) further dynamic growth of the NG2 Group commercial chain,
- 3) prevailing weather conditions,
- 4) exchange rates.

**24. Segment reporting.**

***Identification of operating segments***

Operating segments are presented in the manner consistent with internal reporting submitted to the chief operating decision-maker – the Management Board of the Parent. Group NG2 S.A. presents operating segments in the figures stores and contractor franchise.

***Identification of reportable segments***

Separated operating segments (stores, contracting parties) are aggregated in reportable segments as they meet the aggregation criteria specified in IFRS 8. NG2 S.A. Group identifies two reportable segments ("retail activity", "franchise and other activity") pursuant to IFRS 8 "Operating segments". In the reported segments, NG2 S.A. Group pursues business activity by obtaining revenue and incurring expenses. Segment performance is examined on a regular basis by chief operating decision-makers (persons making crucial operating decisions). Financial information concerning identified segments is also available

**Segment "retail activity" – "retail"**

The segment "retail activity" encompasses, above all, the sales of shoes, shoe care products, clothing accessories. The sale is performed by NG2 S.A. in its own outlets within the territory of Poland and Czech Republic and is directed to retail customers. Retail sale is effected under 3 chains: CCC, BOTI, QUAZI. Each individual outlet operating under one of the chains and analyzed separately by chief operating decision-maker is considered an operating segment. Due to the similarities between the long-term average gross margins, as well as a similar nature of goods (e.g. shoes, shoe care products, clothing accessories), manner of goods distribution and recipients categories (sales performed in own outlets and directed towards retail customers), the segment "retail activity" includes financial information altogether for the CCC, BOTI, QUAZI chains, and operating segments have been aggregated pursuant to IFRS 8, thus creating reportable segment "retail activity".

**Segment "franchise and other activity" – "franchise and other"**. The "franchise and other activity" segment includes mostly the sale of shoes, shoe care products, clothing accessories, services, as well as the value of the goods sold (e.g. shoes) to the Companies not belonging to NG2 S.A. Group. The sale is carried out by NG2 S.A. and CCC Factory Sp. z o.o. on the territory of Poland and is directed towards domestic wholesale recipients (including, above all, sales in franchise outlets of CCC and BOTI) and foreign wholesale recipients. Each individual recipient operating under one of the chains and analyzed separately by chief operating decision-maker is considered an operating segment. Due to the similarities between the long-term average gross margins, as well as a similar nature of goods (i.a. shoes, shoe care products, clothing accessories) and services provided (i.a. re-invoicing transportation services), manner of goods distribution and recipients categories (sales directed towards wholesale customers), the "franchise and other activity" segment includes financial

information for all contracting parties aggregated in accordance with IFRS 8 to create a reportable segment “**franchise and other activity**”.

The accounting principles applied to operating segments are the same as the accounting principles pursuant to which the Companies of NG2 S.A. Group compile financial statements. The Group estimates segment performance based on operating profit or loss before tax.

**Other disclosures referring to reportable segments.**

The following items do not occur: revenue on transactions with other operating segments of the same entity, entity’s share in profit or loss of associated entities and common undertakings and significant non-cash items other than depreciation and amortization.

Due to the fact that the Group can not directly attributable to asset and liabilities, in accordance with IFRS 8, to the segment or on the basis of reasonable attributed to this segment are waived for their presentation in the interim consolidated financial statements.

Jan - Dec 2010	Retail activity	Franchise and other activity	Unassigned items	Total
Revenue from sale, of which	921 621	107 984		1 029 605
- obtained in Poland	854 408	106 926		961 334
- obtained outside of Poland	67 213	1 058		68 271
Prime cost of sale	(390 725)	(71 681)	(7 066)	(469 472)
<b>Gross earnings from sale</b>	530 896	36 303	(7 066)	560 133
Cost of sales and management	(409 155)	(8 307)	586	(416 876)
Balance of other earnings and operating costs	(7 870)	(1 855)		(9 725)
<b>Operating profit</b>	113 871	26 141	(6 480)	133 532
Balance of earnings and financial costs	(5 159)	(2 007)		(7 166)
<b>Profit before tax</b>	108 712	24 134	(6 480)	126 366
Income tax			(5 783)	(5 783)
<b>Net profit</b>				120 583
<b>Net profit disclosed in the consolidated statement of global income</b>				<b>120 583</b>
<i>Earnings from interest</i>	0	0	304	304
<i>Cost of interest</i>	5 314	849	69	6 232
<i>Depreciation</i>	14 628	2 232	4 530	21 390

Jan - Dec 2009	Retail activity	Franchise and other activity	Unassigned items	Total
Revenue from sale, of which	801 639	120 769	-	922 408
- obtained in Poland	749 114	120 769	-	869 883
- obtained outside of Poland	52 525	-	-	52 525
Prime cost of sale	(354 379)	(80 928)	(5 899)	(441 206)
<b>Gross earnings from sale</b>	447 260	39 841	(5 899)	481 202
Cost of sales and management	(368 374)	(6 286)	79	(374 581)
Balance of other earnings and operating costs	1 231	307		1 538
<b>Operating profit</b>	80 117	33 862	(5 820)	108 159
Balance of earnings and financial costs	(7 062)	(1 420)	-	(8 482)
<b>Profit before tax</b>	73 055	32 442	(5 820)	99 677
Income tax			(16 074)	(16 074)
<b>Net profit</b>				83 603

<b>Net profit disclosed in the consolidated statement of global income</b>				<b>83 603</b>
Earnings from interest	-	-	612	612
Cost of interest	(5 978)	(1 146)	(123)	(7 247)
Depreciation	(12 000)	(1 074)	(5 272)	(18 346)

**Disclosure of information concerning the entity.** The NG2 S.A. Group presents information about revenues from product sales and services sales for external customers in the frame work of reporting segments. The group of products (i.e. shoes, shoe-care products, clothing articles) is presented in retail and wholesale segment (due to the minority of sales share products other than shoes are not separately introduced). Therefore NG2 S.A. Group does not present separately data concerning income on products and services sale. In the financial statement the Group presents information about incomes acquired from exterior customers categorized by regions, as well data about fixed assets other than financial instruments and deferred income tax assets categorized by regions. In the financial statement the Group does not presents information concerning major customers, due to fact that incomes gained from individual external customers do not reach 10 % of total incomes.

Jan - Dec 2010	Poland	Czech Republic	Switzerland	Total
Earnings from sale	961 334	67 213	1 058	1 029 605
Tangible assets other than financial instruments	225 841	15 783	268	241 892
Deferred tax assets	4 737	4 156	21 815	30 707

Jan - Dec 2009	Poland	Czech Republic	Switzerland	Total
Earnings from sale	869 883	52 525		922 408
Tangible assets other than financial instruments	189 465	14 373		203 838
Deferred tax assets	2 894	3 176		6 070

## NOTES – on the consolidated financial statements

### 25. Provisions.

	Provision for guarantee repairs	Provision for employee benefits	Total
	PLN'000	PLN'000	PLN'000
<b>As at 31 December 2009</b>	<b>1 764</b>	<b>901</b>	<b>2 665</b>
Change from F/X differences	3	4	7
Provision created in the year	1 151	834	1 985
Release of provision	609	221	830
Provision used			
<b>As at 31 December 2010</b>	<b>2 309</b>	<b>1 518</b>	<b>3 827</b>
Provisions up to 1 year	2 152	0	2 152
Provisions of more than 1 year	157	1 518	1 675

Deferred tax provision	31 Dec 2010	31 Dec 2009
Accelerated tax depreciation	523	561
Interest	7	42
<b>Total</b>	<b>530</b>	<b>603</b>

## 26. Deferred tax assets.

	31 Dec 2010	31 Dec 2009
Costs after balance sheet date	1 428	395
Provisions	1 257	995
Impairment of assets	690	681
Consolidation adjustment to margin on inventories	2 331	1 813
Tax losses	3 703	2 772
Valuation of trademarks	21 815	
Other	13	17
<b>Deferred tax assets</b>	<b>31 237</b>	<b>6 673</b>

## NOTES – on the financial statements

## 27. Provisions.

	Provision for guarantee repairs	Provision for employee benefits	Total
	PLN'000	PLN'000	PLN'000
<b>As at 31 December 2009</b>	<b>1 406</b>	<b>683</b>	<b>2 089</b>
Provision created in the year	958	799	1 757
Release of provision	457		457
Provision used			
<b>As at 31 December 2010</b>	<b>1 907</b>	<b>1 482</b>	<b>3 389</b>
Provisions up to 1 year	1 907		1 907
Provisions of more than 1 year		1 482	1 482

Deferred tax provision	31 Dec 2010	31 Dec 2009
Accelerated tax depreciation	242	351
Interest	7	42
<b>Total</b>	<b>249</b>	<b>393</b>

**28. Deferred tax assets.**

	31 Dec 2010	31 Dec 2009
Costs after balance sheet date	1 341	329
Provisions	1 227	995
Impairment of assets	690	564
Other	13	17
<b>Deferred tax assets</b>	<b>3 271</b>	<b>1 905</b>

<b>SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE COMPANY'S BOOKS</b>		
Edyta Banaś	Chief Accountant	
<b>SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD</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, 17 February 2011 r.*