

Press Release

Polkowice, 29th August 2011

BEST QUARTER IN THE HISTORY OF NG2

NG2 SA, the largest distributor and manufacturer of footwear in Poland, developed in the second quarter of 2011 the best financial results in history. Sales revenue amounted to 299.3 million PLN, net income nearly 48 million PLN, and net margin reached almost 16%. The Group consistently realized plans to expand the network sales, which in the second quarter was increased by more than 2.9 thousand m2.

The basis of the strategy of NG2 in the coming years is the development in Poland and the Czech Republic. The company also intends to continue started in the first quarter cooperation with franchisees in Russia.

FINANCIAL RESULTS OF NG2 after the first half of 2011

Detailed financial data of NG2 are as follows:

In thousands of PLN	II quarter of 2011	II quarter of 2010	Change	H1 of 2011	H1 of 2010	Change
Net sales revenues	299 332	244 546	+22.4%	484 257	440 254	+10.0%
Operating profit	57 468	38 729	+48.4%	55 561	47 901	+16.0%
Net profit	47 917	47 762	+0.3%	41 683	52 852	-21.1%

Within two quarters of 2011 the growth dynamic rate of consolidated sales revenue of NG2 was 10% comparing to same period last year. Operating profit in the second quarter amounted to 57.5 mln PLN, a net profit of 47.9 million PLN. This means an increase of 48.4% and 0.3% over the second quarter last year. The company proudly points out that it was a quarter with the highest level of a net profit in the history of NG2.

Analyzing the level of net profit, it must be remembered that in the second quarter of 2010 NG2 conducted the work on the rationalization of the management of trademarks. This resulted, among others, creation of assets on the income tax and starting to charge royalties by NG2 Suisse. The whole operation raised once a net profit of Capital Group NG2 in the second quarter of 2010 over 15.5 million PLN.

Below we present a comparison of NG2 results achieved this year with the results obtained in the same period last year, excluding the effects of tax changes in 2010:

In thousands of PLN	II quarter of 2011	II quarter of 2010	Change	H1 of 2011	H1 of 2010	Change
Net sales revenues	299 332	244 546	+22.4%	484 257	440 254	+10.0%
Operating profit	57 566	41 029	+40.3%	55 706	50 201	+11.0%
Net profit	47 482	31 975	+48.5%	41 050	36 597	+12.2%

After correcting a tax effect of year 2010, the comparison of 2011 vs. 2010 appears even more impressive. Operating profit was higher in the second quarter by 40.3% and net profit by 48.5%. This high growth rate of the different levels of profit was possible, primarily due to the high level of sales revenue, high sales margins while maintaining low cost of sales.

DEVELOPMENT OF NETWORK OF SALES

The network of sales of NG2 at the end of June 2011 included a total of 708 outlets, including 591 own stores: 282 CCC stores in Poland and 47 in the Czech Republic, 216 BOTI stores and 46 QUAZI boutiques.

The company plans a further development of network sales, especially of their own retail outlets, which will lead to the increase of the market share and strengthening the leadership in the footwear market. In 2011, a total of NG2 is planning to open over 50 outlets and an increase in retail space of over 13,000 m²

Regardless of the development plans on the markets of Poland and the Czech Republic, in the coming years The Capital Group NG2 also intends to appear on the markets of Eastern Europe. In March 2011 the first franchise CCC showroom in Moscow was opened, and on 2nd July another franchise store started working in Omsk. Another 4-5 units can be run to the end of the year. Company does not expect to open their own shops, and the development on the Russian market will be based on a "pure" model of franchise. This solution allows to minimize risks and costs of entering new markets.

Number of stores of NG2 Group

Number of stores	Condition on 31 st March 2011	Condition on 30 th June 2011
CCC Poland - own stores	274	282
CCC Poland - Franchise	52	50
CCC – the Czech Republic	45	47
QUAZI	48	46
BOTI - own stores	220	216
BOTI - Franchise	68	67
The total number of units	707	708

NG2 INVESTMENT PLANS

In 2011, NG2 we will continue, started in 2010, works on two major projects, namely the implementation of IT systems and the construction of a new logistics and distribution center.

The project of building a modern, automated high-bay warehouse, which in the future is to handle more than one thousand stores managed by the Group of NG2, is co-financed by European funds of over 38 million PLN under the Operational Programme of Innovative Economy.

Thanks to automatization processes and using cutting edge solutions in logistics and warehousing, the competitive advantage of the company will significantly increase and logistics service costs will significantly decrease.

"The second quarter was very successful for us. The spring collection was successfully sold, customers appreciated the variety and quantity of the offered assortment of shoes. We are also pleased with the margins earned in that period and the low cost of sales. As a result, The NG2 Group can proudly inform about the best, in terms of a net profit, quarter in history. Our goal for the coming period will be improving sales performance parameters and, consequently maintaining high margins and high profitability. We declared after the first quarter, unsuccessful for the Company, that after the results of the 2nd quarter we will see the execution of financial and business objectives for 2011 is not threatened. You can see clearly now that this announcement was not an overstatement." - said Dariusz Miłek, The CEO of NG2.

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The Group NG2 is a leader in the Polish retail footwear market and the largest manufacturer in Poland. The Capital Group of NG2 consists of NG2 S.A. - The company managing the network sales, CCC Factory Ltd., dealing with the production of footwear and NG2 Suisse S.a.r.l., the company managing the company trademarks. Sales of a collection is run in total in more than 700 outlets under the brands of CCC, QUAZI and BOTI. Suppliers of shoes for the Company are both foreign manufacturers (especially sewing on behalf of the NG2 Chinese producers), domestic ones as well as its own production facilities. The NG2 Group's share in the highly fragmented market of footwear is estimated at 13-14%.