ABBREVIATED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

OF THE NG2 S.A. CAPITAL GROUP

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

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Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM CONSOLIDATED GLOBAL INCOME STATEMENT

	Note number	period from 1 Jan 2011 to 30 Jun 2011	period from 1 Jan 2010 to 30 Jun 2010
Revenue from sale	7	484 257	440 254
Manufacturing cost of products, goods and services sold		(214 359)	(198 907)
Gross earnings from sale		269 898	241 347
Other operating revenue	13	4 054	6 334
Cost of sale		(203 355)	(185 471)
Cost of general management and administration		(8 611)	(5 953)
Other operating costs	13	(6 425)	(8 356)
Profit on operating activity		55 561	47 901
Financial revenue	13	207	270
Financial costs	13	(3 942)	(4 646)
Profit before tax		51 826	43 525
Income tax	11	(10 143)	9 327
Net profit		**41 683**	**52 852**
Other global income:			
Currency exchange differences from converting foreign units		402	(147)
Total global income		**42 085**	**52 705**
Earnings per share:			
basic and diluted	19	PLN 1.09	PLN 1.38

Due to the lack of non-controlling shares, net earnings and total income are distributed among the shareholders of NG2 S.A.

Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL STANDING

	Note number	As on 30 June 2010	As on 31 December 2010	As on 30 June 2010
Non-current assets				
Other intangible assets	9	782	882	953
Tangible fixed assets	8	297 699	240 894	218 509
Long-term receivables		84	114	144
Deferred tax assets	12	25 259	28 069	25 971
Total tangible assets		**323 824**	**269 959**	**245 577**
Current assets				
Inventory		333 732	252 446	249 711
Trade receivables and other receivables		99 781	72 752	69 489
Cash and cash equivalents	10	59 132	83 065	30 045
Total current assets		**492 645**	**408 263**	**349 245**
Total assets		**816 469**	**678 222**	**594 822**
Shareholders' equity				
Share capital	14	3 840	3 840	3 840
Reserve capital from the sale of shares above their nominal value	14	74 586	74 586	74 586
Other capitals	14	6 349	3 358	292
Retained earnings	14	325 621	341 381	276 377
Currency exchange on consolidation	14	85	(317)	(289)
Total shareholders' equity		**410 481**	**422 848**	**354 806**
Long-term liabilities				
Long-term loans and bank loans	15	133 998	103 245	50 000
Trade liabilities and other liabilities		87	86	89
Long-term provisions		1 682	1 675	844
Long-term liabilities under financial leasing	17	21	111	131
Total long-term liabilities		**135 788**	**105 117**	**51 064**
Short-term liabilities				
Trade liabilities and other liabilities	17	174 533	86 770	124 125
Income tax liabilities	17	2 041	5 833	1 520
Short-term liabilities under financial leasing	17	86	136	186
Short-term loans and bank loans	15	72 288	46 006	60 228
Short-term provisions		1 330	3 135	2 893
Subsidies received		19 922	8 377	-
Total short-term liabilities		**270 200**	**150 257**	**188 952**
Total liabilities		**816 469**	**678 222**	**594 822**

Amounts are expressed in PLN '000 unless stated otherwise

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
As on 1 January 2011	**3 840**	**74 586**	**3 358**	**341 381**	**(317)**	**422 848**
Result for the period from 1 January to 30 June 2011	-	-	-	41 683	-	41 683
Currency exchange differences on conversion	-	-	-	-	402	402
Total income for the period ending 30 June 2011	**-**	**-**	**-**	**41 683**	**402**	**42 085**
Other adjustments	-	-	-	157	-	157
Declared dividend disbursement	-	-	-	(57 600)	-	(57 600)
Employee stock option plan - value of the benefit	-	-	2 991	-	-	2 991
As on 30 June 2011	**3 840**	**74 586**	**6 349**	**325 621**	**85**	**410 481**

	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
As on 1 January 2010	**3 840**	**74 586**	**-**	**261 925**	**(142)**	**340 209**
Results for the year	-	-	-	117 856	-	117 856
Other global income	-	-	-	-	-	-
Currency exchange differences on conversion	-	-	-	-	(175)	(175)
Total global income	**-**	**-**	**-**	**117 856**	**(175)**	**117 681**
Dividend disbursement	-	-	-	(38 400)	-	(38 400)
Employee stock option plan - value of the benefit	-	-	3 358	-	-	3 358
As on 31 December 2010	**3 840**	**74 586**	**3 358**	**341 381**	**(317)**	**422 848**

Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

	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
As on 1 January 2010	**3 840**	**74 586**	**-**	**261 925**	**(142)**	**340 209**
Result for the period from 1 January to 30 June 2010	-	-	-	52 852	-	52 852
Currency exchange differences on conversion	-	-	-	-	(147)	(147)
Total income for the period ending 30 June 2010	**-**	**-**	**-**	**52 852**	**(147)**	**52 705**
Declared dividend disbursement	-	-	-	(38 400)	-	(38 400)
Employee stock option plan - value of the benefit	-	-	292	-	-	292
As on 30 June 2010	**3 840**	**74 586**	**292**	**276 377**	**(289)**	**354 806**

Amounts are expressed in PLN '000 unless stated otherwise

ABBREVIATED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	period from 1 Jan 2011 to 30 Jun 2011	period from 1 Jan 2010 to 30 Jun 2010
Gross profits:	51 826	43 525
Adjustments:	(75 684)	(33 116)
Depreciation	11 775	10 849
Interest and share in profits (dividends)	(110)	(207)
Currency exchange profit (loss)	402	(400)
Profit (loss) on investment activity	815	292
Cost of interest	2 938	3 289
Changes in provisions	(1 798)	1 072
Changes in inventory	(81 286)	(7 017)
Changes in receivables	(26 999)	(31 830)
Changes in short-term liabilities, other than loans and borrowings	25 204	5 882
Income tax paid	(9 617)	(15 338)
Other adjustments	2 992	292
Net operating cash flow	**(23 858)**	**10 409**
Investment cash flow		
Interest received	110	207
Subsidies received	11 545	-
Proceeds from loans granted to affiliates	-	10 000
Cost of loans granted to affiliates	-	(10 000)
Purchase of intangible assets	(20)	(6)
Purchase of tangible assets	(64 351)	(30 968)
Net investment cash flow	**(52 716)**	**(30 767)**
Financial cash flow		
Proceeds from incurring loans	106 385	37 832
Repayment of loans and borrowings	(49 357)	(45 009)
Payment of liabilities under financial leasing agreements	(139)	(26)
Interest	(4 248)	(3 289)
Net financial cash flow	**52 641**	**(10 492)**
Total cash flow	**(23 933)**	**(30 850)**
Net increase (decrease) in cash and cash equivalents	(23 933)	(30 850)
Cash and cash equivalents at the beginning of the period	**83 065**	**60 895**
Cash and cash equivalents at the end of the period	**59 132**	**30 045**

Amounts are expressed in PLN '000 unless stated otherwise

ADDITIONAL INFORMATION ON THE ACCOUNTING PRINCIPLES ADOPTED AND OTHER BACKGROUND INFORMATION

1. GENERAL INFORMATION

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
Website:	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.

2. BASIS FOR PREPARATION

The NG2 S.A. Capital Group presents abbreviated interim consolidated financial statements for the first half-year of 2011 started on 1 January 2011 and ended on 30 June 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, which were prepared in accordance with the International Financial Reporting Standards approved by the European Union.

3. BASIS FOR CONSOLIDATION

These abbreviated interim 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.
The subsidiary CCC FACTORY Sp. z o.o. came under to control on 1 June 2004, CCC BOTY CZECH s.r.o. - on 1 January 2005, and NG2 Suisse S.a.r.l. - on 30 April 2010. These companies are subject to consolidation. 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 PRESENTATION CURRENCY

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 Group did not change compared to the accounting principles applied in the financial statements prepared as on 31 December 2010, aside from applying new standards. The Group introduced classification adjustments with respect to the comparative periods, as set out in Note 23.

New standard or interpretation not applied earlier

Amendment to IAS 32 "Classification of Rights Issues"

The revisions to IFRS 32 "Classification of Rights Issues" were published by the International Accounting Standards Board on 8 October 2009 and apply to year-long periods starting from 1 February 2010 or thereafter.
The changes concern accounting for rights issues (rights, options, warrants), denominated in a currency other than the issuer's functional currency. The changes require that, when meeting specific requirements, rights issues be classified under shareholders' equity regardless of the currency in which the price of the right is denominated.

The Group has been applying the amendment to IAS 32 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim consolidated financial statements of the Group.

Amendment to IAS "Related Party Disclosures"

The revisions to IAS 24 "Related Party Disclosures" were published by the International Accounting Standards Board on 4 November 2009 and apply to year-long periods starting from 1 January 2011 or thereafter.
The revisions simplify the requirements with respect to disclosures by parties related to public institutions and specify the definition of a related party.

The Group has been applying the amendment to IAS 24 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim consolidated financial statements of the Group.

Amendment to IFRS 1 "First-Time Adoption of IFRS"

The amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters" was published by the International Accounting Standards Board on 28 January 2010 and applies to year-long periods starting from 1 July 2010 or thereafter.
The amendment introduces additional exemptions for first-time IFRS adopters with regard to disclosures required under the IFRS 7 amendments issued in March 2009 with respect to fair value and liquidity risk.

The Group has been applying the revisions to IFRS 1 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim consolidated financial statements of the Group.

Improvements to IFRS 2010

On 6 May 2010, the International Accounting Standards Board published "Improvements to IFRS 2010", which amended 7 standards. The improvements contain amendments of the method of presentation, recording and valuation, as well as terminology and editorial changes. The majority of the amendments will apply to year-long periods starting from 1 January 2011.

The Group has been applying the improvements to IFRS in accordance with the transitional provisions. The amendment did not have a material effect on these abbreviated interim consolidated financial statements of the Group.

5. ACCOUNTING PRINCIPLES APPLIED (continued)

Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"

The amendment to IFRIC 14 was issued by the IFRS Interpretations Committee on 26 November 2009 and applies to year-long periods starting from 1 January 2011 or thereafter. The interpretation contains guidelines with respect to recognising earlier payment of contributions to cover minimum funding requirements as assets in the paying entity.

The Group has been applying the revisions to IFRIC 14 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim consolidated financial statements of the Group.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 was issued by the IFRS Interpretations Committee on 26 November 2009 and applies to year-long periods starting from 1 July 2010 or thereafter. The interpretation explains the accounting principles applied in circumstances where, as a result of renegotiation by an entity of the terms of its indebtment, a liability is extinguished through an issue of equity instruments addressed to the creditor. The interpretation requires the assessment of equity instruments at fair value and recognising the profit or loss in the difference between the book value of a liability and the fair value of an equity instrument.

The Group has been applying IFRIC 19 since 1 January 2011. The amendment did not have a material effect on these abbreviated interim consolidated financial statements of the Group.

Standards, changes and interpretations of existing standards that are not in effect yet and were not previously applied by the Group

IFRS 9 "Financial instruments Part 1: Classification and measurement"

IFRS 9, published by the International Accounting Standards Board on 12 November 2009, replaced those portions of IAS 39 that pertain to classification and measurement of financial assets. In October 2010, IFRS 9 was expanded to include the issue of classification and measurement of financial liabilities. The new standard applies to year-long periods starting from 1 January 2013 or thereafter.
The standard introduces a single model stipulating only two financial asset classification categories: measured at fair value and measured at amortised cost. Classification is made as at the time of initial disclosure and depends on the entity's model of managing financial instruments and the description of the arbitrary cash flows from these instruments.
Most of the IAS 39 requirements regarding classification and measurement of financial liabilities were transferred to IFRS 9 in unchanged form. The key change involves the requirement for entities to disclose under other global income the results of changes in their own credit risk from financial obligations held for measurement at fair value against financial result.

The Group will apply IFRS 9 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated consolidated interim financial statements, IFRS 9 has not yet been approved by the European Union.

5. ACCOUNTING PRINCIPLES APPLIED (continued)

IFRS 10 "Consolidated Financial Statements"

IFRS 10 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard replaces the guidelines concerning control and consolidation contained in IAS 27 "Consolidated and separate financial statements" and in SIC 12 "Consolidation - Special purpose entities". IFRS 10 amends the definition of control in a way that ensures that all entities are subject to the same control criteria. The amended definition is accompanied by extensive application guidelines.

The Group will apply IFRS 10 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated consolidated interim financial statements, IFRS 10 has not yet been approved by the European Union.

IFRS 11 "Joint Arrangements"

IFRS 11 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard replaces IAS 31 "Interests in Joint Ventures" and the interpretation of SIC 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". Changes to the definitions reduced the number of types of joint arrangements to two: joint operations and joint ventures. Furthermore, the changes eliminated the option to select proportional consolidation for jointly controlled entities. All participants of joint ventures are currently required to consolidate them using the equity method.

The Group will apply IFRS 11 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated consolidated interim financial statements, IFRS 11 has not yet been approved by the European Union.

IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard applies to entities holding an interest in a subsidiary, joint venture, affiliate or in a non-consolidated structure. The standard replaces the disclosure requirements currently contained in IAS 28 "Investments in Associates". IFRS 12 requires that entities disclose information that will help readers of financial statements to assess the nature, risk and financial consequences of an entity's investments in subsidiaries, affiliates, joint ventures and non-consolidated structures. To this end, the new standard introduces the requirement to make disclosures regarding various areas, including significant judgements and assumptions made when determining whether an entity controls, jointly controls or has significant influence over its shares in other entities; extensive disclosures about the importance of non-controlling shares in the group's business and cash flows; summary financial information about subsidiaries with material non-controlling shares, as well as detailed information about shares in non-consolidated structures.

The Group will apply IFRS 12 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated consolidated interim financial statements, IFRS 12 has not yet been approved by the European Union.

5. ACCOUNTING PRINCIPLES APPLIED (continued)

IFRS 13 "Fair Value Measurement"

IFRS 13 was published by the International Accounting Standards Board in May 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The new standard is intended to improve consistency and reduce the complexity by providing a precise definition of fair value and bringing together the requirements concerning fair value measurement and related disclosures.

The Group will apply IFRS 13 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated consolidated interim financial statements, IFRS 13 has not yet been approved by the European Union.

Amendment to IFRS 7 "Transfers of Financial Assets"

The amendment to IFRS 7 "Transfers of Financial Assets" was published by the International Accounting Standards Board in October 2010 and applies to year-long periods starting from 1 July 2011 or thereafter.
The amendments require disclosures of additional information on the risk stemming from transfers of financial assets. They contain a requirement to disclose, by asset classes, type, balance sheet value and description of the risk and benefits concerning financial assets transferred to another entity, but remaining on the entity's balance sheet. It is also obligatory to disclose information that enables a User to learn the amount of the potential related liability and the relationship between the financial asset and the relevant liability. If financial assets have been removed from the balance sheet but the entity is still exposed to a certain risk and may obtain certain benefits associated with the transferred asset, it is also required to disclose information that makes it possible to understand the consequences of such a risk.

The Group will apply the amendment to IFRS 7 after 1 July 2011. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated consolidated interim financial statements, the amendment to IFRS 7 has not yet been approved by the European Union.

Recovery of underlying assets - Amendment to IAS 12

The amendment to IFRS 12 "Recovery of underlying assets" was published by the International Accounting Standards Board in December 2010 and applies to year-long periods starting from 1 January 2012 or thereafter.
The changes concern the valuation of deferred tax liabilities and assets on investment property assessed at fair value under IAS 40 "Investment Property" and introduce a refutable presumption that the value of investment property may be fully recovered through sale. This presumption may be refuted if an investment property is maintained in a business model whose goal is to take advantage of substantially all economic benefits offered by the investment property during and not at the moment of sale. SIC 21 "Income Tax - Recovery of Revalued Non-Depreciable Assets" pertaining to similar matters concerning non-depreciable assets, valued in accordance with the valuation model presented in IAS 16 "Property, Plant and Equipment", was incorporated in IAS 12 after excluding the guidelines pertaining to investment property assessed at fair value.

The Group will apply the amendment to IAS 12 as of 1 January 2012. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated interim consolidated financial statements, the amendment to IFRS 12 has not yet been approved by the European Union.

5. ACCOUNTING PRINCIPLES APPLIED (continued)

Severe Hyperinflation and Removal of Fixed Dates for First-Time IFRS Adopters - Amendment to IFRS 1

The amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters" was published by the International Accounting Standards Board in December 2010 and applies to year-long periods starting from 1 July 2011 or thereafter.
The revision concerning severe hyperinflation creates an additional exclusion solely if an entity that was affected by severe hyperinflation resumes or undertakes to prepare its financial statements in accordance with the IFRS for the first time. The exclusion allows the entity to select the fair value of assets and liabilities and to use the fair value as the presumed cost of these assets and liabilities in the opening balance sheet in the first statement on the financial standing in accordance with the IFRS.
The International Accounting Standards Board also amended IFRS 1 to exclude references to fixed date for one exception and one exclusion with reference to assets and financial liabilities. The first change requires that first-time IFRS adopters prospectively apply the requirements concerning removal from the IFRS balance sheet from the date of transition to IFRS and not from 1 January 2004. The second change concerns financial assets or liabilities reported at fair value at initial recognition when the fair value is determined using valuation methods due to the absence of an active market, and allows for the application of the guidelines prospectively, from the date of transition to the IFRS, rather than from 25 October 2002 or 1 January 2004. This means that first-time IFRS adopters do not have to determine the fair value of assets and financial liabilities prior to the date of transitioning to IFRS. IFRS 9 was also adjusted to these amendments.

The Group will apply the amendment to IFRS 1 after 1 July 2011. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated consolidated interim financial statements, the amendment to IFRS 1 has not yet been approved by the European Union.

Amendment to IAS 1 "Presentation of Financial Statements"

The amendment to IAS 1 "Presentation of Financial Statements" was published by the International Accounting Standards Board in June 2011 and applies to year-long periods starting from 1 July 2012 or thereafter.
The amendment requires that entities divide the items presented in other global income into two groups based on whether they can be disclosed under financial results in the future. Furthermore, the title of the global income statement was changed to "statement of financial result and other global income".

The Group will apply the amendment to IAS 1 after 1 July 2012. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

As on the date of preparing these abbreviated interim consolidated financial statements, the amendment to IFRS 1 has not yet been approved by the European Union.

Amendment to IAS 19 "Employee Benefits"

The amendment to IAS 19 "Employee Benefits" was published by the International Accounting Standards Board in June 2011 and applies to year-long periods starting from 1 January 2013 or thereafter.
The amendment introduces new requirements regarding disclosure and measurement of the cost of defined benefit plans and employment termination benefits, and modifies the required disclosures concerning all employee benefits.

The Group will apply the amendment to IAS 19 as of 1 January 2013. The Management Board estimates that the change will not affect the Group's consolidated financial statements materially.

5. ACCOUNTING PRINCIPLES APPLIED (continued)

As on the date of preparing these abbreviated interim consolidated financial statements, the amendment to IFRS 19 has not yet been approved by the European Union.

The standards and interpretations that entered into effect on 1 January 2011 did not materially affect the accounting principles applied by the Group, as a result of which the accounting principles applied in the preparation of these abbreviated interim financial statements correspond to the accounting principles applied in the preparation of the financial statements for the year ended on 31 December 2010 and described therein.

6. SEASONAL OR CYCLIC NATURE OF THE ACTIVITIES OF THE NG2 S.A. GROUP COMPANIES

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

7. 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.

Amounts are expressed in PLN '000 unless stated otherwise

7. REPORTING SEGMENTS (continued)

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 (reinvoicing 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 the Companies from the NG2 S.A. Group 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.

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.
The NG2 S.A. Group 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.

period from 1 January 2011 to 30 June 2011	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale	433 989	50 268	-	484 257
- obtained in Poland	*397 775*	*49 668*	-	*447 443*
- obtained outside of Poland	*36 214*	*600*	-	*36 814*
Prime cost of sale	(178 316)	(36 043)	-	(214 359)
Gross earnings from sale	**255 673**	**14 225**	**-**	**269 898**
Cost of sales and management	(208 437)	(3 703)	174	(211 966)
Balance of other earnings and operating costs	(2 333)	(38)	-	(2 371)
Operating profit	**44 903**	**10 484**	**174**	**55 561**
Balance of earnings and financial costs	(3 251)	(484)	-	(3 735)
Profit before tax	**41 652**	**10 000**	**174**	**51 826**
Income tax			(10 143)	(10 143)
Net profit				**41 683**
Net profit disclosed in the consolidated statement of global income				**41 683**

Assets	471 522	99 088	245 859	816 469
Earnings from interest	-	-	114	114
Cost of interest	2 570	361	7	2 938
Depreciation	7 909	1 106	2 760	11 775

7. REPORTING SEGMENTS (continued)

Amounts are expressed in PLN '000 unless stated otherwise

period from 1 January 2010 to 30 June 2010	Retail business	Franchise and other business	Unassigned items	Total
Revenue from sale	391 427	48 827		440 254
- obtained in Poland	*363 671*	*48 630*		*412 301*
- obtained outside of Poland	*27 756*	*197*		*27 953*
Prime cost of sale	(167 513)	(31 394)		(198 907)
Gross earnings from sale	**223 914**	**17 433**	**-**	**241 347**
Cost of sales and management	(188 515)	(2 870)	(39)	(191 424)
Balance of other earnings and operating costs	(803)	(1 219)		(2 022)
Operating profit	**34 596**	**13 344**	**(39)**	**47 901**
Balance of earnings and financial costs	(3 298)	(1 078)		(4 376)
Profit before tax	**31 298**	**12 266**	**(39)**	**43 525**
Income tax			9 327	9 327
Net profit				**52 852**
Net profit disclosed in the consolidated statement of global income				
Assets	357 342	66 824	170 656	594 822
Earnings from interest	-	-	178	178
Cost of interest	2 811	455	92	3 358
Depreciation	7 079	1 125	2 645	10 849

from 1 January 2011 to 30 June 2011	Poland	Czech Republic	Switzerland	TOTAL
Earnings from sale	447 443	36 214	600	484 257
Tangible assets other than financial instruments	281 826	16 473	266	298 565
Deferred tax assets	3 885	3 573	17 801	25 259

from 1 January 2010 to 30 June 2010	Poland	Czech Republic	Switzerland	TOTAL
Earnings from sale	412 301	27 756	197	440 254
Tangible assets other than financial instruments	204 151	15 187	268	219 606
Deferred tax assets	3 755	3 599	18 617	25 971

8. TANGIBLE FIXED ASSETS

	Land, buildings and structures	Plants and equipment	Means of transportation	Other	Fixed assets under construction	Total
GROSS VALUE						
As on 1 January 2011	**196 555**	**35 623**	**21 971**	**11 385**	**49 181**	**314 715**
Changes due to currency exchange differences	453	135	15	15	102	720
Increases due to:	**3 720**	**527**	**1 651**	**133**	**66 653**	**72 684**
- investments in third-party facilities	3 713	-	-	-	9 506	13 219
- own investment outlays	7	-	-	-	57 096	57 103
- purchase	-	527	1 651	133	51	2 362
Decreases due to:	**1 724**	**75**	**668**	**-**	**3 715**	**6 182**
- liquidation	1 724	2	-	-	-	1 726
- sale	-	73	668	-	-	741
- investments completed - transfer	-	-	-	-	3 715	3 715
As on 30 June 2011	**199 004**	**36 210**	**22 969**	**11 533**	**112 221**	**381 937**

8. TANGIBLE FIXED ASSETS (continued)

Amounts are expressed in PLN '000 unless stated otherwise

AMORTISATION AND DEPRECIATION						
As on 1 January 2011	**44 189**	**13 360**	**9 883**	**6 266**	**123**	**73 821**
Changes due to currency exchange differences	23	67	5	11	10	116
Depreciation for the period from 1 Jan to 30 Jun	7 276	2 023	1 348	858	150	11 655
Decreases due to sale or liquidation	647	55	652	-	-	1 354
As on 30 June 2011	**50 841**	**15 395**	**10 584**	**7 135**	**283**	**84 238**
NET VALUE						
As on 1 January 2011	**152 366**	**22 263**	**12 088**	**5 119**	**49 058**	**240 894**
As on 30 June 2011	**148 163**	**20 815**	**12 385**	**4 398**	**111 938**	**297 699**

	Land, buildings and structures	Plants and equipment	Means of transportation	Other	Fixed assets under construction	Total
GROSS VALUE						
As on 1 January 2010	**178 284**	**34 097**	**20 499**	**10 188**	**12 702**	**255 770**
Changes due to currency exchange differences	1 027	(489)	251	-	506	1 295
Increases in the period from 1 Jan to 30 Jun	9 477	524	558	254	24 237	35 050
Decreases in the period from 1 Jan to 30 Jun	256	170	118	15	9 361	9 920
As on 30 June 2010	**188 532**	**33 962**	**21 190**	**10 427**	**28 084**	**282 195**
AMORTISATION AND DEPRECIATION						
As on 1 January 2010	**30 970**	**9 643**	**7 861**	**4 582**	**123**	**53 179**
Changes due to currency exchange differences	381	201	43	-	-	625
Depreciation for the period from 1 Jan to 30 Jun	6 541	1 692	1 232	822	-	10 287
Decreases due to sale or liquidation	(55)	(122)	(99)	(6)	(123)	(405)
As on 30 June 2010	**37 837**	**11 414**	**9 037**	**5 398**	**-**	**63 686**
NET VALUE						
As on 1 January 2010	**147 314**	**24 454**	**12 638**	**5 606**	**12 579**	**202 591**
As on 30 June 2010	**150 695**	**22 548**	**12 153**	**5 029**	**28 084**	**218 509**

The Group did not make write-downs with respect to fixed assets under construction.

Tangible fixed assets securing loans	30 Jun 2011	31 Dec 2010
Capped and ordinary mortgage over property up to the value of	208 250	208 250

In connection with the investment co-funded by the EU, the dominant entity is required to complete the investment and bear the cost, whose estimated balance remaining as on the balance sheet date is PLN 42,685,000.

Amounts are expressed in PLN '000 unless stated otherwise

9. INTANGIBLE ASSETS

	Patents and licences	Trade marks	Total
GROSS VALUE			
As on 1 January 2011	**1 799**	**360**	**2 159**
Increases in the period from 1 Jan to 30 Jun	20	-	20
Decreases in the period from 1 Jan to 30 Jun	-	-	-
Changes due to currency exchange differences	2	-	2
As on 30 June 2011	**1 821**	**360**	**2 181**
AMORTISATION			
As on 1 January 2011	**1 183**	**94**	**1 277**
Depreciation in the period from 1 Jan to 30 Jun	120	-	120
Adjustment of depreciation in the period from 1 Jan to 30 Jun	-	-	-
Changes due to currency exchange differences	2	-	2
As on 30 June 2011	**1 305**	**94**	**1 399**
NET VALUE			
As on 1 January 2011	**616**	**266**	**882**
As on 30 June 2011	**516**	**266**	**782**

	Patents and licences	Trade marks	Total
GROSS VALUE			
As on 1 January 2010	**1 748**	**360**	**2 108**
Increases in the period from 1 Jan to 30 Jun	2	266	268
Decreases in the period from 1 Jan to 30 Jun	-	360	360
Changes due to currency exchange differences	2	-	2
As on 30 June 2010	**1 752**	**266**	**2 018**
AMORTISATION			
As on 1 January 2010	**941**	**94**	**1 035**
Depreciation in the period from 1 Jan to 30 Jun	126	-	126
Adjustment of depreciation in the period from 1 Jan to 30 Jun	2	94	96
As on 30 June 2010	**1 065**	**-**	**1 065**
NET VALUE			
As on 1 January 2010	**807**	**266**	**1 073**
As on 30 June 2010	**687**	**266**	**953**

10. CASH

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Cash in the bank and petty cash fund	17 639	16 706	5 506
Short-term deposits	41 493	66 359	24 539
Total	**59 132**	**83 065**	**30 045**

Funds in bank accounts and cash comprise cash held by the Group and short-term bank deposits with a maturity date of up to three months. The book value of these assets corresponds to their fair value.

Amounts are expressed in PLN '000 unless stated otherwise

11. INCOME TAX

Income tax	30 Jun 2011	31 Dec 2010	30 Jun 2010
Profit before tax	51 826	122 609	43 525
Tax at the 19 per cent rate	9 847	23 296	8 270
Result of excluding non-tax revenue and costs	(2 209)	3 831	1 481
Result of applying other tax rates in foreign companies	(354)	(388)	-
Current income tax	7 284	26 739	9 751
Deferred tax	2 859	(21 986)	(19 078)
Income tax	**10 143**	**4 753**	**(9 327)**

Under the applicable laws, the Tax Office may audit the Group's tax filings for a period of five years. Therefore, the Group may incur an additional tax burden together with penalties and interest.

12. DEFERRED TAX

The items below are the main items under deferred tax provisions and assets entered by the Group and the changes thereof in the current and preceding reporting period.

Deferred tax provisions	30 Jun 2011	31 Dec 2010	30 Jun 2010
Accelerated tax depreciation	546	303	506
Computed interest	31	7	37
Deferred tax provisions	**577**	**310**	**543**

Deferred tax assets	30 Jun 2011	31 Dec 2010	30 Jun 2010
Costs after the balance sheet date	385	1 931	645
Provisions for liabilities	1 179	1 684	1 000
Depreciation of assets	739	759	623
Consolidation adjustment of margin on inventory	1 921	2 331	2 707
Tax losses	3 793	3 452	2 839
Valuation of trade marks	17 801	18 209	18 618
Other	18	13	82
Deferred tax assets	**25 836**	**28 379**	**26 514**

The Group has identified all the assets on which deferred income tax should be recognised.

13. REVENUES AND COSTS

Other operating revenue	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Profit from the sale of fixed assets	-	-
Liquidated provisions	825	272
Result on exchange rate differences	-	2 869
Inventory surplus	1 519	2 201
Interest on overdue receivables	302	327
Compensation received	210	165
Other operating revenue	1 198	500
Total	**4 054**	**6 334**

Amounts are expressed in PLN '000 unless stated otherwise

13. REVENUES AND COSTS (continued)

Other operating costs	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Loss on from the sale of fixed assets	946	25
Establishment of provisions	500	198
Result on exchange rate differences	190	7
Inventory shortages	2 520	3 698
Licence and copyright fees paid	744	1 097
Interest on liabilities	61	38
Cost of incorporation of NG2 Suisse S.a.r.l.	-	1 889
Other operating costs	1 464	1 404
Total	**6 425**	**8 356**

Financial revenue	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Revenue from interest on the current account and other	114	178
Result on exchange rate differences	32	-
Other financial revenue	61	92
Total	**207**	**270**

Financial costs	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Interest on loans and borrowings	2 935	3 352
Interest on financial leases	3	6
Result on exchange rate differences	426	576
Commission paid	184	246
Other financial costs	394	466
Total	**3 942**	**4 646**

14. CAPITAL

Share capital	Number of shares	(of which ordinary	Nominal value per share	Base capital
As on 30 June 2010	38 400 000	31 750 000	PLN 0.10	3 840
As on 31 December 2010	38 400 000	31 750 000	PLN 0.10	3 840
As on 30 June 2011	38 400 000	31 750 000	PLN 0.10	3 840

The number of preferred registered shares is 6,650,000. The preference pertains to voting rights, in that each preferred share carries two votes. Shareholders have the right of first refusal with respect to the purchase of registered preferred shares for sale.

Reserve capital from the sale of shares above their nominal value	value
As on 30 June 2010	74 586
As on 31 December 2010	74 586
As on 30 June 2011	74 586

Other capital - assessment of the employee stock option plan	value
As on 30 June 2010	292
As on 31 December 2010	3 358
As on 30 June 2011	6 349

Amounts are expressed in PLN '000 unless stated otherwise

14. CAPITAL (continued)

Retained earnings	value
As on 30 June 2010	276 377
As on 31 December 2010	341 381
Net profit for the period	41 683
Declared dividend disbursement	(57 600)
Other adjustments	157
As on 30 June 2011	325 621

Currency exchange on consolidation	value
As on 30 June 2010	(289)
As on 31 December 2010	(317)
As on 30 June 2011	85

The list of shareholders holding at least 5 per cent of the overall number of shares at the Issuer's General Meeting, as on the balance sheet date, is set out in the table below:

Shareholder	Number of shares held (quantity)	Percentage share in the share capital	Number of votes at the General Meeting (quantity)	Percentage 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 balance sheet date, the Group did not have any information about any other shareholders holding at least 5 per cent of the votes at the General Meeting.

15. LOANS AND BORROWINGS

Long-term loans	30 Jun 2011	31 Dec 2010	30 Jun 2010
Long-term bank loan, of which:	133 998	103 245	50 000
-payable in the period from 1 to 2 years	*121 800*	*98 893*	*50 000*
-payable in the period from 2 to 5 years	-	-	-
-payable in more than 5 years	*12 198*	*4 352*	-

Short-term loans	30 Jun 2011	31 Dec 2010	30 Jun 2010
Overdraft facility	72 288	46 006	60 228

Total loans and borrowings	206 286	149 251	110 228

15. LOANS AND BORROWINGS (continued)

Amounts are expressed in PLN '000 unless stated otherwise

The NG2 S.A. Group companies concluded the following loan and other agreements:

As on 30 June 2011

Name of the Bank	Name of the entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
PKO BP SA	CCC Factory	Overdraft facility	1 000	-	27.04.2014	WIBOR + margin	Surety
PKO BP SA	CCC Factory	Revolving	1 000	-	27.04.2014	WIBOR + margin	Surety
UniCredit Bank Czech Republik a.s.	CCC Boty	Overdraft facility	CZK 20,000,000	CZK 13,942,000 2,288	31.01.2012	BLR Notice + margin	Surety
Bank Handlowy w Warszawie SA	NG2	Overdraft facility	64 000	62 957	27.02.2013	WIBOR + margin	Capped mortgage; Pledge over inventory
BRE Bank SA	NG2	Overdraft facility	45 000	22 843	03.01.2013	WIBOR + margin	Capped mortgage
PKO BP SA	NG2	Overdraft facility	50 000	-	27.10.2013	WIBOR + margin	Pledge over inventory
Bank Handlowy w Warszawie SA	NG2	Revolving	36 000	36 000	27.02.2013	WIBOR + margin	Capped mortgage; Pledge over inventory
ING Bank Śląski SA	NG2	Revolving	70 000	70 000	29.01.2012	WIBOR + margin	Capped mortgage; Pledge over inventory
BRE Bank SA	NG2	Investment	30 000	12 198	30.12.2016	commission	Capped mortgage

The financial terms of the loans incurred do not vary materially from market terms.

Name of the Bank	Name of the entity	Type	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie SA	NG2	Guarantee cap	2 000	1 046	27.02.2013	commission	Capped mortgage; Pledge over inventory
BRE Bank SA	NG2	Guarantee cap	13 500	11 640	30.04.2012	commission	none
Societe Generale	NG2	Guarantee cap	12 000	11 603	unspecified	commission	none
BZ WBK SA	NG2	Guarantee cap	20 000 PLN 6,000,000	8 902 EUR 2,078,000	30.04.2012	commission	Pledge over inventory
Raiffeisen Bank	NG2	Guarantee cap	USD 800,000	-	15.05.2013	commission	none
Bank Handlowy w Warszawie SA	NG2	Paylink card limit	7 000	6 971	30.12.2011	WIBOR + margin	Surety
UniCredit Bank Czech Republik a.s.	CCC Boty	Guarantee cap	CZK 20,000,000	CZK 10,630,000 1 744	31.01.2012	commission	Surety
Citibank Europe plc	CCC Boty	Guarantee cap	CZK 30,000,000	27,124,000 CZK 4 451	30.11.2011	commission	none

15. LOANS AND BORROWINGS (continued)

Amounts are expressed in PLN '000 unless stated otherwise

As on 31 December 2010

Name of the Bank	Name of the entity	Type of loan	Limit	Amount utilised	Date of expiry	Financial terms	Security
Bank Handlowy w Warszawie SA	CCC Factory	Overdraft facility	1 000	-	07.05.2011	WIBOR + margin	Surety
UniCredit Bank Czech Republik a.s.	CCC Boty	Overdraft facility	CZK 20,000,000	CZK 17,375,000 2 745	31.01.2011	BLR Notice+ margin	Surety
Bank Handlowy w Warszawie SA	NG2 SA	Revolving	30 000	30 000	09.03.2011	WIBOR + margin	Capped mortgage; Pledge over inventory
Bank Handlowy w Warszawie SA	NG2 SA	Overdraft facility	29 000	13 261	08.03.2011	WIBOR + margin	
BRE Bank SA	NG2 SA	Overdraft facility	30 000	-	03.01.2013	WIBOR + margin	Capped mortgage
BRE Bank SA	NG2 SA	Investment	30 000	4 352	30.12.2016	WIBOR + margin	Capped mortgage
ING Bank Śląski SA	NG2 SA	Revolving	50 000	50 000	29.01.2012	WIBOR + margin	Capped mortgage; Pledge over inventory
PKO BP SA	NG2 SA	Overdraft facility	50 000	48 893	27.10.2013	WIBOR + margin	Pledge over inventory

The financial terms of the loans incurred do not vary materially from market terms.

Name of the Bank	Name of the entity	Type	Limit	Amount utilised	Date of expiry	Financial terms	Security
UniCredit Bank Czech Republik a.s.	CCC Boty	Guarantee cap	CZK 20,000,000	CZK 7,606,000 1 202	31.01.2011	commissio n	Surety
Citibank Europe plc	CCC Boty	Guarantee cap	CZK 30,000,000	CZK 29,005,000 4 583	30.11.2011	commissio n	none
Bank Handlowy w Warszawie SA	NG2 SA	Guarantee cap	5 000	927	04.07.2011	commissio n	Capped mortgage Pledge over inventory
Bank Handlowy w Warszawie SA	NG2 SA	Paylink card limit	7 000	1 003	30.12.2011	WIBOR + margin	Surety
BRE Bank SA	NG2 SA	Guarantee cap	13 500	11 640	30.04.2012	commissio n	Joint contractual capped mortgage
Societe Generale	NG2 SA	Guarantee cap	12 000	11 849	unspecified	commissio n	none
BZ WBK SA	NG2 SA	Guarantee cap	12 000 EUR 6,000,000	8 570 EUR 3,688,000	31.03.2011	commissio n	Pledge over inventory

16. SHARE-BASED PAYMENTS

Amounts are expressed in PLN '000 unless stated otherwise

The Company has a scheme providing benefits in the form of shares, settled on equity instruments. Under the scheme, the entity receives employee services as remuneration for the group's equity instruments (stock options). The fair value of the employee services received in return for awarding the options is recorded as a cost. The total amount to be recognised as cost is determined by reference to the fair value of the options awarded:
- taking into account any market terms;
- without taking into account any conditions related to seniority or non-market conditions for acquiring rights (for example, profitability of sales, purposes related to an increase of sales or the prescribed period of mandatory employment at the entity);
- without taking into account any conditions not related to acquiring rights (for instance, the requirement to maintain the instruments obtained, binding on employees).

Non-market conditions are included in the assumptions regarding the anticipated number of options on which rights may be acquired. The total cost is recorded throughout the period of acquiring the rights until 31 December 2010, which is a period during which all of the prescribed conditions for acquiring the rights are to be met. As at the end of each reporting period, the estimates of the expected number of options, to which rights will be acquired as a result of meeting the non-market requirements for acquiring rights, are reviewed. The entity presents the effect of the possible review of the initial estimates in the profit and loss statement, together with the appropriate adjustment of shareholders' equity / investments into subsidiaries. Once the options are exercised, the company issues new shares. Funds received after deducting all costs that may be directly allocated to the transaction will increase the share capital (nominal value) and the share premium upon the exercise of the options.

The granting by the dominant entity of options for its equity instruments to employees of the group's subsidiaries is treated as a capital contribution. The fair value of the received employee services, calculated by reference to the fair value of the date of the grant, is to be recorded throughout the period of acquiring the rights in the form of an increase of the balance of investments into subsidiaries together with a corresponding increase in shareholders' equity. As on 30 June 2011, 44 persons are eligible for the plan and entitled to subscribe for 682,000 shares.

17. TRADE AND OTHER LIABILITIES

Short-term liabilities	30 Jun 2011	31 Dec 2010	30 Jun 2010
Trade liabilities	78 331	44 048	45 389
Liabilities under customs duty and taxes	14 543	17 256	16 612
Liabilities towards shareholders	57 600	-	38 400
Liabilities towards employees	17 098	17 104	17 861
Other liabilities	9 002	14 195	7 383
Total	**176 574**	**92 603**	**125 645**

The average credit period for commercial purchases is 40 days.
Liabilities denominated in foreign currencies are valued as on the balance sheet date in accordance with the average exchange rate for each currency announced by the National Bank of Poland as on the balance sheet date. Currency exchange differences on balance sheet valuation are entered under other costs or operating revenue, respectively.

Amounts are expressed in PLN '000 unless stated otherwise

17. TRADE AND OTHER LIABILITIES (continued)

a. Liabilities under financial lease

Minimum lease payments	30 Jun 2011	31 Dec 2010	30 Jun 2010
Liabilities under financial lease payable within:	107	247	317
-one year	86	136	186
-one to five years	21	111	131
-more than five years	-	-	-
Total	**107**	**247**	**317**
Minus future interest:		-	
Current value of future liabilities	**107**	**247**	**317**
Less amounts due within twelve months (entered under short-term liabilities)	86	136	186
Liabilities payable in the period after twelve months	21	111	131

The Group uses office equipment under financial lease agreements and has the option to purchase the equipment.
Future minimum leasing fees under these agreements and the current value of the minimum leasing fees are set out in the table above.
Future minimum leasing fees do not differ significantly from the current value of minimum leasing fees.
All liabilities under leasing are denominated in the Polish zloty.

18. MINIMUM VALUE OF FUTURE PAYMENTS UNDER OPERATING LEASE

The anticipated payments under operating lease without the option of early termination are as follows:

	30 Jun 2011	31 Dec 2010	30 Jun 2010
-up to 1 year	127 068	120 960	119 700
-one to five years	508 272	483 840	478 800
-more than 5 years	254 136	241 920	239 400
Total	**889 476**	**846 720**	**837 900**

In the case of multiple stores (especially those located at shopping centres), lease fees have two components: a fixed fee and a conditional fee based on the store's revenue. The conditional fee usually corresponds to 5-7 per cent of the store's revenue.
The Group is also a party to subleasing agreements, which follow the principles of operating lease. Revenue from subleasing fees on the terms of operating lease for the period of six months of 2011 and 2010 is as follows:

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Revenue from operating subleasing	6 090	11 616	5 906

19. EARNINGS PER SHARE

Earnings	30 Jun 2011	31 Dec 2010	30 Jun 2010
Net profit for the year for the purpose of calculating earnings per share to be distributed among the shareholders of the dominant entity	41 683	117 856	52 852
Earnings disclosed for the purpose of calculating the value of diluted earnings per share	**41 683**	**117 856**	**52 852**

Amounts are expressed in PLN '000 unless stated otherwise

19. EARNINGS PER SHARE (continued)

Number of shares issued	30 Jun 2011	31 Dec 2010	30 Jun 2010
Average weighted number of shares disclosed for the purpose of calculating the value of ordinary earnings per share	38 400 000	38 400 000	38 400 000
Average weighted number of ordinary shares disclosed for the purpose of calculating the value of diluted earnings per share	**38 400 000**	**38 400 000**	**38 400 000**

Earnings per share	30 Jun 2011	31 Dec 2010	30 Jun 2010
Ordinary	PLN 1.09	PLN 3.07	PLN 1.38
Diluted	PLN 1.09	PLN 3.07	PLN 1.38

In the reporting period, there were no events affecting the value of diluted earnings.

20. DIVIDEND

	30 Jun 2011	30 Jun 2010
Value of dividend declared	57 600	38 400
Value per 1 share	PLN 1.50	PLN 1.00

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. The amount of dividend per one share is PLN 1.5. 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.

21. CONTINGENT ASSETS AND LIABILITIES

	30 Jun 2011	31 Dec 2010	30 Jun 2010
I. CONTINGENT ASSETS	**33 800**	**34 800**	**40 450**
From other entities (on account of)	33 800	34 800	40 450
- guarantees and warranties received	33 800	34 800	40 450
II. CONTINGENT LIABILITIES	**45 262**	**59 721**	**64 329**
To other entities (on account of)	45 262	59 721	64 329
- customs bonds	8 500	22 500	22 500
- other forms of security	29 762	30 221	34 829
- security extended	7 000	7 000	7 000

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 Company 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 22,843,000, and had used up an investment loan of PLN 12,198,000.

Amounts are expressed in PLN '000 unless stated otherwise

22. TRANSACTIONS WITH RELATED PARTIES

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Subsidiaries of a member of the management board:			
MGC INWEST Sp. z o.o.:			
Sale to an affiliate	7	-	-
Purchase from an affiliate	7	-	-
Liabilities towards an affiliate	35	-	-
Libra Projekt Sp. z o.o.:			
Purchase from an affiliate	39	70	29
Liabilities towards an affiliate	6	-	6
CUPRUM ARENA MGC INWEST Sp. z o.o. s. k.:			
Sale to an affiliate	-	1	1
Purchase from an affiliate	575	821	433
Liabilities towards an affiliate	82	1	93
ASTRUM Sp. z o.o.			
Sale to an affiliate	6	15	10
Purchase from an affiliate	-	105	20
Liabilities towards an affiliate	-	43	-
LUXPROFI s.a.r.l.			
Liabilities towards an affiliate*	15 915	-	12 350
Persons managing, supervising or performing managerial functions:			
Dariusz Miłek:	**30 Jun 2011**	**31 Dec 2010**	**30 Jun 2010**
Liabilities towards an affiliate*	7 125	-	4 750
Leszek Gaczorek:			
Liabilities towards an affiliate*	4 515	-	4 010
Mariusz Gnych:			
Liabilities towards an affiliate*	180	-	120

* as on the date of submitting the report

The transactions with related parties were concluded on market terms.

Gross remuneration of management board members

Name and surname	Position	from 1 Jan 2011 to 30 Jun 2011	from 1 Jan 2010 to 31 Dec 2010	from 1 Jan 2010 to 30 Jun 2010
Dariusz Miłek	President of the Management Board	225	450	225
Lech Chudy	Vice-President of the Management Board	-	59	59
Mariusz Gnych	Vice-President of the Management Board	207	474	237
Piotr Nowjalis	Vice-President of the Management Board	207	474	237
Total		**639**	**1 457**	**758**

Gross remuneration of supervisory board members

Name and surname	Position	from 1 Jan 2011 to 30 Jun 2011	from 1 Jan 2010 to 31 Dec 2010	from 1 Jan 2010 to 30 Jun 2010
Henryk Chojnacki	Chairman of the Supervisory Board	12	24	12
Rafał Chwast	Member of the Supervisory Board	9	18	9
Wojciech Fenrich	Member of the Supervisory Board	9	18	9
Martyna Kupiecka	Member of the Supervisory Board	9	18	9
Paweł Tamborski	Member of the Supervisory Board	9	18	9
Total		**48**	**96**	**48**

Amounts are expressed in PLN '000 unless stated otherwise

22. TRANSACTIONS WITH RELATED PARTIES (continued)

In 2010, the Company and Mr. Rafał Chwast concluded an agreement for the provision of IT organisation consulting services. The agreement was concluded for a fixed term from 1 January 2010 to 31 December 2010. The remuneration for the performance of the agreement was set at PLN 11,000 net per month, increased by the applicable VAT.

On 17 May 2011, the Management Board of NG2 S.A. was informed about the decision of Mr. Rafał Chwast, Member of the Supervisory Board, not to seek re-election in the following term. The Supervisory Board Member mandate expired on 16 June 2011.
On 16 June 2011, the General Meeting of Shareholders of NG2 S.A. appointed Mr. Piotr Nadolski as a Supervisory Board Member for a term beginning on 16 June 2011. In the period covered by these statements, Mr. Piotr Nadolski did not receive remuneration.

Management and Supervisory Board members do not collect any remuneration for their positions with NG2 S.A., other than the salaries set out above.

23. ADJUSTMENT OF PREVIOUS REPORTING PERIODS

The Group made classification adjustments of previous reporting periods, resulting from inaccurate presentation, as set forth below:

Title	Adjustment of previous reporting periods	30 Jun 2010	
		Dr	Cr
Presentation of provisions for costs after the balance sheet date	Other operating revenue	1 531	
	Cost of sale		1 531
Compensation of provisions for liabilities	Other operating revenue	2 500	
	Other operating cost		2 500
Presentation of provisions for holidays	Cost of sale	167	
	Other operating cost		167
Change of the method of measurement of a subsidiary	Revenue from sale	10	
	Cost of sale		134
	Other operating cost	48	
	Income tax	10	
	Deferred tax assets		3 479
	Trade receivables and other receivables		77
	Currency exchange on consolidation	3 622	
	Retained earnings		66

24. OCCURRENCES AFTER THE BALANCE SHEET DATE

Not applicable.

The abbreviated interim consolidated financial statements of the NG2 S.A. Capital Group were approved for publication by the Issuer's Management Board on 29 August 2011 and signed on behalf of the Management Board by:

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

Polkowice, 29 August 2011