NG2

New Gate Group

FINANCIAL STATEMENTS OF NG2 S.A.

FOR 01.01.2008 – 31.12.2008

I. INTRODUCTION TO THE FINANCIAL STATEMENT

1.1. GENERAL INFORMATION

Name of the Issuer:	NG2 Spółka Akcyjna
Registered Office of the Issuer:	Polkowice
Address:	ul. Strefowa 6, 59-101 Polkowice
Telephone:	(0-prefix-76) 845 84 00
Telefax:	(0-prefix-76) 845 84 31
E-mail:	ng2@ng2.pl
Website:	www.ng2.pl
Registration:	District Court of Wrocław – Fabryczna in Wrocław, IX Commercial Division of the National Court Register,
KRS:	0000211692
Regon [Statistiacal Number]:	390716905
NIP [Tax Identification Number]:	692-22-00-609
Scope of business:	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. presents the financial statements for 2008 beginning 1 January 2008 and ending 31 December 2008 and comparable financial data for the similar period of 2007.
The financial statements were prepared with the assumption that the Company will continue as a going concern in the foreseeable future. There are no circumstances indicating threats to the Company's continuing as a going concern.

The financial statements include:

- Balance sheet,
- Profit and loss account,
- Statement of changes in equity,
- Cash flow statement,
- Notes on adopted accounting principles (policy) and other notes.

These financial statements are supplemented by the management report of NG2 S.A., with a description of main assets and liabilities, business results of the Company, its financial standing and principal uncertainties concerning NG2 S.A.

These financial statements were prepared in accordance with the International Financial Reporting Standards and related interpretations published by way of regulations of the European Commission.

1.2 NOTES

1.2.1 Functional and reporting currency

The functional currency of the Company and the reporting currency in the financial statements shall be PLN. The data presented is expressed as thousands PLN.

1.2.2 Relevant accounting standards

The financial statements were prepared according to the historical cost model with the exception of financial instruments which were measured at fair value.

In the financial statements the Company shows economic events according to the economic substance.

NG2 S.A. draws up the profit and loss account in the multiple-step variant. The value of income from the sale of goods and materials is set against the value of the goods and materials sold at the acquisition or purchase price and the costs of manufacture of products sold as well as all the selling (commercial) costs and overheads.

Income from sales

The item of income from the sale of goods and materials includes the income from the sale of goods, materials and services earned during normal business operations (i.e. income from sale of goods, materials, finished products minus rebates, VAT and other sale-related taxes).

Value of goods and services sold

The item of "value of goods and materials sold" presents:

- value of goods sold as at the moment of handing them over to the recipient at the acquisition price;
- value of packaging released for sale;
- liquidation of goods complained about;
- direct costs (particularly materials and labour) and indirect production costs connected with the manufacturing of finished products and rendering of services;
- revaluation write-offs for stock;
- impairment write-offs on fixed assets and intangible assets used in the production of goods or while providing services;

Other operating income

Other operating income includes income from business activities other than the basic operating activities of NG2 SA. This item comprises mainly:

- profit from sale of tangible fixed assets, including recoveries from liquidation of fixed asset;
- profit from sale of intangible assets;
- reimbursement of costs by the insurer;
- state subsidies received and other donations;
- write-down of expired or extinct liabilities ;
- release of unused reserves;
- fines and penalties imposed;
- recognized excess of tangible assets and cash assets;
- foreign exchange differences.

Cost of sales

Cost of sales includes the cost of maintaining shops and other sales outlets. This item includes mainly:

- amortization and depreciation of fixed assets;
- amortization and depreciation of intangible assets;
- cost of outsourcing;
- cost of remuneration;
- other costs;
- revaluation write-offs for trade receivables.

Overheads

Overheads include the cost of managing the whole business activity of NG2 S.A

Other operating costs

Other operating costs include the costs of the business other than the basic operating activities of the undertaking. This item includes mainly:

- losses from sale of tangible assets and liquidation costs;
- losses from sale of intangible assets,
- write-down of fixed assets under construction,
- donations provided,
- establishing reserves for disputable cases, penalties, damages, and other directly connected with the operating activities,
- fines and penalties paid,
- unintentional shortages of assets and act-of-god damage (relative to tangible assets, tangible working assets, money assets);
- foreign exchange differences.

Financial income

Financial income includes:

- interest income from bank deposits,
- decrease of the fair value of investments held for trading due to the sale of the investments;
- decrease of the fair value of financial assets held for trading held until the balance sheet date;
- profit from sale of financial assets available for sale;
- profit from foreign exchange differences only on liabilities relative to the sources of financing the business activities of the undertaking.

Financial costs

The item of financial costs shows the costs of financing the business activities of the undertaking, in particular:

- current account credit interest and bank credit and loan interest;
- interest on financial lease contracts liabilities;
- loss on trading of derivative instruments;
- loss from foreign exchange differences only on liabilities relative to the sources of financing the business activities of the undertaking.

The Company applies the following valuation methods:

Tangible assets

Tangible assets are shown at the acquisition price or cost of manufacture minus depreciation and amortization write-offs and any possible impairment write-offs. Land is not subject to amortization and depreciation.

Fixed assets under construction are presented in the balance sheet at the cost of manufacture minus any possible impairment write-offs. External financing costs are recognized as period cost in the profit and loss account.

Fixed assets are presented in the balance sheet at historical cost minus depreciation and impairment write-offs.

Amortization commences once the assets are accepted for use and are amortized according to the principles adopted. Amortization is written off by the linear method by estimating the useful life of a particular asset, i.e.:

- buildings	-	from 10 up to 20 years
- plant and machinery	-	from 5 up to 15 years
- means of transport	-	from 5 up to 10 years
- other tangible assets	-	from 5 up to 10 years.

Fixed assets under financial lease contracts were recognized in the balance sheet alongside other fixed assets and are subject to depreciation according to the same principles.
The amortization method and period are verified as at every balance sheet date.

Intangible assets
The company applies the historical cost model to all items within particular types of assets. The (initial) cost minus depreciation and impairment write-offs. The method of amortization of intangible assets is analogous to the amortization of tangible assets.
It is assumed that the useful life of intangible assets is not longer than 20 years from the moment at which a particular asset is usable. Amortization of intangible assets is provided on a straight-line basis.
Intangible assets made by an undertaking on its own are not recognized as assets and the outlays on production thereof are debited to the profit and loss account in the year in which they were borne.
If events or changes in circumstances indicate that the carrying value of intangible assets may not be recoverable, they are reviewed for any possible impairment.

Patents and trademarks
Patents and trademarks are recognized in the balance sheet at acquisition price minus depreciation through the straight-line method for their useful life and minus depreciation write-offs, if any.

Stocks
Stocks are recognized at the lower of acquisition price (or cost of manufacture) and net selling price. If circumstances which caused the depreciation of stocks cease to exist, an opposite operation is performed, i.e. restoration of the value of the stocks.
The profit and loss account includes:

- book value of stocks sold in the period in which income from sales was credited;
- relation between the write-off of stocks and the net selling price in the period in which the write-off was made.

Revaluation write-offs adjust the cost of goods sold.
The FIFO method is applied to all stocks of similar type and purpose.

Loans and receivables
Trade receivables with a general maturity period from 30 up to 180 days are recognized at the amount invoiced originally.
Other receivables are recognized at amount due.
Receivables are recognized at nominal value adjusted for relevant revaluation write-offs. Receivables are revaluated allowing for the likelihood of them being paid.
Loans as at the balance sheet date are recognized at adjusted acquisition price and estimated with the use of effective interest rate. Due to the insignificant value of the estimate, NG2 S.A. abandoned it.
Revaluation write-offs for receivables are classified as cost of sales.

Cash and cash equivalents
Cash is recognized at nominal value, but the cash deposited in bank accounts includes also capitalized interest added to the bank account balance.
Interest accrued on deposits of the Company Social Benefits Fund increases the Fund, in other cases it constitutes the Company's financial income.
Foreign currencies deposited in the undertakings' currency account and paid out in the year are recognized at the exchange rate on the date of the transaction (at the exchange rate applied by the bank which maintains the account). As at the balance sheet date, foreign currencies are recognized at the average exchange rate published by the National Bank of Poland as at the balance sheet date.

Derivative instruments

In order to ensure protection from financial risks connected with changes in exchange rates, forward and option contracts are employed. Those instruments did not meet the hedging conditions. Valuation amounts are shown in the profit and loss account. The amounts are valuated at market values of equivalent on instruments as at the balance sheet date.
Derivative instruments (forwards, options) are entered in the account books as at the execution date at fair value of the value of assets received.
As at the balance sheet date futures are recognized at fair value measured reliably.

Deferred expenditure

NG2 S.A. recognizes deferred expenditure if it pertains to future reporting periods. Expenditure is deferred by the Company to ensure commensurability of income and costs. This allows to avoid the distortion of the financial results for particular reporting periods.
Irrelevant expenditure is not deferred but charged directly to the profit and loss account when incurred.
The companies recognize accrued expenditure in the amount of probable liabilities relating to the current reporting periods.
Liabilities recognized as accrued expenditure and the principle of its evaluation result from the generally recognized business practice.

Equity

Equity is recognised in the account books broken down by type and according to principles as stipulated by law and the statute.
Equity types:

- share capital of the Company is recognized at the value laid down in the statute and court register;
- capital reserves made up of the surplus of the sale value over the nominal value of shares minus the issue costs;
- other capitals as a result of distribution of financial result;
- profit (loss) brought forward;
- net profit (loss).

Corporate income tax

The mandatory tax burden on financial results comprises the current tax (CIT) and deferred tax.
The current tax is calculated on the basis of the tax-related result for a particular reporting period.
The tax burden is measured on the basis of tax rates in force in a given fiscal year.
Deferred tax is calculated as a tax payable or refundable in the future in relation to the differences between the carrying values of assets and liabilities and related tax values used to calculate the tax base.

Income tax reserve

Deferred tax reserves are established in the amount of income tax to be paid in the future due to temporary differences, i.e. such differences which will result in the increase of the base for estimating the income tax in the future. The reserves are estimated subject to income tax rates in force in the year in which the tax liability arose.

Deferred income tax assets

Deferred income tax assets are established in the amount which will presumably be deducted from income tax with regard to negative temporal differences which will result, in the future, in reducing the income tax base and a deductible tax loss determined in a conservative manner.

Other reserves

The Company establishes reserves for:

- anticipated returns and complaints;
- future pension benefits and anniversary awards;
- unused employee leaves;
- pending court proceedings.

The amount with which a reserve is established should be the best estimate of outlays required to meet the present liability as at the balance sheet date. The estimates of the financial result and effect are determined through the judgement of the management of the company, supplemented by experience of similar transactions and - in some cases - reports of independent experts.

Reserves should be reviewed at each balance sheet date and adjusted in order to reflect the current best estimate. If it is no longer likely that an outflow of resources with economic benefits will be required to meet the liability, then the reserve is released.

A reserve for anticipated returns and complaints is established as an estimate of an average of returns based on historical data.
With calculations made for several periods and thanks to the experience gained, the Companies, in order to simplify estimates, calculate the average index of complaints for the previous periods. The variable which indicates any possible returns on sales and which influences the value of any possible complaints expresses the value of income from sales for those months to which the returns apply. The return-on-sales index for the previous months is calculated by dividing the value of returns by income from sales for the period to which a given complaint applies.
A reserve is appropriately adjusted in the next periods by increasing or releasing such a reserve, depending on the income from sales.
A reserve for future pension benefits and anniversary awards is established on the basis of actuarial calculation.
A reserve for unused annual leaves is calculated as the product of all the unused days of an annual leave and the average remuneration per day in the Company.

Credits and loans
Credits and loans are recognized at acquisition value corresponding to the fair value of cash received minus costs connected with the obtaining of a credit or loan.

Trade liabilities and other
Liabilities include the balance of all liabilities connected with the purchase of goods and services for the operating activities, including the purchase of works from domestic and foreign providers.
Trade liabilities are recognized in the account books at the amount due.

Employee benefits liabilities
Such liabilities include, but are not limited to, remunerations, social and health insurance, and also liabilities relative to the Labour Fund and the Guaranteed Employment Benefit Fund, the Company Social Benefits Fund.

Income tax related liabilities
Income tax related liabilities include the Company's corporate and personal income-tax related liabilities towards the state budget.

Lease contracts
As of the beginning of a lease contract period, the Company recognizes financial lease contracts in the balance sheet as assets and liabilities amounting to the fair value of an item established as at the date of the beginning of the lease contract or amounting to the present value of the minimal lease rent established as at the date of the beginning of the lease contract, provided that it is lower than the fair value. The present value of the minimal rents is calculated with the use of a discounted interest rate being the lease interest rate, if it is possible to determine. Otherwise, the marginal interest rate of the leaseholder is applied. The leaseholder's initial direct costs increase the amount recognized as an asset.

Foreign currency transactions

Initial valuation
Business operations denominated in foreign currencies are recognized in the account books as at the date of their execution at buying and selling rates applied by the bank servicing the companies, as regards the operations of buying and selling currencies and paying liabilities or receivables.
Regardless of the fact whether cash expressed in foreign currency was credited to the company's bank domestic currency account or foreign currency account, it is valuated at:

- buying rate of the bank servicing the company if foreign receivables are credited to the account;
- selling rate of the bank servicing the company if foreign currencies are purchased;

Outgoings from the domestic bank account is valuated at:

- buying rate of the bank servicing the company if foreign liabilities are satisfied;
- buying rate of the bank servicing the company if foreign currencies are sold.

In the case of:

- importing or exporting goods and materials and investment goods – they are valuated at the rate set out in the SAD document (or other valid document);
- importing or exporting services, purchase of rights, and financial assets (shares in other undertakings and securities purchased) – they are valuated at the average rate established by the National Bank of Poland as at that date;
- intra-Community transactions – at the average rate established by the National Bank of Poland as at the transaction date (date of issuing of an invoice).

Balance sheet valuation
As at the balance sheet date assets and liabilities, denominated in foreign currencies and recognized in the account books as at that date, are valuated at the average exchange rate published by the National Bank of Poland for a particular currency as at that date.
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Events occurring after the balance sheet date
The company adjusts amounts shown in the financial statements to recognize the events that occur after the balance sheet date and which must be adjusted.
NG2 S.A. does not adjust amounts shown in the financial statements to reflect such events occurring after the balance sheet date which are referred to as "requiring no adjustments."

1.2.3 New standard or interpretation that has not been applied so far

The Company has not yet decided whether to apply standards or interpretations published:

a) IFRS 8 "Operating Segments"
IFRS 8 was published by the International Accounting Standards Board on 30 November 2006 and applies for annual periods beginning 1 January 2009 or after this date. IFRS 8 replaces IFRS 14 "Segment Reporting." The standard sets out new requirements as to the disclosure of information on business segments as well as information on products and services, geographical areas where

business activities are carried out, and customers. IFRS 8 requires a "management" approach to the reporting of financial results of business segments.

The Company did not decide to apply IFRS 8 in the presented financial statements.

b) IFRS 23 "External Financing Costs"
On 29 March 2007 the International Accounting Standards Board published IFRS 23 as amended. This standard refers to accounting treatment of debt costs relative to assets where the period of bringing them to a selling or usable condition is significant. In the light of the amended IFRS 23, debt costs borne in such circumstances are subject to capitalization (before the amendment they were entered directly into the profit and loss account).
It applies to annual periods beginning 1 January 2009.

The Company did not decide to apply IFRS 23 in the presented financial statements.

c) IFRIC 11 "Group and Treasury Share Transactions"
IFRIC 11 was published by the International Financial Reporting Interpretations Committee on 2 November 2006 and is applicable to annual periods beginning 1 March 2007 or after that date. That standard provides the following guidance on applying IFRS 2 „Own share-based payments" with relation to share-based payment arrangements in which two or more related undertakings are involved; and on accounting treatment in the following cases:

- an undertaking grants its employees the title to its capital instruments which may or must be repurchased from a third party in order to satisfy its obligation to the employees;
- an undertaking or its owner grants employees of the undertaking the title to the capital instruments thereof, and the provider of the instruments is the owner of the undertaking.

The standard will not affect the financial statements of NG2 S.A.

d) IFRIC 12 "Service Concession Arrangements"
IFRIC 12 was published by the International Financial Reporting Interpretations Committee on 30 November 2006 and is applicable to annual periods beginning 1 January 2008 or after that date. That standard provides guidance on applying existing standards by undertakings involved in service concession arrangements between the private and public sectors. IFRIC 12 applies to those arrangements in which the customer controls which services will be provided by the provider through infrastructure, to whom they are provided and for what fee.

The standard will not affect the financial statements of NG2 S.A.

e) IFRIC 13 "Loyalty Programmes"
The interpretation IFRIC 12 was published by the International Financial Reporting Interpretations Committee and is applicable to annual periods beginning 1 July 2008 or after that date. The interpretation may also be applied before the said date.

The Company did not decide to apply IFRIC 13 in the presented financial statement. It has no loyalty programmes.

f) IFRIC 14 IFRS 19 Limitation of assets under particular benefit schemes vs. minimum financing requirements
IFRIC 14 was published by the International Financial Reporting Interpretations Committee and is applicable to annual periods beginning 1 January 2008.

The Company did not decide to apply IFRIC 14 in the presented financial statements since there were no preconditions for it.

g) IFRS 21 "Effects of changes in foreign exchange rates"
During the reporting period, the company changed the principles of valuation of advances on supplies. According to IFRS 21 non-cash items should be valuated as per the historical cost model expressed in a foreign currency and converted with the use of exchange rate as at the transaction date. The company made adjustments for errors in the current period and previous years.

h) IFRS 37 "Reserves, contingent liabilities and contingent assets"

The company changed the manner of presentation of the off-balance items. Off-balance receivables and liabilities have been recognized as off-balance items so far. IFRS 37 defines the term of contingent liabilities and indicates that a contingent liability is:

1) a possible obligation which arises as a result of future events whose existence was confirmed only until one or more uncertain future events occur, or fail to occur, which are not fully controlled by a business undertaking; or
2) a current obligation which arises as a result of future events but is not shown in the statements because:
   - it is unlikely that funds with economic benefits are required to be spent so that the obligation is satisfied; or
   - the obligation (liability) cannot be valuated sufficiently fairly.

The items presented by the Company as contingent fail to meet the above provisions, therefore after adjustments for off-balance liabilities and receivables are presented as others by the Company. Relevant adjustments were made in comparable periods.

1.2.4 Judgements of the Management Board

In order to prepare financial statements, the Management Board must use certain accounting estimates and make assumptions as to future events which may influence the value of assets and liabilities in the current and future financial statements. Such estimates and assumptions are subject to a constant assessment, based on the best knowledge of the Management Board, historical experience and expectations regarding future events which seem justifiable in a particular situation. Nevertheless, there may be some error margin and the actual results may be different from the assumptions.
Main estimates may refer to the following off-balance items: fixed assets and intangible assets (as regards useful life and impairment of items), reserves for employee benefits (bonuses, pension benefits, outstanding annual leave benefits), deferred income tax assets and reserves.

1.2.5 Investments in subsidiary undertakings, co-controlled undertakings and affiliated undertakings

Initial valuation of financial assets
According to IFRS 39, at the moment of the initial presentation of a financial asset, the Company valuates it at fair value increased, in the case of an asset not classified as valuated at fair value through the financial result, by transaction costs which may be directly related to the acquisition of a financial asset.

Valuation of financial assets for the balance sheet
Financial assets are valuated at fair value as at the balance sheet date. The valuation does not allow for transaction costs which must be borne if an asset is sold, also if the costs are significant. If the undertaking cannot estimate the fair value in a reliable manner (such a situation takes place as regards investments in shares of non-listed companies), the items are valuated at acquisition price minus impairment write-offs, if any.
Valuation for the balance sheet is carried out in such a manner which results from economic events. The positive difference from revaluation resulting in an increase in the value of a particular long-term investment from the original and established acquisition price up to the market price as at the balance sheet date is entered on the credit side of the "Revaluation reserve" account. Otherwise, if the value of the already revaluated investment decreased as a result of a fall in the market value of a given asset down to the amount by which and as a consequence of the fall the revaluation reserve was increased (and which had not been settled up to the balance sheet date), then the investment and the revaluation reserve would decrease in their value only down to the surplus between the market price and the acquisition price. The remaining part of the surplus is recognized as financial costs.

1.2.6 Errors of previous periods

The company made adjustments of the financial statements for 2007 as a consequence of the following errors found applying to that period:

- According to IFRS 21 advances are in the category of non-cash items and are not subject to valuation as at the balance sheet date. The company made a contra entry of the valuation recognized as at the balance sheet date in the amount of PLN 1,717 k. That adjustment resulted in a decrease in the value of receivables and other operating income.
- After the control carried out by the Tax Control Office in Wrocław, Legnica Branch, it was found that the Company had not complied with the obligation of the advance corporate tax payer with relation to its contractors with their registered office at the territory applying unfair tax competition, with which intangible services arrangements were entered into on 2007. The tax calculated by the Tax Control Office amounted to PLN 2,761 k. That amount was recognized by the Company as an increase in the cost of sales and decrease in receivables. Moreover, as a result of the said control the amount of the corporate income tax for 2007 was adjusted by PLN 542 k. The items, which had been adjusted included tax obligation and tax shown in the profit and loss account.
- the Company adjusted the cost of sales by PLN 216 k being the adjustment of deviations from the price of imported goods.
- the Company increased the costs of sales by PLN 577 k, by costs invoiced in 2008 which applied to 2007.

The total adjustment for 2007 made by the Company resulted in a decrease in the net financial result by PLN 5,813 k. The balance sheet total decreased by PLN 5,271 k.
Additionally, the presentation of revaluation reserve was changed. Previously, that reserve was included in other capital reserves, currently, it is recognized as profit (loss) brought forward.

1.2.7 Tax reconciliation

Making a settlement for the purpose of corporate income tax for 2008, the Company made the following adjustments:
- total income amounting to PLN 784,996 k decreased by PLN 6,515 k. Tax revenue established according to tax law amounted to PLN 778,481 k;
- total costs amounting to PLN 675,695 k decreased by PLN 16,753 k. Operating expenditure was established at PLN 658,942 k;
- tax allowances deducted from income amounted to PLN 39 k;
- the basis for calculating corporate income tax amounted to PLN 119,500 k, and with the 18% rate the tax amounted to PLN 22,705 k.

1.2.8 Description of differences between the financial results presented previously

On 19 February of the present year, the issuer submitted the interim report S.A. QSr IV/2008, with a profit and loss account showing a separate net profit of PLN 91,15 mln.
In the period from the date of publication of the QSr IV/2008 report till the date of the publication hereof, the Management Board decided to establish a reserve for the purpose of annual bonuses for employees of NG2 for 2008 and other costs after the balance sheet date (particularly pertaining to additional annual rent for commercial premises). Due to the reserve having been established, the net profit decreased down to PLN 88,07 mln.

1.2.9 Approval of the financial statements for publication

On 3 June 2008 the General Meeting of NG2 S.A. was held where the consolidated and separate financial statements and the Management Report for 2007 were approved.

1.2.10 Subsidiary undertakings

NG2 S.A. is the parent undertaking in the NG2 Capital Group. NG2 S.A's subsidiary undertakings are presented in the below table:

Undertakings subsidiary to NG2 S.A.	Registered Office/Country	% share in the undertaking's equity	Nominal value of shares

CCC Factory Sp. .z o.o.	Polkowice, Poland	100	PLN 15,036,000
CCC Boty Czech s.r.o.	Brno, Czech Republic	100	CZK 75,000,000
Continental Trust Fund No. 968	USA	100	USD 10

1.2.11 Statement by business and geographical segments

The basic division is a division by business segments. There are three industry segments in the Group:

- **wholesale**
- **retail**
- **services (tenancy)**

Type of goods and services in each of the business segments reported.

1. Segment: wholesale

In this segment NG2 S.A. and CCC Factory Sp. z o.o. sell shoes to wholesale customers.

2. Segment: retail

In this segment NG2 S.A. and CCC BOTY CZECH s.r.o. sell shoes to its own retail network.

3. Segment: services

In this segment NG2 S.A. sub-lets facilities (sales outlets) within the franchise network.

The NG2 S.A. Capital Group does not apply the division by geographical segments, because the international sales segment did not reach the appropriate 10% thresholds as laid down in *IFRS 14.*

I-XII 2008	Retail	Wholesale	Tenancy services	Unlocated items	Group
Income from sales	576 642	156 550	14 921		748 113
Cost of sales	(255 730)	(101 786)	(14 023)	(5 656)	(377 195)
Gross profit from sales	320 912	54 764	898	(5 656)	370 918
Cost of sales and overheads	(214 839)	(6 576)		(31 389)	(252 804)
Other operating income (cost) - (balance)				871	871
Operating profit	106 073	48 188	898	(36 174)	118 985
Financial income (cost) - (balance)				(9 685)	(9 685)
Profit before tax	106 073	48 187	898		109 300
Income tax				(21 228)	(21 228)
Net profit					88 072

I-XII 2007	Retail	Wholesale	Tenancy services	Unlocated items	Group
Income from sales	376 888	139 386	14 371		530 645
Cost of sales	(170 504)	(91 865)	(14 125)	(2 805)	(279 299)
Gross profit from sales	206 384	47 521	246	(2 805)	251 346
Cost of sales and overheads	(143 384)	(6 383)		(30 410)	(180 177)

Other operating income (cost) - (balance)				(17 084)	(17 084)
Operating profit	63 000	41 138	246	(50 299)	54 085
Financial income (cost) - (balance)				(5 354)	(5 354)
Profit before tax					48 731
Income tax				(11 689)	(11 689)
Net profit					37 042

II. SEPARATE FINANCIAL STATEMENTS

2.1. Separate financial highlights

SEPARATE FINANCIAL HIGHLIGHTS	In thousands PLN		In thousands EUR	
	Period from 2008-01-01 up to 2008-12-31	Period from 2007-01-01 up to 2007-12-31	Period from 2008-01-01 up to 2008-12-31	Period from 2007-01-01 up to 2007-12-31
I. Net income from the sale of goods and materials	748 113	530 645	211 804	140 501
II. Operating profit (loss)	118 985	54 085	33 687	14 320
III. Gross profit (loss)	109 300	48 731	30 945	12 903
IV. Net profit (loss)	88 072	37 042	24 935	9 808
V. Net operating cash flows	37 840	14 681	10 713	3 887
VI. Net investment cash flows	(48 089)	(38 486)	(13 615)	(10 190)
VII. Net financial cash flows	14 840	20 677	4 201	5 475
VIII. Total net cash flows	4 591	(3 128)	1 300	(828)
IX. Total assets	472 921	294 786	113 345	82 296
X. Liabilities and reserves for liabilities	216 377	126 314	51 859	35 264
XI. Long-term liabilities	14 217	1 599	3 407	446
XII. Short-term liabilities	202 160	124 715	48 452	34 817
XIII. Equity	256 544	168 472	61 486	47 033
XIV. Initial capital	3 840	3 840	920	1 072
XV. Number of shares (pcs.)	38 400 000	38 400 000	38 400 000	38 400 000
XVI. Profit (loss) per ordinary share (in PLN/EUR)	2,29	0,96	0,65	0,25
XVII. Book value per share (in PLN/EUR)	6,68	4,39	1,60	1,23
XVIII. Declared or paid dividend per share (in PLN/EUR)	1		0,26	

Financial data was converted to EUR according to following rules:

- items of assets and liabilities using average rate announced for 31.12.2008 and 31.12.2007 by NBP
- items of profit and loss account and the cash-flow using simply average of average rates established by NBP on the last day of each month in periods as follows: from 01.01.2008 up to 31.12.2008 and from 01.01.2007 up to 31.12.2007

Accounting period	Average price	Low price	High price	Price at the last Day of the period
01.01 – 31.12.2008	3,5321	3,2026	4,1848	4,1724
01.01 – 31.12.2007	3,7768	3,5699	3,9385	3,5820

2.2. Balance sheet of NG2 S.A.

BALANCE SHEET of NG2 S.A. (in thousands PLN)	Note number	As at 2008-12-31 EoY 2008	As at 2007-12-31 EoY 2007
Fixed assets			
Goodwill			
Other intangible assets	5	1 110	260
Tangible assets	6	117 459	74 437
Long-term investments	7	34 427	29 498
Long-term receivables	8	233	293
Financial assets available for sale			
Deferred tax assets	3	3 637	2 354
Total fixe assets		**156 866**	**106 842**
Current assets			
Stocks	9	197 744	91 366
Trade debtors and other amount due	10	109 996	92 854
Derivative financial instruments	11		
Cash and cash equivalents	12	8 316	3 724
Financial assets held for trading			
Other current assets			
Total current assets		**316 056**	**187 944**
Total assets		**472 922**	**294 786**
Equity			
Share capital	13	3 840	3 840
Own shares			
Share premium surplus	13	74 586	74 586
Other capitals	13	95 584	52 728
Profit (loss) brought forward		(5 538)	276
Net profit (loss)	13	88 072	37 042
Total equity		**256 544**	**168 472**
Long-term liabilities			
Long-term bank credits and loans	14	12 500	
Reserves for deferred tax	3	683	876
Long-term reserves	15	868	510
Long-term financial lease contracts liabilities	16	166	213
Total long-term liabilities		**14 217**	**1 599**
Short-term liabilities			
Trade liabilities and other	17	75 987	27 735
Employee benefits		12 169	8 923
Income tax liabilities		10 904	1 932

Short-term financial lease contracts liabilities	16	69	63
Short-term bank credits and loans	14	92 148	81 790
Derivative financial instruments	11		2 866
Short-term reserves	15	10 884	1 406
Total short-term liabilities		**202 161**	**124 715**
Total liabilities		**472 922**	**294 786**

2.3. Off-balance sheet items

OFF-BALANCE SHEET ITEMS OF NG2 S.A. (in thousands PLN)	As at 2008-12-31	As at 2007-12-31
I. RECEIVABLES	**25 650**	**32 935**
1. Contingent receivables		
1.1. From related undertakings		
1.2. From other undertakings		
2.Other receivables	**25 650**	**32 935**
2.1.From other undertakings (as a result of)	**25 650**	**32 935**
- guarantees and warranties received	25 650	32 935
II.LIABILITIES	**39 082**	**33 680**
1. Contingent liabilities		
1.1 To related undertakings		
1.2 To other undertakings		
2. Other liabilities	**39 082**	**33 680**
2.1. To related undertakings		
2.2. To related undertakings (as a result of)	**39 082**	**33 680**
- customs guarantees	8 500	8 500
- other guarantees	24 312	19 540
- bills of security		
- security established	6 270	5 640
Total off-balance sheet items	**64 732**	**66 615**

2.4. Profit and loss account

PROFIT AND LOSS ACCOUNT OF NG2 S.A. (in thousands PLN)	Note number	Period from 2008-01-01 up to 2008-12-31	Period from 2007-01-01 up to 2007-12-31
Income from sales	1	748 113	530 645
Costs of manufacture of products sold	1	(377 195)	(279 299)
Gross profit (loss) on sales		370 918	251 346
Other operating income	1	18 339	2 146
Cost of sales	1	(250 850)	(178 477)
Overheads	1	(1 954)	(1 700)
Other operating costs	1	(17 468)	(19 230)
Operating profit (loss)		118 985	54 085
Financial income	1	130	448
Financial costs	1	(9 815)	(5 802)
Profit (loss) before tax		109 300	48 731
Income tax	3	(21 228)	(11 689)
Net loss on discontinued operations			
Net profit (loss)		**88 072**	**37 042**
Profit (loss) per share		2,29	0,96
On continued operations		2,29	0,96
- ordinary		2,29	0,96
- diluted		2,29	0,96

2.5. Statement of changes in equity of NG2 S.A.

STATEMENT OF CHANGES IN EQUITY OF NG2 S.A. (in thousands PLN)	Period from 2008-01-01 Up to 2008-12-31	Period from 2007-01-01 Up to 2007-12-31
I. Equity at the beginning of period (opening balance)	168 472	169 830
1. Initial capital at the beginning of period	3 840	3 840
Increase (+)/ decrease (-) as a result of issue of shares		
Other increase/ decrease		
1.1 Initial capital at the end of period	3 840	3 840
2. Share premium account at the beginning of period	74 586	74 586
Increase (+)/ decrease (-) as a result of issue of shares		
Other increase/ decrease		
2.1 Share premium account at the end of period	74 586	74 586
3. Other reserves at the beginning of period	52 728	42 044
Increase (+)/ decrease (-) as a result of sale and disposal of fixed assets		
Increase (+)/ decrease (-) as a result of distribution of profits	42 856	49 084
Dividends		(38 400)
Other increase/ decrease		
3.1 Other reserves at the end of period	95 584	52 728
4. Foreign exchange differences on translation of subordinated undertakings		
Foreign exchange differences at the beginning of period		
Increase/ Decrease		
Other increase-decrease		
5. Profit (loss) brought forward at the beginning of period	37 318	49 360
Increase (+)/ decrease (-) as a result of distribution of profits	(42 856)	(49 084)
Adjustments for errors of previous years		
Reclassification of loss brought forward to be covered		
Other increase/ decrease		
5.1 Profit (loss) brought forward at the end of period	(5 538)	276
6. Net result	88 072	37 042
a) net profit	88 072	37 042
b) net loss		
c) write-offs from profit		
7. Net profit (loss) recognized directly in equity		
8. Total net profit (loss)	88 072	37 042
II. Equity after adjustments for the proposed distribution of profits (coverage of loss)	256 544	168 472

2.6. Cash flow statement

CASH FLOW STATEMENT OF NG2 S.A. (in thousands PLN)	Period from 2008-01-01 up to 2008-12-31	Period from 2007-01-01 up to 2007-12-31
Gross profit (loss)	109 300	48 731
Adjustments:	(71 460)	(34 050)
Share in net profit (loss) of affiliated undertakings		
Amortization and depreciation	10 012	6 648
Impairment of fixed assets		
Impairment of goodwill		
Profit (loss) on measure of investment real estate at fair value		
Write-off of negative goodwill to the profit and loss account for the current year		
Profit (loss) on valuation of derivative instruments	(2 866)	5 377
Foreign exchange profits (losses)	3	(3)
Interest and profit sharing		
Investment profits (losses)	452	998
Interest expense	7 605	3 593
Movements in reserves	9 837	748
Movements in stock	(106 378)	(30 730)
Movements in receivables	(21 188)	(12 289)
Movements in short-term liabilities except for loans and credits	45 816	11 481
Movements in prepayments and accruals	(1 021)	(1 656)
Cash generated in operations		
Income tax paid	(13 732)	(18 217)
Interest paid		
Other adjustments		
Net cash flows from operations	**37 840**	**14 681**
Investment cash flows		
Interest received	346	50
Dividends from affiliated undertakings		
Dividends from investments available for sale		
Inflows from sale of investments held for trading		
Inflows from sale of investments available for sale		
Inflows from sale of subsidiary undertaking		
Inflows from sale of intangible assets		
Inflows from sale of tangible fixed assets	125	99
Inflows from sale of investment real estate		
Purchase of investments held for trading		
Purchase of investments available for sale		
Purchase of subsidiary undertaking		
Purchase of intangible assets	1 038	159
Purchase of tangible fixed assets	47 522	27 748
Purchase of investment real estate		
Purchase of financial assets in affiliated undertaking		10 728
Net investment cash flows	**(48 089)**	**(38 486)**

Net financial cash flows		
Net inflows from issue of shares and other capital instruments and additional contributions to equity		
Inflows from credits and loans	71 258	76 773
Issue of debt securities and other securities possible to change into shares		
Interest received		
Dividends and other payments to shareholders		38 400
Repayment of credits and loans	48 400	14 000
Redemption of debt securities		
Payments under finance lease contracts	66	54
Interest	7 952	3 642
Other financial outlays		
Net financial cash flows	**14 840**	**20 677**
Total cash flows	**4 591**	**(3 128)**
Net increase / (decrease) in cash and cash equivalents	4 591	(3 128)
Cash and cash equivalents at the beginning of period	**3 724**	**6 852**
Cash from credit loans In current bank account for the beginning of the period		**12 773**
Cash and cash equivalents at the end of period	**8 316**	**3 724**

III. NOTES TO THE FINANCIAL STATEMENTS

NOTE NO.1 – INCOME AND COSTS

Income from sales	2008-01-01 2008-12-31	2007-01-01 2007-12-31
	PLN` 000	PLN` 000
Income from sale of services	17 660	17 472
Sale of goods and products	730 453	513 173
- wholesale	153 811	136 285
- retail	576 642	376 888
Total income from sales	**748 113**	**530 645**

Note 1B Other operating income	2008-01-01 2008-12-31	2007-01-01 2007-12-31
	PLN` 000	PLN` 000
Release of reserves	7 109	228
Positive foreign exchange differences	25 408	5 887
Reassessment to fair value of option contract	-	25 226
Inventory reconciliation	1 026	582
Interest on overdue receivables	879	2 070
Damages received	447	278
Other income	556	706
Total operating income from sales	**35 425**	**34 977**

Note 1C Other operating costs	2008-01-01 2008-12-31	2007-01-01 2007-12-31
	PLN` 000	PLN` 000
Loss on sale of fixed assets	154	122
Establishment of reserves	11 580	976
Negative foreign exchange differences	17 880	17 919
Reassessment to fair value of option contract	-	30 625
Inventory reconciliation	1 767	986
Licences and author’s rights paid	1 112	826
Interests on liabilities	746	69
Other operating cots	1 315	538
Total other operating costs	**34 554**	**52 061**

Note 1D **Financial income**	2008-01-01 2008-12-31 PLN` 000	2007-01-01 2007-12-31 PLN` 000
Income from interest on current account and deposits	22	348
Positive foreign exchange differences	135	47
Other financial income	108	100
Razem przychody finansowe	**265**	**495**

Note 1E **Financial costs**	2008-01-01 2008-12-31 PLN` 000	2007-01-01 2007-12-31 PLN` 000
Interest on loans and credits	7 933	3 613
Interest on financial lease contracts	18	29
Negative foreign exchange differences	386	608
Write-off from financial assets impairment	771	876
Commisions paid	711	418
Other financial costs	131	305
Total financial costs	**9 950**	**5 849**

Note 1F **Value of goods, products and services sold**	2008-01-01 2008-12-31 PLN` 000	2007-01-01 2007-12-31 PLN` 000
The manufacture costs relative to goods, products and services sold include:		
Costs of manufacture of services sold:	15 386	14 291
- Consumption of materials and energy	-	619
- Outsourcing	15 386	13 463
- Other costs	-	209
Costs of manufacture of goods and products sold	356 153	262 203
- wholesale	100 423	91 699
- retail	255 730	170 504
Revaluation write-off for stocks	5 656	2 805
Total cost of sales	**377 195**	**279 299**

Note 1G **Cost of sales**	2008-01-01 2008-12-31 PLN` 000	2007-01-01 2007-12-31 PLN' 000
Cost of sales includes:		
Amortization and depreciation	9 547	6 648
Consumption of materials and energy	18 115	10 728
Outsourcing	112 609	77 948
Taxes and charges	2 405	4 579
Salaries and wages	78 439	55 279
Employee costs	16 424	12 582

Advertising costs	12 691	9 051
Other costs	2 103	1 429
Revaluation write-offs for receivables	(85)	479
Movements in prepayments and accruals	(1 398)	(246)
Total cost of sales	**250 850**	**178 477**

Note 1H **Overheads**	2008-01-01 2008-12-31	2007-01-01 2007-12-31
	PLN` 000	**PLN' 000**
Overheads include:		
Amortization and depreciation	465	-
Consumption of materials and energy	166	145
Outsourcing	110	573
Salaries and wages	1 053	939
Employee costs	100	-
Other costs	60	43
Razem koszty zarządu	**1 954**	**1 700**

NOTE NO. 2 – COSTS OF EMPLOYMENT

The table below includes information on the average employment (including the management):

No. of employees	**31.12.2008**	**31.12.2007**
Administrative employees	276	244
Employees of sales outlets	2 464	2 149
Warehouse employees	219	229
Total	**2 959**	**2 622**
Costs of employment:		
Salaries and wages	79 492	56 219
Social insurance contributions	13 428	10 367
Other employee benefits	3 096	2 215
Total	**96 016**	**68 801**

NOTE NO. 3 – INCOME TAX

	31.12.2008	**31.12.2007**
	PLN` 000	**PLN` 000**
Profit before tax	109 300	48 731
19%-rate tax	20 767	9 259
Tax effect of expenditure other than operating expenditure	1 938	3 188
Current income tax	22 705	12 447
Deferred tax	(1 477)	(758)
Income tax	**21 228**	**11 689**

The current income tax was calculated at 19%.
In the reporting period the effective tax rate was 19,3%

DEFFERED TAX.

Items listed below constitute major items of reserve and assets from deferred income tax accounted by the Company as well as their changes in the present and previous reporting period:

Reserves for deferred income tax	31.12.2008	31.12.2007
	PLN` 000	PLN` 000
Accelerated tax depreciation	476	532
Interest accrued	207	344
Total	**683**	**876**

Deferred tax assets	31.12.2008	31.12.2007
	PLN` 000	PLN` 000
Costs after the balance sheet date	2 620	1 695
Reserves for liabilities	588	348
Impairment of assets	426	311
Other changes	3	0
Total	**3 637**	**2 354**

NOTE NO. 4 – PROFIT PER SHARE

Profits	31.12.2008	31.12.2007
	PLN` 000	PLN` 000
Net profit for a given year for the purpose of calculating profit per share subject to distribution between the shareholders of the parent undertaking	88 072	37 042
Profit recognized for the purpose of calculating diluted profit per share	**88 072**	**37 042**

Number of shares issued	31.12.2008	31.12.2007
Weighted average of number of shares recognized for the purpose of calculating ordinary profit per share	38 400 000	38 400 000
Weighted average of number of shares recognized for the purpose of calculating diluted profit per share	**38 400 000**	**38 400 000**

Profit per share		
- ordinary	2,29	0,96
- diluted	2,29	0,96

NOTE NO.5 – INTANGIBLE ASSTES

	Patents and licences	Trademarks	Total
	PLN' 000	PLN' 000	PLN' 000
GROSS AMOUNTS			
As at 1 January 2007	**307**	**136**	**443**
Increase in the period 01.01. - 31.12.	157	1	158
Decrease in the period 01.01. - 31.12.	-	-	-
As at 31 December 2007	**464**	**137**	**601**
As at 1 Januarz 2008	**464**	**137**	**601**
Increase In the period 01.01. - 31.12.	819	220	1 039
Decrease In the period 01.01. - 31.12.	-	-	-
As at 31 December 2008	**1 283**	**357**	**1 640**
DEPRECIATION			
As at 1 January 2007	**182**	**76**	**258**
Amortization in the period 01.01. - 31.12.	67	16	83
Adjustments of deprecation in the period 01.01. - 31.12.	-	-	-
As at 31 December 2007	**249**	**92**	**341**
As at 1 January 2008	**249**	**92**	**341**
Amortization In the period 01.01. - 31.12.	188	1	189
Adjustments of deprecation in the period 01.01. - 31.12.	-	-	-
As at 31 December 2008	**437**	**93**	**530**
NET AMOUNTS			
As at 31 December 2008	**846**	**264**	**1 110**
As at 31 December 2007	**215**	**45**	**260**

NOTE NO.6 – TANGIBLE ASSETS

	Lands, buildings, premises	Plant and machinery	Means of transport	Other	Tangible assets under construction	Total
	PLN' 000	PLN' 000	PLN' 000	PLN' 000	PLN' 000	PLN' 000
INITIAL VALUE IR VALUATION						
As at 1 January 2007	**51 780**	**3 166**	**5 994**	**2 618**	**232**	**63 790**
Increase	22 849	1 652	1 683	1 595	40 122	67 901
Decrease	261		421	1	38 913	39 596
As at 31 December 2007	**74 368**	**4 818**	**7 256**	**4 212**	**1 441**	**92 095**
As at 1 January 2008	**74 368**	**4 818**	**7 256**	**4 212**	**1 441**	**92 095**
Increase (as a result of):	35 865	1 477	724	2 885	53 678	**94 629**
- outlays in foreign facilities	34 518				53 678	88 196
- investments building of NG2	1 347					1 347
- purchase		1 452	724	2 131		4 307

- lease contracts		25				25
- revaluation				754		754
Decrease (as a result of):	**591**	**271**	**595**	**472**	**41 165**	**43 094**
- liquidation	591	271		472		1 334
- sales			595			595
- write-off adjustments						-
- investment completed					41 165	41 165
As at 31 December 2008	**109 642**	**6 024**	**7 385**	**6 625**	**13 954**	**143 630**
DEPRECIATION AND IMPAIRMENT						
As at 1 January 2007	**6 049**	**1 646**	**1 929**	**1 897**		**11 521**
Amortization 01.01 - 31.12	4 259	581	1 330	395		6 565
Decrease as a result of sales of liquidation	53	1	373	1		428
As at 31 December 2007	**10 255**	**2 226**	**2 886**	**2 291**		**17 658**
As at 1 January 2008	**10 255**	**2 226**	**2 886**	**2 291**		**17 658**
Amortization 01.01 - 31.12	6 866	848	1 407	701		(9 822)
Decrease as a result of sales or liquidation	254	262	531	262		(1 309)
As at 31 December 2008	**16 867**	**2 812**	**3 762**	**2 730**		**26 171**
NET AMOUNTS						
As at 31 December 2008	**92 775**	**3 212**	**3 623**	**3 895**	**13 954**	**117 459**
As at 31 December 2007	**64 113**	**2 592**	**4 370**	**1 921**	**1 441**	**74 437**

Tangible assets at amount of PLN 16,775 000 constitute the credit loans secure for the end of 2008.

NOTE NO. 7 – LONG-TERM INVESTMENTS

	31.12.2008	31.12.2007
	PLN` 000	PLN` 000
Shares In non-listed companies	34 427	29 498

Long-term investment include shares In subsidiaries.

Company name	Head office	Country	Shares' book value PLN'000
CCC FACTORY Sp. z o.o	Polkowice, ul.Strefowa 9	Poland	15 036
CCC BOTY Czech s.r.o	Brno	Czech Republic	10 311
Continental Trust Fund	USA	USA	9 080

Changes In write-off from financial asset impairment

	31.12.2008	31.12.2007
	PLN` 000	PLN` 000
As at the beginning of the period	876	-
a) increase	771	876
As to the end of the period	**1 647**	**876**

The value of write-off from financial assets impairment entered financial costs of current period.

NOTE NO.8 – LONG-TERM RECEIVABLES

	31.12.2008	31.12.2007
	PLN' 000	PLN' 000
Long term prepeyments and accruals	233	293
Total	**233**	**293**

NOTE NO.9 - STOCKS

	31.12.2008	31.12.2007
	PLN' 000	PLN' 000
Goods	198 002	90 332
Activated cost of packing	579	1 794
Revaluation write-offs for stocks	(837)	(760)
Total stocks	**197 744**	**91 366**

As at the balance sheet date, stocks of a book value of PLN 117,6 m (2007: PLN 52,4 m) constituted a security for credits and loans.

Movements in write-offs for stocks	31.12.2008	31.12.2007
	PLN' 000	PLN' 000
Opening balance as at the beginning of period	760	679
a) Increase	79	81
b) Decrease	2	-
Balance of write-offs for stocks at the end of period	**837**	**760**

The value of established and released impairments of stocks constitutes the adjustment of selling costs of the current period.

NOTE NO. 10 – TRADE RECEIVABLES AND OTHER

	31.12.2008	31.12.2007
	PLN' 000	PLN' 000
Trade receivables	102 825	89 396
Other current receivables	4 312	668
Prepayments and accruals	2 859	2 444
Loan and interest on loan	-	346
Toatal	**109 996**	**92 854**

Average time of receivables execution amounts 35 days. Statutory interest accrues after the maturity date The Company made a revaluation write-off for the balance of receivables amounting to PLN 1,389,900 . PLN. Revaluation write-offs for receivables are entered in the costs of sales item. The write-offs were estimated on the basis of the previous experiences of the Company.

(Gross) trade receivables overdue broken down into receivables not repaid:

	31.12.2008 PLN' 000	31.12.2007 PLN' 000
a) up to 1 month	6 142	11 170
b) over 1 month up to 3 months	4 301	3 636
c) over 3 months up to 6 months	1 072	2 831
d) over 6 months	3 110	8 804
	14 625	**26 441**
e) revaluation write-offs for trade receivables overdue	1 390	2 026
Total (net) trade receivables overdue	**13 235**	**24 415**

Movements in revaluation write-offs for short-term receivables

	31.12.2008 PLN' 000	31.12.2007 PLN' 000
Opening balance as at the beginning of period	2 026	1 898
a) increase	109	198
b) decrease	745	70
Use	-	70
Release	745	-
Balance of revaluation write-offs for receivables as at the end of period	**1 390**	**2 026**

Trade receivables (currency structure)

	31.12.2008 PLN' 000	31.12.2007 PLN' 000
a) in PLN	38 883	55 625
b) in foreign currencies (as per the currencies and converted to PLN)	63 942	40 559
- USD	11 923	13 536
- converted to PLN	34 965	32 961
- EUR	1 906	2 121
- converted to PLN	7 104	7 598
- CZK	139 673	-
- converted to PLN	21 873	-
Total short-term receivables	**102 825**	**96 184**

Short-term loans	31.12.2008 PLN' 000	31.12.2007 PLN' 000
Balance as at the beginning of period	-	2 600
- associated undertakings		2 300
- other undertakings		300
a) decrease	-	2 600
- associated undertakings		2 300
- other undertakings		300
Balance as at the end of period	**0**	**0**

NOTE NO. 11 – DERIVATIVES

FX derivatives. The parent company of the NG2 S.A. Capital Group used fx derivatives to secure significant future transactions and cash flows. The instruments did not meet the conditions for regarding them as securing. Valuation amounts were shown in the profit and loss account. The amounts were estimated on the basis of market values of equivalent derivatives as at the balance sheet date.

	31.12.2008	31.12.2007
	PLN' 000	PLN' 000
Derivatives	-	(2 866)

NOTE NO. 12 – CASH AND CASH EQUIVALENTS

	31.12.2008	31.12.2007
	PLN' 000	PLN' 000
Cash in hand and at bank	6 590	3 283
Short-term deposits	1 726	441
Total	**8 316**	**3 724**

Cash in hand and at bank includes cash held by the NG2 S.A. Capital Group and short-term bank deposits with a maturity of up to 3 months. The book value of these assets corresponds to the fair value.
.

NOTE NO. 13 – SHARE CAPITAL

	Number of shares	(number of ordinary shares)	Nominal value of share	Capital Stock
As at 1 january 2007 roku	**38 400 000**	**31 650 000**	**0,1**	**3 840 000**
As at 31 December 2007 roku	**38 400 000**	**31 700 000**	**0,1**	**3 840 000**
As at 31 December 2008 roku	**38 400 000**	**31 700 000**	**0,1**	**3 840 000**

All the shares issued were fully paid up.

Share Premium

	PLN '000
As at 31.12.2007	74 586
As at 31.12.2008	74 586

Other capital

	PLN '000
As at 31.12.2007	53 004
Profit distribution	42 856
Dividends paid	-
As at 31.12.2008	**95 860**

Profit (loss) brought forward

	PLN '000
As at 01.01.2007	276
As at 31.12.2007	276
As at 31.12.2008	(5 538)

Net profit (loss)

	PLN '000
As at 01.01.2007	49 084
As at 31.12.2007	37 042
Profit distribution	(42 856)
Net profit for the period	88 072
Coverage of loss from previous years	5 814
As at 31.12.2008	88 072

NOTE NO. 14 – CREDITS AND LOANS

Long-term credits and loans	31.12.2008	31.12.2007
	PLN' 000	PLN'000
Bank credit	12 500	
	12 500	**0**

A credit with a maturity on 9 March 2011 was granted by BZ WBK S.A. at WIBOR floating rate plus a bank margin. According to the credit agreement the credit limit is PLN 30,000,000. A security for the credit is a mortgage on real estate and registered pledge on stocks. The long-term part of the credit was PLN 17,500,000 as at the balance sheet date.

Short-term credits and loans	31.12.2008	31.12.2007
	PLN' 000	PLN'000
Current account credit facility	14 148	31 790
Bank credit	78 000	50 000
	92 148	**81 790**

The Company concluded credit loan agreements as follows:

BZ WBK S.A.

Subject matter of agreement	Limit available (PLN '000)	Expiry Date	Financial terms	Security
Current account bank credit	30 000	31.03.2009	WIBOR + bank margin	Bail mortgage on real estate in Polkowice; registered pledge on stocks
Revolving	50 000	31.03.2009	WIBOR + bank margin	
Operating credit	30 000	09.03.2011	WIBOR + bank margin	
Limit for guarantees	20 000	31.03.2009	bank margin	

ING Bank Śląski S.A.

Subject matter of agreement	Limit available (PLN '000)	Expiry Date	Financial terms	Security
Current account bank credit	20 000	15.01.2009	WIBOR + bank margin	Bail mortgage

Bank Handlowy w Warszawie S.A.

Subject matter of agreement	Limit available (PLN '000)	Expiry Date	Financial terms	Security
Limit for guarantees	8 000	29.05.2009	bank margin	Bail mortgage; registered pledge on stocks
Limit for Paylink cards	7 230	09.03.2010	WIBOR + bank margin	Surety

Bank Millennium S.A.

Subject matter of agreement	Limit available (PLN '000)	Expiry Date	Financial terms	Security
Current account bank credit	5 000	22.09.2009	WIBOR + bank margin	registered pledge on stocks

Societe Generale

Subject matter of agreement	Limit available (PLN '000)	Expiry Date	Financial terms	Security
Limit for guarantees and bills of credit	10 000	Undefined	bank margin	None

NOTE NO.15- RESERVES

	Reserve for service under guarantee	Reserve for employee benefits	Reserve for unused annual leaves	Reserve for auditing the balance sheet	Prepayments and accruals	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at dzień 1 January 2007	**693**	**441**	**34**			**1 168**
Establishing reserve during the year	580	96	216	84		976
Releasing reserve	186	25	17			228
Reserve used						
As at 31 December 2007	**1 087**	**512**	**233**	**84**		**1 916**
As at 1 January 2008	**1 087**	**512**	**233**	**84**		**1 916**
Establishing reserve during the year	1 190	396	350	5	15 004	16 945
Releasing reserve	580		182		6 347	7 109
Reserve used						0
As at 31 December 2008	**1 697**	**908**	**401**	**89**	**8 657**	**11 752**
Reserves up to 1 year	1 697	40	401	89	8 657	10 884
Reserves over 1 year		868				868

Reserve for service under guarantee
The company establishes reserves for anticipated guarantee service of products sold during the last financial year basing on the service repairs under guarantee and returns recorded in the previous years.
Reserve for employee benefits
The company establishes reserves for future pension benefits and anniversary awards basing on an actuarial calculation.

Prepayments and accruals
The company established reserves for commissions due under an agency service agreement.

NOTE NO. 16 – LEASE CONTRACTS LIABILITIES

	Minimum Lease rents		Present value of minimum lease rents	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	PLN'000	PLN'000	PLN'000	PLN'000
Financial lease contracts liabilities due:	235	276	-	-
within one year	69	63		
within two or five years	166	213		
	235	276	-	-
Present value of future liabilities	**235**	**276**	**-**	**-**
Less amount due within 12 months (recognized in short-term liabilities)	69	63		
Liabilities due after 12 months	166	213	**-**	**-**

The company uses machinery and means of transport under financial lease contracts with a purchase option. The future minimum lease rents under the said contracts and the present value of the minimum lease rents are as presented herein above.
Any lease contracts liabilities are denominated in PLN.

NOTE NO. 17 – TRADE LIABILITIES AND OTHER

	31.12.2008	31.12.2007
	PLN' 000	PLN'000
Trade liabilities	68 795	23 506
Custom and tax liabilities	17 621	6 150
Libilities to employees	12 169	8 923
Other	475	11
Total	**99 060**	**38 590**

Average credit period amounts 40 days. Liabilities in the foreign currency are denominated in PLN on the balance date using average rate established on that day by NBP for the given currency. Foreign exchange differences are entered in operating costs or operating income item.

NOTE NO. 18 – TRANSACTIONS WITH RELATED UNDERTAKINGS

Transactions of the parent undertaking with related undertakings: as at 31.12.2008

	CCC Factory PLN'000	CCC Boty Czech PLN'000
Trade receivables	7	23 597
Trade liabilities	36 522	90
Interest accrued		715

Transactions of the parent undertaking with related undertakings: as at 31.12.2007

	CCC Factory PLN'000	CCC Boty Czech PLN'000
Trade receivables	5	19 564
Trade liabilities	5 263	
Interest accrued		650

NOTE NO. 20 – CLASSIFICATION OF FINANCIAL INSTRUMENTS AND SENSITIVITY ANALYSIS

Classification of financial instruments

Długoterminowe	31.12.2008 PLN'000	31.12.2007 PLN'000
Shares in subsidiary and affiliated undertakings	34 427	29 498
Loans and receivables	233	293
Financial liabilities valuated at amortised cost	(166)	(213)
	34 494	**29 578**

Krótkoterminowe	31.12.2008 PLN'000	31.12.2007 PLN'000
Loans and receivables	105 684	92 186
Financial liabilities valuated at fair value through financial results		**(2 866)**
a) designated as valuated at fair value upon initial recognition		
b) held for trading		(2 866)
	(174 462)	(83 897)
Financial liabilities valuated at amortised cost	(68 778)	5 423

Credit risk

Maximum exposure to credit risk	31.12.2008 PLN'000	31.12.2007 PLN'000
Financial assets valuated at fair value through financial results		(2 866)
Shares in subsidiary and affiliated undertakings	34 427	29 498
Loans and receivables	105 684	92 186
Cash and cash equivalents	8 315	3 724
Other financial instruments		
	148 426	122 542

Structure of trade receivables by maturity (PLN '000)

	Total as at 31.12.2008	Mature as at 31.12.2008	Paid after balance sheet date
Goods	102 825	**13 235**	**89 590**
	102 825	**13 235**	**89 590**

	Total as at 31.12.2007	Mature as at 31.12.2007	Paid after balance sheet date
Goods	89 396	**24 415**	**64 981**
	89 396	**24 415**	**64 981**

Age structure of trade receivables	31.12.2008 PLN'000	31.12.2007 PLN'000
Gross amounts		
Non-overdue	89 590	64 981
Overdue	**14 625**	**26 441**
1-30 days	6 142	11 170
31-90 days	4 301	3 636
91-180 days	1 072	2 831

181-365 days	3 110	8 804
	104 215	**91 422**
Deprecation		
Overdue	**1 390**	**2 026**
181-365 days	1 390	2 026
	1 390	**2 026**
Net amounts		
Non-overdue	89 590	64 981
Overdue	13 235	24 415
1-30 days	6 142	11 170
31-90 days	4 301	3 636
91-180 days	1 072	2 831
181-365 days	1 720	6 778
	102 825	**89 396**

The main financial asset of the NG2 S.A. Capital Group is bank deposits, cash, trade receivables, other receivables which reflect the maximum exposition to credit risk in relation to financial assets.
The credit risk to which the company is exposed is mainly connected with trade receivables.
The amounts in the balance sheet are net amounts allowing for revaluation write-offs for doubtful receivables estimated by the management board of the company on the basis of previous experience and assessment of the present economic environment.
The credit risk relative to financial derivatives is limited because the parties to transactions are banks with a high credit rating granted by international rating agencies.
The NG2 S.A. Capital Group has no significant concentration of credit risk. The risk is distributed between numerous partners and customers.

Liquidity risk

Maturity analysis for credit obligations with interest (in PLN '000)

31.12.2008	Present value	Cash-flow value contracted	Up to 1 year	[1 - 3 years]	[3 - 5 years]	[over 5 years]
Financial liabilities excluding derivatives	**(173 746)**	**(173 746)**	**(161 080)**	**(12 666)**	**-**	**-**
Financial lease contracts liabilities	(235)	(235)	(69)	(166)		
Current account bank credits	(14 148)	(14 148)	(14 148)			
Other interest bearing liabilities		-				
Trade liabilities and other	(159 363)	(159 363)	(146 863)	(12 500)		
	(173 746)	(173 746)	(161 080)	(12 666)	-	-

31.12.2007	Present value	Cash-flow value contracted	Up to 1 year	[1 - 3 years]	[3 - 5 years]	[over 5 year]
Financial liabilities excluding derivatives	**(114 427)**	**(114 427)**	**(114 214)**	**(213)**	**-**	**-**
Financial lease contracts liabilities	(276)	(276)	(63)	(213)		
Current account bank credits	(31 790)	(31 790)	(31 790)			
Other interest bearing liabilities		-				
Trade liabilities and other	(82 361)	(82 361)	(82 361)			
Financial liabilities - derivatives	**(2 866)**	**(2 866)**	**(2 866)**	**-**	**-**	**-**
Currency options	(2 866)	(2 866)	(2 866)			
Other derivatives		-				
	(117 293)	(117 293)	(117 080)	(213)	-	-

Trade liabilities maturity structure (PLN '000)

	Total as at 31.12.2008	Mature as at 31.12.2008	Paid after balance sheet date
goods	(68 795)	(2 784)	(66 011)
	(68 795)	**(2 784)**	**(66 011)**

	Total as at 31.12.2007	Mature as at 31.12.2007	Paid after balance sheet date
Foods	(23 506)	(6 436)	(17 070)
	(23 506)	**(6 436)**	**(17 070)**

Market risk

Interest rate risk

Interest rate risk exposure (maximum exposure) profile

Fixed interest rate instruments	Present value 31.12.2008 PLN'000	Present value 31.12.2007 PLN'000
Financial asstes	-	346
Financial liabilities	-	-
	-	346

Floating interest rate instruments	31.12.2008 PLN'000	31.12.2007 PLN'000
Financial assets	-	-
Financial liabilities	(104 648)	(81 790)
	(104 648)	(81 790)

Analysis of the sensitivity of floating interest rate financial instruments to changes in market interest rates

	profit / (loss)		Equity	
Effect of changes in interest rates for period ending:	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
31.12.2008	(1 046)	1 046		
31.12.2007	(818)	818		

Foreign exchange rate risk

sales revenue in currency other than functional share in total sales	**31.12.2008**	**31.12.2007**
To related undertaking consolidated according to full method	3	2

Purchase in currency other than functional share in total purchase	**31.12.2008**	**31.12.2007**
From related undertakings consolidated according to full method	44	24

Foreign exchange risk exposure (maximum exposure) profile through the presentation of financial instruments broken down by currencies (data in the reporting currency)

Data of balances relative to related undertakings consolidated according to the full method

31.12.2008	Functional currency	EUR	USD	PLN	CZK
Trade receivables and other	21 873				139 673
Balance sheet exposure to foreign exchange risk concerning the balances to related undertakings consolidated according to the full method	21 873	-	-	-	139 673

Data of balances relative to unrelated and related undertakings unconsolidated according to the full method (in thousands)

31.12.2008	Functional currency	EUR	USD	CZK	CHF
Other investment					
Trade receivables and other	42 069	1 906	11 923		
Interest bearing loan and credit liabilities					
Trade liabilities and other	(9 744)	(1 913)	(562)	(578)	(2)
Balance sheet exposure to foreign exchange risk concerning the balances to related and unrelated undertakings not consolidated according to the full method	32 325	(7)	11 360	(578)	(2)

31.12.2007	Functional currency	EUR	USD	CZK	CHF
Other investment					
Trade receivables and other	40 559	2 121	13 536		
Interest bearing loan and credit liabilities					
Trade liabilities and other	(897)	(211)	(58)		
Balance sheet exposure to foreign exchange risk concerning the balances to related and unrelated undertakings not consolidated according to the full method	39 662	1 910	13 478	-	-

Analysis of the sensitivity of financial instruments expressed in foreign currencies to changes in those currencies (PLN '000)

	Profit / (loss)		Equity	
	Foreign exchange rates		Foreign exchange rates	
Effect of changes in foreign exchange rates for period ending:	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
2008-12-31	2 710	(2 710)		
2007-12-31	1 983	(1 983)		

SIGNATURE OF THE PERSON AUTHORIZED TO KEEP ACCOUNT BOOKS		
Edyta Banaś	Chief Accountant	
SIGNATURES OF ALL THE MEMBERS OF THE MANAGEMENT BOARD		
Dariusz Miłek	President of the Management Board	
Lech Chudy	Vice-president of the Management Board	
Mariusz Gnych	Vice-president of the Management Board	
Piotr Nowjalis	Vice-president of the Management Board	

Polkowice, 28 April 2009 r.