INTERIM STATEMENT

ON THE OPERATIONS OF THE NG2 S.A. CAPITAL GROUP

AND NG2 S.A.

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

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

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

a) the dominant entity NG2 S.A. with its registered office in Polkowice,

b) subsidiaries:

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

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

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.

Table 1. Entities comprising the NG2 S.A. Capital Group as on 30 June 2011

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

2. Information about markets and supply sources

In the first half of 2011, the share of retail in total sales amounted to 89.60 per cent (88.9 per cent in the first half of 2010). Developing retail salons is an important factor in improving business profitability due to the higher retail margin it offers. In the case of franchises, the dominant entity generates a lower wholesale margin. The sales structure of the NG2 S.A. Group is presented in table 2.

Table 2. Sales structure of the NG2 S.A. Group by distribution channel.

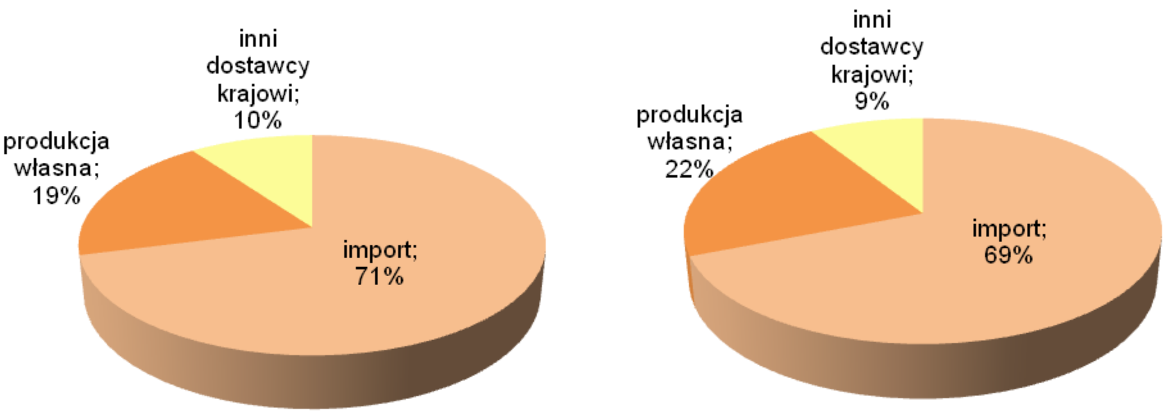
CATEGORY	1st half of 2011		1st half of 2010	
	PLN '000	percentage share	PLN '000	percentage share
Retail sales	433 989	89.6	391 427	88.9
Franchise and other sales	50 268	10.4	48 827	11.1
Total	**484 257**	**100.0**	**440 254**	**100.0**

2. Information about markets and supply sources (continued)

Figure 1. Major product supply sources for the NG2 S.A. Group (by value)

Territorial structure of purchasing in 1H2011

Territorial structure of purchasing in 1H2010



[*produkcja własna - own production; inni dostawcy krajowi - other domestic suppliers; import - imports*]

The NG2 S.A. Group's primary supply sources are Polish vendors, its own factory and imports. Depending on the economic situation, the Group is able to quickly change its foreign supply sources. The footwear imported from China comes from several dozen manufacturers, with the majority of the supplies being provided by a single entity acting as an export-import agent.

3. Primary business and financial figures disclosed in the abbreviated interim consolidated financial statements, in particular, a description of the factors and circumstances, including non-typical factors and circumstances, which materially affect the Group's business and the profits generated or losses incurred by the Group in the financial year, as well as growth prospects for the Group's business, at least for the next financial year.

As on 30 June 2011, the NG2 S.A. Group's sales network comprised 708 locations, which included:

- 282 CCC retail stores (269 stores as on 30 June December 2010),
- 46 QUAZI boutiques (49 boutiques as on 30 June 2010),
- 216 own BOTI stores (222 stores as on 30 June 2010),
- 117 franchise stores - including 67 BOTI stores (as on 30 June 2010 - 61 CCC and 66 BOTI stores),
- 47 CCC retail stores in the Czech Republic (40 stores as on 30 June 2010).

The retail space in its own shops located in Poland and the Czech Republic increased to 143,800 sq. m (134,900 sq. m as on 30 June 2010), i.e. by 6.7 per cent.

3. Primary business and financial figures (…) (continued)

Key values and business and financial figures are contained in the tables below:

Table 3. Key business and financial figures of the NG2 S.A. Group

Figure	1st half of 2011 (PLN '000)	1st half of 2010 (PLN '000)	percentage difference
net revenue from sale	484 257	440 254	10.0
Gross earnings from sale	269 898	241 347	11.8
Cost of sales and management	211 966	191 424	107
profit loss on operating activity (EBIT)	55 561	47 901	16.0
gross profits	51 826	43 525	19.1
net profits	41 683	52 852	-21.1
shareholders' equity	410 481	354 806	15.7
liabilities and provisions:	405 988	240 016	69.2
long-term liabilities and long-term provisions	135 788	51 064	165.9
short-term liabilities and short-term provisions	270 200	188 952	43.0
Non-current assets	323 824	245 577	31.9
current assets	492 645	349 245	41.1
Inventory	333 732	249 711	33.6
short-term receivables	99 781	69 489	43.6

In 2010, the NG2 S.A. Group generated a revenue from sales of PLN 484,257,000 (+10.0 per cent year on year). Revenue from retail sales amounted to PLN 433,989,000, compared to PLN 391,427,000 in the first half of 2010 (+10.9 per cent YoY). In the same period, the proceeds from franchise and other sales amounted to PLN 50,268,000 (+3.0 per cent YoY). The change in the structure of sales revenue sources is consistent with the Group's growth strategy. In the future, we should expect continued increases in the share of retail sales in the overall revenue.

The dynamic of gross earnings from sales (amounting to 11.8 per cent YoY), higher than in the case of sales revenue, is a result of the extent of operations and increasing the share of retail sales in overall sales.

In the period under discussion, the cost of sales and management increased by PLN 20,542,000 (+10.7 per cent YoY). The ratio of the cost of sales and management to revenue from sales increased to 0.39 (0.435 as on 30 June 2010) and remains typical for companies operating in the retail sector.

The higher margin growth dynamic compared to the growth dynamic of the cost of sales and management caused an increase in operating profits by 16.0 per cent (YoY).

3. Primary business and financial figures (…) (continued)

The balance sheet of the NG2 S.A. Group as on 30 June 2011 shows a total amount of assets and liabilities of PLN 816,469,000. The balance sheet sum increased by 37.3 per cent compared to its value as on 30 June 2010.
The growth on the tangible asset side was primarily caused by the dynamic growth in tangible fixed assets by PLN 79,190,000 (36.2 per cent YoY) related to the construction of a new logistic centre and development of the sales network.
Important changes in current assets included an increase in inventory by PLN 84,021,000 (+ 33.6 per cent YoY), caused, among other things, by an earlier than in the previous period delivery of the fall/winter season products. Trade receivables and other receivables reported an increase to PLN 99,781,000 (PLN 69,489,000 as on 30 June 2010).
On the liabilities side, major changes included an increase in liabilities under long-term and short-term loans to PLN 206,286,000 (PLN 110,228,000 as on 30 June 2010). The increase in “trade liabilities and other liabilities” to PLN 174,533,000 (PLN 124,125,000 as on 30 June 2010) results mainly from the increase in trade liabilities associated with the scale of operations and an increase in liabilities towards sharesholders under dividend payments.

Table 2. Profitability ratios

Figure	1st half of 2011 (%)	1st half of 2010 (%)	percentage difference
gross profit margin on sales	55.73	54.82	1.7
operating profitability (EBIT)	11.47	10.88	5.4
gross profitability	10.70	9.89	8.2
net profitability	8.61	12.00	-28.3
return on assets (ROA)	5.11	8.89	-42.5
return on equity (ROE)	10.15	14.90	-31.9

Definitions:
a) **gross profit margin on sales –** ratio of gross margin on sales to sales revenue,
b) **operating profitability (EBIT) -** ratio of operating profit to sales revenue,
c) **gross profitability -** ratio of gross profit to sales revenue,
d) **net profitability –** ratio of net profit to sales revenue,
e) **return on assets (ROA) -** ratio of net profit to the position of assets,
f) **return on equity (ROE) -** ratio of net profit to the position of equity.

Table 3. Liquidity Ratios

Figure	1st half of 2011	1st half of 2010	percentage difference
acid test ratio	1.82	1.85	-1.6
quick liquidity ratio	0.59	0.53	11.3
stock rotation ratio (days)	246	223	10.3
liabilities rotation ratio (days)	32	22	45.5
trade liabilities rotation ratio (days)	110	93	18.3

Definitions:
a) **acid test ratio –** ratio of total current assets to the value of short-term liabilities and short-term provisions,
b) **quick liquidity ratio –** ratio of total current assets less provisions to the value of short-term liabilities and short-term provisions,
c) **stock rotation ratio -** ratio of mid-sized stock to the cost of goods and services sold, multiplied by the number of days in the reference period,
d) **receivables rotation ratio -** ratio of mid-range trade receivables and other receivables to sales revenue, multiplied by the number of days in the reference period,
e) **liabilities rotation ratio -** ratio of mid-range liabilities to the cost of goods and services sold, multiplied by the number of days in the reference period.

3. Primary business and financial figures (…) (continued)

Table 4. Debt and Asset Financing Ratios

Figure	1st half of 2011 (%)	1st half of 2010 (%)	percentage difference
share of own funds in the financing of current assets (%)	83.32	101.59	-18.0
ratio of coverage of fixed assets with shareholders' equity	126.76	144.48	-12.3
overall debt ratio	49.72	40.35	23.2
long-term debt ratio	16.63	8.58	93.8
short-term debt ratio	33.09	31.77	4.2
ratio of liabilities to shareholders' equity	98.91	67.65	46.2

Definitions:

a) **share of own funds in the financing of current assets -** ratio of own funds to current assets,
b) **ratio of coverage of fixed assets with shareholders' equity** - ratio of shareholders' equity to fixed assets,
c) **overall debt ratio -** ratio of the total value of liabilities and provisions to the value of assets,
d) **long-term, short-term debt ratio -** ratio of, respectively, long-term liabilities, long-term provisions, short-term liabilities, and short-term provisions to the balance sheet sum,
e) **ratio of liabilities to shareholders' equity - ratio of total liabilities and provisions as at the end of the reference period to the value of shareholders' equity.**

The Management Board of NG2 S.A. has assessed highly the Company's ability to discharge any obligations incurred thereby.

4. Description of material risks and threats, and the extent to which the Issuer is affected by these risks and threats.

In the opinion of the Management Board of the dominant entity, the activity of NG2 S.A. Group companies is affected by the following factors:

1. Internal factors:

- <u>Strengthening of own sales network.</u> The NG2 retail sales network is planned to be expanded in 2011 by approximately 10% (14,000 sq. m), while the Czech sales network is planned to be expanded by approximately 20% (3,000 sq. m).

- <u>Efforts to increase brand recognisability and value.</u> Appropriate advertising and promotional tools, store décor and presence in high-profile venues should help consistently enhance and strengthen the image of the brands owned by the NG2 S.A. Group.

2. External factors:

- <u>Currency exchange rates.</u> Due to the fact that NG2 S.A. Group companies generate revenues in PLN and CZK, and the majority of their costs is incurred in foreign currencies, the exchange rates of CZK, USD and EUR (practically the entire Group imports are denominated in these currencies, as is a considerable portion of leases) will affect the cost structure, and the potential change of supply sources and recording currency exchange differences in the overall income statement. As the Chinese market is the primary supply market for the NG2 S.A. Group, the exchange rate of the Chinese currency to world's major currencies is also very important. Its appreciation may affect import terms. Some of the costs resulting from currency fluctuations may be transferred to the consumer.

4. Description of material risks and threats, and the extent to which the Issuer is affected by these risks and threats. (continued)

- Interest rate changes. The NG2 S.A. Group is exposed to the risk of interest rate changes in relation to the loan agreements concluded. The loans are subject to a variable interest rate based on WIBOR. Interest rate increases will affect the value of interest on the loans to be paid by the dominant entity.

- Overall economic situation in Poland. The majority of the revenues of the NG2 S.A. Group is generated in Poland. Therefore, the group attaches great importance to the buying power of Polish consumers and their willingness to purchase. Any worsening of the economic situation in Poland may affect the operating results and financial standing of the Issuer, and consequently, of the Group.

- Overall economic situation in the Czech Republic. A portion of the revenues of the NG2 S.A. Group is generated in the Czech Republic. Therefore, the group pays attention to the buying power of Czech consumers and their willingness to purchase. Any worsening of the economic situation in the Czech Republic may affect the operating results and financial standing of the subsidiary, and consequently, of the Group.

- Seasonal nature of sales and weather conditions. Sales and the value of inventory depend on the seasonal nature of demand (demand peaks in the spring and autumn seasons). A disruption of weather conditions may cause consumers to postpone their shopping decisions or may shorten the peak sales season. Having its own manufacturing capacity strengthens the NG2 S.A. Group’s immunity to seasonal and weather factors. The Group is able to quickly adapt production and supply stores with goods that reflect expectations and current weather conditions.

- Store locations. Strengthening market standing through dynamic growth of the store chain may be associated with the risk of an unsuccessful store location or a limited number of successful new locations.

- fashion trends and failed collections. The NG2 S.A. Group is exposed to the risk of launching failed footwear collections. A factor that can mitigate this risk is the dominant entity’s many years of market experience, monitoring European and global fashion trends (participating in international footwear fashion fairs, e.g. in Milan, Garda, Dusseldorf).

The Management Board of the dominant entity of the NG2 S.A. Group states that in the reference period in question, there were no factors or circumstances of non-typical nature that would significantly affect the Group's operations.

5. Factors that, in the Issuer’s view, will affect its results.

In the Issuer’s view, the major factors that will affect its performance in the near future are:
- volume of sales completed and margins generated,
- continued growth of the NG2 S.A. Group sales network,
- weather conditions,
- currency exchange rates.

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

In the reporting period, there were no changes to the business entity’s structure.

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

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

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

No 2011 projections were published.

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

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

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

Not applicable.

11. Information on loan sureties or warranties granted by the Issuer or its subsidiary.

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

12. Shareholders holding, whether directly or indirectly through subsidiaries, at least 5 per cent of the overall number of votes at the Issuer's General Meeting as on the date of submitting the semi-annual report, stating the number of shares held by these entities, their percentage share in the share capital, the number of votes they carry and their percentage share in the overall number of votes at the General Meeting, and any changes in the ownership of major blocks of the Issuer's shares since the submission of the previous quarterly report.

The list of shareholders holding at least 5 per cent of the overall number of votes at the Issuer's General Meeting, as on the date of submission of the semi-annual report, 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 date of preparing the Q1 2011 statements, the NG2 S.A. Group did not have any information about any other shareholders holding at least 5 per cent of the votes at the General Meeting.

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

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

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

*Mr. Dariusz Miłek is also the dominant entity at Luxprofi S.a.r.l., which, as on the date of submitting the report SA-PS 2011, holds 10,610,000 shares in NG2 S.A.

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

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

15. Material events after the balance sheet date.

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

16. Statement by the Management Board of the dominant entity of the NG2 S.A. Group

Pursuant to Article 90.1.4 and 90.1.5 of the Regulation of the Minister of Finance on current and periodical information provided by issuers of securities and the conditions of equivalency of information required by the legislation of non-member states of 19 February 2009, the Management Board of the dominant entity of the NG2 S.A. Group hereby states that:
- to its best knowledge, the abbreviated interim consolidated financial statements, abbreviated interim individual statements and the comparative informational Group, as well as the comparable data, were prepared in accordance with the applicable accounting standards and reflect truly, accurately and clearly the assets, financial standing and financial performance of the Issuer's group,
- the report on operations of the Issuer's group presents a true picture of the growth, accomplishments and situation of the Issuer's group, including the major threats and risk factors,
- the entity authorised to audit financial statements, reviewing the abbreviated interim consolidated financial statements and the abbreviated interim individual financial statements was appointed in accordance with the applicable laws. Furthermore, the entity and the auditors reviewing the abbreviated interim consolidated financial statements and the abbreviated interim individual financial statements met the prerequisites for issuing an impartial and independent opinion about the audited abbreviated interim consolidated and individual financial statements in accordance with the applicable regulations and professional standards.

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