



INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENT
OF NG2 S.A. GROUP
FOR 01.01.2010 – 31.03.2010

FINANCIAL CONSOLIDATED HIGHLIGHTS

FINANCIAL CONSOLIDATED HIGHLIGHTS	('000) PLN		('000) EUR	
	from 01 Jan 2010 to 31 Mar 2010	from 01Jan 2009 to 31 Mar.2009	from 01Jan 2010 to 31 Mar 2010	from 01 Jan 2009 to 31 Mar 2009
I. Sales revenue	195 708	162 561	49 335	35 344
II. Operating profit / (loss)	9 172	7 493	2 312	1 629
III. Profit / (loss) before tax	7 199	4 702	1 815	1 022
IV. Net / (loss) profit	5 090	4 601	1 283	1 000
V. Cash flow from operating activity	(41 607)	(29 186)	(10 489)	(6 346)
VI. Cash flow from investing activity	(24 595)	(11 928)	(6 200)	(2 593)
VII. Cash flow from financing activity	21 971	34 626	5 539	7 528
VIII. Total net cash flow	(44 231)	(6 488)	(11 150)	(1 411)
IX. Basic earnings per share (PLN/ EUR)	0,13	0,12	0,03	0,03
X. Diluted earnings per share (PLN/ EUR)	0,13	0,12	0,03	0,03
	('000) PLN		('000) EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
XI. Total assets	606 555	551 125	157 049	134 152
XII. Total liabilities	261 214	210 916	67 633	51 340
XIII. Long-term liabilities	76 830	81 361	19 893	19 805
XIV. Short-term liabilities	184 384	129 555	47 741	31 536
XV. Equity	345 341	340 209	89 416	82 812
XVI. Share capital	3 840	3 840	994	935
XVII. Shares quantity	38 400	38 400	38 400	38 400
XVIII. Share book value (PLN/EUR)	000	000	000	000
XVIII. Share book value (PLN/EUR)	8,99	8,86	2,33	2,16
XIX. Diluted share value (PLN/EUR)	8,99	8,86	2,33	2,16
XX. Declared Or paid dividends per share (PLN/EUR)		1,00		0,24

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

- particular positions of assets and liabilities according to the average EUR/PLN exchange rates announced by National Bank of Poland on 31.03.2010 – 1 EUR=3.8622 and 31.12.2009 – 1 EUR=4.1082;
- particular positions of statement comprehensive and cash flow according to the arithmetic average EUR/PLN exchange rates announced by National Bank of Poland on the last day of every month in the following reporting periods: 01.01.2010 – 31.03.2010 and 01.01.2009 – 31.03.2009, 1 EUR=3.9669 and 1 EUR=4.5994 respectively.

INTERIM CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET	At on 31 Mar 2010	At on 31 Dec 2009	At on 31 Mar 2009
Non-current assets			
Other intangible assets	1 009	1 073	1 224
Tangible fixed assets	219 063	202 591	183 313
Long-term receivables	159	174	219
Deferred tax assets	6 254	6 070	5 675
Total tangible assets	226 485	209 908	190 431
Current assets			
Inventory	274 697	242 693	251 623
Trade receivables and other receivables	88 709	37 629	88 276
Cash and cash equivalents	16 664	60 895	8 870
Total current assets	380 070	341 217	348 769
Total assets	606 555	551 125	539 200
Shareholders' equity			
Share capital	3 840	3 840	3 840
Reserve capital from the sale of shares above their nominal value	74 586	74 586	74 586
Currency exchange on consolidation	150	(142)	25
Retained earnings	266 765	261 925	220 580
Total shareholders' equity	345 341	340 209	299 031
Long-term liabilities			
Long-term loans and bank loans	75 000	80 000	110 000
Trade liabilities and other liabilities	89	89	91
Long-term provisions	1 557	1 056	2 017
Long-term liabilities under financial leasing	184	216	282
Total long-term liabilities	76 830	81 361	112 390
Short-term liabilities			
Short-term provisions	2 709	1 609	5 168
Trade liabilities and other liabilities	108 696	81 297	76 121
Income tax liabilities	4 335	6 536	11 371
Short-term liabilities under financial leasing	126	127	70
Short-term loans and bank loans	68 518	39 986	35 049
Total short-term liabilities	184 384	129 555	127 779
Total liabilities	606 555	551 125	539 200

INTERIM CONSOLIDATED OFF BALANCE SHEET ITEMS

CONSOLIDATED OFF BALANCE SHEET ITEMS	At on 31 Mar 2010	At on 31 Dec 2009	At on 31 Mar 2010
I. RECEIVABLES	40 450	40 450	25 650
1. Other receivables	40 450	40 450	25 650
1.1. from other undertakings(relative to)	40 450	40 450	25 650
- guarantees and warranties received	40 450	40 450	25 650
II. LIABILITIES	59 768	59 768	39 785
1. Other liabilities	59 768	59 768	39 785
1.1. To other undertakings (relative to)	59 768	59 768	39 785
- custom guarantees	22 500	22 500	8 500
- other guarantees	30 268	30 268	25 015
- security established	7 000	7 000	6 270
Total off balance sheet items	100 218	100 218	64 435

INTERIM CONSOLIDATED GLOBAL INCOME STATEMENT

CONSOLIDATED GLOBAL INCOME STATEMENT	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009
Revenue from sale	195 708	162 561
Manufacturing cost of products, goods and services sold	(94 992)	(85 429)
Gross earnings from sale	100 716	77 132
Other operating revenue	5 914	15 067
Cost of sale	(91 456)	(79 718)
Cost of general management and administration	(2 720)	(2 702)
Other operating costs	(3 282)	(2 286)
Profit on operating activity	9 172	7 493
Financial revenue	117	38
Financial costs	(2 090)	(2 829)
Profit before tax	7 199	4 702
Income tax	(2 109)	(101)
Net profits	5 090	4 601
Other global income:		
Currency exchange differences from converting foreign units	292	16
Total global income	5 382	4 617
Profit attributable to:		
Shareholders	5 382	4 617
Minority interests		
Earning per share:		
Basic and diluted	0,13 zł	0,12 zł

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

*Interim condensed consolidated financial statement of the NG2 S.A. Group for the 1 Quarter of 2010.
Amounts presented in thousands PLN, unless otherwise specified*

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve capital from the sale of shares above their nominal value	Retained earnings	Currency exchange differences on converting controlled entities	Total shareholders' equity
As on 1 January 2009	3 840	74 586	217 755	9	296 190
Adjustments for errors			(1 033)		(1 033)
As on 1 January 2009 r. after adj.	3 840	74 586	216 722	9	295 157
Results for the period 01Jan -31 Mar 2009	-	-	4 601	-	4 601
Other global income					
Currency exchange differences on conversion	-	-	-	16	16
Total comprehensive income	-	-	4 601	16	4 617
Other changes			(743)		(743)
As on 31 March 2009 r.	3 840	74 586	220 580	25	299 031

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve capital from the sale of shares above their nominal value	Retained earnings	Currency exchange differences on converting controlled entities	Total shareholders' equity
As on 1 January 2009 r.	3 840	74 586	217 755	9	296 190
Adjustments for errors	-	-	(1 033)	-	(1 033)
As on 1 January 2009 r. after adj.	3 840	74 586	216 722	9	295 157
Results for the year	-	-	83 603	-	83 603
Other global income					
Currency exchange differences on conversion	-	-	-	(151)	(151)
Total comprehensive income	-	-	83 603	(151)	83 452
Transactions with owners	-	-	-	-	-
Dividend disbursement	-	-	(38 400)	-	(38 400)
As on 31 December 2009 r.	3 840	74 586	261 925	(142)	340 209

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve capital from the sale of shares above their nominal value	Retained earnings	Currency exchange differences on converting controlled entities	Total shareholders' equity
As on 1 January 2010 r.	3 840	74 586	261 925	(142)	340 209
Results for the period 01 Jan – 31 Mar 2010			5 090		5 090
Other global income	-	-	-	-	-
Currency exchange differences on conversion	-	-	-	292	292
Total comprehensive income	-	-	5 090	292	5 382
Other changes	-	-	(250)	-	(250)
As on 31 March 2010 r.	3 840	74 586	266 765	150	345 341

INTERIM CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009
Gross profit (loss):	7 199	4 702
Adjustments:	(48 806)	(33 888)
Depreciation	5 698	4 087
Interest and share in profits (dividends)	(4)	
Currency exchange profit (loss)	(35)	522
Profit (loss) on investment activity	(8)	115
Cost of interest	1 562	2 001
Changes in provisions	125	(8 484)
Changes in inventory	(32 241)	(47 895)
Changes in receivables	(52 940)	25 370
Changes in short-term liabilities, other than loans and borrowings	33 402	(5 854)
Changes in prepayments and accruals	68	(1 474)
Income tax paid	(4 433)	(2 276)
Net operating cash flow	(41 607)	(29 186)
Investment cash flow		
Interest received		
Proceeds from the sale of tangible assets	8	57
Interest from loans to third parties	4	
Purchase of intangible assets	(4)	(5)
Purchase of tangible assets	(24 603)	(11 980)
Net investment cash flow	(24 595)	(11 928)
Financial cash flow		
Proceeds from incurring loans	48 560	132 800
Repayment of loans and borrowings	(25 010)	(96 159)
Payment of liabilities under financial leasing agreements	(17)	(14)
Interest	(1 562)	(2 001)
Net financial cash flow	21 971	34 626
Total cash flow	(44 231)	(6 488)
Net increase (decrease) in cash and cash equivalents	(44 231)	(6 488)
Cash and cash equivalents at the beginning of the period	60 895	15 358
Cash and cash equivalents at the end of the period	16 664	8 870

INTERIM FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS	('000) PLN		('000) EUR	
	from	from	from	from
	01 Jan 2010 to 31 Mar 2010	01 Jan 2009 to 31 Mar 2009	01 Jan 2010 to 31 Mar.2010	01 Jan 2009 to 31 Mar 2009
I. Sales revenue	195 344	162 654	49 243	35 364
II. Operating profit / (loss)	13 101	7 662	3 303	1 666
III. Profit / (loss) before tax	10 948	5 028	2 760	1 093
IV. Net / (loss) profit	8 470	4 722	2 135	1 027
V. Cash flow from operating activity	(34 810)	(29 388)	(8 775)	(6 390)
VI. Cash flow from investing activity	(23 532)	(10 082)	(5 932)	(2 192)
VII. Cash flow from financing activity	19 533	35 285	4 924	7 672
VIII. Total net cash flow	(38 809)	(4 185)	(9 783)	(910)
IX. Basic earnings per share (PLN/ EUR)	0,22	0,12	0,06	0,03
X. Diluted earnings per share (PLN/ EUR)	0,22	0,12	0,06	0,03
	('000) PLN		('000) EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
XI. Total assets	593 290	536 231	153 615	130 527
XII. Total liabilities	299 170	250 581	77 461	60 995
XIII. Long-term liabilities	75 771	80 788	19 619	19 665
XIV. Short-term liabilities	223 399	169 793	57 842	41 330
XV. Equity	294 120	285 650	76 153	69 532
XVI. Share capital	3 840	3 840	994	935
XVII. Shares quantity	38 400 000	38 400 000	38 400 000	38 400 000
XVIII. Share book value (PLN/EUR)	7,66	7,44	1,98	1,81
XIX. Diluted share value (PLN/EUR)	7,66	7,44	1,98	1,81
XX. Declared Or paid dividends per share (PLN/EUR)		1,00		0,24

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

- particular positions of assets and liabilities according to the average EUR/PLN exchange rates announced by National Bank of Poland on 31.03.2010– 1 EUR=3.8622 and 31.12.2009 – 1 EUR=4.1082;

- particular positions of statement comprehensive and cash flow according to the arithmetic average EUR/PLN exchange rates announced by National Bank of Poland on the last day of every month in the following reporting periods: 01.01.2010 – 31.03.2010 and 01.01.2009 – 31.03.2009, 1 EUR=3.8622 and 1 EUR=4.5994 respectively

INTERIM STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	At on 31 Mar 2010	At on 31 Dec 2009	At on 31 Mar 2009
Non-current assets			
Other intangible assets	880	933	1 048
Tangible fixed assets	164 938	147 491	121 644
Long-term investment	38 231	38 423	34 235
Long-term receivables	159	174	219
Deferred tax assets	780	1 512	2 954
Total non-current assets	204 988	188 533	160 100
Current assets			
Inventory	257 935	233 662	242 821
Trade receivables and other receivables	116 152	61 012	114 717
Cash and cash equivalents	14 215	53 024	4 131
Total current assets	388 302	347 698	361 669
Total assets	593 290	536 231	521 769
Shareholders' equity			
Share capital	3 840	3 840	3 840
Reserve capital from the sale of shares above their nominal value	74 586	74 586	74 586
Retained earnings	215 694	207 224	182 840
Total shareholders' equity	294 120	285 650	261 266
Long-term liabilities			
Long-term loans and bank loans	75 000	80 000	110 000
Liabilities under retirement payments and service anniversary awards	683	683	868
Long-term liabilities under financial leasing	88	105	282
Total long-term liabilities	75 771	80 788	111 150
Short-term liabilities			
Trade liabilities and other liabilities	139 535	109 812	93 140
Liabilities under employee benefits	11 975	12 640	10 498
Income tax liabilities	4 325	5 882	11 359
Short-term liabilities under financial leasing	74	73	70
Short-term loans and bank loans	66 084	39 980	31 947
Short-term provisions	1 406	1 406	2 339
Total short-term liabilities	223 399	169 793	149 353
Total liabilities	593 290	536 231	521 769

INTERIM OFF BALANCE SHEET ITEMS

OFF BALANCE SHEET ITEMS	At on 31 Mar 2010	At on 31 Dec 2009	At on 31 Mar 2010
I. RECEIVABLES	40 450	40 450	25 650
1. Other receivables	40 450	40 450	25 650
1.1 from other undertakings(relative to)	40 450	40 450	25 650
- guarantees and warranties received	40 450	40 450	25 650
II. LIABILITIES	64 038	64 038	39 785
1. Other liabilities	64 038	64 038	39 785
1.1. To other undertakings (relative to)	64 038	64 038	39 785
- custom guarantees	22 500	22 500	8 500
- other guarantees	30 268	30 268	25 015
- security established	11 270	11 270	6 270
Total off balance sheet items	104 488	104 488	64 435

INTERIM GLOBAL INCOME STATEMENT

GLOBAL INCOME STATEMENT	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009
Sales revenue	195 344	162 654
Cost of sales	(99 908)	(92 440)
Gross profit /(loss) on sales	95 436	70 214
Other operating income	5 860	13 982
Selling costs	(84 378)	(73 779)
General and administrative costs	(912)	(738)
Other operating expenses	(2 905)	(2 017)
Operating profit /(loss)	13 101	7 662
Financial income	112	16
Financial expenses	(2 265)	(2 650)
Profit /(loss) before tax	10 948	5 028
Corporate income tax	(2 478)	(306)
Net loss from abandoned activities		
Net profit / (loss)	8 470	4 722
Other comprehensive income:		
Currency translation differences		
Total comprehensive income	8 470	4 722
Profit attributable to:		
Shareholders	8 470	4 722
Minority interests		
Earning per share:		
Basic and diluted	0,22 zł	0,12 zł

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

*Interim condensed consolidated financial statement of the NG2 S.A. Group for the 1 Quarter of 2010.
Amounts presented in thousands PLN, unless otherwise specified*

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve capital from the sale of shares above their nominal value	Retained earnings	Total shareholders' equity
As on 1 January 2009 r.	3 840	74 586	178 118	256 544
Results for period 01 Jan - 31 Mar 2009			4 722	4 722
Total global income	-	-	4 722	4 722
As on 31 March 2009 r.	3 840	74 586	182 840	261 266

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve capital from the sale of shares above their nominal value	Retained earnings	Total shareholders' equity
As on 1 January 2009 r.	3 840	74 586	178 118	256 544
Adjustments for errors	-	-	(1 033)	(1 033)
As on 1 January 2009 r. after adj.	3 840	74 586	177 085	255 511
Results for period 01 Jan - 31 Mar 2009	-	-	68 539	68 539
Total global income	-	-	68 539	68 539
Dividend disbursement	-	-	(38 400)	(38 400)
As on 31 December 2009 r.	3 840	74 586	207 224	285 650

*Interim condensed consolidated financial statement of the NG2 S.A. Group for the 1 Quarter of 2010.
Amounts presented in thousands PLN, unless otherwise specified*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve capital from the sale of shares above their nominal value	Retained earnings	Total shareholders' equity
As on 1 January 2010 r.	3 840	74 586	207 224	285 650
Results for period 01 Jan - 31 Mar 2010			8 470	8 470
Total global income	-	-	8 470	8 470
As on 31 March 2010 r.	3 840	74 586	215 694	294 120

INTERIM CASH FLOW STATEMENT

CASH FLOW STATEMENT	Period from 01 Jan 2010 to 31 Mar 2010	Period from 01 Jan 2009 to 31 Mar 2009
Gross profit (loss):	10 948	5 028
Adjustments:	(45 758)	(34 416)
Depreciation	4 442	3 259
Profit (loss) on investment activity	(8)	308
Cost of interest	1 554	2 001
Changes in inventory	(24 273)	(45 077)
Changes in receivables	(56 884)	(4 721)
Changes in short-term liabilities, other than loans and borrowings	33 005	13 169
Changes in prepayments and accruals	-	(1 105)
Other adjustments	193	-
Income tax paid	(3 787)	(2 250)
Net operating cash flow	(34 810)	(29 388)
Investment cash flow		
Proceeds from the sale of tangible assets	8	57
Purchase of intangible assets	(2)	(5)
Purchase of tangible assets	(23 538)	(10 134)
Net investment cash flow	(23 532)	(10 082)
Financial cash flow		
Proceeds from incurring loans	46 084	132 800
Repayment of loans and borrowings	(24 980)	(95 500)
Payment of liabilities under financial leasing agreements	(17)	(14)
Interes	(1 554)	(2 001)
Net financial cash flow	19 533	35 285
Total cash flow	(38 809)	(4 185)
Net increase (decrease) in cash and cash equivalents	(38 809)	(4 185)
Cash and cash equivalents at the beginning of the period	53 024	8 316
Cash and cash equivalents at the end of the period	14 215	4 131

GENERAL INFORMATION

Name of the parent company:	NG2 Spółka Akcyjna
Registered Office	
of the parent company:	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 [statistical 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. has been listed on Giełda Papierów Wartościowych S.A. in Warsaw (Warsaw Stock Exchange) since 2004.

1. DESCRIPTION OF THE ORGANIZATION ISSUER'S GROUP INDICATING THE THE UNITS TO BE CONSOLIDATED.

At 31 March 2010 Group of Companies NG2, include:

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

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

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

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

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

2. BASIS CONSOLIDATION.

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

A subsidiary of CCC Factory Sp. z.o.o. was under control from the date of 06.01.2004 laying CCC Boty Czech s.r.o from the date of 01.01.2005.

Regarding the above-mentioned dates consolidated financial report contains:

- financial data of CCC Factory sp. z o.o. from January 1st 2010 to March 31th 2010 and comparable financial data from January 1st 2009 to March 31th 2009.
- financial data id CCC BOTY CZECH s.r.o. from January 1st 2010 to March 31th 2010 and comparable financial data from January 1st 2009 to March 31th 2009.

All transactions, balances, income and expenses between related parties are subject to exemptions consolidated consolidation

3. COMPLIANCE STATEMENT.

The interim condensed consolidated statement of NG2 S.A. Group have been compiled in line with International Financial Reporting Standards approved by the European Union (IFRS approved by the EU), IFRIC interpretations and the Accounting Act within the scope effective for enterprises preparing statements pursuant to IFRS. The consolidated financial statements have been prepared in line with the historical cost principle with adjustments resulting from revaluation of land and buildings to their fair value through profit or loss.

Significant accounting estimates have to be made in order to prepare financial statements in accordance with IFRS. Also, to that purpose, the Management Board has to make its own measurements under the accounting principles adopted by the Group.

The financial statements have been drawn up with the assumption of the Company operating as a going concern throughout the period of 12 months and longer. No circumstances exist that would indicate any serious threats to the continued operation of the Group.

The interim condensed consolidated statement presented were prepared with accordance to IAS 34 "Interim Financial Reporting".

4. FINANCIAL REPORTS PRESENTATION.

NG2 S.A. Capital Group is presenting financial report for the first quarter of 2010 with the beginning on January 1st 2010 and the end on March 31th 2010 including comparable financial data of analogous period in 2009.

Financial report was prepared with the assumption to continue of NG2's S.A. business activity in the predictable future. There are no threatening circumstances against that activity.

Presented financial statements should be read together with consolidated financial statement for the period 01.01.2009 -31.12.2009

Dominant company draws up and publishes consolidated report of Capital Group.

5. FUNCTIONAL AND REPORTING CURRENCY.

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

6. RELEVANT ACCOUNTING STANDARDS.

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

7. SHORT DESCRIPTION OF IMPORTANT ACHIEVEMENTS OR FAILURES OF THE ISSUER IN THE REPORTING PERIOD AND A LIST OF THE MOST IMPORTANT RELATED EVENTS.

The NG2 Capital Group's achievements of the 1st quarter 2010 include, in particular:

- increase of income from sales by 20.4% in comparison with the 1st quarter of 2009
- increase of operating profit by 10.6% in comparison with the 1st quarter of 2009
- increase of net profit by 22.4% in comparison with the 1st quarter of 2009
- strengthening the reputation of the Company and further development of the chain of CCC, QUAZI, BOTI showrooms.

As at 31 March 2010 the retail network of the NG2 Capital Group had 699 sales outlets, i.e.:

- 262 showrooms of the CCC brand (229 showrooms as at 31.03.2009);
- 48 QUAZI boutiques (34 boutiques as at 31.03.2009);
- 223 own BOTI shops (164 shops as at 31.03.2009);
- 40 branded showrooms in the Czech Republic (29 showrooms as at 31.03.2009);
- 126 franchise chain shops, including 65 BOTI shops (85 CCC and 73 BOTI as at 31.03.2009);

The sales area in the own facilities located domestically increased up to 119,600 sq.m (98,200 sq.m as at 31.03.2009), i.e. by 21,8% compared to 22.7% decrease retail space franchise store (from 27,700. sq.m - as at 31.03.2009 to 21,400 sq.m at as 31.03.2010).

8. DESCRIPTION OF FACTORS AND EVENTS, IN PARTICULAR NON-RECURRING ONES, WHICH HAD A MATERIAL EFFECT ON FINANCIAL RESULTS.

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

9. INFORMATION ON THE NATURE AND EXTENT OF ANY SIGNIFICANT RESTRICTIONS ON THE ABILITY OF SUBSIDIARIES TO TRANSFER FUNDS TO THE PARENT, IN THE FORM OF CASH DIVIDENDS TO REPAY CREDIT OR LOANS.

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

10. EXPLANATIONS TO SEASONALITY OR CYCLIST OF THE ISSUER'S ECONOMIC ACTIVITY IN THE REPORTING PERIOD.

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

11. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF NON EQUITY SECURITIES.

On 12 November 2009, at the Extraordinary General Meeting of Shareholders of NG2 SA has taken resolution i.a. on amendments to the statutes permitting the emission of one or more shares in the capital increase target. This is an opportunity issued a 10% capital ie 3,840,000 shares within three years (RB 50/2009).

12. INFORMATION ON ANY DIVIDEND PAID OUT (OR DECLARED) IN AGGREGATE AND PER ONE SHARE, SEPARATELY FOR ORDINARY AND PREFERENCE SHARES.

By submitting the report declared no dividend.

13. EVENTS THAT OCCURRED AFTER THE DATE OF PREPARING THE CONDENSED QUARTERLY FINANCIAL STATEMENTS AND WHICH WERE NOT RECOGNIZED IN THESE STATEMENTS BUT WHICH MAY MATERIALLY AFFECT THE FUTURE RESULTS OF THE ISSUER.

Not applicable.

14. THE AFTER BALANCE DATE EVENTS.

On 5 May 2010 was registered subsidiary of NG2 S.A: NG2 Suisse S.a.r.l., with its registered office in Zug, Switzerland. NG2 SA holds 100% shares in the said company, carrying 100% votes at the shareholders' meeting.

The nominal share capital of the Company is CHF 20,000.00. The shares were taken up by making, by NG2 S.A., a contribution in kind being an organized part of the undertaking, i.e. the Company's Branch with its registered office in Chróstnik.

The acquired assets constitute a long-term investment. Pursuant to the assumptions made, the operations and functions of the separated Branch will now be continued by the Swiss company, based on the assets and agreements of the Branch, and the objective of the established Company will be, inter alia, managing and administering trademark protection rights (RB 16/2010).

15. INFORMATION ON CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS WHICH OCCURRED SINCE THE END OF THE LAST FINANCIAL YEAR.

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

	31 Mar2010	31 Dec 2010	31 Mar 2009
1) - received guarantees and sureties	40 450	40 450	25 650
Total contingent assets	40 450	40 450	25 650
1) customs bonds	22 500	22 500	8 500
2) other guarantees	30 268	30 268	25 015
3) collaterals granted	7 000	7 000	6 270
Total contingent liabilities	59 768	59 768	39 785

Customs bonds are employed to secure the payment of customs liabilities related to maintaining bonded warehouses by the Company, and their maturity date falls on 30.06.2010

Other guarantees secure premises lease agreements entered into, and their maturity date falls from 31.12.2009 to 31.12.2010.

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

16. INFORMATION ON APPLYING AVERAGE EXCHANGE RATES OF PLN, PUBLISHED BY THE NATIONAL BANK OF POLAND, IN THE PERIOD REPORTED IN THE FINANCIAL STATEMENTS AND COMPARABLE FINANCIAL DATA IN RELATION TO EUR.

Financial period	Average rate for the period	The minimum rate for the period	The maximum rate for the period	Rates on the last day of the period
01.01 – 31.03.2010	3,9669	3,8622	4,1109	3,8622
01.01 – 31.03.2009	4,5994	3,9170	4,8999	4,7013

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

- particular positions of assets and liabilities according to the average EUR/PLN exchange rates announced by National Bank of Poland on 31.03.2010 - 1 EUR = 3.8622 and 31.12.2009 - 1 EUR= 4.1082;
- particular positions of statement comprehensive and cash flow according to the arithmetic average EUR/PLN exchange rates announced by National Bank of Poland on the last day of every month in the following reporting periods: 01.01.2010 – 31.03.2010 and 01.01.2009 – 31.03.2009, 1 EUR=3.9669 and 1 EUR=4.5994 respectively.

17. EFFECTS OF CHANGES IN THE STRUCTURE OF THE COMPANY, INCLUDING MERGERS, ACQUISITIONS OR DISPOSALS OF THE ISSUER'S GROUP UNDERTAKINGS, LONG-TERM INVESTMENTS, DE-MERGERS, RESTRUCTURING AND DISCONTINUED OPERATIONS.

Not applicable.

18. THE MANAGEMENT BOARD'S ATTITUDE TOWARDS POSSIBILITY OF REALIZING PREVIOUSLY ANNOUNCED FORECASTS FOR A GIVEN FINANCIAL YEAR ACCORDING TO THE INFORMATION PRESENTED IN THE INTERIM REPORT REGARDING TO THE FORECASTED FIGURES.

Any financial forecasts had not been published for year 2010.

19. SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY VIA SUBSIDIARIES, AT LEAST 5% OF TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE ISSUER ON THE DATE OF SUBMITTING THE QUARTERLY REPORT .

Shareholder	Number of shares owed	Participation in share capital (%)	Number of votes at the General Meeting	Participation in the total number of votes at the General Meeting (%)
Dariusz Miłek, of which:	18 000 000	46,88	22 750 000	50,50
- directly,	4 750 000	12,37	9 500 000	21,09
- indirectly, through the Luxprofi s.a.r.l. subsidiary.	13 250 000	34,51	13 250 000	29,41
Leszek Gaczorek	4 200 000	10,94	5 950 000	13,21
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

The change in ownership of a substantial block of shares in the period from the previous quarterly report was made by Pioneer Investment Management.

On 15 April 2010 the Issuer received information from PIONEER Investment Management to increase involvement in capital to 8,52%, and informed in current report on 16 April 2010 (RB 13/2010).

20. OF NUMBER OF SHARES OF THE ISSUER OR THE RIGHTS TO THEM BY MANAGERS AND SUPERVISORS OF THE ISSUER AT THE DATE OF QUARTERLY REPORT, TOGETHER WITH AN INDICATION OF CHANGES IN OWNERSHIP DURING THE PERIOD OF THE PRIOR QUARTERLY REPORT, SEPARATELY FOR EACH PERSON.

To the knowledge of Issuer the volume of shares held by the management and supervision personnel presents as follow:

Position / Function Name*	Volume of shares held on the day of announcement of Q Sr – I/2010	Volume of share held on the day of the first announced Q Sr – IV/2009
President of the Management Board – Dariusz Miłek **	4 750 000	4 750 000
Vice President of the Management Board – Mariusz Gnych	120 000	120 000
Member of the Supervisory Board Wojciech Fenrich	16 500	16 500

* Mr Lech Chudy resigned from the posts of Member of the NG2's Management Board and the Vice-president of NG2 S.A with the effect as of 28 February 2010 (RB 10/2010).

** Mr Dariusz Miłek is also a parent entity in company named Luxprofi S.a.r.l., at the date of the report QSr- I/2010 has had 12.350.000 shares NG2 S.A. (at the date of the report QSr- IV/2009 had 13.250.000 shares NG2 S.A.).

On 5 February 2010 of the request shareholder for the conversion of securities, the Company passed the resolution of conversion 50.000 inscribed share, registered by the National Depository for Securities marked them with PLCCC0000032 code (preferences voting rights: 1 share entitle to 2 votes at the General Meeting of Shareholders) on bearer shares. The following the abolition of preferences shares the total number of votes 45.050.000 (previously: 45.100.000) at the General Meeting of Shareholders (RB. 7/2010). Conversion was made on 18 February 2010.

21. INDICATION OF PROCEEDINGS PENDING BEFORE COURTS, COMPETENT ARBITRATION TRIBUNALS OR PUBLIC ADMINISTRATION BODY.

The entities of NG2 S.A. Group are not a party to any legal proceedings where the value of a subject of litigation exceeds 10% of the Company's equity.

22. INFORMATION ABOUT THE CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY ONE OR MORE TRANSACTIONS WITH RELATED PARTIES, IF INDIVIDUALLY OR COLLECTIVELY THEY ARE SIGNIFICANT AND HAVE BEEN INCLUDED UNDER OTHER CIRCUMSTANCES THAN MARKET.

Not applicable.

23. INFORMATION ON SURETIES FOR LOANS OR GUARANTEES ISSUED BY THE ISSUER

Not applicable.

24. IMPORTANT INFORMATION FROM THE ISSUER POINT OF VIEW FOR PERSONNEL, PROPERTY, FINANCIAL AND FINANCIAL RESULT SITUATION AND THEIR CHANGES AND ALSO INFORMATION WHICH ARE SIGNIFICANT FOR ASSESSMENT OF POSSIBILITY OF LIABILITIES SETTLEMENT.

Financial statement consist basic information which are important for the Group assessment. The Management Board claims that there is no risk in settling the Group liabilities.

25. INDICATED FACTORS WHICH IN THE ASSESSMENT OF THE ISSUER HAD AN INFLUENCE ON ACHIEVED FINANCIAL RESULTS.

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

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

26. SEGMENT REPORTING.

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

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

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

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

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

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

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

Jan - Mar 2010	Retail activity	Franchise and other activity	Unassigned items	Total
Revenue from sale	161 623	34 085	-	195 708
Prime cost of sale	(72 482)	(20 552)	(1 958)	(94 992)
Gross earnings from sale	89 141	13 533	(1 958)	100 716
Cost of sales and management	(92 107)	(1 889)	(180)	(94 176)
Balance of other earnings and operating costs	1 647	985	-	2 632
Operating profit	(1 319)	12 629	(2 138)	9 172
Balance of earnings and financial costs	(1 559)	(414)	-	(1 973)
Profit before tax	(2 878)	12 215	(2 138)	7 199
Income tax			(2 109)	(2 109)
Net profit				5 090
Net profit disclosed in the consolidated statement of global income				5 090

Assets, of which:	340 259	113 065	153 231	606 555
Tangible assets under IFRS 8	184 351	35 880	-	220 231
- in Poland	170 219	35 880	-	206 099
- outside of Poland (Czech Republic)	14 132	-	-	14 132
Earnings from interest	-	-	99	99
Cost of interest	1 239	315	8	1 562
Depreciation	3 460	553	1 685	5 698

Jan - Mar 2009	Retail activity	Franchise and other activity	Unassigned items	Total
Revenue from sale	130 525	32 036	-	162 561
Prime cost of sale	(62 021)	(22 861)	(547)	(85 429)
Gross earnings from sale	68 504	9 175	(547)	77 132
Cost of sales and management	(80 170)	(2 250)	-	(82 420)
Balance of other earnings and operating costs	9 686	3 095	-	12 781
Operating profit	(1 980)	10 020	(547)	7 493
Balance of earnings and financial costs	(2 092)	(699)	-	(2 791)
Profit before tax	(4 072)	9 321	(547)	4 702
Income tax			(101)	(101)
Net profit				4 601
Net profit disclosed in the consolidated statement of global income				4 601

Assets, of which:	303 174	118 964	117 062	539 200
Tangible assets under IFRS 8	143 956	40 581	-	184 537
- in Poland	131 580	40 581	-	172 161
- outside of Poland (Czech Republic)	12 376	-	-	12 376
<i>Earnings from interest</i>			27	27
<i>Cost of interest</i>	1 482	513	6	2 001
<i>Depreciation</i>	2 652	95	1340	4 087

Reclassification of comparable amounts

The Companies of the Group changed the manner of presenting reportable segments by reclassifying:

- selling costs
 - operating and financial income/expense
- Previously, selling costs generated by organizational units working for particular segments were assigned by using a certain pattern. The costs of organizational units unrelated to separated segments were recognized in the "unassigned" item. In 2010, the costs of organizational units unrelated directly to separated segments were assigned to reportable segments by special patterns. Previously, the balance of operating and financial income/costs was presented in the "unassigned" item. In 2010, the two items were assigned to reportable segments by using relevant patterns. The comparable data was presented in accordance with the new principles.

Jan- Mar 2010	Poland	Czech Republic	Total
Earnings from sale	184 813	10 895	195 708
Tangible assets other than financial instruments	206 098	14 133	220 231
Deferred tax assets	1 239	5 015	6 254

Jan- Mar 2009	Poland	Czech Republic	Total
Earnings from sale	153 342	9 219	162 561
Tangible assets other than financial instruments	172 380	12 376	184 756
Deferred tax assets	4 319	1 356	5 675

NOTES – on the consolidated financial statements

27. PROVISIONS

In the reporting period there were no significant changes in estimates, including reserves and assets, deferred tax assets.

28. ADJUSTMENTS IN PRESENTATION OF SALES REVENUES AND COSTS OF SALES OF PREVIOUS PERIODS.

	Data presented in SA-QSr I 2009 statement	Adjustment
Sales revenues	166 700	(4 139)
Costs of sales	(89 568)	4 139
Gross profit on sales	0	0

Regarding that presented adjustments did not have an influence to the balance sheet dated 2010.03.31, the comparable data have not been presented on that day.

On the 14 May 2009 the Issuer conveyed periodical report SA-QSr I 2009 containing statement of income showing an individual item "sales revenues" at amount of 166,700 thousands PLN and "cost of sales" at amount (89,568) thousands PLN. As a result of changes made in presented operations concerning re-invoiced rent payment for franchisers, the adjustments have been made to exclude sales revenues and cost of sales at amount 4,139 thousands PLN. The adjustments made have a neutral influence to net result.

NOTES – on the financial statements

29. PROVISIONS

In the reporting period there were no significant changes in estimates, including reserves and assets, deferred tax assets.

30. ADJUSTMENTS IN PRESENTATION OF SALES REVENUES AND COSTS OF SALES OF PREVIOUS PERIODS.

	Data presented in SA-QSr I 2009 statement	Adjustment
Sales revenues	167 039	(4 385)
Costs of sales	(96 825)	4 385
Gross profit on sales	0	0

Regarding that presented adjustments did not have an influence to the balance sheet dated 2010.03.31, the comparable data have not been presented on that day.

On the 14 May 2009 the Issuer conveyed periodical report SA-QSr I 2009 containing statement of income showing an individual item "sales revenues" at amount of 167,039 thousands PLN and "cost of sales" at amount (96,825) thousands PLN. As a result of changes made in presented operations concerning re-invoiced rent payment for franchisers, the adjustments have been made to exclude sales revenues and cost of sales at amount 4,385 thousands PLN. The adjustments made have a neutral influence to net result.

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE COMPANY'S BOOKS		
Edyta Banaś	Chief Accountant	
SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD		
Dariusz Miłek	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Piotr Nowjalis	Vice-President of the Management Board	

Polkowice, 13 May 2010 r.