

**Condensed interim consolidated financial statements
for the three-month period ended 30 September 2009**

**NFI Empik Media & Fashion S.A.
and its subsidiaries**

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements
for three-month period ended 30 September 2009

Introduction

Narodowy Fundusz Inwestycyjny Empik Media & Fashion Spółka Akcyjna (hereinafter “NFI Empik Media & Fashion S.A.”, or the “Company”), a company incorporated in Poland with registered office located at ul. Marszałkowska 104/122, 00-017 Warsaw, is the parent company of the NFI Empik Media & Fashion Capital Group (hereinafter the “Group”) which comprises subsidiaries held directly and indirectly by NFI Empik Media & Fashion S.A. Its principal activities involve wholesale and retail operations in Poland, Russia, Ukraine, Kazakhstan, Turkey, the Czech Republic, Slovakia, Germany and Switzerland. The Group is controlled by Empik Centrum Investments S.A. (a company incorporated in Luxembourg) which owns 60.33% of NFI Empik Media & Fashion S.A.’s shares. The ultimate parent company publishing the financial statements is Eastbridge S.a.r.l. (a company incorporated in the Netherlands with the principal place of business in Luxembourg).

NFI Empik Media & Fashion S.A. continues to operate under specific laws governing the activities of National Investment Funds. Shares of NFI Empik Media & Fashion S.A. are listed on the Warsaw Stock Exchange.

The Group’s operations are divided into the following business segments:

Empik Group This segment includes the sale of books and press publications, music, films, educational products, paper and design products, games and computer software, and photography and equipment products.

Smyk Group This segment includes the sale of clothing, accessories, toys, and educational products for children.

Language Schools This segment, like its name, includes language schools.

Franchise Brands Group This segment includes the sale of brand name clothing, accessories, and add-ons, primarily licensed from the world’s largest producers.

Distribution of Cosmetics and Sporting Goods This segment includes the sale of perfumes and cosmetics as well as athletic gear, primarily licensed from the world’s largest producers.

Other This segment includes the holding company NFI Empik Media & Fashion S.A. as well as its subsidiary EMF Investment Project Sp. z o. o.

During the three months ended 30 September 2009, sales revenues were presented in the individual segments as follows: “Empik Group” 37.09%, “Smyk Group” 29.57%, “Language Schools” 3.45%, “Franchise Brands Group” 21.24%, and the “Distribution of Cosmetics and Athletic Gear” 8.65%. In the analogous period in 2008, sales revenues amounted to: “Empik Group” 40.20%, “Smyk Group” 21.51%, “Language Schools” 3.18%, “Franchise Brands Group” 24.91%, and the “Distribution of Cosmetics and Athletic Gear” 10.20%. A significant part of the annual revenues of the Group is generated in the last quarter of the year, that is, in the period from October to December. Due to the high amount of sales revenues in the last quarter (primarily in December), and the higher sales margins in this period, with mostly stable overhead costs, a significant part of the annual operating profit from the primary activity is generated in the last quarter of the calendar year.

Notes on pages 16 to 46 are an integral part of these condensed interim consolidated financial statements

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements
for three-month period ended 30 September 2009

These consolidated financial statements have been approved by the Management Board of NFI Empik Media & Fashion S.A. on 13 November 2009.

.....
Maciej Dyjas
President of the Management Board

.....
Jacek Bagiński
Member of the Management Board

.....
Ewa Podgórska
Member of the Management Board

.....
Dariusz Stolarczyk
Member of the Management Board

.....
Kjell Berggren
Member of the Management Board

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NFI Empik Media & Fashion S.A. and its subsidiaries

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Definitions

In these financial statements the following terms are used:

NFI Empik Media & Fashion Capital Group (hereinafter the “Group”) - NFI Empik Media & Fashion S.A. (hereinafter “NFI EMF”) and its subsidiaries.

Eastbridge Group – Eastbridge S.a.r.l. and its subsidiaries, including the Group.

Other Eastbridge Companies – Eastbridge S.a.r.l. and its subsidiaries other than the Group.

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NFI Empik Media & Fashion S.A. and its subsidiaries

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Selected financial data concerning operating activities of the NFI Empik Media & Fashion Group for three-month period ended 30 September 2009:

Reconciliation of selected financial data pertaining to consolidated financial statement for quarter ended :

Table No. 1						
	3Q	3Q	Change	9 months	9 months	Change
000 PLN	2009	2008	%	2009	2008	%
Net sales	590 101	525 215	+12.4	1 790 030	1 443 879	+24.0
EBITDA from core operations*	19 008	28 051	-32.2	71 322	92 095	-22.6
<i>% of sales</i>	<i>3.22%</i>	<i>5.34%</i>		<i>3.98%</i>	<i>6.38%</i>	
EBIT from core operations*	-3 821	8 729	-143.8	8 612	39 074	-78.0
<i>% of sales</i>	<i>-0.65%</i>	<i>1.66%</i>		<i>0.48%</i>	<i>2.71%</i>	
Net profit / (loss) from core operations***	-14 228	3 063	-564.5	3 325	21 256	-84.4
<i>% of sales</i>	<i>-2.41%</i>	<i>0.58%</i>		<i>0.19%</i>	<i>1.47%</i>	
Number of outlets**				650	619	
Net retail area**				265 016	245 419	
<i>* excluding financial instruments and share-based incentive scheme valuation</i>						
<i>** as at 30 September 2009</i>						
<i>*** excluding financial instruments, goodwill impairment charges and share-based incentive scheme valuation</i>						

Table No. 2						
	3Q	3Q	Change	9 months	9 months	Change
000 PLN	2009	2008	%	2009	2008	%
EBITDA from core operations*	19 008	28 051	-32.2	71 322	92 095	-22.6
<i>% of sales</i>	<i>3.22%</i>	<i>5.34%</i>		<i>3.98%</i>	<i>6.38%</i>	
Share-based incentive scheme valuation	-2 366	-2 914	+18.8	-9 778	-10 886	+10.2
Revaluation of financial instruments	705	2 820	-75.0	3 089	14 744	-79.0
<i>Zara + Sephora</i>	<i>-</i>	<i>2 048</i>	<i>-100.0</i>	<i>3 309</i>	<i>13 972</i>	<i>-76.3</i>
<i>Other options</i>	<i>705</i>	<i>772</i>	<i>-8.7</i>	<i>-220</i>	<i>772</i>	<i>-128.5</i>
EBITDA	17 347	27 957	-37.9	64 633	95 953	-32.6
<i>% of sales</i>	<i>2.94%</i>	<i>5.32%</i>		<i>3.61%</i>	<i>6.65%</i>	
<i>* excluding financial instruments and share-based incentive scheme valuation</i>						

Notes on pages 16 to 46 are an integral part of these condensed interim consolidated financial statements

NFI Empik Media & Fashion S.A. and its subsidiaries

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for three-month period ended 30 September 2009

Selected financial data concerning operating activities of the NFI Empik Media & Fashion Group for three-month period ended 30 September 2009 (cont.)

000 PLN	3Q	3Q	Change	9 months	9 months	Change
	2009	2008	%	2009	2008	%
EBIT from core operations*	-3 821	8 729	-143.8	8 612	39 074	-78.0
<i>% of sales</i>	<i>-0.65%</i>	<i>1.66%</i>		<i>0.48%</i>	<i>2.71%</i>	
Share-based incentive scheme valuation	-2 336	-2 914	+18.8	-9 778	-10 886	+10.2
Revaluation of financial instruments	705	2 820	-75.0	3 089	14 744	-79.0
<i>Zara + Sephora</i>	-	2 048	-100.0	3 309	13 972	-76.3
<i>Other options</i>	705	772	-8.7	-220	772	-128.5
Goodwill impairment charges (Maratex)	-	-		-26 115	-	
EBIT	-5 482	8 635	-163.5	-24 192	42 932	-156.3
<i>% of sales</i>	<i>-0.93%</i>	<i>1.64%</i>		<i>-1.35%</i>	<i>2.97%</i>	

* Excluding financial instruments and share-based incentive scheme valuation

000 PLN	3Q	3Q	Change	9 months	9 months	Change
	2009	2008	%	2009	2008	%
Net profit / (loss) from core operations*	-14 228	3 063	-564.5	3 325	21 256	-84.4
<i>% of sales</i>	<i>-2.41%</i>	<i>0.58%</i>		<i>0.19%</i>	<i>1.47%</i>	
Share-based incentive scheme valuation	-2 336	-2 914	+18.8	-9 778	-10 886	+10.2
Revaluation of financial instruments	2 641	3 554	-25.7	37 401	18 341	+103.9
<i>Zara + Sephora</i>	-	2 615	-100.0	3 102	14 399	-78.5
<i>Maratex + other options</i>	2 641	939	+181.4	34 299	3 942	+770.1
Goodwill impairment charges (Maratex)	-	-		-26 115	-	
Net profit / (loss)	-13 953	3 704	-476.7	4 833	28 711	-83.2
<i>% of sales</i>	<i>-2.36%</i>	<i>0.71%</i>		<i>0.27%</i>	<i>1.99%</i>	

*Excluding financial instruments, goodwill impairment charges and share-based incentive scheme valuation

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Condensed interim consolidated financial statements

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Selected financial data concerning operating activities of the NFI Empik Media & Fashion Group for three-month period ended 30 September 2009 (cont.)

Table No. 5			
Reconciliation of adjusted results for 9 months 2009 with reported results			
000 PLN	9 months 2009 adjusted by currency translation differences **	9 months 2008 adjusted by currency translation differences **	Change %
Net sales	1 790 030	1 443 879	+24.0
EBITDA from core operations*	77 091	82 621	-6.7
<i>% of sales</i>	<i>4.31%</i>	<i>5.72%</i>	
EBIT from core operations*	14 381	29 600	-51.4
<i>% of sales</i>	<i>0.80%</i>	<i>2.05%</i>	
Net profit from core operations***	13 836	12 649	+9.4
<i>% of sales</i>	<i>0.77%</i>	<i>0.88%</i>	

** Excluding financial instruments and share-based incentive scheme valuation*

*** Data concerning 9 months 2008 was adjusted by dividend received and currency translation difference, whereas the data for 9 months 2009 was adjusted by currency translation differences only (see Table No. 6 and No. 7 below)*

**** Net profit for 2009 includes profit on tax optimisations in the amount of PLN 16.8 million*

Table No. 6			
Reconciliation of adjusted results for 9 months 2009 with reported results			
000 PLN	9 months 2009	Impact of currency translation differences	Adjusted 9 months 2009
Net sales	1 790 030		1 790 030
EBITDA from core operations	71 322	5 769	77 091
<i>% of sales</i>	<i>3.98%</i>		<i>4.31%</i>
EBIT from core operations	8 612	5 769	14 381
<i>% of sales</i>	<i>0.48%</i>		<i>0.80%</i>
Net profit from core operations	3 325	10 511	13 836
<i>% of sales</i>	<i>0.19%</i>		<i>0.77%</i>

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Selected financial data concerning operating activities of the NFI Empik Media & Fashion Group for three-month period ended 30 September 2009 (cont.)

Table No. 7				
Reconciliation of adjusted results for 9 months 2008 with reported results				
000 PLN	9 months 2008	Dividend impact	Currency translation differences impact	Adjusted 9 months 2009
Net sales	1 443 879			1 443 879
EBITDA from core operations	92 095	-9 339	-135	82 621
<i>% of sales</i>	6.38%			5.72%
EBIT from core operations	39 074	-9 339	-135	29 600
<i>% of sales</i>	2.71%			2.05%
Net profit from core operations	21 256	-9 339	732	12 649
<i>% of sales</i>	1.47%			0.88%

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NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements
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Consolidated interim income statement

		Nine months ended	Three months ended	Nine months ended	Three months ended
	Note	30 September 2009	30 September 2009	30 September 2008	30 September 2008
		000 PLN	000 PLN	000 PLN	000 PLN
Net revenue	2.	1 790 030	590 101	1 443 879	525 215
Purchase of products and change in inventories		(1 034 792)	(340 907)	(807 755)	(301 356)
Employee compensation and benefit expenses	3.	(283 669)	(88 374)	(237 031)	(84 489)
Marketing expenses		(42 944)	(14 157)	(40 584)	(13 318)
Building expenses	4.	(276 307)	(88 941)	(190 250)	(65 621)
Other operating expenses	5.	(139 227)	(51 840)	(122 114)	(46 011)
Amortisation, depreciation and impairment charges		(88 824)	(22 828)	(53 021)	(19 322)
Other income, net	6.	51 541	11 464	49 808	13 537
Profit from operating activities		(24 192)	(5 482)	42 932	8 635
Financial income	7.	38 560	539	8 835	5 630
Financial expenses	7.	(35 848)	(10 210)	(24 894)	(10 187)
Profit share in affiliates		537	5	9 669	3 658
Profit before income tax		(20 943)	(15 148)	36 542	7 736
Income tax		25 776	1 195	(7 831)	(4 032)
Net profit		4 833	(13 953)	28 711	3 704
Net profit attributable to:					
Equity holders of the Company		3 213	(13 025)	28 520	3 946
Minority interest		1 620	(928)	191	(242)
		4 833	(13 953)	28 711	3 704
Basic profit per share attributable to the equity holders of the Company (not in thousands)	8.	0.03		0.28	
<i>Diluted profit per share attributable to the equity holders of the Company (not in thousands)</i>	8.	0.03		0.27	

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NFI Empik Media & Fashion S.A. and its subsidiaries

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Consolidated interim total income statement

	Nine months ended	Three months ended	Nine months ended	Three months ended
Note	30 September 2009	30 September 2009	30 September 2008	30 September 2008
	000 PLN	000 PLN	000 PLN	000 PLN
Net profit	4 833	(13 953)	28 711	3 704
Other total income:				
12. Foreign currency exchange gain/(losses) on translation of foreign operations	(490)	(15 572)	4 242	10 942
Cash flow hedges	(9 274)	(3 588)	919	6 192
Foreign currency exchange gain/(loss) on long-term financing of subsidiaries	(13 000)	(13 531)	-	-
Income tax on items of other total income	2 366	1 525	(175)	(1 177)
Disposal of investments	3 847	3 847	-	-
Other total income, net	(16 551)	(27 319)	4 986	15 957
		-		-
Total income for the financial year	(11 718)	(41 272)	33 697	19 661
Net profit attributable to:				
Equity holders of the Company	(13 338)	(40 344)	31 074	17 471
Minority interest	1 620	(928)	2 623	2 190
	(11 718)	(41 272)	33 697	19 661

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NFI Empik Media & Fashion S.A. and its subsidiaries

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Consolidated interim financial statement on financial standing

		As at	
	Note	30 September 2009	31 December 2008
		000 PLN	000 PLN
ASSETS			
Non-current assets			
Property, plant and equipment		521 647	505 456
Other intangible assets		112 221	95 156
Goodwill		262 220	277 937
Investments in affiliates		3 158	32 654
Financial assets available for sale		528	518
Other long-term receivables		48 608	110 304
Deferred income tax assets		26 402	19 869
Derivative financial instruments	9.	5 198	5 418
		979 982	1 047 312
Current assets			
Inventories		565 809	595 515
Trade and other receivables		213 237	276 766
Derivative financial instruments		-	85 077
Cash and cash equivalents		99 232	226 449
		878 278	1 183 807
Total assets		1 858 260	2 231 119
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	11.	304 341	297 619
Retained earnings		253 735	139 242
Net profit		3 213	118 340
Other reserves		(121 066)	(57 254)
		440 223	497 947
Minority interest		6 637	8 287
Total equity		446 860	506 234
LIABILITIES			
Long-term liabilities			
Borrowings	13.	334 869	317 316
Deferred income tax liabilities		10 628	32 348
Other payables		146 512	155 092
Provisions for liabilities		19 933	31 936
		511 942	536 692
Short-term liabilities			
Trade and other payables		630 954	928 432
Borrowings	13.	243 471	228 504
Current income tax liabilities		1 430	15 365
Provisions for liabilities		16 933	15 566
Derivative financial instruments		6 670	326
		899 458	1 188 193
Total liabilities		1 411 400	1 724 885
Total equity and liabilities		1 858 260	2 231 119

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Consolidated interim statement of changes in equity

	Share capital	Retained earnings	Foreign exchange gains/(losses) on translation of foreign operations	Cash flow hedges	Other reserves	Put options related to purchase transactions	Foreign currency exchange gains/(losses) on long-term financing of subsidiaries	Total	Minority interest	Total equity
As at 1 January 2009	297 619	257 582	(15 951)	3 620	16 736	(40 772)	(20 887)	497 947	8 287	506 234
Net profit for the period	-	3 213	-	-	-	-	-	3 213	1 620	4 833
Other total income, net	-	-	(490)	(7 512)	-	-	(12 396)	(20 398)	-	(20 398)
Share capital increase	58	-	-	-	-	-	-	58	-	58
Disposal of investments	-	(3 847)	(5 925)	-	84	-	9 688	-	926	926
Purchase of investments	-	-	-	-	-	(50 375) *	-	(50 375)	(3 699)	(54 074)
Dilution of minority interests	-	-	-	-	-	-	-	-	(497)	(497)
Share-based incentive scheme										
- value of services provided	-	-	-	-	9 778	-	-	9 778	-	9 778
- shares exercised	6 664	-	-	-	(6 664)	-	-	-	-	-
As at 30 September 2009	304 341	256 948	(22 366)	(3 892)	19 934	(91 147)	(23 595)	440 223	6 637	446 860

* On 22 July 2009, NFI EMF, Empik Assets Sp. z o.o. and the minority shareholders of Learning Systems Poland Sp. z o.o. concluded an agreement amending the provisions of the investment agreement dated 4 August 2005 regarding the purchase of the shares of LSP Sp. z o.o. In accordance with the concluded agreement, the minority shareholders are entitled to execute their options of selling their shares to NFI EMF. As at 30 September 2009, the value of this liability was estimated at PLN 50,375,000 and was presented in other long-term liabilities in the amount of PLN 42,036,000 and in other short-term liabilities in the amount of PLN 8,339,000.

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Consolidated interim statement of changes in equity (cont.)

	Share capital	Retained earnings	Foreign exchange gains/(losses) on translation of foreign operations	Cash flow hedges	Other reserves	Put options related to purchase transactions	Foreign currency exchange gains/(losses) on long-term financing of subsidiaries	Total	Minority interest	Total equity
	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN
As at 1 January 2008	289 347	139 242	(7 031)	(3 624)	9 645	(19 483)	-	408 096	7 068	415 164
Net profit for the period	-	118 340	-	-	-	-	-	118 340	2 495	120 835
Other total income, net	-	-	(8 920)	7 244	-	(21 289)	(20 887)	(43 852)	2 531	(41 321)
Share capital increase	1 795	-	-	-	-	-	-	1 795	-	1 795
Dilution of minority interests	-	-	-	-	-	-	-	-	(3 807)	(3 807)
Share-based incentive scheme										
- value of services provided	-	-	-	-	13 568	-	-	13 568	-	13 568
- shares exercised	6 477	-	-	-	(6 477)	-	-	-	-	-
As at 31 December 2008	297 619	257 582	(15 951)	3 620	16 736	(40 772)	(20 887)	497 947	8 287	506 234

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NFI Empik Media & Fashion S.A. and its subsidiaries

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Consolidated interim cash flow statement

	Note	9 months ended	
		30 September 2009	30 September 2008
		000 PLN	000 PLN
Profit before income tax		(20 943)	36 542
Adjustments for:			
Amortisation, depreciation and impairment charges		88 824	53 021
Loss on disposal of property, plant and equipment and intangible assets		987	1 304
Gain on valuation of derivative financial instruments		(9 106)	(14 901)
Financial expenses, net	7.	(2 712)	16 059
Share-based incentive scheme		9 778	10 887
Dividends		-	(9 339)
Profit share in affiliates		(537)	(9 669)
Sales network reorganisation expenses		254	-
Other non-monetary operations		(10 131)	-
Operating profit before working capital changes		56 414	83 904
Changes in working capital:			
Inventories		17 878	(89 724)
Trade and other receivables		31 302	12 123
Trade and other payables		(301 911)	(114 124)
Cash flows from operating activities		(196 317)	(107 821)
Interest paid		(34 622)	(23 485)
Tax paid		(10 500)	(15 015)
Net cash flows from operating activities		(241 439)	(146 321)
Purchase of property, plant and equipment and intangible assets		(115 366)	(166 352)
Acquisition of subsidiaries	16.	(21 420)	(107 194)
Acquisition of affiliates		(156)	-
Other interest received		1 775	2 919
Dividend received		-	9 339
Inflows from disposal of property, plant and equipment and intangible assets		14 122	4 978
Inflows from disposal of investments		304	350
Disposal of subsidiaries		209 730	-
Repayment of loans granted		3 722	-
Loans granted		(7 027)	-
Net cash flows from investing activities		85 684	(255 960)

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Consolidated interim cash flow statement (cont.)

	Note	3 months ended	
		30 September 2009	30 September 2009
		000 PLN	000 PLN
Inflows from share issues	11.	58	1 795
Inflows from bond issues		-	194 300
Repayment of bonds		(15 949)	(17 100)
Received borrowings		87 342	52 181
Repayment of borrowings and leases		(107 789)	(31 654)
Net cash flows from financing activities		(36 338)	199 522
Net increase in cash and cash equivalents		(192 093)	(202 759)
Cash and cash equivalents at the beginning of the period		167 559	201 621
Cash at the beginning of the period		226 449	201 621
Current account overdraft at the beginning of the period		(58 890)	-
Foreign currency translation gains/(losses) on valuation of cash and cash equivalents		(475)	(473)
Cash and cash equivalents at the end of the period		(25 009)	(1 611)
Cash at the end of the period		99 232	78 055
Current account overdraft at the end of the period		(124 241)	(79 666)

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Notes to the interim consolidated financial statements (cont.)

1. Accounting policies

A description of the more important accounting policies constituting the basis for the preparation of these condensed interim consolidated financial statements has been presented below. These policies have been consistently applied to all the presented periods, unless stated otherwise.

1.1. Accounting books and financial reporting

The Group maintains accounting books and prepares financial statements in accordance with local accounting and tax rules. These condensed interim consolidated financial statements were prepared based on the accounting books maintained for the purposes of the Group financial reporting, in order to present the consolidated assets, financial results and cash flows of the Group in line with the International Financial Reporting Standards (IFRS).

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim financial reporting”. The accounting rules applied during the preparation of the condensed interim consolidated financial statements comply with accounting policies applied during the preparation of the consolidated financial statements for the financial year ended 31 December 2008. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the capital group for the year ended 31 December 2008 and notes to the statements.

Costs incurred irregularly during the financial year, are calculated or settled in time in the financial statements only when their calculation or settlement in time would be justified as at the end of the financial year.

Income tax costs are presented based on the best estimates of the average weighted annual income tax rate expected for a full financial year. For the period of three months ended 31 March 2009, the income tax rate was 19%.

All amounts are presented in thousands of PLN, unless indicated otherwise.

The preparation of financial statements requires certain estimates and assumptions made by the Management Board that have an impact on the presented values of assets and liabilities, as well as disclosure of contingent assets and liabilities as at the financial statements’ date and the amounts of revenues and expenses recognised throughout the financial year. The actual results may differ from the estimates. The estimates are mainly applied when recognising assets, amortisation, depreciation and tax charges. Fair value of financial instruments that are not traded on active markets (for example Sephora and the EPCD put option) are assessed with the use of valuation techniques. The Group uses a degree of subjective judgment to select manners and make assumptions, mainly based on market conditions as at the balance-sheet date. The Group applied discounted cash flows analysis for certain assets available for sale that are not traded in active markets.

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

1.1. Accounting books and financial reporting (cont.)

Comparable data

a) *Presentation of provisions for liabilities in the consolidated financial statements for the year ended 31 December 2008 and in the condensed interim consolidated financial statements for the period of three months ended 30 September 2009.*

The Group has changed the applied accounting policies with regard to presentation of provisions for liabilities in its balance sheet. During the reporting period ended 31 December 2008, all provisions were recognised in short-term liabilities. During the present reporting period, these provisions are presented divided into short- and long-term provisions.

The changes to presentation of the abovementioned provisions had the following impact on the balance-sheet comparable data for the period ended 30 September 2009:

Description of a change

	<i>presentation in balance sheet as at 31 December 2008 in condensed interim financial statements for the period of three months ended 30 September 2009</i>	<i>presentation in balance sheet as at 31 December 2008 in financial statements for the year ended 31 December 2008</i>
Change in the presentation of provisions for liabilities	provisions for short-term liabilities in the amount of PLN 15,566,000 provisions for long-term liabilities in the amount of PLN 31,936,000	provisions for short-term liabilities in the amount of PLN 47,502,000

The abovementioned change had no effect on the comparable data presented in the income statement and in the cash flow statement.

b) *Presentation of valuation of derivative instruments and positive currency translation differences in the interim consolidated financial statement for the period of three months ended 30 September 2008 and in the condensed interim consolidated financial statements for the period of three months ended 30 September 2009.*

The Group has introduced changes to presentation of valuation of derivative instruments in its income statement. During the reporting period ended 30 September 2008, the result on valuation of derivative instruments and positive currency translation differences was recognised in financial costs. During the present reporting period, the valuation is recognised in financial income.

The changes to presentation of the above mentioned valuation had the following impact on the income statement loss comparable data for the period ended 30 September 2009:

Description of a change

	<i>presentation in income statement for the period of nine months ended 30 September 2008 in condensed interim financial statements for the period of three months ended 30 September 2009</i>	<i>presentation in income statement for the period ended 30 September 2008 in interim financial statements for the period of three months ended 30 September 2008</i>
Change in the presentation of valuation of derivative instruments	Financial income of PLN 5,944,000	Financial expenses of PLN 5,944,000

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

1.1. Accounting books and financial reporting (cont.)

Description of a change

	<i>presentation in income statement for the period of three months ended 30 September 2008 in condensed interim financial statements for the period of three months ended 30 September 2009</i>	<i>presentation in income statement for the period of three months ended 30 September 2008 in condensed interim financial statements for the period of three months ended 30 September 2008</i>
Change in the presentation of valuation of derivative instruments	Financial income of PLN 3,713,000	Financial expenses of PLN 3,713,000

c) Presentation of teachers remuneration costs in the interim consolidated financial statements for the period of three months ended 30 September 2008 and in the condensed interim consolidated financial statements for the period of three months ended 30 September 2009.

The Group changed the presentation of teachers' remuneration costs in the income statement. During the reporting period ended 30 September 2008, the teachers' remuneration costs were presented in employee compensation and benefit expenses. During the present reporting period, these costs were presented in the item purchase of products and change in inventories.

The changes to presentation of the above mentioned valuation had the following impact on the income statement comparable date for the period of three months ended 30 September 2009:

Description of a change

	<i>presentation in the income statement for the period of three months ended 30 September 2008 in the condensed interim financial statements for the period of three months ended 30 September 2009</i>	<i>presentation in the income statement for the period of nine months ended 30 September 2008 in the condensed interim financial statements for the period of three months ended 30 September 2009</i>
Change in the presentation of teachers' remuneration costs	Purchase of products and change in inventories in the amount of PLN 23,399,000	Employee compensation and benefit expenses in the amount of PLN 23,399,000

Description of a change

	<i>presentation in the income statement for the period of three months ended 30 September 2008 in the condensed interim financial statements for the period of three months ended 30 September 2009</i>	<i>presentation in the income statement for the period of three months ended 30 September 2008 in the condensed interim financial statements for the period of three months ended 30 September 2008</i>
Change in the presentation of teachers' remuneration costs	Purchase of products and change in inventories in the amount of PLN 4,654,000	Employee compensation and benefit expenses in the amount of PLN 4,654,000

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

1.1. Accounting books and financial reporting (cont.)

Standards, amendments and interpretations effective in 2009

IFRS 2 (Amendment) “Share-based Payments”

On 17 January 2008, the International Accounting Standards Board issued an amendment to IFRS 2 that is effective for annual periods beginning on or after 1 January 2009. The amendment to the Standard deals with two matters: first, it clarifies that vesting conditions are service conditions and second, operational performance conditions of the entity only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

The NFI EMF Group applied the amended version of IFRS 2 as of 1 January 2009.

IFRS 8 “Operating Segments”

On 30 November 2006, the International Accounting Standards Board issued IFRS 8 that is effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 “Segment Reporting”. This standard specifies new requirements for disclosures about operating segments as well as for disclosures about products and services, geographical areas in which the operations are carried out, or about major customers. IFRS 8 requires an entity to adopt the “management approach” to reporting on the financial performance of its operating segments.

The Group applied IFRS 8 as of 1 January 2009. The abovementioned changes were included in the financial statements of NFI EMF Group.

IAS 1 (Amendment) “Presentation of Financial Statements”

On 6 September 2007, the International Accounting Standards Board issued an amended IAS 1 that is effective for annual periods beginning on or after 1 January 2009. The introduced amendments mainly pertain to the presentation of changes in equity and their purpose was to improve the ability of the users of financial statements to analyse and compare the information presented in financial statements.

The Group applied the amended version of IAS 1 as of 1 January 2009. The abovementioned changes were included in the financial statements of NFI EMF Group.

IAS 23 (Amendment) “Borrowing Costs”

On 29 March 2007, the International Accounting Standards Board issued an amendment to IAS 23 that is effective for annual periods beginning on or after 1 January 2009. This amendment pertains to the accounting approach to borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale. As part of this amendment, the possibility of immediate recognition of such costs in the income statement for the period in which they were incurred has been dismissed. To fulfill the new requirement of the Standard, these costs should be capitalised.

In accordance with the Management Board’s decision, the IAS 23 amendment has been introduced to NFI Empik Media & Fashion Group’s accounting policies as of 1 January 2008.

Amendments to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements”

On 14 February 2008, the International Accounting Standards Board issued amendments to IAS 32 and IAS 1 that are effective for annual periods beginning on or after 1 January 2009. The amendments apply to the accounting approach to some financial instruments similar to equity instruments but classified as financial liabilities. Pursuant to the new requirements set forth in the Standard, financial instruments such as puttable instruments and instruments with obligations for a pro rata share of the net assets of the entity on its liquidation are presented as equity upon meeting specific conditions.

The Group implemented the above amendments to the standard from its effective date, i.e. from 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

1.1. Accounting books and financial reporting (cont.)

Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Statements”

On 23 May 2008, the International Accounting Standards Board issued amendments to IFRS 1 and IAS 27 that are effective for annual periods beginning on or after 1 January 2009.

The amendments will permit an entity to use either fair value or carrying amount determined on the basis of previous accounting standards for subsidiaries, associates and jointly controlled entities in stand-alone financial statements as “alleged cost”. In addition, the cost method definition has been abolished and replaced by the principle of recognising revenue in relation with received dividend in stand-alone financial statements.

The Group implemented the amendments to IFRS 1 and IAS 27 as of 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

IFRIC 13 “Customer Loyalty Programmes”

On 27 June 2007, the International Financial Reporting Interpretations Committee issued an interpretation of IFRIC 13 that is effective for annual periods beginning on or after 1 July 2008. This interpretation provides guidance to the accounting approach on how to recognise in the books transactions resulting from customer loyalty programmes, such as loyalty cards or loyalty points programmes implemented by an entity. IFRIC 13 addresses, in particular, how companies should account for their obligation to provide free or discounted goods or services if and when the customers redeem their “points”.

IFRIC 13 is in effect from 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

IFRIC 15 “Agreements for the Construction of Real Estate”

On 3 July 2008, the International Financial Reporting Interpretations Committee issued an interpretation of IFRIC 15 that is effective for annual periods beginning on or after 1 January 2009. The interpretation provides guidance on how to determine whether an agreement for the construction of real estate shall be presented in the financial statements within the scope of IAS 11 Construction Contracts or IAS 18 Revenue. Furthermore, IFRIC 15 presents accordingly when the revenue from the construction should be recognised.

IFRIC 15 is in effect from 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

On 3 July 2008, the International Financial Reporting Interpretations Committee issued an interpretation of IFRIC 16 that is effective for annual periods beginning on or after 1 October 2008. The interpretation provides guidance whether risk arises from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity’s consolidated financial statements. Furthermore, IFRIC 16 clarifies which entity within a capital group can hold a hedging instrument in a hedge of a net investment in a foreign operation and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument. IFRIC 16 further clarifies how an entity should determine the amounts to be reclassified from equity to income statement for both the hedging instrument and the hedged item when the entity disposes of the investment.

IFRIC 16 is in effect from 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

IFRS 7 (Amendment) “Financial Instruments: Disclosures”

On 5 March 2009, the International Accounting Standards Board issued an amendment to IFRS 7 “Financial Instruments: Disclosures” that is effective for annual periods beginning on or after 1 January 2009.

The amendments establish a three-level hierarchy for making fair value measurements and require enhanced disclosures about the relative reliability of fair value measurements. The amendments also clarify and enhance the existing requirements for disclosures about liquidity risk.

The NFI EMF Group implemented the amended IFRS 7 from 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

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Notes to the interim consolidated financial statements (cont.)

1.1. Accounting books and financial reporting (cont.)

Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – “Eligible Hedged Items”

On 31 July 2008, the International Accounting Standards Board issued an amendment to IAS 39 - “Eligible Hedged Items” that is effective for annual periods beginning on or after 1 July 2009.

The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. An entity may not designate an inflation component of issued or acquired fixed-rate debt in a fair value hedge. An entity also may not include time value in a one-sided risk in a hedged item if options are designated as a hedging instrument.

The NFI EMF Group implemented the amendments to IAS 39 from 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

Amendments to IFRIC 9 and IAS 39 “Embedded derivatives”.

On 12 March 2009, the International Accounting Standards Board issued amendments to IFRIC 9 and IAS 39 “Embedded derivatives” that are effective for annual periods ended on or after 30 June 2009.

The amendments clarify the accounting treatment of embedded derivatives set forth in the amendment to IFRS 7 and IAS 39 issued in October 2008. These amendments clarify that on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.

The NFI EMF Group implemented the above amendment from its effective date, i.e. from 1 January 2009; however, it currently does not affect the financial statements of NFI EMF Group.

IFRIC 12 “Service Concession Arrangements”

On 30 November 2006, the International Financial Reporting Interpretations Committee issued IFRIC 12 that is effective for annual periods beginning on or after 29 March 2008. This interpretation provides guidance on how to apply the existing standards by entities that are parties to service concession arrangements made between the public and the private sector. IFRIC 12 refers to the arrangements, under which the ordering party controls what services are provided by the operator using the infrastructure, to whom and at what price.

The NFI EMF Group implemented IFRIC 12 from its effective date, i.e. from 1 January 2008; however, it currently does not affect the financial statements of NFI EMF Group.

IFRIC 14 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”

On 5 July 2007, the International Financial Reporting Interpretations Committee issued an interpretation of IFRIC 14 that is effective for annual periods beginning on or after 1 January 2008. IFRIC 14 provides general guidance on how entities should determine the limit placed by IAS 19 Employee Benefits on the amount of a surplus in a pension plan they can recognise as an asset. In addition, IFRIC 14 clarifies how statutory or contractual minimum funding requirements may affect the asset or obligation under a specific benefit plan.

The NFI EMF Group implemented IFRIC 14 from its effective date, i.e. from 1 January 2008; however, it currently does not affect the financial statements of NFI EMF Group.

IFRS 3 (Amendment) “Business Combinations”

On 10 January 2008, the International Accounting Standards Board issued an amendment to IFRS 3 that is prospectively effective to business combinations with an acquisition date in reporting year beginning on or after 1 July 2009. The introduced changes include the possibility to recognise minority interest either at fair value or at their share in fair value of identifiable net assets, revaluation of shares previously held in acquired entity to fair value, with the difference to be recognised in income statement and additional guidelines for the use of acquisition method, which includes treating the transaction costs as cost for the period in which they were incurred.

The Group will apply the amended standard as described as soon as it becomes effective, i.e. on 1 January 2010, as the Group's reporting year is a calendar year. The Management Board is currently assessing the impact of the aforesaid amendment on accounting of the Group.

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

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Notes to the interim consolidated financial statements (cont.)

1.1. Accounting books and financial reporting (cont.)

Standards, amendments and interpretations that are not yet effective and were not adopted by the Company

Improvements to IFRS 2009

On 16 April 2009, the International Accounting Standards Board issued "Improvements to IFRS 2009" - a collection of amendments to 12 standards. The improvements include changes to presentation, recognition and valuation as well as terminological and editing changes. The effective date for the majority of amendments is for annual periods beginning on or after 1 January 2010.

The NFI EMF Group will implement the improvements to IFRS in accordance with the interim provisions. The Management Board is currently assessing the impact of the aforesaid amendment on accounting of the Group.

IAS 27 (Amendment) "Consolidated and Separate Financial Statements"

On 10 January 2008, the International Accounting Standards Board issued an amendment to IAS 27 that is effective for annual periods beginning on or after 1 July 2009. The standard requires that the consequences of transactions with minority shareholders be directly recognised in equity, provided that the parent entity retains control over its subsidiary. The standard further specifies the manner of recognition if the entity loses control over its subsidiary, i.e. it requires that any investment retained in that subsidiary be measured at its fair value and the difference be recognised in the income statement.

The Group will apply the amended standard as described as soon as it becomes effective, i.e. on 1 January 2010, as the Group's reporting year is a calendar year. The Management Board is currently assessing the impact of the aforesaid amendment on accounting of the NFI EMF Group.

Amendments to IFRS 2 "Share-based Payments"

On 18 June 2009, the International Accounting Standards Board issued amendments to IFRS 2 "Share-based Payments" that are effective for annual periods beginning on or after 1 January 2010.

The amendments clarify the accounting for group cash-settled share-based payment transactions. The amendments clarify the scope of IFRS 2 and provide the guidance on joint application of IFRS 2 and other standards. The amendments also incorporate guidance previously included in IFRIC 8 and IFRIC 11.

The Group will implement the amendments to IFRS 2 from 1 January 2010. The Management Board is currently assessing the impact of the amendment on the financial statements of the Group.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"

On 23 July 2009, the International Accounting Standards Board issued an amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" that is effective for annual periods beginning on or after 1 January 2010.

The amendments introduce further exemptions from valuation of assets as at the first-time adoption of IFRS for oil and gas companies.

The Group will implement the amendments to IFRS 1 from 1 January 2010. The Management Board is currently assessing the impact of the amendment on the financial statements of the Group.

IFRIC 17 "Distributions of Non-cash Assets to Owners"

On 27 November 2008, the International Financial Reporting Interpretations Committee issued IFRIC 17 that is effective for annual periods beginning on or after 1 July 2009. This interpretation provides guidance on the moment of recognition of dividend, its valuation and on when an entity should recognise the difference between the value of dividend and the carrying amount of the assets distributed.

The Company will implement IFRIC 17 from 1 January 2010 however, it currently does not affect the financial statements of the Company.

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

1.1. Accounting books and financial reporting (cont.)

IFRIC 18 “Transfers of Assets from Customers”

On 29 January 2009, the International Financial Reporting Interpretations Committee issued IFRIC 18 that is effective for annual periods beginning on or after 1 July 2009. This interpretation provides guidance on the recognition of transfer of assets from customers; namely, the interpretation clarifies the circumstances in which the definition of an asset is met, the recognition of the asset and its measurement on initial recognition, the identification of the separately identifiable services (one or more services in exchange for the transferred asset), the recognition of revenue and the accounting for transfers of cash from customers.

The Company will implement IFRIC 18 from 1 January 2010 however, it currently does not affect the financial statements of the Company.

As at the date of these financial statements, the above-described amendments to IAS 27, IFRS 3, and IFRS 1 are still to be approved by the European Union.

1.2. Basis for preparation

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets available for sale, and financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss. These financial statements were prepared based on the best knowledge of the Management Board that the Group will continue its operations for at least next 12 months as of the date of these financial statements.

The amounts presented in these financial statements are in thousands of PLN.

NFI Empik Media & Fashion S.A. and its subsidiaries

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for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

1.3. Group Reporting

(1) The Group

The following are direct subsidiaries and affiliates of NFI Empik Media & Fashion S.A (the number of shares is equal to the number of votes, unless stated otherwise):

Name	Location	Activity	30 September 2009	31 December 2008
			% share	% share
Subsidiaries				
EMPiK Sp. z o.o.	Poland	Books, newspapers and multimedia retail network; photography sales points and language schools	100.00	100.00
EMPiK Technologies Sp. z o.o. ⁽¹⁾	Poland	Retail trading in IT products	100.00	100.00
EMPiK Comfort Media Sp. z o.o. ⁽¹⁾	Poland	Publisher of "EMPiK News" magazine	82.00	82.00
Empik Assets Sp. z o.o. ⁽¹⁾	Poland	Management of assets and trade marks	100.00	-
Cenzora Enterprises Ltd	Cyprus	Special purpose vehicle holding 100% of shares in Esprentino Trading Limited and 86% of shares in Magalla Holdings Limited	100.00	-
Esprentino Trading Limited ⁽¹⁴⁾	Cyprus	Special purpose vehicle holding shares in Magalla Holdings Limited	100.00	100.00
Magalla Holdings Limited ^{(14), (15)}	Cyprus	Investment vehicle holding 100% of shares in Buk Investment LLC and 1 share in Bukva Closed Joint Stock Company	14.00	100.00
Buk Investment LLC ⁽¹⁵⁾	Ukraine	Investment vehicle holding shares in Bukva Closed Joint Stock Company	14.00	100.00
Bukva Closed Joint Stock Company ⁽¹⁵⁾	Ukraine	Operator of bookstores network	14.00	100.00
Polperfect Sp. z o.o. ⁽¹⁾	Poland	Distributor of Polish and international newspapers and magazines	94.00	94.00
EMPiK Beauty Sp. z o.o.- Empik Internet ⁽¹⁾	Poland	Management of Empik.com	100.00	-
Learning Systems Poland Sp. z o.o. ⁽¹⁾	Poland	Operator of language schools	75.65	73.39
LSP Master Sp. z o.o. ⁽²⁾	Poland	The owner of a license for the integrated language school management system and language teaching	75.65	73.39
Learning Systems Ukraine ⁽²⁾	Ukraine	Operator of language schools	60.52	-
Smyk Sp. z o.o.	Poland	Children's mega-stores network	100.00	100.00
Smyk GmbH ⁽³⁾	Germany	Operator of children's mega-stores network	100.00	100.00
Kids International Sp. z o.o. ⁽³⁾	Poland	Operator of children's stores network	100.00	100.00
Prolex Services Limited ⁽³⁾	Cyprus	Investment vehicle holding 100% of shares in Smyk-Rus Limited	100.00	100.00
Smyk-Rus Limited ^{(3) (7)}	Russia	Operator of children's mega-stores network	100.00	100.00
Madras Enterprises Limited ⁽³⁾	Cyprus	Investment vehicle holding 100% of shares in Paritet – Smyk LLC	80.00	80.00
Paritet – Smyk LLC ⁽⁴⁾	Ukraine	Operator of children's mega-stores network	80.00	80.00
Smyk Ukraine LLC ⁽³⁾	Ukraine	Logistics and other support services for Paritet – Smyk LLC	100.00	100.00

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

1.3. Group Reporting (cont.)

Name	Location	Activity	30 September 2009	31 December 2008
			% share	% share
Optimum Distribution Sp. z o.o.	Poland	Wholesale trading of selected cosmetics, optical products and sportswear in Poland	100.00	100.00
Optimum Distribution CZ&SK s.r.o.	Czech Republic	Wholesale trading of selected cosmetics, optical products and sportswear in the Czech Republic and Slovakia	100.00	100.00
Amersport Sp. z o.o. ⁽⁹⁾	Poland	Trading in sportswear and athletic gear	100.00	100.00
Poland 1 Development Sp. z o.o. ⁽⁹⁾	Poland	Trading in sportswear and athletic gear	100.00	100.00
Soul Sp. z o.o. ⁽¹⁰⁾	Poland	Trading in sportswear and athletic gear	100.00	100.00
Soul Shop s.r.o. ⁽¹⁰⁾	Czech Republic	Trading in sportswear and athletic gear	100.00	100.00
Amersport Ukraine ⁽¹¹⁾	Ukraine	Trading in sportswear and athletic gear	95.00	95.00
Amersport Rosja ⁽¹¹⁾	Russia	Trading in sportswear and athletic gear	100.00	-
Ultimate Fashion Sp. z o.o.	Poland	Franchise operations of Wallis, Esprit, River Island etc.	100.00	100.00
Ultimate Fashion International Sp. z o.o.	Poland	Wholesale trading of clothes, footwear and other selected products	100.00	100.00
Licomp EMPiK Multimedia Sp. z o.o.	Poland	Distributor of interactive entertainment software	100.00	100.00
EMF Investment Project Sp. z o.o.	Poland	Investment vehicle holding 48.33% of shares in HDS WP Sp. z o.o.	100.00	100.00
East Services S.A.	Switzerland	Wholesale trading of selected cosmetics and sportswear	100.00	100.00
HDS WP Sp. z o.o.	Poland	Non-operating company	48.33	48.33
Maratex Limited ⁽⁵⁾	Cyprus	Investment vehicle holding shares of B4 SA, ZAO Maratex, ZAO BTI Systems and Baza Limited	100.00	100.00
B4 SA ⁽⁶⁾⁽⁵⁾	Switzerland	Franchise operations of Peacock, Esprit etc.	100.00	100.00
Daughter Enterprise Maratex ⁽⁶⁾⁽⁵⁾	Ukraine	Franchise operations of Peacock, Esprit etc.	100.00	100.00
ZAO Maratex (previously ZAO BTI Systems M) ⁽⁶⁾⁽⁵⁾	Russia	Franchise operations of Esprit, Peacocks, Lulu Castagnette etc.	100.00	100.00
TOO BTI Systems M ⁽⁶⁾⁽⁵⁾	Kazakhstan	Franchise operations of Peacock, Esprit etc.	100.00	100.00
TOO BTI Systems ⁽⁶⁾⁽⁵⁾	Kazakhstan	Franchise operations of Peacock, Esprit etc.	100.00	100.00
OOO Maratex ⁽⁶⁾⁽⁵⁾	Kaliningrad	Franchise operations of Esprit, Peacocks, Lulu Castagnette etc.	100.00	100.00
LuxPol Invest S.a.r.l	Luxembourg	Investment vehicle holding 80% of shares in EPCD Sp. z o.o.	75.00	75.00
EPCD Sp. z o.o. ⁽⁸⁾	Poland	Distributor of selected cosmetics in Poland	60.00	60.00
EPCD Cz&SK s.r.o. ⁽¹²⁾	Czech Republic	Distributor of selected cosmetics in the Czech Republic and Slovakia	60.00	60.00
Smyk Cocuk Giyim Oyuncak ve Aksesuarlari ⁽³⁾	Turkey	Operator of children's mega-stores network	100.00	100.00
Spiele Max AG ⁽³⁾	Germany	Operator of children's mega-stores network	100.00	100.00
Affiliates				
Zara Polska Sp. z o.o.	Poland	Franchise operations of Zara	-	20.00
Empik Cafe Sp. z o.o. ⁽¹³⁾	Poland	Development of coffee bars	49.00	49.00

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Notes to the interim consolidated financial statements (cont.)

1.3. Group Reporting (cont.)

- (1) Subsidiaries of EMPiK Sp. z o.o.
- (2) Subsidiary of Learning Systems Poland Sp. z o.o.
- (3) Subsidiaries of Smyk Sp. z o.o.
- (4) As at 30 June 2009 subsidiary of Madras Enterprises Limited
- (5) The Group holds 43.3% of shares, however due to the put option held, it consolidates 100%
- (6) Subsidiaries of Maratex Limited
- (7) Subsidiary of Prolex Service Limited. The Group holds 75% of shares, however due to the put option held, it consolidates 100%
- (8) Subsidiary of LuxPol Invest S.a.r.l
- (9) Subsidiaries of Optimum Distribution Sp. z o.o.
- (10) Subsidiaries of Poland 1 Development Sp. z o.o.
- (11) Subsidiary of Amersport Sp. z o.o.
- (12) Subsidiary of EPCD Sp. z o.o.
- (13) Affiliate of Empik Sp. z o.o.
- (14) Subsidiary of Cenzora Enterprises Ltd
- (15) On 30 September 2009, an increase of share capital took place in Magalla Holdings Limited with its principal office in Cyprus, in control of: Bukva Closed Joint Stock Company and Buk Investment LLC, previously controlled by NFI EMF. The share capital of Magalla was increased through the issuance of 15,012 new shares, all of which were assigned to entities from outside the NFI EMF capital group (including the management staff of Bukva, whose shares belong entirely to Magalla). As a result of this transaction the shareholding of NFI Group in the share capital of Magalla Holdings Limited decreased from 100% to 14%.

(2) Subsidiaries

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of a majority of the voting rights in governing bodies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Found controls another entity.

(3) Affiliates

Affiliates are all entities over which the Fund has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights in governing bodies. Investments in affiliates are recognised at cost (purchase price) net-of impairment write-offs.

1.4. Translation of foreign currency items

As stated in the consolidated financial statements for the year ended 31 December 2008, the Group is exposed to risks resulting from changes in foreign exchange rates. Changes in the most important exchange rates relevant to the Group's financial situation in the reporting periods are as follows

Currency	9 months ended 30 September 2009		Year ended 31 December 2008		9 months ended 30 September 2008	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
EUR	4.22	4.38	4.17	3.52	3.41	3.43
USD	2.89	3.22	2.96	2.41	2.37	2.26
CZK	0.17	0.16	0.16	0.14	0.14	0.14
CHF	2.80	2.90	2.80	2.22	2.16	2.13
UAH	0.35	0.40	0.37	0.46	0.47	0.47
RUB	0.10	0.10	0.10	0.10	-	-
TRY	1.94	2.04	1.94	1.85	-	-

NFI Empik Media & Fashion S.A. and its subsidiaries

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for three-month period ended 30 September 2009.

Notes to the interim consolidated financial statements (cont.)

2. Segment reporting

The Management Board of NFI EMF Group regularly reviews current management reports with regard to operating results as well as the validity of allocating investment expenditures. The Management Board of NFI EMF Group reviews the operating results and the allocation of capital expenditures from two points of view: by geographic segment and by operating segment. The following operating segments have been identified: “Empik Group”, “Smyk Group”, “Language Schools”, “Franchise Brands Group”, “Distribution of Cosmetics and Sports Gear” and “Other Segments”, with the last segment reflecting the results of NFI Empik Media & Fashion S.A. and consolidation adjustments. All segments are further reviewed from the geographical point of view and divided into domestic and foreign sales.

9 months ended 30 September 2009	Empik Group	Smyk Group	Language Schools	Franchise Brands Group	Distribution of Cosmetics and Sports Gear	Other segments	TOTAL
	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN
Sales	655 590	526 723	85 692	370 773	151 252	-	1 790 030
- domestic	641 126	231 358	85 692	149 826	113 529	-	1 221 531
- abroad	14 464	295 365	-	220 947	37 723	-	568 499
EBITDA	46 431	20 808	8 044	(10 511)	5 536	(5 675)	64 633
Profit from operating activities	19 492	11 522	3 993	(56 275)	3 456	(6 380)	(24 192)
Financial expenses, net	(6 202)	(5 093)	138	26 448	(2 183)	(10 396)	2 712
Share of profit / (loss) in affiliates	(610)	-	-	-	-	1 147	537
Profit before income tax	12 680	6 429	4 131	(29 827)	1 273	(15 629)	(20 943)
Income tax	21 307	(353)	(973)	5 998	(203)	-	25 776
Net profit	33 987	6 076	3 158	(23 829)	1 070	(15 629)	4 833
Total assets	558 960	454 316	113 588	497 156	173 111	34 727	1 831 858
Total liabilities	(342 686)	(277 582)	(117 615)	(254 268)	(76 670)	(334 133)	(1 402 954)
Other segment information							
Impairment write-offs	-	-	-	(26 115)*	-	-	(26 115)
Capital expenditures	(46 949)	(27 552)	(5 632)	(26 071)	(2 563)	(6 599)	(115 366)
- domestic	(46 241)	(19 083)	(5 632)	(14 190)	(1 785)	(6 599)	(93 530)
- abroad	(708)	(8 469)	-	(11 881)	(778)	-	(21 836)
Investments in affiliates	3 158	-	-	-	-	-	3 158

* In 2009, as a result of the updates to the parameters accounted for in the financial projections discount, reflecting the current macroeconomic situation in Russia and Ukraine, the EMF Group recognised a goodwill impairment loss of PLN 26.1 million. The impairment write-off pertained in its entirety to the goodwill of Maratex Ltd (the “Franchise Brands Group” segment). The Maratex goodwill impairment write-off should be analysed in conjunction with the change (decrease) of the EMF Group’s liabilities towards Maratex’s minority shareholders, which are based on the same future financial results of the company that formed the basis for the verification of the company’s goodwill.

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Notes to the interim consolidated financial statements (cont.)

2. Segment reporting (cont.)

9 months ended 30 September 2009	Empik Group	Smyk Group	Language Schools	Franchise Brands Group	Distribution of Cosmetics and Sports Gear	Other segments	TOTAL
	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN	000 PLN
Sales	607 173	275 895	70 707	364 248	125 856	-	1 443 879
- domestic	589 253	223 516	70 707	166 410	87 964	-	1 137 850
- abroad	17 920	52 379	-	197 838	37 892	-	306 029
EBITDA	29 861	13 959	6 084	17 570	17 429	11 050	95 953
Profit from operating activities	6 882	4 543	3 370	2 324	15 185	10 628	42 932
Financial expenses, net	(3 247)	(1 854)	166	56	644	(11 824)	(16 059)
Share of profit in affiliates	838	-	-	-	-	8 831	9 669
Profit before income tax	4 473	2 689	3 536	2 380	15 829	7 635	36 542
Income tax	(1 192)	(204)	(538)	(3 141)	(2 756)	-	(7 831)
Net profit	3 281	2 485	2 998	(761)	13 073	7 635	28 711
Total assets*	790 687	422 959	105 502	555 202	219 286	117 614	2 211 250
Total liabilities*	(579 305)	(274 280)	(73 657)	(319 809)	(115 933)	(329 553)	(1 692 537)
Other segment information							
Impairment write-offs	-	(322)	-	(556)	-	-	(878)
Capital expenditures	(52 554)	(39 353)	(7 135)	(58 890)	(2 468)	(5 952)	(166 352)
- domestic	(49 949)	(21 695)	(7 135)	(26 625)	(2 060)	(5 952)	(113 416)
- abroad	(2 605)	(17 658)	-	(32 265)	(408)	-	(52 936)
Investments in affiliates*	3 538	-	-	29 116	-	-	32 654

* As at 31 December 2008

Reconciliation of segment reporting with balance sheet:

	30 September 2009	31 December 2008
Total assets in segment reporting	1 831 858	2 211 250
Deferred income tax assets	26 402	19 869
Total assets in balance sheet	1 858 260	2 231 119
Total liabilities in segment reporting	(1 402 954)	(1 692 537)
Deferred income tax liabilities	(10 628)	(32 348)
Total liabilities in balance sheet	(1 413 582)	(1 724 885)

NFI Empik Media & Fashion S.A. and its subsidiaries

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Notes to the interim consolidated financial statements (cont.)

3. Employee compensation and benefit expenses

9 months ended 30 September	2009	2008
	000 PLN	000 PLN
Wages and salaries	223 547	196 325
Share options granted	9 778	10 887
Social insurance charges	42 583	30 208
Termination benefits (severance payments)	56	130
Other benefits	7 705	2 453
Total employee compensation and benefit expenses	283 669	240 003

Other benefits represent food, medical care, uniforms and employee insurance.

Employee share-option incentive scheme

Employee compensation expenses include compensations under the employee share-option incentive scheme amounting to PLN 9,778,000 (PLN 10,887,000 in 2008). The following members of senior management of the NFI EMF Group are entitled to participate in the incentive scheme:

- Mr Maciej Dyjas (President of the Management Board)
- Mr Jacek Bagiński (Member of the Management Board)
- Mrs Ewa Podgórska (Member of the Management Board)
- Mr Dariusz Stolarczyk (Member of the Management Board)
- Mr Kjell Berggren (Member of the Management Board)
- Mr Eyal Lahav (President of the Management Board of EMPiK Sp. z o.o.)
- Mr Tomasz Paszkowski (Member of the Management Board of Ultimate Fashion Sp. z o.o.)

The President of the Management Board has the right to subscribe for Series F, G, H and E1 registered subscription warrants. Series F, G, H warrants authorise their holder to subscribe for 275,000 Series C ordinary shares for the issue price of PLN 0.10 each. Series E1 warrants shall authorise their holder to subscribe for one Series C ordinary share for the nominal price of PLN 0.10 each. The warrants were issued and allocated free of charge. Exercising of each warrant is conditional upon the holder of the option still rendering his/her services for the benefit of the Company as at the date of warrant execution.

On 20 January 2009, Jonquille Investments Limited, with its registered office in Cyprus, a company wholly owned by Mr Maciej Dyjas, the President of the Management Board of NFI EMF, acquired 150,000 Series B bearer ordinary shares of NFI EMF and 125,000 Series C bearer shares of NFI EMF at a nominal price of PLN 0.10 per share. The shares were acquired as a result of exercising rights resulting from Series D and Series D1 subscription warrants issued by NFI EMF on the basis of the Resolution No. 6 of the General Shareholders Meeting of 8 December 2005 and on the basis of the Resolution No. 14 of the General Shareholders Meeting of 13 July 2007.

On 25 May 2009, Jonquille Investments Limited, with its registered office in Cyprus acquired 68,837 Series B bearer ordinary shares of NFI EMF and 200,924 Series C bearer ordinary shares of NFI EMF at the nominal price of PLN 0.10 per share. The shares were acquired as a result of exercising rights resulting from Series E subscription warrants issued by NFI EMF on the basis of Resolution No. 6 of the General Shareholders Meeting of 8 December 2005 and Series E1 subscription warrants issued by NFI EMF on the basis of Resolution No. 14 of the General Shareholders Meeting of 13 July 2007.

On 25 June 2009 Jonquille Investments Limited sold 200,000 of the NFI EMF shares.

Mr Jacek Bagiński is entitled to subscribe for Series I, J and K registered subscription warrants. Each warrant authorises its holder to subscribe for 300,000 Series D ordinary shares. In 2Q 2009, Mr Bagiński's warrants were modified. As a result of the modification the issue price, which presently amounts to PLN 8 per share, has been changed and the subscription warrants' exercise period has been extended until 31 December 2013. Exercising of each warrant is conditional upon the holder of the option still rendering his/her services for the benefit of the Company as at the date of warrant execution.

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Notes to the interim consolidated financial statements (cont.)

3. Employee compensation and benefit expenses (cont.)

In addition, Mr Bagiński was granted rights to new warrants up to a maximum number of 600,000, which entitle him to subscribe for Series G shares. One warrant shall entitle its holder to acquire one Series G share. The issue price of the Series G shares shall amount to PLN 5. The rights under the warrants may be exercised until the end of 2013.

On 15 January 2008, Mrs Ewa Podgórska was granted options to acquire shares issued by the Company by way of acquisition of subscription warrants. The option holder is entitled to subscribe for Series N registered subscription warrants. The warrant entitles to subscribe for 30,000 Series E ordinary shares at a nominal price of PLN 0.10 per share. The warrant may be exercised by 31 December 2011.

Exercising of each warrant is conditional upon the holder of the option still rendering his/her services for the benefit of the Company as at the date of warrant execution.

On 20 January 2009, Mrs Ewa Podgórska acquired 30,000 Series E bearer ordinary shares of NFI EMF at the nominal price of PLN 0.10 per share. Total price of the transaction amounted to PLN 3,000. The shares were acquired as a result of exercising rights under the Series M subscription warrants issued by NFI EMF on the basis of Resolution No. 16 of the General Shareholders Meeting of NFI EMF of 13 July 2007.

Mr Dariusz Stolarczyk is entitled to subscribe for 17,765 Series L registered subscription warrants for the average market price of shares of NFI EMF as quoted on the Warsaw Stock Exchange during the period of three months ended 31 December 2007. Each warrant authorises its holder to subscribe for Series E ordinary shares. The rights under the warrants may be exercised at any time, but no later than by 31 December 2011. Exercising of each warrant is conditional upon the holder of the option still rendering his/her services for the benefit of the Company as at the date of warrant execution.

In addition, on 24 April 2008 Mr Eyal Lahav (President of the Management Board of Empik Sp. z o.o., a subsidiary of NFI EMF) was granted subscription warrants for Series E shares of NFI EMF. Exercising of each warrant is conditional upon the holder of the option still rendering his/her services for the benefit of the Company as at the date of warrant execution.

Mr Kjell Berggren has been granted 160,000 Series L and M subscription warrants giving the right to subscribe for the same number of shares of NFI EMF for the average market price of shares of NFI EMF as quoted on the Warsaw Stock Exchange, in the following periods:

Series L	three months ended 31 December 2007
Series M	three months ended 31 December 2008

Series L warrants may be exercised at any time prior to 31 December 2011. Series M warrants may be exercised from 1 January 2010 until 31 December 2012. Exercising of each warrant is conditional upon the holder of the option still rendering his/her services for the benefit of the Company as at the date of warrant execution.

On 27 October 2008 an incentive scheme concerning the acquisition of Series F ordinary shares by Mr Tomasz Paszkowski, Member of the Management Board of Ultimate Fashion Sp. z o.o., based on Series L subscription warrants, was launched. Mr Tomasz Paszkowski is entitled to acquire Series F ordinary shares of NFI EMF at the market price as quoted on the Warsaw Stock Exchange during the period of three months ended 31 December 2008. Rights under the warrants may be exercised at any time until 31 December 2011.

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Notes to the interim consolidated financial statements (cont.)

4. Building expences

9 months ended 30 September	2009	2008
	000 PLN	000 PLN
Rental expenses	216 828	143 567
Services	59 243	42 873
Repairs	5 210	2 049
Insurance	973	256
Hedging transactions result	(5 947)	1 505
Total building expenses	276 307	190 250

Operating lease rental expenses

Lease expenses in building expenses and other operating expenses amount to:

9 months ended 30 September	2009	2008
	000 PLN	000 PLN
Operating lease rental expenses payable to third party - plant and equipment	3 430	3 047
Operating lease rental expenses payable to related parties - plant and equipment	-	-
Operating lease rental expenses payable to third party – buildings expenses	195 671	135 131
Operating lease rental expenses payable to related parties – building expenses	21 157	8 436

NFI Empik Media & Fashion S.A. and its subsidiaries

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Notes to the interim consolidated financial statements (cont.)

5. Other operating expenses

9 months ended 30 September	2009	2008
	000 PLN	000 PLN
IT and telecommunication infrastructure	19 343	19 331
Transportation expenses	26 425	20 964
Parking expenses	4 536	5 049
Security	7 377	9 896
Bank fees	15 569	13 228
Legal and consulting expenses	11 390	14 272
Travel and representation	10 057	10 761
Taxes and fees	5 241	3 576
Currency translation differences	9 191	(1 119)
Management fees	391	422
Other	29 707	25 734
Total other operating expenses	139 227	122 114

6. Other operating income, net

9 months ended 30 September	2009	2008
	000 PLN	000 PLN
Gains/(losses) from valuation of financial instrument and long-term receivables - Sephora*	10 473	(2 495)
(losses)/gains from valuation of derivative financial instruments to fair value - Zara	(1 147)	17 426
Gains/(losses) from valuation of derivative financial instruments - EPCD	(220)	772
Dividend received	-	9 339
Dissolved agreement compensation	-	6 174
Other	42 435	18 592
Total other operating income, net	51 541	49 808

* Gains from the Sephora financial instrument recognised as at 30 September 2009 include gains of PLN 6,257,000 from the valuation of the financial instrument, gains from the valuation of long-term receivable, which amounted to PLN 6,016,000, as well as advisory services fees of PLN 1,800,000 pertaining to the sale of shares in Sephora.

The Zara Polska Sp. z o.o. put option reflected the fair value attributable to the put option under the agreement between NFI Empik Media & Fashion S.A. and Inditex S.A. on the sale of Zara Polska Sp. z o.o. (Young Fashion Sp. z o.o.). On 22 January 2009, NFI EMF sold its shares in Zara Polska Sp. z o.o. to Industria de Diseño Textil SA („INDITEX SA”).

The put option pertaining to EPCD, which was acquired in 2008, reflects the fair value attributable to the put option of EPCD under the agreement between LuxPol Invest S.a.r.l and Iparkos B.V. The fair value of this instrument is determined by the discounting of the value of future cash flows for LuxPol Invest S.a.r.l, EPCD Sp. z o.o., and EPCD CZ&SK s.r.o. In the current period, the loss from the valuation of this option to fair value was PLN 220,000 and was presented in “Other operating income, net”.

NFI Empik Media & Fashion S.A. and its subsidiaries

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Notes to the interim consolidated financial statements (cont.)

7. Financial expenses, net

9 months ended 30 September	2009	2008
	000 PLN	000 PLN
Financial income		
Interest income	3 231	2 853
Other	-	38
Gains from valuation of Paritet put option	-	166
Gains from valuation of Smyk Rosja put option	398	189
Gains from valuation of Maratex put option	34 931	2 817
Currency translation gains/(losses)	-	2 772
Total financial income	38 560	8 835
Financial expenses		
Interest expenses:	(30 290)	(24 894)
- borrowings	(12 422)	(11 572)
- financial lease	(2 674)	(1 949)
- bonds	(11 533)	(11 373)
- other financial liabilities	(3 661)	-
Loss from valuation of Paritet option	(811)	-
Currency translation gains/(losses)	(4 747)	-
Total financial expenses	(35 848)	(24 894)
Financial expenses, net	2 712	(16 059)

Foreign currency exchange differences arise on EUR and USD denominated financial leases, loans from related parties and bank borrowings.

As of 1 October 2008, the Group has been recognising some intragroup loans as net investments in subsidiaries. Therefore, negative currency translation differences in the amount of PLN 12,396,000 (net of deferred tax in the amount of PLN 604,000) resulting from these loans were recognised in the consolidated capital of the Group under "Foreign currency exchange gains/(losses) on long-term financing of subsidiaries."

The option valuation gains included in the financial income primarily encompass the change in the value of Maratex minority share options (PLN 36,194,000). This item should be read together with the impairment write-off for the goodwill of Maratex in the amount of PLN 26,115,000, which was recognised in the income statement in the category "Amortisation, depreciation and impairment charges". The goodwill impairment write-off as well as the decrease in financial liabilities reflect the financial projection parameters pertaining to the calculation of discount rates, taking into account the current macroeconomic situation in Russia and Ukraine.

NFI Empik Media & Fashion S.A. and its subsidiaries

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Notes to the interim consolidated financial statements (cont.)

8. Earnings per share

Basic earnings (profit) per share are calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in the year, excluding ordinary shares purchased by the Group and held as treasury shares.

9 months ended 30 September	2009	2008
	000 PLN	000 PLN
Net profit/(loss) from continuing operations attributable to shareholders of the Company (PLN thousands)	3 213	28 520
Weighted average number of shares - basic	103 565 449	102 972 098
Weighted average number of shares - diluted	107 869 241	103 835 285
Basic profit/(loss) per share attributable to shareholders of the Company	0.03	0.28
Diluted profit/(loss) per share	0.03	0.27

Diluted profit per share is calculated by adjusting the weighted average number of issued ordinary shares, assuming conversion of all potential dilutive ordinary shares. Dilutive ordinary shares are share options granted to the NFI EMF Group's management.

9. Derivative financial instruments

As at	30 September 2009		31 December 2008	
	Assets	Liabilities	Assets	Liabilities
	000 PLN	000 PLN	000 PLN	000 PLN
Long-term derivative financial instruments				
EPCD put option	5 198	-	5 418	-
	5 198	-	5 418	-
Short-term derivative financial instruments				
Forward derivative financial instruments	-	6 670	4 929	326
Zara put option	-	-	80 148	-
	-	6 670	85 077	326
Total derivative financial instruments	5 198	6 670	90 495	326

The Zara Polska Sp. z o.o. put option reflected the fair value attributable to the put option under the agreement between NFI Empik Media & Fashion S.A. and Inditex S.A. on the sale of Zara Polska Sp. z o.o. (Young Fashion Sp. z o.o.). On 22 January 2009, NFI EMF sold its shares in Zara Polska Sp. z o.o. to Industria de Diseño Textil SA ("INDITEX SA").

The put option pertaining to EPCD, which was acquired in 2008, reflects the fair value attributable to the put option of EPCD, under of the agreement between LuxPol Invest S.a.r.l and Iparkos B.V. The fair value of this instrument is determined by the discounting of the value of future cash flows for LuxPol Invest S.a.r.l, EPCD Sp. z o.o., and EPCD CZ&SK s.r.o. In the current period, the loss from the valuation of this option to fair value was PLN 220,000 and was presented in "Other operating income, net".

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Notes to the interim consolidated financial statements (cont.)

10. Shareholders

As at 30 September 2009 the key shareholders of NFI Empik Media & Fashion S.A. were:

	<u>Number of shares (votes)</u>	<u>Direct shareholding</u>
As at 30 September 2009		
Empik Centrum Investments S.A.	62 578 383	60.33%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	10 397 563	10.02%

The Company is controlled by Empik Centrum Investments S.A. (with its registered office in Luxembourg) that holds 60.49% of shares in NFI Empik Media & Fashion S.A. The ultimate parent company publishing financial statements is Eastbridge S.a.r.l. (a company with its registered office in the Netherlands and the principal place of business in Luxembourg). The ultimate controlling party of Eastbridge S.a.r.l. is Mr Yaron Bruckner.

As at 30 September 2009 the total number of shares of the Fund equalled 103,729,569.

11. Share capital

	<u>Number of shares (not in thousands)</u>	<u>Ordinary shares</u>	<u>Surplus on the sale of shares above the nominal value (share premium)</u>	<u>Total</u>
		000 PLN	000 PLN	000 PLN
As at 1 January 2008	102 586 645	10 258	279 089	289 347
Issue of shares – share-based incentive scheme	568 163	57	1 738	1 795
Employee shares taken up	-	-	6 477	6 477
As at 1 January 2009	103 154 808	10 315	287 304	297 619
Issue of shares – share-based incentive scheme	574 761	58		58
Employee shares taken up	-	-	6 664	6 664
As at 30 September 2009	103 729 569	10 373	293 968	304 341

The nominal value of one share is PLN 0.10 (not in thousands). The share capital of NFI EMF is 10,372,956.90 (not in thousands) and is divided into 101,893,645 Series A ordinary shares, 1,200,000 Series B ordinary shares, 450,924 Series C ordinary shares and 185,000 Series E ordinary shares.

During the nine months ended 30 September 2009, the nominal share capital was increased by PLN 58,000 by means of the issue of 574,761 shares of PLN 0.10 each (not in thousands) in the following transactions:

- A Cyprus-based company wholly owned by Mr Maciej Dyjas, President of the Management Board of NFI Empik Media & Fashion S.A., exercised its rights under subscription warrants, subscribing for 544,761 ordinary shares with a total nominal value of PLN 54,476.10 (not in thousands);
- Mrs Ewa Podgórska, Member of the Management Board of NFI EMF, exercised her rights under subscription warrants, subscribing for 30,000 ordinary shares with a total nominal value of PLN 3,000.00 (not in thousands);

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Notes to the interim consolidated financial statements (cont.)

11. Share capital (cont.)

Shares held by the Management Board

As at 30 September 2009, Mr Maciej Dyjas, President of the Management Board, held through his subsidiary Jonquille Investments Limited 1,200,924 shares, i.e. 1.16% of share capital of NFI Empik Media & Fashion S.A. In addition, Mrs Ewa Podgórska, Member of the Management Board, took up 30,000 shares of NFI Empik Media & Fashion S.A. in the reporting period, which together with the previously acquired 30,000 shares, constitute an equivalent of 0.06% of the share capital.

12. Other total income

	9 months ended 30 September 2009			9 months ended 30 September 2008		
	Gross value 000 PLN	Tax 000 PLN	Net value 000 PLN	Gross value 000 PLN	Tax 000 PLN	Net value 000 PLN
Foreign currency exchange gains/(losses) on translation of foreign operations	(490)	-	(490)	4 242	-	4 242
Cash flow hedges	(9 274)	1 762	(7 512)	919	(175)	744
Foreign currency exchange gains/(losses) on long-term financing of subsidiaries	(13 000)	604	(12 396)	-	-	-
Total other income	(22 764)	2 366	(20 398)	5 161	(175)	4 986

As of 1 October 2008, the Group has been recognising some intragroup loans as net investments in subsidiaries. Therefore, negative currency translation differences in the amount of PLN 12,396,000 (net of deferred tax in the amount of PLN 604,000) resulting from these loans were recognised in the consolidated capital of the Group under "Foreign currency exchange gains/(losses) on long-term financing of subsidiaries."

13. Borrowings

As at	30 September 2009 000 PLN	31 December 2008 000 PLN
Long-term borrowings		
Financial lease liabilities	21 001	22 267
Mid-Term Notes	193 951	193 817
Bank borrowings	119 917	101 232
Total long-term borrowings	334 869	317 316
Short-term borrowings		
Financial lease liabilities	5 433	5 515
Bonds	25 573	45 075
Bank borrowings	88 188	118 652
Current account overdraft	124 241	58 890
Other	36	372
Total short-term borrowings	243 471	228 504
Total borrowings	578 340	545 820

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Notes to the interim consolidated financial statements (cont.)

13. Borrowings (cont.)

Bank borrowings

Bank borrowings include:

	Effective tax rate	Repayable	30 September 2009	31 December 2008
			000 PLN	000 PLN
Bank credit facility of EUR 10 million	EURIBOR 1M + bank margin	30 July 2009	-	41 837
Bank credit facility of EUR 7 million	EURIBOR + bank margin	22 January 2009	-	29 207
Bank credit facility of PLN 25 million	WIBOR 1M + bank margin	9 July 2009	-	25 000
Bank credit facility of PLN 40 million	WIBOR 3M + bank margin	30 June 2014	27 686	-
Bank credit facility of PLN 25 million	WIBOR 3M + bank margin	31 December 2011	24 990	24 995
Bank credit facility of PLN 21 million	WIBOR 1M + bank margin	30 June 2014	19 476	20 909
Bank credit facility of PLN 100 million	WIBOR 1M + bank margin	30 June 2015	62 758	9 687
Bank credit facility of RUB 180 million	MIBOR + bank margin	28 July 2010	16 755	18 413
Bank credit facility of RUB 93 million	MIBOR + bank margin	20 May 2010	8 658	9 363
Bank credit facility of UAH 5.8 million	19%	March 2010	1 371	2 921
Bank credit facility of EUR 4 million	EURIBOR + bank margin	undetermined	16 890	10 431
Bank credit facility of EUR 5.5 million	EURIBOR + bank margin	undetermined	18 964	16 690
Bank credit facility of EUR 2.5 million	EURIBOR + bank margin	15 August 2010	10 557	10 431
			208 105	219 884

Bank credit facility of EUR 10 million

The credit facility was secured by the receivables under the put option for 24% of shares in Sephora Polska Sp. z o.o. Due to the shares having been sold in July 2009, the credit facility was repaid in full on 30 July 2009.

Bank credit facility of EUR 7 million

In January 2006, NFI EMF obtained a EUR 7 million investment credit with the repayment date falling on 15 April 2008. Pursuant to the annex signed on 10 April 2008, the repayment date was extended to 3 January 2011. The credit facility was repaid on 22 January 2009 with the funds received for the sale of shares held in Zara Polska Sp. o.o.

Bank credit facility of PLN 25 million

In September 2007, NFI EMF signed a credit facility agreement for a revolving credit facility of PLN 65 million. As at 30 September 2008, NFI has repaid a part of the credit facility in the amount of PLN 40 million. The outstanding balance of the credit facility in the amount of PLN 25 million was repaid by the Group on 9 July 2009.

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

13. Borrowings (cont.)

Bank credit facility of PLN 40 million

On 7 July 2009, an agreement was concluded between NFI EMF and its subsidiaries Empik Sp. z o.o., Smyk Sp. z o.o., and Ultimate Fashion Sp. z o.o. (together the Borrowers) and BRE Bank SA. Pursuant to this agreement, BRE Bank SA granted to the Borrowers a credit facility amounting to PLN 40 million for the financing of the sales network.

Bank credit facility of PLN 25 million

As at 30 June 2009, Smyk Sp. z o.o. had a credit liability amounting to PLN 25 million. Credit interest equals WIBOR 3M increased by a bank margin. Credit shall be repaid in instalments until December 2011. Credit is secured with inventory of Smyk Sp. z o.o.

Bank credit facility of PLN 21 million

On 12 June 2008, Amersport Sp. z o.o., Soul Sp. z o.o. and Poland 1 Development Sp. z o.o. signed an investment credit agreement with PEKAO S.A. for PLN 20.5 million and a current account overdraft agreement of PLN 12 million. Investment credit shall be repaid in instalments until 30 June 2014 and current account overdraft – one off repayment on 30 June 2010.

Bank credit facility of PLN 100 million

On 14 August 2008, NFI EM&F and its subsidiaries: Empik Sp. z o.o., Smyk Sp. z o.o., Ultimate Fashion Sp. z o.o., Optimum Distribution Sp. z o.o. and Learning Systems Poland Sp. z o.o. signed a credit facility agreement with PEKAO S.A. amounting to PLN 150 million. The credit facility is comprised of a PLN 100 million investment credit facility with a fixed repayment date, to be repaid in 20 equal instalments over the period from 30 September 2010 to 30 June 2015 and of a PLN 50 million overdraft facility, to be repaid in 2010. The major part of credit will be used to finance the development of the Group distribution network as well as logistic and IT infrastructure. As at 30 September 2009, the Group used PLN 62.8 million of available funds to finance its capital expenditures and PLN 26.9 million within financing from the current bank account.

Other credit facilities

Other credit facilities in the amount of PLN 73.2 million have been incurred by Maratex Group and Spiele Max AG. The repayment dates for such credit facilities do not exceed 12 months from the balance-sheet date, and in the case of two credit facilities incurred by Spiele Max AG, the repayment date has not been specified. The repayment security for the liabilities is the inventory of Maratex Limited Group and Spiele Max AG.

Current account overdraft

Current account overdrafts include:

	<u>Effective interest rate</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
		<u>000 PLN</u>	<u>000 PLN</u>
Bank loan of PLN 50 million in Pekao S.A.	WIBOR 1M + bank margin	26 903	22 000
Bank loan of EUR 10 million in ABN Amro Bank (Polska) S.A.	LIBOR 1M + bank margin	39 954	21 868
Bank loan of PLN 100 million in ABN AMRO Bank (Polska) S.A.	WIBOR T/N + bank margin	45 344	-
Bank loan of PLN 12 million in Pekao S.A.	WIBOR 1M + bank margin	4 194	7 046
Bank loan of PLN 11 million in ABN AMRO	WIBOR T/N + margin	5 724	7 387
Bank loan of EUR 745,000 in Postbank	EURIBOR 1M + bank margin	2 122	589
		<u>124 241</u>	<u>58 890</u>

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

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Notes to the interim consolidated financial statements (cont.)

13. Borrowings (cont.)

Bonds and Mid-Term Notes

Bonds and Mid-Term Notes include:

	<u>Effective tax rate</u>	<u>Repayable</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
			<u>000 PLN</u>	<u>000 PLN</u>
Mid-Term Notes	WIBOR 6M + margin	2012	193 951	193 817
Bonds	WIBOR + margin	2009	25 573	45 075
			<u>219 524</u>	<u>238 892</u>

Mid-Term Notes and bonds

As at 30 September 2009, the Group's liabilities under issued bonds are as follows:

- 1) Interest-free discount bonds with a total nominal value of PLN 25 million. The level of the bond discount was set as WIBOR + margin. Rolled bonds with maturity of 2 months. The next maturity date is 21 December 2009.
- 2) Coupon bonds with a total nominal value of PLN 151.5 million. The bonds interest rate was set at the level of WIBOR 6M + margin. The bonds shall be subject to a one-off redemption at their nominal value on 20 March 2012. Interest shall be paid every 6 months.
- 3) Coupon bonds with a total nominal value of PLN 7.8 million. The bonds interest rate was set at the level of WIBOR 6M + margin. The bonds shall be subject to a one-off redemption at their nominal value on 11 July 2012. Interest shall be paid every 6 months.
- 4) Coupon bonds with a total nominal value of PLN 20 million. The bonds interest rate was set at the level of WIBOR 6M + margin. The bonds shall be subject to a one-off redemption at their nominal value on 24 August 2012. Interest shall be paid every 6 months.
- 5) Coupon bonds with a total nominal value of PLN 15 million. The bonds interest rate was set at the level of WIBOR 6M + margin. The bonds shall be subject to a one-off redemption at their nominal value on 29 September 2012. Interest shall be paid every 6 months.

None of the issued bonds is secured.

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Notes to the interim consolidated financial statements (cont.)

14. Contingent liabilities and guarantees

1. As provided by general provisions of law, the tax authorities may, at any time, inspect the books and records of the taxpayer within 5 years subsequent to the reported tax year, and, if any inaccuracies are found, may impose additional tax assessments and penalties. NFI Empik Media & Fashion S.A.'s Management Board is not aware of any circumstances which may give rise to a potential material liability in this respect.
2. The NFI Empik Media & Fashion Group also has contingent liabilities in respect of bank and other guarantees issued upon the request of the Group's subsidiaries by NFI Empik Media & Fashion S.A. to guarantee rents and trade liabilities of its subsidiaries and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.
3. In order to protect Inditex and Zara Polska Sp. z o.o. (previously Young Fashion Sp. z o.o.) from any contingent liabilities arising from events that took place prior to the sale of 51% of shares in Zara Polska to Inditex S.A. i.e. when Zara Polska Sp. z o.o. was under the management and control of NFI Empik Media & Fashion S.A., ABN Amro Bank (Polska) S.A. issued, at the request of NFI Empik Media & Fashion S.A., a bank guarantee up to EUR 500,000 to the benefit of Zara Polska Sp. z o.o. Total responsibility of the Group resulting from the sale agreement of shares in Zara Polska Sp. z o.o. is limited to the amount of EUR 20 million. The bank guarantee expires in 2010. It is not anticipated that any material liabilities will arise from the contingent liabilities.
4. As part of the agreement concluded with Sephora S.A., EMPiK Sp. z o.o. obligated itself to indemnify Sephora S.A. in case of any tax consequences arising out of a transaction or in case any of the accepted retail store lease agreements are dissolved prematurely solely through the fault EMPiK Sp. z o.o. or DTC Real Estate S.A., its subsidiary. Sephora S.A. can demand indemnification from Empik Centrum Investments S.A., a shareholder of the Company, up to a maximum amount of EUR 4.5 million should EMPiK Sp. z o.o. not be able to cover the abovementioned indemnification. No significant liabilities are expected to arise from this provision.
5. As at 30 September 2009, liabilities from guarantees which the Fund granted for the liabilities of subsidiaries, mainly toward suppliers and lessors, amounted to: PLN 110,214,000 (EUR 26,101,000), PLN 770,000 (USD 267,000), and PLN 42,941,000.
6. As at 30 September 2009, liabilities from guaranties which the Fund and its subsidiaries granted to suppliers and lessors amounted to: PLN 37,340,000 (EUR 8,843,000), PLN 25,012,000 (USD 8,669,000), EUR 5,802,000 (GBP 1,100,000), and PLN 3,440,000.

NFI Empik Media & Fashion S.A. and its subsidiaries

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for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

15. Related party transactions

Empik Centrum Investments S.A. and its subsidiaries, Eastbridge S.a.r.l. and its subsidiaries are considered related parties for the purpose of the consolidated financial information.

Eastbridge S.a.r.l. together with its subsidiaries, Empik Centrum Investments S.A. (incorporated in Luxembourg) hold 60.49% of NFI Empik Media & Fashion S.A.'s shares.

The balances of the related party transactions as at the reporting dates were as follows:

As at	30 September 2009 000 PLN	31 December 2008 000 PLN
Receivables from Eastbridge group	-	606
Receivables from other Eastbridge companies	1 723	2 108
Receivables from affiliates	2 117	2 031
	3 840	4 745
Payables to Eastbridge group	84	71
Payables to other Eastbridge companies	-	2 634
	84	2 705

16. Business combinations

Acquisition of shares in Spiele Max AG

In June 2008, a subsidiary of EM&F Group, Smyk Sp. z o.o. concluded a purchase agreement of Spiele Max AG Group, operating a network of 45 specialist shops for children in Germany. This transaction was finalised on 2 September 2008. As a result the Group acquired 1,000,000 shares amounting to EUR 3,831,459, entitling to 100% of shares in share capital and the right to 100% of total votes. The preliminary purchase price amounted to EUR 13,879,700 and included EUR 2,500,000 as a conditional payment to be finally settled following the end of 2008, being the basis for the calculation of the conditional payment. Following the 2008 closing, it turned out that the conditions to effect a conditional payment were not fulfilled and the final acquisition price amounted to EUR 10,879,700. Furthermore, NFI EMF also incurred direct merger costs in the amount of PLN 8,045,000.

As at 31 December 2008, the fair value of net acquired assets was provisionally determined in accordance with IFRS 3 par. 62.

As at 31 March 2009, final settlement of the acquisition of Spiele Max AG took place. Information pertaining to the net acquired assets and company goodwill is presented below:

	000 PLN	000 PLN
Consideration paid		
- cash payment	33 372	
- costs directly related to the acquisition	8 045	
Total consideration paid	41 417	
Fair value of acquired net assets (100%)	16 876	
Company goodwill	24 541	7 250

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements
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Notes to the interim consolidated financial statements (cont.)

16. Business combinations (cont.)

The above goodwill results from the significant position of Spiele Max on the German market, its access to suppliers and development potential which may not be separately recognised as an asset item.

The assets and liabilities arising from the acquisition are presented below (PLN thousand):

	<u>Fair value</u>
	<u>000 PLN</u>
Cash and cash equivalents	5 928
Property, plant and equipment	6 732
Intangible assets	29 095
Inventories	52 372
Receivables and other assets	8 651
Borrowings	(43 037)
Liabilities	(42 864)
Total net assets	<u>16 876</u>
Net assets acquired	<u>16 876</u>

As a result of the acquisition of Spiele Max AG Group and the translation of its books and accounts to the IFRS format, the assets of EM&F Group (intangible assets) increased by PLN 28,520,000 (EUR 8,500,000), constituting the fair value of Spiele Max trademark, which, as it was generated internally prior to the acquisition date, did not fulfil the criteria for its recognition as an asset.

The fair value of the acquired net liabilities equals their carrying amount.

	<u>000 PLN</u>
Purchase consideration settled in cash	(33 372)
Cash and cash equivalents in acquired subsidiary	2 042
Cash outflow on acquisition	<u>(31 330)</u>

The final settlement of the acquisition of Spiele Max AG Group calculated as at 31 March 2009 did not affect the condensed consolidated financial statements of NFI EMF Group.

Acquisition of shares in Learning System Poland Sp. z o.o.

On 20 April 2009, Empik Oddział Zarządzanie Aktywami acquired 2.26% of shares in the share capital of Learning System Poland Sp. z o.o., for a purchase price of PLN 4,870,000. As a result of the transaction, the NFI EMF Group's shareholding in the company increased to 75.65%.

As a result of the transaction, the following goodwill arose:

	<u>000 PLN</u>
Consideration paid	
- cash payment	4 870
Total consideration paid	<u>4 870</u>
Fair value of net assets acquired (2.26%)	497
Goodwill	<u>4 373</u>

The above transaction does not affect the consolidated income statement of the Group.

NFI Empik Media & Fashion S.A. and its subsidiaries

Condensed interim consolidated financial statements

for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

16. Business combinations (cont.)

Establishment of Empik Assets Sp. z o.o.

On 1 June 2009, the Meeting of Shareholders of Empik Assets Sp. z o.o. (a company wholly owned by Empik Sp. z o.o.) resolved to increase the share capital of Empik Assets Sp. z o.o. by way of issue of 1,536,647 new shares with a value of PLN 500 (not in thousand) each.

In consideration for the acquisition of the newly issued shares, under the agreement on a contribution in-kind, Empik Sp. z o.o. transferred to Empik Assets Sp. z o.o. an organised part of its enterprise in the form of a branch, namely Empik Spółka z ograniczoną odpowiedzialnością – Oddział Zarządzania Aktywami w Warszawie, which includes shares held by Empik Sp. z o.o. in other companies, rights under some agreements signed by Empik Sp. z o.o., rights to trademarks, industrial designs and Internet domains. The book value of the transferred assets in the books and records of Empik Sp. z o.o. was PLN 124,648,111.93 as at 31 May 2009. The assets contributed to cover the acquired shares had been used in investment activities and other operating activities of Empik Sp. z o.o. and they are generally planned to continue to be used in their previous capacity for the long-term purposes of Empik Sp. z o.o. Group.

The transferred assets included shares in the following companies:

- Empik Internet Sp. z o.o. - 100% of share capital with a nominal value of PLN 50,000;
- Empik Comfort Media Sp. z o.o. - 100% of share capital with a nominal value of PLN 50,000;
- Empik Technologies Sp. z o.o. - 100% of share capital with a nominal value of PLN 4,000;
- Pol Perfect Sp. z o.o. - 94% of share capital with a nominal value of PLN 1,254,900;
- Learning Systems Poland Sp. z o.o. – 65.98% of share capital with a nominal value of PLN 613,000;
- Empik Cafe Sp. z o.o. – 49% of share capital with a nominal value of PLN 1,455,500;
- Sephora Polska Sp. z o.o. – 24% of share capital with a nominal value of PLN 19,035,000;
- Optyk Express Sp. z o.o. – 99% of share capital with a nominal value of PLN 4,000.

On 13 July 2009, NFI Empik Media & Fashion S.A. received a decision of the District Court for the Capital City of Warsaw, Twelfth Commercial Division of the National Court Register, issued on 30 June 2009, concerning the registration of the share capital increase of Empik Assets Sp. z o.o.

In relation to the above transaction, on 20 April 2009, the NFI EMF Group obtained a binding tax interpretation which resulted in the recognition in the current reporting period of tax savings of PLN 16.8 million. In addition, the NFI EMF Group expects further material tax benefits in subsequent financial years. As neither the amount of the tax benefit nor the period of its contingent performance can be currently reliably ascertained, the Group chose not to recognise a deferred tax asset pertaining to that contingent benefit.

Agreement on the sale of 24% of shares in Sephora

On 7 July 2009, Empik Assets Sp. z o.o., a subsidiary of NFI Empik Media & Fashion S.A., and Sephora S.A. signed an agreement on the final sale price for shares in Sephora Polska Sp. z o.o., which was set at PLN 99,500,000.

As a result of Empik Assets sp. z o.o. having accepted on 3 July 2009 the share purchase offer made in 2003 by Sephora S.A., an agreement on the sale of shares in Sephora Polska Sp. z o.o. was signed, pursuant to which Empik Assets Sp. z o.o. sold to Sephora S.A. 24% of the share capital of Sephora Polska Sp. z o.o. Pursuant to the agreement signed in 2003, Sephora S.A. was under an obligation to pay a sum of no less than EUR 11,170,815 for the shares in Sephora Polska Sp. z o.o. as a part of the purchase price. The total purchase price for the shares was agreed by the parties under the abovementioned agreement to be PLN 99,500,000. This amount was paid to Empik Assets Sp. z o.o. on 10 July 2009.

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for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

16. Business combinations (cont.)

Acquisition of shares in Maratex

On 7 August 2009, NFI EMF and Mint Capital II LP agreed on the price for an option to sell the shares held by Mint Capital in Maratex Ltd to NFI EMF; NFI EMF made a partial payment of EUR 3,880,000 toward the price. In addition, EMF was granted a right to use all shares held by Mint Capital II LP in Martex Ltd. The outstanding portion of the price shall be payable prior to 31 December 2010.

Acquisition of shares in Learning Systems Ukraine

Learning Systems Poland Sp. z o.o. purchased on 3 September 2009 72% of the shares in the share capital of Learning Systems Ukraine for the amount of PLN 14,000. As a result of this transaction, the share of NFI EMF Group in the share capital of Learning Systems Ukraine increased from 6% to 60.52%.

As a result of this transaction, goodwill in the following amount was created:

	<u>000 PLN</u>	<u>000 UAH</u>
Consideration paid		
- cash payment	14	
Total consideration paid	<u>14</u>	
Fair value of acquired net liabilities (60.52%)	<u>(5 671)</u>	
Goodwill	<u>5 685</u>	<u>16 731</u>

As at 30 September 2009, the fair value of net liabilities acquired was determined provisionally in accordance with IFRS 3 par. 62, because as at the date of the preparation of these financial statements, work related to the conversion of the books of Learning Systems Ukraine into IFRS has not yet been completed.

The assets and liabilities identified in relation to the purchase have been presented below (in PLN thousands):

	<u>Fair value</u>
	<u>000 PLN</u>
Cash and cash equivalents	576
Property, plant and equipment	2 944
Intangible assets	-
Inventories	184
Receivables and other assets	508
Liabilities	<u>(13 584)</u>
Total net liabilities	<u>(9 372)</u>
Minority interest (39.48%)	<u>(3 701)</u>
Acquired net liabilities	<u>(5 671)</u>

The fair value of acquired net liabilities is equal to their carrying amount.

	<u>000 PLN</u>
Purchase consideration settled in cash	(14)
Cash and cash equivalents in acquired subsidiary	<u>576</u>
Cash outflow on acquisition	<u>562</u>

NFI Empik Media & Fashion S.A. and its subsidiaries

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for three-month period ended 30 September 2009

Notes to the interim consolidated financial statements (cont.)

16. Business combinations (cont.)

During the period from 3 September to 30 September 2009, the revenues taken into account in the results of the Group generated by the purchased Learning Systems Ukraine amounted to PLN 1,792,000 with a net profit of PLN 752,000. These values were calculated applying the accounting policies adopted by the Group.

If the acquisition took place on 1 January 2009 the Group, including Learning Systems Ukraine, would recognise a consolidated revenue in the amount of PLN 1,793,793,000 and a consolidated net profit of PLN 1,665,000 for the period of nine months ended 30 September 2009.

Change in the share capital of the subsidiary Magalla Holdings Limited with its registered office in Cyprus

On 30 September 2009, the share capital was increased in Magalla Holdings Limited with its registered office in Cyprus, the controlling company of Bukva Closed Joint Stock Company and Buk Investment LLC, previously controlled by NFI EMF. The share capital of Magalla was increased by an issuance of 15,012 new shares (EUR 1.71 each, issuance price equal to nominal value), which were all assigned to entities from outside of the NFI EMF capital group.

As a result of the abovementioned increase of the share capital of Magalla, the share of NFI EMF in this company fell to 14%.

As at 30 September 2009, Magalla Group was deconsolidated. Information regarding the sold net assets has been presented below:

	<u>Fair value</u>
	<u>000 PLN</u>
Cash and cash equivalents	1 117
Investments	13 709
Property, plant and equipment	4 425
Inventories	7 952
Receivables and other assets	1 818
Liabilities	<u>(29 275)</u>
Total net assets	<u>(254)</u>

17. Events after the balance-sheet date

No significant events having an effect on these financial statements took place.

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Additional information

Information required for the Warsaw Stock Exchange reporting is shown below.

All amounts are given in PLN thousand, unless stated otherwise.

Selected financial data

SELECTED FINANCIAL DATA	000 PLN		000 EUR	
	9 months ended 30 September 2009	9 months ended 30 September 2008	9 months ended 30 September 2009	9 months ended 30 September 2008
I. Net sales	1 790 030	1 443 879	406 893	424 877
II. Gain/(loss) from continuing operations	(24 192)	42 932	(5 499)	12 633
III. Gain/(loss) before income tax	(20 943)	36 542	(4 760)	10 753
IV. Gain/(loss), net	4 833	28 711	1 099	8 449
V. Net cash flows generated from/(used in) operating activities	(241 439)	(146 321)	(54 882)	(43 057)
VI. Net cash flows generated from/(used in) investing activities	85 684	(255 960)	19 477	(75 319)
VII. Net cash flows from/(used in) financing activities	(36 338)	199 522	(8 260)	58 711
VIII. Total net cash flows	(192 093)	(202 759)	(43 665)	(59 664)
IX. Total assets	1 858 260	1 942 411	415 755	579 098
X. Liabilities and provisions for liabilities	1 411 400	1 495 949	315 778	445 993
XI. Long-term liabilities	511 942	575 587	114 539	171 602
XII. Short-term liabilities	899 458	920 362	201 239	274 391
XIII. Equity	446 860	446 462	99 978	133 105
XIV. Share capital	304 341	297 619	68 091	88 730
XV. Number of shares	103 729 569	103 154 808	103 729 569	103 154 808
XVI. Gain/(loss) per share (in PLN/EUR)	0.05	0.28	0.01	0.08
XVII. Diluted gain/(loss) per share (in PLN/EUR)				
XVIII. Book value per share (in PLN/EUR)	4.31	4.33	0.96	1.29
XIX. Diluted book value per share (in PLN/EUR)				
XX. Declared or paid dividend per share (in PLN/EUR)				