

**Condensed interim consolidated financial statements for the year
ended 31 December 2007**

**NFI EMPiK Media & Fashion S.A.
and its Subsidiaries**

NFI EMPiK Media & Fashion S.A.

Condensed consolidated financial statements for the year ended 31 December 2007

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 offices located at ul. Zurawia 8, 00-503 Warsaw, is the parent company of the NFI EMPiK Media & Fashion Group (hereinafter the “Group”) which comprises subsidiaries held directly and indirectly by NFI EMPiK Media & Fashion S.A., whose principal activities involve retail and wholesale operations in Poland, as well as the Czech and Slovak Republics. The Group is controlled by EMPiK Centrum Investments S.A. (incorporated in Luxembourg) which owns 62.27% of NFI EMPiK Media & Fashion S.A.’s shares. The ultimate parent entity which publishes financial statements is Eastbridge B.V./S.a.r.l. (a company incorporated in the Netherlands with its 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 trading operations are organised into the following business segments:

Fashion & Beauty. This comprises branded clothing and fashion accessories, perfumes and cosmetics; mainly licensed from the world leading producers.

Media & Entertainment. This comprises books and magazines, recorded music, films, early education, arts, crafts and paper products, games and computer software, photography products and equipment and language schools.

Other. This comprises the holding companies of NFI EMPiK Media & Fashion S.A.

Additionally, the Group holds shares in the companies owned by NFI EMPiK Media & Fashion S.A., which were not sold before the date of inverse acquisition. The Group’s intention is to sell these shares in the near future.

A significant part of the Group’s annual revenues is generated in the last quarter of a year, that is in the period from October to December. In 2007 the sales for this period in “Fashion & Beauty” and “Media & Entertainment” segments were respectively 46.2% (2006 – 37.0%) and 37.8% (2006 - 37.9%) of the annual sales. Due to high revenues in the last quarter (mainly in December) and higher sales margin in this period, usually with constant operational activity costs, a significant part of the annual core business operational profit is generated in the last quarter of the calendar year.

The condensed consolidated financial statements were approved by the Management Board of NFI EMPiK Media & Fashion S.A. on 14 February 2008.

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Maciej Dyjas
President of the Management Board

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Jacek Bagiński
Member of the Management Board

NFI EMPiK Media & Fashion S.A.

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Definitions

In these financial statements the following terms are used:

NFI EMPiK Media & Fashion Group – Wholesale and Retail Companies Group extended by NFI EMPiK Media & Fashion S.A. company as a result of an inverse acquisition.

Group – NFI EMPiK Media & Fashion Group or Wholesale and Retail Companies Group, as context requires.

Eastbridge Group – Eastbridge B.V./S.a.r.l. and its subsidiaries, including the Group. In the text both terms were used - Eastbridge N.V. in a historical context and Eastbridge B.V./S.a.r.l. in reference to the recent events which took place after the name change.

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

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Selected financial data related to the operating activities of the NFI EMPiK Media & Fashion Group for the year ended:

	31 December 2007	31 December 2006	change
	thousand PLN	thousand PLN	%
Net sales	1 585 018	1 130 667	+40.2
EBITDA from continuing operations*	138 267	98 758	+40.0
% of revenues	8.72%	8.73%	
Net profit*	71 608	49 933	+43.4
% of revenues	4.52%	3.75%	
Number of outlets **	456	311	
Retail space**	179 155	111 886	

*excluding financial instruments and the valuation of the share based compensation programme.

** as at 31 December, continuing operations.

Reconciliation of selected financial data to the consolidated financial statements for the year ended:

	31 December 2007	31 December 2006	Change
	thousand PLN	thousand PLN	%
EBITDA from continuing operations*	138 267	98 758	+40.0
Unrealised profit from revaluation of financial instruments (note no. 4)	30 463	22 392	
Realised profit/loss on sale of shares in Coffeeheaven	(6 676)	17 267	
Valuation of share based compensation programme (note no. 3)	(8 336)	(4 372)	
Depreciation, amortisation and impairment charges	(47 127)	(33 048)	
Operating profit	106 591	100 997	

	31 December 2007	31 December 2006	change
	thousand PLN	thousand PLN	%
Net profit*	71 608	49 933	+43.4
Unrealised profit from revaluation of financial instruments (note no. 4)	26 525	18 515	
Realised profit/loss on sale of shares in Coffeeheaven	(6 676)	17 267	
Valuation of share based compensation programme (note no. 3)	(8 336)	(4 372)	
Net profit	83 120	81 344	

* excluding financial instruments and the valuation of share based compensation programme.

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Consolidated income statement

		Year ended	Three months	Year ended	Three months
	Note	31 December 2007	31 December 2007	31 December 2006	31 December 2006
		thousand PLN	thousand PLN	thousand PLN	thousand PLN
Continuing operations					
Net sales		1 585 018	631 727	1 130 667	426 519
Purchase of goods and changes in inventories		(890 866)	(351 229)	(637 689)	(238 822)
Employee compensation and benefit expenses	3	(259 196)	(86 352)	(181 462)	(56 550)
Marketing expenses		(55 258)	(24 299)	(41 764)	(15 228)
Building costs		(161 941)	(59 292)	(108 695)	(31 341)
Other operating costs		(105 752)	(30 833)	(73 871)	(22 287)
Depreciation, amortisation and impairment changes		(47 127)	(14 807)	(33 048)	(9 273)
Other operational gains – net	4	41 713	21 675	46 859	25 729
Operating profit from continuing operations		106 591	86 590	100 997	78 747
Finance income		-	-	-	-
Finance costs		(6 891)	(2 360)	(4 495)	(444)
Profit share in associates		6 836	3 144	3 635	871
Profit before income tax		106 536	87 374	100 137	79 174
Income tax		(23 416)	(18 456)	(17 223)	(14 695)
Net profit from continuing operations		83 120	68 918	82 914	64 479
Discontinued operation					
Profit/(loss) on discontinued operation		-	-	564	7 981
Loss on disposal of discontinued operation		-	-	(2 135)	(2 135)
Profit for the year		83 120	68 918	81 343	70 325
Attributable to:					
Equity holders of the Company		84 214	67 656	80 095	69 190
Minority Interest		(1 094)	1 262	1 248	1 135
		83 120	68 918	81 343	70 325
Basic and diluted earnings per share from continuing operations attributable to the equity holder of the Company (not in thousands)	6	0.82		0.78	

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Consolidated balance sheet

	Note	As at 31 December 2007 thousand PLN	As at 31 December 2006 thousand PLN
ASSETS			
Non current assets			
Property, plant and equipment		375 714	229 263
Goodwill	11	265 874	33 006
Other intangible assets		36 930	21 036
Investments in associates		16 380	9 544
Deferred income tax assets		7 915	3 416
Derivative financial instruments	4	24 948	13 202
Financial assets at fair value through profit or loss		-	26 082
Financial assets available for sale		1	1
Other receivables		110 414	96 976
		838 176	432 526
Current assets			
Inventories		373 085	217 801
Trade and other receivables		175 417	130 116
Derivative financial instruments		-	266
Cash and cash equivalents		201 621	125 721
		750 123	473 904
Total assets		1 588 299	906 430
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders			
Share capital	7	289 347	286 578
Other reserves		(14 713)	(15 732)
Retained earnings		139 242	55 028
		413 876	325 874
Minority interest		7 068	11 493
Total equity		420 944	337 367
LIABILITIES			
Non current liabilities			
Other payables	11	172 561	17 383
Borrowings		64 175	40 527
Deferred income tax liabilities		23 180	16 359
Derivative financial instruments		896	-
		260 812	74 269
Current liabilities			
Trade and other payables		701 800	411 845
Current income tax liabilities		12 432	5 764
Borrowings	8	188 095	73 563
Derivative financial instruments		4 216	3 622
		906 543	494 794
Total liabilities		1 167 355	569 063
Total equity and liabilities		1 588 299	906 430

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Consolidated statement of changes in equity for the year ended 31 December 2007

Attributable to the equity holders of the Group						
	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total equity
	thousand PLN	thousand PLN	thousand PLN	thousand PLN	thousand PLN	thousand PLN
Balance as at 1 January 2007	286 578	(15 732)	55 028	325 874	11 493	337 367
Cash flow hedges, net of tax	-	(440)	-	(440)	-	(440)
Currency translation differences	-	(7 266)	-	(7 266)	(2 406)	(9 672)
Net income recognised in equity	-	(7 706)	-	(7 706)	(2 406)	(10 112)
Profit for the period	-	-	84 214	84 214	(1 094)	83 120
Total profit/loss recognised in equity	-	(7 706)	84 214	76 508	(3 500)	73 008
Minority shareholding from acquisition	-	-	-	-	(925)	(925)
Share based compensation programme						
-value of services provided	-	8 336	-	8 336	-	8 336
- shares exercised	2 726	(2 726)	-	-	-	-
- shares issued	43	-	-	43	-	43
Acquisition-related put options	-	3 115	-	3 115	-	3 115
	2 769	1 019	84 214	88 002	(4 425)	83 577
As at 31 December 2007	289 347	(14 713)	139 242	413 876	7 068	420 944

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Consolidated statement of changes in equity for the year ended 31 December 2006

Attributable to the equity holders of the Group						
	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total equity
	thousand PLN	thousand PLN	thousand PLN	thousand PLN	thousand PLN	thousand PLN
Balance as at 1 January 2006	284 910	(4 363)	(25 067)	255 480	1 167	256 647
Cash flow hedges, net of tax	-	1 138	-	1 138	-	1 138
Currency translation differences	-	(187)	-	(187)	-	(187)
Net income recognised in equity	-	951	-	951	-	951
Profit for the period	-	-	80 095	80 095	1 248	81 343
Total profit/loss recognised in equity	-	951	80 095	81 046	1 248	82 294
Minority shareholding from acquisition	-	-	-	-	9 078	9 078
Share based compensation programme						
-value of services provided	-	4 372	-	4 372	-	4 372
- shares exercised	1 642	(1 642)	-	-	-	-
- shares issued	26	-	-	26	-	26
Acquisition-related put options	-	(15 050)	-	(15 050)	-	(15 050)
	1 668	(11 369)	80 095	70 394	10 326	80 720
As at 31 December 2006	286 578	(15 732)	55 028	325 874	11 493	337 367

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Condensed consolidated financial statements for the year ended 31 December 2007

Consolidated statement of cash flows

	Year ended 31 December 2007	Year ended 31 December 2006
	thousand PLN	thousand PLN
Profit from ordinary operations before taxation and minority interest	106 536	100 137
Adjustments for:		
Discontinued operation	-	(1 571)
Amortisation, depreciation and impairment charges	47 127	38 049
Profit on disposal of property, plant and equipment and intangibles	381	3 624
Provisions	1 955	3 485
Financial costs - net	6 893	6 038
Gain on valuation of derivative financial instruments	(32 045)	(39 184)
Loss on disposal of investments and operations	-	2 135
Profit participation in associates	(6 836)	(3 635)
Profit on sale of financial assets at fair value through profit or loss	6 678	-
Dividends	(3 600)	-
Share based compensation programme	8 336	4 372
Operational earnings before working capital changes	135 425	113 450
Changes in working capital:		
Inventories	(41 221)	(47 595)
Trade and other receivables	(103 788)	(17 452)
Trade and other payables	152 321	55 132
Cash generated from operations	142 737	103 535
Interest paid	(6 862)	(6 165)
Tax paid	(17 285)	(8 648)
Net cash generated from operations	118 590	88 722
Purchase of property, plant and equipment	(185 250)	(87 804)
Purchase of subsidiaries	(24 173)	(4 267)
Loans extended to third parties	1 923	-
Disposal of subsidiaries	-	(13 905)
Interest received	2 297	625
Dividend received	3 600	-
Proceeds from disposal of property, plant and equipment	-	178
Proceeds from disposal of investments	29 404	-
Net cash generated from investment activities	(172 199)	(105 173)
Proceeds from share issue	43	26
Bank borrowings and loans received	175 395	24 776
Net related party financing	-	83
Repayment of borrowings	(46 344)	(11 336)
Net cash from financing activities	129 094	13 549
Net increase in cash and cash equivalents	75 485	(2 902)
Cash and cash equivalents at the beginning of the period	125 721	129 304
Net increase in cash and cash equivalents	75 485	(2 902)
Effects of exchange rates changes on cash and cash equivalents	415	(681)
Cash and cash equivalents	201 621	125 721
Current credit included	(883)	-