

**Condensed interim standalone financial statements for the period of  
three months ended 30 September 2008**

**NFI Empik Media & Fashion S.A.**

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Condensed interim standalone financial statements  
for the period of three months ended 30 September 2008

## **Introduction**

Narodowy Fundusz Inwestycyjny Empik Media & Fashion Spółka Akcyjna (“NFI EMPiK Media & Fashion S.A.”, the “Fund” or the “Company” or “NFI EMF”), a company incorporated under the laws of Poland, with its registered office located at ul. Zurawia 8, 00-503 Warsaw, is the parent entity of the NFI Empik Media & Fashion Capital Group.

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

These condensed standalone interim financial statements were prepared to comply with the Warsaw Stock Exchange reporting requirements. They should be read in conjunction with the consolidated interim financial statements for the period of three months ended 30 September 2008.

The condensed standalone interim financial statements have been approved by the Management Board of NFI EMPiK Media & Fashion S.A. on 14 November 2008.

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

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

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

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

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

# NFI Empik Media & Fashion S.A.

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# NFI Empik Media & Fashion S.A.

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## Standalone interim income statement

		9 months ended 30 September 2008	3 months ended 30 September 2008	9 months ended 30 September 2007	3 months ended 30 September 2007
	Note	<u>thousand PLN</u>	<u>thousand PLN</u>	<u>thousand PLN</u>	<u>thousand PLN</u>
Sales of services		8 771	3 049	5 929	387
Employee compensation and benefit expenses	2	(14 878)	(4 387)	(9 103)	(2 733)
Other operating gains	3	11 269	5 482	4 281	1 818
Other operating costs	4	(9 678)	37	(5 775)	(1 702)
Amortisation, depreciation and impairment changes		(422)	(139)	(406)	(144)
Other operational gains/(losses) – net	5	<u>17 382</u>	<u>562</u>	<u>1 005</u>	<u>457</u>
<b>Profit/(loss) from operating activities</b>		<b><u>12 444</u></b>	<b><u>4 604</u></b>	<b><u>(4 069)</u></b>	<b><u>(1 917)</u></b>
Finance costs net	6	<u>(13 792)</u>	<u>(5 699)</u>	<u>(793)</u>	<u>850</u>
<b>(Loss) before income tax</b>		<b><u>(1 348)</u></b>	<b><u>(1 095)</u></b>	<b><u>(4 862)</u></b>	<b><u>(1 067)</u></b>
<b>Net (loss)</b>		<b><u>(1 348)</u></b>	<b><u>(1 095)</u></b>	<b><u>(4 862)</u></b>	<b><u>(1 067)</u></b>
Basic and diluted (loss) per share (not in thousands)		-0.013		-0.047	

*Notes on pages 8 to 26 are an integral part of these condensed interim standalone financial statements*

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
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## Standalone interim balance sheet

	Note	As at	
		30 September 2008 thousand PLN	31 December 2007 thousand PLN
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		970	329
Intangible assets		12 098	6 347
Investments in subsidiaries	7	566 334	540 052
Investments in associates		12 497	12 497
Derivative financial instruments	8	41 157	24 947
Long-term borrowings	10	76 555	46 809
Financial assets available for sale		1	1
		<b>709 612</b>	<b>630 982</b>
<b>Current assets</b>			
Short-term borrowings	10	46 138	64 037
Intragroup receivables under purchased bonds	10	131 500	-
Trade and other receivables		16 558	9 377
Cash and cash equivalents		3 448	46 279
		<b>197 644</b>	<b>119 693</b>
<b>Total assets</b>		<b>907 256</b>	<b>750 675</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital attributable to the Company's equity holders</b>			
Share capital	11	736 660	728 388
Other reserves		7 600	3 189
Retained earnings		(193 335)	(191 987)
		<b>550 925</b>	<b>539 590</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	9, 10	235 077	47 215
		<b>235 077</b>	<b>47 215</b>
<b>Current liabilities</b>			
Borrowings	9, 10	117 075	147 939
Trade and other payables		4 179	15 931
		<b>121 254</b>	<b>163 870</b>
<b>Total liabilities</b>		<b>356 331</b>	<b>211 085</b>
<b>Total equity and liabilities</b>		<b>907 256</b>	<b>750 675</b>

Notes on pages 8 to 26 are an integral part of these condensed interim standalone financial statements

# NFI Empik Media & Fashion S.A.

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for the period of three months ended 30 June 2008

## Standalone interim statement of changes in equity

	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>thousand PLN</b>	<b>thousand PLN</b>	<b>thousand PLN</b>	<b>thousand PLN</b>
<b>As at 1 January 2008</b>	<b>728 388</b>	<b>3 189</b>	<b>(191 987)</b>	<b>539 590</b>
Net loss for the period	-	-	(1 348)	(1 348)
<b>Total profit/loss recognised in equity</b>	<b>-</b>	<b>-</b>	<b>(1 348)</b>	<b>(1 348)</b>
Employee option incentive scheme				
- value of services provided	-	10 888	-	10 888
- shares exercised	6 477	(6 477)	-	-
- shares issued	1 795	-	-	1 795
<b>As at 30 September 2008</b>	<b>736 660</b>	<b>7 600</b>	<b>(193 335)</b>	<b>550 925</b>

	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>thousand PLN</b>	<b>thousand PLN</b>	<b>thousand PLN</b>	<b>thousand PLN</b>
<b>As at 1 January 2007</b>	<b>725 619</b>	<b>(2 433)</b>	<b>(182 719)</b>	<b>540 467</b>
Cash flow hedges, net of tax	-	-	-	-
Net loss for the period	-	-	(4 862)	(4 862)
<b>Total profit/loss recognised in equity</b>	<b>-</b>	<b>-</b>	<b>(4 862)</b>	<b>(4 862)</b>
Employee option incentive scheme				
- value of services provided	-	4 178	-	4 178
- shares exercised	2 726	(2 726)	-	-
- shares issued	43	-	-	43
<b>As at 30 September 2007</b>	<b>728 388</b>	<b>(981)</b>	<b>(187 581)</b>	<b>539 826</b>

*Notes on pages 8 to 26 are an integral part of these condensed interim standalone financial statements*

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

## Standalone interim cash flow statement

	<b>9 month ended 30 September 2008</b>	<b>9 months ended 30 September 2007</b>
	<b>thousand PLN</b>	<b>thousand PLN</b>
<b>Profit from operating activities before income tax</b>	<b>(1 348)</b>	<b>(4 862)</b>
Adjustments for:		
Amortisation, depreciation and impairment charges	422	406
Financial costs - net	13 792	793
Gain on interests, commissions and guarantees granted	(3 693)	-
Gain on valuation of derivative financial instruments	(17 426)	(7 078)
Loss on disposal of investments	30	6 678
Gain on disposal of financial assets available for sale	-	3 859
Employee option incentive scheme	10 420	(104)
<b>Operational loss before working capital changes</b>	<b>2 197</b>	<b>(308)</b>
Changes in working capital:		
Trade and other receivables	(8 069)	1 702
Trade and other payables	(16 982)	(1 968)
<b>Net cash generated from operating activities</b>	<b>(22 854)</b>	<b>(574)</b>
Purchase of property, plant and equipment	(700)	(713)
Purchase of intangible assets	(5 252)	(709)
Interest received	3 693	633
Purchase of investments and special purposes vehicles	(25 084)	(67 679)
Loans extended	(19 568)	-
Purchase of bonds	(131 500)	-
Proceeds from disposal of investments	-	29 406
<b>Net cash generated from investment activities</b>	<b>(178 411)</b>	<b>(39 062)</b>
Proceeds from shares issue	1 795	-
Proceeds of borrowings	4 316	67 335
Proceeds from bonds issue	194 300	-
Repayment of borrowings	(29 271)	(33 927)
Repayment of bonds	(17 100)	-
Interest paid	(10 297)	-
<b>Net cash from financing activities</b>	<b>143 743</b>	<b>33 408</b>
<b>Net change in cash and cash equivalents</b>	<b>(57 522)</b>	<b>(6 228)</b>
Cash and cash equivalents at the beginning of the period	46 279	7 294
Effects of exchange rates changes on cash and cash equivalents	389	-
Decrease in cash and cash equivalents	(57 522)	(6 228)
<b>Cash and cash equivalents at the end of the period</b>	<b>(10 854)</b>	<b>1 066</b>
<b>including:</b>		
Current account overdraft	(14 302)	-
Cash at the bank account	3 448	-

*Notes on pages 8 to26 are an integral part of these condensed interim standalone financial statements*

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## Notes to the condensed interim standalone financial statements

### 1. Accounting policies

#### 1.1. Basis for preparation

These condensed standalone interim financial statements have been prepared in accordance with the International Accounting Standard no. 34 ("IAS 34") „Interim financial reporting”.

The accounting standards, which form the basis for preparing these condensed financial statements for the period of three months ended 30 September 2008, comply with all applicable International Accounting Standards as adopted by the EU, published and legally binding as at the date of preparing the financial statements. The same accounting policies and methods of calculation as the ones applied in the standalone financial statements for the year ended 31 December 2007 were applied in these financial statements.

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

#### Comparable data

The Company changed the manner of presentation of research and development expenses incurred on account of creation of IT systems to be used for the purposes of group companies. In the financial statement as at 31 December 2007, such expenses were recognised in item ‘Construction in progress’. As at 30 June 2008, such expenses are recognised in item ‘Advances for intangible assets’.

The change in the presentation of the above items is had the following impact:

<i>Change</i>	<i>Recognition in the balance sheet as at 30 September 2008</i>	<i>Recognition in the balance sheet as at 31 December 2007</i>
Research and development expenses related to new IT systems	Advances for intangible assets PLN 5,877 thousand	Construction in progress PLN 5,877 thousand

The above changes did not impact the amounts recognised in equity.

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

#### **IFRS 2 (Amendment) “Share-based Payments”**

On 17 January 2008, the International Accounting Standards Board issued an amendment to IFRS 2, which is effective for annual periods beginning on or after 1 January 2009. The amendment deals with two matters: it clarifies that vesting conditions are service conditions and operational performance conditions 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 Company will apply the amended version of IFRS 2 as of 1 January 2009. The Management Board is currently assessing the impact of the aforesaid amendment on accounting of the Company.

#### **IFRS 3 (Amendment) “Business Combinations”**

On 10 January 2008, the International Accounting Standards Board issued an amended version of IFRS 3, which applies prospectively to business entities with an acquisition date falling on or after 1 July 2009. The introduced amendments include the possibility to recognise the minority interests either at fair value or as their proportionate interest in the fair value of net identifiable assets; the revaluation of any investment in the acquired business held before the acquisition at fair value and its recognition in the income statement, as well as some additional guidelines

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## **Notes to the condensed interim standalone financial statements (cont.)**

### **1.1. Basis for preparation (cont.)**

for applying the acquisition method, inclusive of the treatment of transaction costs as the costs of the period in which they were incurred.

The Company will apply the amended standard as described as soon as it becomes effective, on 1 July 2010. The Management Board is currently assessing the impact of the aforesaid amendment on accounting of the Company.

#### **IFRS 8 “Operating Segments”**

On 30 November 2006, the International Accounting Standards Board issued IFRS 8, which 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 Company will apply IFRS 8 as of 1 January 2009. The Management Board is currently assessing the impact of the aforesaid amendment on accounting of the Company.

#### **IAS 1 (Amendment) “Presentation of Financial Statements”**

On 6 September 2007, the International Accounting Standards Board issued an amended IAS 1, which 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 Company will apply the amended version of IAS 1 as of 1 January 2009. The Management Board is currently assessing the impact of the aforesaid amendment on financial statements of the Company.

#### **IAS 23 (Amendment) “Borrowing Costs”**

On 29 March 2007, the International Accounting Standards Board issued an amendment to IAS 23, which 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 MSR 23 amendment has been introduced to NFI Empik Media & Fashion S.A.’s accounting policies as of 1 January 2008.

#### **IAS 27 (Amendment) “Consolidated and Separate Financial Statements”**

On 10 January 2008, the International Accounting Standards Board issued an amendment to IAS 27, which 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 Company will apply the amended standard as described as soon as it becomes effective, i.e. on 1 July 2009. The Management Board is currently assessing the impact of the aforesaid amendment on accounting of the Company.

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

The amendments to IAS 32 and IAS 1 were issued by the International Accounting Standards Board on 14 February 2008 and they 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.

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### **Notes to the condensed interim standalone financial statements (cont.)**

The Group will implement the above amendment to the IAS from its effective date, i.e. from 1 January 2009. The Management Board is currently evaluating the impact of the amendment on the accounting policies of the Group.

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## **Notes to the condensed interim standalone financial statements (cont.)**

### **1.1. Basis for preparation (cont.)**

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

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

The amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. Furthermore, the definition of the cost method was removed and replaced with a requirement to present dividends as income in the standalone financial statements.

The Company will implement the amendments to IFRS 1 and IAS 27 from 1 July 2009. The Management Board expects that the amendments will not have any material impact on the accounting policies of the Company.

#### **Improvements to IFRS 2008**

The International Accounting Standards Board has issued “Improvements to IFRS” - a collection of amendments to 20 International Financial Reporting 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 2009.

The Company will implement the improvements to IFRS in accordance with the interim provisions applicable to the above amendments.

#### **IFRIC 13 “Customer Loyalty Programmes”**

On 27 June 2007, the International Financial Reporting Interpretations Committee issued IFRIC 13, which is effective for annual periods beginning on or after 1 July 2008. This interpretation provides guidance 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”.

The Company will apply IFRIC 13 as of 1 January 2009. In the opinion of the Management Board, the interpretation will not impact to the financial statements of the Company.

#### **IFRIC 15 “Agreements for the Construction of Real Estate”**

IFRIC 15 was issued by the International Financial Reporting Interpretations Committee on 3 July 2008 and 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 is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue. IFRIC 15 presents accordingly when the revenue from the construction should be recognised.

The Company will implement IFRIC 15 from 1 January 2009. In the opinion of the Management Board, the interpretation will not impact the financial statements of the Company.

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

IFRIC 16 was issued by the International Financial Reporting Interpretations Committee on 3 July 2008 and 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 currencies of the foreign operation and the parent entity, or 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 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.

The Company will implement IFRIC 16 from 1 January 2009. The Management Board is currently evaluating the impact of the interpretation on the accounting policies of the Company.

As of the date of the hereby financial statements the above described amendments to IFRS 2, IFRS 3, IAS 1, IAS 23, IAS 27, IAS 32, IFRIC 13, IFRIC 15 and IFRIC 16 are still to be approved by the European Union.

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## Notes to the condensed interim standalone financial statements (cont.)

### 1.2. Foreign currency translation

#### (i) Functional and presentation currency

The financial information is presented in Polish zloty (PLN), which is the functional and presentation currency of NFI EMPiK Media & Fashion S.A. Functional currency is the currency of the primary economic environment in which the Company operates.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity when qualified as cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value valuation gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in income statement as fair value valuation gain or loss. Translation differences on such non-monetary financial assets classified as available for sale are included in the fair value reserve in equity.

The exchange rates applicable for the foreign currencies are presented in the table below:

Currency	9 months ended 30 September 2008		12 months ended 31 December 2007		9 month ended 30 September 2007	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
EUR	3.41	3.43	3.58	3.78	3.78	3.83
USD	2.37	2.26	2.44	2.77	2.66	2.85
CZK	0.14	0.14	0.13	0.14	0.14	0.14
CHF	2.16	2.13	2.16	2.30	2.28	2.34
UAH	0.47	0.47	0.48	0.55	0.53	0.57
RUB	0.09	0.09	0.10	0.11	0.11	0.11

# NFI Empik Media & Fashion S.A.

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## Notes to the condensed interim standalone financial statements

### 1.3. Investments in subsidiaries and associates

#### (i) Subsidiaries and associates

The following companies are direct and indirect subsidiaries and associates of NFI EMPiK Media & Fashion S.A.

Name	Location	Activity	NFI EMF Group		NFI EMF S.A.	
			30 September 2008	31 December 2007	30 September 2008	31 December 2007
			% share	% share	% share	% share
<b>Subsidiaries</b>						
EMPiK Sp. z o.o.	Poland	Books, newspapers and multimedia retail network; photography sales points and language schools	100.00	100.00	100.00	100.00
EMPiK Technologies Sp. z o.o. <sup>(1)</sup>	Poland	Retail trading of IT products	100.00	100.00	-	-
EMPiK Comfort Media Sp. z o.o. <sup>(1)</sup>	Poland	Publisher of "Empik News" magazine	82.00	82.00	-	-
Esprentino Trading Limited <sup>(1)</sup>	Cyprus	Special purpose vehicle holding 14% of shares in Magalla Holdings Limited	100.00	100.00	-	-
Magalla Holdings Limited <sup>(1)</sup>	Cyprus	Investment vehicle holding 100% of Buk Investment LLC and 1 share in Bukva Closed Joint Stock Company	100.00	79.00	-	-
Buk Investment LLC <sup>(1)</sup>	Ukraine	Investment vehicle holding 100% less one share in Bukva Closed Joint Stock Company	100.00	79.00	-	-
Bukva Closed Joint Stock Company <sup>(1)</sup>	Ukraine	Operator of bookstores network	100.00	79.00	-	-
Polperfect Sp. z o.o. <sup>(1)</sup>	Poland	Distributor of Polish & international newspapers and magazines	94.00	94.00	-	-
Learning Systems Poland Sp. z o.o. <sup>(1)</sup>	Poland	Operator of language schools	73.97	71.50	9.69	7.22
LSP Master Sp. z o.o. <sup>(2)</sup>	Poland	The owner of a license for the integrated language school management system	73.97	71.50	-	-
Smyk Sp. z o.o.	Poland	Network of children's stores	100.00	100.00	100.00	100.00
Smyk GmbH <sup>(3)</sup>	Germany	Operator of children's stores network	100.00	100.00	-	-
Kids International Sp. z o.o. <sup>(3)</sup>	Poland	Operator of children's stores network	100.00	-	1.00	-
Prolex Services Limited <sup>(3)</sup>	Cyprus	Investment vehicle holding 100% of Smyk-Rus Limited	100.00	100.00	-	-

# NFI Empik Media & Fashion S.A.

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## Notes to the condensed interim standalone financial statements (cont.)

### 1.3. Investments in subsidiaries and associates (cont.)

Name	Location	Activity	NFI EMF Group		NFI EMF S.A.	
			30 September 2008	31 December 2007	30 September 2008	31 December 2007
			% share	% share	% share	% share
<b>Subsidiaries</b>						
Smyk-Rus Limited <sup>(3)</sup>	Russia	Operator of children's stores network	100.00	100.00	-	-
Madras Enterprises Limited <sup>(3)</sup>	Cyprus	Investment vehicle holding 100% of Paritet – Smyk LLC	79.00	65.00	-	-
Paritet – Smyk LLC <sup>(4)</sup>	Ukraine	Operator of children's stores network	79.00	65.00	-	-
Optimum Distribution Sp. z o.o.	Poland	Wholesale trading of selected cosmetics, optical products and sportswear in Poland	100.00	100.00	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 & Slovak Republics	100.00	100.00	100.00	100.00
Optimum Sport Sp. z o.o. <sup>(8)</sup>	Poland	Special purpose vehicle holding 100% shares in Amersport Sp. z o.o.	100.00	-	-	-
Poland 1 Development Sp. z o.o. <sup>(8)</sup>	Poland	Special purpose vehicle holding 100% shares in PolaAnd 1 Sp. z o.o. and Soul Sp. z o.o.	100.00	-	-	-
Amersport Sp. z o.o. <sup>(9)</sup>	Poland	Trading in clothes and sports footwear	100.00	-	-	-
PolAnd 1 Sp. z o.o. <sup>(10)</sup>	Poland	Trading in clothes and sports footwear	100.00	-	-	-
Soul Sp. z o.o. <sup>(10)</sup>	Poland	Trading in clothes and sports footwear	100.00	-	-	-
Ultimate Fashion Sp. z o.o.	Poland	Franchise operations of Wallis, Esprit, River Island etc.	100.00	100.00	100.00	100.00
Ultimate Fashion International Sp. z o.o.	Poland	Wholesale trading in 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	100.00	100.00
EMF Investment Project Sp. z o.o.	Poland	Investment vehicle holding 48.33% of HDS WP Sp. z o.o.	100.00	100.00	100.00	100.00
East Services S.A.	Switzerland	Wholesale trading of selected cosmetics and sportswear	100.00	100.00	100.00	100.00
HDS WP Sp. z o.o.	Poland	Non-operating company	48.33	48.33	-	-
Maratex Limited <sup>(5)</sup>	Cyprus	Investment vehicle holding shares of B4 SA, ZAO Maratex, ZAO BTI Systems and Baza Limited	100.00	100.00	43.30	43.30
B4 SA <sup>(6)</sup>	Switzerland	Franchise operations of Peacock, Esprit etc.	100.00	100.00	43.30	43.30
BAZA Limited <sup>(6)</sup>	Ukraine	Franchise operations of Peacock, Esprit etc.	100.00	100.00	43.30	43.30

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

## Notes to the condensed interim standalone financial statements (cont.)

### 1.3. Investments in subsidiaries and associates

Name	Location	Activity	NFI EMF Group		NFI EMF S.A.	
			30 September 2008	31 December 2007	30 September 2008	31 December 2007
			% share	% share	% share	% share
<b>Subsidiaries</b>						
ZAO Maratex (poprzednio ZAO BTI Systems M) <sup>(6)</sup>	Russia	Franchise operations of Esprit, Peacocks, Lulu Castagnette etc.	100.00	100.00	-	-
TOO BTI Systems M <sup>(6)</sup>	Kazakhstan	Franchise operations of Peacock, Esprit etc.	100.00	100.00	-	-
OOO BTI Systems M Spb <sup>(6)</sup>	Russia	Franchise operations of Peacock, Esprit etc.	100.00	100.00	-	-
ZAO BTI Systems <sup>(6)</sup>	Russia	Franchise operations of Peacock, Esprit etc.	100.00	100.00	-	-
OOO BTI Systems Spb <sup>(6)</sup>	Russia	Franchise operations of Peacock, Esprit etc.	100.00	100.00	-	-
TOO BTI Systems <sup>(6)</sup>	Kazakhstan	Franchise operations of Peacock, Esprit etc.	100.00	100.00	-	-
LuxPol Invest S.a.r.l	Luxembourg	Investment vehicle holding 80% of EPCD Sp. z o.o.	75.00	-	75.00	-
EPCD Sp. z o.o. <sup>(7)</sup>	Poland	Distributor of selected cosmetics in Poland	60.00	-	0.10	-
EPCD Cz&Sk s.r.o. <sup>(11)</sup>	Czech Republic	Distributor of selected cosmetics in the Czech Republic and Slovakia	60.00	-	-	-
Smyk Çocuk Giyim Oyuncak ve Aksesuarları <sup>(3)</sup>	Turkey	Operator of children's stores network	100.00	-	-	-
<b>Affiliated companies</b>						
Zara Polska Sp. z o.o.	Poland	Franchise operations of Zara	20.00	20.00	20.00	20.00
Empik Cafe (12)	Poland	Coffee bars network	49.00	-	-	-

(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) Subsidiary of Madras Enterprises Limited

(5) The Group holds 51% of votes of Maratex Limited

(6) Subsidiaries of Maratex Limited

(7) Subsidiaries of LuxPol Invest S.a.r.l

(8) Subsidiaries of Optimum Distribution Sp. z o.o.

## **NFI Empik Media & Fashion S.A.**

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

### **Notes to the condensed interim standalone financial statements (cont.)**

- (9) Subsidiary of Optimum Sport Sp. z o.o.
- (10) Subsidiaries of PolAnd 1 Development Sp. z o.o.
- (11) Subsidiaries of EPCD Sp. z o.o.
- (12) Associate of Empik Sp. z o.o.

#### **1.3. Investments in subsidiaries and associates (cont.)**

##### **(ii) Subsidiaries**

Subsidiaries are all those entities in respect of which the Company has the power to govern their financial and operating policies, which usually accompanies holding of more than one half 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 Fund controls a given entity.

##### **(iii) Associates**

Associates are all entities over which the Fund has significant influence but not control, which usually accompanies holding of between 20% and 50% of the voting rights in governing bodies. Investments in associates are stated at cost (purchase price) less accumulated impairment losses.

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

## Notes to the condensed interim standalone financial statements

### 2. Employee compensation and benefit expenses

9 months ended 30 September	2008	2007
	thousand PLN	thousand PLN
Wages, salaries and social charges	4 458	4 925
Share options granted	10 420	4 178
	<b>14 878</b>	<b>9 103</b>

Employee compensation costs comprise employee incentive scheme programme remuneration in the amount of PLN 10 420 thousand (in 2007 – PLN 4 178 thousand). The following members of the senior management of NFI EMF Group are involved 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 (Member of the Management Board of EMPiK Sp. z o.o.)

The President of the Management Board has the right to subscribe for Series D, D1, F, G, H, E and E1 registered subscription warrants. Series D warrants authorise their holder to subscribe for 150,000 Series B ordinary shares for the price of PLN 0.10 each. Series D1 warrants authorise their holder to subscribe for 125,000 Series C ordinary shares for the issue price of PLN 0.10 each. Series F, G and H warrants authorise their holder to subscribe for 275,000 Series C ordinary shares for the issue price of PLN 0.10 each. Each Series E and E1 warrant shall authorise its 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. Exercise 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 29 January 2008, Jonquille Investments Limited, with its registered seat in Cyprus, a company wholly owned by Mr Maciej Dyjas, the President of the Management Board of NFI EMF, acquired 150 000 ordinary Series B bearer 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 total transaction value was PLN 27 500. The shares were acquired as a result of exercising rights resulting from Series C subscription warrant issued by NFI EMF on the basis of the Resolution no. 6 of the General Shareholders Meeting of NFI EMF of 8 December 2005 and on the basis of Series C1 subscription warrant issued on the basis of the Resolution no. 14 of the General Shareholders Meeting of NFI EMF of 13 July 2007. On 27 May 2008, Jonquille Investments Limited acquired further 138,163 (one hundred thirty eight thousand one hundred sixty three) ordinary Series B bearer shares of NFI EMF. The shares were purchased for a nominal price of PLN 0.10 per share. The total transaction value was PLN 13,816.30. The shares were acquired as a result of exercising rights resulting from Series E and Series E1 subscription warrant issued by NFI EMF on the basis of the Resolution no. 6 of the General Shareholders Meeting of NFI EMF of 8 December 2005 on the basis of the Resolution no. 14 of the General Shareholders Meeting of NFI EMF of 13 July 2007.

Mr Jacek Bagiński has the right 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 for the strike price equal to the issue price of Series D shares, amounting to PLN 14 per share, with the nominal value of the shares amounting to PLN 0.10 per share. The subscription warrants shall be exercised in whole or part on the following dates:

Series I	30 days from the date of registration of the conditional increase of share capital
Series J	July 2008
Series K	July 2009

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.

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

## Notes to the condensed interim standalone financial statements (cont.)

On 15 January 2008, Ms 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 L, M, N registered

### 2. Employee compensation and benefit expenses (cont.)

subscription warrants. Each warrant entitles to subscribe for 30 000 Series E ordinary shares at a nominal price of PLN 0.10 PLN per share. The subscription warrants will be exercised during the following periods:

Series L	from the date of issue until 31 December 2011
Series M	from September 2008 until 31 December 2011
Series N	from September 2009 until 31 December 2011

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 14 April 2008, Ms Ewa Podgórska subscribed for 30 000 Series E bearer ordinary shares of NFI EMF for a nominal price of PLN 0.10 per share. The total value of the transaction amounted to PLN 3 000. The shares were purchased as a result of the exercise of rights under Series L subscription warrants issued by NFI EMF pursuant to Resolution no. 16 of the General Meeting of Shareholders of NFI EMF dated 13 July 2007 amended by Resolution no. 1 of the General Meeting of Shareholders of NFI EMF dated 26 October 2007. 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 Dariusz Stolarczyk has the right 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 from 1 January 2009 to 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.

Mr Kjell Berggren has been granted 80,000 Series L 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 during the period of three months ended 31 December 2007. Series L warrants may be exercised from 1 January 2009 to 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.

Additionally, 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. Mr Lahav has the right to subscribe for Series L and M warrants. Each warrant authorises its holder to subscribe for 125 000 shares for an issue price of PLN 14 per share. The subscription warrants may be exercised during the following periods:

Series L	from the date of issue until 31 May 2008
Series M	from 1 January 2008 until 31 May 2009

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 30 May 2008, a company acting on behalf of Mr Lahav subscribed for 125 000 Series E shares for an issue price of PLN 14 per share as a result of the exercise of rights under Series L subscription warrants issued by NFI EMF pursuant to Resolution no. 16 of the General Meeting of Shareholders of NFI EMF dated 13 July 2007 amended by Resolution no. 1 of the General Meeting of Shareholders of NFI EMF dated 26 October 2007.

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

## Notes to the condensed interim standalone financial statements (cont.)

### 3. Other operating income

9 months ended 30 September	2008	2007
	thousand PLN	thousand PLN
Commitments	603	373
Interest income - third party	1 042	702
Interest income - related party	8 221	3 207
Commission fees for loans extended to affiliates	-	373
Currency translation differences	-	(536)
Other	1 403	162
	<b>11 269</b>	<b>4 281</b>

### 4. Other operating costs

9 months ended 30 September	2008	2007
	thousand PLN	thousand PLN
Consulting services	1 082	1 218
Marketing services	466	102
Lease of space	495	374
Postage and IT services	1 581	1 960
Business travel	1 769	682
Non-deductible VAT	365	411
Lease payments	241	69
Currency translation differences	1 037	-
Other	2 642	959
	<b>9 678</b>	<b>5 775</b>

### 5. Other gains- net

9 months ended 30 September	2008	2007
	thousand PLN	tys. PLN
Gain on valuation of derivative financial instruments - Zara option	16 210	7 078
Gain on valuation of collateral of Zara option	1 216	605
Gain on valuation of financial instruments at fair value through profit or loss – Coffeeheaven	-	(6 678)
Other	(44)	-
<b>Total other gains – net</b>	<b>17 382</b>	<b>1 005</b>

### 6. Finance costs- net

9 months ended 30 September	2008	2007
	thousand PLN	thousand PLN
Interest costs - third party	(12 081)	(670)

## NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

### Notes to the condensed interim standalone financial statements (cont.)

Interest costs - related party	(1 970)	(1 741)
Currency translation differences	259	1 618
<b>Total finance costs</b>	<b>(13 792)</b>	<b>(793)</b>

## 7. Investments in subsidiaries

	2008		2007	
	Current value of shares	Shares held	Current value of shares	Shares held
	thousand PLN	%	thousand PLN	%
Smyk Sp z o.o.	86 695	100.0	79 695	100.0
Ultimate Fashion Sp z o.o.	49 887	100.0	34 387	100.0
Empik Sp z o.o.	269 355	100.0	268 887	100.0
Licomp Empik Multimedia Sp z o.o.	6 503	100.0	6 003	100.0
East Services S.A.	20 260	100.0	20 260	100.0
Optimum Distribution CZ&SK sro	22 817	100.0	22 817	100.0
Optimum Distribution Sp z o.o.	35 557	100.0	35 587	100.0
Learning System Poland Sp. z o.o.	6 723	9.7	4 828	7.2
Maratex Ltd	68 350	43.3	67 588	43.3
Ultimate Fashion International Sp. z o.o.	50	100.0	-	-
LuxPol Invest SARL	136	75.0	-	-
Kids International Sp. z o.o.	1	1.0	-	-
	<b>566 334</b>		<b>540 052</b>	

On 3 January 2008, NFI Empik Media & Fashion S.A. purchased, for PLN 1 895 thousand, 2.47% of the share capital of Learning System Poland Sp. z o.o., a company operating a language school network. As a result of the transaction, the NFI EMF's holding in the share capital of Learning System Poland Sp. z o.o. increased from 7.22% to 9.69%.

On 14 February 2008, NFI Empik Media & Fashion SA acquired 75% of shares (i.e 375 shares at a nominal value of EUR 100 per share, where each share entitles to one vote at a general meeting of shareholders), in the company operating under the laws of Luxemburg, under the name LuxPol Invest S.a.r.l. ("LuxPol"). These shares were acquired directly in relation with the establishment of LuxPol and were purchased by NFI Empik Media & Fashion S.A at a nominal value, i.e EUR 37 500. The purpose of the LuxPol activity is the investment in the cosmetics sector in Poland, the Czech Republic, Slovakia and other countries in the region.

Subsequently, on 12 March 2008 LuxPol acquired 50 shares (each share at a nominal value of PLN 1,000 and each entitling to one vote at a general meeting of shareholders) in the Polish company EPCD Sp. z o.o. The total price of the acquisition of 100% shares in EPCD Sp. z o.o. paid by LuxPol Invest S.a.r.l. was EUR 15 838.37.

NFI Empik Media & Fashion SA acquired 100% shares in the company operating under the laws of Poland, under the name Ultimate Fashion International Sp. z o.o. These shares were acquired directly in relation with the establishment of the company. In the future Ultimate Fashion International will distribute clothing, footwear and other selected products.

Additionally, NFI Empik Media & Fashion S.A. acquired 1% of shares in Kids International Sp. z o.o., a company incorporated under the laws of Poland. The shares were acquired in relation with the establishment of the company.

## NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

### Notes to the condensed interim standalone financial statements (cont.)

#### 8. Derivative financial instruments

	30 September 2008		31 December 2007	
	Assets	Liabilities	Assets	Liabilities
	thousand PLN	thousand PLN	thousand PLN	thousand PLN
Long-term derivative financial instruments				
Zara put option	41 157	-	24 947	-
<b>Total derivative financial instruments</b>	<b>41 157</b>	<b>-</b>	<b>24 947</b>	<b>-</b>

The put option for shares in Zara Polska Sp. z o.o. reflects the fair value assigned to the put option resulting from an agreement entered into by and between NFI EMPiK Media & Fashion S.A. and Inditex S.A. on the sale of shares in Zara Polska Sp. z o.o. (Young Fashion Sp. z o.o.). The fair value of the instrument is established either as its potential execution price, i.e. EUR 8 million or the current market value of a 20% stake in Zara Polska Sp. z o.o. by discounting the value of EBIDTA until the end of 30 September 2008 with a discount rate of 10.44%. In the reporting period, the fair value gain amounted to PLN 16 210 thousand (in 2007: PLN 7 078 thousand) and was recognised in “other operational gains”.

#### 9. Borrowings

##### Long-term borrowings

	Effective interest rate	Repayable	30 September 2008 thousand PLN	31 December 2007 thousand PLN
Mid-term debt securities	6M WIBOR + margin	2012	194 300	-
Bank loan of 7 mln EUR	EURIBOR + margin	3 January 2011	23 858	25 074
Loans received	3M WIBOR + margin	December 2009, 2010	16 919	22 141
			<b>235 077</b>	<b>47 215</b>

##### Short-term borrowings

	Effective interest rate	Repayable	30 September 2008 thousand PLN	31 December 2007 thousand PLN
Bank loan of 25 mln PLN	WIBOR 1M + margin	17 September 2009	25 000	40 000
Current account overdraft	TN WIBOR	31 August 2009	14 302	283
Short-term debt securities	WIBOR + margin	December 2008	49 640	71 942
Loans taken and liabilities under intragroup financial settlements system	TN WIBOR	-	28 133	35 714
			<b>117 075</b>	<b>147 939</b>

## NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

### Notes to the condensed interim standalone financial statements (cont.)

#### 10. Related party transactions

NFI Empik Media & Fashion S.A. is controlled by EMPiK Centrum Investments S.A. (incorporated in Luxembourg) which owns 59.90% of NFI EMPiK Media & Fashion S.A.'s shares. The ultimate parent of the Fund is Eastbridge B.V./S.a.r.l. (a company incorporated in the Netherlands with the principal place of business in Luxembourg).

EMPiK Centrum Investments S.A. and its subsidiaries, Eastbridge B.V./S.a.r.l. as well as its subsidiaries and Zara Polska Sp. z o.o. are considered related parties for the purpose of the condensed standalone financial statements.

#### Transactions with subsidiaries and affiliates of NFI Empik Media & Fashion S.A.

Transactions with subsidiaries pertain to loans which the Fund extended to its subsidiaries, charging interest equal to WIBOR or EURIBOR plus a 1.0% - 2.2% margin, and a one-off commission of 0.5% - 1% of the loan principal.

Additionally, during the second and third quarter of 2008, NFI Empik Media & Fashion S.A. took up bonds issued by its subsidiaries, charging a fee for the organisation of the bond issues in the amount of 0.11% to 2.19% of the value of an issue.

Moreover, the Fund provided business and management advisory services to its subsidiaries and granted and received loans to and from its related parties.

The following balances and movements in accounts with the Fund's subsidiaries were shown in the condensed standalone financial statements for the period of three months ended 30 September 2008 (in thousand PLN)

As at	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Receivables		Liabilities	
	thousand PLN	thousand PLN	thousand PLN	thousand PLN
Empik Sp. z o.o.	20 949	13 541	29 615	47 131
Ultimate Fashion Sp. z o.o.	88 500	60 270	1 310	133
Ultimate Fashion International Sp. z o.o.	1	-	-	-
LuxPol Invest Sarl	2 433	-	-	-
Smyk Sp. z o.o.	82 571	25 421	-	1
EMF Investment Project Sp. z o.o.	156	-	-	-
Learning Systems Poland Sp. z o.o.	1 353	1 293	25	25
LSP Master Sp. z o.o.	120	120	-	-
Optimum Distribution Poland Sp. z o.o.	503	261	10 259	9 785
Optimum Sport Sp. z o.o.	602	-	-	-
Poland 1 Development	26	-	-	-
Licomp Empik Multimedia Sp. z o.o.	46	140	-	-
Smyk GmbH	14	-	-	-
Optimum Distribution CZ&Sk	190	731	-	-
East Services S.A.	-	5	954	1 003
Madras Enterprises Limited	15 105	-	-	-
Magalla Holdings Limited	20 140	-	3 139	-
Eastbridge BV SARL	74	-	-	72
Maratex Limited	17 524	-	-	-
	<b>250 307</b>	<b>101 782</b>	<b>45 302</b>	<b>58 150</b>

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

## Notes to the condensed interim standalone financial statements (cont.)

### 10. Related party transactions (cont.)

As at	30 September 2008		31 December 2007		30 September 2008		31 December 2007	
	Receivables				Liabilities			
	thousand PLN		thousand PLN		thousand PLN		thousand PLN	
<b>Mains sources of receivables and liabilities</b>								
Loans	90 582	94 677	37 966	47 215				
Interest from loans	17 157	3 050	2 770	4 450				
Bonds acquired	131 500	-	-	-				
Interest from acquired bonds	816	-	-	-				
Cash pool	-	-	4 316	6 116				
Consulting and advisory services	4 106	2 427	-	-				
IT and logistics services	1 892	1 167	-	-				
Financial intermediary services	625	-	-	-				
Receivables for guarantees granted	890	461	-	-				
Re-invoicing	2 705	-	250	-				
Other	34	-	-	369				
	<b>250 307</b>	<b>101 782</b>	<b>45 302</b>	<b>58 150</b>				

9 months ended 30 September	2008		2007		2008		2007	
	Revenues				Expenses			
	thousand PLN		thousand PLN		thousand PLN		thousand PLN	
Empik Sp. z o.o.	4 128	3 317	1 568	1 377				
Ultimate Fashion Sp. z o.o.	4 473	2 613	-	-				
Ultimate Fashion International Sp. z o.o.	1	-	-	-				
Smyk Sp. z o.o.	4 520	2 391	1	-				
EMF Investment Project Sp. z o.o.	144	96	-	-				
Optimum Distribution Poland Sp. z o.o.	1 736	1 689	474	364				
Optimum Sport Sp. z o.o.	493	-	-	-				
Licomp Empik Multimedia Sp. z o.o.	173	171	-	-				
LSP Master Sp. z o.o.	-	52	-	-				
Optimum Distribution CZ&Sk	859	962	-	-				
Smyk GmbH	7	-	19	-				
Madras Enterprises Limited	427	-	-	-				
Magalla Holdings Limited	543	-	-	-				
LuxPol Invest Sarl	694	-	-	-				
Maratex Limited	475	-	-	-				
Poland 1 Development	21	-	-	-				
Eastbridge BV SARL	780	-	393	339				
Zara Polska Sp. z o.o.	10	-	-	-				
Pol Perfect Sp. z o.o.	-	5	-	-				
Learning Systems Poland Sp. z o.o.	268	19	5	-				
	<b>19 752</b>	<b>11 315</b>	<b>2 460</b>	<b>2 080</b>				

## NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

### Notes to the condensed interim standalone financial statements (cont.)

#### 10. Related party transactions (cont.)

9 months ended 30 September	2008		2007	
	Revenues		Expenses	
	thousand PLN	thousand PLN	thousand PLN	thousand PLN
<b>Main sources of revenues and expenses</b>				
Interest from loans	5 178	3 207	1 970	1 741
Interest from acquired bonds	2 616	-	-	-
Consulting and advisory services	6 161	5 307	393	339
IT and logistics services	1 539	1 929	-	-
Financial intermediary services	625	-	-	-
Revenue on guarantees granted	603	373	-	-
Re-invoicing	3 030	499	92	-
Other	-	-	5	-
	<b>19 752</b>	<b>11 315</b>	<b>2 460</b>	<b>2 080</b>
<i>Interest from cash pool</i>	<i>264</i>	<i>88</i>	<i>692</i>	<i>12</i>
	<b>264</b>	<b>88</b>	<b>692</b>	<b>12</b>

#### 11. Share capital

	Number of shares (not in thousands)	Surplus on the sale of shares above the par value		Total thousand PLN
		Share capital thousand PLN	thousand PLN	
<b>As at January 2007</b>	<b>102 154 270</b>	<b>10 215</b>	<b>715 404</b>	<b>725 619</b>
Issue of shares - employee option incentive scheme	432 375	43	-	43
Employee shares exercised	-	-	2 726	2 726
<b>As at 1 January 2008</b>	<b>102 586 645</b>	<b>10 258</b>	<b>718 130</b>	<b>728 388</b>
Issue of shares - employee option incentive scheme	568 163	-	6 477	6 477
Other issue of shares	-	57	1 738	1 795
<b>As at 30 September 2008</b>	<b>103 154 808</b>	<b>10 315</b>	<b>726 345</b>	<b>736 660</b>

The nominal value of one share is PLN 0.10 (not in thousands). As at 30 September 2008 the share capital of NFI Empik Media & Fashion is 10 315 480.80 (not in thousands) and is divided into 101 893 645 ordinary A series shares, 981 163 ordinary B series shares and 125 000 ordinary C series shares and 155 000 E series shares. The total number of votes arising from all the issued shares after registration of the share capital increase is 103 154 808.

## **NFI Empik Media & Fashion S.A.**

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

### **Notes to the condensed interim standalone financial statements (cont.)**

During the period of nine months ended 30 September 2008, the share capital was increased by PLN 57 thousand by means of the issue of 568 163 shares of PLN 0.10 each (not in thousands) each.

# NFI Empik Media & Fashion S.A.

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

## Notes to the condensed interim standalone financial statements (cont.)

### 11. Share capital (cont.)

On 10 September 2008, the Company received an order of the District Court for the Capital City of Warsaw, Twelfth Commercial Division of the National Court Register, issued on 3 September 2008, on the registration of the change in the nominal value of the conditional increase of the share capital. The share capital has been conditionally increased by no more than 50,000 PLN by way of issue of no more than 500,000 Series F bearer ordinary shares with a nominal value of PLN 0.10 per share. Following the registration of the change, the extent of the conditional increase of the share capital amounts to PLN 366,383.70.

#### *Management Board shareholding*

As at 30 September 2008, Mr Maciej Dyjas, President of the Management Board, held, through his subsidiary Jonquille Investments Limited, 856,163 shares, i.e. 0.83% of the share capital of NFI Empik Media & Fashion S.A. Additionally, during the reporting period Ms Ewa Podgórska took up 30,000 shares of NFI Empik Media & Fashion S.A., constituting 0.03% of its share capital.

As at 30 September 2008, the key shareholders of NFI EMPiK Media & Fashion S.A. were:

	<u>Number of shares (votes)</u>	<u>Direct shareholding</u>
<b>As at 30 September 2008</b>		
Empik Centrum Investments S.A.	61 794 435	59.90%
Flime Investments S.A.	3 082 674	2.99%
Total number of shares	103 154 808	100%

Flime Investment S.A. is a related party of Eastbridge B.V./S.a.r.l and EMPiK Centrum Investments S.A. The Company is controlled by EMPiK Centrum Investments S.A. (with its registered office in Luxembourg) which holds 59.90% of shares in NFI EMPiK Media & Fashion S.A. The ultimate parent company publishing financial statements is Eastbridge B.V./S.a.r.l. (a company incorporated in the Netherlands with the principal place of business in Luxembourg). The ultimate controlling party of the Company is Mr Yaron Bruckner.

### 12. Contingent liabilities and future liabilities

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 result in a material increase of liabilities in this respect.
2. NFI Empik Media & Fashion has contingent liabilities in respect of bank and other guarantees issued upon the request of the NFI EMF Group's subsidiaries, provided 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 Young Fashion Sp. z o.o. (currently Zara Polska Sp. z o.o.) from any contingent liabilities arising from events that took place prior to the sale of 51% i.e. when Young Fashion 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 thousand to the benefit of Young Fashion Sp. z o.o. Total responsibility of the Company resulting from the sale agreement of shares in Young Fashion Sp. z o.o. is limited to the amount of EUR 20 000 000. It is not anticipated that any material liabilities will arise from the contingent liabilities.

## **NFI Empik Media & Fashion S.A.**

Condensed interim standalone financial statements  
for the period of three months ended 30 June 2008

### **Notes to the condensed interim standalone financial statements (cont.)**

#### **13. Guarantees granted**

As at 30 September 2008, liabilities in respect of guarantees which the Fund granted for its subsidiaries, mainly to suppliers and landlords, amounted to PLN 78 398 thousand (EUR 23 002 thousand), PLN 237 thousand (USD 100 thousand) and PLN 500 thousand.

On 26 August 2004, NFI EMPiK Media & Fashion S.A. extended a guarantee to Sephora Polska Sp. z o.o. for up to EUR 4.5 million as collateral for potential claims of Sephora Sp. z o.o. against EMPiK Sp. z o.o. in respect of the contract for the sale of the cosmetics retail division of EMPiK Sp. z o.o. to Sephora Polska Sp. z o.o. of 8 July 2003.

On 26 June 2007 NFI EMPiK Media & Fashion S.A. issued a guarantee in favour of ABN AMRO Bank (Polska) S.A. up to the amount of PLN 36 million in relation with the PLN 30 million current account overdraft facility made available.

#### **14. Post balance sheet events**

Management Board of NFI Empik Media & Fashion S.A. increased the total value of the bonds programme to a total amount of PLN 300 million. On 13 October 2008, the Company signed annexes to agency, dealer and underwriting agreements that were signed with BRE BANK on 5 December 2007.

## Additional information

We present below information we are required to disclose to meet the disclosure requirements of the Warsaw Stock Exchange.

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

# NFI Empik Media & Fashion S.A.

## Additional information (cont.)

### 1. Selected financial data

SELECTED FINANCIAL INFORMATION	thousand PLN		thousand EUR	
	9 months ended 30 September 2008	9 months ended 30 September 2007	9 months ended 30 September 2008	9 months ended 30 September 2007
I. Net sales	8 771	5 929	2 522	1 541
II. Operating gain (loss) from continuing operations	12 444	(4 069)	3 578	(1 057)
III. Gain (loss) before income tax	(1 348)	(4 862)	(388)	(1 263)
IV. Net gain (loss)	(1 348)	(4 862)	(388)	(1 263)
V. Net cash generated from/(used in) operating activities	(22 854)	(574)	(6 572)	(149)
VI. Net cash generated from/(used in) investing activities	(178 411)	(39 062)	(51 303)	(10 150)
VII. Total net cash flows	143 743	33 408	41 334	8 681
VIII. Net increase/(decrease) in cash and cash equivalents	(57 522)	(6 228)	(16 541)	(1 618)
IX. Total assets	907 256	687 373	270 484	182 530
X. Liabilities and provisions for liabilities	356 331	147 633	106 234	39 204
XI. Non-current liabilities	235 077	51 079	70 084	13 564
XII. Current liabilities	121 254	96 554	36 150	25 640
XIII. Equity	550 925	539 740	164 249	143 327
XIV. Share capital	736 660	728 388	219 623	193 422
XV. Number of shares	103 154 808	102 586 645	103 154 808	102 586 645
XVI. Basic earnings per share (PLN/EUR)	-0.0131	-0.0474	-0.0038	-0.0123
XVII. Diluted earnings per share (PLN/EUR)				
XVIII. Book value per share (PLN/EUR)	5.34	5.26	1.59	1.40

## NFI Empik Media & Fashion S.A.

### Additional information (cont.)

#### 2. Investment portfolio

No.	Name and legal form of the Company	Location	Activity	Capital relation	Number of shares	Book value of shares before adjustment	Adjustment of the book value of shares	Carrying amount of shares	Shareholding (%)	Total number of votes at GMS
1	Smyk Sp. z o.o.	Warsaw	Children's stores network	Subsidiary	176 080	86 695		86 695	100	100
2	Ultimate Fashion Sp. z o.o.	Warsaw	Franchise operations of Esprit, Wallis, River Island etc.	Subsidiary	222 000	49 887		49 887	100	100
3	Empik Sp. z o.o.	Warsaw	Multimedia and language schools retail chain	Subsidiary	51 147	269 355		269 355	100	100
4	Licomp Empik Multimedia Sp. z o.o.	Warsaw	Distributor of multimedia games	Subsidiary	11 500	6 503		6 503	100	100
5	East Services S.A.	Villars-sur-Glane, Switzerland	Wholesale trading of selected cosmetics, optical products and sportswear	Subsidiary	100	20 260		20 260	100	100
6	Optimum CZ&SK sro	Prague, Czech Republic	Wholesale trading of selected cosmetics, optical products and sportswear in the Czech Republic and Slovakia	Subsidiary	1	22 817		22 817	100	100
7	Optimum Distribution Sp. z o.o.	Warsaw	Wholesale trading of selected cosmetics, optical products and sportswear in the Czech Republic and Slovakia	Subsidiary	1	35 557		35 557	100	100
8	Learning System Poland Sp. z o.o.	Warsaw	Operator of language schools	Subsidiary	1	6 723		6 723	100	100
9	Maratex Limited	Nicosia, Cyprus	Franchise operations of Esprit, Peacocks, Lulu Castagnette	Subsidiary	794 690	68 350		68 350	43	51
10	Ultimate Fashion International Sp. z o.o.	Poland	Wholesale trading of clothes, footgear and other selected products	Subsidiary	100	50		50	100	100
11	Zara Polska Sp. z o.o.	Warsaw	Franchise operations of Zara	Associate	4 016	12 497		12 497	20	20
12	LuxPol Invest S.a.r.l.	Luxembourg	Investment company	Subsidiary	375	136		136	75	75

## NFI Empik Media & Fashion S.A.

### Additional information (cont.)

No.	Name and legal form of the Company	Location	Activity	Capital relation	Number of shares	Book value of shares before adjustment	Adjustment of the book value of shares	Carrying amount of shares	Shareholding (%)	Total number of votes at GMS
13	EMF Investment Project Sp. z o.o.	Warsaw	Capital market services excluding brokerage services	Subsidiary	47	5 141	5 141	0	100	100
14	Kids International Sp. z o.o.	Warsaw	Operator of children's stores network	Subsidiary**	1	1		1	1	100
	<b>Total</b>					<b>583 972</b>	<b>5 141</b>	<b>578 831</b>		

## NFI Empik Media & Fashion S.A.

### Additional information (cont.)

#### 2. Investment portfolio (cont.):

No.	Company name	Net sales	Operating profit/(loss)	Current assets	Short-term receivables	Long-term receivables	Inventories	Total assets
1	Smyk Sp zoo	235 928	11 126	102 150	21 200	22 244	60 926	283 443
2	Ultimate Fashion Sp z oo	169 568	(3 648)	66 047	4 074	5 852	59 979	177 449
3	Empik Sp z oo	566 876	13 283	253 385	50 216	127 576	195 625	613 823
4	Licomp Empik Multimedia Sp z oo	17 311	1 270	15 090	6 954	0	8 040	15 317
5	Maratex Limited	197 838	12 583	97 393	31 432	4 830	61 973	163 842
6	Optimum CZ&SK sro	32 774	24	27 435	14 468	0	8 112	28 675
7	Optimum Distribution Sp z oo	60 037	4 255	38 188	27 080	9 770	10 122	78 949
8	EMF Investment Project Sp. z o.o.	0	(31)	2	0	83	0	1 624
10	East Services SA	0	4 624	7 345	3 742	16 534	0	23 879
11	LuxPol Invest Sarl	0	688	156	0	0	0	3 387
12	Ultimate Fashion International Sp. z o.o.	862	(305)	2 174	590	0	1 577	3 214
	<b>Total</b>	<b>1 281 194</b>	<b>43 869</b>	<b>609 365</b>	<b>159 756</b>	<b>186 889</b>	<b>406 354</b>	<b>1 393 602</b>

## NFI Empik Media & Fashion S.A.

### Additional information (cont.)

#### 2. Investment portfolio (cont.):

No	Company name	Equity, including:							Liabilities		
		Total	Share capital	Payments for share capital due	Supplementary capital	Reserve capital	Retained earnings	Net profit / (loss)	Total	Short-term	Long-term
1	Smyk Sp zoo	51 399	15 104		9 000	(850)	21 381	6 764	232 047	111 056	120 991
2	Ultimate Fashion Sp z oo	32 281	31 050		10 156	(1 289)	(1 068)	(6 568)	145 168	78 388	66 780
3	Empik Sp z oo	238 806	49 203		20 458	(513)	159 070	10 588	374 807	307 578	67 229
4	Licomp Empik Multimedia Sp z oo	7 609	1 150		1 501	0	3 941	1 017	7 708	7 708	0
5	East Services S.A.	22 675	256		0	566	17 123	4 730	1 234	1 234	0
6	Optimum CZ&SK sro	2 888	1 955		0	(63)	976	20	25 784	20 440	5 344
7	Optimum Distribution Sp z oo	41 322	50		0	0	37 440	3 832	37 628	34 179	3 449
8	EMF Investment Project Sp. z o.o.	(890)	88		0	0	(812)	(166)	2 514	128	2 386
10	Maratex Limited	(7 444)	48 367		(1)	(139)	(60 910)	5 239	171 320	127 311	44 009
11	LuxPol Invest Sarl	37	170		0	0	0	(133)	2 569	770	1 799
12	Ultimate Fashion International Sp. z o.o.	(226)	50		0	0	0	(276)	3 440	3 095	345
	<b>Total</b>	<b>388 457</b>	<b>147 443</b>	<b>0</b>	<b>41 114</b>	<b>(2 288)</b>	<b>177 141</b>	<b>25 047</b>	<b>1 004 219</b>	<b>691 887</b>	<b>312 332</b>

## NFI Empik Media & Fashion S.A.

### Additional information (cont.)

#### 2. Investment portfolio (cont.)

Change in the carrying amount of investment portfolio items	Main shareholdings	Minority interest	Shares in subsidiaries	Shares in co-subsidiaries	Shares in associates	Total
Carrying amount as at 1 January 2008		1	540 052		12 497	552 549
a. Increases (due to)			26 312			26 312
- increase of share capital			23 000			23 000
- sale of majority interest			0			0
- purchase and establishment of Company share-based incentive scheme for an employee of a subsidiary			3 312			3 312
b. Decreases (due to)			(30)			(30)
- write-down			0			0
- sale of shares at book value			0			0
- redemption of shares			(30)			(30)
Carrying amount as at 30 September 2008		1	566 334	0	12 497	578 831

## NFI Empik Media & Fashion S.A.

### Additional information (cont.)

#### 2. Investment portfolio (cont.)

Transferability of investment portfolio items	With unlimited transferability			With limited transferability
	Listed	OTC listed	Non-listed on regulated markets	
Lead shares				
carrying amount				
value at cost				
fair value				
market value				
Minority interest				
carrying amount				
value at cost				
fair value				
market value				
Shares in subsidiaries				
carrying amount			566 334	
value at cost			583 972	
fair value			566 334	
market value				
Shares in associates				
carrying amount			12 497	
value at cost			12 497	
fair value			12 497	
market value				
TOTAL				
carrying amount			578 831	
value at cost			596 469	
market value			578 831	

#### 2. Investment portfolio (cont.)

## NFI Empik Media & Fashion S.A.

### Additional information (cont.)

Minority interest:

No.	Name of the company and its legal form	Location	Activity	Number of shares	Book value of shares before adjustment	Adjustment of the book value of shares	Carrying amount of shares	Market value for listed companies	Shareholding (%)	Total number of votes at GMS
1	Złotoryjskie Zakłady Obuwia S.A. *	Złotoryja	Shoes production	186 723	3 520	(3 520)			33	33
	Total				3 520	(3 520)				

\* The companies have filed for bankruptcy; no financial data available