



## Press release

Warsaw, 14<sup>th</sup> August 2008

### Cinema City financial results in the 1<sup>st</sup> half of 2008

Clear growth in sales and profit

- Through the 1<sup>st</sup> half of 2008, Cinema City International N.V. (“Cinema City”) earned revenues of EUR 92 million (growth of 14.6% over the same period in 2007), EBITDA of EUR 21.9 million (growth of 21.4%) and net profit of EUR 10.6 million (growth of 12.5%).
- In the 2<sup>nd</sup> quarter alone, revenues were EUR 47.1 million (an increase of 11.9%), EBITDA was EUR 12.5 million (up 26.9%), and net profit was EUR 6.6 million (up 17.3%).
- Revenue from cinema operations grew by 22.1%, to EUR 70.6 million through the 2<sup>nd</sup> quarter, and in the 2<sup>nd</sup> quarter alone by 23.9%, to EUR 32.7 million. During the first half of the year, Cinema City sold 10.1 million cinema tickets (+ 8.6%), of which 4.4 million tickets were sold in the 2<sup>nd</sup> quarter alone (up nearly 8%).
- Cinema City continued the growth in its chain of multiplexes. In the first 6 months of 2008 the Company opened cinemas in Budapest, Hungary (23 screens), Pilzen, the Czech Republic (10 screens), Bydgoszcz, Poland (13 screens), and Modi'in, Israel (6 screens) and through early August 2008 it has already signed 9 further leases in Romania.
- The Company recently launched the “digitalization” of its chain. 100 state-of-the-art digital projectors are to be installed in 2008 and 2009, including 15 which were already installed in cinemas in Israel, Hungary and Poland.
- Increase of holdings in its three existing real estate development projects in Bulgaria became effective upon signing agreements in July 2008, whereby the Company doubled its share in all three projects.

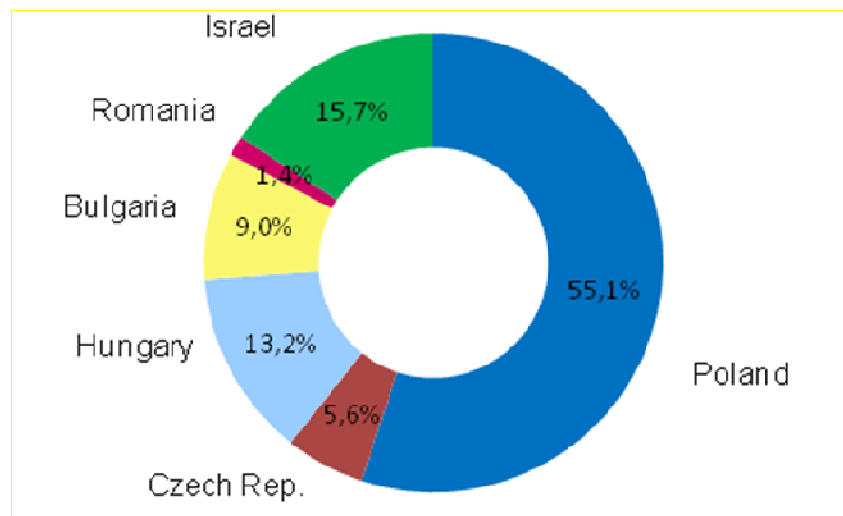
“The past quarter proved that Cinema City continues to grow thanks to its strategy of organic development and geographical expansion,” said **Moshe J. Greidinger, CEO of Cinema City, the largest multiplex cinema operator in Central & Eastern Europe and in Israel**. “We achieved clear growth in sales and profit. This was driven by the growth in our network of multiplexes through all territories as well as a good lineup of films.”

Through the first six months of this year, Cinema City’s revenues were EUR 92 million, of which EUR 70.6 million was generated by cinema operations (ticket sales, beverages and snacks at cinema bars, and cinema advertising and sponsoring). In the first half of the year, the Company sold 10.1 million tickets (an increase of 8.6% year-on-year), including 4.4 million tickets in the 2<sup>nd</sup> quarter alone (an increase of

7.9%). In Poland, Cinema City sold 6.2 million tickets in the first six months of 2008 (an increase of 9.6%). 13% of revenues were generated by film distribution activity (an increase of 4.4% through the 2nd quarter, to EUR 6.2 million).

Poland remained Cinema City's largest operating market, accounting for 55.1% of total revenues through the first two quarters of this year. The Hungarian market increased its share in the Company's revenues to 13.2%, thanks to the opening in January 2008 of a 23-screen megaplex in Budapest, which is currently the largest cinema in Central Europe. The first two Cinema City multiplexes in Romania, which opened at the end of 2007, generated 1.4% of the Company's overall revenues in the first half of 2008.

Cinema City revenues in 1H 2008  
By operating market



Along with growth in revenues, Cinema City achieved increased profit at both the operating and net levels.

**Cinema City financial results:**

EUR mln	2Q2008	2Q2007	Δ	1H2008	1H2007	Δ
<b>Revenues</b>	47,8	42.1	+13.5%	92.0	80.3	+14.6%
<b>EBITDA</b>	12.5	9.8	+26.9%	21.9	18.1	+21.4%
<b>net profit</b>	6.6	5.6	+17.3%	10.7	9.5	+12.5%

In the first half of 2008, Cinema City continued to grow its network of multiplexes. Four cinemas were opened: in Budapest, Hungary (23 screens), Pilsen, the Czech Republic (10 screens), Bydgoszcz, Poland (13 screens), and Modi'in, Israel (6 screens). In early July, the company opened the largest multiplex in Israel in the city of Haifa. In its first month of operations, this cinema already reached 3<sup>rd</sup> place in the country in number of tickets sold. In the first seven months of the year, 9 new leases have been signed for Romania, and a total of 27 multiplexes are under construction.



In the 2<sup>nd</sup> quarter of 2008 Cinema City also strengthened its position in the Bulgarian real estate market. In July, the Company increased its shares in a shopping mall construction project in the city of Stara Zagora (now holding 55% of the shares), and in the projects in Plovdiv (30%) and Ruse (90%). The shopping center in Plovdiv is in an advanced stage of construction and the construction of the center in Ruse has just commenced with 40% of space already preleased.

“In the upcoming months we will continue our expansion in the cinema market,” **said Moshe J. Greidinger, CEO of Cinema City.** “Through the end of the year, we plan to open one cinema in Poland, one in the Czech Republic and three in Romania. We will also work to sign further leases in new locations. The rollout of digital projectors is also very important for the growth of our chain. I believe that digitalization will be a real breakthrough for the cinema market, both in terms of the special effects and the quality of film projection. We have already installed 15 digital projectors in our cinemas, in Poland, Israel and Hungary. We plan to increase the number to about 50 by the end of the year, with further plans to install 50 more digital projectors next year,” **the CEO added.**

*Cinema City International N.V.*

*Cinema City is the largest multiplex cinema operator in Central & Eastern Europe and in Israel (it operates a total of 61 multiplexes with 556 screens). There are 43 more multiplexes under construction, which will offer over 450 screens.*

*Cinema City has operations in 6 countries: Poland (which accounted for more than half of revenues last year), the Czech Republic, Bulgaria, Romania, Hungary and Israel.*

*In 2007 Cinema City earned revenues of EUR 161.3 million and net profit of EUR 16.6 million. The figures for the 1<sup>st</sup> quarter of 2008 were EUR 44.9 million and EUR 4.0 million, respectively.*

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