

Cinema City International N.V.

Quarterly Consolidated Financial Report

For the two quarters ended

30 June 2007

Quarterly Report for the two quarters ended 30 June 2007

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Director's report

DIRECTORS' REPORT

General

Introduction

Cinema City International N.V. (the "Company"), incorporated in the Netherlands, is a subsidiary of I.T. International Theatres Ltd. ("ITIT" or "parent company"). The Company (and together with its subsidiaries, the "Group"), is principally engaged in the operation of entertainment activities in various countries including: Poland, Hungary, Czech Republic, Bulgaria and Israel. The Company, through related entities, has been a family operated theatre business since 1929. In December 2006, the Company completed a successful initial public offering of its shares on the Warsaw Stock Exchange, having sold over 10 million primary shares and close to 8 million secondary shares at an offering price of PLN 19.30 (EUR 5.05) per share. As of the beginning of August 2007 the market share price was approximately PLN 31 (EUR 8.16) giving the Company a post-money market capitalization of approximately EUR 414 million. The Company's headquarters and principal place of business are located in Rotterdam, the Netherlands.

Highlights during the six months ended 2007

The six months ended 30 June 2007 was a successful period for the Company, with revenues, EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortization) and net income all having increased in comparison to the six months ended 30 June 2006 (which itself was also a strong period). Consolidated EBITDA increased from EUR 16.3 million in the six months ended 30 June 2006 to EUR 18.1 million for the six months ended 30 June 2007. Net income increased from EUR 7.8 million for the first half of 2006 to EUR 9.5 million for the first half of 2007.

The Company's theatre operations performed well during the six months ended 30 June 2007, supported by a well received supply of international movies. In particular, the Company's Polish operations performed very well, mainly in the first quarter of 2007, supported by a strong local supply of movies. The new screens that the Company opened in Poland during the latter part of 2006 and which had their first half-year of operations in 2007, together with the 18 screens in Poznan acquired by the Company in January 2007 from the Kinopolis Group and 21 screens opened during the second quarter, all contributed to the positive results in Poland, both in terms of number of admissions and EBITDA.

During the six months ended 30 June 2007, The Company's real estate activities continued to contribute strongly to the Company's results. This was driven primarily by the Company's sale during the second quarter of one-half of its equity interest in the Mall of Plovdiv, Bulgaria. The sale was to two leading real estate private equity groups: US based General Electric Real Estate Central and Eastern Europe ("GE") and Irish based Quinlan Private ("Quinlan").

Highlights of the Company's theatre operations for the six months ended 30 June 2007 are as follows:

In January 2007, the Company acquired a modern recently developed 18 screen multiplex cinema in Poznań, Poland that previously had been owned and operated by the Kinopolis Group. Under the agreement with Kinopolis, the Company acquired certain assets relating to Kinopolis' operation of the Poznań theatre and entered into a long-term lease of the 18 screen complex with Kinopolis, which continues to own the building. This multiplex has now become the Company's second theatre operation in Poznań. In addition in January 2007

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the Company resolved a two year old dispute with the developer of two of the Company's planned multiplex sites in Poland – Wloclawek and Elblag . Under the settlement, the Company agreed not to seek to enforce the lease agreements and development of the sites in return for an agreed upon cash payment

In March 2007, the Company opened two multiplexes in Poland, one in Rybnik and one in Sosnowiec. The Rybnik multiplex consists of 8 screens with a total of 1,524 seats. The Sosnowiec multiplex, which is smaller than the Company's typical multiplex, consists of 6 screens with a total of 874 seats. In June 2007, the Company opened two more multiplexes in Poland, one in Lublin and one in Gliwice. The Lublin multiplex consists of 8 screens with a total of 800 seats. The Gliwice multiplex consists of 13 screens with a total of 2,333 seats. All these recently opened Polish multiplexes are located in modern shopping centres, and are part of the Company's overall strategy of expansion to secondary cities in Poland.

During the first quarter of 2007, the Company closed three older multiplex theatres in Israel: in Ashdod, Karmiel and Ashkelon. These closings, which total 16 screens with approximately 2,895 seats, are in line with the Company's ongoing plans to modernize and upgrade its Israeli chain through the closing of its smallest and oldest multiplexes whilst opening modern state-of-the-art larger multiplex theatres.

The Company's total screen count at the end of June 2007 following the above openings (and closings) is 503 (including 7 IMAX[®] theatres).

Highlights of the Company's film distribution operations and video retail for the six months ended 30 June 2007 are as follows:

During the six months ended 30 June 2007, the Company continued to grow its film distribution business geographically, mainly by expanding its DVD distribution activities to the Czech Republic. The Czech DVD distribution business, which has now been established, is scheduled to commence operations during the second half of the year, and will initially distribute DVDs for the Walt Disney Company. Overall performance of the distribution division, however, was disappointing, mainly due to negative performance of the Israeli distribution business.

Highlights of the Company's real estate operations for the six months ended 30 June 2007 are as follows:

In 2006, the Company, through its wholly-owned Dutch subsidiary, IT Sofia B.V., together with its partner, Ocif Development Ltd. ("Ocif"), acquired from a Bulgarian developer, 60% of the equity in a company whose main asset is a parcel of land located in Plovdiv, Bulgaria, on which the Mall of Plovdiv is now being constructed. As noted above, during the second quarter of 2007, the Company sold one-half of its equity interest in the Mall of Plovdiv to GE and Quinlan.

In addition to entering into a share purchase agreement with GE and Quinlan, the selling shareholders, including IT Sofia and Ocif, entered, into an operating agreement with them regulating the rights and obligations of all parties as shareholders in the Mall of Plovdiv and the rights and obligations relating to the development, construction and management of the mall. Under the operating agreement, the selling shareholders, but primarily IT Sofia and Ocif, will remain responsible for completion of the project. Moreover, pursuant to the operating agreement, GE and Quinlan agreed to acquire the remaining 50% interest in the Mall of Plovdiv held by the selling shareholders (including 15% of the shares still held by the Company through IT Sofia) immediately prior to the opening of the mall, for an agreed upon price.

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On 23 July 2007 the Company, through IT Sofia and through a new Bulgarian affiliated company in which IT Sofia holds 45% of the equity, entered into an agreement to purchase a 60-thousand square meter plot of land located in Russe, Bulgaria. Ocif also acquired 45% of the company purchasing the Russe land, with the remaining 10% interest in the company held by the original landowner, which under an agreement with IT Sofia and Ocif, has been granted a right to sell this interest to IT Sofia and Ocif at a future date. The purchase price paid for the plot of land was EUR 22.5 million, of which IT Sofia and Ocif each paid EUR 11.25.

Similar to the Company's real estate investment and development in Sofia Bulgaria, and more recently Plovdiv Bulgaria, the Company, together with Ocif, intends to develop a 25,000 to 35,000 square meter shopping mall with the city's first modern multiplex theatre located therein on the acquired plot of land.

Financial information

The Condensed unaudited Consolidated Financial Statements for the six months ended 30 June 2007 have been prepared by management under International Financial Reporting Standards as adopted by the European Union ("IFRS"), adopting the same accounting principles as used in the 2006 Annual Accounts.

Director's report**Overview of results**

The Company's net income for the six months ended 30 June 2007 was EUR 9,458,000 and can be summarized as follows:

	For the six months ended 30 June	
	2007	2006
	EUR	
	(thousands, except per share data)	
Revenues	80,276	75,501
Operating costs, excluding depreciation and amortisation	<u>57,859</u>	<u>55,902</u>
Gross result	22,417	19,599
General and administrative expenses	<u>4,366</u>	<u>3,302</u>
EBITDA *	18,051	16,297
Depreciation and amortisation	<u>7,148</u>	<u>6,431</u>
Operating profit	10,903	9,866
Financial income	874	251
Financial expenses	(2,768)	(2,360)
Gain/ (loss) on disposals and write-off of other investments	<u>88</u>	<u>(1)</u>
Net income before taxation	9,097	7,756
Income taxes	<u>(183)</u>	<u>(231)</u>
Net income before minority interests	8,914	7,525
Minority interests	<u>544</u>	<u>273</u>
Net income attributable to equity holders of the parent company	<u>9,458</u>	<u>7,798</u>
Net earnings per ordinary share (basic and diluted of EUR 0.01 each)	<u><u>0.19</u></u>	<u><u>0.19</u></u>

* Earnings Before Interest, Taxation, Depreciation and Amortisation. Under this definition, gains and losses on disposals and write-off of other assets as well as currency exchange results are also not included in EBITDA

Director's report

Revenues

Total revenues increased by 6.4% from EUR 75.5 million during the six months ended 30 June 2006 to EUR 80.3 million during the six months ended 30 June 2007.

Theatre operating revenues increased by 21.9% from EUR 47.4 million during the six months ended 30 June 2006 to EUR 57.8 million during the six months ended 30 June 2007. The increase in theatre revenues mainly resulted from an increase in number of admissions because of strong supply of movies especially in Poland in the first quarter of 2007 and the contribution of new cinemas opened in 2006 and in the first six months of 2007. Theater operating revenue also includes the amount received as a settlement of a dispute with the developer of the Company's planned multiplex sites in Wloclawek and Elblag Poland.

Distribution operating revenues decreased by 3.5% from EUR 11.7 million during the six months ended 30 June 2006 to EUR 11.3 million during the six months ended 30 June 2007. The decrease was mainly due to a decrease in distribution activity due to seasonality in the supply of movies. The decrease was partly offset by first time contribution of Forum Home Entertainment Hungary, a new subsidiary, which is distributing DVDs in Hungary and commenced its activities only in September 2006.

Video operating revenues remained at similar level and amounted to EUR 2 million both during the six months ended 30 June 2006 and the six months ended 30 June 2007.

Other revenues, which includes real estate activities, decreased by 35.7% million from EUR 14.3 million during the six months ended 30 June 2006 to EUR 9.2 million during the six months ended 30 June 2007. This was mainly attributed to the fact that revenue generated from the sale of the first 50% of the Mall of Plovdiv in the first half of 2007, was lower than the revenue generated in the first half of 2006 from the sale of the Company's second 50% interest in the Mall of Sofia.

Operating Costs

Operating costs increased by 3.6% from EUR 55.9 million during the six months ended 30 June 2006 to EUR 57.9 million during the six months ended 30 June 2007. This net increase resulted primarily from the total effects of:

- an increase in theatre operating expenses primarily explained by the increase in theatre revenues as described above. Theatre operating expenses, excluding depreciation and amortization, as a percentage of total theatre revenue decreased to 73.2% for the six months ended 30 June 2007, from 73.9% for the six months ended 30 June 2006;
- an increase in distribution operating expenses. Distribution operating expenses, excluding depreciation and amortization, as a percentage of total distribution revenue increased to 102% for the six months ended 30 June 2007, from 94.8% for the six months ended 30 June 2006. The increase in the relative part of operating expenses as a percentage of total revenue was mainly due to lower distribution revenue in Israel during the six months ended 30 June 2007 in comparison to the same period last year.
- Video operating expenses, excluding depreciation and amortization, as a percentage of total video revenue decreased to 63.5% during the six months ended 30 June 2007 from 76.8% during the six months ended 30 June 2006.

Director's report

General and administrative expenses

General and administrative expenses increased by 33.3% from EUR 3.3 million for the six months ended 30 June 2006 to EUR 4.4 million during the six months ended 30 June 2007. General and administrative expenses as a percentage of total revenue increased to 5.4 % for the the six months ended 30 June 2007, from 4.4% for the six months ended 30 June 2006. The increase was mainly a result of the increase in the size of the operation in Poland, the commencement of theatre activities in Bulgaria and DVD distribution activities in Hungary.

The Company recorded expenses related to the long term incentive plan established by the Company at December 2006. Such expenses also contributed to the increase in the general and administrative expenses.

EBITDA

As a result of the factors described above, the earnings before interest tax depreciation and amortisation (EBITDA) increased by 11% from EUR 16.3 million for the six months ended 30 June 2006 to EUR 18.1 million for the six months ended 30 June 2007.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 10.9% from EUR 6.4 million for the six months ended 30 June 2006 to EUR 7.1 million for the six months ended 30 June 2007. This was due primarily to the commencement of operations of the Company's new multiplex screens added during 2006 and the six months ended 30 June 2007.

Operating profit

As a result of the factors described above, the operating profit increased by 10.1% from EUR 9.9 million during the six months ended 30 June 2006 to EUR 10.9 million during the six months ended 30 June 2007.

Financial income/expenses

The balance of financial income and expenses resulted in a net expense of EUR 1.9 million during the six months ended 30 June 2007 compared to a net expense of EUR 2.1 million during the six months ended 30 June 2006. This decrease is mainly due to a decrease in the net debt due to the proceeds from the public offering.

Minority interest

Minority interests for the six months ended 30 June 2007 and 30 June 2006 was comprised of the share of minority shareholders in losses from subsidiaries that are not 100% owned by the Company (EUR 0.5 million and EUR 0.3 million respectively).

Net income

As a result of the factors described above, the Company realized a net income of EUR 9.5 million during the six months ended 30 June 2007 compared to net income of EUR 7.8 million during the six months ended 30 June 2006.

Director's report**Selected financial data**

PLN/EUR	Exchange rate of Euro versus the Polish Zloty			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Quarter end exchange rate
2007 (six months ended 30 June)	3.853	3.714	3.969	3.769
2006 (six months ended 30 June)	3.897	3.732	4.136	4.081

Source: National Bank of Poland ("NBP")

Selected financial data

	EUR		PLN	
	(thousands, except per share data)			
	For the six months ended 30 June			
	2007	2006	2007	2006
Revenues	80,276	75,501	309,303	294,227
Operating profit	10,903	9,866	42,009	38,448
Income before taxation	9,097	7,756	35,051	30,225
Net income attributable to Equity holders of the parent company	9,458	7,798	36,442	30,389
Cash flows from operating activities	7,575	19,304	29,186	75,228
Cash flows used in investment activities	(11,416)	(14,399)	(43,986)	(56,113)
Cash flows used in financing activities	(40,761)	(4,117)	(157,052)	(16,044)
(Decrease)/Increase in cash and cash equivalents	(44,493)	597	(171,432)	2,327
Total assets	226,853	192,898	855,009	787,217
Provisions	6,475	8,353	24,404	34,089
Long term liabilities	39,643	76,197	149,414	310,960
Short term liabilities	45,069	41,852	169,865	170,798
Shareholders' equity	143,538	75,520	540,995	308,197
Share capital	507	407	1,911	1,661
Average number of equivalent shares	50,724,000	40,724,000	50,724,000	40,724,000
Net earnings per ordinary share (basic and diluted)	0.19	0.19	0.72	0.75

Selected financial data were translated from EURO into PLN in the following way:

(i) Balance sheet data were translated using the average exchange rate published by the National Bank of Poland for the last day of the year / period.

(ii) Income Statement and cash flows data were translated using the arithmetical average of average exchange rates published by the National Bank of Poland for the last day of every month within year / period

Director's report

Outlook for the remainder of 2007 and 2008

The summer season has started strongly. July tickets sales were higher than last year in all major territories, while in Poland the Company broke its one month ticket sales record by a substantial margin. The successful releases of *Shrek the Third* and the latest *Harry Potter* instalment were main contributors to these good results.

For the remainder of 2007, the Company plans to open approximately 52 screens. These include the following projects, all of which are under construction:

- In Budapest, Hungary, a 24 screen “megaplex” project, which will become the Company’s largest theatre to date. It will include an IMAX® theatre. The project, scheduled to open during the 4th quarter of the year, is being built on leased space as part of a new shopping mall and entertainment centre that is now under construction.
- In the Czech Republic, one six-screen multiplex site under development in Pilsen, which is scheduled to be opened before the end of the year.
- In Israel, one six-screen site in Modiin, which is also scheduled to open before the end of the year.
- In Romania, where the Company intends to open two multiplex later this year in the cities of Cluj and Iasi. These projects will become the first two projects of the Company in this new and major territory.

Further regarding Romania, the Company is progressing in signing additional lease agreements for future multiplexes at a faster pace than originally projected. Today, the Company has binding commitment for 10 sites (representing 111 screens) in Romania, and is in advanced negotiations for a further number of sites. This represents a significant acceleration in projected long-term activity compared to the three signed leases the Company had at the end of 2006. With these sites and future expansion, the Company believes that Romania will likely become the Company's most active territory for theatre development and expansion. Upon completion of the current sites in the Company's pipeline, Romania will become the second largest country in the Company's operations by number of screens, exceeded only by Poland.

All of the planned Romanian theatres are located on leased sites in shopping centres under development. Six of these malls are already under construction. However, the Company is finding that because the mall opening dates are dependent in the mall developers, and the developers tend to take longer than scheduled to finish the malls, the opening of each of the Company's theatres may be delayed by 3 to 9 months beyond the Company's initial estimates

Director's report**Additional information to the report****Major shareholders**

To the best of the Company's knowledge, as of the date of publication of this short report for the six months ended 30 June 2007 (14 August 2007), the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of 14 August 2007 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 30 June 2007 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 31 December 2006 Number of shares/ % of shares
I.T. International Theaters Ltd.,	32,709,996 / 64.49%	-	32,709,996 / 64.49%	-	32,709,996 / 64.49%
ING Nationale - Nederlanden Polska Otwarty Fundusz Emerytalny	2,700,000 / 5.3%	-	2,700,000 / 5.3%	414,023	2,285,977 / 4.50%

Changes in ownership of shares and rights to shares by Management Board members in the six months ended 30 June 2007 until the date of publication of the report

Changes in ownership of shares and rights to shares by the Management Board members are specified below:

Shares

	As of 14 August 2007 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 30 June 2007 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 31 December 2006 Number of shares/ % of shares
Moshe Greidinger*	11,566,255 / 22.8%	-	11,566,255 / 22.8%	-	11,566,255 / 22.8%
Amos Weltsch	-	-	-	-	-
Israel Greidinger*	11,566,255 / 22.8%	-	11,566,255 / 22.8%	-	11,566,255 / 22.8%

*The shares held by Messrs Moshe and Israel Greidinger are held indirectly through I.T. International Theaters Ltd.

Rights to shares

The members of the Management Board did not own or receive any rights to shares in the Company during the period 31 December 2006 until 14 August 2007.

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Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Supervisory Board members in the six months ended 30 June 2007 until the date of publication of the report

The members of the Supervisory Board did not own any shares and/or rights to shares in the Company during the period 31 December 2006 until 14 August 2007.

Changes in the composition of the Supervisory Board

None.

Other

As of 30 June 2007, the Group has issued guarantees for loans that in total amount to EUR 12 million and Polish zloty 115.5 (EUR 29.9) million in connection with loans provided to subsidiaries.

As of 30 June 2007, the Group has no litigations for claims or liabilities that in total exceed 10% of the Group's equity.

The following net movements in the Group's main provisions took place during the six months ended 30 June 2007 (between brackets the net movements during the second quarter of 2007 are shown):

- a decrease in the provision for deferred tax liabilities of EUR 228,000 (a decrease of 268,000).
- an increase in the provision for accrued employee retirement rights of EUR 103,000 (an increase of € 124,000).
- a decrease in the provision related to onerous lease contracts of EUR 804,000 (a decrease of € 402,000).

The Management Board

Moshe J. (Mooky) Greidinger
President of the board
General Director

Amos Weltsch
Management board
Operational Director

Israel Greidinger
Management board
Financial Director

Rotterdam, 14 August 2007

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007
CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2007 (Unaudited)	31 March 2007 (Unaudited)	31 December 2006 (Audited)*	30 June 2006 (Unaudited)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Intangible fixed assets	733	803	719	312
Property and equipment	176,902	174,357	170,554	164,715
Financial fixed assets	646	836	796	771
Investment in associate	-	143	-	-
Total fixed assets	178,281	176,139	172,069	165,798
CURRENT ASSETS				
Inventories	4,574	4,353	3,919	3,224
Trade and other receivables	32,881	24,587	24,553	18,060
Securities	2,416	4,766	3,725	52
Cash and cash equivalents	8,701	13,055	53,194	5,764
Short term bank deposits - collateralized	-	325	-	-
Total current assets	48,572	47,086	85,391	27,100
TOTAL ASSETS	226,853	223,225	257,460	192,898
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Minority interests	(1,397)	(1,056)	(895)	(671)
LONG-TERM LIABILITIES				
Long-term loans, net of current portion	29,762	31,644	65,739	65,282
Provisions	6,475	7,021	7,404	8,353
Other long-term liabilities	3,406	2,377	2,449	2,562
Total long-term liabilities	39,643	41,042	75,592	76,197
CURRENT LIABILITIES				
Short-term bank credit	20,035	22,811	25,637	21,694
Other current liabilities	25,034	24,869	24,950	20,158
Total current liabilities	45,069	47,680	50,587	41,852
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	226,853	223,225	257,460	192,898

*) Extracted from the 2006 Annual Accounts.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

	For the 6 months ended 30 June 2007 (Unaudited)	For the 3 months ended 30 June 2007 (Unaudited)	For the 6 months ended 30 June 2006 (Unaudited)	For the 3 months ended 30 June 2006 (Unaudited)
	EUR			
	(thousands, except per share data and number of shares)			
Revenues	80,276	42,087	75,501	41,122
Operating costs	<u>65,007</u>	<u>33,679</u>	<u>62,333</u>	<u>32,805</u>
Gross margin	15,269	8,408	13,168	8,317
General and administrative expenses	<u>4,366</u>	<u>2,242</u>	<u>3,302</u>	<u>1,800</u>
Operating profit	10,903	6,166	9,866	6,517
Financial income	874	213	251	(299)
Financial expenses	(2,768)	(1,146)	(2,360)	(813)
Gain/ (loss) on disposals and write-off of other investments	<u>88</u>	<u>61</u>	<u>(1)</u>	<u>11</u>
Income before taxation	9,097	5,294	7,756	5,416
Income taxes	<u>(183)</u>	<u>(46)</u>	<u>(231)</u>	<u>(249)</u>
Net income before minority interests	<u>8,914</u>	<u>5,248</u>	<u>7,525</u>	<u>5,167</u>
Attributable to:				
Equity holders of the Parent Company	9,458	5,633	7,798	5,187
Minority interests in loss of consolidated subsidiaries	<u>(544)</u>	<u>(385)</u>	<u>(273)</u>	<u>(20)</u>
Net income before minority interests	<u>8,914</u>	<u>5,248</u>	<u>7,525</u>	<u>5,167</u>
Weighted average number of equivalent shares	<u>50,724,000</u>	<u>50,724,000</u>	<u>40,724,000</u>	<u>40,724,000</u>
Net earnings per ordinary share (basic and diluted) of EUR 0.01 each	<u>0.19</u>	<u>0.11</u>	<u>0.19</u>	<u>0.13</u>

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	For the 6 months ended 30 June 2007 (Unaudited)	For the 3 months ended 30 June 2007 (Unaudited)	For the 6 months ended 30 June 2006 (Unaudited)	For the 3 months ended 30 June 2006 (Unaudited)
EUR (thousands)				
Balance as of the beginning of the period	132,176	135,559	73,117	72,839
New shares issued	-	-	-	-
Share based payment	150	75	-	-
Public offering related costs(*)	(153)	(28)	-	-
Net income for the period	9,458	5,633	7,798	5,187
Foreign currency translation adjustment	1,907	2,299	(5,395)	(2,506)
Balance at the end of the period	143,538	143,538	75,520	75,520

* represent additional costs directly attributed to the 2006 initial public offering.

CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSES

	For the 6 months ended 30 June 2007 (Unaudited)	For the 3 months ended 30 June 2007 (Unaudited)	For the 6 months ended 30 June 2006 (Unaudited)	For the 3 months ended 30 June 2006 (Unaudited)
EUR (thousands)				
Foreign exchange translation differences before minority interest	1,949	2,343	(5,382)	(2,515)
Net income recognised directly in equity	1,949	2,343	(5,382)	(2,515)
Net income before minority interest	8,914	5,248	7,525	5,167
Total recognised income and expense for the period	10,863	7,591	2,143	2,652
Attributable to:				
Equity holders of the Company	11,365	7,932	2,403	2,681
Minority interests	(502)	(341)	(260)	(29)
Total recognised income and expense for the period	10,863	7,591	2,143	2,652

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the 6 months ended 30 June 2007 (Unaudited)	For the 3 months ended 30 June 2007 (Unaudited)	For the 6 months ended 30 June 2006 (Unaudited)	For the 3 months ended 30 June 2006 (Unaudited)
EUR (thousands)				
Cash flows from operating activities	7,575*	1,352	19,304	15,663
Cash flows used in investing activities	(11,416)	(1,934)	(14,399)	(5,093)
Cash flows used in financing activities	(40,761)	(3,889)	(4,117)	(9,974)
Foreign currency exchange differences on cash	109	117	(191)	(133)
(decrease) / Increase in cash and cash equivalents	(44,493)	(4,354)	597	463
Cash and cash equivalents at the beginning of the period	53,194	13,055	5,167	5,301
Cash and cash equivalents at the end of the period	8,701	8,701	5,764	5,764

* EUR 8.3 million receivable from the sale of Plovdiv as described in page 1 is expected to be received by the end of August 2007 upon a completion of several legal formalities.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Note 1 – General and principal activities**

(a) The accompanying Condensed Consolidated Financial Statements present the financial position per 30 June 2007, results of operations, changes in shareholders' equity, and cash flows for the three and six months ended 30 June 2007 of Cinema City International N.V. ("the Company") and its subsidiaries (together referred to as "the Group") and the Group's interest in associates. The 30 June 2007 Condensed Consolidated Financial Statements were authorised for issue by the management board members on 14 August 2007.

(b) Cinema City International N.V., incorporated in the Netherlands. The shares in the Company are traded on the Warsaw Stock Exchange. As at 30 June 2007, 64.5% of the outstanding shares in the Company are held by I.T. International Theatres Ltd. ("ITIT"), incorporated in Israel. The Group is principally engaged in the operation of entertainment activities in various countries including: Poland, Hungary, Czech Republic, Bulgaria and Israel. The Company is also engaged in managing and establishing its own entertainment real estate projects for rental purposes, in which the Company operates motion picture theatres. In addition, the Company is involved in short-term and long-term real estate trading in Central Europe. The Company's business is in large dependent both upon the availability of suitable motion pictures from third parties for exhibition in its theatres, and the performance of such films in the Company's markets.

Note 2 – Summary of significant accounting policies**A. Basis of preparation**

The Condensed Consolidated Balance Sheets as of 30 June 2007, as of 31 March 2007 and as of 30 June 2006, the Condensed Consolidated Income Statement, the Condensed Consolidated Statements of changes in Shareholders' Equity, the Condensed Statement of recognised income and expenses and the Condensed Consolidated Statements of Cash Flows for the 6 months and for the 3 months ended 30 June 2007 and for the 6 months and for the 3 months ended 30 June 2006 have not been audited. The Consolidated Balance Sheet as of 31 December 2006, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the twelve months ended 31 December 2006 have been audited.

The Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. In the preparation of these financial statements, the Company has followed the same accounting policies used in the Company's 2006 Annual Accounts. The Company's 2006 Annual Accounts have been prepared in accordance with IFRS adopted by the EU to be used for preparation of consolidated financial reporting. In addition, the Company has adopted the standards and interpretations with an effective date before 30 June 2007. The 30 June 2007 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2006.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

Note 2 – Summary of significant accounting policies (cont'd)

B. Functional and reporting currency

The functional currencies of the operations in Central Europe are the relevant local currencies: the Bulgarian leva, the Czech crown, the Hungarian forint and the Polish zloty. The functional currency of the operations in Israel is the New Israeli shekel (NIS).

The financial statements of the above mentioned foreign operations are translated from the functional currency into euros (functional currency of the Company) for both 2006 and 2007 as follows:

Assets and liabilities, both monetary and non-monetary are translated at the closing exchange rate. Income statement items were translated at the average exchange rate for the period. Foreign exchange differences arising on translation have been recognised directly in equity.

C. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

D. Principles of consolidation

These Condensed unaudited Consolidated Financial Statements include the accounts of the Company, its subsidiaries, and jointly controlled entities. Subsidiaries are those enterprises which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases. Jointly controlled entities are those enterprises over whose activities the Company has joint control, established by contractual agreements. The Consolidated Financial Statements include the Company's proportionate share of the enterprises' assets, liabilities, revenues and expenses with items of similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

All inter-company accounts and transactions are eliminated when preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A list of the companies whose financial statements are included in these Condensed Consolidated Financial Statements and the extent of ownership and control appear in Note 11.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

Note 2 – Summary of significant accounting policies (cont'd)

E. Exchange rates

Information relating to the relevant euro exchange rates (at end of period and averages for the period):

As of	Exchange rate of euro				
	Czech crown (CZK)	Hungarian forint (HUF)	Polish zloty (PLN)	US dollar (USD)	Israeli shekel (NIS)
30 June 2007	28.73	246.10	3.77	1.35	5.71
31 December 2006	27.53	252.90	3.86	1.32	5.56
30 June 2006	28.49	282.42	4.04	1.26	5.64

Change during the period	%	%	%	%	%
2007 (6 months)	4.35	(2.69)	(2.33)	2.27	2.70
2006 (12 months)	(5.07)	0.11	0.00	11.86	2.02
2006 (6 months)	(1.76)	11.8	4.66	6.78	3.49

Average for the period	Exchange rate of euro				
	Czech crown (CZK)	Hungarian forint (HUF)	Polish zloty (PLN)	US dollar (USD)	Israeli shekel (NIS)
2007 (6 months)	28.16	251	3.85	1.33	5.52
2006 (12 months)	28.37	264.90	3.91	1.26	5.59
2006 (6 months)	28.52	260.99	3.89	1.23	5.64

Change year over year	%	%	%	%	%
2007 (6 months)	(0.74)	(5.25)	(1.53)	5.55	(1.25)
2006 (12 months)	(4.80)	(6.59)	(2.98)	0.80	0.18
2006 (6 months)	(4.30)	5.01	(3.47)	(1.60)	1.08

Average for the quarter ended 30 June	Exchange rate of euro				
	Czech Crown (CZK)	Hungarian Forint (HUF)	Polish Zloty (PLN)	US Dollar (USD)	Israeli Shekel (NIS)
2007	28.27	248.97	3.81	1.35	5.52
2006	28.42	266.99	3.95	1.26	5.68

Change quarter over quarter	%	%	%	%	%
2007	(0.53)	(6.75)	(3.54)	7.14	(2.82)
2006	(5.83)	6.72	(4.47)	-	2.05

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

Note 3 – Changes in Consolidated Entities

A. Changes in consolidated and associated entities during the first two quarters of 2007:

None

B. Changes in consolidated entities during 2006:

- (a) In May 2006, the Israeli government anti-monopoly office approved the merger of the Company's video retail operations in Israel, which operate under the brand name Video Giant., with its main competitor, Blockbuster. Under the agreement signed between the parties, Video Giant and Kafan Video Libraries Ltd. (operator of the Blockbuster video libraries in Israel) formed a 50/50 joint venture to operate the combined video chain under the brand name Blockbuster. The Company will provide the MD (chief executive officer) for the new JV, while Kafan will provide the chairman of the board. The JV will be jointly controlled between Kafan and the Company and the Company has consolidated the results of operations of this entity proportionally.
- (b) In June 2006, the Company sold its remaining 25% interest in the MO Sofia EAD. The Company has received EUR 13.1 million.
- (c) Forum Film Home Entertainment KFT 100%, owned by the company, was incorporated in Hungary. The company commenced its operation in September 2006 and specializes in video and DVD distribution in Hungary. This distribution company is expected to be the exclusive distributor of the Film DVD activity of 2 major US studios: Warner Bros and Sony (Columbia).
- (d) New Age Cinema KFT 100%, owned by the company, was incorporated in Hungary. The Company commenced operation in October 2006 and specializes in screen advertising.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

Note 4 – Share capital

The authorised share capital of the Company consists of 175,000,000 shares of EUR 0.01 par value each.

The number of issued and outstanding ordinary shares as at 1 January 2006 was 40,724,000. At 5 December 2006, as part of the Initial Public Offering of the Company's shares, the Company issued 10,000,000 ordinary shares. As a result of the share issue in 2006, the total number of shares issued and outstanding at 31 December 2006 and at 30 June 2007 totalled 50,724,000. All shares issued and outstanding at 30 June 2007 have been fully paid up.

Note 5 – Commitments and contingent liabilities

The Company and its subsidiaries did not enter into any new agreements or contracts which resulted in additional significant commitments or contingent liabilities since 31 December 2006. The commitments, contingent liabilities and liens as disclosed in the Company's 2006 Annual Accounts for the year ended 31 December 2006 have not materially changed as at 30 June 2007, except for a cost overrun guarantee as disclosed below.

Per 30 June 2007, the Company, through a subsidiary sold 15% of the shares in Mall of Plovdiv after which the Company still holds a further 15% interest.

The Company has agreed with the same buyers to sell the remaining 15% half immediately prior to the opening of the Mall for an agreed upon formula, while retaining the responsibility for the completion of the project. In this regard, the company has provided the buyers with a cost overrun guarantee, to cover its part in additional costs of completion of the project exceeding the budget.

As of 30 June 2007, the Group has guarantees for loans that in total amount to EUR 12 million and Polish zloty 115.5 million (EUR 29.9 million) in connection with loans provided to subsidiaries.

Cinema City Poland Sp. z o.o., a 100% owned by the Company, is the defendant in a claim brought by Związek Autorów i Kompozytorów ("Zaiks"), a Polish collection society representing screenplay authors and authors of other literary and musical works used in audiovisual works that are exhibited in Poland. The Company understands that Zaiks has also brought similar claims against every other major cinema exhibitor and cable TV operators in Poland. The claimant seeks royalties in the amount of approximately €2.0 million plus interest for the use of works by certain of its members in movies exhibited in Poland. Based on legal advice, the Management Board do not expect the outcome of the claim to have a material effect on the Group's financial position.

Toward the end of February 2007, the Company learned that one of its main Polish competitors lost a similar case before the "second instance" court in Poland. Based on the advice of the Company's lawyers, the Management Board maintain the position that the complaint has no merit and the plaintiff has no standing. The Company will continue to defend the case vigorously.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

Note 6 – Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business. These risks are described in fuller detail in the 2006 Annual Accounts. As at 30 June 2007, the Company has hedged some of its USD and EUR expenses through 2007 and 2008 in respect of its Polish and Hungarian theatre operations, against the Polish Zloty and the Hungarian Forint respectively.

In connection with these obligations, the Company has entered into forward foreign exchange contracts comprising a commitment to buy USD 400,000 at the beginning of each month until December 2008 at fixed prices denominated in Polish Zloty, and forward foreign exchange contracts comprising a commitment to buy USD 195,000 at the beginning of each month during 2007 (USD 270,000 each month during 2008) at fixed prices denominated in Hungarian Forint. These forward foreign exchange contracts have been valued in the consolidated balance sheet at 30 June 2007 at their fair value.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007
Note 7 - Segment Reporting

The primary segment information is presented in respect of the Group's business segments which are in accordance with the Group's management and internal reporting structure. The Group's operations in Israel and Central Europe are organised under the following major business segments:

- Theatre operations
- Distribution - Distribution of movies
- Video + DVD- Rental and sale of video cassettes and DVD
- Other- this includes the company's real estate business.

	For the two quarters ended 30 June 2007					
	EUR (thousands) – (unaudited)					
	<u>Theatre Operations</u>	<u>Distribution</u>	<u>Video & DVD</u>	<u>Other</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues						
External sales	57,810	11,339	1,944	9,183	-	80,276
Inter-segment sales	-	1,289	-	-	(1,289)	-
Total revenues	<u>57,810</u>	<u>12,628</u>	<u>1,944</u>	<u>9,183</u>	<u>(1,289)</u>	<u>80,276</u>
	<u>6,413</u>	<u>(1,164)</u>	<u>(1)</u>	<u>5,655</u>	<u>-</u>	<u>10,903</u>
Segment results						
Net financial expense						(1,894)
Gain and loss on disposals						88
Income taxes						(183)
Minority interests						<u>544</u>
Net income						<u>9,458</u>

	30 June 2007					
	EUR (thousands) – (unaudited)					
	<u>Theatre Operations</u>	<u>Distribution</u>	<u>Video & DVD</u>	<u>Other</u>	<u>Unallocated</u>	<u>Consolidated</u>
Segment assets	<u>185,816</u>	<u>14,004</u>	<u>2,553</u>	<u>23,833</u>	<u>647</u>	<u>226,853</u>
Segment liabilities	<u>21,541</u>	<u>7,324</u>	<u>1,297</u>	<u>1,394</u>	<u>51,759</u>	<u>83,315</u>
Capital expenditure	<u>11,632</u>	<u>38</u>	<u>405</u>	<u>42</u>	<u>-</u>	<u>12,117</u>

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007
Note 7 - Segment Reporting (cont'd)

	For the two quarters ended 30 June 2006					
	EUR (thousands) – (unaudited)					
	<u>Theatre Operations</u>	<u>Distribution</u>	<u>Video & DVD</u>	<u>Other</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues						
External sales	47,452	11,668	2,056	14,325	-	75,501
Inter-segment sales	-	1,206	-	-	(1,206)	-
Total revenues	<u>47,452</u>	<u>12,874</u>	<u>2,056</u>	<u>14,325</u>	<u>(1,206)</u>	<u>75,501</u>
Segment results	<u>5,540</u>	<u>115</u>	<u>(372)</u>	<u>4,583</u>	<u>-</u>	<u>9,866</u>
Net financial expense						(2,109)
Loss on disposals and other write-offs						(1)
Income taxes						(231)
Minority interests						273
Net income						<u>7,798</u>

	30 June 2006					
	EUR (thousands) – (unaudited)					
	<u>Theatre Operations</u>	<u>Distribution</u>	<u>Video & DVD</u>	<u>Other</u>	<u>Unallocated</u>	<u>Consolidated</u>
Segment assets	<u>166,479</u>	<u>7,383</u>	<u>3,214</u>	<u>15,051</u>	<u>771</u>	<u>192,898</u>
Segment liabilities	<u>18,737</u>	<u>3,533</u>	<u>937</u>	<u>5,519</u>	<u>88,652</u>	<u>117,378</u>
Capital expenditure	<u>11,030</u>	<u>6</u>	<u>1,293</u>	<u>78</u>	<u>-</u>	<u>12,407</u>

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

Note 8 – Share-based payments

Towards the end of 2006, a new long-term incentive plan (the “Plan”) was implemented. The persons eligible for participation in the Plan are the employees of the Group, including the members of the Management Board. Under the Plan, share options are granted to members of the Management Board and selected employees. The exercise price of the granted options determined by the Supervisory Board on the date of granting the share options and shall not be less than the fair market value at the time of the grant of the options. Options are conditional on the employee being employed or Board member being in office at the time the Options are exercisable (vesting period). Options granted shall vest over three years after the date of the grant: one third vesting after one year, one third vesting after two years and one third vesting after three year. The options have a contractual option term of ten years.

On 6 December a total number of 477,000 options with an exercise price of EUR 5.05 each, vesting in 3 years and having an option term of 4 years, were granted to certain employees of the Group. Members of the Management Board did not receive any options during 2006. The vesting dates of the options are as follows:

	Number of options
6 December 2007	159,000
6 December 2008	159,000
6 December 2009	159,000
	<u>477,000</u>

The weighted average fair value of options granted in 2006 using the Black-Scholes valuation model was approximately EUR 1 per option. The significant inputs into the model were a weighted average share price of EUR 5.05 at the grant date, the exercise price mentioned above, volatility of 20%, dividend yield of 0%, an option life of 4 years and an annual risk free rate of 4%.

The costs impact of the share-based payment on the financial statements of the Company was an expense of EUR 150,000 recognised in the income statement with a corresponding increase in equity.

Note 9 – Related party transactions

There were no material transactions and balances with related parties during the first two quarters of 2007.

Note 10 – Impairment losses and provisions

During the first six months of the financial year 2007, no impairment losses were charged.

The net movements in the Group’s main provisions took place during the first six months of the financial year 2007 are disclosed in the directors' report (see page 10).

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007**Note 11 - Details of corporations in the Group**

30 June 2007				
	Direct/indirect voting right of the Company	The Company's equity share in subsidiary	Consolidation	Currency
	%	%	%	
I.T. International Theatres 2004 Ltd.	100%	100%	Full	(6)
I.T. Magyar Cinemas Kft	100%	100%	Full	(2)
Kino 2005 a.s.	100%	100%	Full	(3)
I.T. Sadyba B.V.	100%	100%	Full	(1)
Cinema City Poland Sp.Zoo	100%	100%	Full	(4)
IT Development 2003	100%	100%	Full	(4)
I.T. Czech Cinemas S.R.O.	100%	100%	Full	(3)
I.T. Sofia B.V.	100%	100%	Full	(1)
New Age Media Sp.Zoo	100%	100%	Full	(4)
Forum Film Poland Sp.Zoo	100%	100%	Full	(4)
All Job Poland Sp. Zoo	100%	100%	Full	(4)
Norma Film Ltd.	60%	50%	Full	(6)
Forum Film Ltd.	60%	50%	Full	(6)
Ya'af - Giant Video Library Network Ltd.	60%	30%	Full	(6)
Ya'af – Automatic Video Machines Ltd.	60%	50%	Full	(6)
Kafan et Anak limited partnership	25%	15%	Proportionate	(6)
Mabat Ltd.	100%	100%	Full	(6)
Teleticket Ltd.	100%	100%	Full	(6)
Cinema Plus Ltd.	100%	100%	Full	(6)
Cinema City Bulgaria EOOD	100%	100%	Full	(5)
Forum Film Home Entertainment KFT	100%	100%	Full	(2)
New Age Cinema KFT	100%	100%	Full	(2)
Forum Hungary Film Distribution KFT	100%	100%	Full	(2)
Mall of Plovdiv EOOD	15%	15%	Not consolidated-held for sale	(5)

(1) A holding company in the Netherlands.

(2) Hungarian corporation.

(3) Czech corporation.

(4) Polish corporation

(5) Bulgarian corporation.

(6) Israeli corporation.

The details of corporation during 2006 were similar to the details of corporation during the first two quarters of 2007 as shown above, except for new entities as described in note 3B and the interest in Mall of Plovdiv, which was purchased on 2 July 2006.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007
Note 12 – Condensed unconsolidated financial statements of Cinema City International N.V.
Condensed unconsolidated balance sheet as at

	30 June 2007 (Unaudited)	31 March 2007 (Unaudited)	31 December 2006 (Audited)*	30 June 2006 (Unaudited)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Property and equipment	30	30	30	1,758
Investments in subsidiaries	137,629	129,440	125,903	76,835
Total fixed assets	137,659	129,470	125,933	78,593
CURRENT ASSETS				
Trade and other receivables	573	550	3,413	520
Cash and cash equivalents	680	7,724	45,758	2,635
Receivables from subsidiaries	14,810	-	-	14,018
Total current assets	16,063	8,274	49,171	17,173
TOTAL ASSETS	153,722	137,744	175,104	95,766
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	507	507	507	407
Premium on share capital	89,942	89,820	89,945	43,553
Other reserves	36,757	36,832	25,019	24,999
Accumulated currency translation adjustments	6,874	4,575	4,967	(1,237)
Net profit for the period	9,458	3,825	11,738	7,798
Total shareholders' equity	143,538	135,559	132,176	75,520
CURRENT LIABILITIES				
Payable to subsidiaries	9,914	-	40,829	18,716
Other current liabilities	270	2,185	2,099	1,530
Total current liabilities	10,184	2,185	42,928	20,246
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	153,722	137,744	175,104	95,766

*) Extracted from the 2006 Annual Accounts.

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007**Note 12 – Condensed unconsolidated financial statements (cont'd)****Condensed unconsolidated income statement**

	For the 6 months ended 30 June 2007 (Unaudited)	For the 3 months ended 30 June 2007 (Unaudited)	For the 6 months ended 30 June 2006 (Unaudited)	For the 3 months ended 30 June 2006 (Unaudited)
EUR				
(thousands, except per share data and number of shares)				
Revenues	-	-	-	-
General and administrative expenses	<u>461</u>	<u>177</u>	<u>352</u>	<u>181</u>
Operating profit	(461)	(177)	(352)	(181)
Financial income	353	24	26	15
Financial expenses	(89)	(21)	(52)	(43)
Currency exchange results	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income before taxation	(197)	(174)	(378)	(209)
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income after taxation	(197)	(174)	(378)	(209)
Result from subsidiaries after taxation	<u>9,655</u>	<u>5,807</u>	<u>8,176</u>	<u>5,396</u>
Net income	<u>9,458</u>	<u>5,633</u>	<u>7,798</u>	<u>5,187</u>
Weighted average number of equivalent shares	<u>50,724,000</u>	<u>50,724,000</u>	<u>40,724,000</u>	<u>40,724,000</u>
Net earnings per ordinary share (basic and diluted) of EUR 0.01 each	<u>0.19</u>	<u>0.11</u>	<u>0.19</u>	<u>0.13</u>

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007**Note 12 – Condensed unconsolidated financial statements (cont'd)****Condensed unconsolidated statement of changes in shareholders' equity**

	For the 6 months ended 30 June 2007 (Unaudited)	For the 3 months ended 30 June 2007 (Unaudited)	For the 6 months ended 30 June 2006 (Unaudited)	For the 3 months ended 30 June 2006 (Unaudited)
EUR (thousands)				
Balance as of the beginning of the period	132,176	135,559	73,117	72,839
New shares issued	-	-	-	-
Share based payment	150	75	-	-
Public offering related costs(*)	(153)	(28)	-	-
Net income for the period	9,458	5,633	7,798	5,187
Foreign currency translation adjustment	1,907	2,299	(5,395)	(2,506)
Balance at the end of the period	143,538	143,538	75,520	75,520

* represent additional costs directly attributed to the 2006 initial public offering.

Condensed unconsolidated cash flow statement

	For the 6 months ended 30 June 2007 (Unaudited)	For the 3 months ended 30 June 2007 (Unaudited)	For the 6 months ended 30 June 2006 (Unaudited)	For the 3 months ended 30 June 2006 (Unaudited)
EUR (thousands)				
Cash flows from operating activities	(45,127)	(6,946)	12,740	10,611
Cash flows from investing activities	52	(20)	(11,541)	(10,057)
Cash flows from financing activities	(3)	(78)	-	-
Increase/(decrease) in cash and cash equivalents	(45,078)	(7,044)	1,199	554
Cash and cash equivalents at the beginning of the period	45,758	7,724	1,436	2,081
Cash and cash equivalents at the end of the period	680	680	2,635	2,635

Condensed Consolidated Financial Statements for the two quarters ended 30 June 2007

Note 12 – Condensed unconsolidated financial statements (cont'd)

Additional information to the condensed unconsolidated financial statements of Cinema City International N.V.

The accounting principles and measurement basis of these Condensed Unconsolidated Financial Statements are consistent with those applied with respect to the 2006 Annual Accounts and have remained unchanged. In the preparation of these financial statements, the Company has followed the same accounting policies as used for the Condensed Consolidated Financial Statements as referred to in Note 2A. The Company's 2006 Annual Accounts have been prepared in accordance with IFRS adopted by the EU to be used for preparation of consolidated financial reporting. The 30 June 2007 Condensed Unconsolidated Financial Statements should be read in conjunction with the audited 2006 Annual Accounts. In addition, the Company has adopted the standards and interpretations with an effective date before 30 June 2007.

As the significant event for the Group also apply to the Company on a stand-alone basis, reference is made to the Directors' Report where the highlights during the first two quarters of 2007 are described.