

Cinema City International N.V.

Quarterly Consolidated Financial Report

for the nine months ended

30 September 2007

Quarterly Report for the nine months ended 30 September 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, Israel and Romania in the near future. 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 mid of November 2007 the market share price was approximately PLN 35.99 (EUR 9.9) giving the Company a market capitalization of approximately EUR 502 million. The Company's headquarters and principal place of business are located in Rotterdam, the Netherlands.

Highlights during the nine months ended 30 September 2007

The nine months ended 30 September 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 nine months ended 30 September 2006 (which itself was also a strong period). Consolidated EBITDA increased from EUR 22.9 million in the first nine months of 2006 to EUR 26.6 million for the first nine months of 2007. Net income increased from EUR 10.3 million for the first nine months of 2006 to EUR 13.0 million for the first nine months of 2007.

The Company's theatre operations performed well during the first nine months of 2007, supported by a well received supply of international movies. In particular, the Company's Polish operations performed very well in the first nine months of 2007, supported also 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 nine months of operations in 2007, together with the 18 screens in Poznan acquired by the Company in January 2007 from the Kinopolis Group and additional 35 screens opened during the first nine months of 2007, all contributed to the positive results in Poland, both in terms of number of admissions and EBITDA.

During the nine months ended 30 September 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 nine months ended 30 September 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.

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This multiplex has now become the Company's second theatre operation in Poznań. In addition, in January 2007 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 September 2007 following the above openings (and closings) is 503 (including 7 IMAX[®] theatres).

During the fourth quarter of 2007, the Company closed an older 4 screen multiplex theatre located in Sevionim, Israel.

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

During the nine months ended 30 September 2007, the Company continued to grow its film distribution business geographically, mainly by extending its DVD distribution activities to the Czech Republic. The Czech DVD distribution business, which commenced operations during the third quarter, 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 nine months ended 30 September 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 the purchasers 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

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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.

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 million. 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.

Director's report**Financial information**

The Condensed unaudited Consolidated Financial Statements for the nine months ended 30 September 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.

Overview of results

The Company's net income for the nine months ended 30 September 2007 was EUR 13,013,000 and can be summarized as follows:

	For the nine months ended 30 September	
	2007	2006
	EUR	
	(thousands, except per share data)	
Revenues	121,772	109,434
Operating costs, excluding depreciation and amortisation	89,054	81,999
Gross result	32,718	27,435
General and administrative expenses	6,095	4,568
EBITDA *	26,623	22,867
Depreciation and amortisation	11,036	9,446
Operating profit	15,587	13,421
Financial income	1,436	387
Financial expenses	(4,386)	(3,457)
Gain/(loss) on disposals and write-off of other investments	20	(14)
Net income before taxation	12,657	10,337
Income taxes	(473)	(452)
Net income before minority interests	12,184	9,885
Minority interests	829	402
Net income attributable to equity holders of the parent company	13,013	10,287
Weighted average number of equivalent shares	50,724,000	40,724,000
Net earnings per ordinary share (basic and diluted of EUR 0.01 each)	0.26	0.25

* 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

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Revenues

Total revenues increased by 11.2% from EUR 109.4 million during the nine months ended 30 September 2006 to EUR 121.7 million during the nine months ended 30 September 2007.

Theatre operating revenues increased by 29.1% from EUR 71.7 million during the nine months ended 30 September 2006 to EUR 92.6 million during the nine months ended 30 September 2007. The increase in theatre revenues mainly resulted from an increase in number of admissions because of strong supply of movies, especially in Poland, and the contribution of new cinemas opened in 2006 and in the first nine months of 2007. Theatre 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 in Poland.

Distribution operating revenues remained at similar level and amounts to EUR 16.5 million both during the nine months ended 30 September 2006 and the nine months ended 30 September 2007. This can be explained as the net effect of:

- A decrease in Israel and Poland, mainly due to the differences in the supply of movies.
- An increase due to the 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 and the first time contribution of Home Entertainment Czech, a new subsidiary, which is distributing DVDs in the Czech and commenced its activities during the third quarter of 2007.

Video operating revenues decreased by 14.7% from EUR 3.4 million during the nine months ended 30 September 2006 to EUR 2.9 million during the nine months ended 30 September 2007. The decrease is mainly due to reduction in DVD rental, and the restructuring post the merger in May 2006 between Video Giant with Blockbuster as described in note 3B(a) to the Condensed Consolidated Financial statements.

Other revenues, which includes real estate activities, decreased by 45.8% from EUR 17.9 million during the nine months ended 30 September 2006 to EUR 9.7 million during the nine months ended 30 September 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 nine months of 2007, was lower than the revenue generated in the first nine months of 2006 from the sale of the Company's second 50% interest in the Mall of Sofia. Other revenue during the nine months ended 30 September 2007 also includes revenues generated from the sale of a building in the Czech Republic.

Operating Costs

Operating costs increased by 8.7% from EUR 82.0 million during the nine months ended 30 September 2006 to EUR 89.1 million during the nine months ended 30 September 2007. This increase resulted primarily from the net effect 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 remained 73.3% at similar level both for the nine months ended 30 September 2007 and for the nine months ended 30 September 2006;

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- An increase in distribution operating expenses. Distribution operating expenses, excluding depreciation and amortization, as a percentage of total distribution revenue increased to 99% for the nine months ended 30 September 2007, from 96.8% for the nine months ended 30 September 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 nine months ended 30 September 2007 in comparison to the same period last year.
- A decrease in Video operating expenses primarily explained by the decrease in Video revenues as described above. Video operating expenses, excluding depreciation and amortization, as a percentage of total video revenue decreased to 59.8% during the nine months ended 30 September 2007 from 78.8% during the nine months ended 30 September 2006.

General and administrative expenses

General and administrative expenses increased by 32.6% from EUR 4.6 million for the nine months ended 30 September 2006 to EUR 6.1 million during the nine months ended 30 September 2007. General and administrative expenses as a percentage of total revenue increased to 5.0% for the the nine months ended 30 September 2007, from 4.2% for the nine months ended 30 September 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 and the Czech Republic. In addition, the Company recorded expenses related to the long term incentive plan established by the Company in 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 16.2% from EUR 22.9 million for the nine months ended 30 September 2006 to EUR 26.6 million for the nine months ended 30 September 2007.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 17 % from EUR 9.4 million for the nine months ended 30 September 2006 to EUR 11.0 million for the nine months ended 30 September 2007. This was due primarily to the commencement of operations of the Company's new multiplex screens added during 2006 and the first nine months of 2007.

Operating profit

As a result of the factors described above, the operating profit increased by 16.4 % from EUR 13.4 million during the nine months ended 30 September 2006 to EUR 15.6 million during the nine months ended 30 September 2007.

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Financial income/expenses

The balance of financial income and expenses resulted in a net expense of EUR 3.0 million during the nine months ended 30 September 2007 compared to a net expense of EUR 3.1 million during the nine months ended 30 September 2006. Net financial results were positively impacted by the inflow of capital following the Company's IPO, which was used, in part, to repay outstanding indebtedness and which also generated interest income. This was offset in part by currency losses relating to future currency contracts the Company purchased in order to fix the rate of exchange used to calculate payments due under certain of the Company's dollar denominated lease agreements, and by interest expenses related to the loans maintained by the Company for its ongoing development plan.

Minority interest

Minority interests for the nine months ended 30 September 2007 and 30 September 2006 was comprised of the share of minority shareholders in losses from subsidiaries that are not 100% owned by the Company (EUR 0.8 million and EUR 0.4 million respectively).

Net income

As a result of the factors described above, the Company realized a net income of EUR 13.0 million during the nine months ended 30 September 2007 compared to net income of EUR 10.3 million during the nine months ended 30 September 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 (9 months)	3.8314	3.7443	3.9385	3.7775
2006 (9 months)	3.9171	3.7565	4.1065	3.9835

Source: National Bank of Poland ("NBP")

Selected financial data

	EUR		PLN	
	(thousands, except per share data)			
	For the nine months ended 30 September			
	2007	2006	2007	2006
Revenues	121,772	109,434	466,557	428,664
Operating profit	15,587	13,421	59,720	52,571
Income before taxation	12,657	10,337	48,494	40,491
Net income attributable to Equity holders of the parent company	13,013	10,287	49,858	40,295
Cash flows from operating activities	21,888	21,160	83,862	82,886
Cash flows used in investment activities	(28,563)	(18,106)	(109,436)	(70,923)
Cash flows provided by/(used in) financing activities	(37,559)	3,962	(143,904)	15,520
Increase in cash and cash equivalents	(44,161)	6,905	(169,198)	27,048
Total assets	234,024	205,273	884,026	817,705
Provisions	6,169	6,352	23,303	25,303
Long term liabilities	45,609	81,888	172,288	326,201
Short term liabilities	43,470	44,230	164,208	176,190
Shareholders' equity	146,649	79,999	553,967	318,676
Share capital	507	407	1,915	1,621
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)	0.26	0.25	0.98	0.99

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

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Outlook for the remainder of 2007 and 2008

Through the end of the first quarter of 2008, the Company currently plans to open approximately 48 screens. A number of these screens were originally scheduled to open in the fourth quarter of 2007. The relatively minor delays have resulted from the actions of the shopping mall developers upon whose sites the theatres are being constructed and are therefore not within the control of the Company to manage. The next theatres planned to be opened 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 by the middle of January 2008, 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, a 6 screen multiplex site under development in Pilzen, which was scheduled to open before the end of the year is now scheduled to open during the first quarter of 2008.
- In Romania, two multiplexes are scheduled to open this month (November 2007) in the cities of Cluj and Iasi. These projects will become the first two projects of the Company in Romania.
- In Israel, one six-screen site in Modiin, which was scheduled to open before the end of the year, is now scheduled to open during the first quarter of 2008.

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 a binding commitment for 20 sites (representing about 200 screens) in Romania, and is in advanced negotiations in respect of 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 of projects, 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 centers. Three of the shopping malls are already open and are expected to have the cinema opened in the following few months. Six additional malls are already under construction.

In spite of the above, the Company finds that because the mall opening dates are dependent on the mall developers and they tend to finish the malls behind schedule, 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 nine months ended 30 September 2007 (14 November 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 November 2007 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 30 September 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 / 5.32%	-	2,700,000 / 5.32%	414,023	2,285,977 / 4.50%

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2007 and 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 November 2007 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 30 September 2007 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 31 December 2006 Number of shares/ % of shares
Moshe Greidinger*	11,567,811 / 22.8%	-	11,567,811 / 22.8%	1,556	11,566,255 / 22.8%
Amos Weltsch Israel Greidinger*	none 11,567,811 / 22.8%	none -	none 11,567,811 / 22.8%	none 1,556	none 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 November 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 nine months ended 30 September 2007 and until the date of publication of the report

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

Changes in the composition of the Supervisory Board

None.

Other

As of 30 September 2007, the Group has issued guarantees for loans that in total amount to EUR 12 million and Polish zloty 115.5 (EUR 30.4) million in connection with loans provided to subsidiaries.

As of 30 September 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 nine months ended 30 September 2007 (between brackets the net movements during the third quarter of 2007 are shown):

- an increase in the provision for deferred tax liabilities of EUR 59,000 (an increase of EUR 287,000).
- a decrease in the provision for accrued employee retirement rights of EUR 88,000 (a decrease of EUR 190,000).
- a decrease in the provision related to onerous lease contracts of EUR 1,206,000 (a decrease of EUR 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 November 2007

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007

CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2007 (Unaudited)	30 June 2007 (Unaudited)	31 December 2006 (Audited)*	30 September 2006 (Unaudited)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Intangible fixed assets	676	733	719	313
Property and equipment	175,452	176,902	170,554	166,396
Financial fixed assets	699	646	796	633
Total fixed assets	<u>176,827</u>	<u>178,281</u>	<u>172,069</u>	<u>167,342</u>
CURRENT ASSETS				
Inventories	4,800	4,574	3,919	3,424
Trade and other receivables	24,743	32,881	24,553	22,379
Securities and short term receivable held for sale	18,277	2,416	3,725	56
Cash and cash equivalents	9,033	8,701	53,194	12,072
Short term bank deposits - collateralized	344	-	-	-
Total current assets	<u>57,197</u>	<u>48,572</u>	<u>85,391</u>	<u>37,931</u>
TOTAL ASSETS	<u>234,024</u>	<u>226,853</u>	<u>257,460</u>	<u>205,273</u>
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Minority interests	(1,704)	(1,397)	(895)	(844)
LONG-TERM LIABILITIES				
Long-term loans, net of current portion	36,049	29,762	65,739	71,247
Provisions	6,169	6,475	7,404	6,352
Other long-term liabilities	3,391	3,406	2,449	4,289
Total long-term liabilities	<u>45,609</u>	<u>39,643</u>	<u>75,592</u>	<u>81,888</u>
CURRENT LIABILITIES				
Short-term bank credit	17,136	20,035	25,637	24,842
Other current liabilities	26,334	25,034	24,950	19,388
Total current liabilities	<u>43,470</u>	<u>45,069</u>	<u>50,587</u>	<u>44,230</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>234,024</u>	<u>226,853</u>	<u>257,460</u>	<u>205,273</u>

*) Extracted from the 2006 Annual Accounts.

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 (Unaudited)	For the 3 months ended 30 September 2006 (Unaudited)
	EUR			
	(thousands, except per share data and number of shares)			
Revenues	121,772	41,496	109,434	33,933
Operating costs	<u>100,090</u>	<u>35,083</u>	<u>91,445</u>	<u>29,112</u>
Gross margin	21,682	6,413	17,989	4,821
General and administrative expenses	<u>6,095</u>	<u>1,729</u>	<u>4,568</u>	<u>1,266</u>
Operating profit	15,587	4,684	13,421	3,555
Financial income	1,436	562	387	136
Financial expenses	(4,386)	(1,618)	(3,457)	(1,097)
Gain/(loss) on disposals and write-off of other investments	<u>20</u>	<u>(68)</u>	<u>(14)</u>	<u>(13)</u>
Income before taxation	12,657	3,560	10,337	2,581
Income taxes	<u>(473)</u>	<u>(290)</u>	<u>(452)</u>	<u>(221)</u>
Net income before minority interests	<u>12,184</u>	<u>3,270</u>	<u>9,885</u>	<u>2,360</u>
Attributable to:				
Equity holders of the Parent Company	13,013	3,555	10,287	2,489
Minority interests in loss of consolidated subsidiaries	<u>(829)</u>	<u>(285)</u>	<u>(402)</u>	<u>(129)</u>
Net income before minority interests	<u>12,184</u>	<u>3,270</u>	<u>9,885</u>	<u>2,360</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>0.26</u>	<u>0.07</u>	<u>0.25</u>	<u>0.06</u>

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 (Unaudited)	For the 3 months ended 30 September 2006 (Unaudited)
EUR (thousands)				
Balance as of the beginning of the period	132,176	143,538	73,117	75,520
Share based payment	225	75	-	-
Public offering related costs(*)	(153)	-	-	-
Net income for the period	13,013	3,555	10,287	2,489
Foreign currency translation adjustment	1,388	(519)	(3,405)	1,990
Balance at the end of the period	<u>146,649</u>	<u>146,649</u>	<u>79,999</u>	<u>79,999</u>

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

CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSES

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 (Unaudited)	For the 3 months ended 30 September 2006 (Unaudited)
EUR (thousands)				
Foreign exchange translation differences before minority interest	1,408	(541)	(3,436)	1,946
Net income before minority interest	12,184	3,270	9,885	2,360
Total recognised income and expense for the period	<u>13,592</u>	<u>2,729</u>	<u>6,449</u>	<u>4,306</u>
Attributable to:				
Equity holders of the Company	14,401	3,036	6,882	4,479
Minority interests	(809)	(307)	(433)	(173)
Total recognised income and expense for the period	<u>13,592</u>	<u>2,729</u>	<u>6,449</u>	<u>4,306</u>

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 (Unaudited)	For the 3 months ended 30 September 2006 (Unaudited)
	EUR (thousands)			
Cash flows from operating activities	21,888	14,313	21,160	1,856
Cash flows used in investing activities	(28,563)	(17,147)	(18,106)	(3,707)
Cash flows (used in) / from financing activities	(37,559)	3,202	3,962	8,079
Foreign currency exchange differences on cash	73	(36)	(111)	80
(Decrease) / increase in cash and cash equivalents	(44,161)	332	6,905	6,308
Cash and cash equivalents at the beginning of the period	53,194	8,701	5,167	5,764
Cash and cash equivalents at the end of the period	9,033	9,033	12,072	12,072

Condensed Consolidated Financial Statements for the nine months ended 30 September 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 September 2007, results of operations, changes in shareholders' equity, and cash flows for the three and nine months ended 30 September 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 September 2007 Condensed Consolidated Financial Statements were authorised for issue by the management board members on 14 November 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 September 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, Israel and Romania in the near future. 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 September 2007, as of 30 June 2007 and as of 30 September 2006, the Condensed Consolidated Income Statement, the Condensed Consolidated Statements of changes in Shareholders' Equity, the Condensed Statement of recognized income and expenses and the Condensed Consolidated Statements of Cash Flows for the 9 months and for the 3 months ended 30 September 2007 and for the 9 months and for the 3 months ended 30 September 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 September 2007. The 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 September 2007	27.60	252.43	3.79	1.43	5.74
31 December 2006	27.53	252.90	3.86	1.32	5.56
30 September 2006	28.33	273.41	3.98	1.27	5.45
Change during the period	%	%	%	%	%
2007 (9 months)	0.25	(0.20)	(1.81)	8.34	3.24
2006 (12 months)	(5.07)	0.11	0.00	11.86	2.02
2006 (9 months)	(2.29)	8.23	3.10	7.63	0.00

Average for the period	Exchange rate of euro				
	Czech crown (CZK)	Hungarian forint (HUF)	Polish Zloty (PLN)	US dollar (USD)	Israeli Shekel (NIS)
2007 (9 months)	28.10	251.51	3.83	1.34	5.61
2006 (12 months)	28.37	264.90	3.91	1.26	5.59
2006 (9 months)	28.47	266.22	3.92	1.24	5.63
Change year over year	%	%	%	%	%
2007 (9 months)	(0.95)	(5.05)	(2.05)	6.35	0.36
2006 (12 months)	(4.80)	6.59	(2.98)	0.80	0.18
2006 (9 months)	(4.46)	7.11	(2.73)	(0.80)	0.90

Average for the quarter ended 30 September	Exchange rate of euro				
	Czech Crown (CZK)	Hungarian Forint (HUF)	Polish Zloty (PLN)	US Dollar (USD)	Israeli Shekel (NIS)
2007	27.97	252.53	3.80	1.37	5.77
2006	28.37	276.52	3.97	1.28	5.62
Change quarter over quarter	%	%	%	%	%
2007	(1.41)	(8.68)	(4.03)	7.03	2.67
2006	(4.65)	12.40	(1.42)	4.48	1.22

Since the exchange rate of Bulgarian Leva versus the Euro for the applicable periods is unchanged, a currency table is not added. The exchange rate for the applicable periods used is 1.95583 Bulgarian Leva for one Euro.

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007

Note 3 – Changes in Consolidated Entities

A. Changes in consolidated and associated entities during the first nine months of 2007:

Forum Home Entertainment Czech s.r.o., 100% owned by the Company, was incorporated in the Czech Republic. The Company commenced operation in July 2007 and specializes in the distribution of DVD movies.

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 nine months ended 30 September 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 September 2007 totalled 50,724,000. All shares issued and outstanding at 30 September 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 September 2007, except for further commitments to open new cinemas as part of the company expansion plan and except for a cost overrun guarantee as disclosed below.

At the end of 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% 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 September 2007, the Group has guarantees for loans that in total amount to EUR 12 million and Polish zloty 115.5 million (EUR 30.4 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 EUR 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.

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 September 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

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007

prices denominated in Hungarian Forint. These forward foreign exchange contracts have been valued in the consolidated balance sheet at 30 September 2007 at their fair value.

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 nine months ended 30 September 2007					
	EUR (thousands) – (unaudited)					
	Theatre Operations	Distribution	Video & DVD	Other	Eliminations	Consolidated
Revenues						
External sales	92,580	16,540	2,933	9,719	-	121,772
Inter-segment sales	-	2,848	-	-	(2,848)	-
Total revenues	92,580	19,388	2,933	9,719	(2,848)	121,772
Segment results	11,251	(1,278)	85	5,529	-	15,587
Net financial expense						(2,950)
Gain and loss on disposals						20
Income taxes						(473)
Minority interests						829
Net income						13,013

	30 September 2007					
	EUR (thousands) – (unaudited)					
	Theatre Operations	Distribution	Video & DVD	Other	Unallocated	Consolidated
Segment assets	183,266	13,925	2,598	33,536	699	234,024
Segment liabilities	22,617	5,986	1,342	1,996	55,434	87,375
Capital expenditure	14,229	184	474	154	-	15,041

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007
Note 7 - Segment Reporting (cont'd)

For the nine months ended 30 September 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	71,689	16,511	3,380	17,854	-	109,434
Inter-segment sales	-	2,505	-	-	(2,505)	-
Total revenues	<u>71,689</u>	<u>19,016</u>	<u>3,380</u>	<u>17,854</u>	<u>(2,505)</u>	<u>109,434</u>
Segment results	<u>7,923</u>	<u>(292)</u>	<u>(390)</u>	<u>6,180</u>	<u>-</u>	<u>13,421</u>
Net financial expense						(3,070)
Loss on disposals and other write-offs						(14)
Income taxes						(452)
Minority interests						402
Net income						<u>10,287</u>

30 September 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>182,086</u>	<u>8,456</u>	<u>2,897</u>	<u>11,201</u>	<u>633</u>	<u>205,273</u>
Segment liabilities	<u>19,652</u>	<u>3,874</u>	<u>1,300</u>	<u>2,736</u>	<u>97,712</u>	<u>125,274</u>
Capital expenditure	<u>15,574</u>	<u>31</u>	<u>1,342</u>	<u>204</u>	<u>-</u>	<u>17,151</u>

Condensed Consolidated Financial Statements for the nine months ended 30 September 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 225,000 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 nine months of 2007.

Note 10 – Impairment losses and provisions

During the first nine 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 nine months of the financial year 2007 are disclosed in the directors' report (see page 11).

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**Note 11 - Details of corporations in the Group**

30 September 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)
Forum Home Entertainment Czech 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)
Cinema City Malls AD	45%	45%	Not consolidated-held for sale	(5)
(1) A holding company in the Netherlands.		(4) Polish corporation		
(2) Hungarian corporation.		(5) Bulgarian corporation.		
(3) Czech corporation.		(6) Israeli corporation.		

The details of corporation during 2006 were similar to the details of corporation during the nine months ended 30 September 2007 as shown above, except for new entities as described in note 3A, the interest in Cinema City Malls which was purchased during the third quarter of 2007 and the sale of the first 15% interest in Mall of Plovdiv during the second quarter of 2007.

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

	30 September 2007 (Unaudited)	30 June 2007 (Unaudited)	31 December 2006 (Audited)*	30 September 2006 (Unaudited)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Property and equipment	31	30	30	1,755
Investments in subsidiaries	134,926	137,629	125,903	81,228
Total fixed assets	134,957	137,659	125,933	82,983
CURRENT ASSETS				
Trade and other receivables	714	573	3,413	14,428
Cash and cash equivalents	3,593	680	45,758	539
Receivables from subsidiaries	18,551	14,810	-	-
Total current assets	22,858	16,063	49,171	14,967
TOTAL ASSETS	157,815	153,772	175,104	97,950
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	507	507	507	407
Premium on share capital	89,792	89,792	89,945	43,553
Other reserves	36,982	36,907	25,019	24,999
Accumulated currency translation adjustments	6,355	6,874	4,967	753
Net profit for the period	13,013	9,458	11,738	10,287
Total shareholders' equity	146,649	143,538	132,176	79,999
CURRENT LIABILITIES				
Payable to subsidiaries	10,873	9,914	40,829	-
Other current liabilities	293	270	2,099	17,951
Total current liabilities	11,166	10,184	42,928	17,951
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	157,815	153,722	175,104	97,950

*) Extracted from the 2006 Annual Accounts.

Condensed Consolidated Financial Statements for the nine months ended 30 September 2007

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

Condensed unconsolidated income statement

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 (Unaudited)	For the 3 months ended 30 September 2006 (Unaudited)
EUR (thousands, except per share data and number of shares)				
Revenues	-	-	-	-
General and administrative expenses	<u>785</u>	<u>324</u>	<u>358</u>	<u>6</u>
Operating profit	(785)	(324)	(358)	(6)
Financial income	<u>360</u>	<u>7</u>	<u>26</u>	<u>3</u>
Financial expenses	<u>(286)</u>	<u>(197)</u>	<u>(49)</u>	<u>-</u>
Income before taxation	(711)	(514)	(381)	(3)
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income after taxation	(711)	(514)	(381)	(3)
Result from subsidiaries after taxation	<u>13,724</u>	<u>4,069</u>	<u>10,668</u>	<u>2,492</u>
Net income	<u>13,013</u>	<u>3,555</u>	<u>10,287</u>	<u>2,489</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>0.26</u>	<u>0.07</u>	<u>0.25</u>	<u>0.06</u>

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

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 (Unaudited)	For the 3 months ended 30 September 2006 (Unaudited)
	EUR (thousands)			
Balance as of the beginning of the period	132,176	143,538	73,117	75,520
Share based payment	225	75	-	-
Public offering related costs(*)	(153)	-	-	-
Net income for the period	13,013	3,555	10,287	2,489
Foreign currency translation adjustment	1,388	(519)	(3,405)	1,990
Balance at the end of the period	146,649	146,649	79,999	79,999

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

Condensed unconsolidated cash flow statement

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 (Unaudited)	For the 3 months ended 30 September 2006 (Unaudited)
	EUR (thousands)			
Cash flows (used in) / from operating activities	(48,240)	(3,113)	607	(12,133)
Cash flows from / (used in) investing activities	6,002	5,950	(1,504)	10,037
Cash flows from financing activities	73	76	-	-
(Decrease) / increase in cash and cash equivalents	(42,165)	2,913	(897)	(2,096)
Cash and cash equivalents at the beginning of the period	45,758	680	1,436	2,635
Cash and cash equivalents at the end of the period	3,593	3,593	539	539

Condensed Consolidated Financial Statements for the nine months ended 30 September 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 September 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 September 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 nine months of 2007 are described.