Cinema City International N.V.

Condensed Consolidated Financial Report

for the year and quarter ended

31 December 2007

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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, as of the fourth quarter in 2007, Romania as well. The Company, through related entities, has been a family operated theatre business since 1929. The Company shares are traded on the Warsaw Stock Exchange. As of the February 26, 2008 the market share price was PLN 28.9 (EUR 8.1) giving the Company a market capitalization of EUR 412 million. The Company's office is located in Rotterdam, the Netherlands.

Highlights during the year ended 31 December 2007

The twelve months ended 31 December 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 year ended 31 December 2006 (which itself was also a strong period). Consolidated revenues increased from EUR 143.8 million for the year 2006 to EUR 161.3 for the year 2007.Consolidated EBITDA increased from EUR 31.2 million for the year 2006 to EUR 34.6 million for the year 2007. Net income increased from EUR 11.7 million for the year 2006 to EUR 16.6 million for the year 2007.

In 2007 the Company also continued its ambitious theatre expansion program. During the year, the Company opened a total of 47 new screens, purchased 18 screens and closed a total of 20 obsolete screens. At the end of the year, the Company opened its first two theatres in Romania, the sixth country in which it operates. With a Romania's population of almost 22 million inhabitants, its recent entry into the European Union, and being a developing economy and having virtually no modern multiplex theatres, Romania is expected to become the Company's most active territory of development over the several years.

At the end of 2007, the Company was also putting the finishing touches on the largest megaplex in Central/Eastern Europe, its 23-screen and IMAX® flagship theatre in Budapest, Hungary, which will solidify the Company's leading position in the Hungarian market. This theatre was opened to the public in January 2008.

The Company's theatre operations performed well during 2007, bolstered by a well received supply of international movies. In particular, the Company's Polish operations continued to perform well, supported by not only a flow of international movies, but also by a strong local supply of movies. The new screens that the Company opened in Poland during the latter part of 2006 which had their first full year of operations in 2007, together with the 18 screens in Poznań acquired by the Company in January 2007 from the Kinepolis Group and the additional 35 screens opened during 2007, all contributed to the positive results in Poland, both in terms of number of admissions and EBITDA.

During the year ended 31 December 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 year ended 31 December 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 Kinepolis Group. Under the agreement with Kinepolis, the Company acquired certain assets relating to Kinepolis' operation of the Poznań theatre and entered into a long-term lease of the 18 screen complex with Kinepolis, which continues to own the building. 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 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. During the fourth quarter of 2007, the Company closed another older multiplex theatre located in Sevionim, Israel. These closings, which comprised 20 screens with approximately 3,519 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.

During the fourth quarter of 2007, the Company opened its first two modern multiplexes in Iasi and Timisoara, Romania, The multiplex in Iasi consists of 5 screens with a total of 830 seats. The multiplex in Timisoara consists of 7 screens with a total of 970 seats.
The Company's total screen count at the end of 2007 following the above openings (and closings) is 511 (including 7 IMAX® theatres).

Highlights of the Company's film distribution operations and video retail for the year ended 31 December 2007 are as follows:

During the year ended 31 December 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 of 2007, will initially distribute DVDs for the Walt Disney Company, however, overall performance of the distribution division for the year, was generally disappointing mainly due to the negative performance of the Company's Israeli distribution business.

Director's report

Highlights of the Company's real estate operations for the year ended 31 December 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 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 a price based on agreed upon formula.

In 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.

Financial information

The Condensed unaudited Consolidated Financial Statements for the year ended 31 December 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 year ended 31 December 2007 was EUR 16,624,000 and can be summarized as follows:

	For the year ended 31 December 2007	2006
	EUR (thousands, except per share data)	
Revenues	**161,340**	143,791
Operating costs, excluding depreciation and amortisation	**117,719**	106,266
Gross result	**43,621**	37,525
General and administrative expenses	**9,021**	6,277
EBITDA *	**34,600**	31,248
Depreciation and amortisation	**15,440**	13,901
Operating profit	**19,160**	17,347
Financial income	**1,985**	795
Financial expenses	**(5,714)**	(5,465)
Loss on disposals, write-off of other investments and other costs	**(416)**	(34)
Net income before taxation	**15,015**	12,643
Income tax benefit/(expense)	**575**	(1,377)
Net income before minority interests	**15,590**	11,266
Minority interests	**1,034**	472
Net income attributable to equity holders of the parent company	**16,624**	11,738
Weighted average number of equivalent shares (basic)	**50,727,918**	41,436,329
Weighted average number of equivalent shares (diluted)	**50,902,911**	41,467,160
Net earnings per ordinary share (basic and diluted of EUR 0.01 each)	**0.33**	0.28

* 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 not included.

Director's report

Revenues

Total revenues increased by 12.2% from EUR 143.8 million during the year ended 31 December 2006 to EUR 161.3 million during the year ended 31 December 2007.

Theatre operating revenues increased by 25.2% from EUR 99.1 million during the year ended 31 December 2006 to EUR 124.1 million during the year ended 31 December 2007. The increase in theatre revenues mainly resulted from an increase in number of admissions because of strong supply of movies, especially in Poland, the contribution of new cinemas opened in 2006 and in 2007 and increase in sales of cinema advertising in the company's major territories. 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 increased by 4.56% from EUR 21.9 million during the year ended 31 December 2006 to EUR 22.9 million during the year ended 31 December 2007. This can be explained as the net effect of:

- A decrease in revenues in Israel and Poland, mainly due to the differences in the supply of movies.

- An increase due to the first full year 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 republic and commenced its activities during the third quarter of 2007.

Video operating revenues decreased by 4.9% from EUR 4.1 million during the year ended 31 December 2006 to EUR 3.9 million during the year ended 31 December 2007. The decrease is mainly due to reduction in DVD rentals, and the post merger restructuring following the May 2006 combination between Video Giant with Blockbuster as detailed in note 3B (a) to the Condensed Consolidated Financial statements below.

Other revenues, which includes real estate activities, decreased by 44.1% from EUR 18.6 million during the year ended 31 December 2006 to EUR 10.4 million during the year ended 31 December 2007. This was mainly attributed to the fact that revenue generated from the sale of the first 50% of the Mall of Plovdiv in 2007, was lower than the revenue generated in 2006 from the sale of the Company's second 50% interest in the Mall of Sofia. Other revenues during the year ended 31 December 2006 also include revenues generated from the sale of a building in the Czech Republic.

Operating Costs

Operating costs, excluding depreciation and amortization increased by 10.7% from EUR 106.3 million during the year ended 31 December 2006 to EUR 117.7 million during the year ended 31 December 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 decreased to 72.8% for the year ended 31 December 2007, from 73.3% for the year ended 31 December 2006.

- An increase in distribution operating expenses. Distribution operating expenses, excluding depreciation and amortization, as a percentage of total distribution revenue increased to 93.3% for the year ended

31 December 2007, from 91.2% for the year ended 31 December 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 year ended 31 December 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 as a percentage of total video revenue decreased to 64.4% during the year ended 31 December 2007 from 70.9% during the year ended 31 December 2006.

General and administrative expenses

General and administrative expenses increased by 42.9% from EUR 6.3 million for the year ended 31 December 2006 to EUR 9.0 million during the year ended 31 December 2007. General and administrative expenses as a percentage of total revenue increased to 5.6% for the the year ended 31 December 2007, from 4.4% for the year ended 31 December 2006. The increase was mainly a result of the increase in the size of the operation in Poland, the commencement of theatre activities in Romania 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 and further expenses related to being a public company (mainly investor relations and share listing fees). 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 10.9% from EUR 31.2 million for the year ended 31 December 2006 to EUR 34.6 million for the year ended 31 December 2007.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 10.8% from EUR 13.9 million for the year ended 31 December 2006 to EUR 15.4 million for the year ended 31 December 2007. This was due primarily to the commencement of operations of the Company's new multiplex screens during 2006 and 2007.

Operating profit

As a result of the factors described above, the operating profit increased by 11% from EUR 17.3 million during the year ended 31 December 2006 to EUR 19.2 million during the year ended 31 December 2007.

Financial income/expenses

The balance of financial income and expenses resulted in a net expense of EUR 3.7 million during the year ended 31 December 2007 compared to a net expense of EUR 4.7 million during the year ended 31 December 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. In addition, there was increase in interest income generated for short term loans to unconsolidated subsidiaries 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 dollar denominated lease agreements.

Income tax

The income tax as a percentage of profit before income tax was 3.83% (income) for the year ended 31 December 2007 compared to 10.9% (expense) for the year ended 31 December 2006.This decrease in income tax is partly due to utilization of tax losses carried forward from previous years against current taxable income in Poland. Such tax losses were not accounted for in the past as deferred tax assets.
Further tax losses carried forward from previous years were realized during 2007 as deferred tax assets due to management estimation that it can be used to set off future taxable income in Poland. This also contributed to creating of an income tax benefit.

Minority interest

Minority interests for the year ended 31 December 2007 and 31 December 2006 was comprised of the share of minority shareholders in losses from subsidiaries that are not 100% owned by the Company (EUR 1.0 million and EUR 0.5 million respectively).

Net income

As a result of the factors described above, the Company realized a net income of EUR 16.6 million during the year ended 31 December 2007 compared to net income of EUR 11.7 million during the year ended 31 December 2006.

Selected financial data

PLN/EUR	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Year end exchange rate
	Exchange rate of Euro versus the Polish Zloty			
2007 (12 months)	3.789	3.5699	3.9385	3.582
2006 (12 months)	3.8951	3.7565	4.1065	3.8312

Source: National Bank of Poland ("NBP")

Selected financial data	**EUR**		**PLN**	
	(thousands, except per share data)			
	For the year ended 31 December			
	2007	**2006**	**2007**	**2006**
Revenues	**161,340**	143,791	**611,317**	560,080
Operating profit	**19,160**	17,347	**72,597**	67,568
Income before taxation	**15,015**	12,643	**56,892**	49,246
Net income attributable to Equity holders of the parent company	**16,624**	11,738	**62,988**	45,721
Cash flows from operating activities	**27,922**	29,384	**105,796**	114,454
Cash flows used in investment activities	**(35,108)**	(26,727)	**(133,024)**	(104,104)
Cash flows (used in)/provided by financing activities	**(38,504)**	45,365	**(145,892)**	176,701
(Decrease) increase in cash and cash equivalents	**(45,377)**	48,027	**(171,933)**	187,070
Total assets	**243,044**	257,460	**870,584**	986,381
Provisions	**5,715**	7,404	**20,471**	28,366
Long term liabilities	**43,054**	75,592	**154,219**	289,608
Short term liabilities	**45,727**	50,587	**163,794**	193,809
Shareholders' equity	**156,171**	132,176	**559,405**	506,393
Share capital	**508**	507	**1,820**	1,942
Average number of equivalent shares (basic)	**50,727,918**	41,436,329	**50,727,918**	41,436,329
Average number of equivalent shares (diluted)	**50,902,911**	41,467,160	**50,902,911**	41,467,160
Net earnings per ordinary share (basic and diluted)	**0.33**	0.28	**1.24**	1.10

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

Outlook for the year 2008

In January 2008, the Company opened the largest Central European megaplex and IMAX®, a 23-screen 3,800 seat state-of-the-art flagship theatre, in Budapest, Hungary, which solidifies the Company's position as one of the two key cinema operators in the Hungarian market. This theatre significantly enhances the Company's presence in the key Budapest market. It also unveils the only IMAX® theatre in Hungary.

During 2008 the Company plans to continue its ambitious expansion program, which includes:

- Toward the end of March, the Company expects to open a 6 screen multiplex site in Pilzen in the Czech Republic, which was originally slated to open before the end of 2007 but is now scheduled to open during the first quarter of 2008;
- Toward the end of 2008, the Company expects to open a 10 screen multiplex in Zielona Cora, Poland;
- Toward the end of 2008, the Company expects to open a 8 screen multiplex in Pardubice, the Czech republic;
- Toward the end of April, the Company expects to open a 13 screen multiplex in Bydgoszcz, Poland;
- During the second quarter, the Company plans to open a 6 screen multiplex in Modiin, Israel, which was originally scheduled to open before the end of 2007, but is now scheduled to open during the first quarter of 2008;
- During 2008, the Company plans to open a 23 screen multiplex in Haifa, Israel. This will be the second of the Company's new generation of "Planet" theatres in Israel, and is expected to follow the success of the Company's "Yes" sponsored Planet theatre that opened in Ramat Gan in 2006;
- During 2008, the Company expects to open 5 cinemas in Romania including 44 screens – in Bacau, Pitesti, Cluj, Braila and Turgu-Mures;

Throughout 2008, the Company expects to open 133 screens, 23 already opened in Hungary and further 110 screens, in Romania, Poland, Czech and Israel as described above.

In addition, the Company is progressing in signing additional lease agreements for future multiplexes in Romania at a faster pace than originally projected. As at 29 February 2008, the Company has binding commitments for additional 20 sites (representing about 226 screens) throughout Romania, and is in advanced negotiations in respect of a further number of sites. Of the existing commitments three theatres are in the advanced stages of development in recently opened malls in the cities of Bacau, Pitesti and Cluj, and five mall projects are under construction. 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 for the foreseeable future. Upon completion of the projects currently in the pipeline, Romania will become the Company's second largest country in terms of number of screens in operation, exceeded only by Poland. All of the planned Romanian theatres are located in shopping centers and will be leased.

With respect to the Company's estimated opening dates, the Company continues to find that because the mall opening dates are dependent on the mall developers and there is a tendency to complete the construction of the malls behind schedule, the planned openings of each of the Company's theatres can be delayed by 3 to 9 months beyond the Company's initial estimates.

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 year ended 31 December 2007 (29 February 2008), the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of 29 February 2008 Number of shares/ % of shares	**Increase/ (decrease) Number of shares**	**As of 31 December 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.,	32,720,091 / 64.37%	119,095	32,600,996 / 64.13%	(109,000)*	32,709,996 / 64.49%
ING Nationale - Nederlanden Polska Otwarty Fundusz Emerytalny	2,700,000 / 5.31%	-	2,700,000 / 5.31%	414,023	2,285,977 / 4.50%
BZ WBK AIB Asset Management SA	2 542 345 /5.00%	na	na	na	na

* the 109,000 shares were sold on the regulated market, Warsaw stock exchange. This sale was purely affected to facilitate the realization of the 2006 Long Term Incentive Plan and to finance the acquisition by eligible holders of options of shares in the Company to be issued in the exercise of the options granted to them by the Company under the plan.

Changes in ownership of shares and rights to shares by Management Board members in the year ended 31 December 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 29February 2008 Number of shares/ % of shares	**Increase/ (decrease) Number of shares**	**As of 31 December 2007 Number of shares/ % of shares**	**Increase/ (decrease) Number of shares**	**As of 31 December 2006 Number of shares/ % of shares**
Moshe Greidinger*	11,571,551 / 22.76%	42,112	11,529,439 / 22.68%	(36,816)	11,566,255 / 22.8%
Amos Weltsch	None	None	none	none	none
Israel Greidinger*	11,571,551 / 22.76%	42,112	11,529,439 / 22.368%	(36,816)	11,566,255 / 22.8%

*The shares held by Messrs. Moshe and Israel Greidinger are held indirectly through I.T. International Theatres 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 29 February 2008.

Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Supervisory Board members in the year ended 31 December 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 29 February 2008.

Changes in the composition of the Supervisory Board

None.

Other

As of 31 December 2007, the Group has issued guarantees for loans that in total amount to EUR 12 million and Polish zloty 115.5 (EUR 31.47) million in connection with loans provided to subsidiaries.

As of 31 December 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 year ended 31 December 2007 (between brackets the net movements during the fourth quarter of 2007 are shown):

- a decrease in the provision for deferred tax liabilities of EUR 257,000 (a decrease of EUR 316,000).
- an increase in the provision for accrued employee retirement rights of EUR 176,000 (an increase of EUR 264,000).
- a decrease in the provision related to onerous lease contracts of EUR 1,608,000 (a decrease of EUR 402,000).

The Management Board

Moshe J. (Mooky) Greidinger	Amos Weltsch	Israel Greidinger
President of the board	Management board	Management board
General Director	Operational Director	Financial Director

Rotterdam, 29 February 2008

CONDENSED CONSOLIDATED BALANCE SHEET

	31 December 2007 (Unaudited)	30 September 2007 (Unaudited)	31 December 2006 (Audited)*	30 September 2006 (Unaudited)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Intangible fixed assets	**1,041**	**676**	719	313
Property and equipment	**183,042**	**175,452**	170,554	166,396
Financial fixed assets	**1,175**	**699**	796	633
Total fixed assets	**185,258**	**176,827**	172,069	167,342
CURRENT ASSETS				
Inventories	**4,380**	**4,800**	3,919	3,424
Trade and other receivables	**26,724**	**24,743**	24,553	22,379
Securities and short term receivable held for sale	**18,516**	**18,277**	3,725	56
Cash and cash equivalents	**7,817**	**9,033**	53,194	12,072
Short term bank deposits - collateralized	**349**	**344**	-	-
Total current assets	**57,786**	**57,197**	85,391	37,931
TOTAL ASSETS	**243,044**	**234,024**	257,460	205,273
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY	**156,171**	**146,649**	132,176	79,999
Minority interests	**(1,908)**	**(1,704)**	(895)	(844)
LONG-TERM LIABILITIES				
Long-term loans, net of current portion	**34,802**	**36,049**	65,739	71,247
Provisions	**5,715**	**6,169**	7,404	6,352
Other long-term liabilities	**2,537**	**3,391**	2,449	4,289
Total long-term liabilities	**43,054**	**45,609**	75,592	81,888
CURRENT LIABILITIES				
Short-term bank credit and loans	**18,575**	**17,136**	25,637	24,842
Other current liabilities	**27,152**	**26,334**	24,950	19,388
Total current liabilities	**45,727**	**43,470**	50,587	44,230
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**243,044**	**234,024**	257,460	205,273

*) Extracted from the 2006 Annual Accounts.

CONDENSED CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December 2007 (Unaudited)	For the 3 months ended 31 December 2007 (Unaudited)	For the year ended 31 December 2006 (Audited)*	For the 3 months ended 31 December 2006 (Unaudited)
	EUR (thousands, except per share data and number of shares)			
Revenues	**161,340**	**39,568**	143,791	34,357
Operating costs	**133,159**	**33,069**	120,167	28,722
Gross margin	**28,181**	**6,499**	23,624	5,635
General and administrative expenses	**9,021**	**2,926**	6,277	1,709
Operating profit	**19,160**	**3,573**	17,347	3,926
Financial income	**1,985**	**549**	795	408
Financial expenses	**(5,714)**	**(1,328)**	(5,465)	(2,008)
Loss on disposals, write-off of other investments and other costs	**(416)**	**(436)**	(34)	(20)
Income before taxation	**15,015**	**2,358**	12,643	2,306
Income tax benefit/(expense)	**575**	**1,048**	(1,377)	(925)
Net income before minority interests	**15,590**	**3,406**	11,266	1,381
Attributable to:				
Equity holders of the Parent Company	**16,624**	**3,611**	11,738	1,451
Minority interests in loss of consolidated subsidiaries	**(1,034)**	**(205)**	(472)	(70)
Net income before minority interests	**15,590**	**3,406**	11,266	1,381
Weighted average number of equivalent shares	**50,727,918**	**50,739,543**	41,436,329	43,550,087
Net earnings per ordinary share (basic and diluted) of EUR 0.01 each	**0.33**	**0.07**	0.28	0.03

*) Extracted from the 2006 Annual Accounts.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	For the year ended 31 December 2007 (Unaudited)	For the 3 months ended 31 December 2007 (Unaudited)	For the year ended 31 December 2006 (Audited)**	For the 3 months ended 31 December 2006 (Unaudited)
	EUR (thousands)			
Balance as of the beginning of the period	**132,176**	**146,649**	73,117	79,999
Issue of ordinary shares	**586**	**586**	46,492	46,492
Share based payment	**300**	**75**	20	20
Public offering related costs *	**(153)**	**-**	-	-
Net income for the period	**16,624**	**3,611**	11,738	1,451
Foreign currency translation adjustment	**6,638**	**5,250**	809	4,214
Balance at the end of the period	**156,171**	**156,171**	132,176	132,176

* Represent additional costs directly attributed to the 2006 initial public offering.
** Extracted from the 2006 Annual Accounts.

CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSES

	For the year ended 31 December 2007 (Unaudited)	For the 3 months ended 31 December 2007 (Unaudited)	For the year ended 31 December 2006 (Audited)*	For the 3 months ended 31 December 2006 (Unaudited)
	EUR (thousands)			
Foreign exchange translation differences before minority interest	**6,659**	**5,251**	797	4,233
Net income before minority interest	**15,590**	**3,406**	11,266	1,381
Total recognised income and expense for the period	**22,249**	**8,657**	12,063	5,614
Attributable to:				
Equity holders of the Company	**23,262**	**8,861**	12,547	5,665
Minority interests	**(1,013)**	**(204)**	(484)	(51)
Total recognised income and expense for the period	**22,249**	**8,657**	12,063	5,614

*) Extracted from the 2006 Annual Accounts.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December 2007 (Unaudited)	For the 3 months ended 31 December 2007 (Unaudited)	For the year ended 31 December 2006 (Audited)*	For the 3 months ended 31 December 2006 (Unaudited)
	EUR (thousands)			
Cash flows from operating activities	**27,922**	**6,034**	29,384	8,927
Cash flows used in investing activities	**(35,108)**	**(6,545)**	(26,727)	(9,324)
Cash flows (used in) / from financing activities	**(38,504)**	**(945)**	45,365	41,403
Foreign currency exchange differences on cash	**313**	**240**	5	116
(Decrease) / increase in cash and cash equivalents	**(45,377)**	**(1,216)**	48,027	41,122
Cash and cash equivalents at the beginning of the period	**53,194**	**9,033**	5,167	12,072
Cash and cash equivalents at the end of the period	**7,817**	**7,817**	53,194	53,194

*) Extracted from the 2006 Annual Accounts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General and principal activities

(a) The accompanying Condensed Consolidated Financial Statements present the financial position at 31 December 2007, results of operations, changes in shareholders' equity, and cash flows for the three months and the year ended 31 December 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 31 December 2007 Condensed Consolidated Financial Statements were authorised for issue by the management board members on 29 February 2008.

(b) Cinema City International N.V., is incorporated in the Netherlands. The Company's shares are traded on the Warsaw Stock Exchange. As at 31 December 2007, 64.13% 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. 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 31 December 2007, 30 September 2007 and 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 year and for the 3 months ended 31 December 2007 and for the 3 months ended 31 December 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 31 December 2007. The 31 December 2007 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2006.

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, the Polish zloty and the Romanian new Lei. 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.

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):

	Exchange rate of euro					
As of	**Czech crown (CZK)**	**Hungarian forint (HUF)**	**Polish zloty (PLN)**	**US dollar (USD)**	**Israeli Shekel (NIS)**	**Romania New Lei (RON)**
31 December 2007	**26.67**	**255.46**	**3.63**	**1.47**	**5.66**	**3.63**
31 December 2006	27.53	252.90	3.83	1.32	5.56	3.41
Change during the period	%	%	%	%	%	%
2007 (12 months)	**(3.12)**	**1.01**	**(5.22)**	**11.36**	**1.80**	**6.45**
2006 (12 months)	(5.07)	0.11	0.00	11.86	2.02	(7.83)

	Exchange rate of euro					
Average for the period	**Czech crown (CZK)**	**Hungarian forint (HUF)**	**Polish Zloty (PLN)**	**US dollar (USD)**	**Israeli Shekel (NIS)**	**Romania New Lei (RON)**
2007 (12 months)	**27.78**	**252.05**	**3.79**	**1.37**	**5.63**	**3.35**
2006 (12 months)	28.37	264.90	3.90	1.26	5.59	3.54
Change year over year	%	%	%	%	%	%
2007 (12 months)	**(2.08)**	**(4.85)**	**(2.82)**	**8.73**	**0.71**	**(5.37)**
2006 (12 months)	(4.80)	6.59	(2.98)	0.80	0.18	(3.01)

	Exchange rate of euro					
Average for the quarter ended 31 December	**Czech Crown (CZK)**	**Hungarian Forint (HUF)**	**Polish Zloty (PLN)**	**US Dollar (USD)**	**Israeli Shekel (NIS)**	**Romania New Lei (RON)**
2007	**28.64**	**253.65**	**3.67**	**1.45**	**5.72**	**3.46**
2006	28.07	261.01	3.86	1.29	5.50	3.49
Change quarter over quarter	%	%	%	%	%	%
2007	**2.03**	**(2.82)**	**(4.92)**	**12.4**	**4**	**(0.86)**
2006	(4.39)	3.39	(1.53)	8.4	(0.54)	(4.12)

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.

Note 3 – Changes in Consolidated Entities

A. Changes in consolidated and associated entities during 2007:

(a) IT Sofia 2007 B.V 100% owned by the company, was incorporated in the Netherlands. The company holds 45% of Cinema City Malls AD, affiliated Bulgarian company owning a plot of land in Russe, Bulgaria. The 45% shares were transferred to IT Sofia 2007 B.V by IT Sofia BV during November 2007.

(b) 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. This distribution company is the exclusive distributor in the Czech Republic of the Film DVD activity of "Disney".

(c) New Age Cinema S.R.L, 100% owned by the Company was incorporated in Romania. The Company commenced operation in December 2007 and specializes in screen advertising.

(d) Cinema City Ro S.R.L, 100% owned by the Company was incorporated in Romania. The Company commenced operation in November 2007 and specializes in operation of theatres.

(e) Kino 2005 a.s 100% owned by the company was fully merged into IT Czech Cinemas S.R.O which is also owned 100% by the company. The merge is effective as of 01 January 2007.

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 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 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.

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 totalled 50,724,000. At 18 December 2007, the Company issued 110,000 ordinary shares. As a result of the share issue in 2007, the total number of shares issued and outstanding at 31 December 2007 totalled 50,834,000. All shares issued and outstanding at 31 December 2007 have been fully paid.

Note 5 – Commitments and contingent liabilities

The Company and its subsidiaries did not enter into any new agreements or contracts that 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 31 December 2007, except for further commitments to open new cinemas as part of the Company's expansion plans 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 this sale, the Company still holds a 15% interest in the shares in Mall of Plovdiv. The Company has agreed to sell this remaining interest to the same buyers immediately prior to the opening of the Mall for a price based on an agreed upon formula whilst 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 any additional costs of completion of the project that exceed the budget.

As of 31 December 2007, the Group has guarantees for loans that in total amount to EUR 12 million and Polish zloty 115.5 million (EUR 31.47 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 Kompozytorow ("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 an amount of which our share is 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 31 December 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 270,000 at the beginning of 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 31 December 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 year ended 31 December 2007 EUR (thousands) – (unaudited)					
	Theatre Operations	Distribution	Video & DVD	Other	Eliminations	Consolidated
Revenues						
External sales	124,120	22,972	3,891	10,357	-	161,340
Inter-segment sales	-	5,548	-	-	(5,548)	-
Total revenues	124,120	28,520	3,891	10,357	(5,548)	161,340
Segment results	14,370	(691)	(127)	5,608	-	19,160
Net financial expense						(3,729)
Loss on disposals, other write-offs and other costs						(416)
Income tax benefit						575
Minority interests						1,034
Net income						16,624

	31 December 2007 EUR (thousands) – (unaudited)					
	Theatre Operations	Distribution	Video & DVD	Other	Unallocated	Consolidated
Segment assets	200,360	14,960	2,087	24,462	1,175	243,044
Segment liabilities	23,943	6,391	(406)	1,636	55,309	86,873
Capital expenditure	20,561	745	617	42	-	21,965

Note 7 - Segment Reporting (cont'd)

	For the year ended 31 December 2006 EUR (thousands) – (Audited)**					
	Theatre Operations	**Distribution**	**Video & DVD**	**Other**	**Eliminations**	**Consolidated**
Revenues						
External sales	99,134	21,904	4,120	18,633	-	143,791
Inter-segment sales	-	5,996	312	-	(6,308)	-
Total revenues	99,134	27,900	4,432	18,633	(6,308)	143,791
Segment results	10,931	515	(493)	6,394	-	17,347
Net financial expense						(4,670)
Loss on disposals and other write-offs						(34)
Income taxes						(1,377)
Minority interests						472
Net income						11,738

	31 December 2006 EUR (thousands) – (Audited)**					
	Theatre Operations	**Distribution**	**Video & DVD**	**Other**	**Unallocated**	**Consolidated**
Segment assets	181,480	11,899	2,689	14,838	46,554*	257,460
Segment liabilities	19,833	5,723	1,304	4,858	93,566	125,284
Capital expenditure	19,423	221	1,456	538	-	21,638

* Includes the proceeds from the public offering held in cash as per 31 December 2006.

** Extracted from the 2006 Annual Accounts.

Note 8 – Share-based payments

In December 2006 and as part of the successful initial public offering, 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 can be granted to members of the Management Board and selected employees. The exercise price of the granted options is 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 2006, 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. No options were granted to employees during 2007. Members of the Management Board did not receive any options during 2007 and 2006.
In December 2007, a total number of 110,000 options that were granted in 2006, were exercised. The average share price at the time of exercise was EUR 5.35 per share. The details of the number of options outstanding as at 31 December 2007 are as follows:

	Number of options		
Vesting date	**granted**	**exercised**	**outstanding**
6 December 2007	159,000	110,000	49,000
6 December 2008	159,000	-	159,000
6 December 2009	159,000	-	159,000
	477,000	110,000	367,000

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 impact of the share-based payment on the financial statements of the Company for the financial year 2007 was an expense of EUR 300,000 (2006: EUR 20,000) recognised in the income statement with a corresponding increase in equity.
During 2007 and 2006 no options were forfeited.

Note 9 – Related party transactions

There were no material transactions and balances with related parties during 2007.

Note 10 – Impairment losses and provisions

During the financial year 2007, no impairment losses were charged.
The net movements in the Group's main provisions took place during the financial year 2007 are disclosed in the directors' report (see page 11).

Note 11 - Details of corporations in the Group

	31 December 2007*			
	Direct/indirect voting right of the Company	The Company's equity share in subsidiary	Consolidation	Country
	%	%	%	
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)
Cinema City Finance 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)
I.T Sofia 2007 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)
Cinema City Romania SRL	100%	100%	Full	(7)
New age Media SRL	100%	100%	Full	(7)
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.
(2) Hungarian corporation.
(3) Czech corporation.
(4) Polish corporation
(5) Bulgarian corporation.
(6) Israeli corporation.
(7) Romanian corporation

*The details of corporation during 2006 were similar to the details of corporation during the year ended 31 December 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.

Note 12 – Condensed unconsolidated financial statements

Condensed unconsolidated balance sheet as at

	31 December 2007 (Unaudited)	30 September 2007 (Unaudited)	31 December 2006 (Audited)*	30 September 2006 (Unaudited)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Property and equipment	**31**	**31**	30	1,755
Investments in subsidiaries	**144,472**	**134,926**	125,903	81,228
Total fixed assets	**144,503**	**134,957**	125,933	82,983
CURRENT ASSETS				
Trade and other receivables	**648**	**714**	3,413	14,428
Cash and cash equivalents	**1,369**	**3,593**	45,758	539
Receivables from subsidiaries	**21,753**	**18,551**	-	-
Total current assets	**23,770**	**22,858**	49,171	14,967
TOTAL ASSETS	**168,273**	**157,815**	175,104	97,950
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	**508**	**507**	507	407
Premium on share capital	**90,677**	**89,792**	89,945	43,553
Other reserves	**36,757**	**36,982**	25,019	24,999
Accumulated currency translation adjustments	**11,605**	**6,355**	4,967	753
Net profit for the period	**16,624**	**13,013**	11,738	10,287
Total shareholders' equity	**156,171**	**146,649**	132,176	79,999
CURRENT LIABILITIES				
Payable to subsidiaries	**11,817**	**10,873**	40,829	-
Other current liabilities	**285**	**293**	2,099	17,951
Total current liabilities	**12,102**	**11,166**	42,928	17,951
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**168,273**	**157,815**	175,104	97,950

*) Extracted from the 2006 Annual Accounts.

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

Condensed unconsolidated income statement

	For the year ended 31 December 2007 (Unaudited)	For the 3 months ended 31 December 2007 (Unaudited)	For the year ended 31 December 2006 (Audited)*	For the 3 months ended 31 December 2006 (Unaudited)
	EUR (thousands, except per share data and number of shares)			
Revenues	**325**	**325**	887	887
General and administrative expenses	**(1,082)**	**(297)**	(406)	(48)
Operating profit	**(757)**	**28**	481	839
Financial income	**372**	**12**	113	87
Financial expenses	**(268)**	**18**	(153)	(104)
Income before taxation	**(653)**	**58**	441	822
Income taxes	**-**	**-**	-	-
Income after taxation	**(653)**	**58**	441	822
Result from subsidiaries after taxation	**17,277**	**3,553**	11,297	629
Net income	**16,624**	**3,611**	11,738	1,451
Weighted average number of equivalent shares (basic)	**50,727,918**	**50,739,543**	41,436,329	43,550,087
Net earnings per ordinary share (basic and diluted) of EUR 0.01 each	**0.33**	**0.07**	0.28	0.03

*) Extracted from the 2006 Annual Accounts.

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

Condensed unconsolidated statement of changes in shareholders' equity

	For the year ended 31 December 2007 (Unaudited)	For the 3 months ended 31 December 2007 (Unaudited)	For the year ended 31 December 2006 (Audited)**	For the 3 months ended 31 December 2006 (Unaudited)
	EUR (thousands)			
Balance as of the beginning of the period	**132,176**	**146,649**	73,117	79,999
Issue of ordinary shares	**586**	**586**	46,492	46,492
Share based payment	**300**	**75**	20	20
Public offering related costs *	**(153)**	**-**	-	-
Net income for the period	**16,624**	**3,611**	11,738	1,451
Foreign currency translation adjustment	**6,638**	**5,250**	809	4,214
Balance at the end of the period	**156,171**	**157,171**	132,176	132,176

* Represent additional costs directly attributed to the 2006 initial public offering.
** Extracted from the 2006 Annual Accounts.

Condensed unconsolidated cash flow statement

	For the year ended 31 December 2007 (Unaudited)	For the 3 months ended 31 December 2007 (Unaudited)	For the year ended 31 December 2006 (Audited)*	For the 3 months ended 31 December 2006 (Unaudited)
	EUR (thousands)			
Cash flows (used in) / from operating activities	**(50,387)**	**(2,147)**	(2,357)	(2,964)
Cash flows from / (used in) investing activities	**5,265**	**(737)**	167	1,671
Cash flows from financing activities	**733**	**660**	46,512	46,512
(Decrease)/increase in cash and cash equivalents	**(44,389)**	**(2,224)**	44,322	45,219
Cash and cash equivalents at the beginning of the period	**45,758**	**3,593**	1,436	539
Cash and cash equivalents at the end of the period	**1,369**	**1,369**	45,758	45,758

*) Extracted from the 2006 Annual Accounts.

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 31 December 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 31 December 2007.

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