Cinema City International N.V.

Interim Management Report for the nine months ended 30 September 2009

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General

Introduction

Cinema City International N.V. (the "Company"), incorporated in the Netherlands, is a control subsidiary of I.T. International Theatres Ltd. The Company (together with its subsidiaries, the "Group") is principally engaged in the operation of entertainment activities in various countries including: Poland, Romania, Hungary, Czech Republic, Bulgaria and Israel. The Company, through related entities, has been a family operated theatre business since 1929. The Company's shares are traded on the Warsaw Stock Exchange. As of 16 November 2009 the market share price was PLN 22 (EUR 5.3), giving the Company a market capitalization of EUR 269 million. The Company's office is located in Rotterdam, the Netherlands.

Highlights during the nine months ended 30 September 2009

The Company turned in a very solid performance for the nine months ended 30 September 2009, with revenues, EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation) and net income all having increased in comparison to the first nine months of 2008. Consolidated EBITDA grew from EUR 30.7 million in the nine months ended 30 September 2008 to EUR 34.1 million for the nine months ended 30 September 2009. Net income grew from EUR 14.7 million for the nine months ended 30 September 2008 to EUR 18.9 million for the nine months ended 30 September 2009.

As in the first six month of the year, during the third quarter, the Company continued enjoying increased ticket sales in most territories and improvement of operating results in local currency. During the third quarter, the Company continued benefitting from a robust international movie line-up, which has consistently been supporting strong performance of its theatre operations.

Despite the high growth of the Company's theatre operation results in local currency terms during the nine months ended 30 September 2009 compared to the nine months ended 30 September 2008, the significant devaluation of the local currencies in most of the Company's territories in Central and Eastern Europe compared to the Euro – the Company's reporting currency – has resulted in the Company's Euro EBITDA results appearing to grow at a much slower pace than the actual results. This negative currency impact was partly offset by positive results from the hedging contracts that the Company entered into during previous years in order to protect its rent related exposure to the Euro and US Dollar. On the operating profit level this negative currency impact was offset further by a reduction in the Company's Euro depreciation expenses, resulting from the same currency devaluation.

During the first nine month of the year, the Company sold its remaining interest in the Mall of Plovdiv to GE Real Estate and Quinlan Private (Ireland), the same parties that purchased the first 50% of the project approximately two years earlier.

Theatre operations

The Company's strong theatre operations during the nine months ended 30 September 2009 were supported by a well received supply of international movies. In particular, as has been the case for the past several quarters, the Company's Polish operations performed very well, supported by a strong supply of Polish movies. The new screens that the Company opened during 2008 had their first full nine months of operations during the nine months ended 30 September 2009, which, together with the addition of 51 screens that opened

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during the nine months ended 30 September 2009, contributed to the increase in the positive results of the Company's theatre operations, both in terms of number of admissions and EBITDA.

During the third quarter, the Company opened two new multiplexes: a 6 screen theatre in Pitesti, Romania and an 8 screen theatre in Czestochowa, Poland. These two new multiplexes were in addition to the 4 opened earlier in the year: an 8 screen multiplex in Pardubice, the Czech Republic, an 8 screen multiplex in Bacau, Romania, an 11 screen multiplex in Plovdiv, Bulgaria, and a 10 screen multiplex in Bielsko Biala, Poland.

The Company's total screen count as at 30 September 2009, following the above openings, is 617 (including 8 IMAX® theatres).

On 11 November 2009 the company opened a 13 screen multiplex in Budapest, Hungary (see outlook page 9)

Digital Projection

The Company continues to install state-of-the-art digital projectors, both in its new projects and in many of the Company's existing theatres. In each theatre, the Company installs between 1 to 4 such projectors. Currently, the Company has installed over 100 digital projectors, and intends to install about 30 more of these projectors in its leading multiplexes until the end of 2009. The digital projectors provide a higher quality, a sharper resolution viewing experience and the ability to display a new generation of 3D movies. These 3D movies have already begun to attract larger audiences, as evidenced by the recent success of movies such as Ice Age III and Up. With movies such as these, the innovation and quality of the 3D viewing experience also allow the Company to generate higher ticket prices than from its non-3D movies. The digital projectors also provide the capability to show alternative content such as operas, ballet, leading concerts and sporting events from around the world.

The Company believes that in the long term, digital technology will not only generate higher attendance through 3D pictures and alternative content, but it can also help reduce cinema labor costs as digital projectors require less ongoing manpower than traditional reel to reel projectors.

Real estate operations

During the nine months ended 30 September 2009, real estate activities contributed strongly to the Company's results. The Company realized EUR 24.9 million of revenues from real estate and other activities during the nine months ended 30 September 2009, compared to EUR 8.4 million during the nine months ended 30 September 2008. During the nine months ended 30 September 2009, the Company sold its remaining interest in the Mall of Plovdiv to GE Real Estate and Quinlan Private (Ireland), the same parties that purchased the first 50% of the project about 2 years earlier. The sale transaction, for which the Company recorded a revenue of EUR 23 million, was completed at the time of the Mall's opening in March 2009. Under the terms of the sale, the Company continues to hold a long-term lease for the 11 screen multiplex located in the Mall of Plovdiv, which also opened in March 2009. The Company (and the other selling shareholders that participated in the sale) continued to be responsible for the final completion of the project following the closing, which consisted primarily of supervising the completion activities of the Mall's main contractors. By the end of June 2009, the Company had substantially satisfied its outstanding obligations, which included reaching final agreement with the contractors and delivering the completed project to the purchasers. As a result, as at 30 June 2009, the Company substantially reduced the accrued estimated costs of its outstanding obligations for this project. As at 30 September 2009, the Company maintained the same

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reduced level of accrued estimated costs, as certain elements relating to the completion of the project are still under discussion with the purchasers.

In the city of Russe, Bugaria, the Company continues the development of its third shopping mall project in Bulgaria, "The Mall of Russe". The project is approximately halfway through completion and is scheduled to open during the second half of 2010. Nearly one-half of the mall's retail space has already been pre-leased. However, while the Company still hopes that most of the retail space in the mall will be pre-leased prior to the mall's opening next year, the current economic environment is making it more difficult to pre-lease the retail space when compared to the Company's previous two Bulgarian mall projects in Sofia and Plovdiv. As reported in the Company's annual report of 2008, the Company is still seeking to sell half of its equity interest in the mall.

Film distribution activities/ DVD rental-sale activities

The Company's distribution division had a relatively slow first nine months in 2009, compared to the nine months ended 30 September 2008. Revenue generated by the Company's film and video distribution division was down in most territories, while also the devaluation of the local currencies in comparison to the Euro materially contributed to this reduction. Gross profit generated by distribution activities was down mainly in Israel and in Hungary. The Israeli distribution activities continue to suffer from the reduction in sales of movies to the various television distribution channels. The Company is seeking ways to increase such sales, and in this regard is examining the option of operating its own television film channel to be distributed through local cable and satellite operators. In Israel, the Company's overall distribution results have also been hurt by the Company's independent film (non-major studios) distribution activities, which have been less successful in comparison to the previous year. In Hungary, the Company continues to suffer from the disappointing performance of its DVD distribution. The Company is considering to close this operation in Hungary and similar operation in the Czech Republic towards mid 2010. These operations, however, accounted for an operating loss of only EUR 411 thousand during 2008 (9 months) and an operating loss of EUR 1,093 thousand for the nine months ended 30 September 2009.

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Overview of results

The Company's net income for the nine months ended 30 September 2009 was EUR 18,922,000 and can be summarized as follows:

	For the nine months ended 30 September 2009	2008
	EUR (thousands, except per share data)	
Continuing operations		
Revenues	**156,012**	137,757
Operating costs, excluding depreciation and amortisation	**114,062**	100,046 **
Gross result	**41,950**	37,711
General and administrative expenses	**7,816**	6,982
EBITDA *	**34,134**	30,729
Depreciation and amortisation	**11,740**	13,472
Operating profit	**22,394**	17,257
Financial income	**1,011**	2,147 **
Financial expenses	**(2,857)**	(3,022) **
Gain/ (loss) on disposals and write-off of other investments	**28**	(136)
Operating income before taxation	**20,576**	16,246
Income taxes	**(2,059)**	(1,460)
Net income from continuing operations	**18,517**	14,786
Loss from discontinued operations	**(53)**	(618)
Net income before minority interests	**18,464**	14,168
Non controlling interests	**458**	493
Net income attributable to equity holders of the company	**18,922**	14,661
Weighted average number of equivalent shares (basic)	**50,834,000**	50,834,000
Weighted average number of equivalent shares (diluted)	**50,834,000**	50,938,647
Net earnings per ordinary share (basic and diluted of EUR 0.01 each)	**0.37**	0.29

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

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Revenues

Total revenues increased by 13.2% from EUR 137.8 million during the nine months ended 30 September 2008 to EUR 156 million during the nine months ended 30 September 2009.

Theatre operating revenues increased by 5.9% from EUR 112.7 million during the nine months ended 30 September 2008 to EUR 119.4 million during the nine months ended 30 September 2009. The increase in theatre revenues mainly resulted from an increase in the number of admissions, driven by the contribution of new cinemas opened in 2008 and in the nine months ended 30 September 2009 and a strong supply of movies in most territories. The devaluation of the local currencies in most countries of operation, however, has offset the larger part of this growth. In Poland, the Company's main country of operation, for example, theatre operating revenues grew in local currency by 28.4%, while in Euro terms it increased by only 0.6%.

Distribution operating revenues decreased by 29.9% from EUR 16.7 million during the nine months ended 30 September 2008 to EUR 11.7 million during the nine months ended 30 September 2009. The decrease was mainly due to the reduction of DVD distribution revenues in Hungary and the devaluation of the local currencies in most countries of operation. Distribution revenues in Poland, for example, fell by 14.2% in local currency terms, while the reduction in Euro terms was 33.5%.

Other revenues, which primarily include real estate activities, increased from EUR 8.4 million during the nine months ended 30 September 2008 to EUR 24.9 million during the nine months ended 30 September 2009. This increase was mainly attributed to the sale of the Company's interest in Mall of Plovdiv in March 2009 as described above. This increase was not affected by changes in the value of currencies, as revenues and expenses were fixed in Euros. The revenue generated in the nine months ended 30 September 2008 under "Other revenues" was primarily ascribed to the revaluation of the Company's interest in the Mall of Russe.

Operating costs

Operating costs increased by 14.1% from EUR 100.0 million during the nine months ended 30 September 2008 to EUR 114.1 million during the nine months ended 30 September 2009. This net increase resulted primarily from the total effects of:

- an increase in theatre operating expenses which is primarily explained by the increase in theatre revenues as described above. Theatre operating expenses, excluding depreciation and amortisation, as a percentage of total theatre revenue remained at a similar level - 74.3% and 74.8% for the nine months ended 30 September 2009 and the nine months ended 30 September 2008, respectively;
- a decrease in distribution operating expenses as a result of the decrease in revenues as described above. Distribution operating expenses, excluding depreciation and amortisation, as a percentage of total distribution revenue increased to 101.6% for the the nine months ended 30 September 2009, from 94.0% for the nine months ended 30 September 2008. This change is mostly due to the decrease in the results of the distribution activities in Israel and the decrease in the DVD distribution operations in Hungary as described above.

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- an increase in other operating expenses which is primarily explained by an increase in other revenues as described above. Other operating expenses, excluding depreciation and amortisation, as a percentage of total other revenue increased to 54.1% for the nine months ended 30 September 2009, from 1.9% for the nine months ended 30 September 2008. This is primarily due to the real estate sale in Plovdiv, Bulgaria, in 2009 and the fact that no similar sale transaction was recorded in the nine months ended 30 September 2008;

General and administrative expenses

General and administrative expenses increased by 11.4% from EUR 7.0 million for the nine months ended 30 September 2008 to EUR 7.8 million during the nine months ended 30 September 2009. The increase is mainly a result of the increase in the management bonus accrual in line with the increase in the Company's pre-tax profits and further increase in the activities of the Company. General and administrative expenses as a percentage of total revenue remained approximately at a similar level: 5.3% and 5.1% for the nine months ended 30 September 2009 and the nine months ended 30 September 2008, respectively;

EBITDA

As a result of the factors described above, the earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 11.1% from EUR 30.7 million for the nine months ended 30 September 2008 to EUR 34.1 million for the nine months ended 30 September 2009.

Depreciation and amortisation

Depreciation and amortisation expenses decreased by 13.3% from EUR 13.5 million for the nine months ended 30 September 2008 to EUR 11.7 million for the nine months ended 30 September 2009. This decrease is mainly due to the full depreciation of the fixed assets related to the closing of the Arena Multiplex in Israel during the nine months ended 30 September 2008 (with no such similar event occurring during the nine months ended 30 September 2009), and the devaluation of local currencies against the Euro in each of the Company's territories, except for Bulgaria, partly offset by an increase in depreciation due to newly opened theatres.

Operating profit

As a result of the factors described above, the operating profit increased by 29.5% from EUR 17.3 million during the nine months ended 30 September 2008 to EUR 22.4 million during the nine months ended 30 September 2009.

Financial income/expenses

The balance of financial income and expenses resulted in a net expense of EUR 1.8 million during the nine months ended 30 September 2009 compared to a net expense of EUR 0.9 million during the nine months ended 30 September 2008. The increase is mainly due to exchange rate differences carried on short and long-term payables denominated in currencies other than the Euro, the Company's functional currency.

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Non-controlling interest

Non-controlling interest for the nine months ended 30 September 2009 and 30 September 2008 comprise the share of minority shareholders in losses from subsidiaries that are not 100% owned by the Company (EUR 0.4 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 18.9 million during the nine months ended 30 September 2009 compared to net income of EUR 14.7 million during the nine months ended 30 September 2008.

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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
2009 (nine months ended 30 September)	**4.380**	**3.917**	**4.900**	**4.223**
2008 (nine months ended 30 September)	3.429	3.203	3.658	3.408

Source: National Bank of Poland ("NBP")

Selected financial data	EUR (thousands, except per share data) For the nine months ended 30 September		PLN	
	2009	**2008**	**2009**	**2008**
Revenues	**156,012**	137,757	**683,333**	472,369
Operating profit	**22,394**	17,257	**98,086**	59,174
Income before taxation	**20,576**	16,246	**90,123**	55,708
Net income attributable to Equity holders of the parent company	**18,922**	14,661	**82,878**	50,273
Cash flows from operating activities	**29,707**	21,686	**130,117**	74,361
Cash flows used in investment activities	**(27,683)**	(55,174)	**(121,252)**	(189,192)
Cash flows (used in)/provided by financing activities	**(420)**	34,286	**(1,839)**	117,567
Increase in cash and cash equivalents	**1,489**	1,223	**6,522**	4,194
Total assets	**311,762**	311,504	**1,316,571**	1,061,606
Provisions	**6,633**	5,866	**28,011**	19,991
Long-term liabilities (including provisions)	**88,972**	65,724	**375,729**	223,987
Current liabilities	**49,737**	68,762	**210,039**	234,341
Shareholders' equity	**176,907**	179,700	**747,078**	612,418
Share capital	**508**	508	**2,145**	1,731
Average number of equivalent shares	**50,834,000**	50,834,000	**50,834,000**	50,834,000
Average number of equivalent shares (diluted)	**50,834,000**	50,938,647	**50,834,000**	50,938,647
Net earnings per ordinary share (basic and diluted)	**0.37**	0.29	**0.10**	0.99

Selected financial data were translated from EUR 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 flow 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 2009 *

In spite of the very challenging economic environment throughout the Company's countries of operation, 2009 continues to prove to be a good year for the Company, with a strong supply of movies supporting solid results in the Company's territories.

In January 2009, the Company opened two multiplexes, one, an 8 screen multiplex, in Romania and one, an 8 screen multiplex, in the Czech Republic. In March, the Company opened a third project, an 11 screen multiplex in Plovdiv, Bulgaria. This was followed by the opening of a fourth project, a 10 screen multiplex in Poland. In September the Company opened two multiplexes: one, a 6 screen multiplex, in Romania and one, an 8 screen multiplex, in Poland.

While the current real estate and financial crisis in the various countries in which the Company operates, is impacting the speed of realisation of the Company's development plans, the Company is in the process of opening three major projects before December.

The first major project, which has just opened immediately prior to the publication of this report, is the Company's second major multiplex in the city of Budapest, Hungary. This multiplex, which will include 13 screens, will be part of the newly built Skala Buda mall, a modern and upscale facility in the fashionable "Buda" side of the city. This new project should help to continue to strengthen the Company's position in the capital and in the rest of Hungary, adding to the ongoing success of the Arena multiplex, which opened in Budapest at the beginning of last year.

The second, and most significant project in the near term, is the Company's megaplex in the AFI Palace Controceni shopping centre in Bucharest, Romania, which is scheduled to open the day after this report is issued, in November. This megaplex, which will include 20 screens plus an IMAX® theatre, is expected to have a very positive impact on the development of the Company's Romanian operations.

The third project is a megaplex in Krakow Poland, scheduled to be opened by the end of November in the new Krakow Bonarska shopping mall, and will include 20 screens.

With 64 screens already opened this year, and with an additional 40 screens plus an IMAX® theatre still scheduled to be opened in Hungary, Romania and Poland before the end of the year, the Company expects to open a total of 104 screens plus one IMAX® theatre for all of 2009.

The Company continues to have binding commitments for an additional 43 sites (representing approximately 458 screens) including 30 sites with 299 screens in Romania, and is in advanced negotiations in respect of a further number of sites. As previously noted, however, because the mall opening dates are dependent on the mall developers and there is a continuing tendency in the Romanian market to complete mall construction behind schedule, it remains difficult for the Company to accurately estimate the opening dates of its projects. This issue has been particularly exacerbated by the regional slowdown in real estate development brought on by the worldwide financial and real estate crisis, when some of the real estate projects are having great difficult to secure financing necessary to commence the construction. In addition to the risk of delayed openings as described above, there is now an increased risk that the construction of some of the malls for which lease agreements have already been signed, will not commence or will not finish. However, the Company still believes that the planned opening of many of the multiplexes for which it has signed lease contracts will take place. As the Company, in most cases, does not begin to expend capital for theatre constructions in its new theatres until very close to the scheduled opening date, the failure to complete any particular mall project or even a number of projects, should not have a material negative impact on the Company's ongoing operations and results, since such failure would not pose a significant financial risk to the Company. If the completion of mall projects is either delayed or cancelled, this would only impact the rate of the Company's future growth and not its ongoing operations.

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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.

While the Company's management currently believes that the existing trend of strong admissions will continue for the foreseeable future, there can be no assurance that the Company will not be materially adversely impacted if the financial crisis is not adequately subdued. A sustained economic downturn could result in a material drop in "mall traffic", which has historically supported theatre admissions. In addition, if consumers have considerably less disposable income, discretionary entertainment choices, such as movie going, could be adversely impacted. Even if movie going itself is not materially adversely impacted, movie goers could determine to spend less money for food and drinks at the Company's high-margin concession stands. Moreover, advertisers could decrease their use of the Company's expanding theatre and screen advertising services.

Management has noted, however, throughout years of economic downturns, movie going often increases. Consumers desire to spend their smaller pools of discretionary funds on relatively inexpensive forms of "escapist" entertainment such as movie going. The Company has seen very strong admissions trends through the end of September 2009 and until the date of this report has continued to see no evidence of any downturn in theatre visits resulting from external economic factors.

*Certain statements contained in this quarterly report are not historical facts but rather statements of future. These forward-looking statements are based on our current plans, expectations and projections about future events. Any forward-looking statements speak only as of the date they are made and are subject to uncertainties, assumptions and risks that may cause the events to differ materially from those anticipated in any forward-looking statement. Such forward-looking statements include, without limitation, improvements in process and operations, new business opportunities, performance against Company's targets, new projects, future markets for the Company's products and other trend projections. For the avoidance of any doubts, this quarterly report does not contain any forecast about the Company's and its capital group's financial results.

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Additional information to the report

Major shareholders

To the best of the Company's knowledge, as of the date of publication of this report for the nine months ended 30 September 2009 (18 November 2009), the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of 18 November 2009 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 30 September 2009 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 31 December 2008 Number of shares/% of shares
I.T. International Theatres Ltd. [(1)]	32,709,996 / 64.35%	-	32,709,996 / 64.35%	-	32,709,996 / 64.35%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	6,187,089 /12.17%	-	6,187,089 /12.17%	950,720	5,236,369 /10,30%
ING Nationale-Nederlanden Polska Otwarty Fundusz Emerytalny	2,700,000 / 5.31%	-	2,700,000 / 5.31%	-	2,700,000 / 5.31%
BZ WBK TFI SA[(2)]	2,661,049 /5.23%	-	2,661,049 /5.23%	-	2,661,049 /5.23%
BZ WBK AIB Asset Management SA[(2)]	2,542,345 / 5.00%	-	2,542,345 / 5.00%	-	2,542,345 / 5.00%

(1) In addition, Israel Theatres Ltd, the shareholder who holds 100% of I.T. International Theaters Ltd., holds 104,988 shares in Cinema City International N.V. (representing 0.2% of the shares).

(2) BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA, with its registered office in Poznań has engaged BZ WBK AIB Asset Management S.A. to manage the investment funds until now managed by the BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA ("Funds"). Consequently, should it transpire that the Funds hold shares in Cinema City International NV and BZ WBK AIB Asset Management S.A. undertakes to incorporate them in any notification.

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2009 and in the year to the date of publication of the report

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

	As of 18 November 2009 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 30 September 2009 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 31 December 2008 Number of shares/ % of shares
Moshe Greidinger*	11,603,379 / 22.83%	-	11,603,379 / 22.83%	-	11,603,379 / 22.83%
Amos Weltsch	None	-	None	-	None
Israel Greidinger*	11,603,379 / 22.83%	-	11,603,379 / 22.83%	-	11,603,379 / 22.83%

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

The members of the Management Board did not own or receive any rights to shares in the Company during the period 31 December 2008 until 18 November 2009.

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Changes in ownership of shares and rights to shares by Supervisory Board members in the nine months ended 30 September 2009 and in the year to the date of publication of the report

The members of the Supervisory Board did not own any shares and/or rights to shares in the Company during the period 31 December 2008 until 18 November 2009.

Changes in the composition of the Supervisory Board

None

Other
As of 30 September 2009, the Group has issued guarantees for loans that in total amount to EUR 12 million and PLN 188.5 (EUR 44.7) million in connection with loans provided to subsidiaries.
As of 30 September 2009, 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 2009 :

- an increase in the provision for deferred tax liabilities of EUR 2,164,000 (an increase of EUR 813,000 during the 3 months ended 30 September 2009);
- an increase in the provision for accrued employee retirement rights of EUR 40,000 (an increase of EUR 110,000 during the 3 months ended 30 September 2009);
- a decrease in the provision related to onerous lease contracts of EUR 1,206,000 (a decrease of EUR 402,000 during the 3 months ended 30 September 2009).

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, 18 November 2009

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2009 (Unaudited)	30 June 2009 (Unaudited)	31 December 2008 (Audited*)	30 September 2008 (Unaudited)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Intangible fixed assets	**1,069**	**1,096**	1,285	1,516
Property and equipment	**191,723**	**177,484**	182,499 **	213,039 **
Investment properties	**35,798**	**31,889**	29,382 **	28,319 **
Other non-current assets	**1,780**	**2,492**	2,949	938
Total fixed assets	**230,370**	**212,961**	216,115	243,812
CURRENT ASSETS				
Inventories	**5,364**	**5,733**	4,859	5,418
Trade and other receivables	**29,969**	**26,106**	31,814	30,635
Assets classified as held for sale	**31,307**	**27,398**	33,564	22,052
Other current financial assets	**1,057**	**3,828**	2,537	-
Cash and cash equivalents	**13,269**	**14,429**	11,780	9,235
Short term bank deposits – collateralized	**325**	**332**	345	352
Short term bank deposits	**101**	**-**	591	-
Total current assets	**81,392**	**77,826**	85,490	67,692
TOTAL ASSETS	**311,762**	**290,787**	301,605	311,504
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY	**176,907**	**165,632**	160,026	179,700
Minority interests	**(3,854)**	**(3,700)**	(3,483)	(2,682)
LONG-TERM LIABILITIES				
Long-term loans, net of current portion	**80,082**	**72,515**	67,182	57,263
Provisions	**6,633**	**6,112**	5,635	5,866
Other long-term liabilities	**2,257**	**3,921**	3,226	2,595
Total long-term liabilities	**88,972**	**82,548**	76,043	65,724
CURRENT LIABILITIES				
Short-term bank credit	**19,324**	**17,539**	34,177	36,994
Other current liabilities	**30,413**	**28,768**	34,842	31,768
Total current liabilities	**49,737**	**46,307**	69,019	68,762
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**311,762**	**290,787**	301,605	311,504

*) Extracted from the 2008 Annual Accounts.

**) Reclassified for comparison purposes.

CONDENSED CONSOLIDATED INCOME STATEMENT

	For the 9 months ended 30 September 2009 (Unaudited)	For the 3 months ended 30 September 2009 (Unaudited)	For the 9 months ended 30 September 2008 (Unaudited*)	For the 3 months ended 30 September 2008 (Unaudited*)
	EUR (thousands, except per share data and number of shares)			
Continuing operations				
Revenues	**156,012**	**50,685**	137,757	47,505
Operating costs	**125,802**	**43,238**	113,518 **	40,226 **
Gross margin	**30,210**	**7,447**	24,239	7,279
General and administrative expenses	**7,816**	**1,900**	6,982	1,932
Operating profit	**22,394**	**5,547**	17,257	5,347
Financial income	**1,011**	**518**	1,506 **	159**
Financial expenses	**(2,857)**	**(712)**	(2,381)**	(903)**
Gain/(loss) on disposals and write-off of other investments	**28**	**17**	(136)	(118)
Operating income before taxation	**20,576**	**5,370**	16,246	4,485
Income tax expense	**(2,059)**	**(428)**	(1,460)	(463)
Net income from continuing operations	**18,517**	**4,942**	14,786	4,022
Discontinued operations				
Loss from discontinued operations	**(53)**	**(13)**	(618)	(143)
Net income for the period	**18,464**	**4,929**	14,168	3,879
Attributable to:				
Equity holders of the parent company	**18,922**	**5,074**	14,661	4,017
Non-controlling interest related to continued operations	**(421)**	**(136)**	(72)	32
Non-controlling interest related to discontinued operations	**(37)**	**(9)**	(421)	(170)
Net income for the period	**18,464**	**4,929**	14,168	3,879
Earnings per share				
Weighted average number of equivalent shares (basic)	**50,834,000**	**50,834,000**	50,834,000	50,834,000
Weighted average number of equivalent shares (diluted)	**50,834,000**	**50,852,684**	50,938,647	50,874,068
Net earnings per share for profit attributable to the owners of the company (basic and diluted)	**0.37**	**0.10**	0.29	0.08
Net earnings per share for profit from continuing operations attributable to the owners of the company (basic and diluted)	**0.37**	**0.10**	0.29	0.08

* Reclassified to show the discontinued operation of DVD and Video rental business separately from the continuing operations.
** Reclassified for comparison purposes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	For the 9 months ended 30 September 2009 (Unaudited)	For the 3 months ended 30 September 2009 (Unaudited)	For the 9 months ended 30 September 2008 (Unaudited)	For the 3 months ended 30 September 2008 (Unaudited)
	EUR (thousands)			
Balance as of the beginning of the period	**160,026**	**165,632**	156,171	174,638
Share based payment	**70**	**23**	81	27
Net income for the period	**18,922**	**5,074**	14,661	4,017
Foreign currency translation adjustment	**(1,147)**	**7,033**	9,647	(601)
Effective portion in fair value of cash flow hedges	**(964)**	**(855)**	(860)	1,619
Balance at the end of the period	**176,907**	**176,907**	179,700	179,700

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 9 months ended 30 September 2009 (Unaudited)	For the 3 months ended 30 September 2009 (Unaudited)	For the 9 months ended 30 September 2008 (Unaudited)	For the 3 months ended 30 September 2008 (Unaudited)
	EUR (thousands)			
Cash flows from operating activities	**29,707**	**9,440**	21,686	8,631
Cash flows used in investing activities	**(27,683)**	**(18,833)**	(55,174)	(33,914)
Cash flows (used in) / from financing activities	**(420)**	**8,026**	34,286	26,750
Foreign currency exchange differences on cash	**(115)**	**207**	425	4
Increase / (decrease) in cash and cash equivalents	**1,489**	**(1,160)**	1,223	1,471
Cash and cash equivalents at the beginning of the period	**11,780**	**14,429**	8,012	7,764
Cash and cash equivalents at the end of the period	**13,269**	**13,269**	9,235	9,235

Note 1 – General and principal activities

Cinema City International N.V. ("the Company") is incorporated and domiciled in the Netherlands. The shares in the Company are traded on the Warsaw Stock Exchange. As at 30 September 2009, 64.35% 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, Romania and Israel. The Company is also engaged in managing and establishing its own entertainment real estate projects for rental purposes, in which the Company operates motion picture theatres. In addition, the Company is involved in short-term and long-term real estate trading in Central Europe. The Company's business is in large dependent both upon the availability of suitable motion pictures from third parties for exhibition in its theatres, and the performance of such films in the Company's markets.

The Condensed Consolidated Interim Financial Statements of the Company for the nine months ended 30 September 2009 comprise the Company and its subsidiaries and joint ventures (together referred to as "the Group") and the Group's interest in associates.

The 30 September 2009 Condensed Consolidated Interim Financial Statements were authorised for issue by the Management Board on 18 November 2009.

Note 2 – Summary of significant accounting policies

A. Basis of preparation

Except as described the Company's Condensed Consolidated Interim Financial Statements for the nine months ended 30 June 2009, the accounting policies applied by the Company in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2008.
The 30 September 2009 Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited 2008 Annual Accounts which have been prepared in accordance with International Financial Reporting Standards (IFRS) and in conjunction with the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2009 which have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Consolidated Financial Statements of the Group for the year ended 31 December 2008 and the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2009 are available upon request from the Company's registered office at Weena 210-212, 3012 NJ Rotterdam, the Netherlands or at the Company's website: www.cinemacity.nl/en.

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

B. The 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. In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2008.

C. 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 Romanian new lei 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 euro (presentation currency of the Company) for both 2008 and 2009 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.

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.

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.

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)**
30 September 2009	**25.22**	**270.27**	**4.22**	**1.46**	**5.51**	**4.21**
31 December 2008	26.64	267.59	4.15	1.41	5.30	4.04
30 September 2008	24.54	242.68	3.38	1.44	5.00	3.74

Change during the period	**%**	**%**	**%**	**%**	**%**	**%**
2009 (9 months)	**(5.33)**	**1.00**	**1.69**	**3.55**	**3.96**	**4.21**
2008 (12 months)	(0.11)	4.75	14.33	(4.08)	(6.36)	11.29
2008 (9 months)	(7.99)	(5.00)	(6.88)	(2.04)	(11.66)	3.03

	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)**
2009 (9 months)	**26.65**	**284.32**	**4.39**	**1.37**	**5.44**	**4.24**
2008 (12 months)	24.99	252.43	3.52	1.47	5.26	3.70
2008 (9 months)	24.86	248.55	3.44	1.52	5.35	3.66

Change during the period	**%**	**%**	**%**	**%**	**%**	**%**
2009 (9 months)	**6.66**	**12.63**	**24.72**	**(6.80)**	**3.42**	**14.59**
2008 (12 months)	(10.04)	0.15	(7.12)	7.30	(6.57)	10.45
2008 (9 months)	(10.51)	(1.39)	(9.23)	10.95	(4.97)	9.25

	Exchange rate of euro					
Average for the quarter ended 30 September	**Czech Crown (CZK)**	**Hungarian Forint (HUF)**	**Polish Zloty (PLN)**	**US Dollar (USD)**	**Israeli Shekel (NIS)**	**Romania New Lei (RON)**
2009	**25.64**	**272.08**	**4.21**	**1.43**	**5.48**	**4.24**
2008	24.10	236.57	3.31	1.51	5.26	3.60

Change quarter over quarter	**%**	**%**	**%**	**%**	**%**	**%**
2009	**6.39**	**15.01**	**27.19**	**(5.30)**	**4.18**	**17.78**
2008	(13.84)	(6.32)	(12.89)	10.21	(8.84)	11.11

* 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

Changes in consolidated and associated entities during the first nine months of 2009:

Forum Film Bulgaria EOOD, 100% owned by the Company, was incorporated in Bulgaria. This entity commenced operations in January 2009 and specializes in the distribution of movies in Bulgaria.
For changes in entities classified as held for sale see note 9.

Note 4 – 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 2008. The commitments, contingent liabilities and liens as disclosed in the Company's Annual Accounts for the year ended 31 December 2008 have not materially changed as at 30 September 2009, except for further commitments to open new cinemas as part of the Company's expansion plans and except for a cost overrun guarantee and securities as disclosed below.

During the nine months ended 30 September 2009, the Company sold its remaining interest in the Mall of Plovdiv to GE Real Estate and Quinlan Private (Ireland). The Company (and the other selling shareholders that participated in the sale) will continue to be responsible for the final completion of the project, which consists primarily of supervising the completion activities of the Mall's main contractors.

During the nine months ended 30 September 2009, the Company provided a guarantee for new loan to a Polish bank totaling PLN 73 million (EUR 15.5 million). The Company's Polish subsidiary provided the bank with several securities consisting mainly of an ordinary joint mortgage on its interest in several real estate investments in Poland. The Polish subsidiary undertook to meet several financial covenants.

As of 30 September 2009, the Group has guarantees for loans that in total amount to EUR 12 million and PLN 188.5 million (EUR 44.7 million) in connection with loans provided to subsidiaries.

Cinema City Poland Sp. z o.o. (CCP), 100% owned by the Company, is the defendant in a claim brought by Zwiazek Autorow 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 many other major cinema exhibitors and cable TV operators in Poland, some of which, the Company believes, may have settled with Zaiks. The claimant seeks royalties in the amount of approximately EUR 2.0 million plus interest for the period through June 2007 for the use of works by certain of its members in movies exhibited in Poland. Recently, Zaiks filed a motion with the court to settle with CCP for the period through 2009. Although no claims have been raised by Zaiks for the period after June 2007, Zaiks motion to the court for settlement for the period through 2009 make it more likely that Zaiks will make a claim for additional amounts for the period after 2007. Based on legal advice, the Management Board does not expect the outcome of the claim to have a material effect on the Group's financial position. The Company continues to accrue amounts in connection with this matter.

Note 5 – 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 2008 Annual Accounts. As at 30 September 2009, the Company has hedged some of its USD and EUR expenses through June 2009 in respect of its Polish, Hungarian and Czech theatre operations, against the Polish zloty, the Hungarian forint and Czech crown, respectively.
In connection with these obligations, the Company has entered into the following forward foreign exchange contracts:

(1) Contracts comprising a commitment to buy EUR 300,000 and USD 500,000 at the beginning of each month until December 2010 at fixed prices denominated in Polish zloty;
(2) Contracts comprising a commitment to buy USD 255,000 at the beginning of each month until December 2010 at fixed prices denominated in Hungarian forint;
(3) Contracts comprising a commitment to buy USD 90,000 at the beginning of each month until August 2011 at fixed prices denominated in the Czech crown.

These forward foreign exchange contracts have been valued in the Condensed Consolidated Statement of Financial Position at 30 September 2009 at their fair value.

The valuation of contracts signed as of 1 January 2008 onwards is booked directly into equity in a separate Hedge reserve. The Company designates these contracts to hedge future cash flow fluctuations deriving from differences between the EUR and the USD against local currencies as described above. Amounts are released from the Hedge reserve to profit or loss when the future transaction is settled.

Note 6 – Discontinued operations

On 30 October 2008, the Company signed an agreement to sell, together with its 50% joint venture partner, its Israeli video and DVD film rental and sale business, which had been conducted through Blockbuster Israel. NMC-United purchased the business for NIS 6.8 million (approximately EUR 1.4 million). Following this sale, the Company will no longer be active in the DVD film rental and sale business. This segment was not a discontinued operation or classified as held for sale as at 30 September 2008 and the comparative consolidated income statement has been reclassified to show the discontinued operation separately from continuing operations.
The impact on the Company's results for the nine months ended 30 September 2009 are considered not material.

Note 7 - Segment Reporting

The Group's operations in Israel and Central Europe are organised under the reportable segments, as described below, which are the Group's major business segments. The strategic business units offer different products and services because they require different processes and marketing strategies. For each of the strategic business units, the Management Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

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

	For the nine months ended 30 September 2009 EUR (thousands) – (unaudited)							
	Theatre operations	Distribution	Video & DVD (discon--tinued)	Other	Elimi-nations	Conso-lidated	Less: Video& DVD (discon-tinued)	Conti-nuing operations
Revenues								
External sales	119,441	11,666	-	24,905	-	156,012	-	156,012
Inter-segment sales	293	5,675	-	-	(5,968)	-	-	-
Total revenues	119,734	17,341	-	24,905	(5,968)	156,012	-	156,012
Segment results	13,963	(1,489)	-	9,920	-	22,394	-	22,394
Net financial expense						(1,846)	-	(1,846)
Gain and loss on disposals						(25)	(53)	28
Income taxes						(2,059)	-	(2,059)
Non controlling interests						458	37	421
Net income						18,922	(16)	18,938

	30 September 2009 EUR (thousands) – (unaudited)					
	Theatre operations	Distribution	Video & DVD (discontinued)	Other	Unallocated	Consolidated
Segment assets	216,726	11,475	16	81,765	1,780	311,762
Segment liabilities	19,886	5,119	1,011	7,791	104,902	138,709
Capital expenditure	22,620	125	-	6,576	-	29,321

Note 7 - Segment Reporting (cont'd)

	For the nine months ended 30 September 2008 EUR (thousands) –(unaudited)							
	Theatre operations	**Distribution**	**Video & DVD (discon-tinued)**	**Other**	**Elimi-nations**	**Conso-lidated**	**Less: Video& DVD (discon-tinued)**	**Conti-nuing operations**
Revenues								
External sales	112,675	16,634	2,296	8,448	-	140,053	2,296	137,757
Inter-segment sales	-	4,626	-	-	(4,626)	-	-	-
Total revenues	112,675	21,260	2,296	8,448	(4,626)	140,053	2,296	137,757
Segment results*	9,958	268	(505)	7,031	-	16,752	(505)	17,257
Net financial expense*						(1,043)	(168)	(875)
Gain and loss on disposals						(81)	55	(136)
Income taxes						(1,460)	-	(1,460)
Non controlling interests						493	421	72
Net income						14,661	(197)	14,858

	30 September 2008 EUR (thousands) – (unaudited)					
	Theatre operations	**Distribution**	**Video & DVD (discontinued)**	**Other**	**Unallocated**	**Consolidated**
Segment assets	234,353	11,674	1,810	62,729	938	311,504
Segment liabilities*	20,990	5,041	3,708	7,204	97,543	134,486
Capital expenditure	27,933	387	407	6,237	-	34,964

* reclassified for comparison purposes

Note 8 – Related party transactions

There were no material transactions and balances with related parties during the nine months ended 30 September 2009 other than were already disclosed in the Consolidated Financial Statements of the Group for the year ended 31 December 2008 and the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2009.

Note 9 – Assets classified as held for sale

During the nine months ended 30 September 2009, the Company sold its remaining interest in the Mall of Plovdiv to GE Real Estate and Quinlan Private (Ireland), the same parties that purchased the first 50% of the project about 2 years earlier. The sale transaction, for which the Company recorded revenue of EUR 23,028 thousand, was completed at the time of the Mall's opening in March 2009, resulting in a net transaction gain of EUR 10,611 thousand. Under the terms of the sale, the Company continues to hold a long-term lease for the 11 screen multiplex located in the Mall of Plovdiv, which also opened in March 2009.

Note 10 – Share-based payments

The Company has implemented a long-term incentive plan (the "Plan"). Under the Plan, share options can be granted to members of the Management Board and selected employees. For details of the Plan, reference is made to the Consolidated Financial Statements of the Group for the year ended 31 December 2008 and the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2009. No new options were granted to employees during for the nine months ended 30 September 2009.
The impact of the share-based payments on the financial statements of the Company for the nine months ended 30 September 2009 was an expense of EUR 70,000 (nine months ended 30 September 2008: EUR 81,000) recognised in the income statement with a corresponding increase in equity. During the nine months ended 30 September 2009 and during the year 2008 no options were forfeited.

Note 11 – Impairment losses and provisions

During the nine months ended 30 September 2009, no impairment losses were charged.

Note 12 – Subsequent events

None