Cinema City International N.V.

Condensed Consolidated Financial Report

for the quarter ended

31 March 2012

CONTENTS

DIRECTORS' REPORT

General

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 (together with its subsidiaries, the "Group") is principally engaged in the operation of entertainment activities in seven countries including: Poland, Hungary, Czech Republic, Romania, Bulgaria, Slovakia and Israel. The Company, through related entities, has been a family operated theatre business since 1929.

Cinema City is the largest cinema operator in Central and Eastern Europe as well as in Israel and the third largest cinema operator in all of Europe. **As at 18 May 2012 the Company operates 97 multiplexes with a total of 919 screens.** In the CEE countries the Company operates cinemas under the Cinema City brand and in Israel under the Yes Planet and Rav-Chen brands. Theatre operations are the Company's core business comprising selling tickets, snacks and beverages in concession stands as well as cinema advertising run under its brand name New Age Media. The Company also maintains an exclusive arrangement with IMAX® Corporation to develop IMAX® theatres in the countries of its operation. **The Company is the fastest growing cinema chains in Europe with plans to open 30 new multiplexes (approximately 320 screens) underpinned with binding lease agreements.** The Company is also running film distribution through its local subsidiary companies branded Forum Film in all countries. Cinema City maintains a small-scale cinema-related real estate presence in selected countries.

The Company shares are traded on the Warsaw Stock Exchange. As of 17 May 2012, the market share price was PLN 29.25 (EUR 6.71), giving the Company a market capitalisation of EUR 343.3 million. The Company's office is located in Rotterdam, the Netherlands.

Highlights during the first quarter of 2012

- **In the first quarter of 2012, while Cinema City earned EUR 62.5 million consolidated revenue, down 5.0% from the first quarter of 2011, consolidated EBITDA (earnings before interest, taxation, depreciation and amortisation) remained the same as in the first quarter of 2011 at EUR 13.4 million, excluding the first quarter 2011 acquisition- related and reorganisation expenses. Including the first quarter 2011 acquisition- related and reorganisation expenses, EBITDA increased by 21.8% from EUR 11.0 million in the first quarter of 2011.**

- **Net profit decreased by 14.3% to EUR 5.1 million, excluding the first quarter 2011 acquisition-related and reorganisation expenses, while net profit increased by 41.4% from EUR 3.6 million in the first quarter of 2011, including the first quarter 2011 acquisition- related and reorganisation expenses.**

- **In the first quarter of 2012, the Company sold 8.5 million tickets in 7 countries of operations, 6.1% less than in the first quarter of 2011. Same theatre admissions were down by 9.6% to 8.2 million tickets. Ticket prices in local currencies went up in almost all the Company's territories of operation, while a stronger Euro compared to the first quarter of 2001 kept average ticket prices at a similar level to the same period last year.**

Directors' report

- **Theatre operations generated EUR 57.1 million revenue in the first quarter of 2012, a decrease of 5.8% over the same period in 2011, and EBITDA decreased by 5.3% to EUR 12.4 million excluding the first quarter 2011 acquisition- related and reorganisation expenses while, including the first quarter 2011 acquisition- related and reorganisation expenses, EBITDA increased by 15.9% from EUR 10.7 million in the first quarter of 2011.**

- **In March 2012, the Company opened an 8-screen multiplex in Ostrava, Czech Republic and closed the 8 screen cinema Hostivar in Prague. In May 2012, prior the date of this report, the Company opened two additional cinemas: in Constanta, Romania (8 screens) and in Burgas, Bulgaria (10 screens).**

- **As of the date of this report, the Company has substantially completed the digitalization of all of its movie exhibition auditoriums.**

- **During the first quarter of 2012, the Company's film distribution business continued to grow with higher revenue and EBITDA. In March 2012, the Company launched Forum Film Czech, and with this opening, the Company now operates local film distribution activities in all of its countries of operations.**

Theatre operations

The Company's theatre operations in the first quarter of 2012 generated revenue of EUR 57.1 million, a 5.8% reduction compared to the first quarter of 2011. This decrease was mainly due to two factors: (1) lower theatre admissions and (2) the weakness of the local currencies against the Euro compared to the same period last year. A portion of this weakness was offset by the increase of the average ticket price in local currencies in most of the Company's territories of operations. Cinema attendance was down by 6.1% to 8.5 million tickets and varied by territory from increased volumes in Romania, Hungary and Czech Republic, through stable attendance in Israel and lower admissions mainly in Poland, driven among other reasons by a more modest line-up of Polish domestic films compared to the first quarter of 2011. The most notable international titles of the quarter were *Puss in Boots*, *Sherlock Holmes* and *The Hunger Games,* which was released in the end of the quarter, followed by a number of mid-range international titles. In same theatre terms, the Company sold 8.2 million tickets in the first quarter of 2012, which is 9.6% less than in the first quarter of 2011. EURO average ticket price stayed in similar levels, while in local currency terms, average ticket prices were up in almost every country of Company operations.

In March 2012, the Company opened its first multiplex in Ostrava, Czech Republic (8 screens). This Cinema is the second multiplex in Ostrava, and given that the only other multiplex in the city has historically generated very high admission rates, the Company believes this will be a good strategic addition to the Company's theatre chain. Also at the end of March 2012, the Company closed an 8-screen cinema in Hostivar, Prague, as scheduled. This multiplex was part of the Palace Cinemas acquisition and was located close to another cinema that the Company continues to operate.

The acquired multiplexes of Palace Cinemas became fully integrated with Cinema City's organisation in 2011, while the Company began to realize tangible operating benefits from the implementation of an internal improvement plan. Results were also impacted by the fact that the Company no longer incurred the one-time reorganisation costs, which in the first quarter of 2011 amounted to over EUR 2.4 million. During the first quarter of 2012, the Company was still re-negotiating several Palace Cinemas lease agreements, which the Company expects should bring additional costs savings in 2012.

The scheduled installation of digital equipment into all of the Company's auditoriums was substantially completed during the quarter, which management believes should bring a number of benefits both in terms of revenues and costs. The Company is now able to offer the best viewing experience, including 3D format, in all of its multiplexes. The Company can now capture 3D ticket price premium in all of its theatres, which supports revenues and EBITDA. The biggest titles in 3D for 2012, including sequels of *Madagascar* and *Ice Age* as well as the first part of *The Hobbit*, are scheduled to be released during the second half of the year. Full digitalisation should also translate into a reduction of operating costs, including a reduction of labor cost as digital projectors require less ongoing manpower than traditional reel-to-reel projectors and savings in cinema advertising costs. In addition, the Company is now recognizing revenue from most of the studios under negotiated "virtual print fee" arrangements in return to the Company investment in digitalisation.

Film distribution activities

Revenues generated by the Company's film distribution division increased by over 9.1% to EUR 4.8 million during the first quarter of 2012 and EBITDA from this segment increased from EUR 145 thousand to EUR 770 thousand. The performance of the Company's film distribution business varied by territory, with improved performance in most of the Company's territories.

With the launching of Forum Film Czech operations during the first quarter of 2012, the Company now serves as a film distributor in all its countries of operations.

Other activities including real estate operations

Other activities including real estate operations did not materially contribute to the Company's results for the first quarter of 2012. The Company expects this business line to grow following the opening of its third Yes Planet megaplex in Israel, scheduled for mid-2012, where the Company will operate rental space for food & beverage services located in the large cinema complex.

Overview of results

The Company's net income attributable to equity holders of the parent company for the first quarter of 2012 was EUR 5,139,000 and can be summarised as shown below. In connection with the Palace Cinemas acquisition in January 2011, the Company incurred acquisition related and reorganisation expenses, which costs had a material impact on the Company's EBITDA and net income for the three months ended 31 March 2011. In order to show a clearer comparison of quarterly results without the disproportionate impact of these one-time expenses, the net results for the first quarter of 2011 are presented in two separate columns: one column showing the results excluding the acquisition-related and reorganisation expenses, and the other column showing the results including acquisition-related and reorganisation expenses.

Directors' report

	For the 3 months ended 31 March		
	2012	2011 (excluding acquisition & reorganisation expenses)	2011
	EUR (thousands, except per share data)		
Continuing operations			
Revenues	**62,485**	65,788	65,788
Operating costs, excluding depreciation and amortisation	**45,327**	48,823	48,823
Gross result	**17,158**	16,965	16,965
General and administrative expenses	**3,751**	3,589	3,589
Acquisition related and reorganisation expenses	**-**	-	2,365
EBITDA [1]	**13,407**	13,376	11,011
Depreciation and amortisation	**7,137**	6,090	6,090
Operating profit	**6,270**	7,286	4,921
Financial income	**629**	370	370
Financial expenses	**(1,356)**	(886)	(886)
Gain and loss on disposals and write-off of other investments	**(16)**	(6)	(6)
Operating income before taxation	**5,527**	6,764	4,399
Income taxes	**(320)**	(665)	(665)
Net income for the period	**5,207**	6,099	3,734
Non Controlling Interests	**(68)**	(100)	(100)
Net income attributable to equity holders of the parent company	**5,139**	5,999	3,634
Weighted average number of equivalent shares (basic)	**51,200,000**	51,200,000	51,200,000
Weighted average number of equivalent shares (diluted)	**51,226,295**	51,247,773	51,247,773
Net earnings per ordinary share (basic and diluted of EUR 0.01 each)	**0.10**	0.12	0.07

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

Directors' report

Revenues

Total revenues decreased by 5.0% from EUR 65.8 million during the quarter ended 31 March 2011 to EUR 62.5 million during the quarter ended 31 March 2012.

Theatre operating revenues decreased by 5.8% from EUR 60.7 million during the quarter ended 31 March 2011 to EUR 57.1 million during the quarter ended 31 March 2012. This decrease is mainly due to two factors: (1) a decrease in theatre admissions, mainly in Poland, and (2) the weakness of local currencies against the Euro compared to the same period last year, and mainly in respect the Polish zloty, which appreciated 7.1% and the Hungarian forint, which appreciated 8.9%, respectively, against the Euro. Part of this weakness was offset by the increase of the average ticket prices in local currency terms in most of the Company's territories of operations.

Distribution operating revenues increased by 9.1% from EUR 4.4 million during the quarter ended 31 March 2011 to EUR 4.8 million during the quarter ended 31 March 2012. The increase is mainly due to the increase in the distribution activities in most of the Company's territories of operations.

Other cinema related revenues decreased by 24.5% from EUR 0.7 million during the quarter ended 31 March 2011 to EUR 0.5 million during the quarter ended 31 March 2012.

Operating Costs

Operating costs, excluding depreciation and amortisation, decreased by 7.2% from EUR 48.8 million during the quarter ended 31 March 2011 to EUR 45.3 million during the quarter ended 31 March 2012. This decrease resulted primarily from the total effects of:

- A decrease in theatre operating expenses primarily explained by the decrease in the revenue generated from theatre operation. In addition, the reorganisation of Palace Cinemas in the Czech Republic, Hungary and Slovakia and the digitalisation process, which the Company substantially finalized during the first quarter of 2012, also contributed to the decrease in operating costs. The theatre operating expenses, excluding depreciation and amortisation, as a percentage of total theatre revenues, decreased to 72.6% for the quarter ended 31 March 2012, from 73.7% for the quarter ended 31 March 2011.
- A decrease in distribution operating expenses as a result of classification of new distribution rights costs to amortisation. Distribution operating expenses, excluding depreciation and amortisation, as a percentage of total distribution revenue, decreased to 75.3% for the quarter ended 31 March 2012, from 88.0% for the quarter ended 31 March 2011.

General and administrative expenses

General and administrative expenses increased by 4.5% from EUR 3.6 million during the quarter ended 31 March 2011 to EUR 3.8 million during the quarter ended 31 March 2012. The increase in general and administrative expenses is due to the growth in the Company's business activities.

Acquisition related and reorganisation expenses

The acquisition related and reorganisation expenses incurred during the first quarter of 2011 related to the Palace Cinemas acquisition in January 2011. These one-time expenses were associated primarily with legal, accounting and advisory fees to consummate the acquisition and the one-time reorganisation expenses incurred in conjunction with integrating the acquisition into the Company's existing platform.

EBITDA (Earnings before Interest Tax Depreciation and Amortisation)

As a result of the factors described above, EBITDA remained at a similar level: EUR 13.4 million during the quarter ended 31 March 2012 and the quarter ended 31 March 2011, excluding the acquisition related and reorganisation expenses. Including acquisition related and reorganisation expenses, EBITDA increased by 21.8%, from EUR 11.0 million for the quarter ended 31 March 2011.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 17.2% from EUR 6.1 million for the quarter ended 31 March 2011 to EUR 7.1 million for the quarter ended 31 March 2012. The increase is explained mainly by higher depreciation due to the newly opened theatres in 2011, primarily in Poland and Romania, new digital projectors acquired during 2011 and amortisation of new distribution rights.

Operating profit

As a result of the factors described above, excluding acquisition related and reorganisation expenses, operating profit decreased by 13.9% from EUR 7.3 million during the quarter ended 31 March 2011 to EUR 6.3 million during the quarter ended 31 March 2012. Compared to the operating profit for the quarter ended 31 March 2011 including acquisition related and reorganisation expenses, amounting to EUR 4.9 million, operating profit increased by 27.4%.

Financial income/expenses

The balance of financial income and expenses resulted in a net expense of EUR 0.7 million during the quarter ended 31 March 2012 compared to a net expense of EUR 0.5 million during the quarter ended 31 March 2011. The increase is mainly due to an increase in bank debt following the acquisition of new cinema equipment and building new cinemas.

Non-controlling interests

Non-controlling interests comprise the share of minority shareholders in net profits or losses from subsidiaries that are not 100% owned by the Company and amounted to EUR 0.1 million (negative) and EUR 0.1 million (negative) for the quarter ended 31 March 2012 and for the quarter ended 31 March 2011, respectively.

Net income

As a result of the factors described above, excluding the acquisition related and reorganisation expenses, the Company's net income attributable to equity holders of the parent company decreased by 14.3% from EUR 6.0 million during the quarter ended 31 March 2011 to EUR 5.1 million during the quarter ended 31 March 2012. The Company's net income attributable to equity holders of the parent company, including acquisition related and reorganisation expenses, increased by 41.4% from EUR 3.6 million for the quarter ended 31 March 2011 to EUR 5.1 million during the quarter ended 31 March 2012.

Selected financial data

	EUR		PLN	
	(thousands, except per share data)			
	For the quarter ended 31 March			
	2012	**2011**	**2012**	**2011**
Revenues	**62,485**	65,788	**264,299**	259,705
Operating profit excluding acquisition related and reorganisation expenses	**6,270**	7,286	**26,521**	28,762
Operating profit including acquisition related and reorganisation expenses	**6,270**	4,921	**26,521**	19,426
Operating income before taxation excluding acquisition related and reorganisation expenses	**5,527**	6,764	**23,378**	26,702
Operating income before taxation including acquisition related and reorganisation expenses	**5,527**	4,399	**23,378**	17,365
Net income attributable to equity holders of the parent company excluding acquisition related and reorganisation expenses	**5,139**	5,999	**21,737**	23,682
Net income attributable to equity holders of the parent company including acquisition related and reorganisation expenses	**5,139**	3,634	**21,737**	14,346
Cash flows from operating activities	**6,548**	7,586	**27,697**	29,946
Cash flows used in investment activities	**(25,149)**	(24,097)	**(106,375)**	(95,125)
Cash flows from financing activities	**17,129**	15,912	**72,452**	62,814
Decrease in cash and cash equivalents	**(1,472)**	(599)	**(6,226)**	(2,365)
Total assets	**369,196**	323,797	**1,536,446**	1,299,041
Provisions	**4,320**	8,099	**17,978**	32,492
Long-term liabilities (including provisions)	**69,564**	49,158	**289,498**	197,217
Current liabilities	**60,587**	54,349	**252,139**	218,043
Shareholders' equity	**241,043**	224,934	**1,003,125**	902,413
Share capital	**512**	512	**2,131**	2,054
Average number of equivalent shares	**51,200,000**	51,200,000	**51,200,000**	51,200,000
Average number of equivalent shares (diluted)	**51,226,295**	51,247,773	**51,226,295**	51,247,773
Net earnings per ordinary share (basic and diluted) excluding acquisition related and reorganisation expenses	**0.10**	0.12	**0.42**	0.47
Net earnings per ordinary share (basic and diluted) including acquisition related and reorganisation expenses	**0.10**	0.07	**0.42**	0.28

Selected financial data (cont'd)

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.

	Exchange rate of Euro versus the Polish Zloty			
PLN/EUR	**Average exchange rate**	**Minimum exchange rate**	**Maximum exchange rate**	**Quarter end exchange rate**
2012 (1st quarter)	4.2298	4.1062	4.5135	4.1616
2011 (1st quarter)	3.9476	3.8403	4.0800	4.0119

Source: National Bank of Poland ("NBP")

Outlook for the remainder of 2012*

Cinema City theatre attendance in 2012 to date remains generally stable, with strong April attendance having closed much of the shortfall during Q1 2012 compared to last year. The Company expects that an improvement in admissions and revenue level should continue to materialise in the second half of the year while the movie pipeline appears robust with a blend of franchise and fresh stand-alone titles including: *Ice Age: Continental Drift 3D, The Amazing Spider-Man 3D, Prometheus 3D, Titanic 3D, The Dark Knight Rises, Madagascar 3 3D, Brave 3D, Bond 23, The Twilight Saga: Breaking Dawn - Part 2, The Hobbit: An Unexpected Journey 3D,* and many others. The list of movies for the remainder of 2012 also includes many Polish titles such as the big format: *Bitwa pod Wiedniem* and *Wałęsa* and a number of mid-range films.

In May 2012, the Company opened two cinemas: in Constanta, Romania (8 screens) and in Burgas, Bulgaria (10 screens), which means, that together with the cinema in Ostrava, Czech Republic, the Company has already added 26 new screens since the beginning of the year. In mid-2012, the Company plans to open its third Yes Planet megaplex in Israel, in Rishon Letzion, with 25 screens including the Company's first IMAX® screen in the country and a 4D cinema, which will become its flagship operation in Israel and will be among Cinema City's largest premises. In the second half of the year the Company plans to open a 12-screen cinema in Ploiesti, Romania and a 14-screen multiplex in Sofia, Bulgaria. In total, Cinema City plans to open approximately 70 to 80 screens in 2012.

Palace Cinemas, already fully integrated with Cinema City's operations in the Czech Republic and Hungary, should continue to improve in profitability, especially compared to the first half of 2011, when the reorganisation process was still in full swing. Further renegotiations of selected lease agreements, together with refurbishment programs of these premises should also bring additional financial benefits for the Group.

The Company is currently completing the comprehensive refurbishment of Cinema City West End in Budapest and Cinema City Novy Smichov in Prague - both prime located multiplexes with historically strong performance, which have had diminished results due to lack of investments in the past years. The Company will continue its ongoing refurbishment program in selected locations with high potential for improvement in operating and financial performance.

As the Company has accomplished the reorganisation of Palace Cinemas, the 2012 financial results will not show one-time costs related to acquisition and integration, as was reflected in the 2011 results. 2012 will be also the first full year during which the Company will start benefiting from the newly reorganised Polish corporate structure.

Directors' report

In April 2012, the Company commenced an updated country-wide promotional program for its Polish customers known as "Środy na MAXA" (MAX Wednesdays). This program is being undertaken in partnership with several well-known companies. The main thrust behind this promotional program is to offer cinema goers an opportunity to buy two-for-one tickets, which is expected to bring large audiences in the traditionally quieter mid-week period. In the Czech Republic, the Company has also implemented a country-wide loyalty program for its customers to support the cinema going culture in the country and to allow its customers to benefit from the larger scale of operations after last year's acquisition of Palace Cinemas.

With the digitalisation of all of its movie theatres substantially completed, the Company should begin to see benefits both on the operational side, by reducing operating expenses, and on the income side, primarily by capturing the cash generative potential of 3D and alternative movie titles.

The Company continues to be very excited about its organic growth plans including its long-term growth prospects in Romania. 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. The Company currently has binding commitments for an additional 30 sites (representing approximately 320 screens) including 23 sites with approximately 220 screens in Romania.

While the persisting weakness in the real estate market in Romania is negatively impacting the pipeline of openings, the Company has continued to succeed to open new cinemas in this market every year. It should also be noted that 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. The Company takes into consideration that the openings of a number of the malls where it has binding lease agreements may be significantly delayed or even cancelled. However, the number of signed deals and the pipeline of new location opportunities continuously offered to the Company, should allow the Company to continue to expand in this market.

The Company's management continues to closely monitor the ever-changing debt and Euro crisis in the Eurozone, its potential implications on the Company's countries of operations, and general economic and industry trends both locally and around the world. While management remains optimistic about the Company's ongoing growth prospects, there can be no assurance that the Company will not be materially adversely impacted if, among other potential negative trends, the European debt crisis leads to a 'contagion' into adjacent regions. Continued softness in consumer spending, could result in an ongoing weakness in 'mall traffic', which has historically supported theatre admissions. In addition, if consumers have 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 distress, movie going often increases. Consumers typically desire to spend their smaller pools of discretionary funds on relatively inexpensive forms of 'escapist' entertainment such as movie going.

* *Certain statements contained in this quarter 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 quarter report does not contain any forecast about the Company's and its capital group's financial results.*

Additional information to the report

Major shareholders

To the best of the Company's knowledge as of the date of publication of this report, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of 18 May 2012 Number of shares /% of shares	Increase/ (decrease) Number of shares	As of 31 March 2012 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 31 December 2011 Number of shares/ % of shares
I.T. International Theatres Ltd.	27,589,996 / 53.89%	-	27,589,996 / 53.89%	-	27,589,996 / 53.89%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	5,004,326 / 9.77%	-	5,004,326 / 9.77%	-	5,004,326 / 9.77%
Aviva Investors Poland SA	2,998,479 / 5.86%	-	2,998,479 / 5.86%	-.	2,998,479 / 5.86%
ING Powszechne Towarzystwo Emerytalne SA	2,680,095 / 5.23%	-	2,680,095 / 5.23%	-	2,680,095 / 5.23%
BZ WBK TFI SA	2,661,049 / 5.20%	-	2,661,049 / 5.20%	-	2,661,049 / 5.20%

Changes in ownership of shares and rights to shares by Management Board members in the first quarter of 2012 and until the date of publication of the report

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

	As of 18 May 2012 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 31 March 2012 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 31 December 2011 Number of shares/% of shares
Moshe Greidinger*	11,253,028/ 21.98%	-	11,253,028/ 21.98%	-	11,253,028/ 21.98%
Amos Weltsch	None	-	None	-	None
Israel Greidinger*	11,253,028/ 21.98%	-	11,253,028/ 21.98%	-	11,253,028/ 21.98%

* 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 2011 until 18 May 2012 with the exception of Mr Amos Weltsch. In April 2012, Mr Weltsch was granted as a part of his remuneration package, 650,000 options, each entitling him to subscribe for one share in the Company at the issue price of PLN 29 per share. These options have been granted subject to the approval of the shareholders of the Company. The resolution to approve the grant will be voted on during the upcoming Annual General Meeting of the Company scheduled to be held on 21 June 2012. For further details including vesting dates and other conditions, reference is made to Note 11 'Subsequent events' on page 22 of this report.

Changes in ownership of shares and rights to shares by Supervisory Board members in the first quarter of 2012 and until the date of publication of the report

The members of the Supervisory Board did not own any shares and/or rights to shares in the Company during the period 31 December 2011 until 18 May 2012.

Additional information to the report (cont'd)

Changes in the composition of the Supervisory Board and Management Board
None.

Other
As of 31 March 2012, the Group has issued guarantees for loans that in total amount to EUR 9 million, PLN 452.9 (EUR 108.9) million and NIS 170 (EUR 34.3) million in connection with loans provided to subsidiaries. For additional information, see Note 4 to the condensed consolidated financial statements.

As of 31 March 2012, 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 three months ended 31 March 2012:

- An increase in the provision for deferred tax liabilities of EUR 173,000;
- A decrease in the provision for accrued employee retirement rights of EUR 92,000.

The Management Board

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

Rotterdam, 18 May 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2012 (Unaudited)	31 December 2011 (Audited*)	31 March 2011 (Unaudited)
		EUR (thousands)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**15,202**	13,159	9,857
Property and equipment	**287,106**	263,917	252,399
Other non-current assets	**17,482**	17,242	3,191
Total fixed assets	**319,790**	294,318	265,447
CURRENT ASSETS			
Inventories	**6,684**	6,652	5,147
Trade and other receivables	**34,142**	28,987	42,803
Other current financial assets	**123**	668	100
Cash and cash equivalents	**8,117**	9,277	9,966
Short term bank deposits – collateralized	**340**	340	334
Total current assets	**49,406**	45,924	58,350
TOTAL ASSETS	**369,196**	340,242	323,797
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Total equity attributable to equity holders of the Company	**241,043**	229,303	224,934
Non-controlling interests	**(1,998)**	(2,071)	(4,644)
Total equity	**239,045**	227,232	220,290
LONG-TERM LIABILITIES			
Long-term loans, net of current portion	**64,058**	36,494	36,344
Provisions	**4,320**	4,240	8,099
Other long-term liabilities	**1,186**	1,259	4,715
Total long-term liabilities	**69,564**	41,993	49,158
CURRENT LIABILITIES			
Short-term borrowings	**23,355**	30,331	17,570
Other current liabilities	**37,232**	40,686	36,779
Total current liabilities	**60,587**	71,017	54,349
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**369,196**	340,242	323,797

* Extracted from the 2011 Annual Accounts.

CONDENSED CONSOLIDATED INCOME STATEMENT

	For the 3 months ended 31 March 2012 (Unaudited)	For the 3 months ended 31 March 2011 (Unaudited)
	EUR (thousands, except per share data and number of shares)	
Revenues	**62,485**	65,788
Operating costs	**52,464**	54,913
Gross margin	**10,021**	10,875
General and administrative expenses	**3,751**	3,589
Acquisition related and reorganisation expenses	**-**	2,365
Operating profit	**6,270**	4,921
Financial income	**629**	370
Financial expenses	**(1,356)**	(886)
Loss on disposals and write-off of other investments	**(16)**	(6)
Operating income before taxation	**5,527**	4,399
Income tax expense	**(320)**	(665)
Net income for the period	**5,207**	3,734
Attributable to:		
Equity holders of the parent company	**5,139**	3,634
Non-controlling interests	**68**	100
Net income for the period	**5,207**	3,734
Earnings per share		
Weighted average number of equivalent shares (basic)	**51,200,000**	51,200,000
Weighted average number of equivalent shares (diluted)	**51,226,295**	51,247,773
Net earnings per share for profit attributable to the equity holders of the Company (basic and diluted)	**0.10**	0.07

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the 3 months ended 31 March 2012 (Unaudited)	For the 3 months ended 31 March 2011 (Unaudited)
	EUR (thousands)	
Balance as of the beginning of the period	**229,303**	221,730
Share based payments	**-**	4
Net income for the period	**5,139**	3,634
Foreign currency translation adjustment	**6,952**	(386)
Effective portion in fair value of cash flow hedges	**(351)**	(48)
Balance at the end of the period	**241,043**	224,934

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 3 months ended 31 March 2012 (Unaudited)	For the 3 months ended 31 March 2011 (Unaudited)
	EUR (thousands)	
Cash flows from operating activities	**6,548**	7,586
Cash flows used in investing activities	**(25,149)**	(24,097)
Cash flows from financing activities	**17,129**	15,912
Decrease in cash and cash equivalents	**(1,472)**	(599)
Cash and cash equivalents at the beginning of the period	**9,277**	10,527
Foreign currency exchange differences on cash	**312**	38
Cash and cash equivalents at the end of the period	**8,117**	9,966

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 31 March 2012, 53.89% 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, Slovakia 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. 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 three months ended 31 March 2012 comprise the Company and its subsidiaries and joint ventures (together referred to as "the Group") and the Group's interest in associates.

The 31 March 2012 Condensed Consolidated Interim Financial Statements were authorised for issue by the Management Board on 18 May 2012.

Note 2 – Summary of significant accounting policies

A. Basis of preparation

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 2011, except for the adoption of the following new or amended Standards and Interpretations applicable to annual reporting periods beginning on or after 1 January 2012:

- Amendment to IAS 12 *Income Taxes – Recovery of Underlying Assets*. The amendment clarifies the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale.

Adoption of the above new amendment did not have impact on the financial position or performance of the Group.

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

A. Basis of preparation (cont'd)

The 31 March 2012 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 2011 Annual Accounts which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Consolidated Financial Statements of the Group for the year ended 31 December 2011 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.

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 2011.

C. Functional and presentational currency

The functional currencies of the operations in Central Europe are the relevant local currencies: the Bulgarian leva, the Czech crown, the Hungarian forint, Romanian New Lei and the Polish zloty. The functional currency of the operations in Israel is the New Israeli shekel (NIS). The functional currency for the Dutch, Cyprus and the Slovakian operations is the euro.
The financial statements of the above mentioned foreign operations are translated from the functional currency into Euros (presentation currency) for both 2011 and 2012 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 year/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)**
31 March 2012	**24.77**	**295.12**	**4.16**	**1.33**	**4.95**	**4.38**
31 December 2011	25.70	312.03	4.43	1.29	4.94	4.32
31 March 2011	24.54	267.31	4.00	1.41	4.95	4.11
Change during the period	**%**	**%**	**%**	**%**	**%**	%
2012 (3 months)	**(3.62)**	**(5.42)**	**(6.09)**	**3.10**	**0.20**	**1.39**
2011 (12 months)	1.62	11.43	11.59	(3.01)	4.22	0.47
2011 (3 months)	(2.97)	(4.54)	0.76	6.02	4.43	(4.42)

	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)**
2012 (3 months)	**25.08**	**297.01**	**4.23**	**1.31**	**4.94**	**4.35**
2011 (12 months)	24.58	279.22	4.12	1.39	4.98	4.24
2011 (3 months)	24.39	272.70	3.95	1.37	4.92	4.23
Change during the period	**%**	**%**	**%**	**%**	**%**	%
2012 (3 months)	**2.03**	**6.37**	**2.67**	**(5.76)**	**(0.80)**	**2.59**
2011 (12 months)	(2.92)	1.19	3.00	4.51	0.61	0.47
2011 (3 months)	(3.67)	(1.17)	(1.25)	3.01	(0.61)	0.24

*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.

The local currency in Slovakia and Cyprus is the euro**.**

Note 3 – Changes in Consolidated Entities

Changes in consolidated and associated entities during the first quarter of 2012

During the first quarter of 2012, there was no change in the consolidated and associated entities.

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 2011. The commitments, contingent liabilities and liens as disclosed in the Company’s 2011 Annual Accounts for the year ended 31 December 2011 have not materially changed as at 31 March 2012, except for further commitments to open new cinemas as part of the Company's expansion plans and except for securities as disclosed below.

As of 31 March 2012, the Group has given guarantees amounting to EUR 9 million and PLN 452.9 million (EUR 108.9 million) in connection with loans provided to the Polish subsidiary. As of 31 March 2012, the Polish subsidiary bank debt is PLN 196.9 million (EUR 47.3 million)
During the quarter ended 31 march 2012, an Israeli subsidiary signed an agreement with an Israeli bank for a new funding facility for a total amount NIS 170 million (EUR 34.3 million). According to the facility agreement, the Company has provided a guarantee while the Israeli subsidiary is subject to certain covenants. As of 31 March 2012, the Israeli subsidiary bank debt amounted to NIS 96.3 million (EUR 19.5 million)

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 full detail in the 2011 Annual Accounts. As at 31 March 2012, the Company has hedged some of its USD expenses in respect of its Polish and Hungarian theatre operations against the Polish Zloty and the Hungarian Forint.
In connection with these obligations, the Company has entered into the following forward foreign exchange contracts:

- contracts comprising a commitment to buy USD 400,000 at each month until May 2012 at fixed prices denominated in Polish zloty;
- contracts comprising a commitment to buy USD 255,000 at each month until May 2012 at fixed prices denominated in Hungarian forint;

Forward foreign exchange contracts have been valued in the Condensed Consolidated Statement of Financial Position at 31 March 2012 at their fair value. The valuation of contracts is booked directly into equity in a separate Hedge reserve. The company designate these contracts to hedge future cash flow fluctuations deriving from differences between the USD against local currency as described above. Amounts are released from the Hedge reserve to profit or loss when the future transaction is settled.

Note 6 – 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 2011. No new options were granted to employees during for the three months ended 31 March 2012.
The weighted average exercise price of options outstanding (vested but not yet exercised) is EUR 6.02. The number of exercisable options at 31 March 2012 is 125,000.
The impact of the share-based payments on the financial statements of the Company for the three months ended 31 March 2012 was an expense of EUR nil (three months ended 31 March 2011: EUR 4,000 which was recognised in the income statement with a corresponding increase in equity). During the three months ended 31 March 2012 and during the year 2011 no options were forfeited.

Note 7 – 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 2012 was 51,200,000 and remained unchanged during the first quarter of 2012.

Note 8 – Related party transactions

In March 2012, the Company signed a Memorandum of Understanding with I.M.Greidinger Ltd. ('IMG'), an Israeli company owned by Messrs Moshe Greidinger and Israel Greidinger, both Managing Directors and (indirectly) shareholders of the Company, to acquire the 50% interest in Norma Film Ltd. (Forum Film Israel) not owned by the Company for EUR 1,755,000 in cash. Upon closing, Norma Film Ltd. (Forum Film Israel) will be fully owned by the Company and its financial results will be fully integrated into the Company's financial results. The parties expect the agreement to close before 2012 year-end. The transaction is taking place because as film distribution becomes a more important segment of the Company's business, the parties realized there was no business rationale for the Company not to own 100% of all of its film distribution subsidiaries and there would be ongoing benefits in reducing the complicated financial accounting resulting from the lack of full consolidation.

As the acquisition of the non-controlling interest qualifies as a transaction with a related party – IMG being controlled by major (indirect) shareholders and Managing Directors of the Company – and also qualifies as a transaction constituting a conflict of interest with the Management Board as described under Principle II.3 of the Dutch Corporate Governance Code, the Supervisory Board has formed a special committee of independent Supervisory Directors of the Company to review the proposed terms of the transaction. This committee will, after careful review, vote on the transaction and where necessary represent the Company in the transaction, in order to ensure that transaction is at arm's length and to ensure compliance with best practice provisions of the Dutch Governance Code in respect of conflicts of interest .
There were no material transactions and balances with related parties during the first quarter of 2012 other than were already disclosed above and in the 2011 Consolidated Financial Statements.

Note 9 - 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
- Other- this includes mainly the company's real estate business.

	For the 3 months ended 31 March 2012 EUR (thousands) –(unaudited)				
	Theatre Operations	**Distribution**	**Other**	**Eliminations**	**Consolidated**
Revenues					
External sales	57,119	4,849	517	-	62,485
Inter-segment sales	182	3,145	-	(3,327)	-
Total revenues	57,301	7,994	517	(3,327)	62,485
Segment results	5,838	171	261	-	6,270
Net financial expense					(727)
Loss on disposals					(16)
Income taxes					(320)
Non-controlling interests					(68)
Net income					5,139

	31 March 2012 EUR (thousands) – (unaudited)				
	Theatre Operations	**Distribution**	**Other**	**Unallocated**	**Consolidated**
Segment assets	337,052	11,299	18,692	2,153	369,196
Segment liabilities	33,403	5,164	607	90,977	130,151
Capital expenditure	20,273	2,623	-	-	22,896

Note 9 - Segment Reporting (cont'd)

	For the 3 months ended 31 March 2011 EUR (thousands) –(unaudited)				
	Theatre Operations	**Distribution**	**Other**	**Eliminations**	**Consolidated**
Revenues					
External sales	60,659	4,444	685	-	65,788
Inter-segment sales	5	2,816	-	(2,821)	-
Total revenues	60,664	7,260	685	(2,821)	65,788
Segment results	4,705	101	115	-	4,921
Net financial expense					(516)
Loss on disposals					(6)
Income taxes					(665)
Non-controlling interests					(100)
Net income					3,634

	31 March 2011 EUR (thousands) – (unaudited)				
	Theatre Operations	**Distribution**	**Other**	**Unallocated**	**Consolidated**
Segment assets *	294,044	10,080	16,482	3,191	323,797
Segment liabilities	34,465	4,975	2,664	61,403	103,507
Capital expenditure	6,676	340	-	-	7,016

*Reclassified for comparison purposes

Note 10 – Impairment losses and provisions

During the three months ended 31 March 2012, no impairment losses were charged.

Note 11 – Subsequent events

Share options granted to a member of the Management Board

In April 2012, Mr Amos Weltsch, member of the Management Board of the Company, was granted as a part of his remuneration package, 650,000 options, each entitling him to subscribe for one share in the Company at the issue price of PLN 29 per share. The issue price is based on the six-month average share price of the shares on the Company on the Warsaw Stock Exchange in the period between 31 August 2011 and 29 February 2012.

The options granted to Mr Weltsch will vest in 47 equal monthly tranches of 13,542 options, each on the last day of each month in the period from 30 April 2012 to 29 February 2016, with an additional tranche of 13,526 options vesting on 31 March 2016. Mr Weltsch may exercise the options vested to him in each of the tranches on multiple occasions within two years from the date the given tranche of share options was vested.

These options have been granted subject to the approval of the shareholders of the Company. The resolution to approve the grant will be voted on during the upcoming Annual General Meeting of the Company scheduled to be held on 21 June 2012.