Cinema City International N.V.

Interim Financial Report
for the six months ended
30 June 2013

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DIRECTORS' REPORT

General

Introduction

Cinema City International N.V. (the "Company"), incorporated in the Netherlands, is a subsidiary of I.T. International Theatres Ltd. ("ITIT" or "parent company"). The Company (together with its subsidiaries, the "Group") is principally engaged in the operation of entertainment activities in various 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 of 30 August 2013 the Company operates 100 multiplexes with a total of 974 screens.** In the CEE countries the Company operates cinemas under the Cinema City brand name and in Israel under the Yes Planet and Rav-Chen brand names. Theatre operations are the Company's core business comprising the sale of tickets, snacks and beverages in concession stands as well as cinema advertising conducted 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 one of the fastest growing cinema chains in Europe with current plans to open 35 new multiplexes (approximately 370 screens) based on existing binding lease agreements.** The Company is also a film distributor in all its countries of operations. This business is conducted through its local "Forum Film" subsidiaries.

The Company returned to real estate activities when it completed the acquisition of substantially all of the real estate assets of its parent company, Israel Theatres Ltd., in December 2012. The acquired assets are located in Bulgaria, Israel and Poland and include: the Mall of Rousse and other plots of land in Bulgaria, plots of land designated to develop an amusement park in Poland, an indirect interest (held by subsidiary) of 32.11% in Ronson Europe NV (RON:PL) ("Ronson") and an office building in Herzliya, Israel and 5 other properties in Israel.

The Company shares are traded on the Warsaw Stock Exchange. As of 29 August 2013, the market share price was PLN 30.75 (EUR 7.21), giving the Company a market capitalisation of EUR 369.0 million. The Company's office is located in Rotterdam, the Netherlands.

Highlights during the six months ended 30 June 2013

- **In the first half year of 2013, Cinema City generated EUR 136.4 million consolidated revenue (+12.6% compared to the first half year of 2012). Consolidated EBITDA was EUR 29.1 million (+ 20.2% compared to the first half year of 2012) and net profit totalled EUR 8.1 million (+ 13.2% compared to the first half year of 2012). The net profit for the first half year of 2013 was positively impacted by consolidation of its share in the net profit from Ronson in the amount of EUR 1.0 million.**

- **In the quarter ended 30 June 2013, Cinema City generated EUR 65.1 million consolidated revenue (+11.0% compared to the quarter ended 30 June 2012). Consolidated EBITDA was EUR 13.2 million (+ 22.4% compared to the quarter ended 30 June 2012) and net profit totalled EUR 2.6 million (+ 27.7% compared to the quarter ended 30 June 2012). The net profit for the quarter ended 30 June 2013 was positively impacted by consolidation of its share in the net profit from Ronson in the amount of EUR 0.3 million.**

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- **In the first half year of 2013, theatre operations generated revenue of EUR 122.6 million and EBITDA of EUR 23.9 million, growing by 11.2% and 13.4% respectively, compared to the first half year of 2012.**

- **In the quarter ended 30 June 2013, theatre operations generated revenue of EUR 58.8 million and EBITDA of EUR 10.2 million, growing by 10.6% and 17.2%, respectively, compared to the quarter ended 30 June 2012.**

- **In the first half year of 2013, the Company sold 17.2 million tickets in 7 countries of operations, (+6.8% compared to the first half year of 2012). Same theatre admissions were slightly down by 0.9% to 16 million tickets. Ticket prices in local currencies and in Euro went up in almost all the Company's territories of operation.**

- **In the quarter ended 30 June 2013, the Company sold 8.2 million tickets in 7 countries of operations, (+7% compared to the quarter ended 30 June 2012). Same theatre admissions were slightly down by 0.7% to 7.6 million tickets.**

- **In March 2013, the Company opened its 6th multiplex in Bulgaria in the Paradise center in Sofia. The multiplex has 14 screens, offering digital 2D, and- 3D projection and a 4DX™ auditorium. In May, the Company opened 2 additional cutting edge 4DX™ auditoriums in Warsaw, Poland and Prague, Czech Republic. At the end of May, the Company opened its 100th multiplex after signing a lease agreement to operate an existing 8 screen multiplex in the Polus Center mall in Cluj, Romania.**

- **Since the beginning of the year the Company has signed 5 lease agreements for future multiplexes with a total of 52 screens: three lease agreements were signed in Poland (11 and 12 screens in Warsaw and 9 screens in Lublin), and two were signed in Romania (14 screens in Bucharest and 6 screens in Ploiesti).**

- **During the first half year of 2013, the Company's film distribution business generated higher revenue and EBITDA compared to the previous year. The Company continues to purchase more distribution rights for independent movies, which is expected to result in overall higher film distribution business volume.**

- **During the first half year of 2013, the Company's real estate operations grew substantially compared to the prior year . The Company generated revenue from this segment of EUR 3.4 million (+264% compared to the first half year of 2012) and EBITDA of EUR 2.3 million (+327% compared to the first half year of 2012).**

Theatre operations

Theatre operations performance
The Company's theatre operations in the first six months of 2013 generated revenue of EUR 122.6 million, an increase of 11.2% compared to the first six months of 2012. This increase is mainly due to an increase in the number of admissions in most of the territories of operation and an increase of the average ticket price in local currencies (as well as translated into Euros) in most of the Company's territories of operation. During the period, the Company sold 17.2 million tickets which was 6.7% higher than the first half of 2012 and varied by territory with increased volumes in Israel, Romania, Hungary and Bulgaria, stable attendance in Slovakia and lower admissions in Poland and Czech Republic. In same theatre terms, the Company sold 16 million tickets in the first half year of 2013, which is 0.9% less than in the first half year of 2012.
The most notable international titles of the first six months of 2013 were *Life of Pi, Django Unchained, Silver Linings Playbook, Iron Man 3, Man of Steel and Oz: The Great and Powerful 3D,* followed by a number of mid-range international titles.

In March 2013, the Company opened its 6th multiplex in Sofia, Bulgaria. This 14 - screen multiplex is the Company's second cinema in Sofia and is located in the largest shopping mall in Bulgaria. The cinema is offering digital 2D, 3D projection and a 4DX™ auditorium. In May 2013, the Company opened its 100th multiplex after signing a lease agreement to operate an existing 8- screen multiplex in the Polus Center mall in Cluj, Romania. This cinema is the Company second multiplex in the city of Cluj.

The installation of digital projectors in all of the Company's auditoriums was fully completed during the first six month of 2012. The digitalisation process has begun to yield benefits both in terms of revenues and cost saving. 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 tends to support higher revenues and EBITDA. Full digitalisation has also begun to translate into a reduction of operating costs, including a reduction of labour cost as digital projectors require less on-going 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 for the Company's investment in digitalising its theatres.

Film distribution activities

Revenues generated by the Company's film distribution division increased by over 4.7% from EUR 9.9 million in the first half year of 2012 to EUR 10.4 million during the first half year of 2013 and EBITDA from this segment increased from EUR 2.6 million in the first half year of 2012 to EUR 2.9 million. The main reason for the increase in the EBITDA was the good results of the distribution of independent movies and the sale of packages of movies from the Company's own library to other distribution channels across its countries of operation during the first half year of 2013 compared to the same period in 2012. The performance of the Company's film distribution business varied by territory, with improved performance in most of the Company's territories.

Real estate operations

Revenue generated by the Company's recently expanded real estate operations significantly increased from EUR 0.9 million in the first half year of 2012 to EUR 3.4 million during the first half year of 2013 and EBITDA from this segment increased from EUR 0.5 million in the first half year of 2012 to EUR 2.3 million.

The main reason for the increase is as a result of the operation of the newly acquired real estate assets, mainly the Mall of Rousse in Bulgaria and the office building in Herzliya, Israel, which the Company acquired in December 2012 and from income from the rental of space in the newly opened Yes Planet multiplex in Rishon Lezion, Israel.

The consolidated net profit for the first half year of 2013 was also positively impacted by the consolidation of the Company's share in the net profit from Ronson in the amount of EUR 1.0 million.

In July 2013, the Company signed an agreement for the indirect purchase of 7.65% of the shares in Ronson, a residential developer in Poland operating in the midscale segment of the residential market in key Polish cities. U. Dori Group ("Dori"), which jointly controls Ronson with the Company, also signed the agreement in respect of the indirect purchase of a similar amount of shares in Ronson. Completion of the transaction is expected to occur in November 2013, subject to the satisfaction of certain closing conditions.

Currently, the Company is the economic beneficiary of a 32.11% stake in Ronson through a jointly controlled general partnership. Upon completion of the transaction, the general partners will hold, directly and indirectly, 79.56% of the total votes and total number of shares in Ronson, and the Company will be the economic beneficiary of 39.76%- stake in Ronson through this general partnership.

The total price for the shares to be paid by the Company and Dori is approximately PLN 29.2 million, of which the Company will pay approximately PLN 14.6 million.

Overview of results

The Company's net income attributable to equity holders of the parent company for the six months ended 30 June 2013 was EUR 8,147,000 and can be summarised as shown below.

	For the six months ended 30 June	
	2013	**2012**
	EUR (thousands, except per share data)	
Revenues	**136,366**	121,090
Operating costs, excluding depreciation and amortisation	**99,765**	90,778
Gross result	**36,601**	30,312
General and administrative expenses	**7,489**	6,097
EBITDA*	**29,112**	24,215
Depreciation and amortisation	**15,377**	14,970
Operating profit	**13,735**	9,245
Financial income	**316**	915
Financial expenses	**(6,148)**	(2,222)
Gain and loss on disposals and write-off of other investments	**(25)**	(8)
Share of profit of equity-accounted investees (net of tax)	**1,016**	-
Operating income before taxation	**8,894**	7,930
Income tax benefit/(expense)	**(749)**	(482)
Net income for the period	**8,145**	7,448
attributable to:		
Equity holder of the company	**8,147**	7,197
Non-controlling interests	**(2)**	251
Net income for the period	**8,145**	7,448
Weighted average number of equivalent shares (basic)	**51,200,000**	51,200,000
Weighted average number of equivalent shares (diluted)	**51,210,907**	51,223,291
Net earnings per ordinary share (basic and diluted)	**0.16**	0.14

* 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

Revenues

Total revenues increased by 12.6% from EUR 121.1 million during the six months ended 30 June 2012 to EUR 136.4 million during the six months ended 30 June 2013.

Theatre operating revenues increased by 11.2% from EUR 110.2 million during the six months ended 30 June 2012 to EUR 122.6 million during the six months ended 30 June 2013. This increase is mainly due to two factors: (1) the increase in theatre admissions (2) the increase of the average ticket price in Euro and in local currencies in most of the Company's territories of operations.

Distribution operating revenues increased by 4.7% from EUR 9.9 million during the six months ended 30 June 2012 to EUR 10.4 million during the six months ended 30 June 2013. The increase is mainly due to the increase in the distribution activities in most of the Company's territories of operations.

Real Estate operation revenues increased by 264% from EUR 0.9 million during the six months ended 30 June 2012 to EUR 3.4 million during the six months ended 30 June 2013. The main reason for the increase is the inclusion of the new real estate assets acquired by the Company in December 2012.

Operating costs

Operating costs, excluding depreciation and amortisation, increased by 9.9% from EUR 90.8 million during the six months ended 30 June 2012 to EUR 99.8 million during the six months ended 30 June 2013. This net increase resulted primarily from the total effects of an increase in theatre operation expenses primarily explained by the increase in the revenue generated from theatre operations as mentioned above. The theatre operating expenses, excluding depreciation and amortisation, as a percentage of total theatre revenues decreased from 76% for the six months ended 30 June 2012, to 75% for the six months ended 30 June 2013.

General and administrative expenses

General and administrative expenses increased by 22.8% from EUR 6.1 million for the six months ended 30 June 2012 to EUR 7.5 million during the six months ended 30 June 2013. The increase in general and administrative expenses is due to the growth in the Company's business activities.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation)

As a result of the factors described above, the earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 20.2%, from EUR 24.2 million for the six months ended 30 June 2012 to EUR 29.1 million for the six months ended 30 June 2013.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 2.7% from EUR 14.9 million for the six months ended 30 June 2012 to EUR 15.4 million for the six months ended 30 June 2013. The increase is explained mainly by higher depreciation due to the newly opened theatres in 2012, primarily in Israel and Romania.

Operating profit

As a result of the factors described above, operating profit increased by 48.6% from EUR 9.2 million during the six months ended 30 June 2012 to EUR 13.8 million during the six months ended 30 June 2013.

Financial income/expenses

The balance of financial income and expenses resulted in a net expense of EUR 5.8 million during the six months ended 30 June 2013 compared to a net expense of EUR 1.3 million during the six months ended 30 June 2012. The increase is mainly due to an increase in bank debt following the bank club financing agreement that the Company closed in December 2012.

Share of profit of equity- accounted investment

The Share of profit of equity-accounted investment (net of tax) comprise the Company investment in Ronson. For the first six months of 2013, the investment was positively impacted by consolidation of share of net profit from Ronson in the amount of EUR 1.0 million.

Income tax

Income tax amounted to a net tax expense of EUR 0.7 million during the six months ended 30 June 2013 compared to a net expense of EUR 0.5 million during the six months ended 30 June 2012.

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 did not impact the net income attributable to equity holders of the parent company for the six months ended 30 June 2013, while during the six months ended 30 June 2012 it was EUR 0.3 million (negative).

Net income attributable to equity holders of the parent company

As a result of the factors described above, the Company's net income attributable to equity holders of the parent company increased by 13.2% from EUR 7.2 million during the six months ended 30 June 2012 to EUR 8.1 million during the six months ended 30 June 2013.

Selected financial data

	EUR		PLN	
	(thousands, except per share data)			
	For the six months ended 30 June			
	2013	**2012**	**2013**	**2012**
Revenues	**136,366**	121,090	**569,601**	514,027
Operating profit	**13,735**	9,245	**57,371**	39,245
Operating income before taxation	**8,894**	7,930	**37,150**	33,663
Net income attributable to equity holders of the parent company	**8,147**	7,197	**34,030**	30,551
Cash flows from operating activities	**18,327**	17,904	**76,552**	76,002
Cash flows used in investment activities	**(15,100)**	(50,548)	**(63,073)**	(214,576)
Cash flows (used in) from financing activities	**(13,263)**	30,247	**(55,400)**	128,399
Decrease in cash and cash equivalents	**(10,326)**	(2,145)	**(43,132)**	(9,106)
Total assets	**519,826**	377,316	**2,250,327**	1,607,743
Provisions	**6,384**	4,338	**27,636**	18,484
Long-term liabilities (including provisions)	**209,586**	83,593	**907,298**	356,190
Current liabilities	**48,961**	56,930	**211,952**	242,579
Shareholders' equity	**259,925**	236,793	**1,125,215**	1,008,975
Share capital	**512**	512	**2,216**	2,182
Average number of equivalent shares	**51,200,000**	51,200,000	**51,200,000**	51,200,000
Average number of equivalent shares (diluted)	**51,210,907**	51,223,291	**51,210,907**	51,223,291
Net earnings per ordinary share (basic and diluted)	**0.16**	0.14	**0.67**	0.59

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 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**	**Period end exchange rate**
2013 (1st six months)	**4.177**	**4.067**	**4.343**	**4.329**
2012 (1st six months)	4.245	4.113	4.514	4.261

Source: National Bank of Poland ("NBP")

Outlook for the remainder of 2013*

From the beginning of the year to the date of this report the Company generated a higher number of admissions and box office receipts compared to the same period last year. The Company believes that the coming quarters should continue to generate positive results based on a promising movie pipeline including potential international blockbusters such as *The Hobbit: The Desolation of Smaug* and *The Hunger Games: Catching Fire*, a number of potentially strong animation features including *Turbo 3D*, *Cloudy2: Revenge of Leftovers*, *Frozen 3D* and a number of potentially strong mid-range titles. In Poland, the Company expects strong domestic product including *Wałęsa. Men of Hope*, , *Ambassada* and other smaller domestic productions.

Theatre operations in 2013 continue to be supported by the cinemas opened in 2012, especially by the results generated by the Company's flagship 24 - screen Yes Planet in Rishon Lezion, Israel which opened in July 2012, and by 4 other cinemas with an additional 32 screens. In 2013 the Company opened a 14 - screen multiplex in Sofia, Bulgaria and started to operate an 8 - screen existing cinema in Cluj, Romania after signing a lease agreement at the end of May 2013. In total, the Company expects to add 30 to 40 new screens during 2013, including 1 to 2 new cinemas in Romania that are expected to be opened towards the end of the year.

In May, the Company completed the first stage of deployment of the cutting-edge 4DX™ auditorium systems. The 4DX™ auditoriums are open in Rishon Lezion, Israel (July 2012) and in Budapest, Hungary (March 2013), and since May in Warsaw, Poland, Prague, Czech Republic and Sofia, Bulgaria. The Company is analysing a number of potential cinemas, in prime shopping centers, to open additional 4DX™ auditoriums in the future. The 4DX™ is the premiere cinema system technology allowing to view feature-length Hollywood films in 4D with choreographed mix of air, water, scent, motion, vibration, etc. immersing fully the audience, who becomes a part of the action on the screen.

With the digitalization of all of its movie theatres completed mid-2012, the Company is realising high benefits both on the operational side, by reducing operating expenses, and on the income side, primarily by capturing the cash generative potential of 3D ticket price, and more flexibility in scheduling movies and alternative movie titles.

The Company succeeded to renegotiate lease agreements for its ex Palace Cinemas multiplexes, it acquired in 2011, which has translated into cost savings. The Company plans to continue re-negotiations of selected lease agreements for the ex Palace Cinemas which is the final stage of restructuring of Palace Cinemas chain acquired in January 2011.

In the film distribution segment the Company plans, during the second half of the year, to continue purchasing rights to distribution of independent movies and as well to sell packages of titles from its own library to other distribution channels across its countries of operation. The Company believes that the second half of 2013 will be strong for the Company's film distribution segment with the distribution of titles including: *The Hobbit: The Desolation of Smaug, The Hunger Games: Catching Fire, Riddick* and other titles being distributed by its Forum Film companies.

The real estate assets acquired by the Company in December 2012 should continue to contribute to the overall operations in 2013.:

- In the Mall of Rousse, since the beginning of 2013, the Company has signed new lease agreements with well-known tenants for shops: New Yorker (clothes), Hipoland (toy shop) and DM (toiletries, food and cosmetics) and continue to negotiate new lease agreement with potential tenants.
- The real estate in Israel (mainly Rishon LeZion cinema and the office building in Herzeliya) is generating stable income and the Company believes that this will continue into the foreseeable future.

DIRECTORS' REPORT

- In Poland, management is considering potential next phases of development of the Park of Poland, while conducting work on preparing the land for investment. Ronson, a residential developer in Poland, following a successful first half of the year, is expected to continue to generate positive results through the end of the year. In the meantime, new projects are being started in Warsaw and Poznań, which should generate positive results upon completion and sales in the coming years.

Cinema City continues to develop its cinema circuit organically. In April the Company signed two lease agreements for future multiplexes in Warsaw, Poland with a total of 23 screens. In May the Company signed additional lease agreements for cinema space in two shopping malls in Romania, in Bucharest (14 screens) and in Ploiesti (6 screens) and a lease agreement for an existing cinema in Cluj (8 screens). In August the Company signed additional lease agreements for a planned multiplex in Lublin, Poland (9 screens). The Company continues development of its large stand-alone cinema in Jerusalem, Israel. In total, the Company currently has binding commitments for an additional 35 sites (representing approximately 370 screens) including 24 sites with approximately 230 screens in Romania. The Company is in the process of negotiating additional lease agreements in its countries of operation and is considering development of its own large stand-alone cinemas in selected locations. The Company will continue its on-going refurbishment program in selected locations with high potential for improvement in operating and financial performance.

The Company's management continues to closely monitor the unfolding 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. As mention above the Company continues to have binding commitments for an additional 35 sites. However, because the mall opening dates are dependent on the mall developers and there is a continuing tendency in the Company's 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 on-going regional slowdown in real estate development brought on by the past three years' worldwide financial and real estate crisis, during which period some of the Company's real estate projects were having difficulties in securing financing necessary to commence construction.

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 construction 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 on-going 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 on-going operations.

* *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 30 August 2013 Number of shares /% of shares	Increase/ (decrease) Number of shares	As of 30 June 2013 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As of 31 December 2012 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	3,490,836 / 6.82%(1)	(1,513,187)	5,004,326 / 9.77%(2)	-	5,004,326 / 9.77%
ING Powszechne Towarzystwo Emerytalne SA	2,680,095 / 5.23%	-	2,680,095 / 5.23%	-	2,680,095 / 5.23%

(1)Notification made by shareholder in the Dutch Authority for the Financial Markets
(2) According to notification of shareholder made to the Company on October 25, 2010

In the register of major holdings maintained by the Dutch Authority for the Financial Markets the following major holdings over 3% in the total number of shares are disclosed:

- DKG Investment Ltd.: 40.05% (share in capital and voting rights).This concerns a holding company through which the shares in I.T. International Theatres Ltd. owned by two members of the Management Board (see below) are jointly held,
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK 6.82%,
- ING Open Pension Fund: 5.23%,
- Aviva Investors Poland 4.84%,
- BZ WBK Asset Management 3.93%,
- Nordea Open Penion Fund 3.22%.

Changes in ownership of shares and rights to shares by Management Board members in the six months ended 30 June 2013 until the date of publication of the report

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

	As of 30 August 2013 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 30 June 2013 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 31 December 2012 Number of shares/% of shares
Moshe Greidinger*	11,266,837/ 22.00%	-	11,266,837/ 22.00%	+ 2,238	11,264,599/ 22.00%
Amos Weltsch	None	-	None	-	None
Israel Greidinger*	11,266,837/ 22.00%	-	11,266,837/ 22.00%	+ 2,238	11,264,599/ 22.00%

* 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 2012 until 30 August 2013 with exception of the option plan granted to Mr. Weltsch as described in the 2012 Annual Accounts.

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Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Supervisory Board members in the six months ended 30 June 2013 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 2012 until 30 August 2013.

Changes in the composition of the Supervisory Board and Management Board

During the last Annual General Meeting of Shareholders of Cinema City International N.V. it was resolved to appoint Mr. Jonathan Chissick as member of the Board of Supervisory Directors effective from the day of the meeting (June 27,2013), for a term of four years.

Responsibility statement

The Management Board confirms that, to the best of its knowledge, these Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 of the International Financial Reporting Standards ("IFRS") as endorsed by the EU. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union except for the fact that the Group applied the possibility existing for the companies applying International Financial Reporting Standards endorsed by the EU , to apply IFRS 10, IFRS 11, IFRS 12, restated IAS 27 and IAS 28 for the reporting periods beginning on 1 January 2014. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Interim Condensed Consolidated Financial Statements
give a true and fair view of the state of affairs of the Group at 30 June 2013 and of the net result for the period then ended. The Directors' report in this Interim Financial Report gives a true and fair view of the situation on the balance sheet date and of developments during the six months period together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year. The six months management board report gives a true and fair view of the important events of the past six-month period and their impact on the interim financial statements, as well as the principal risks and uncertainties for the period to come, and the most important related party transactions.

Other

As of 30 June 2013, the Group has no litigations for claims or liabilities that in total exceed 10% of the Group's equity.
The following net movements in the Group's main provisions took place during the six months ended 30 June 2013:

- an increase in the provision for deferred tax liabilities of EUR 684,000 (an increase of EUR 302,000 during the 3 months ended 30 June 2013);
- a decrease in the provision for accrued employee retirement rights of EUR 48,000 (a decrease of EUR 19,000 during the 3 months ended 30 June 2013).

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, 30 August 2013

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2013 (Unaudited)	31 December 2012 (Audited)	30 June 2012 (Unaudited)
		EUR (thousands)		
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		**18,000**	18,361	16,308
Property and equipment		**334,349**	341,289	299,391
Investment property		**81,921**	80,731	-
Investment in an associate		**34,215**	35,969	-
Deferred tax asset		**2,803**	2,964	2,175
Long-term receivable from related parties		**-**	-	15,517
Other long term Receivables		**3,724**	3,022	-
Total non-current assets		**475,012**	482,336	333,391
CURRENT ASSETS				
Inventories		**4,160**	4,544	6,173
Receivables				
Trade accounts receivable		**13,152**	20,075	13,299
Receivable from related parties	**10**	**607**	-	3,067
Income taxes receivable		**532**	335	606
Other accounts receivable and prepaid expenses		**8,974**	8,379	13,418
Total receivables		**23,265**	28,789	30,390
Financial assets				
Marketable securities		**6**	7	8
Total financial assets		**6**	7	8
Cash and short-term deposits				
Cash and cash equivalents		**16,340**	26,666	7,132
Short-term bank deposits - collateralised		**1,043**	3,083	222
Total cash and short-term deposits		**17,383**	29,749	7,354
Total current assets		**44,814**	63,089	43,925
TOTAL ASSETS		**519,826**	545,425	377,316

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2013 (Unaudited)	31 December 2012 (Audited)	30 June 2012 (Unaudited)
		EUR (thousands)		
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	**9**	**512**	512	512
Share premium reserve		**92,144**	92,144	92,144
Accumulated currency translation adjustment		**(9,866)**	(3,994)	(6,929)
Hedge reserve		**(242)**	-	-
Retained earnings		**177,377**	169,012	151,066
Total equity attributable to equity holders of the Company		**259,925**	257,674	236,793
Non-controlling interests		**1,354**	1,356	-
Total equity		**261,279**	259,030	236,793
LONG-TERM LIABILITIES				
Long-term loans, net of current portion	**13**	**201,119**	204,077	78,037
Accrued employee retirement rights, net		**1,013**	1,061	740
Deferred tax liabilities		**5,371**	4,687	3,598
Financial lease		**932**	928	1,068
Other long-term liabilities		**1,151**	1,178	150
Total long-term liabilities		**209,586**	211,931	83,593
CURRENT LIABILITIES				
Short-term borrowings	**13**	**14,752**	22,742	22,550
Trade accounts payable		**17,594**	19,070	15,375
Payable to related parties		**-**	-	205
Employee and payroll accruals		**2,683**	2,631	2,458
Other accounts payable	**14**	**12,785**	27,795	14,990
Interest payables		**929**	870	-
Income tax payables		**218**	1,356	1,352
Total current liabilities		**48,961**	74,464	56,930
Total liabilities		**258,547**	286,395	140,523
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**519,826**	545,425	377,316

INTERIM CONDENSED CONSOLIDATED INCOME STATMENT

	Note	For the 6 months ended 30 June 2013 (Unaudited)	For the 3 months ended 30 June 2013 (Unaudited)	For the 6 months ended 30 June 2012 (Unaudited)	For the 3 months ended 30 June 2012 (Unaudited)
		EUR (thousands)			
Total revenues		**136,366**	**65,064**	121,090	58,605
Total operating costs		**115,142**	**55,998**	105,748	53,284
Total gross margin		**21,224**	**9,066**	15,342	5,321
General and administrative expenses		**7,489**	**3,416**	6,097	2,346
Operating profit		**13,735**	**5,650**	9,245	2,975
Financial income		**316**	**(125)**	915	286
Financial expenses		**(6,148)**	**(2,860)**	(2,222)	(866)
Gain/ (loss) on disposals, and write-off of other investments		**(25)**	**(45)**	(8)	8
Share of profit of equity-accounted investees (net of tax)		**1,016**	**308**	-	-
Operating income before taxation		**8,894**	**2,928**	7,930	2,403
Income tax expense	**19**	**(749)**	**(300)**	(482)	(162)
Net income for the period		**8,145**	**2,628**	7,448	2,241
Attributable to:					
Equity holders of the Company		**8,147**	**2,629**	7,197	2,058
Non-controlling interest		**(2)**	**(1)**	251	183
Net income for the period		**8,145**	**2,628**	7,448	2,241
Earnings per share					
Weighted average number of equivalent shares (basic)		***51,200,000***	***51,200,000***	*51,200,000*	*51,200,000*
Weighted average number of equivalent shares (diluted)		***51,210,907***	***51,211,322***	*51,223,291*	*51,218,376*
Net earnings per share for profit attributable to the owners of the Company (basic and diluted)		**0.16**	**0.05**	0.14	0.04

INTERIM CONDENSED STATMENT OF COMPREHENSIVE INCOME

	For the 6 months ended 30 June 2013	For the 3 months ended 30 June 2013	For the 6 months ended 30 June 2012	For the 3 months ended 30 June 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	EUR (thousands)			
Net income for the period	**8,145**	**2,628**	7,448	2,241
Other comprehensive income				
Items to be reclassified to profit or loss in subsequent periods:				
Foreign exchange translation differences	**(5,872)**	**(4,724)**	4,244	(2,713)
Effective portion in fair value of cash flow hedges	**(242)**	**158**	(451)	(100)
Other comprehensive income/(loss), net of tax	**(6,114)**	**(4,566)**	3,793	(2,813)
Total comprehensive income/ (loss) for the period	**2,031**	**(1,938)**	11,241	(572)
Attributable to:				
Equity holders of the Company	**2,033**	**(1,937)**	11,089	(651)
Non-controlling interests	**(2)**	**(1)**	152	79
Total comprehensive income/ (loss) for the period	**2,031**	**(1,938)**	11,241	(572)

[1] Represents changes in fair value adjustment of cash flow hedges related to part of the Group's future transactions denominated in currencies other than the functional currency.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributed to equity holders of the parent							
	Share capital	**Share premium**	**Accumulated currency translation adjustment**	**Hedge reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	EUR (thousands) – Unaudited							
Balance as of 1 January 2013	**512**	**92,144**	**(3,994)**	**-**	**169,012**	**257,674**	**1,356**	**259,030**
Net income for the period	-	-	-	-	8,147	8,147	(2)	8,145
other comprehensive income	-	-	(5,872)	(242)	-	(6,114)	-	(6,114)
Total comprehensive income	**-**	**-**	**(5,872)**	**(242)**	**8,147**	**2,033**	**(2)**	**2,031**
Share based payments under the stock option plan	-	-	-	-	218	218	-	218
Balance as of 30 June 2013	**512**	**92,144**	**(9,866)**	**(242)**	**177,377**	**259,925**	**1,354**	**261,279**

	Attributed to equity holders of the parent							
	Share capital	**Share premium**	**Accumulated currency translation adjustment**	**Hedge reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	EUR (thousands) – Unaudited							
Balance as of 1 January 2012	**512**	**92,144**	**(11,272)**	**451**	**147,468**	**229,303**	**(2,071)**	**227,232**
Net income for the period	-	-	-	-	7,197	7,197	251	7,448
other comprehensive income	-	-	4,343	(451)	-	3,892	(99)	3,793
Total comprehensive income	**-**	**-**	**4,343**	**(451)**	**7,197**	**11,089**	**152**	**11,241**
Share based payments under the stock option plan	-	-	-	-	125	125	-	125
Acquisition of non-controlling interests	-	-	-	-	(3,724)	(3,724)	1,919	(1,805)
Balance as of 30 June 2012	**512**	**92,144**	**(6,929)**	**-**	**151,066**	**236,793**	**-**	**236,793**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2013	**2012**
	(Unaudited)	**(Unaudited)**
	EUR (thousands)	
Cash flows from operating activities		
Net income	**8,145**	7,448
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortisation	**15,377**	14,970
Decrease in accrued employee rights upon retirement, net	**(91)**	(111)
Share of profit of equity-accounted investees (net of tax)	**(1,016)**	-
Loss from selling of fixed assets	**25**	8
Equity share-based payments	**218**	125
Interest income	**(283)**	(915)
Interest received	**283**	915
Interest expenses	**6,053**	2,222
Interest paid	**(5,281)**	(2,222)
Income taxes paid	**(1,338)**	(1,344)
Income tax expenses	**749**	482
Operating income before working capital	**22,841**	21,578
Decrease in inventories	**313**	632
Decrease in trade accounts receivable	**6,710**	1,763
(Increase)/ Decrease in prepaid expenses and other receivables	**(653)**	86
(Increase)/Decrease in governmental institutions	**(495)**	726
Decrease in long-term film distribution costs and deferred expenses	**188**	187
Decrease in accounts payable	**(10,598)**	(5,926)
Net changes in related parties	**-**	(1,163)
Increase in employee and payroll accruals	**21**	21
Net cash from operating activities	**18,327**	17,904
Cash flows from investing activities		
Purchase of property and equipment and other assets*	**(12,655)**	(44,547)
Investments in intangible fixed assets	**(1,914)**	(5,021)
Change in receivables from related parties, net increase	**-**	(1,245)
Proceeds from disposition of property and equipment and intangible assets	**116**	129
Short-term bank deposits released/ (collateralised)	**-**	120
Changes in marketable securities	**2**	16
Investment in investment property	**(649)**	-
Net cash used in investing activities	**(15,100)**	(50,548)

* Excluding movements in Investment creditors.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2013	**2012**
	(Unaudited)	**(Unaudited)**
	EUR (thousands)	
Cash flows from financing activities		
Proceeds from long-term loans	**40,457**	47,517
Payment of loan arrangement fees	**(4,844)**	-
Repayment of long-term loans	**(48,610)**	(7,084)
Increase /(decrease) in long-term payables	**48**	(87)
Proceeds from short term bank credit	**203**	1,923
Repayment of short term bank credit	**(2,454)**	(10,217)
Decrease in short-term bank deposit - collateralised	**1,937**	-
Acquisition of non-controlling interests	**-**	(1,805)
Net cash (used in)/from financing activities	**(13,263)**	30,247
Foreign currency exchange differences on cash and cash equivalents	**(290)**	252
Decrease in cash and cash equivalents	**(10,326)**	(2,145)
Cash and cash equivalents at beginning of year	**26,666**	9,277
Cash and cash equivalents at end of period	**16,340**	7,132

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 June 2013, 53.89% of the outstanding shares in the Company are held by I.T. International Theatres Ltd. ("ITIT"), incorporated in Israel. The Company, its subsidiaries and joint ventures are 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. 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 six months ended 30 June 2013 comprise the Company and its subsidiaries and joint ventures (together referred to as "the Group") and the Group's interest in associates.

The Condensed Consolidated Interim Financial Statements of the Company have been prepared for the six months ended 30 June 2013 and contain comparative data for the six months ended 30 June 2012 and as at 31 December 2012. The Condensed Consolidated Interim Financial Statements of the Company for the six months ended 30 June 2013 have been reviewed by the Company's external auditors. The Consolidated Income Statement, the Consolidated Statement of Comprehensive Income and respective notes cover also the three months ended 30 June 2013 and contain comparative data for the three months ended 30 June 2012 – these data were not subject to review or audit by an independent auditor.

A list of the companies from which the financial data are included in these Interim Condensed Consolidated Financial Statements and the extent of ownership and control are presented in the Company's Consolidated Financial Statements for the year ended 31 December 2012. Entities newly included in consolidation during the six months ended 30 June 2013 are disclosed in Note 5.

The consolidated financial statements of the Group for the year ended 31 December 2012 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 – Statement of compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, in particular in accordance with IAS 34 as endorsed by the European union. At the date of authorisation of these condensed consolidated financial statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is a difference between International Financial Reporting Standards and International Financial Reporting Standards endorsed by the European Union. The Group applied the possibility existing for the companies applying International Financial Reporting Standards endorsed by the EU , to apply IFRS 10, IFRS 11, IFRS 12, restated IAS 27 and IAS 28 for the reporting periods beginning on 1 January 2014. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at 31 December 2012.

These Condensed Consolidated Interim Financial Statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

The 30 June 2013 Condensed Consolidated Interim Financial Statements were authorised for issue by the Management Board on 30 August 2013.

Note 3 – Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.
The nature and the impact of each new standard/amendment is described below:

- ***IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*** - The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.
- ***IAS 1 Clarification of the requirement for comparative information (Amendment)*** - The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements. An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.
- ***IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)*** - The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

- ***IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)*** - The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the CODM.

Note 3 – Accounting policies (Cont'd)

- ***IAS 19 Employee Benefits (Revised 2011) (IAS 19R)* -** IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. In case of the Group, the transition to IAS 19R had no impact on the condensed consolidated financial statements
- ***IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7* -** The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

- ***IFRS 13 Fair Value Measurement* -** IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- ***IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*** - effective for financial years beginning on or after 1 January 2013, The Interpretation is not applicable for the Group.

Note 3 – Accounting policies (Cont'd)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2013:

- The first phase of IFRS 9 Financial Instruments: Classification and Measurement – effective for financial years beginning on or after 1 January 2015 – not endorsed by EU till the date of approval of these financial statements. In subsequent phases, the IASB will address hedge accounting and impairment. The application of the first phase of IFRS 9 will have impact on classification and measurement of the financial assets of the Group. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture,
- IFRS 10 Consolidated Financial Statements – effective for financial years beginning on or after 1 January 2013, – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IFRS for the periods beginning on 1 January 2014.
- IFRS 11 Joint Arrangements – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IFRS for the periods beginning on 1 January 2014,
- IFRS 12 Disclosure of Interests in Other Entities – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014,. Entity decided to apply IFRS for the periods beginning on 1 January 2014,
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Transition Guidance - effective for financial years beginning on or after 1 January 2013 in EU effective at the latest for financial years beginning on or after 1 January 2014,
- IAS 27 Separate Financial Statements – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IAS for the periods beginning on 1 January 2014.,
- IAS 28 Investments in Associates and Joint Ventures – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014. Entity decided to apply IAS for the periods beginning on 1 January 2014,
- Amendments to IAS 32 Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities- effective for financial years beginning on or after 1 January 2014,
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (issued on 31 October 2012) – effective for financial years beginning on or after 1 January 2014, – not endorsed by EU till the date of approval of these financial statements.
- IFRIC 21 Levies – effective for financial years beginning on or after 1 January 2014 – not endorsed by EU till the date of approval of these financial statements.
- Amendments to IAS 36 Recoverable Amounts Disclosures for Non-Financial Assets (issued on 29 May 2013) – effective for financial years beginning on or after 1 January 2014 - not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013) – effective for financial years beginning on or after 1 January 2014 – not yet endorsed by EU till the date of approval of these financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Note 4 – 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 2012.

In addition, the continued instability in the financial markets causes volatility and uncertainty in the world’s capital markets and real estate markets. There is a low liquidity level in the real estate market and transaction volumes have significantly reduced, resulting in a lack of clarity as to pricing levels and market drivers. As a result, there is less certainty with regard to valuations and market values can change rapidly due to the current market conditions.

Note 5 – Consolidation

Principles of consolidation

These unaudited Condensed Consolidated Interim 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.

Changes in consolidated and associated entities during the first six months of 2013:

During the first six months of 2013, there was no change in the consolidated and associated entities.

Note 6 – Functional and reporting currency and exchange rates

A. 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 operation in Israel is the New Israeli shekel (NIS). The financial statements of the above mentioned foreign operations are translated from the respective functional currency into euro (presentation currency of the Company) for both 2012 and 2013 as follows:

Assets and liabilities, both monetary and non-monetary are translated at the closing exchange rate. Income statement items were translated at the exchange rates at the dates of the transactions. Foreign exchange differences arising on translation have been recognised directly in other comprehensive income.

Note 6 – Functional and reporting currency and exchange rates (cont'd)

B. Exchange rates

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

Exchange rate of euro

	Czech crown (CZK)	Hungarian forint (HUF)	Polish zloty (PLN)	US dollar (USD)	Israeli shekel (NIS)	Romania new lei (RON)
As of						
30 June 2013	**26.01**	**295.19**	**4.33**	**1.30**	**4.72**	**4.46**
31 December 2012	25.11	290.85	4.08	1.32	4.92	4.44
30 June 2012	25.64	288.04	4.26	1.26	4.93	4.50
Change during the period	%	%	%	%	%	%
2013 (6 months)	**3.58**	**1.49**	**6.13**	**(1.52)**	**(4.07)**	**0.45**
2012 (12 months)	(2.30)	(6.79)	(7.90)	2.32	(0.40)	2.78
2012 (6 months)	(0.23)	(7.69)	(3.84)	(2.33)	(0.20)	4.17

	Czech crown (CZK)	Hungarian forint (HUF)	Polish zloty (PLN)	US dollar (USD)	Israeli shekel (NIS)	Romania new lei (RON)
Average for the period						
2013 (6 months)	**25.68**	**296.07**	**4.17**	**1.31**	**4.82**	**4.39**
2012 (12 months)	25.14	289.31	4.18	1.29	4.95	4.46
2012 (6 months)	25.16	295.55	4.24	1.30	4.92	4.39
Change during the period	%	%	%	%	%	%
2013 (6 months)	**2.15**	**2.34**	**(0.24)**	**1.55**	**(2.63)**	**(1.57)**
2012 (12 months)	2.28	3.61	1.46	(7.19)	(0.60)	5.19
2012(6 months)	2.36	5.85	2.91	(6.47)	(1.20)	3.54

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 6 – Functional and reporting currency and exchange rates (cont'd)

	Exchange rate of euro					
	Czech crown (CZK)	**Hungarian forint (HUF)**	**Polish zloty (PLN)**	**US dollar (USD)**	**Israeli shekel (NIS)**	**Romania new lei (RON)**
Average for the quarter ended 30 June						
2013	**25.82**	**295.89**	**4.20**	**1.31**	**4.74**	**4.40**
2012	25.23	294.08	4.25	1.28	4.90	4.43
Change quarter over quarter	%	%	%	%	%	%
2013	**2.34**	**0.62**	**(1.18)**	**2.34**	**(3.27)**	**(0.68)**
2012	3.74	10.41	7.32	(11.11)	(1.01)	7.26

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 7 – 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 2012. The commitments, contingent liabilities and liens as disclosed in the Company's 2012 Annual Accounts for the year ended 31 December 2012 have not materially changed as at 30 June 2013, except for further commitments to open new cinemas as part of the Company's expansion plans and except as disclosed below.

On February 25, 2013 I.T International Theatre 2004 Ltd ("IT 2004"), an Israeli subsidiary entered into a Credit Facility agreement with Bank Hapoalim, in an amount of up to NIS 190 million (EUR 40 million) , which was used to refinance the outstanding debt to bank Leumi. IT 2004 provided Bank Hapoalim a registered first degree fixed lien on IT 2004's unissued share capital and goodwill, liens regarding rights in land under lease and rent agreements of in its project in Rishon Lezion, and a floating lien on IT2004's current and future assets. The Israeli subsidiary is subject to certain covenants which the company meets as of the balance sheet date .
In addition, IT-2004 pledged a certain cash deposit to secure outstanding bank guarantees issued by Bank Leumi.

As part of the acquisition of Israel Theatres Real Estate B.V in December 2012, the Company received a debt facility from a club of European banks amounting to EUR 210 million. In order to secure the facility the Company has provided the club banks with the following : (i) pledges over the shares of material subsidiaries (ii) pledges over the assets of material subsidiaries, other than Bulgaria assets. (iii) pledges over the main operating bank accounts of cinemas in Poland, Czech republic and Hungary (iv) guaranties from material subsidiaries and (v) the Company has agreed to maintain 80% coverage of its guarantees. The company meets all required covenants regarding the bank loan

Note 8 – 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 2012 Annual Accounts.

As described in the 2012 Annual Accounts, the Company closed a new club bank financing agreement in December 2012, a six-year facility agreement consisting of a EUR 140 million term loan (split into EUR 102 million and EUR 38 millions in Polish Zloty) and additionally a EUR 70 million revolving credit facility (split into EUR 51 million and EUR 19 millions in Polish Zloty). On February 2013, the Company concluded interest rate swap agreements for an amount of EUR 93.3 million (representing 66% of the term loan) for a period of two years in accordance with the terms of the facility agreement, on a weighted average fixed rate of 4.06 % whilst the revolving credit facility and the rest of the term loan attract floating interest rates of EURIBOR + 3.5% for amounts denominated in euro and WIBOR + 3.5% for amounts denominated in Polish złoty.
The Company applies hedge accounting and has taken steps to ensure that the interest rate swap meets the criteria for hedge accounting under IFRS hence, changes in its valuation are recognized through other comprehensive income.
Swap agreements have been valued in the Condensed Consolidated Statement of Financial Position at 30 June 2013 at their fair value. The valuation of agreements is booked directly into other comprehensive income. Amounts are released from other comprehensive income statement to profit or loss when the future transaction is settled. The swap agreements are valuated according to level 2 method, as describe in the 31 December 2012 annual report.
During the first six month of 2013, there have been no transfers between Level 1 and Level 2 (2012: no transfers in either direction).
As of 30 June 2013, the carrying amount of all financial assets and liabilities do not differ significantly from their fair value.
Cash and Cash equivalent includes credit cards payments received within 48 hours from the date of this report.

Note 9 – 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 2013 was 51,200,000 and remained unchanged during the first half of the financial year 2013.
All shares issued and outstanding at 30 June 2013 have been fully paid.

Note 10 – Related-party transactions

On 27 June 2013, the General Meeting of Shareholders of Ronson Europe N.V, an associate company, approved the proposal by its Management Board to pay out a dividend for the financial year 2012. The total dividend attributed to the group amounted to PLN 2.6 million (equals to EUR 0.6 million). The dividend day was determined as 1 August 2013 while the dividend payment date was 20 August 2013.
There were no material transactions and balances with related parties during the first six month of 2013 other than were already disclosed above and in the 2012 Consolidated Financial Statements.

Note 11 - 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.
- Other – this includes the Group's real estate business.

	For the six months ended 30 June 2013				
	EUR (thousands) – (Unaudited)				
	Theatre operations	**Distribution**	**Other**	**Eliminations**	**Consolidated**
Revenues					
External sales	**122,609**	**10,397**	**3,360**	**-**	**136,366**
Inter-segment sales	**-**	***7,361**	**467**	**(7,828)**	**-**
Total revenues	**122,609**	**17,758**	**3,827**	**(7,828)**	**136,366**
Segment results	**10,430**	**1,174**	**2,131**	**-**	**13,735**
Net financial expense					**(5,832)**
Net loss on disposals					**(25)**
Income taxes					**(749)**
Share of profit of equity-accounted investees (net of tax)					**1,016**
Net income					**8,145**

*includes transaction between distribution segment and theatre operation segment

Note 11 - Segment Reporting (cont'd)

	For the three months ended 30 June 2013 EUR (thousands) – (Unaudited)				
	Theatre operations	**Distribution**	**Other**	**Eliminations**	**Consolidated**
Revenues					
External sales	**58,756**	**4,666**	**1,642**	**-**	**65,064**
Inter-segment sales	**-**	**2,757**	**259**	**(3,016)**	**-**
Total revenues	**58,756**	**7,423**	**1,901**	**(3,016)**	**65,064**
Segment results	**3,452**	**1,072**	**1,126**	**-**	**5,650**
Net financial expense					**(2,985)**
Net loss on disposals					**(45)**
Income taxes					**(300)**
Share of profit of equity-accounted investees (net of tax)					**308**
Net income					**2,628**

	30 June 2013 EUR (thousands) – (Unaudited)				
	Theatre operations	**Distribution**	**Other**	**Unallocated**	**Consolidated**
Segment assets	**336,198**	**16,568**	**164,257**	**2,803**	**519,826**
Segment liabilities	**30,303**	**4,508**	**2,494**	**221,242**	**258,547**
Capital expenditure	**10,099**	**1,638**	**2,848**	**-**	**14,585**

	For the six months ended 30 June 2012				
	EUR (thousands) – (Unaudited)				
	Theatre operations	**Distribution**	**Other**	**Eliminations**	**Consolidated**
Revenues					
External sales	110,239	9,929	922	-	121,090
Inter-segment sales	617	7,006	-	(7,623)	-
Total revenues	110,856	16,935	922	(7,623)	121,090
Segment results	8,029	748	468	-	9,245
Net financial expense					(1,307)
Net loss on disposals					(8)
Income taxes					(482)
Net income					7,448

	For the three months ended 30 June 2012				
	EUR (thousands) – (Unaudited)				
	Theatre operations	**Distribution**	**Other**	**Eliminations**	**Consolidated**
Revenues					
External sales	53,120	5,080	405	-	58,605
Inter-segment sales	435	3,861	-	(4,296)	-
Total revenues	53,555	8,941	405	(4,296)	58,605
Segment results	2,191	577	207	-	2,975
Net financial expense					(580)
Net loss on disposals					8
Income taxes					(162)
Net income					2,241

	30 June 2012				
	EUR (thousands) – (Unaudited)				
	Theatre operations	**Distribution**	**Other**	**Unallocated**	**Consolidated**
Segment assets	341,552	13,526	20,063	2,175	377,316
Segment liabilities	30,885	5,271	182	104,185	140,523
Capital expenditure	43,310	4,718	-	-	48,028

Note 12 – Property, equipment and investment property

During the six months ended 30 June 2013, the Company acquired assets with a cost of EUR 12,332 thousand (six months ended 30 June 2012: EUR 42,873 thousand). Such acquisition comprised mainly land and buildings ,cinema equipment and leasehold improvements . Assets with a carrying amount of EUR 141 thousand were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: EUR 137 thousand), resulting in a loss on disposal of EUR 25 thousand (six months ended 30 June 2012: a loss of EUR 8 thousand).
The Investment property is valued at fair value determined by the Management. Additionally the management perform an internal valuation, which was not lower than the carrying amount.

Note 13 – Loans and borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 30 June 2013:

	Currency	Interest rate	EUR (thousands) – (Unaudited) Carrying amount
Balance as at 1 January 2013			226,819
New issues:			
Secured bank loan	EUR	Euribor (3 Mounth) +3.5%	*5,181
Short-term bank credit	PLN	Wibor (3 Mounth) +3.5%	203
Secured bank loan	NIS	Prime +1.9%	35,276
Repayments:			
Secured bank loan	EUR		(5,428)
Secured bank loan	PLN		(7,906)
Secured bank loan	NIS		(35,276)
Short-term bank credit	EUR		(2,201)
Short-term bank credit	NIS		(253)
Arrangement fees			718
Translation and currency differences			(1,262)
Balance as at 30 June 2013			**215,871**
Split as follows:			
Long-term loans			201,119
Short-term borrowings			14,752
Balance as at 30 June 2013			**215,871**

* taking into consideration movement in loan arrangement fees

Note 14 – Other accounts payable

Composition:

	30 June 2013	31 December 2012	30 June 2012
		EUR (thousands)	
Investment creditors	**711**	1,077	3,119
Accrued expenses	***8,329**	22,517	8,045
Deferred income	**919**	1,029	1,430
Government institutions	**1,429**	2,203	1,259
Advances and income received in advance	**317**	298	217
Other	**1,080**	671	920
	12,785	27,795	14,990

* The decrease comparing to December 2012 is mainly due to payment of loan arrangement fees and payment of liabilities to distributers due to increase in film distribution activity in the last quarter of 2012.

Note 15 – Impairment losses

During the six months ended 30 June 2013, no impairment losses were charged.

Note 16 – Seasonality

The Group's activities are not of a material seasonal nature. Therefore, the results presented by the Group do not fluctuate significantly during the year due to the seasonality.

Historically, the Company's revenues have tended to have a relatively small "seasonality" impact driven in large part by the way major film distributors release movies. In the past, the film studios released the most marketable movies during the summer months and the late-November through December holiday season, corresponding with what the studios believed to be the periods of highest customer interest. In recent years, however, this seasonality impact has become less pronounced as films are now more evenly distributed during the year. In addition, attendance may be temporarily impacted by the weather, whereby cinema attendance tends to increase during those periods when the weather is less conducive to outside activities, though such impact is typically relatively short-lived and cannot be predicted.

Note 17 – Share-based payments

The Company has implemented a long-term incentive plans (the "Plans"). Under the Plans, share options can be granted to members of the Management Board and selected employees. For details of the Plans, reference is made to the Consolidated Financial Statements of the Group for the year ended 31 December 2012. No new options plans were granted to employees during for the six months ended 30 June 2013.
The weighted average exercise price of options outstanding (vested but not yet exercised) is EUR 6.35. The number of exercisable options at 30 June 2013 is 328,130.
The impact of the share-based payments on the financial statements of the Company for the six months ended 30 June 2013 was an expense of EUR 218,000 which was recognised in the income statement with a corresponding increase in equity (six months ended 30 June 2012: EUR 125,000). During the six months ended 30 June 2013 and during the year 2012 no options were forfeited.

Note 18 –Financial Risk Management

(i) Financial risk factors

Through its activities the Group is exposed to a variety of financial risks: market risk (including real estate market risk and fair value interest rate risk), credit risk and liquidity risk. The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2012 (Note 34).There have been no changes in the risk management department since year end or in any risk management policies.

(ii) Liquidity risk

Compared to 31 December 2012, there was no material change in contractual undiscounted cash outflows for financial Liabilities.

(iii) Market (price) risk

The Group's exposure to marketable and non-marketable securities price risk did not exist because the Group had not material investment in securities during the six months ended 30 June 2013.

(iv) Fair value estimation

During the six months ended 30 June 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets, investment property and financial liabilities. The Investment property is valued at fair value determined by the Management. Additionally the management perform an internal valuation, which was not lower than the carrying amount.

(v) Interest rate risk

All the loans and borrowings of the Group are bearing variable interest rate, which creates an exposure to a risk of changes in cash flows due to changes in interest rates.

Note 19 – Income Tax expenses

Composition:	**for the 6 months period ended 30 June 2013**	**for the 3 months period ended 30 June 2013**	**for the 6 months period ended 30 June 2012**	**for the 3 months period ended 30 June 2012**
	unaudited			
	EUR (thousands)			
Current taxes	**818**	**84**	459	297
Deferred income taxes	**580**	**228**	186	21
In respect of previous years	**(649)**	**(12)**	(163)	(156)
Total income tax expenses	**749**	**300**	482	162

The difference between the amount of tax calculated on income before taxes at the regular tax rate and the tax expense included in these financial statements was affected mostly by reduced tax rate in foreign subsidiaries.

Note 20 – Subsequent events

In July 2013, the Company signed an agreement for the indirect purchase of 7.65% of the shares in Ronson, a residential developer in Poland operating in the midscale segment of the residential market in key Polish cities. U. Dori Group ("Dori"), which jointly controls Ronson with the Company, also signed the agreement in respect of the indirect purchase of a similar amount of shares in Ronson. Completion of the transaction is expected to occur in November 2013, subject to the satisfaction of certain closing conditions.

Currently, the Company is the economic beneficiary of a 32.11% stake in Ronson through a jointly controlled general partnership. Upon completion of the transaction, the general partners will hold, directly and indirectly, 79.56% of the total votes and total number of shares in Ronson, and the Company will be the economic beneficiary of 39.76%- stake in Ronson through this general partnership.

The total price for the shares to be paid by the Company and Dori is approximately PLN 29.2 million, of which the Company will pay approximately PLN 14.6 million.

Review report

To: the board of directors, the supervisory board and shareholders of Cinema City International N.V.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statement of Cinema City International N.V., Rotterdam (the "Company") as at 30 June 2013, which comprise the interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amsterdam, 30 August 2013

Ernst & Young Accountants LLP

J.H. de Prie