Cinema City International N.V.

Condensed Consolidated Financial Report

for the quarter ended

31 March 2010

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DIRECTORS' REPORT

General

Introduction

Cinema City International N.V. (the "Company"), incorporated in the Netherlands, is a subsidiary of I.T. International Theatres Ltd. ("ITIT" or "parent company"). The Company (and together with its subsidiaries, the "Group"), is principally engaged in the operation of entertainment activities in various countries including: Poland, Hungary, Czech Republic, Romania, Bulgaria and Israel. The Company, through related entities, has been a family operated theatre business since 1929. The Company shares are traded on the Warsaw Stock Exchange. As of 12 May 2010, the market share price was PLN 32.69 (EUR 8.11) giving the Company a market capitalization of EUR 415.4 million. The Company's office is located in Rotterdam, the Netherlands.

Highlights during the first quarter of 2010

The Company turned in a strong performance for the three months ended 31 March 2010, with revenues, EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortization) and net income all having increased in comparison to the first quarter of the prior year (which itself was also a strong quarter). Consolidated EBITDA increased from EUR 15.4 million for the first quarter of 2009 to EUR 20.3 million for the first quarter of 2010. Net income attributable to equity holders increased from EUR 9.7 million for the first quarter of 2009 to EUR 12.7 million for the first quarter of 2010.

The improved results were driven by a record quarter for the Company's movie theatre operations. Tickets sales for the quarter ended 31 March 2010 grew by 34.8% compared to the same quarter in 2009, while same store ticket sales grew by 19.9% over the same period last year. Revenue for the quarter ended 31 March 2010 generated by movie theatre operations increased by 60.6% in comparison to the quarter ended 31 March 2009, also supported by higher average ticket prices driven by a higher percentage of tickets for 3-D movies sold.

The results for the quarter ended 31 March 2010 are even more notable given that the results for the quarter ended 31 March 2009 were positively affected by the sale of the Mall of Plovdiv towards the end of the quarter. No similar transaction was recorded during the first quarter of 2010.

The results for the quarter ended March 31, 2010 were also positively impacted by an increase in the value of the Central and Eastern European local currencies against the Euro. During the first quarter of 2010 these currencies regained a portion of the devaluation against the Euro that was recorded in 2009.

Directors' report

Theatre operations

The Company's strong theatre operations during the quarter ended 31 March 2010 were supported by a very well received supply of international movies. Ticket sales and same store revenues grew in all territories. The international blockbuster "*Avatar*", which was released toward the end of 2009, was by far the predominant movie of the quarter. This movie which has since its release gone on to become the largest grossing movie of all time, generated very high ticket sales in all of our territories. The premium priced 3-D version of the movie was the most popular format and accounted for the majority of tickets sold which had a significant impact on our quarterly revenues.

The new screens the Company opened during 2009 had their first full 3 months of operations during the quarter ended 31 March 2010, which contributed to the increase in the positive results of the Company's theatre operations, both in terms of number of admissions and EBITDA.
Since the beginning of 2010, the Company closed 1 multiplex with 4 screens in Ber-Sheva, Israel. No new screens were opened during that period.

The Company's total screen count as at 31 March 2010, following the above closing, is 664 (including 9 IMAX® theatres).

Digital Projection
The Company continues to install state-of-the-art digital projectors, both in its new projects and in many of the Company's existing theatres. In each theatre, the Company installs between 1 to 4 such projectors. Currently, the Company has installed over 140 digital projectors, and intends to install approximately 80 more of these projectors in its leading multiplexes through the end of 2010. The digital projectors, which represent the most important technological advance in movie viewing since the 1950s, provide a higher quality and a sharper resolution viewing experience than traditional projectors, and the ability to display a new generation of 3-D movies.

The record breaking success of *Avatar* and other 3D movies at the end of 2009 and early in 2010 appears to have validated the long-term value proposition associated with digital projection. The 3-D version of this movie generated huge demand and captured premium ticket pricing. Moreover, the fact that the Company has been ahead of its competition in many markets in installing digital projectors allowed the Company to take market share away from its competitors as the Company's 3-D version of *Avatar* and other 3D movies has been far more successful than any comparable non-digital movie.

The Company believes that in the long term, digital technology will not only generate higher attendance through 3-D films and alternative content (such as operas, ballet, leading worldwide concerts and sporting events), but it can also help reduce cinema labor costs as digital projectors require less ongoing manpower than traditional reel-to-reel projectors.

Directors' report

Real estate operations

Real estate operations did not materially contribute to the Company's results for the first quarter of 2010. During he first quarter of 2009, the Company had sold its remaining holding in the Mall of Plovdiv in Bulgaria, which had contributed significantly to the results of that quarter. No similar transaction was recorded for the three months ended 31 March 2010.

At the beginning of the second quarter, on 21 April 2010, the Company signed and closed a previously announced agreement with Israel Theatres Real Estate Holding B.V. and Pan-Europe Finance B.V. (both subsidiaries of Israel Theaters Ltd.) to sell all of the Company's Bulgarian real estate development activity to Israel Theatres Ltd. for EUR 91.2 million. The initial payment of EUR 76.2 million was made to the Company at the closing, which has substantially reduced the Company's bank debt. The Company will still participate in the future gains from any transactions consummated by Israel Theatres related to the above mention Bulgarian real estate activity until the end of 2014. On the other hand, the Company will not be exposed to any downward risk of volatility in the real estate market and its potential negative impact on the Company's consolidated performance.

In conjunction with the sale, the valuation of assets was conducted by an independent international valuator and the evaluation of the details of the agreements was conducted by a special independent committee of the Supervisory Board of the Company, which separately voted on and approved the transaction.

The Company intends to use the excess cash and freed up leverage to fund the expansion of the Company's movie theatre activities, both in its current region of operation and potentially to new geographies as well.

Film distribution activities

Revenue generated by the Company's distribution division increased during the quarter, compared to the quarter ended 31 March 2009. This growth was driven mainly by a successful release of Disney's Alice in Wonderland and other several successful movies, mainly in Poland.

DVD rental and sale activities

During the fourth quarter of 2009, the Company decided to close the DVD distribution operations both in Hungary and in the Czech Republic due to ongoing poor performance and uncertain future prospects. In particular, the decision to close these operations in Central and Eastern Europe was further influenced by the determination by one of the studios, which the Company represented in this line, not to renew its DVD distribution agreement with the Company.

Directors' report

Overview of results

The Company's net income attributable to equity holders of the parent company for the first quarter of 2010 was EUR 12,706,000 and can be summarized as follows:

	For the 3 months ended 31 March	
	2010	**2009** [1]
	EUR (thousands, except per share data)	
Continuing operations		
Revenues	**70,077**	65,885
Operating costs, excluding depreciation and amortisation	**46,203**	47,743
Gross result	**23,874**	18,142
General and administrative expenses	**3,593**	2,776
EBITDA [2]	**20,281**	15,366
Depreciation and amortisation	**4,926**	3,728
Operating profit	**15,355**	11,638
Financial income [3]	**160**	374
Financial expenses [3]	**(909)**	(1,271)
Gain and loss on disposals and write-off of other investments	**6**	4
Operating income before taxation	**14,612**	10,745
Income taxes	**2,100**	561
Net income from continuing operation	**12,512**	10,184
Gain/(loss) from discontinued operation	**12**	(537)
Net income before minority interests	**12,524**	9,647
Minority interests	**182**	62
Net income attributable to equity holders of the parent company	**12,706**	9,709
Weighted average number of equivalent shares (basic)	**50,846,500**	50,834,000
Weighted average number of equivalent shares (diluted)	**51,044,935**	50,834,000
Net earnings per ordinary share (basic and diluted of EUR 0.01 each)	**0.25**	0.19

Revenues

[1] Reclassified to show the discontinued DVD rental-sale business separately form the continuing operations

[2] 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

[3] Comparative figures reclassified for comparison purposes

Directors' report

Total revenues increased by 6.4% from EUR 65.9 million during the quarter ended 31 March 2009 to EUR 70.1 million during the quarter ended 31 March 2010.

Theatre operating revenues increased by 60.6% from EUR 40.1 million during the quarter ended 31 March 2009 to EUR 64.4 million during the quarter ended 31 March 2010. The increase in theatre revenues mainly resulted from an increase in the number of admissions, driven by the contribution of new cinemas opened in 2009, a strong supply of movies, and the increase in sales of tickets for films with the 3-D technology which generates higher price for admission.

Distribution operating revenues increased by 67.1% from EUR 3.0 million during the quarter ended 31 March 2009 to EUR 5.1 million during the quarter ended 31 March 2010. The increase resulted mainly from a successful quarter for the Polish film distribution activities, and to the opening of the new distribution division in Romania.

Other revenues, which includes real estate activities, decreased from EUR 22.7 million during the quarter ended 31 March 2009 to EUR 0.6 million during the quarter ended 31 March 2010. This decrease was attributed to the sale of the Company's interest in Mall of Plovdiv during the first quarter of 2009. No similar sale was made during the quarter ended 31 March 2010.

Operating Costs

Operating costs, excluding depreciation and amortisation, decreased by 3.2% from EUR 47.7 million during the quarter ended 31 March 2009 to EUR 46.2 million during the quarter ended 31 March 2010. This net decrease resulted primarily from the total effects of:

- an increase in theatre operating expenses primarily explained by the increase in theatre revenues as described above. The theatre operating expenses, excluding depreciation and amortisation, as a percentage of total theatre revenue decreased to 63.9% for the the quarter ended 31 March 2010, from 70.3% for the quarter ended 31 March 2009.
- an increase in distribution operating expenses as a result of the increase in revenues as described above. Distribution operating expenses, excluding depreciation and amortisation, as a percentage of total distribution revenue decreased to 95.6% for the quarter ended 31 March 2010, from 102.9% for the quarter ended 31 March 2009.
- a decrease in other operating expenses primarily explained by a decrease in other revenues as described above. Other operating expenses, excluding depreciation and amortisation, as a percentage of total other revenue decreased to 29.2% for the quarter ended 31 March 2010, from 72.2% for the quarter ended 31 March 2009. This is primarily due to the real estate sale in Plovdiv, Bulgaria in the quarter ended 31 March 2009. No similar transaction was recorded in the quarter ended 31 March 2010.

General and administrative expenses

General and administrative expenses increased by 29.4% from EUR 2.8 million for the quarter ended 31 March 2009 to EUR 3.6 million during the quarter ended 31 March 2010. The increase was mainly a result of the increase in the management bonus accrual due to the increase in pre-tax profits. General and administrative expenses as a percentage of total revenue increased to 5.1% for the the quarter ended 31 March 2010, from 4.2% for the quarter ended 31 March 2009, but which is still in line with the percentage for the full year of 2009 which was 5.2%.

EBITDA

As a result of the factors described above, the earnings before interest tax depreciation and amortisation (EBITDA) increased by 32.0% from EUR 15.4 million for the quarter ended 31 March 2009 to EUR 20.3 million for the quarter ended 31 March 2010.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 32.1% from EUR 3.7 million for the quarter ended 31 March 2009 to EUR 4.9 million for the quarter ended 31 March 2010. This increase in depreciation is explained mainly by the depreciation of newly opened theatres during the year 2009 mainly in Poland and Romania, and by the strengthening of local currencies in most of the counties of operations compared to the Euro.

Operating profit

As a result of the factors described above, the operating profit increased by 31.9% from EUR 11.6 million during the quarter ended 31 March 2009 to EUR 15.4 million during the quarter ended 31 March 2010

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 2010 compared to a net expense of EUR 0.9 million during the quarter ended 31 March 2009. The decrease is mainly due to exchange differences carried on balances denominated in currencies other than the functional currency.

Minority interest

Minority interests for the quarters ended 31 March 2010 and 31 March 2009 comprised the share of minority shareholders in losses from subsidiaries that are not 100% owned by the Company (EUR 0.2 million and EUR 0.1 million respectively).

Net income

As a result of the factors described above, the Company net income attributable to equity holders of the parent company increased by 30.9% from EUR 9.7 million during the quarter ended 31 March 2009 to EUR 12.7 million during the quarter ended 31 March 2010.

Selected financial data

PLN/EUR	Exchange rate of Euro versus the Polish Zloty			
	Average exchange rate	**Minimum exchange rate**	**Maximum exchange rate**	**Quarter end exchange rate**
2010 (1st quarter)	3.9869	3.8622	4.1109	3.8622
2009 (1st quarter)	4.4925	3.9170	4.8999	4.7013

Source: National Bank of Poland ("NBP")

Selected financial data	EUR		PLN	
	(thousands, except per share data)			
	For the quarter ended 31 March			
	2010	**2009**	**2010**	**2009**
Revenues	**77,077**	65,885	**307,298**	295,988
Operating profit	**15,355**	11,638	**61,219**	52,284
Operating income before taxation	**14,612**	10,745	**58,256**	48,272
Net income attributable to equity holders of the parent company	**12,706**	9,709	**50,658**	43,618
Cash flows from operating activities	**12,909**	12,438	**51,467**	55,878
Cash flows (used in)/from investment activities	**(18,454)**	2,620	**(73,574)**	11,770
Cash flows used in financing activities	**(2,963)**	(16,426)	**(11,813)**	(73,794)
Decrease in cash and cash equivalents	**(8,508)**	(1,368)	**(32,860)**	(6,146)
Total assets	**363,331**	275,241	**1,403,257**	1,293,991
Provisions	**7,004**	5,692	**27,051**	26,760
Long-term liabilities	**106,741**	53,283	**412,255**	250,499
Current liabilities	**56,158**	68,568	**216,893**	322,359
Shareholders' equity	**204,969**	156,824	**791,631**	737,277
Share capital	**508**	508	**1,962**	2,388
Average number of equivalent shares	**50,846,500**	50,834,000	**50,846,500**	50,834,000
Average number of equivalent shares (diluted)	**51,044,935**	50,834,000	**51,044,935**	50,834,000
Net earnings per ordinary share (basic and diluted)	**0.25**	0.19	**0.99**	0.86

Selected financial data were translated from EURO into PLN in the following way:

(i) Balance sheet data were translated using the average exchange rate published by the National Bank of Poland for the last day of the year / period.

(ii) Income Statement and cash flows data were translated using the arithmetical average of average exchange rates published by the National Bank of Poland for the last day of every month within year / period.

Outlook for the remainder of 2010*

The year 2010 has started well for the Company, with a strong supply of movies supporting solid results in the Company's territories. Management believes that the movie pipeline for the remainder of the year looks positive, and should be supported in part by a number of promising movies, including several sequels with strong past performances, such as Shrek 3, Toy Story 3 scheduled to be released in June and July of this year.

In the second quarter of 2010, the Company is planning to open its second major theatre in Bucharest, Romania, in the Sun Plaza shopping mall. This 15 screen multiplex, which is now scheduled to open in June, should further strengthen the Company's position in Bucharest and in all of Romania.

The Company continues to have binding commitments for an additional 42 sites (representing approximately 426 screens) including 29 sites with 279 screens in Romania, and is in advanced negotiations in respect of a further number of sites. However, because the mall opening dates are dependent on the mall developers and there is a continuing tendency in the Romanian market to complete mall construction behind schedule, it remains difficult for the Company to accurately estimate the opening dates of its projects. This issue has been particularly exacerbated by the ongoing regional slowdown in real estate development brought on by the past two years' worldwide financial and real estate crisis, during which period some of the real estate projects in which the Company's new theatres are to be located, were having difficulties in securing financing necessary to commence construction.

In light of the foregoing, for the remainder of 2010, the Company still plans to open 6 to 8 more multiplexes, including 2 cinemas in Poland and 2 cinemas in Bulgaria.

In addition to the risk of delayed openings as described above, there is now an increased risk that the construction of some of the malls for which lease agreements have already been signed, will not commence or will not finish. However, the Company still believes that the planned opening of many of the multiplexes for which it has signed lease contracts will take place. As the Company, in most cases, does not begin to expend capital for theatre constructions in its new theatres until very close to the scheduled opening date, the failure to complete any particular mall project or even a number of projects, should not have a material negative impact on the Company's ongoing operations and results, since such failure would not pose a significant financial risk to the Company. If the completion of mall projects is either delayed or cancelled, this would only impact the rate of the Company's future growth and not its ongoing operations.

Upon completion of the projects currently in the pipeline, Romania will become the Company's second largest country in terms of number of screens in operation, exceeded only by Poland. All of the planned Romanian theatres are located in shopping centers and will be leased.

While the Company's management currently believes that the existing trend of strong admissions will continue for the foreseeable future, there can be no assurance that the Company will not be materially adversely impacted if the nascent worldwide economic recovery remains weak or is not sustained. Continued softness in consumer spending, even in light of a modest economic rebound, could result in an ongoing weakness in 'mall traffic', which has historically supported theatre admissions. In addition, if consumers continue to have considerably less disposable income, discretionary entertainment choices, such as movie going, could be adversely impacted. Even if movie going itself is not materially adversely impacted, movie goers could determine to spend less money for food and drinks at the Company's high-margin concession stands. Moreover, advertisers could decrease their use of the Company's expanding theatre and screen advertising services.

Directors' report

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

* Certain statements contained in this 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 annual report 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 2010 Number of shares /% of shares. (3)	Increase/ (decrease) Number of shares	As of 31 March 2010 Number of shares/ % of shares. (3)	Increase/ (decrease) Number of shares	As of 31 December 2009 Number of shares/ % of shares.
I.T. International Theatres Ltd. (1)	32,709,996 / 63.89%	-	32,709,996 / 64.32%	-	32,709,996 / 64.35%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	6,498,457 /12.69%	-	6,498,457 /12.78%	-	6,498,457 /12.78%
ING Nationale-Nederlanden Polska Otwarty Fundusz Emerytalny (4)	n.a	-	2,406,227 / 4.73%	(293,773)	2,700,000 / 5.31%
BZ WBK TFI SA(2)	2,661,049 /5.20%	-	2,661,049 /5.23%	-	2,661,049 /5.23%
BZ WBK AIB Asset Management S.A.(2)	2,542,345 / 4.97%	-	2,542,345 / 5.00%	-	2,542,345 / 5.00%

(1) In addition, Israel Theatres Ltd., the shareholder who holds 100% of I.T. International Theaters Ltd., holds additional 104,988 shares in Cinema City International N.V. (representing 0.2% of the shares). On 26 April 2010, I.T. International Theatres temporary reduced 341 000 shares to facilitate share options exercised under the 2006 Long Term Incentive Plan as described in the current report no 11/2010 dated 27 April 2010. The legal title to the same number of shares (i.e. 341,000 newly issued shares) has been transferred by the optionees to I.T International Theatres Ltd. upon share issuance by the Company under the Plan. As a result, the number of shares held by I.T. International Theatres has effectively remained the same as before the transaction described in the current report no 11/2010. As mentioned above on 11 May, the Company issued 341,000 new ordinary shares to facilitate the exercise of share options as part of the Company's long term incentive plan. The number of shares issued and outstanding therefore increased to 51,200,000 as of 11 May 2010.

(2) BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., with its registered office in Poznań has engaged BZ WBK AIB Asset Management S.A. to manage the investment funds until now managed by the BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. ('Funds').

(3) On 15 February 2010, the Company issued 25,000 new ordinary shares to facilitate the exercise of share options as part of the Company's long term incentive plan. The number of shares issued and outstanding therefore increased to 50,859,000 as of 15 February 2010.

(4) On 26 March 2010 the Company was notified by the Shareholders that its number of shares held in the Company went down to below 5%.

Changes in ownership of shares and rights to shares by Management Board members in the first quarter of 2010 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 2010 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 31 March 2010 Number of shares/% of shares	Increase/ (decrease) Number of shares	As of 31 December 2009 Number of shares/% of shares
Moshe Greidinger*	11,603,379 / 22.66%	-	11,603,379 / 22.82%	-	11,603,379 / 22.83%
Amos Weltsch	none	-	none	-	none
Israel Greidinger*	11,603,379 / 22.66%	-	11,603,379 / 22.82%	-	11,603,379 / 22.83%

*The shares held by Messrs Moshe and Israel Greidinger are held indirectly through I.T. International Theaters Ltd. On 26 April 2010 I.T. International Theatres temporary reduced 341 000 shares to facilitate the realization of the 2006 Long Term Incentive Plan as described in the current report no 11/2010 dated 27 April 2010. The legal title to the same number of the Company shares (*i.e.,* 341,000 newly issued shares) will be transferred by optionees to I.T International Theatres Ltd. upon share issuance by the Company under the Plan. Thus in the coming weeks the number of shares held by I.T. International Theatres is going to be the same as before the transaction described in the current report no 11/2010.

Additional information to the report (cont'd)

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 2009 until 18 May 2010.

Changes in ownership of shares and rights to shares by Supervisory Board members in the first quarter of 2010 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 2009 until 18 May 2010.

Changes in the composition of the Supervisory Board and Management Board

None.

Other

As of 31 March 2010, the Group has issued guarantees for loans that in total amount to EUR 12 million and Polish zloty 188.5 (EUR 49) million in connection with loans provided to subsidiaries.

As of 31 March 2010, 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 first quarter of the financial year 2010:

- an increase in the provision for deferred tax liabilities of EUR 302,000
- an increase in the provision for accrued employee retirement rights of EUR 52,000
- a decrease in the provision related to onerous lease contracts of EUR 349,000.

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 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2010 (Unaudited)	31 December 2009 (Audited*)	31 March 2009 (Unaudited)	31 December 2008 (Audited*)
	EUR (thousands)			
ASSETS				
FIXED ASSETS				
Intangible fixed assets	**1,045**	**1,020**	1,120	1,285
Property and equipment	**214,902**	**201,781**	166,468	182,499
Investment properties	**46,789**	**42,281**	29,621	29,382
Other non-current assets	**1,913**	**2,571**	3,498	2,949
Total fixed assets	**264,649**	**247,653**	200,707	216,115
CURRENT ASSETS				
Inventories	**4,404**	**5,082**	4,603	4,859
Trade and other receivables	**35,690**	**34,735**	29,179	31,814
Assets classified as held for sale	**42,431**	**37,924**	26,006	33,564
Other current financial assets	**1,109**	**1,665**	4,090	2,537
Cash and cash equivalents	**14,837**	**22,417**	9,831	11,780
Short term bank deposits	**-**	**-**	494	591
Short term bank deposits – collateralized	**211**	**210**	331	345
Total current assets	**98,682**	**102,033**	74,534	85,490
TOTAL ASSETS	**363,331**	**349,686**	275,241	301,605
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY	**204,969**	**183,796**	156,824	160,026
Minority interests	**(4,537)**	**(3,987)**	(3,434)	(3,483)
LONG-TERM LIABILITIES				
Long-term loans, net of current portion	**94,377**	**93,620**	44,375	67,182
Provisions	**7,004**	**6,999**	5,692	5,635
Other long-term liabilities	**5,360**	**5,022**	3,216	3,226
Total long-term liabilities	**106,741**	**105,641**	53,283	76,043
CURRENT LIABILITIES				
Short-term bank credit	**13,897**	**12,545**	36,087	34,177
Other current liabilities	**42,261**	**51,691**	32,481	34,842
Total current liabilities	**56,158**	**64,236**	68,568	69,019
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**363,331**	**349,686**	275,241	301,605

* Extracted from the 2009 Annual Accounts.

CONDENSED CONSOLIDATED INCOME STATEMENT

	For the 3 months ended 31 March 2010 (Unaudited)	For the 3 months ended 31 March 2009 (Unaudited*)
	EUR (thousands, except per share data and number of shares)	
Continuing operations		
Revenues	**70,077**	65,885
Operating costs	**51,129**	51,471
Gross margin	**18,948**	14,414
General and administrative expenses	**3,593**	2,776
Operating profit	**15,355**	11,638
Financial income **	**160**	374
Financial expenses **	**(909)**	(1,271)
Gain and loss on disposals and write-off of other investments	**6**	4
Operating income before taxation	**14,612**	10,745
Income tax expense	**2,100**	561
Net income from continuing operations	**12,512**	10,184
Discontinued operations		
Gain/(loss) from discontinued operations	**12**	(537)
Net income for the period	**12,524**	9,647
Attributable to:		
Equity holders of the parent company	**12,706**	9,709
Non-controlling interests related to continuing operations	**(182)**	(49)
Non-controlling interests related to discontinued operations	**-**	(13)
Net income for the period	**12,524**	9,647
Earnings per share		
Weighted average number of equivalent shares (basic)	**50,846,500**	50,834,000
Weighted average number of equivalent shares (diluted)	**51,044,935**	50,834,000
Net earnings per share for profit attributable to the equity holders of the Company (basic and diluted)	**0.25**	0.19
Net earnings per share for profit from continuing operations attributable to the equity holders of the Company (basic and diluted)	**0.25**	0.19

* Reclassified to show the discontinued operation of the DVD distribution business (see Note 7)

** Comparative figures reclassified for comparison purpose

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the 3 months ended 31 March 2010 (Unaudited)	For the 3 months ended 31 March 2009 (Unaudited)
Balance as of the beginning of the period	**183,796**	160,026
Issue of new shares *	**120**	-
Share based payment	**16**	23
Net income for the period	**12,706**	9,709
Foreign currency translation adjustment	**7,347**	(14,651)
Effective portion in fair value of cash flow hedges	**984**	1,717
Balance at the end of the period	**204,969**	156,824

* Including change in share premium

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 3 months ended 31 March 2010 (Unaudited)	For the 3 months ended 31 March 2009 (Unaudited*)
Cash flows from operating activities	**12,909**	12,438
Cash flows (used in)/from investing activities	**(18,454)**	2,620
Cash flows used in financing activities	**(2,963)**	(16,426)
Decrease in cash and cash equivalents	**(8,508)**	(1,368)
Cash and cash equivalents at the beginning of the period	**22,417**	11,780
Foreign currency exchange differences on cash	**928**	(581)
Cash and cash equivalents at the end of the period	**14,837**	9,831

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 2010, 64.32% of the outstanding shares in the Company are held by I.T. International Theatres Ltd. ("ITIT"), incorporated in Israel. The Group is principally engaged in the operation of entertainment activities in various countries including: Poland, Hungary, Czech Republic, Bulgaria, Romania and Israel. The Company is also engaged in managing and establishing its own entertainment real estate projects for rental purposes, in which the Company operates motion picture theatres. In addition, the Company is involved in short-term and long-term real estate trading in Central Europe. The Company's business is in large dependent both upon the availability of suitable motion pictures from third parties for exhibition in its theatres, and the performance of such films in the Company's markets.

The Condensed Consolidated Interim Financial Statements of the Company for the three months ended 31 March 2010 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 2010 Condensed Consolidated Interim Financial Statements were authorised for issue by the Management Board on 18 May 2010.

Note 2 – Summary of significant accounting policies

A. Basis of preparation

Except as describe the Company's Condensed Consolidated Interim Financial Statements for the three months ended 31 March 2010, 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 2009.
The 31 March 2010 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 2009 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 2009 are available upon request from the Company's registered office at Weena 210-212, 3012 NJ Rotterdam, the Netherlands or at the Company's website: www.cinemacity.nl/en.

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

B. The use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2009.

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 financial statements of the above mentioned foreign operations are translated from the functional currency into Euros (presentation currency) for both 2009 and 2010 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)*:

As of	Exchange rate of euro: Czech crown (CZK)	Hungarian forint (HUF)	Polish zloty (PLN)	US dollar (USD)	Israeli shekel (NIS)	Romania New Lei (RON)
31 March 2010	**25.46**	**266.27**	**3.88**	**1.35**	**4.99**	**4.09**
31 December 2009	26.42	272.65	4.14	1.43	5.44	4.25
31 March 2009	27.53	309.03	4.72	1.32	5.57	4.26
Change during the period	**%**	**%**	**%**	**%**	**%**	**%**
2010 (3 months)	**(3.65)**	**(2.20)**	**(6.27)**	**(6.13)**	**(8.29)**	**(3.87)**
2009 (12 months)	(0.83)	1.89	(0.24)	1.42	2.64	5.2
2009 (3 months)	3.34	15.49	13.73	(6.38)	5.09	5.45

Average 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)
2010 (3 months)	**25.92**	**269.34**	**4.00**	**1.38**	**5.18**	**4.13**
2009 (12 months)	26.48	281.15	4.34	1.39	5.47	4.25
2009 (3 months)	27.63	294.09	4.50	1.31	5.29	4.28
Change during the period	**%**	**%**	**%**	**%**	**%**	**%**
2010 (3 months)	**(2.10)**	**(4.20)**	**(7.73)**	**(0.01)**	**(5.35)**	**(2.77)**
2009 (12 months)	5.96	11.38	23.3	(5.44)	3.99	14.86
2009 (3 months)	10.56	16.50	27.84	(10.88)	0.57	15.68

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

Note 3 – Changes in Consolidated Entities

A. Changes in consolidated and associated entities during the first quarter of 2010:

Forum Film Romania s.r.l , 100% owned by the Company, was incorporated in Romania. This entity commenced operations in January 2010 and specializes in the distribution of movies in Romania.

B. Changes in consolidated entities during 2009:

Forum Film Bulgaria EOOD, 100% owned by the Company, was incorporated in Bulgaria. This entity commenced operations in January 2009 and specializes in the distribution of movies in Bulgaria.

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 2009. The commitments, contingent liabilities and liens as disclosed in the Company's 2009 Annual Accounts for the year ended 31 December 2009 have not materially changed as at 31 March 2010, except for further commitments to open new cinemas as part of the Company's expansion plans and except for a cost overrun guarantee and securities as disclosed below.

As of 31 March 2010, the Group has guarantees for loans that in total amount to EUR 12 million and PLN 188.5 million (EUR 49 million) in connection with loans provided to subsidiaries.

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

Note 5 – Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business. These risks are described in full detail in the 2009 Annual Accounts. As at 31 March 2010, the Company has hedged some of its USD and EUR expenses through March 2010 in respect of its Polish, Hungarian and Czech theatre operations, against the Polish Zloty, the Hungarian forint and the Czech crown respectively.
In connection with these obligations, the Company has entered into the following forward foreign exchange contracts:

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

These forward foreign exchange contracts have been valued in the Condensed Consolidated Statement of Financial Position at 31 March 2010 at their fair value.
The valuation of contracts signed as of 1 January 2008 onwards is booked directly into equity in a separate Hedge reserve. The company designate these contracts to hedge future cash flow fluctuations deriving from differences between the EUR and the USD against local currencies as described above. Amounts are released from the Hedge reserve to profit or loss when the future transaction is settled.

Note 6 – 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 2009 was 50,834,000 and remained unchanged during the financial year 2009. At 15 February 2010, the Company issued 25,000 ordinary shares. As a result of the share issue in the first quarter of 2010, the number of issued and outstanding ordinary shares as at 31 March 2010 was 50,859,000. All shares issued and outstanding at 31 March 2009 have been fully paid.
At 11 May 2010, the Company issued 341,000 new ordinary shares, as a result of which the number of issued and outstanding ordinary shares increased to 51,200,000 (see Note 13).

Note 7 – Discontinued operations

Towards the end of 2009, the Company decided to terminate its DVD distribution activities in Hungary as well as in the Czech Republic. The film distribution activities in these two countries have been taken place in an unpredictable market environment making it difficult for management to derive real growth and profitability from this segment. Because the film distribution activities in Hungary and the Czech Republic were not classified as a discontinued operation as at 31 March 2009, the relevant comparative amounts in the consolidated income statement have been reclassified to show the discontinued operations separately from continuing operations.

During 2008, the Company sold its 50% interest in the Israeli video and DVD film rental and sale business. Following this sale, the Company has no longer been active in the DVD film rental and sale business in Israel.

The consolidated income statement for the three months ended 31 March 2010 and 2009 respectively, comprise the results from film distribution activities in Hungary and the Czech Republic as well as from the video and DVD rental and sale business in Israel.

Note 8 - Segment Reporting

The primary segment information is presented in respect of the Group's business segments which are in accordance with the Group's management and internal reporting structure. The Group's operations in Israel and Central Europe are organised under the following major business segments:

- Theatre operations
- Distribution - Distribution of movies
- Video & DVD- Discontinued operations
- Other- this includes the company's real estate business.

	For the 3 months ended 31 March 2010 EUR (thousands) –(unaudited)							
	Theatre Operations	**Distribution**	**Video & DVD (discon- -tinued)**	**Other**	**Elimi- nations**	**Conso- lidated**	**Less: Video& DVD (discon- tinued**	**Conti- nuing operations**
Revenues								
External sales	64,449	5,051	2,037	577	-	72,114	2,037	70,077
Inter-segment sales	140	3,786	25	-	(3,951)	-	-	-
Total revenues	64,589	8,837	2,062	577	(3,951)	72,114	2,037	70,077
Segment results	15,263	(103)	135	195	-	15,490	135	15,355
Net financial expense						(767)	(18)	(749)
Gain and loss on disposals						6	-	6
Income taxes						(2.205)	(105)	(2,100)
Minority interests						182	-	182
Net income						12,706	12	12,694

	31 March 2010 EUR (thousands) – (unaudited)					
	Theatre Operations	**Distribution**	**Video & DVD (discontinued)**	**Other**	**Unallocated**	**Consolidated**
Segment assets	245,471	11,951	1,420	102,635	1,854	363,331
Segment liabilities	27,201	8,615	3,931	8,512	114,640	162,899
Capital expenditure	5,902	19	-	4,511	-	10,432

Note 8 - Segment Reporting (cont'd)

	For the 3 months ended 31 March 2009 EUR (thousands) –(unaudited)							
	Theatre Operations	**Distribution**	**Video & DVD (discon- -tinued)**	**Other**	**Elimi- nations**	**Conso- lidated**	**Less: discon- tinued operati- ons**	**Conti- nuing operations**
Revenues								
External sales	40,137	3,022	795	22,727	-	66,680	795	65,885
Inter-segment sales	-	1,749	-	-	(1,749)	-	-	-
Total revenues	40,137	4,770	795	22,727	(1,749)	66,680	795	65,885
Segment results	6,424	(392)	(357)	5,606	-	11,281	(357)	11,638
Net financial expense						(1,002)	(105)	(897)
Gain and loss on disposals						(26)	(30)	4
Income taxes						(606)	(45)	(561)
Minority interests						62	13	49
Net income						9,709	(524)	10,233

	31 March 2009 EUR (thousands) – (unaudited)					
	Theatre Operations	**Distribution**	**Discontinued Opeartions**	**Other**	**Unallocated**	**Consolidated**
Segment assets	192,765	9,561	1,127	70,765	1,023	275,241
Segment liabilities	20,607	3,264	2,532	11,050	84,398	121,851
Capital expenditure	4,005	27	-	1,217	-	5,249

Note 9 – Related party transactions

There were no material transactions and balances with related parties during the first quarter of 2010 other than were already disclosed in 2009 Consolidated Financial Statements and the sale of real estate activities in Bulgaria to Israel Theatres LTD, the controlling indirect shareholder of the Company, see Note 13.

Note 10 – Assets classified as held for sale

As at 31 March 2010 and as at 31 December 2009, the assets classified as held for sale comprise the Company's 50% interest in Mall of Russe and 27.5% interest in Mall of Stara Zagora. For events subsequent to 31 March 2010 in respect of the assets classified as held for sale, reference is made to Note 13.

The interests in Mall of Russe and in Mall of Stara Zagora that are carried in the Company's Consolidated Statement of Financial Position as 'held for sale', represent only half of the total interests in these investments. The other 50% interest in Mall of Russe and the other 27.5% interest in Mall of Stara Zagora are accounted for as investment property. For further details, reference is made to the Company's Consolidated Financial Statements for the year ended 31 December 2009.

Note 11 – 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 2009. No new options were granted to employees during for the three months ended 31 March 2010.
The impact of the share-based payments on the financial statements of the Company for the three months ended 31 March 2010 was an expense of EUR 16,000 (three months ended 31 March 2009: EUR 23,000) recognised in the income statement with a corresponding increase in equity. During the three months ended 31 March 2010 and during the year 2009 no options were forfeited.
On February 2010, a total number of 25,000 options that were granted in 2006, were exercised. The average share price at the time of exercise was PLN 36.05.
At the beginning of the second quarter of 2010 a further 341,000 options, were exercised (see Note 13). The average share price at the time of exercise was PLN 34.00.

Note 12 – Impairment losses and provisions

During the three months ended 31 March 2010, no impairment losses were charged.

Note 13 – Subsequent events

Sale of Real Estate Activities in Bulgaria

In March 2010, the Company signed a Memorandum of Understanding with its controlling shareholder, Israel Theatres Ltd., to sell all of its interests in real estate development projects and related activities in Bulgaria to Israel Theatres for approximately EUR 91.2 million. Execution of definitive agreements and the closing of the transaction took place on 21 April 2010.

The assets of the business transferred included (1) the Mall of Russe project in the city of Russe, which is in an advanced construction stage and is expected to open in 2010, (2) the Mall of Stara Zagora, which is still in its planning stage; and (3) the local management company, RESB EOOD, which is responsible for building and leasing these assets.

Israel Theatres assumed all of the Company's outstanding real estate development related obligations in Bulgaria, including the completion of the Company's post-sale commitments relating to the Mall of Plovdiv,.The purchase price was based on a valuation performed by an internationally recognized third party valuator for both the properties in Russe and Stara Zagora, which was separately obtained by the Company in conjunction with the preparation of its 2009 audited financial statements. The valuation has been adjusted to reflect the closing balance sheets of the relevant companies. As a result of the transaction, the Company is expected to realize an additional gain of approximately EUR 3.5 million, which will be recognized in the second quarter of 2010.

Per the agreement, Israel Theatres paid EUR 76.2 million of the purchase price at the closing of the transaction. The remainder, an amount of EUR 15.0 million, will be paid 9 months after the opening of the Mall of Russe. In no event, however, will payment of the remainder take place later than 18 months following the closing of the transaction (21 April 2010). In connection with Israel Theatres securing financing for the transaction, the Company has agreed to refrain from borrowing additional funds if such borrowings would result in Israel Theatres, on a fully consolidated basis (together with the Company), breaching agreed-upon EBITDA to debt ratios. This covenant is not expected to impact upon the Company's current cinema development plans. This covenant will remain in force as long as Israel Theatres remains the majority shareholder of the Company or until Israel Theatres has repaid the debt it has assumed for financing the transaction.

In addition, the sale and purchase agreement provides that Israel Theatres will pay to the Company a percentage of any gains it realizes from selling the two Bulgarian real estate assets at any time until the end of 2014.

Exercise of share options and issue of new shares

At the beginning of the second quarter of 2010, a total number of 341,000 share options granted in prior years to employees, were exercised (see also Note 11). Initially, these shares were made available to the option holders by the Company's largest shareholder, I.T International Theatres Ltd. Following the exercise of the options, on 11 May 2010, the Company issued 341,000 new ordinary shares to I.T. International Theatres Ltd to facilitate the exercise of the share options. As a result, the number of shares issued and outstanding therefore increased to 51,200,000 as of 11 May 2010. The issue price of each new share (the option exercise price) was PLN 19.3 or PLN 25 according the individual grant agreements signed with particular employees.