



Press release

Warsaw, 13 March 2009

Cinema City International Financial Results for 2008

Record year for growth in revenue and profit. Company continues expansion.

- In 2008, Cinema City International N.V. ("Cinema City") generated revenues of EUR 189 million (+20.1% y/y), EBITDA of EUR 41.0 million (+21.0% y/y) and net profit of EUR 17.7 million (+6.2%).
- In 4Q2008 alone, Cinema City's revenues were EUR 51.3 million (+32.9% y/y), EBITDA was EUR 9.4 million (+19.4% y/y), and net profit was EUR 3.0 million (-17.1% y/y).
- Theatre operations revenues went up to EUR 154.7 million (+24.6% y/y) with EBIT of EUR 16.0 million (+11.3% y/y). The Company sold in total 22.2 million tickets, 12% more than in the previous year. Average ticket price was EUR 4,61 (+14.7% y/y).
- Investments of EUR 36 million in the theatre chain expansion coupled with record number of new screens openings. The Company has opened 94 new screens in 5 countries. 39 obsolete screens were closed including 27 in Israel as part of the modernization of the chain.
- Digitalization of Cinema City multiplexes has been launched. As at the end of 2008 there were 57 digital projectors installed in the whole cinema circuit.
- Consolidation of the Company's position in the real estate development market in Bulgaria. Investments of EUR 39 million in 2008. Company's holdings increased to 100% in the Mall of Ruse project and to 30% in Mall of Plovdiv as well as the Company acquired 55% of Mall of Stara Zagora. Construction works in Mall of Ruse has started; Mall of Plovdiv scheduled to open in March 2009.
- Film distribution activity benefited from expansion of its DVD distribution business to the Czech Republic as well as from an increased business volume in Poland.
- Divestment of the Company's interest in the Israeli Blockbuster joint venture.
- Cinema City's plans for 2009 include opening 13 multiplexes with 140 screens (including 16 screens that have already been opened), further digitalization of cinemas, and progressing with development of the Shopping center in Ruse - Bulgaria



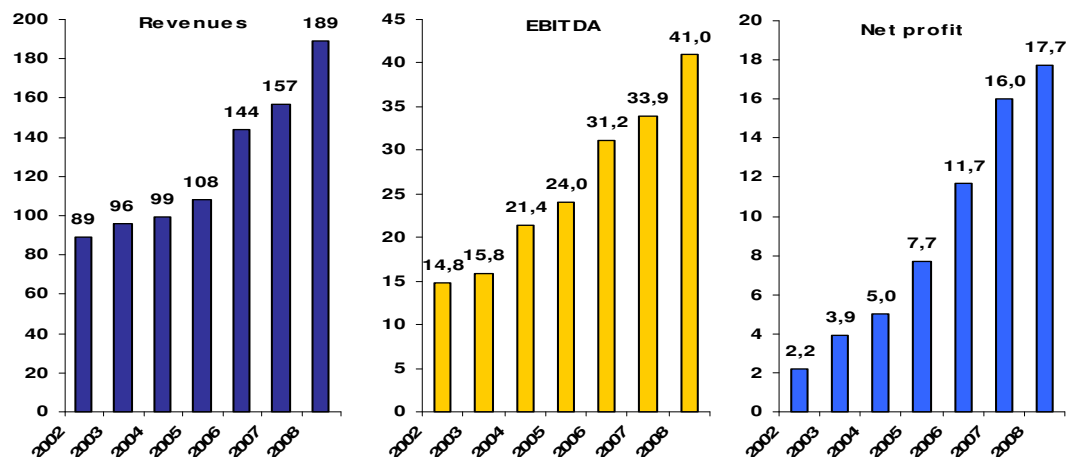
"A combination of strong organic expansion by our Company and a year of well received international and domestic movie product helped us again in 2008 to improve our financial results," said Moshe J. Greidinger, CEO of Cinema City (CEO), the largest multiplex cinema operator in Central & Eastern Europe and in Israel. "The past year was a good year for Cinema City. We continued our ambitious theatre expansion program and we progressed in development of our real estate projects in Bulgaria. We currently expect in March to open our second mall in Bulgaria in Plovdiv. We are very excited about this opening, which is currently proceeding as planned even in today's challenging real estate market."

Financial results*

** Selected financial data for 2008 and 4 quarter 2008 presented in the appendix.*

The year 2008 was a record year in terms of revenues, EBITDA and net profit. Increase in revenues to EUR 189 million was mainly driven by very good performance of theatre operations. The real estate activity continued to contribute to the group's results with the positive revaluation in the amount of EUR 6.9 million of the Company's long term holding in the Mall of Ruse project. Film distribution segment grew following expansion of the group's DVD distribution activity to the Czech Republic and an attractive supply of movies in Poland, which was partially offset by weaker performance in the Hungarian market.

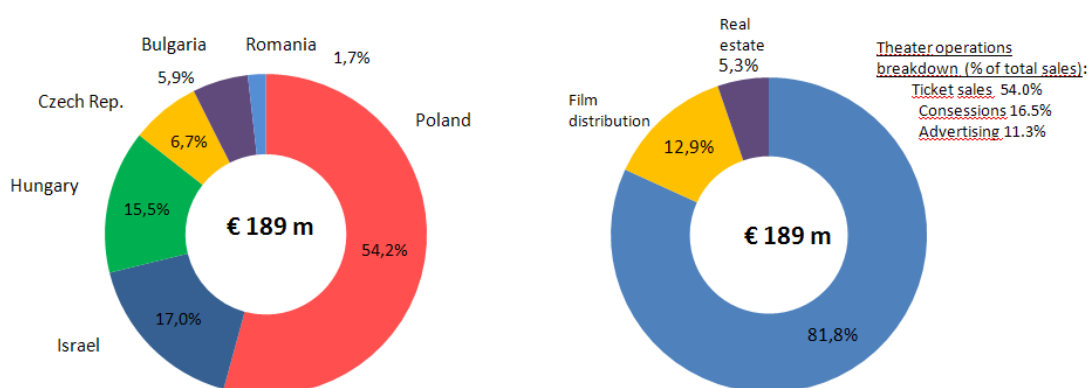
Cinema City's financial results in recent years (in EUR million)





Revenues from the Polish operations, accounting for over 54% of the total CCI revenues, were up by 20% y/y supported not only by strong international films but also by very well received domestic product. Israeli operations, the no 2 market for the Company accounting for 17% of revenues, noted a sound increase in revenues of 12.1% y/y fuelled by the growing results of the Planet megaplex in Haifa opened in July 2008, as well as the first Planet megaplex opened in Ramat Gan in 2007.

Cinema City revenue breakdowns - 2008



Theatre operations revenue grew by 24.6% to EUR 154.7 million on the top of a sound increase in admissions (+12% y/y), a 14.7% increase in the average ticket price, newly opened screens and active sale of cinema advertising in Poland, Hungary and Romania. The number of tickets sold calculated on a "like for like" basis went down by 4.1% y/y mainly due to the fact that, while the mix of movie product continued to be strong last year, 2008 nonetheless brought fewer international blockbuster films compared to 2007 when movies such as "Shrek the Third" and the latest Harry Potter installment dominated the screen. In 2008 Cinema City opened 94 screens in 7 cinemas. The average number of screens went up to 563 (+10.2% y/y). EBIT on theatre operations was EUR 16.0 million, up by 11.3% y/y.

Film distribution activity revenue was up by 6.2% to EUR 24.5 million generating positive EBIT of EUR 11 thousand. The growth in revenue of this segment was achieved thanks to expansion of the DVD distribution to the Czech Republic as well as strong results of the Polish distribution business, partially offset by a decrease in the Company's Hungarian operations.

Real estate development continued to contribute to Cinema City results. The positive revaluation of the long-term holding in the Mall of Ruse project brought EUR 6.9 million to the revenue line.

In 2008, the Company decided to dispose of its holding in its Israeli video and DVD film rental and sale joint venture, which had been conducted through



Blockbuster Israel. This line of activity accounted for less than 2% of the Company's total revenues.

Theatre operations continue to be the core activity of Cinema City and they accounted for close to 82% of the total revenues. Revenues from film distribution brought 13% and real estate activity brought 5% of the total group's revenues in 2008.

Company's EBITDA increased by 20.9 % y/y to EUR 41.0 million and the net profit went up to EUR 17.7 million (+6.2% y/y).

Strategy implementation

Cinema chain

The Company's strategic objectives in the theatre operation segment are to:

- enhance Cinema City's position as a leading operator of multiplex cinemas in Central Europe through continued expansion in Poland, Hungary, the Czech Republic, Bulgaria and Romania,
- consider growth opportunities in new geographies in Europe when they present themselves , and
- strengthen its position as a leading motion picture exhibitor in Israel.

In 2008 Cinema City opened 94 screens in 7 cinemas in 5 countries. During the year, 39 obsolete screens were closed in the process of modernizing the cinema chain and repositioning the Cinema City presence on particular local markets in Israel, Hungary and in the Czech Republic. Investments in the theatre circuit reached EUR 36 million. As at March 2009 the Company has 46 new multiplexes with over 480 screens in different stages of development, with opening dates scheduled for 2009-2012. Over 60% of the screens that are currently under development will be operated in Romania. In 2008 the Company started the process of digitalization. Currently there are over 50 digital projectors installed in 32 multiplexes throughout the whole circuit.

Following expansion of the cinema chain in 2008, Cinema City now operates 63 multiplexes with 582 screens in 6 countries: Poland, Israel, Hungary, The Czech Republic, Bulgaria and Romania *(as at 13 March 2009)*.

Cinema City multiplex openings in 2008

	cinema location	Country	no of screens
1.	CC Arena, Budapest	Hungary	23+ IMAX [®]
2.	CC Plzen	The Czech Republic	10
3.	CC Bydgoszcz	Poland	13
4.	Modiin	Israel	6
5.	Yes Planet Haifa	Israel	23
6.	CC Zielona Góra	Poland	9
7.	CC Cluj	Romania	10



Cinema advertising and film distribution

In conjunction with its movie exhibition business, the Company is also active in other movie related activities, including screen advertising, through its subsidiary New Age Media, and film and DVD distribution, through its Forum Film and home entertainment subsidiaries.

2008 was the first full year of operation of New Age Media Romania and its activity is expected to increase in line as new cinemas open throughout the country. Development of film distribution, following expansion of DVD distribution to the Czech Republic, is part of the Company's strategy to be a full service movie entertainment company in each country in which it operates.

Real estate development

In conjunction with its expansion in Central Europe, the Company has invested in the development of commercial real estate projects associated with its theatres in a number of locations in Central Europe.

The Company's current real estate operations consist mainly of three projects in Bulgaria: the Malls of Plovdiv, Ruse and Stara Zagora.

The Mall of Plovdiv is close to completion, and is scheduled to open in March 2009. It will comprise 25,000 square meters of leasable space, including an 11 screen multiplex.

The construction of the Mall of Ruse commenced in the second half of 2008. As of the end of 2008 close to 50% of the mall's leasable space was already pre-leased. The shopping centre will comprise 35,000 square meters of leasable area and will include a multiplex.

In July 2008, the Company finalized the purchase of 55% of the equity in the project of Stara Zagora. The total purchase price was EUR 5.4 million. The Stara Zagora project includes a plot of land that will be used for the construction of a shopping mall with a Cinema City multiplex located therein.

In September 2008, the Company completed its EUR 18 million acquisition from its former partner, Ocif, of its 15% interest in the Mall of Plovdiv and its 45% interest in the Mall of Ruse. With the closing of the transaction, the Company increased its interest in the Mall of Plovdiv from 15% to 30%, and its interest in the Mall of Ruse from 45% to 90%. In October 2008, the Company purchased the remaining 10% in the Ruse project from the minority partner for a price of EUR 3 million pursuant to an option arrangement that the parties put in place at the time of the original land purchase in July 2007.

Investment outlays

2008 was a record year in terms of investment outlays, with a total amount of EUR 77.2 million. Expansion of the cinema chain alone accounted for over EUR 36 million. Cinema City has also spent EUR 39.2 million on investment in the real



estate projects, which was mainly due to the purchase of interests in the Bulgarian projects from the Company's former partner Ocif.

Plans for 2009

Cinema City plans to continue the implementation of its strategy in 2009.

Cinema chain

In the course of 2009, the Company expects to open 13 new multiplexes with about 140 screens.

In January 2009, two cinemas were opened: an 8 screen multiplex in Pardubice, the Czech Republic, and an 8 screen multiplex in Bacau, Romania. Together with the Plovdiv opening scheduled for March that would account for 27 new screens by the end of the first quarter of 2009. The Company is currently planning to open an additional 10 multiplexes with 113 screens during the rest of 2009, including 4 theatres (44 screens) in Poland, 5 theatres (55 screens) in Romania, and one theatre in Hungary (14 screens). In addition, the Company continues to progress in signing additional lease agreements for future multiplexes in Romania and Poland. The Company currently has binding commitments for an additional 29 sites (representing approximately 280 screens) throughout Romania, and is in advanced negotiations in respect of a further number of sites

Real estate development

Opening of the Mall of Plovdiv is expected to be followed by final settlement of the agreement according to which the GE Real Estate and Quinlan Private (Ireland), will acquire the remaining 30% interest held by the Company. Following this sale, Cinema City will continue to operate the multiplex in the mall based on a long-term lease agreement.

The Company intends to continue developing the Mall of Ruse site. Management is seeking a new joint venture partner to replace Ocif in its Mall of Ruse and Mall of Stara Zagora projects.

Moshe J. Greidinger, Cinema City CEO, comments: *"2009 has already begun strongly for the Company, supported by a continuing well received supply of international and local movies. With that said, we are of course cognisant of the financial and real estate crisis that has swept the world and that has begun to have a material impact in our territories of operation. Although past experience and the past 8 months in particular shows the slowdown in the economy means good admissions in the cinemas we are aware that a sustained downturn in the economy could have some adverse impact on movie theatre admissions and could influence our ability to execute our aggressive growth strategy. We will accordingly monitor the external environment diligently and we continue to remain optimistic that our industry will emerge relatively unscathed."*



Appendix 1

Profit and loss account selected positions

in EUR '000	For 3 months 31 Dec 2008	For 3 months 31 Dec 2007	<i>change</i> %	For 12 months 31 Dec 2008	For 12 months 31 Dec 2007	<i>change</i> %
Revenues	51 294	38 609	32,9%	189 051	157 449	20,1%
Operating costs	38 218	27 914	36,9%	137 491	115 214	19,3%
Gross margin	13 076	10 695	22,3%	51 560	42 235	22,1%
General and administrative expenses	3 628	2 782	30,4%	10 608	8 385	26,5%
EBITDA	9 447	7 913	19,4%	40 952	33 850	21,0%
Depreciation	4 285	4 129	3,8%	17 757	14 563	21,9%
Operating profit	5 162	3 784	36,4%	23 195	19 287	20,3%
Financial activity (net)	(1 368)	(721)	89,7%	(3 019)	(3 485)	-13,4%
Loss on disposals and write off other investments	(251)	(451)	-44,3%	(197)	(416)	-52,6%
Operating income before taxation	3 543	2 613	35,6%	19 979	15 386	29,8%
Income tax (expense)	(454)	1 048	-143,4%	(1 914)	575	-432,9%
Discontinued operation (loss)	(1 084)	(254)	326,2%	(1 891)	(371)	409,7%
Minority interests	989	205	382,4%	1 482	1 034	43,3%
Net income attributable to equity holders of the parent company	2 994	3 611	-17,1%	17 656	16 624	6,2%