Press release

Warsaw, 15th March 2011

Cinema City Financial Results for 2010

Record financial performance topped with successful acquisition

- **In 2010, Cinema City International N.V. ("Cinema City") generated revenues from cinema related operations of EUR 234.5 million (+24.4% y/y) and the revenue from the sale of the real estate of EUR 91.2 million (+ 296.1% y/y). Total revenues were of EUR 325.8 million (+54.0% y/y), EBITDA of EUR 56.2 million (+21.1%) and net profit of EUR 30.4 million (+24.5%).** *Revenue from cinema related operations comprise theatre operations, film distribution activities and other cinema related real estate. Revenue from the sale of the real estate is the one-time revenue from divestment of CCI's real estate activity in Bulgaria, which took place in the 2nd quarter 2010.*

- **In the 4rd quarter alone, Cinema City's revenues were EUR 56.6 million (-3.1% y/y). EBITDA was EUR 11.7 million (+2.5%), and net profit was EUR 5.6 million (+1.5%). All results in the 4rd quarter 2010 were achieved from cinema related operations,**

- **Organic growth of cinema chain continues: opening of 7 multiplexes with 63 new screens and reopening of 1 cinema in Israel with 4 screens (6 screens before refurbishment). A total of 7 screens were closed in Israel. As at the end of 2010 Cinema City was operating 75 theatres with 722 screens (+8.5% y/y),**

- **Meaningful acquisition of Palace Cinemas consummated in January 2011. Addition of 141 screens in 15 multiplexes in: Hungary (4), Czech Republic (8) and Slovakia (3). Significant increase of market share in Hungary and Czech Republic, Slovakia added to CCI's map of countries. Since January 1, 2011 CCI operates 90 multiplexes with 863 screens, in 7 countries,**

- **Divestment of real estate development business in Bulgaria in the 1st quarter 2010. Concentration on core theatrical business. Purchase price of EUR 91.2 million, Israel Theatres paid EUR 76.2 million, remaining EUR 15 million to be paid in 2011,**

- **European leader in digitalization: deployment of over 100 digital projectors in 2010. As at 15 March 2011 300 projectors installed across the chain (post-acquisition of Palace Cinemas). Number of 3D titles in the cinemas up by 60% in 2010. Share of 3D tickets in CCI's total number of admissions up from 17% in 2009 to about 33% in 2010,**

- **Amendment to general agreement with IMAX® Corporation: digitization of all CCI's IMAX®es, extension of CCI's IMAX® operations to Israel,**

- **Film distribution expands. Forum Film Romania took off in the 1st quarter 2010 as an exclusive Walt Disney studio distributor in the country. New distribution agreements have been signed: by Forum Film Bulgaria to distribute films for Paramount and Universal studios and by Forum Film Israel to sub distribute films for Sony and Fox studios,**

- **Groundwork laid for the third Planet megaplex in Rishon Letzion, Israel. Acquisition of land in the 4th quarter 2010. Start of construction works in the 1st quarter 2011.**

- **In addition to 141 screen bought at the beginning of the year, Cinema City plans for 2011 include opening of 5 to 7 cinemas with around 50-70 screens and deployment of subsequent 150-200 digital projectors. Consolidation of results since January 1, 2011 and synergies with the newly acquired Palace Cinemas operations in three countries will translate into higher business volumes of CCI.**

"I am proud to say that in 2010 over 30 million cinema goers voted Cinema City. It is particularly pleasing to observe every year the growing attendance in our multiplexes. In 2010 we noted record financial results in revenue, EBITDA and net profit and we continue to build strong growth drivers for the coming years. I am excited to say that now, when we completed Palace Cinemas acquisition in the beginning of 2011, and we became the number three cinema operator in Europe, we will be serving audience in 90 multiplexes in 7 countries." **said Moshe J. Greidinger, CEO of Cinema City, the largest multiplex cinema operator in Central & Eastern Europe and in Israel** *"Organically we opened over 60 new screens in the past year and digitalization, which in the year of Avatar and Alice in Wonderland became a game changer for the industry, allowed us to grow our revenues both from more visitors and thanks to higher ticket prices driven from premium 3D ticket ."*

Financial results*

**selected financial data for 2010 and Q4 2010 is presented in the appendix 1*

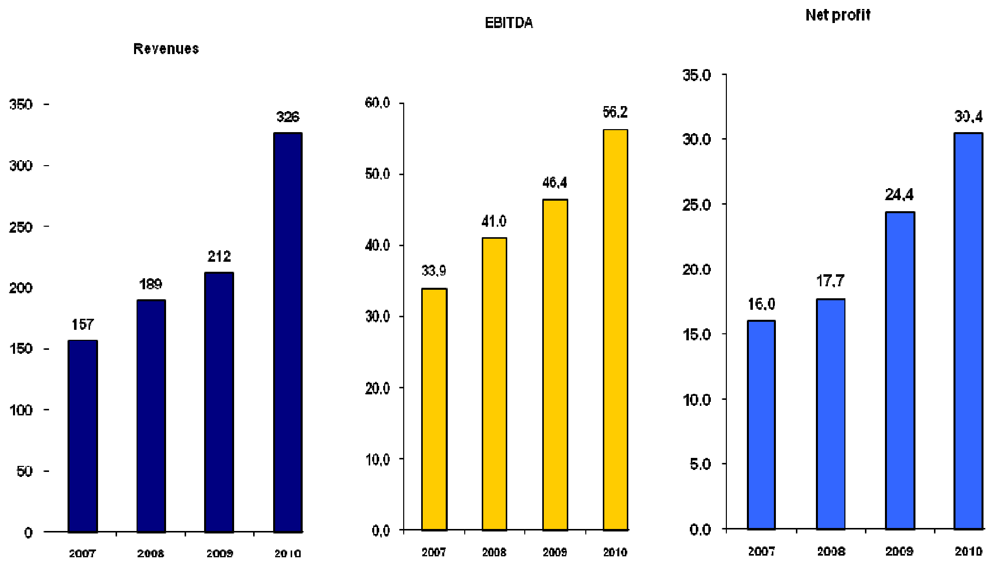
In the financial statement for 2010 the Company presents its operating results with revenues split into revenues from cinema related operations and revenues from the real estate revenues. The reason for such presentation is the one-time very high amount of revenues from divestment of CCI's real estate activity in Bulgaria, which was entirely included in the profit and loss account in Q2 2010. Revenues from cinema related operations include theatre operations, film distribution and other cinema related real estate activity.

The year 2010 was a record year in terms of revenues, EBITDA and net profit. Revenues from cinema related operations went up by 22.4% to EUR 234.5 million in 2010. The 4th quarter 2010 noted a 3% decrease in revenues from cinema related operations, mainly due to a high base with Avatar released during the last quarter of 2009.

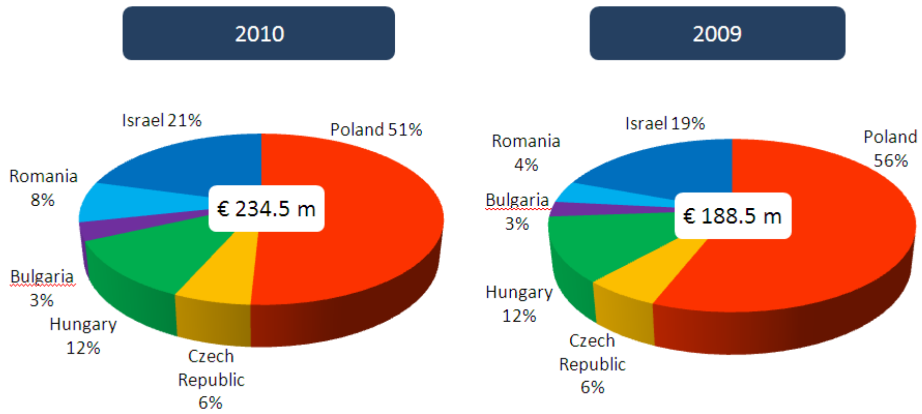
Revenues from sale of the real estate effected in the 2nd quarter 2010 totaled EUR 91.2 million (+296.1% y/y) and they are the one-time revenue in such high amount coming from divestment of CCI's real estate activity in Bulgaria. In 2009 the Company recognized revenues from the sale of real estate in the much lower amount of EUR 23.1 million (proceeds from sale of its 30% holding in the Mall of Plovdiv project in Bulgaria).

(EUR million)	2010	2009	Δ	Q4 2010	Q4 2009	Δ
Revenue from cinema related operations	234.5	188.5	+24.4%	56.6	58.4	-3.1%
Revenue from the sale of real estate	91.2	23.1	+296.1%	-	-	-
EBITDA	56.2	46.4	+21.1%	11.7	11.4	+2.5%
Net profit	30.4	24.4	+24.5%	5.6	5.5	+1.5%

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



Cinema related operations revenue breakdowns - 2010 vs 2009



2010

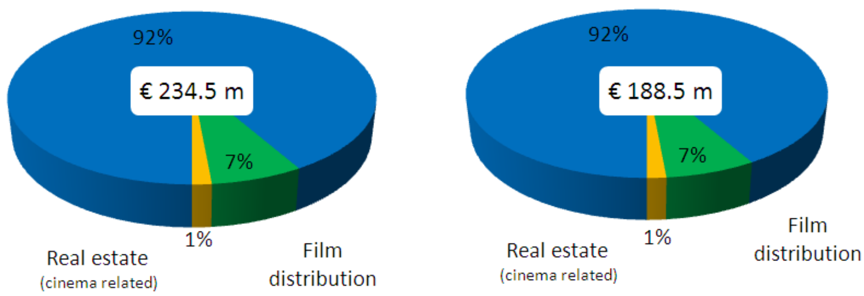
Theatre operations 92%
breakdown (% of total sales):

Ticket sales	62%
Concessions	19%
Advertising	12%

2009

Theatre operations 92%
breakdown (% of total sales):

Ticket sales	60%
Concessions	19%
Advertising	13%



In 2010 the revenues of Cinema City grew in all markets of operations compared to 2009. Revenues from the Polish operations accounted for almost 50% of the total CCI revenues (in EUR up by 12.7%) The highest growth of revenues was noted on Romanian market (+135.9%), where Cinema City opened 3 new multiplexes in 2010, as well as on the Bulgarian market (+51.0%), where 2 new multiplexes were opened.

Theatre operations generated EUR 215.6 million revenue (accounting for almost 92% of the total CCI's revenues) and they increased by 24.9% y/y. Revenues from the box office increased by 26.9% to EUR 142.7 million, from cinema bars by 25.3% to EUR 44.7 million and from cinema advertising by 15.2% to EUR 28.1 million. EBITDA from theatre operations equalled EUR 53.2 million, a 41.1% growth over the previous year.

The number of cinema admissions increased by 11.1% last year, to 30.5 million. Average ticket price in EUR also increased, by 14.4% y/y to EUR 4.68. The increase in average ticket price is supported by a higher percentage of admissions sold for films in 3D format (which was ca. 33% in 2010 vs. 17% in 2009) and stronger local currencies vs euro, comparing year 2009.

In Q4 2010 alone the theatre revenues were down by 2.4% y/y to EUR 51.7 million with the ticket revenue going down by 5.4% y/y to EUR 32.6 million. The number of admissions fell by 8.3%, to 7.4 million, but the average ticket price increased by 2.3% to EUR 4.4. Cinema bar revenue stood on the same level EUR 10.9 million y/y (0.4% y/y). At the same time advertising revenue went up by 6.9% y/y to EUR 8.3 million.

Film distribution operations improved in 2010. Revenues from film distribution increased by 22.4% y/y to EUR 17.0 million. EBITDA from film distribution totaled EUR 83 thousand versus -405 thousand in 2009. Positive performance of CCI's film distribution business was aided by a good film slate during the year as well as by expansion into Romania and signing distribution deals with additional studios in Israel and in Bulgaria .

Strategy implementation

Cinema chain

In 2010 Cinema City opened 63 new screens in 7 cinemas in 3 countries and reopened 1 cinema in Israel with 4 screens (6 screens before refurbishment). A total of 7 screens was closed in Israel as part of the Company's redevelopment strategy. During 2010 Cinema City continued rapid digitalization and it has around 300 projectors installed across the chain, which makes 36% of CCI screens in 2010.

Cinema City openings in 2010

	cinema	country	no of screens
1	CC Sun Plaza	Romania	15
2	CC Arad	Romania	10
3	CC Wałbrzych	Poland	7
4	CC Baia Mare	Romania	6
5	CC Stara Zagora	Bulgaria	7
6	CC Bytom	Poland	8
7	CC Ruse	Bulgaria	10

In 2010 Cinema City invested EUR 44.8 million. Expansion of the theatre chain engaged EUR 40 million and included outlays for opening of new cinemas during 2010, digitalization as well as investment in the third Planet megaplex in Rishon Letzion, which construction is handled by CCI itself. This 25screen magaplex with the first CCI's IMAX screen in Israel is scheduled to open mid 2012

In January 2011 CCI acquired Palace Cinemas chain in the CEE comprising 141 screens in 15 multiplexes in Hungary (4 cinemas with 47 screens), Czech Republic (8 cinemas with 65 screens) and Slovakia (3 cinemas with 29 screens). 1 cinema with 8 screens is currently under construction in Ostrava and it's planned to open in 2012. The purchase price in the transaction was of €28 million and it represented a multiple of 6x the "normalized" EBITDA of the acquired companies for 2010. CCI paid EUR 21.4 million in cash and it assumed EUR 6.6 million of Palace Cinemas debt. This acquisition significantly strengthened CCI's position in the Hungarian and Czech markets and added Slovakia to CCI's countries of operation.

Following acquisition of palace Cinemas and openings of new multiplexes in 2010 Cinema City as at 15 March 2011 operates 90 multiplexes with 863 screens, in 7 countries: Poland, Israel, Hungary, the Czech Republic, Bulgaria, Slovakia and Romania.

As at March 2011 the company has 35 binding lease agreements for new multiplexes with about 360 screens which openings are scheduled for 2011-2013.

Cinema advertising and film distribution

2010 was a good year for cinema advertising. The demand for this type of advertising continued to grow with new cross country campaigns and special actions topped by Orange Wednesdays promotion in Poland and Vodafone Tuesdays in Hungary.

Forum Film Bulgaria signed agreement to distribute films for Paramount and Universal. Forum Film Israel has signed an agreement with A.D. Matalan to sub distribute films for Sony and Fox studios.

Plans for 2011

Post-acquisition of Palace Cinemas the Company proceeds with integration aiming at improvement of the former Palace Cinemas multiplexes and release of synergies between the two organizations. Cinema City expects that thanks to a larger size of activity in Hungary and in the Czech Republic the cinema related business lines will be enhanced.

In 2011 the Company plans to open 5-7 multiplexes with 50-70 screens: 4-5 cinemas in Romania, 1 cinema in Bulgaria and 1 cinema in Poland. Construction works of Planet in Rishon Letzion have already started in the beginning of the year and they are going to continue all year long.

The Company's is also planning to install additional 150-200 digital projectors in all countries of operations. As at March 2011 CCI has binding commitments for 35 new multiplexes with around 360 screens.

Moshe J. Greidinger, Cinema City CEO comments: "*Integration of Palace Cinemas and Cinema City in Hungary and in the Czech Republic has started right after signing the deal and it is progressing according to our schedule. Effects of integration will be reflected as of 2nd quarter of 2011. We have planned the pos-acquisition tasks related to improvement of Palace Cinemas profitability and the release of synergies for the coming 1-2 years. I also believe that 2011 will bring very good international titles, like Pirates of Caribbean, Harry Potter, Cars 2, Rio and also a high number of domestic titles, especially in Poland. We expect around 30 titles in 3D and we are prepared to screen them all in all our countries of operation. "* .

Cinema City International *is the largest multiplex cinema operator in Central & Eastern Europe and in Israel. The Company operates* ***90 multiplexes*** *with* ***863 screens****, in 7 countries (Poland, the Czech Republic, Hungary, Romania, Bulgaria, Slovakia and Israel). There are 35 more multiplexes under development, which will offer approximately 360 new screens. In addition, Cinema City is actively involved in cinema related advertising and film distribution.*

In 2010 Cinema City sold 30.5 million tickets in six countries, 11.1% more compared to 2009. The Cinema City group employs over 4,000 people in 7 countries.

For more information, please contact:

Joanna Kotłowska
Director of Investor Relations
tel. (+48) 22 566 69 60 / mobile: (+48) 510 024 028
j.kotlowska@cinema-city.pl

Piotr Wojtaszek
NBS Communications
tel. (+48) 22 826 74 18 / mobile (+48) 500 202 355
pwojtaszek@nbs.com.pl

Appendix 1

Selected positions form the profit and loss account

in EUR '000	For 3 months 31 Dec 2010	For 3 months 31 Dec 2009	*change %*	For 12 months 31 Dec 2010	For 12 months 31 Dec 2009
Revenues from cinema related operations	56 569	58 362	-3,1%	234 549	188 533
Operating costs of cinema related operations	41 825	43 372	-3,6%	168 743	141 790
Gross margin from non-real estate	14 744	14 990	**-1,6%**	**65 806**	**46 743**
Revenues from sale of real estate				91 212	23 028
Operating costs of sale of real estate				88 170	12 417
Gross margin from sale of real estate				**3 042**	**10 611**
Gross margin total CCI	**14 744**	**14 990**	**-1,6%**	**68 848**	**57 354**
General and administrative expenses	3 086	3 613	-14,6%	12 682	10 967
Operating profit	**6 385**	**6 862**	**-7,0%**	**36 349**	**30 219**
EBITDA	**11 658**	**11 377**	**2,5%**	**56 166**	**46 387**
Depreciation	5 273	4 515	16,8%	19 817	16 168
Financial activity (net)	(470)	(125)	276,0%	(2 174)	(1 865)
Loss on disposals and write off other investments	(110)	(156)	-29,5%	(101)	(128)
Operating income before taxation	**5 805**	**6 581**	**-11,8%**	**34 074**	**28 226**
Income tax (expense)	(544)	(573)	-5,1%	(4 038)	(2 455)
Discountinuted operation (loss)	116	(609)	-119,0%	15	(1 908)
Net income attribuable to equity holders	**5 588**	**5 504**	**1,5%**	**30 410**	**24 426**