

Global City Holdings N.V.

(formerly Cinema City International N.V.)

Interim Financial Report

As At 30 June 2014

Interim Financial Report for the six months ended 30 June 2014

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DIRECTORS' REPORT

General

Introduction

Global City Holdings N.V. (the "Company"; formerly Cinema City International N.V.), incorporated in the Netherlands, is a subsidiary of I.T. International Theatres Ltd. The Company (together with its subsidiaries, the "Group"), following the combination of its cinema business with the cinema business of Cineworld Group Plc. ("Cineworld") is operating in the following areas: [1] Cinema business, through its 26.9% holding in Cineworld, the second largest cinema operator in Europe and cinema real estate through seven owned cinema properties leased to Cineworld [2] Real estate operations, through a portfolio that includes (i) commercial real estate (mainly the Mall of Rouse shopping mall in Bulgaria), (ii) residential real estate through its 39.8% holding in Ronson Europe N.V. ("Ronson"), a mid-scale apartment developer in Poland, and (iii) office real estate (office building in Herzliya, Israel), and [3] Leisure operations, through the development of the Park of Poland project, which is expected to be the first large scale entertainment park in Poland.

The Company's shares are traded on the Warsaw Stock Exchange. As at 28 August 2014, the market share price was PLN 35.65 (EUR 8.48), giving the Company a market capitalisation of EUR 434.1 million. The Company's office is located in Rotterdam, the Netherlands.

Combination of the cinema businesses of the Company and Cineworld

On 10 January 2014, the Company and Cineworld entered into a combination agreement to combine their cinema businesses. This transaction was completed on 27 February 2014 (the "Completion date"). Effective the Completion date, the Company's name, profile, business, articles of association, corporate governance structure and composition of the Company's corporate bodies have changed. See Note 2 to the accompanying Interim Financial Statement.

At the Completion date, the Company transferred the entire issued share capital of the Company's wholly-owned subsidiary, Cinema City Holding B.V. ("CCH"), which held as at 27 February 2014 all of the Company's cinema operations, to Cineworld, based on an enterprise value (on a debt free / cash free basis) of approximately GBP 503 million payable in shares and cash ("the Combination"). Following the Completion date, the Company initially owned 24.9% of Cineworld. Through subsequent share purchases, the Company's holding in Cineworld as at the date of this Interim Financial Report is 26.9%.

In connection with the Combination, the Company and Cineworld also entered into a relationship agreement (the "Relationship Agreement"), governing the continuing relationship between the Company and Cineworld following Completion. The Relationship Agreement contains, amongst others, provisions (i) to ensure that Cineworld is capable of carrying on its business independently of the Company; (ii) permitting the Company to appoint one Non-executive director of Cineworld (if none of Moshe Greidinger, Israel Greidinger or Scott Rosenblum is still on the board of directors of Cineworld) for so long as it holds at least 10% of the voting rights in Cineworld and (iii) relating to restrictions on the disposal by the Company of its shares in Cineworld for 12 months following Completion, together with a requirement for the Company to, where reasonably practicable, consult with and consider the reasonable views of the Chairman or the Senior Independent Director of Cineworld prior to a sale by the Company of its shares in Cineworld after that initial 12-month period.

The Company has retained its listing on the Warsaw Stock Exchange under its new name Global City Holding N.V., and under its new trading symbol: GCH.

DIRECTORS' REPORT

Highlights during the six months ended 30 June 2014

- On 27 February 2014, the Company completed the agreement on the combination of cinema businesses with Cineworld, which created the second largest cinema operator in Europe. Cineworld published its interim report for the first 26 weeks of 2014 on 14 August 2014 (the report is available at www.cineworldplc.com).
- On 6 March 2014, Cineworld announced a distribution of a final dividend of GBP 0.064 (6.4 pence) per share. The dividend was paid on 3 July 2014 to shareholders on the register as at 6 June 2014. The Company's share in the dividend was GBP 4.3 million (EUR 5.3 million) which was recorded in other accounts receivable in the Interim Condensed Consolidated Statement of Financial Position as at 30 June 2014. On 14 August 2014 Cineworld declared an interim dividend of GBP 0.038 (3.8 pence) per share, which will be paid on 3 October 2014 to ordinary shareholders on the register at the close of business on 5 September 2014. The Company's expected share in the dividend is GBP 2.7 million (EUR 3.4 million).
- On 10 April 2014, the Company purchased 2,370,724 own shares which constitutes 4.63% of all outstanding shares of the Company through a tender offer for a total consideration of EUR 20.3 million. The purchase price for the shares subject to the tender offer was PLN 35.70 per share.
- On 3 April 2014, the Company's subsidiary, Global Park Horizon Sp.z o.o. ("GPH") signed an agreement with WUND Industriebau GmbH ("WUND") on a strategic partnership in the development of an aqua park situated near the city of Mszczonów (the "Aqua Park"). According to the agreement, GPH will be the investor of the Aqua Park and WUND will manage the construction and development of the Aqua Park using its know-how from existing projects in Germany. Subsequently, WUND will be responsible for operating the Aqua Park. The Aqua Park will be developed on plots of land having an area of approximately 20 ha owned by the Company or its subsidiaries. The agreement has been concluded for a term of 20 years. Currently the Aqua Park is in its designing stage. The Company is in the preliminary stages of arranging external financing for this project. The Company plans to finalise the design stage and commence construction in the first half of 2015. The leisure operations have not contributed to the Company's revenues and net income during the six months ended 30 June 2014 and during the six months ended 30 June 2013.

DIRECTORS' REPORT

Key financial data and financial highlights

	For the 6 months ended	
	30 June	30 June
	2014	2013
	(Unaudited)	
	EUR (millions)	
RESULTS		
Revenues	56.4	136.3
Share of profit of equity-accounted investees (Cineworld & Ronson)	3.8	1.0
Income before taxation	14.4	8.8
Net income	13.9	8.1
Earnings per share	0.28	0.16
<i>Weighted average number of equivalent shares(basic)</i>	<i>50,131,872</i>	<i>51,200,000</i>
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	EUR (millions)	
BALANCE SHEET		
Total assets	650.2	544.5
Total equity attributed to the equity holders of the Company	641.2	274.8

Comparison of results

Revenues for the six months ended 30 June 2014 include revenues of the Company's cinema business from 1 January until 27 February 2014 (the date of the Completion). From 27 February 2014, the net profit from the Company's cinema business through its holding of Cineworld is included in "Share of profit of equity-accounted investees - Cineworld". Consequently, the results for the six months ended 30 June 2014 are not comparable to those for the six months ended 30 June 2013.

Financial highlights

- As part of the Combination, the Group prepaid all of its outstanding bank debt.
- The Group's net cash position amounts EUR 110.9 million as at 30 June 2014.
- The Company's share of profit of equity-accounted investee - Cineworld was EUR 3.4 million.
- Net profit for the period increased to EUR 13.9 million from EUR 8.1 million in the first half of 2013

Cinema business

At the date of this report the Company holds 70,834,327 shares, or a 26.9% interest in Cineworld. Between 1 April 2014 and 30 June 2014 the Company acquired, through open market purchases, 5,233,091 additional shares in Cineworld at an average price of GBP 3.35 per share, which increased its holding from 65,601,236 shares (24.9% interest in Cineworld) on 27 February 2014. The Company intends to maintain its interest in Cineworld for the foreseeable future.

DIRECTORS' REPORT

As for the cinema business please refer for more details to the Cineworld interim report published on 14 August 2014.

From 27 February 2014 up to 30 June 2014, the holding in Cineworld contributed EUR 3.4 million to the Company's net income and the rental income generated from the cinema real estate rented to Cineworld contributed EUR 2.6 million for the current period.

Real estate operations

Revenue generated by the Company's real estate operations during the first half of 2014 remained at the same level as during the first half of 2013, i.e. EUR 2.2 million, whereas Operating profit from real estate operations remained in the same level of EUR 0.7-0.8 million during the first half of 2013 and 2014.

Income from the Mall of Rouse shopping center in Bulgaria demonstrated stable performance compared to the same period of the previous year. Since the beginning of the year new tenants leased space in the mall and a number of new shops are scheduled to open in the second half of the year. The office building in Herzliya, Israel continues generating stable income.

The Company's share in the profit of Ronson amounted to EUR 0.4 million during the first half of 2014, which compares to EUR 1.0 million during the first half of 2013. In the first half of 2014, Ronson has been selling and delivering apartments in its projects at lower margins than it traditionally generates. However, Ronson noted a record number of units sold, and believes that the margin compression is tied more to specific projects than to ongoing market trends. For further details on the results of Ronson please refer to the Ronson interim report published on 5 August 2014 (*the report is available at www.ronson.pl*).

Outlook for the remainder of 2014*

In 2014, the composition of the Company's results looks very different from past years. Following the Combination with Cineworld, the Company's business is divided into three main areas: (i) cinemas business, (ii) real estate operations and (iii) leisure operations. With respect to the cinema segment, this business is now being conducted via Cineworld, in which the Company holds a 26.9% interest as at the date of this report.

With respect to the cinema business outlook as reported in the Cineworld interim statements published on 14 August, 2014:

"The films at the start of third quarter have performed in line with expectations with the key titles being "Dawn of the Planet of the Apes", "Transformers: Age of Extinction" and "How to Train Your Dragon 2". Trading in the opening weeks of the quarter has, as expected, been lower than the prior year due to the impact of the final stages of the World Cup and the phasing of title release dates. There are a number of releases in the second part of Q3 which are expected to be popular which include "Guardians of the Galaxy", "Planes 2: Fire and Rescue" and "The Inbetweeners 2". Taking these into account, we can expect Q3 to be in line with the prior year.

Later in the second half, a number of films from proven franchises are scheduled for release including the next installment of the Hunger Games series "The Hunger Games: Mockingjay Part 1" and "The Hobbit: The Battle of the Five Armies" (in 3D). In addition to the franchises there are some promising original titles, such as the new Christopher Nolan (Dark Night Rises and Inception) title "Interstellar", which will strengthen the film line up. Overall, the strength of the film line up in the second half, coupled with our solid first half performance, gives us confidence and we are on track with our plans for the year."

DIRECTORS' REPORT

With respect to real estate operations, the Company will continue to generate revenue from its real estate in Bulgaria and Israel. In addition, the Company's real estate segment is expected to generate additional contribution through Ronson.

With respect to the leisure segment, the Company, in cooperation with its strategic partner WUND, continues design works for the Aquapark in in Mszczonów. The construction works of the Aquapark are planned to start in the first half of 2015.

** 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.*

DIRECTORS' REPORT

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 (Based on Notification made by the shareholder in the register held by the Dutch Authority for the Financial Markets):

	As at 30 June 2014, 28 August 2014 and 31 December 2013
	Number of shares /% of shares
I.T. International Theatres Ltd. (*)	27,589,996 / 53.89%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	3,490,836 / 6.82%
ING Powszechne Towarzystwo Emerytalne SA	2,680,095 / 5.23%

(*) A company jointly controlled by Mr Moshe Greidinger and Mr Israel Greidinger which are members of the Board of Directors.

On 10 April 2014 following a public tender offer announced on 28 February 2014, the Company acquired 2,370,724 own shares which constitutes 4.63% of all outstanding shares of the Company. The Company cannot vote on these shares. Therefore, the effective voting rights of the shareholders presented in the above table in percentages are higher (by a factor of 1.0485).

Changes in ownership of shares and rights to shares by members of the Board of Directors in the six months ended 30 June 2014 until the date of publication of the report

None

Rights to shares

The members of the Board of Directors did not own or receive any rights to shares in the Company during the period 31 December 2013 until 29 August 2014.

DIRECTORS' REPORT

Additional information to the report (cont'd)

Changes in the composition of the Board of Directors

During the Extraordinary meeting of Shareholders held on 24 February 2014, it was approved to amend the articles of association of the Company, adopting a unitary board of executive directors and non-executive directors (the "Board of Directors") as a result of which amendment the then existing Supervisory Board ceased its activities. On 24 February 2014, Mr Scott Rosenblum stepped down as (supervisory) director, whereas the other members of the Supervisory Board became Non-Executive Directors of the Company. Mr Moshe Greidinger and Mr Israel Greidinger resigned as managing directors of the Company and became Non-Executive Directors. Mr Peter Dudolenski was nominated as the sole executive director of the Company.

During the Annual General Meeting of Shareholders of the Company, held on 30 June 2014, it was resolved to appoint Mr Mark Segall member of the Board of Directors and Non-Executive Director effective from the day of the meeting, for a term of four years. Mr Segall was nominated as Chairman of the Board and was subsequently appointed as Chairman.

During the six months ended 30 June 2014, Messrs Frank Pierce and Jonathan Chiswick resigned from the Board of Directors.

Representation concerning financial statements and Directors' report

The Board of Directors hereby declares that, to the best of its knowledge, the interim condensed consolidated financial statements as of 30 June 2014, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole, and that the Directors' report includes a fair review of the information required pursuant to section 5:25d subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Other

As at 30 June 2014, the Group has no litigations for claims or liabilities that in total exceed 10% of the Group's equity.

The Board of Directors

Peter Dudolenski,
Executive Director

Israel Greidinger
Non-Executive Director

Moshe Greidinger
Non-Executive Director

Mark Segall
Non-Executive Director

Yair Shilhav
Non-Executive Director

Caroline Twist
Non-Executive Director

Peter Weishut
Non-Executive Director

Rotterdam, 29 August 2014

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT

	30 June 2014	31 December 2013
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>EUR (millions)</u>	
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	-	20.7
Property and equipment	132.9	332.6
Investment property	71.9	71.6
Investment in associate - Cineworld	278.1	-
Investment in associate - Ronson	44.9	44.6
Deferred tax asset	0.8	4.3
Other long term receivables	0.8	4.0
	<hr/>	<hr/>
Total non-current assets	529.4	477.8
CURRENT ASSETS		
Inventories	-	4.4
Trade receivables	0.9	17.4
Other accounts receivable	9.0	*10.5
Cash and cash equivalents	110.9	34.4
	<hr/>	<hr/>
Total current assets	120.8	66.7
	<hr/>	<hr/>
TOTAL ASSETS	650.2	544.5
	<hr/> <hr/>	<hr/> <hr/>

*Reclassified for comparison purposes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT

	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	EUR (millions)	
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	0.5	0.5
Share premium reserve	92.1	92.1
Treasury shares	(20.3)	-
Foreign currency exchange differences reserve	5.2	(7.4)
Hedge reserve	-	(0.3)
Capital reserve from combination	359.7	-
Retained earnings	204.0	189.9
Total equity attributable to equity holders of the Company	641.2	274.8
Non-controlling interests	1.4	1.4
Total equity	642.6	276.2
LONG-TERM LIABILITIES		
Long-term loans, net of current portion	-	196.9
Deferred tax liabilities	1.0	6.5
Other long-term liabilities	1.1	*3.0
Total long-term liabilities	2.1	206.4
CURRENT LIABILITIES		
Short-term borrowings	-	16.5
Trade and other accounts payable	5.5	*45.4
Total current liabilities	5.5	61.9
Total liabilities	7.6	268.3
TOTAL EQUITY AND LIABILITIES	650.2	544.5

*Reclassified for comparison purposes

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE

	Six months ended 30 June	
	2014	2013
	(Unaudited)	
	EUR (millions)	
Revenues	56.4	136.3
Operating costs	42.1	115.2
Gross profit	14.3	21.1
General and administrative expenses	5.3	7.5
Share of profit of equity-accounted investee - Cineworld	3.4	-
Operating income	12.4	13.6
Financial income	3.7	0.3
Financial expenses	2.1	6.1
Share of profit of equity-accounted investee - Ronson	0.4	1.0
Income before taxation	14.4	8.8
Income tax expense	0.5	0.7
Net income for the period	13.9	8.1
Attributable to:		
Equity holders of the Company	13.9	8.1
Non-controlling interests	-	-
Net income for the period	13.9	8.1
Earnings per share		
<i>Weighted average number of equivalent shares (basic)</i>	<i>50,131,872</i>	<i>51,200,000</i>
<i>Weighted average number of equivalent shares (diluted)</i>	<i>50,131,872</i>	<i>51,210,907</i>
Earnings per share of profit attributable to the owners of the Company (basic and diluted)	EUR 0.28	EUR 0.16

**INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME FOR THE**

	Six months ended 30 June	
	2014	2013
	(Unaudited)	
	EUR (millions)	
Net income for the period	13.9	8.1
Other comprehensive income		
<u>Item not to be reclassified to profit or loss in subsequent periods:</u>		
Share of other comprehensive income of associate	0.1	-
<u>Items to be reclassified to profit or loss in subsequent periods:</u>		
Foreign currency exchange differences	0.3	(5.9)
Effective portion in fair value of cash flow hedges, net of tax	0.3	(0.2)
Share of other comprehensive income in respect of associates	5.4	-
Other comprehensive income (loss), net of tax	6.1	(6.1)
Total comprehensive income for the period	20.0	2.0
Attributable to:		
Equity holders of the Company	20.0	2.0
Non-controlling interests	-	-
Total comprehensive income for the period	20.0	2.0

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributed to equity holders of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium reserve	Foreign currency exchange differences reserve	Treasury shares	Capital reserve from combination	Hedge reserve	Retained earnings			Total
	EUR (millions) – Unaudited									
Balance as at 1 January 2014	0.5	92.1	(7.4)	-	-	(0.3)	189.9	274.8	1.4	276.2
Net income for the period							13.9	13.9	-	13.9
Other comprehensive income			5.8			0.3	-	6.1	-	6.1
Total comprehensive income	-	-	5.8	-	-	0.3	13.9	20.0	-	20.0
Purchase of treasury shares				(20.3)				(20.3)		(20.3)
Combination with Cineworld (see Note 2)			6.8		359.7			366.5		366.5
Share based compensation							0.2	0.2		0.2
Balance as at 30 June 2014	0.5	92.1	5.2	(20.3)	359.7	-	204.0	641.2	1.4	642.6

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributed to equity holders of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Foreign currency exchange differences reserve	Hedge reserve	Retained earnings			
	EUR (millions) – Unaudited							
Balance as at 1 January 2013	0.5	92.1	(4.0)	-	169.0	257.6	1.4	259.0
Net income for the period					8.1	8.1	-	8.1
Other comprehensive loss			(5.9)	(0.2)	-	(6.1)	-	(6.1)
Total comprehensive income (loss)	-	-	(5.9)	(0.2)	8.1	2.0	-	2.0
Share based compensation					0.2	0.2		0.2
Balance as at 30 June 2013	0.5	92.1	(9.9)	(0.2)	177.3	259.8	1.4	261.2

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE

	Six months ended 30 June	
	2014	2013
	(Unaudited)	
	EUR (millions)	
Cash flows from operating activities		
Net income	13.9	8.1
<u>Adjustments to reconcile net income to net cash from operating activities:</u>		
Depreciation and amortisation	6.2	15.4
Decrease in accrued employee rights upon retirement, net	-	(0.1)
Share of profit of equity-accounted investees	(3.8)	(1.0)
Interest income	(0.1)	(0.3)
Interest received	0.1	0.3
Interest expenses	1.8	6.1
Interest paid	(1.8)	(5.3)
Income tax expenses	0.5	0.8
Income taxes paid	(1.7)	(1.4)
	15.1	22.6
(Increase)/decrease in inventories	(0.5)	0.3
Decrease in trade receivables	2.8	6.7
Increase in other accounts receivable	(7.3)	(0.9)
Increase/(decrease) in accounts payable	2.4	(10.6)
Share based compensation expenses	-	0.2
Net cash from operating activities	12.5	18.3
Cash flows from investing activities		
Purchase of property and equipment and other assets	(3.7)	(12.7)
Investments in intangible assets	(0.9)	(1.9)
Loan to Parent company	(1.5)	-
Proceeds from disposition of property and equipment	-	0.1
Investment in investment property	-	(0.6)
Net cash used in investing activities	(6.1)	(15.1)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE

	Six months ended 30 June	
	2014	2013
	(Unaudited)	
	EUR (millions)	
Cash flows from financing activities		
Proceeds from long-term loans	-	40.5
Payment of loan arrangement fees	-	(4.8)
Repayment of long-term loans	(219.1)	(48.6)
Short term borrowings	-	(2.3)
Decrease in short-term bank deposit - collateralised	-	1.9
Net proceeds with respect to the combination with Cineworld (see Note 2)	307.1	-
Purchase of treasury shares	(20.3)	-
	67.7	(13.3)
Net cash from/(used in) financing activities		
Foreign currency exchange differences on cash and cash equivalents	2.4	(0.3)
Increase/(decrease) in cash and cash equivalents	76.5	(10.4)
Cash and cash equivalents at beginning of the period	34.4	26.7
Cash and cash equivalents at end of period	110.9	16.3

Notes to the Interim Condensed Consolidated Financial Statements as at 30 June 2014

Note 1- Basis of preparation**Reporting entity**

Global City Holdings N.V., formerly Cinema City International N.V., ("the Company") is incorporated and domiciled in the Netherlands. The Company shares are traded on the Warsaw Stock Exchange. As at 30 June 2014, I.T. International Theatres Ltd. ("ITIT" or "Parent Company"), incorporated in Israel, held 53.89% of the outstanding shares of the Company.

The Company (together with its subsidiaries, the "Group") is operating in the following areas: Cinema business, Real estate operations and Leisure operations.

Following the completion of the combination with Cineworld Group Plc. ("Cineworld"), dated 27 February 2014 (see Note 2), the Company operates its cinema business through its holding in Cineworld, the second largest cinema operator in Europe.

Statement of compliance

These Interim Condensed Consolidated 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 and do not include all the information and disclosures required in annual consolidated financial statements, therefore should be read in conjunction with the Company's annual consolidated financial statements as at 31 December 2013 ("Annual Consolidated Financial Statements"), which 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.globalcityholdings.com.

Significant accounting policies

These Interim Condensed Consolidated Financial Statements are unaudited and have been prepared on the basis of accounting policies consistent with those applied in the Annual Consolidated Financial Statements, except for as described in Note 2.

Note 2 - The combination

- a. On 27 February 2014 (the "Completion date"), the Company and Cineworld completed the combination of their cinema businesses (the "Combination") as follows:
 1. The Company has transferred the entire issued share capital of Cinema City Holding B.V. (a subsidiary which held the Company's cinema operations) and related commitments to Cineworld in consideration for shares in Cineworld and cash. Cineworld has issued 65,601,236 shares to the Company, representing 24.9% of Cineworld share capital at the Completion date and paid GBP 272 million (EUR 317.1 million) and EUR 49.9 million in cash as consideration.
 2. Mr Moshe Greidinger and Mr Israel Greidinger have joined the board of directors of Cineworld as Chief Executive Officer and Chief Operating Officer, respectively (recently Mr Israel Greidinger job title was changed to Deputy Chief Executive Officer). Concurrently with assuming their new roles, they resigned the positions of managing directors of the Company and became non-executive directors of the Company. Each will be entitled to an annual cash bonus that is equal to 2.5% of the Company's income before tax. Mr Scott Rosenblum has stepped down from the Supervisory Board as a supervisory director and chairman and has joined the board of directors of Cineworld as a non-executive director. Mr Peter Dudolenski was nominated as the sole executive director of the Company.

Notes to the Interim Condensed Consolidated Financial Statements as at 30 June 2014

Note 2 - The Combination (cont'd)

3. The Company agreed not to compete with the business of Cinema City Holding B.V. for two years and is restricted to dispose its shares in Cineworld for one year following the Completion date.
4. As part of the Combination, the Group repaid all its bank debt.
5. The Company's cinema real estate was not part of the Combination and therefore lease agreements were signed between the Company and Cineworld. Pursuant to these lease agreements, the rental revenue for the current period totalled EUR 2.6 million.
6. The Group's investment in Cineworld is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost (based on LSE market closing price at the Completion date and the cost of the subsequent purchases). The Company believes that the loss of control of the cinema operations is of temporary nature, therefore:
 - a. The difference between the book value of the cinema operations net assets transferred to Cineworld to the consideration received from Cineworld (in cash and in Cineworld shares), deducted by transaction costs and translation reserve was recorded as a Capital Reserve from Combination in the statement of changes in equity.
 - b. The cinema related real estate continues to be accounted for based on the cost basis.
 - c. The Company continues to review the cinema business as a reportable segment and accordingly the comparative information was reclassified as detailed in Note 3.
7. The following table summarizes the recognised amounts of identifiable assets and liabilities transferred and the consideration received:

	<u>EUR (millions)</u>
Non-current assets	225.4
Current assets excluding cash and cash equivalents	38.9
Cash and cash equivalents	29.3
Non-current liabilities	(5.9)
Current liabilities	(46.0)
Sub Total	241.7
Foreign currency exchange differences reserve	6.8
Capital reserve from Combination	359.7
Total	<u>608.2</u>
Cash received	367.0
Transactions costs (of which €8.7 million paid in cash during the current period)	(11.2)
Investment in Cineworld	252.4
Total	<u>608.2</u>

Notes to the Interim Condensed Consolidated Financial Statements as at 30 June 2014

Note 2 - The Combination (cont'd)

- b. Following the Completion date, the Company acquired in various transactions 5,233,091 shares in Cineworld at an average price of GBP 3.35 per share for a total consideration of EUR 21.9 million. As at 30 June 2014 and 29 August 2014, the Company owns 70,834,327 or 26.9% of shares in Cineworld.
- c. On 6 March 2014, Cineworld announced a distribution of a final dividend of GBP 0.064 (6.4 pence) per share. The final dividend was paid on 3 July 2014 to shareholders on the register as at 6 June 2014. The Company's share in the dividend was GBP 4.3 million (EUR 5.3 million) and was recorded in other accounts receivable in the interim condensed consolidated statement of financial position as at 30 June 2014. On 14 August 2014 Cineworld declared an interim dividend of GBP 0.038 (3.8 pence) per share, which will be paid on 3 October 2014 to ordinary shareholders on the register at the close of business on 5 September 2014. The Company's expected share in the dividend is GBP 2.7 million (EUR 3.4 million).
- d. The following table summarizes the provisional fair value of the investment components in Cineworld:

	As at 30 June 2014 EUR (millions) <u>(Unaudited)</u>
Share of net assets	167.7
Goodwill recognized	111.2
Other adjustments	<u>(0.8)</u>
Investment at the end of the period	278.1

The Company is in the preliminary stage of valuing the components of the investment, as a result the above mentioned figures are measured on a provisional basis. Any subsequent changes in valuation will result in a reallocation.

Notes to the Interim Condensed Consolidated Financial Statements as at 30 June 2014

Note 3 - Segment Reporting

The Company continues to review the cinema business as a reportable segment and accordingly:

1. The cinema business figures for the current period include also the figures of Cineworld.
2. The comparative information was reclassified to combine the theatre operation and the film distribution.

	For the six months ended 30 June 2014			
	EUR (millions) - (Unaudited)			
	Cinema business*	Other	Adjustments	Consolidated
Revenues	378.7	2.2	(324.5)	56.4
Operating income	30.5	0.8	(18.9)	12.4
Share of profit of equity-accounted investees - Ronson	-	0.4	-	0.4

*Including the results of Cineworld for the first half of the 2014's fiscal year and of CCH for the period until 27 February 2014.

	As at 30 June 2014			
	EUR (millions) - (Unaudited)			
	Cinema business	Other	Adjustments	Consolidated
Segment assets	1,407.3*	267.9	(1,025.0)	650.2
Segment liabilities	678.5**	7.6	(678.5)	7.6

*Including primarily the assets of Cineworld as at the end of the first half of the 2014's fiscal year and the Company's cinema real estate.

** Including the liabilities of Cineworld as at the end of the first half of the 2014's fiscal year.

Notes to the Interim Condensed Consolidated Financial Statements as at 30 June 2014

Note 3 - Segment Reporting (cont')

	For the six months ended 30 June 2013			
	EUR (millions) - (Unaudited)			
	Cinema business	Other	Adjustments	Consolidated
Revenues				
External revenues	134.1	2.2	-	136.3
Inter-segment revenues	-	0.5	(0.5)	-
Total revenues	<u>134.1</u>	<u>2.7</u>	<u>(0.5)</u>	<u>136.3</u>
Operating income	<u>12.9</u>	<u>0.7</u>	<u>-</u>	<u>13.6</u>
Share of profit of equity-accounted investee - Ronson	<u>-</u>	<u>1.0</u>	<u>-</u>	<u>1.0</u>
	As at			
	31 December 2013			
	EUR (millions) - (Audited)			
	Cinema business	Other	Consolidated	
Segment assets	<u>341.0</u>	<u>203.5</u>	<u>544.5</u>	
Segment liabilities	<u>265.4</u>	<u>2.9</u>	<u>268.3</u>	

Notes to the Interim Condensed Consolidated Financial Statements as at 30 June 2014

Note 4 - Other

Treasury Shares

On 10 April 2014, the Company purchased 2,370,724 of its own shares through a tender offer for a total price of EUR 20.3 million. The Company cannot vote on its own shares and these shares are not entitled to any dividends.

Loan to ITIT

The Board of Directors approved in May 2014 a EUR 4 million bearing interest loan facility to the Company's Parent company, ITIT. Up to 30 June 2014 ITIT borrowed EUR 1.5 million which was recorded in other accounts receivable in the Interim Condensed Consolidated Statement of Financial Position.

Agreement for the development of Aquapark

On 3 April 2014, the Company's subsidiary ("GPH") signed an agreement with WUND Industriebau GmbH ("WUND") on the strategic partnership in the development of an aqua park situated near the city of Mszczonów (the "Aqua Park"). According to the agreement, GPH will be the investor of the Aqua Park and WUND will manage the construction and development of the Aqua Park using its know-how from existing projects in Germany. Subsequently, WUND will be responsible for operating the Aqua Park. The Aqua Park will be developed on plots of land having an area of approximately 20 ha owned by the Company's subsidiaries. The agreement has been concluded for 20 years. Pursuant to the agreement, the Company is committed for a payment of EUR 9.8 million to WUND in relation to services for planning, architectural and construction supervision and obtaining all necessary permits in relation to the Aqua Park.

Fair value measurement

As at 30 June 2014, the fair value of the Group's interest in Cineworld and Ronson was EUR 289.3 million and EUR 39.1 million, respectively, based on the quoted market prices available on the stock exchange of London and Warsaw, which is a level 1 input in terms of IFRS 13.

The Board of Directors

Peter Dudolenski,
Executive Director

Israel Greidinger
Non-Executive Director

Moshe Greidinger
Non-Executive Director

Mark Segall
Non-Executive Director

Yair Shilhav
Non-Executive Director

Caroline Twist
Non-Executive Director

Peter Weishut
Non-Executive Director

Rotterdam, 29 August 2014

Review report

To the Board of Directors of Global City Holdings N.V.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Global City Holdings N.V., which comprises the interim condensed consolidated statement of financial position as at 30 June 2014, the interim condensed consolidated income statement, the interim condensed consolidated statements of comprehensive income, of changes in equity and of cash flows for the six months ended 30 June 2014, and the notes thereto. Management of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. 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 Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information 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 auditing standards 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 29 August 2014

BDO

Signed by _____