Global City Holdings N.V.

(previously: Cinema City International N.V.)

Annual Report

for the year ended
31 December 2014

GENERAL INFORMATION

Board of Directors

Mark B. Segall, *Non-executive Director, Chairman*
Peter Dudolenski, *Executive Director*
Moshe Greidinger, *Non-executive Director*
Israel Greidinger, *Non-executive Director*
Yair Shilhav, *Non-executive Director*
Carrie Twist, *Non-executive Director*
Peter Weishut, *Non-executive Director*

Audit Committee

Yair Shilhav, *Chairman*
Mark B. Segall
Remuneration Committee

Mark B. Segall, *Chairman*
Carrie Twist

Selection and Appointment Committee

Mark B. Segall, *Chairman*
Peter Weishut

Company secretary

Erez Yoskovitz

Registered office

Weena 210-212
3012 NJ Rotterdam
The Netherlands

Auditors

BDO Audit & Assurance B.V.
Krijgsman 9
1186 DM Amstelveen
The Netherlands

Dear Shareholders,

During 2014 our Company went through the most transformational year in its history. The combination of the Cineworld and Cinema City cinema businesses, in creating the second largest cinema chain in Europe, resulted in a pivotal change in our business structure, our corporate governance and our operational focus. Mr Moshe Greidinger and Mr Israel Greidinger, our main shareholders, stepped down from their day-to-day management functions in the Company and were appointed as the CEO and Deputy CEO of Cineworld, respectively. As part of the combination with Cineworld, the Company was required to change its name and no longer bears the Cinema City title and logo. The combination agreement between Cineworld and Cinema City, the resulting new business structure and the newly named entity – Global City Holdings – were warmly welcomed by the Company's shareholders and approved during the General Meeting of the Company in early 2014.
In connection with the combination, Global City Holdings became the largest Cineworld shareholder, initially interest 24.9% of shares, in Cineworld, which ultimately increased through subsequent purchases to a 29.04%.

The significant net cash generated through the combination transaction, enabled us to focus on development of new entertainment and real estate projects. Our main investment in the coming years will be the Park of Poland, the first full scale entertainment park in Poland and in the Central Eastern Europe, which we plan to establish in stages. During 2014 we advanced the project through the acquisition of additional plots of land, and through the agreement the Company signed with the Wund Group, a very respected German waterpark developer, as our strategic partner responsible for construction and operations of the large aquapark, slated to be the first operational stage of the Park of Poland.

During the year the Board of Directors periodically reviewed the significant change of the business from a group focused primarily on the cinema business to a holding company with various interests, and its implications on the Company as a publicly traded entity. This culminated in the Board appointing a special committee of independent non-executive directors in January 2015 to undertake a thorough process with outside professional advice, and to make a formal recommendation to the Board of Directors on what actions, if any, should be taken. In February 2015 this special committee recommended the best strategy for the Company and all of its stakeholders, including its shareholders, would be to continue the Company's strategy, including its focus on the Park of Poland development, as a private entity. The Board of Directors subsequently, after an informative meeting with its shareholders, approved a process to delist the shares from trading on the Warsaw Stock Exchange .
Prior to this process, in December 2014, the Company announced that it also reviewed its strategic options regarding its interest in Ronson Europe N.V., where it holds approximately 40% of the shares and jointly controls Ronson with U. Dori Group. The Company, together with U. Dori Group, began to explore a sales process, which has been ongoing since early 2015.

We are very proud of the Company's achievements in the past year. We believe the combination with Cineworld, the development of the Park of Poland projectand the "going private" process that we have undertaken, have created – and will continue to create – strong value for all of our stakeholders. We appreciate the support we have received during this extraordinary last 12 months.

Mr Mark B. Segall
Chairman of the Board of Directors

27 March 2015

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Company profile

Company profile
Global City Holdings N.V. (the “Company”; formerly Cinema City International N.V.), incorporated in the Netherlands, is a listed public company. 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 29.04% interest 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 Rousse shopping mall in Bulgaria), (ii) residential real estate through its 39.78% interest in Ronson Europe N.V., 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 26 March 2015, the market share price was PLN 40.0 (EUR 9.78), giving the Company a market capitalisation of EUR 500.7 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.

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% interest in Cineworld. In connection with the Combination, the Company and Cineworld also entered into a relationship agreement. Through subsequent share purchases, the Company’s interest in Cineworld as at the date of this Report is 29.04%.

Board of Directors

Composition of the Board of Directors
With effect from the amendment of the Company's Articles of Association on 28 February 2014, the Company has a unitary (one tier) board of Executive Directors and Non-executive Directors. Following the appointment of the members of the Board of Directors for a term of four years by the Extraordinary General Meeting of Shareholders of the Company held on 24 February 2014 and the Annual General Meeting of Shareholders of the Company on 30 June 2014 and following the resignation of Mr. Scott Rosenblum (as at 28 February 2014), Mr Jonathan Chissick (as at 31 March 2014) and Mr Frank Pierce (as at 31 March 2014), the composition of the Board of Directors of the Company is as follows:

1. Mark B. Segall (Non-Executive Director, Chairman)
2. Peter Dudolenski (Executive Director and CEO);
3. Moshe J. Greidinger (Non-Executive Director);
4. Israel Greidinger (Non-Executive Director);
5. Yair Shilhav (Non-Executive Director);
6. Caroline M. Twist (Non-Executive Director);
7. Peter J. Weishut (Non-Executive Director).

Biographies of the Directors are taken up on pages 18 to 20 of the Annual Report.

Board Committees
The Board of Directors has four committees with a mandate to deal with specific matters related to such committees. The charters governing the Board of Directors and each of the committees are available on the Company's website.

Audit Committee
The roles and responsibilities of the Audit Committee are to supervise, monitor and advise the Board of Directors on all matters related to risk management, audit, control and compliance to relevant financial legislation and regulations. The Audit Committee evaluates the performance of the Company's external auditors and their related costs. During 2014, the Audit Committee met two times. The Audit Committee also held meetings with the external auditors.

Selection and Appointment Committee
The primary responsibility of this committee is to advise the Board of Directors on matters relating to the nominations of Executive and Non-executive Directors. The Appointment Committee regularly reviews the profile of the Board of Directors, its effectiveness and composition. The committee also reviews the performance of the Executive Director. During 2014, the Appointment Committee met one time.

Remuneration Committee
The primary task of the Remuneration Committee is to propose to the Board of Directors the remuneration of the Executive Director, including a review and monitoring of the Group's total remuneration policy. During 2014, the Remuneration Committee met one time.

Special Committee of Independent Non-executive Directors
The duty and role of the Special Committee of Independent Non-Executive Directors is to address those matters where the Company's management or other related parties may have a personal interest in the matter being addressed and it would not be appropriate for them to participate in all of the Board deliberations relating to any such matter. In 2014, the Special Committee met one time.

Directors' Report

General

The Board of Directors is pleased to present the financial statements of Global City Holdings N.V. for the financial year 2014, accompanied by this Directors' Report. BDO Audit & Assurance B.V. have audited the financial statements and issued an unqualified auditor's report.

Meetings of the Board of Directors

During 2014, the Board of Directors held eight meetings during which various matters were discussed in the ordinary course of business, in addition the following topics, among others, were discussed:

- the Company's business strategy, the corporate governance structure of the Company and the adherence to the Dutch and Polish corporate governance codes;
- risk management;
- performance review of the Company's executives and evaluation of the Company's remuneration policy;
- financial results and other related issues.

All Board meetings held in 2014 were attended in person or by conference call by the majority of the members of the Board of Directors and none of the Directors was absent for more than one Board meeting in 2014.

Financial statements 2014

The 2014 financial statements have been prepared under the responsibility of the Board of Directors and were discussed at an Audit Committee meeting attended by the auditors, who provided further information on the audit process and their audit findings. The Board of Directors recommends the General Meeting of Shareholders to adopt the financial statements as presented.

Allocation of the net profit for the financial year 2014

As set forth on page 66 the net profit for the year 2014, amounting to EUR 18.4 million, will be allocated to retained earnings.

Highlights during the financial year 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. At the date of this report the Company holds 76,626,344 shares, or a 29.04% interest in Cineworld. Following the Completion date the Company acquired, through open market purchases, 11,025,108 additional shares in Cineworld at an average price of GBP 3.26 per share, which increased its interest from 65,601,236 shares (24.9% interest in Cineworld) on 27 February 2014.

- With effective date 28 February 2014, the Company's extraordinary general meeting of shareholders (the "EGM") convened on 24 February 2014, approved an amendment of the Company's Articles of Association in order to, amongst others items, change the Company's name to Global City Holdings N.V and to establish a one tier board consisting of Executive and Non-executive Directors. Also, the EGM resolved the composition of the Board of Directors and approved a new management remuneration policy.

- In April 2014, the Company's subsidiary signed an agreement with WUND Industriebau GmbH on a strategic partnership in the development of an aqua park situated near the city of Mszczonów. The Company plans to finalise the design stage for the aqua park and commence construction in 2015.

- In 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.

- In July 2014, the Company received the 2013 final Cineworld dividend of 6.4 pence per share. The Company's share in the dividend was GBP 4.3 million (EUR 5.3 million).

- In October 2014, the Company received the 2014 interim Cineworld dividend of 3.8 pence per share. The Company's share in the dividend was GBP 2.7 million (EUR 3.5 million).

- In December 2014, the Company announced that together with U. Dori Group, the companies are exploring their strategic options regarding the sale of all or part of their shareholdings in Ronson. However, there is no certainty that such transaction shall be conducted and/or with respect to its terms.

- The value of the Company's investment property in the Mall of Rousse decreased by EUR 10.2 million which has negatively affected the results for the year ended 31 December 2014.

- In February 2015, Ronson disclosed its results for the financial year ended 31 December 2014 with net loss of PLN 15.4 million (EUR 3.7 million) versus net profit of PLN 18.6 million (EUR 4.4 million) for the financial year ended 31 December 2013 (www.ronson.pl).

- In March 2015, Cineworld published its annual report for the 53 weeks ended 1 January 2015, which was published by the Company in current report No. 06/2015. The directors of Cineworld recommended to Cineworld shareholders to approve a final dividend in respect of the period ended 1 January 2015 of 9.7 pence per share, The Company's share in the dividend if approved is expected to be GBP 7.3 million (EUR 9.3 million).

Business Overview

The combination of the Company' cinema business and Cineworld cinema business

On 27 February 2014, the combination agreement between the Company and Cineworld, was completed as a result of which the cinema businesses of the Company and Cineworld were combined. The combined cinema business which continued its business under Cineworld created the second largest cinema operator in Europe with the number one and number two position in every region of operation, including the UK where it now holds the leadership position in market share.
Preceding Completion, the Company effected a restructuring of its business to separate the cinema business from the real estate operations in order to facilitate the Combination. At Completion, the Company transferred its entire cinema operations to Cineworld, based on an enterprise value (on a debt free / cash free basis) of approximately £503 million payable in shares and cash. The Combination was funded by Cineworld through a fully underwritten rights issue of Cineworld, new debt facilities and 24. 9% new Cineworld shares issued as consideration to the Company. Following the Completion date, through subsequent share purchases, the Company increased its interest to 29.04% in Cineworld as at the date of this report.

The Company and Cineworld have each retained their current listings on the Warsaw Stock Exchange and London Stock Exchange, respectively.

In connection with the Combination the Company agreed that, save in certain limited circumstances, it will not compete with the business of Cineworld for two years following Completion and it will not solicit Cineworld employees for three years following Completion.

Messrs Moshe (Mooky) Greidinger and Israel Greidinger, the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, respectively joined the board of directors and management of Cineworld as Chief Executive Officer and Deputy Chief Executive Officer, respectively. Concurrently with assuming their new roles, Messrs Greidinger stepped down as managing directors of the Company and became Non-executive directors of the Company. Mr Scott Rosenblum, Chairman of the Board of Supervisory Directors of the Company was appointed as a Non-executive director of Cineworld and consequently, Mr. Scott Rosenblum stepped down from his position of a Supervisory Director and Chairman of the Company. At the same time, Mr. Peter Dudolenski joined the Board as an Executive Director of the Company.

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 per cent. 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.

Strategic review

Since the Company's combination with Cineworld in early 2014 the Company's Board of Directors has, from time to time, reviewed its various strategic options. In late 2014, the Board convened to consider such options and shortly thereafter formed a Special Committee of independent non-executive directors to review the strategic alternatives available to the Company. The Special Committee's mandate was to identify, develop, evaluate and consider alternatives and make recommendations regarding the future strategy of the Company.
The Special Committee reviewed the strategic alternatives available to the Company, taking into account the interests of all of its stakeholders including the shareholders. Following the completion of its analysis, with the assistance of outside financial advisors and legal counsel, the Special Committee identified the following main alternatives for the Company to consider:

(a) Remain "as-is";
(b) Propose a third party take-over (public bid or asset sale);
(c) Seek a third party investor to purchase the minority shareholders' interests and delist;
(d) Spin-off or break-up of Company's assets into its constituent parts; or
(e) Delist the Company from the Warsaw Stock Exchange followed by a public tender offer ('repurchase') by the Company for the Company's shares.

The Board, after careful consideration and taking into account the advice of its outside advisors, recommended the delisting of the Company as soon as reasonably possible together with a public tender offer ('repurchase') by the Company. The tender offer price per share recommended as a fair price to shareholders was approximately 40 PLN, which represents the 6 month average market price (subject to applicable withholding and other taxes, as the case may be).
Following this recommendation, the Company issued a detailed shareholder circular that was distributed to all of the Company's shareholders describing the Board's analysis and proposal and calling for a shareholders' meeting to discuss the recommendation. The Company convened a "pre-meeting" of shareholders on March 10, 2015 in Warsaw at which the chairman of the Company presented the Board's analysis and recommendation. This was followed by the formal shareholders' meeting, which took place in Rotterdam, Netherlands on March 20, 2015.

On 23 March, 2015 The Board of Directors of the Company approved the application for the delisting of its shares from trading that the Company filed with the Warsaw Stock Exchange on the same day.

Overview of financial results

The Company's net income attributable to equity holders of the Company for the year ended 31 December 2014 was EUR 18.4 million and can be summarised as shown below:

	For the year ended	
	31 December 2014	**31 December 2013**
	(Audited)	
	EUR (millions)	
RESULTS		
Revenues	**62.5**	297.9
Share of profit of equity-accounted investees (Cineworld)	**17.2**	-
Share of profit of equity-accounted investees (Ronson)	**(1.5)**	6.4
Income before taxation	**20.1**	23.7
Net income	**18.4**	21.6
Earnings per share	**EUR 0.37**	**EUR 0.42**
Weighted average number of equivalent shares(basic)	***49,478,789***	*51,200,000*

	31 December 2014	**31 December 2013**
	(Audited)	**(Audited)**
	EUR (millions)	
BALANCE SHEET		
Total assets	**647.5**	544.5
Total equity attributed to the equity holders of the Company	**639.8**	274.8

Comparison of results

Revenues for the year ended 31 December 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 interest in Cineworld is included in "Share of profit of equity-accounted investees - Cineworld". Consequently, the results for the year ended 31 December 2014 are not comparable to those for the year ended 31 December 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 92.3 million as at 31 December 2014.
- The Company's share of profit of equity-accounted investee - Cineworld was EUR 17.2 million.
- Net profit for the year decreased to EUR 18.4 million in 2014 from EUR 21.6 million in 2013.
- The Company recorded a fair value adjustment loss for its investment property in the Mall of Rousse in the amount of EUR 10.2 million.

Cinema operations

At the date of this report the Company holds 76,626,344 shares, or a 29.04% interest in Cineworld. Following the Completion date the Company acquired, through open market purchases, 11,025,108 additional shares in Cineworld at an average price of GBP 3.26 per share, which increased its interest from 65,601,236 shares (24.9% initial interest in Cineworld) on 27 February 2014. The Company intends to maintain its interest in Cineworld for the foreseeable future.
As for the cinema business please refer for more details to the Cineworld annual report for the 53 weeks ended 1 January 2015, which was published by the Company in current report No. 06/2015 (www.globalcityholdings.com).

Real Estate Operations

The Company's share in the loss of Ronson amounted to EUR 1.5 million during 2014, which compares to a profit of EUR 6.4 million during 2013. In 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 annual report published on 19 February 2015 *(the report is available at www.ronson.pl).*

The Company's consolidated net profit in 2014 was also negatively impacted by the fair value adjustment loss of the investment property in the Mall of Rousse in the amount of EUR 10.2 million.

Real estate operations continued to generate stable revenues mainly from the Mall of Rousse and the offices in Herzeliya.

Leisure Operations

On April 2014, the Company' subsidiary 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, the Company' subsidiary 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 hectares owned by the Company' subsidiaries. The agreement has been concluded for 20 years. Currently the Aqua Park is in its designing stage. The Company is in negotiations for arranging external financing for this project. The Company plans to finalise the design stage and commence construction in 2015.

The leisure operations have not contributed to the Company's revenues and net income during the financial years 2014 and 2013.

Liquidity, capital resources and capital expenditures

As at 31 December 2014, the Group has cash and cash equivalents of EUR 92.3 million and no outstanding bank debt. During the year, the Group used the proceeds of the Combination mainly to repay all outstanding bank debt of EUR 219.1 million, to acquire EUR 20.3 million treasury shares, to acquire additional shares in Cineworld for a total consideration of EUR 45.4 million. The remaining cash is held in reputable banks. Following the Combination, the Group has continued to generate cash flow from operating activities, primarily through dividends and rental revenues from Cineworld. From these proceeds the company has funded its investing activities primarily in connection with additional purchases related to the Park of Poland.

Employees

The average number of personnel employed by the Company and its subsidiaries – on a fulltime equivalent basis – decreased from 3,217 in 2013 to 23 in 2014. The decrease is attributable mainly to the Company's transformation.

Outlook for the year 2015*

The composition of the Company's results looked very different in 2014 from past years. Following the Combination with Cineworld, the Company's business is now divided into three main areas: (i) cinema 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 29.04% interest as at the date of this report.

Cinema business outlook as reported in the Cineworld financial statements published on 12 March, 2015:

"2015 has the makings of a strong year with great titles to look forward to including the new Bond film "Spectre", the fourth and final Hunger Games movie "The Hunger Games: Mockingjay Part 2" and the latest Star Wars film "Star Wars: Episode VII". In the meantime, the current year has started strongly with titles such as "Taken 3" performing well. "Fifty Shades of Grey", which opened in February 2015, went beyond our expectations and helped us to achieve record levels of weekend admissions for the Group. We are contracted to open a further 10 cinemas in the UK and 10 in CEE & Israel during the year. Of these sites, 19 new sites are currently under construction. Overall, the strength of the film line up in the current year, coupled with our good pipeline of new sites across our international estate, gives us confidence that we are on track with our plans for 2015."

Real estate operations, the Company will continue to generate revenue from its real estate in Bulgaria and Israel.

Leisure segment, the Company, in cooperation with its strategic partner WUND, continues design works for the Aqua Park in Mszczonów. The construction work of the Aqua Park is planned to start in the second half of 2015. The park is not expected to generate any revenue for the foreseeable future.

* Certain statements contained in this annual 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 at 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 does not contain any forecast about the Company's and its capital group's financial results.

Additional information to the directors' report

Major shareholders

Based on Notification made by the shareholder in the register held by the Dutch Authority for the Financial Markets, as at 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 at 27 March 2015 Number of shares /% of shares	Increase/ (decrease) Number of shares	As at 31 December 2014 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As at 31 December 2013 Number of shares/ % of shares
I.T. International Theatres Ltd. (*)	27,589,996 / 53.89%	-	27,589,996 / 53.89%	-	27,589,996 / 53.89%
ING Otwarty Fundusz Emerytalny	4,715,922 / 9.21%	2,035,827	2,680,095 / 5.23%	-	2,680,095 / 5.23%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	3,894,108 / 7.61%	403,272	3,490,836 / 6.82%	-	3,490,836 / 6.82%
Nordea Otwarty Fundusz Emerytalny	2,812,981/ 5.49%	1,165,277	1,647,704/ 3.22%	-	1,647,704/ 3.22%

(*) 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).

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

- DKG Investment Ltd.: 53.89% (share in capital and voting rights). This concerns a holding company through which the shares in I.T. International Theatres Ltd. owned by two members of the Board of director (see below) are jointly held,
- ING Otwarty Fundusz Emerytalny: 9.21%,
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK 7.61%,
- Nordea Otwarty Fundusz Emerytalny 5.49%.
- Aviva Investors Poland S.A. 4.84%,
- Global City Holding N.V. 4.63% (Treasury shares),
- PTE PZU SA. 4.30%,
- BZ WBK Asset Management 3.93%,

Additional information to the directors' report (cont'd)

Changes in ownership of shares and rights to shares by members of the Board of Directors in the year ended 31 December 2014 until the date of publication of the report
Changes in ownership of shares and rights to shares by members of the Board of Directors are specified below:

	As at 27 March 2015 Number of shares /% of shares	Increase/ (decrease) Number of shares	As at 31 December 2014 Number of shares/ % of shares	Increase/ (decrease) Number of shares	As at 31 December 2013 Number of shares/ % of shares
Moshe Greidinger*	11,516,026/ 22.49%	-	11,516,026/ 22.49%	137,093	11,378,933/ 22.22%
Israel Greidinger*	11,516,026/ 22.49%	-	11,516,026/ 22.49%	137,093	11,378,933/ 22.22%

* The shares held by Messrs Moshe and Israel Greidinger are held indirectly .

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 from 31 December 2013 until 27 March 2015.

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. Mr Scott Rosenblum stepped down as Chairman and 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 B. Segall as 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.

Messrs Frank Pierce and Jonathan Chiswick resigned from the Board of Directors on 31 March 2014.

Capital structure, restrictions regarding shareholder rights and issue of new shares in the Company
The share capital of the Company consists of ordinary shares only, whereby one share represents one vote. There are no restrictions in respect of exercising rights attached to the shares by any shareholder.
The Company can only issue shares pursuant to a resolution of the General Meeting of Shareholders for a fixed number of shares and for a fixed period not exceeding 5 years. Such decision can only be taken upon a proposal by the Board of Directors.
Treasury shares purchased by the Company in 2014 are non-voting shares and are not entitled to dividend.

Additional information to the directors' report (cont'd)

Statement relating to the system of internal control
In line with best practice provision II.1.4 of the Dutch Code and bearing in mind the recommendations of the Monitoring Committee Corporate Governance Code, the Company issues a declaration about the effectiveness of the system of internal control of the processes on which the financial reporting is based.

In 2014, the Board of Directors assessed the effectiveness of the system of internal controls for financial reporting. During the investigation on which this assessment was based, no shortcomings were identified that might possibly have a material impact on the financial reporting. On the basis of the results of the above assessment and the risk analyses that were carried out at the Company within the framework of governance and compliance, the Board of Directors is of the opinion – after consulting with the Audit Committee – that the system of internal controls provides a reasonable degree of certainty that the financial reporting contains no inaccuracies of material importance. An inherent element in how people and organisations work together in a dynamic world is that systems of internal control cannot provide an absolute degree (though they can provide a reasonable degree) of certainty as regards the prevention of material inaccuracies in the financial reporting and the prevention of losses and fraud.

In our view the system of internal controls, focused on the financial reporting, functioned effectively over the past year. There are no indications that the system of internal controls will not function effectively in 2015.

Representation concerning financial statements
The Board of Directors confirms that, to the best of its knowledge, the Consolidated Financial Statements, together with the comparative figures, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Consolidated Financial Statements, together with the stand-alone Company Financial Statements give a true and fair view of the state of affairs of the Group at 31 December 2014 and of the net result for the year then ended.
The Directors' report in this annual report gives a true and fair view of the situation on the reporting date and of developments during the financial year, and includes a description of the major risks and uncertainties.

Representation concerning election of the Company's auditor
The Company's auditor has been elected according to applicable rules. The audit firm and its chartered accountants engaged in the audit of the financial statements of Global City Holdings N.V. meet the objectives to present an objective and independent report.

Other
As at 31 December 2014, the Group has no litigations for claims or liabilities that in total exceed 10% of the Group's equity.

The Board of Directors

Mark B. Segall, Chairman
Non-Executive Director

Peter Dudolenski Executive Director	Israel Greidinger Non-Executive Director	Moshe Greidinger Non-Executive Director
Yair Shilhav Non-Executive Director	Caroline Twist Non-Executive Director	Peter Weishut Non-Executive Director

Rotterdam, 27 March 2015

Corporate Governance

Governance structure

Global City Holdings N.V. (‘the Company’) is a Dutch public company with a listing on the Warsaw Stock Exchange (‘WSE’). For this reason the Company is subject to both Dutch and Polish rules and regulations regarding corporate governance. 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. Effective the date of completion, the Company’s profile, business and strategy, the articles of association, the corporate governance structure and the composition of the Company’s corporate bodies all changed. The following information in this section reflects the Company’s situation after the completion of the above mentioned transaction.
The Company’s extraordinary general meeting of shareholders (the "EGM") convened on 24 February 2014, approved an amendment of the Company’s Articles of Association in order to, amongst others items, change the Company’s name to Global City Holdings N.V. and to establish a one tier board consisting of Executive and Non-Executive Directors. Also, the EGM resolved the composition of the Board of Directors and approved a new management remuneration policy and specific remuneration.

Corporate Governance Code in the Netherlands

On 9 December 2003, the Dutch Corporate Governance Committee released the Dutch Corporate Governance Code. It was updated on 10 December 2008 by the Corporate Governance Code Monitoring Committee (the ’Committee’) to take effect as at financial year 2009. The updated Dutch Corporate Governance Code (‘the Code’) contains principles and best practice provisions for board of directors , shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The Committee has published its most recent monitoring report in October 2013. A further monitoring report is made public on 29 January 2015.

Dutch companies listed on a government-recognised stock exchange, either in the Netherlands or elsewhere in the EU/EER, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if they do not, to explain the reasons why. The Code provides that if a company’s General Meeting of Shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have complied with the Code.

The Company acknowledges the importance of good corporate governance. The Directors have reviewed the Code, and generally agree with its purport. The Board of Directors has taken and will take any further steps they consider required and appropriate to further implement the Code and improve the Company’s corporate governance features. This is very much a dynamic process. It is the Company’s policy to discuss the topic annually with the shareholders and schedule it for this purpose for the Annual General Meeting of Shareholders each financial year. The topic has been part of the agenda for each General Meeting of Shareholders since 2008.

Corporate Governance

Exceptions to the application of the Dutch Corporate Governance Code

The Company endorses the Code and has applied the relevant best practice provisions of the Dutch Corporate Governance Code, except for the provisions set out below.

III. 2.1 *The non-executive board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III. 2.2.*

Following the establishment of a one-tier board in February 2014, the Company's Board consists of six Non-Executive Directors, of which four are independent within the meaning of the Dutch Corporate Governance Code.

In 2014, the Company had two non-independent Non-Executive Directors which is a deviation from the Code. However, the composition of the Board of directors was at all times consistent with Polish corporate governance guidelines. Moreover, the Company's Articles of Association state that the Board of Directors shall have at least two independent Non-Executive Directors, which criterion is being met given the four independent members of the Board of directors.

Exceptions to the application of the Dutch Corporate Governance Code (cont'd)

III. 6.5 *The terms of reference of the board shall contain rules on dealing with conflicts of interest and potential conflicts of interest between board members and the external auditor on the one hand and the company on the other. The terms of reference shall also stipulate which transactions require the approval of the board of directors. The company shall draw up regulations governing ownership of and transactions in securities by board members, other than securities issued by their 'own' company.*

The Company does have general rules in place to deal with conflicts of interest. The Company believes that together with the restrictions under Dutch securities law these general rules are sufficient to govern the ownership of and transactions in securities by Board members. Implementing additional restrictions would potentially harm its ability to attract and ensure the continued services of Board members and the Company therefore believes that applying this best practice provision is not in its best interest.

IV. 3.1 *Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of web casting or telephone lines. After the meetings, the presentations shall be posted on the company's website.*

Information on the meetings and conference calls are sent to a wide group of analysts and investors who have subscribed to the Company's mailing list. Presentations are posted on its website prior to the meetings in question in order to enable the participants to acknowledge them.

Transactions with a conflict of interest

During the financial year 2014 no transactions as referred to in best practice provisions II. 3.4, III. 6.3 and III. 6.4 took place involving a conflict of interest relating to directors, Supervisory Board members or natural and/or legal persons holding at least 10% of the shares in the Company, with the exception of:

Mr Moshe Greidinger and Mr Israel Greidinger are entitled to an annual cash bonus that is equal to 2.5% of the Company's income before tax.
In 2014, the Board of Directors approved a EUR 5 million interest bearing loan facility to the ultimate parent Company controlled by Mr Moshe Greidinger and Mr Israel Greidinger .

Best practice provisions II. 3.2, II. 3.3, III. 6.1 and III. 6.2 were applied. In order to address the potential conflict of interest issue underlying these transactions, the independent Directors, together with the Company's Audit Committee, considered and approved these transactions.

Statement referred to in Section 3 of the Decree of 23 December 2004, Stb 747, determining the further requirements concerning the contents of annual reports

Based on Section 391 of Book 2 of the Dutch Civil Code (Act of 9 July 2004, Stb 370 to amend Book 2, CC) and the Royal Decree of 23 December 2004, limited liability companies, whose shares – to put it briefly – are listed on a regulated stock exchange, must include a statement in their annual reports about their compliance with the principles and best practices of the Code.

In light of the foregoing, the Company confirms that in the year under review, it did not comply fully with the provisions of the Code, nor does it intend to fully comply with these during the current financial year or the next financial year. Its reasons for doing so are explained in the paragraphs above.

Corporate governance code of the Warsaw Stock Exchange

The Code of Best Practice for WSE listed companies (the 'WSE Corporate Governance Rules') applies to companies listed on the WSE, irrespective of whether such companies are incorporated in Poland or outside of Poland. The WSE Corporate Governance Rules consist of general recommendations relating to best practices for listed companies (Part I) and best practice provisions relating to management board members, supervisory board members and shareholders (Parts II to IV).

The WSE Corporate Governance Rules impose upon the companies listed on the WSE an obligation to disclose in their current reports continuous or incidental non-compliance with best practice provisions (with the exception of the rules set forth in Part I). Moreover, every year each WSE-listed company is required to publish a detailed statement on any non-compliance with the WSE Corporate Governance Rules (including the rules set forth in Part I) by way of a statement submitted with the company's annual report (the 'Yearly Compliance Statement').

Companies listed on the WSE are required to justify non-compliance or partial compliance with any WSE Corporate Governance Rules and to show the ways of eliminating the possible consequences of such non-compliance or the steps such company intends to take to mitigate the risk of non-compliance with such rule in future.

Pursuant to §29 sec. 5 of the Warsaw Stock Exchange Rules, each year the Company publishes a separate report on its compliance with the Warsaw Stock Exchange Corporate Governance Rules which is submitted to the Warsaw Stock Exchange and which will be available on the Company's website (www.globalcityholdings.com).

The Company makes all efforts to comply with all principles of both the Dutch Code and the WSE Corporate Governance Rules and to enforce such corporate structure that ensures the Company's transparency to the most possible extent. The Company believes that its efforts are appreciated by its stakeholders and that these efforts will support the Company's growth and its reliability.

General Meeting of Shareholders

Per the Articles of Association[*] of the Company in force in 2014, the Annual General Meeting of Shareholders shall be held within six months after the end of the financial year to deal with, among other matters: (i) the annual report, (ii) the adoption of the financial statements, (iii) a discussion of any substantial changes in corporate governance, (iv) a discussion of the remuneration policy in respect of the Board of Directors, (v) granting of discharge to the members of the Board of Directors for their management over the past financial year, (vi) policy on additions to reserves and dividends, (ix) the adoption of the profit appropriation and (vii) a (re)appointment of members of the Board of Directors.

Other General Meetings of Shareholders shall be held as often as the Board of Directors deems necessary. Shareholders representing in the aggregate at least one-tenth of the Company's issued capital may request the Board of Directors to convene a General Meeting of Shareholders, stating specifically the issues to be discussed. Shareholders representing more than 50% of the issued share capital may call a shareholders' meeting without a preceding request to the Board of Directors to call a meeting.

Resolutions shall be passed by an absolute majority of the votes cast, unless the law or the Articles of Association prescribe a greater majority. A decision by the General Meeting to amend the Articles of Association or to dissolve the Company can only be taken at the proposal of the Board of Directors.

Board of Directors

In 2013, the Company had a two-tier corporate governance structure, consisting of a(n) (executive) Management Board (the 'Management Board') and a (non-executive) Supervisory Board (the 'Supervisory Board'). The day-to-day management and policy-making of the Company was vested in the Management Board, under the supervision of the Supervisory Board. On 24 February 2014, the Company's extraordinary general meeting of shareholders, approved an amendment of the Company's Articles of Association in order to, amongst others items, establish a one tier board consisting of Executive and Non-executive Directors. On 30 June 2014, the annual general meeting of shareholders approved a further amendment of the Company's Articles of Association which clarified the representation of the Company by the Board of Directors.

The Articles of Association of the Company in force since February 2014 provide that the Company shall have a Board of Directors consisting of at least three and at most nine Non-Executive directors, of which at least two Non-Executive directors shall be independent. All Directors shall be appointed by the general meeting and the general meeting shall determine which Director is an Executive Director and which Director is a Non-Executive director. The general meeting shall grant to one of the executive directors the title of "Chief Executive Officer". The general meeting may also grant a title to the other directors.

The Executive Directors are responsible for the day-to-day management, including comprehensive risk management control, financing and regulatory compliance. The Company and its operating companies ('the Group') are organised along clear functional reporting lines. Throughout the Group, corporate and operating accountabilities, roles and responsibilities are in place.

The Non-Executive Directors shall supervise the management and performance of duties of the Executive Director(s) as well as the day to day affairs of the Company. Furthermore, each of the directors shall fulfil his duties allocated to him or her pursuant to the articles of association of the Company, any rules governing the Board's internal proceedings and Dutch law.

[*] As at 1 July 2014

Board of Directors (Cont'd)

All Directors are appointed by the General Meeting of Shareholders for a period of four years. After holding office for the first period of four years, Directors are eligible for re-election for two additional terms of four years each. The Company has a policy regarding the remuneration of the Board of Directors. The remuneration policy is adopted by the General Meeting of Shareholders upon a proposal by the Board of Directors.

As noted above, in order to secure continuity within the Board, the Board of Directors has adopted an arrangement that provides for a staggered expiration of individual terms. In order to implement this arrangement, the reappointment for a four-year term of certain Non-Executive Directors have been and will be scheduled prematurely. Details of specific prematurely scheduled reappointments can be found on the agenda for each AGM.

As at 1 January 2013 the Act on Management and Supervision (‘Wet Bestuur en Toezicht’) came into effect. With this Act, statutory provisions were introduced to ensure a balanced representation of men and women in management boards and Board of Directors of companies governed by this Act. Balanced representation of men and women is deemed to exist if at least 30% of the seats are filled by men and at least 30% are filled by women.
The Company has currently one seat taken by a woman. Since the Company does not comply with the law in this respect, it has looked into the reasons for non-compliance. The Board of Directors recognises the benefits of diversity, including gender balance. However, the Board of Directors feels that gender is only one part of diversity. Directors will continue to be selected on the basis of wide ranging experience, backgrounds, skills, knowledge and insights. The Board of Directors continues to strive for more diversity in the Board of Directors. For more information on the rules of the Board of Directors in force in 2014 please refer to the profile of the Board of Directors on the Company’s website.

The Board of Directors is supported by four committees:

- the Audit Committee.
- the Selection and Appointment Committee.
- the Remuneration Committee.
- the Special Committee of Independent Non-Executive Directors.

These committees are composed of Non-Executive Directors with relevant experience. All committees operate under the overall responsibility of the Board of Directors, in accordance with the best practice stipulations of the Code. The charters governing the Board of Directors and its committees are available on the Company’s website.

Composition of the Board of Directors as at 31 December 2014

Mark B. Segall, Non-Executive Director, Chairman (male, 17 July 1962, U.S. nationality)
Mr Segall was appointed Non-Executive Director of the Company on 30 June 2014 for a four year term. Mr Segall is the Senior Managing Director of Kidron Corporate Advisors, LLC, a New York based mergers and acquisitions corporate advisory boutique and is the CEO of Kidron Capital Advisors LLC, a registered broker dealer. He served as head of investment banking and general counsel at Investec Inc. from 1999 to 2001. From 1996 to 1999, he was a partner at the law firm of Kramer, Levin, Naftalis & Frankel LLP, specializing in cross-border mergers and acquisitions and capital markets activities and between 1991 and 1995 he was an associate at the same firm. He has served as a director of Ronson Europe N.V., a Polish residential real estate development company, since 2008 (Audit Committee, appointed Vice Chairman in 2010 and Chairman in 2011). In addition to his current and previous positions, Mr Segall has served as director of a range US and other international companies active in various business areas. Mr. Segall received an AB in History from Columbia University and a JD from New York University Law School. Mr Segall meets the independence criteria under the Articles of Association of the Company.

Peter Dudolenski, Executive Director (male, 13 June 1978, Bulgarian nationality)
Mr Dudolenski was appointed Executive Director and Chief Executive Operator of the Company as at 28 February 2014 for a four year term. Mr Dudolenski has been the chief executive officer and president of the management board of Global Parks Poland Sp. z o.o. since 2011. From 2006 to 2011, he was the chief executive officer of Real Estate Services Bulgaria EOOD, where he was involved in the development of the Mall of Plovdiv, which opened in 2009, the Mall of Ruse, which opened in 2011 and the Malls of Stara Zagora and Park Tower. Between 2001 and 2006, he held management positions in M.O. Sofia EOOD and was involved in the development of the Mall of Sofia. He has also been a board member of the City Hospitals and Clinics in Bulgaria since 2012. Mr Dudolenski received a degree in Finance and Banking from the University of National and World Economy in Sofia, Bulgaria.

Moshe J. Greidinger, Non-Executive Director (male, 12 December 1952, Israeli nationality)
Moshe Greidinger was appointed Non-Executive Director of the Company as at 28 February 2014 for a four year term. Prior to that, since 1984, Moshe Greidinger was Chief Executive Officer of the Company. Mr Greidinger joined the Company in 1976. Mr Moshe Greidinger has also served as a director and Deputy Managing Director of Israel Theatres Ltd. since 1983 and Co-Chairman of the Cinema Owners Association in Israel since August 1996. He is the brother of Israel Greidinger.
Mr. Moshe Greidinger currently serves as Chief Executive Office of Cineworld.

Israel Greidinger, Non-Executive Director (male, 14 April 1961, Israeli nationality)
Israel Greidinger was appointed Non-Executive Director of the Company as at 28 February 2014 for a four year term. Israel Greidinger joined the Company in 1994 and was appointed Chief Financial Officer of the Company in 1995 which position he maintained until 28 February 2014. Mr Israel Greidinger has also served as a director of Israel Theatres Ltd. since 1994. From 1985 to 1992, Mr Israel Greidinger served as Managing Director of C.A.T.S. Ltd. (Computerised Automatic Ticket Sales), a London company, and from 1992 to 1994, he was President and Chief Executive Officer of Pacer Cats Inc. He is the brother of Moshe Greidinger.
Mr. Israel Greidinger currently serves as Deputy Chief Executive Office of Cineworld.

Yair Shilhav, Non-Executive Director (male, 12 October 1958, Israeli nationality)
Yair Shilhav was appointed Non-Executive Director of the Company as at 28 February 2014 for a four year term. Prior to that, as at November 2006, Mr Shilhav was a member of the Supervisory Board of the Company. Mr Shilhav is the Chairman of the Audit Committee (since November 2006). Since 2004, Mr Shilhav has been the owner of a business consulting office. Between 2000 and 2003, he was a member of the executive directory committee of the audit firm, Somekh Chaikin, a member of KPMG ('Somekh Chaikin'). Between 1995 and 2003, he was the head of the Haifa branch of Somekh Chaikin, of which he was partner from 1990 to 2003. Prior to becoming a partner at Somekh Chaikin, he was head of the professional and finance department of the same firm. He was also the head of the accountancy faculty at Haifa University between 1998 and 2002. Mr Shilhav meets the independence criteria under the Articles of Association of the Company.

Caroline M. Twist, Non-Executive Director (female, 25 January 1956, U.K. nationality)
Caroline Twist was appointed Non-Executive Director of the Company as at 28 February 2014 for a four year term. Prior to that, as at 2004, Ms. Twist was a member of the Supervisory Board of the Company. Ms Twist is a member of the Remuneration Committee (as at November 2006). Between 1978 and 1989, Ms Twist worked in the UK cinema exhibition industry in a variety of managerial roles at ABC/Thorn EMI cinemas and C.I.C. Theatres. From 1989 until 2011, Ms Twist has held various senior managerial positions within Clarity-Pacer CATS, software ticketing system provider. She joined Radiant-NCR in 2011, the global technology solutions provider. Ms. Twist meets the independence criteria under the Articles of Association of the Company.

Peter J. Weishut, Non-Executive Director (male, 31 July 1935, Dutch nationality)
Peter Weishut was appointed Non-Executive Director of the Company as at 28 February 2014 for a four year term. Prior to that, as at 2004, Mr Weishut was a member of the Supervisory Board of the Company. Mr Weishut is a member of the Selection and Appointment Committee (as at November 2006). Between 1969 and 1997, Mr Weishut worked as a director in Akzo Nobel in the Netherlands and Japan. From 1997 to 1999, he served as Management Consultant for Rafino, producer of pet foods, in the Netherlands. Between 1999 and 2001, Mr Weishut was the treasurer of a foundation celebrating the 400-year relationship between the Netherlands and Japan. He is currently advising college students to set up their own companies. Mr Weishut meets the independence criteria under the Articles of Association of the Company.

Explanatory notes by reason of the Decree, Article 10 of the Takeover Directive

By reason of the Decree of 5 April 2006 to implement article 10 of Directive 2004/25/EC of the European Parliament and the Council of the European Union of 21 April 2004 regarding public takeover bids, the Company can provide the following explanation. The information in this section is based on the articles of association of the Company in force as at 1 July 2014*.

a. Capital structure of the Company

The capital of the Company consists of one class of shares, being ordinary shares with a nominal value of EUR 0.01 each. Information on issued shares has been included under Note 8 to the Consolidated Financial Statements of the group for the year ended 31 December 2014. Treasury shares held by the Company are not entitled to any dividends. The Company cannot vote on its own shares.

b. Restriction on transferring shares or issued depositary receipts with the Company's co-operation

The Articles of Association of the Company contain no restriction with respect to the transfer of shares. The Company has no depositary receipts issued with the Company's co-operation.

c. Duty to report interests in the Company

The Company has been notified regarding shareholders with a substantial holding in accordance with the Dutch Act on Financial Supervision (3% or more) in the Company, as per the register maintained by the Dutch Authority Financial Markets.

Entities with an interest of at least 5% in the Company's shares include:

- I.T. International Theatres Ltd.
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK
- ING Otwarty Fundusz Emerytalny
- Nordea Otwarty Fundusz Emerytalny

d. Special controlling rights

The Company has issued no shares with special controlling rights.

e. Employees' shares

Long-term incentive plans involving shares or options to shares for employees which were in force before 2014, were terminated in 2013 or before. No new options plans were granted to employees during 2014 and there are no outstanding unforfeited options up to the date of the report.

f. Restriction on voting rights and issue of depositary receipts

No restrictions are currently imposed on voting rights attached to issue shares. The Company has no depositary receipts issued with the Company's cooperation.

g. Agreements with shareholders

Currently, the Company is unaware of any shareholder agreements.

* The Company has amended its articles of association as at 28 February 2014 and as at 1 July 2014.

Explanatory notes by reason of the Decree, Article 10 of the Takeover Directive (cont'd)

h. Regulations pertaining to the appointment and dismissal of executive and board directors and amendments to the Articles of Association

By virtue of article 16 of the Articles of Association, the General Meeting is authorised to appoint, suspend or dismiss members of the Board of Directors. The Directors may be suspended or dismissed by the General Meeting at any time. The Executive Director(s) may also be suspended by the Board of Directors. The Executive Director(s) shall not take part in any decision-making process that involves his suspension. The Board of Directors may recommend persons to be appointed as Director.

By virtue of article 37 of the Articles of Association, the Articles of Association can only be amended at the proposal of the Board of Directors subject to approval from the shareholders.

i. The powers of the board

By virtue of article 6 of the Articles of Association, the Company can only issue shares, subject to a proposal by the Board of Directors, pursuant to a resolution approved by the General Meeting or of any other corporate body designated to do so by a resolution of the General Meeting for a fixed period not exceeding five years. Such designation must be accompanied by a stipulation as to the number of shares that may be issued. On 30 June 2014, the General Meeting authorised the Board of Directors for a period not exceeding five years to issue new shares with the discretion to exclude or restrict the shareholders' pre-emption rights, It is noted that under article 7 of the articles of association, a resolution to authorize the Board of Directors to exclude or restrict the shareholders' pre-emption rights will require a two third majority of the votes cast in the General Meeting, unless more than 50% of the outstanding shares is present or represented in the General Meeting in which case a simple majority will suffice.

The Company may acquire its own shares, subject to certain legal restrictions, only if the Board of Directors has been authorised at the General Meeting to make such acquisitions, which authorisation shall be valid for not more than 18 months and shall specify the number of shares which may be acquired. On 30 June 2014, the Board of Directors has been authorised by the General Meeting to repurchase and/or alienate existing shares in the Company with such maximum of shares as allowed by the limitations under the Articles of Association and at a price not lower than the nominal value and not exceeding 110% of the average share price five days prior to the date of the transaction.

Both authorisations will allow the Company to issue new shares and to repurchase and alienate existing shares for general corporate purposes.

j. Important agreements when issuing a public bid

The Company is not aware of any existing agreement which is relevant in the context of the issuance of a public bid.

k. Agreements with executive directors or employees in the event of a public bid

The employment contract of the Executive Director does not contain any specific clauses which refer to a change of control in the Company.

Risk Profile and Risk Management

Risk profile

The following information reflects the risk profile and risk management policy of the Company following the Combination.

Cinema Business
Regarding the risks of the cinema business which include among others: integration following the combination , expansion and growth of the cinema estate, film distributor relationship, availability of film content, competition, retail and advertising sales, retention of senior management, technology and data control, film piracy, extreme weather conditions, terrorism, regulatory constraints.
For more details please refer to the Cineworld annual report.

Development of Aqua Park in Poland
The Company is developing an Aqua Park in Poland through a strategic partnership with WUND, a well-known Aqua Parks' developer and operator in Germany, which is responsible for the construction and operation of the Park. The major risks associated with this project are: over budget spending in the construction phase, incompliance with the applicable regulations and relating unexpected changes, inherent market risk and changes in consumer tastes and preferences for entertainment.

Investment Properties Fair Value

The Company makes estimates and assumptions regarding the fair value of its investment properties that have a significant risk of causing a material adjustment to the amounts of assets and liabilities on the Company’s balance sheet. In forming an opinion on fair value, the Company considers information from a variety of sources including, among others, the current prices in an active market, third party valuations and internal management estimates. The principal assumptions underlying the Company’s estimates of fair value are those related to the receipt of contractual rentals, expected future market rentals, void/vacancy periods, maintenance requirements and discount rates that are deemed appropriate. The Company regularly compares these valuations to its actual market yield data and actual transactions and those reported by the market. The Company determines expected future market rents on the basis of current market rents for similar properties in the same location and condition.

Currency Risks

The Group is operating internationally in a multi-currency environment. The major currencies affecting the Group's operations are the GPB, PLN, EUR and NIS. Upon the Combination, the Group cash inflows are primarily of GBP, Euro and NIS while cash outflows are primarily of PLN and EUR.

The Economy

There can be no assurance that the Company will not be materially adversely impacted if, among other potential negative trends, while the European debt and Euro crisis appears to have eased significantly in the last year, there is no assurance that the underlying economic and fiscal challenges in the European Union and adjacent countries, which continue, will not lead to renewed financial stress in the countries in which the Company operates.

Taxation risk

The Group companies are subject to taxation in the countries in which they operate. Partly due to the ongoing European credit concerns, governments in Europe continue to be short of monies and continue to increase tax revenues. It is difficult to assess whether the Company will have to pay more taxes due to changes made to the tax systems in the countries where the Company operates, but it cannot be excluded. On-going financial instability and political changes create uncertainty and it is not possible to rule out potential changes in taxation which could have an impact on future financial performance.

Risk management

As part of its risk management measures, the Company has insurance policies for the most common risks associated with its activities, such as loss of profits, fire and third-party liability. In the Company's opinion, the insurance policies offer adequate coverage for the financial consequences if such risks should manifest themselves, in order to limit their impact on the result.

A number of balance sheet items in the financial statements of the Company are based on management estimates and assumptions relating to future results. If the actual results differ from the expected results, it may have a significant influence on the valuation of items such as deferred tax assets and liabilities, investment properties and provisions for claims, if any.

The Company's Board of Directors believes that its existing risk management measures are sufficient to provide a reasonable degree of certainty as to the absence of material inaccuracies in the financial reporting, losses and fraud.

Remuneration Report

Introduction

The Extraordinary General Meeting of Shareholders held on 24 February 2014, approved the Company’s new remuneration policy in force in 2014, which sets forth the terms of remuneration of the members of the Board of Directors.

Remuneration Policy

The objective of the Company’s remuneration policy is to provide a compensation programme that allows the Company to attract, retain and motivate qualified people who have the character traits, skills and background to successfully lead and manage the Company. The remuneration policy is designed to reward the Directors and other key personnel for their contribution to the success of the Company and is aimed at offering a fair and appropriate compensation to Directors and to align the interests of the Company, the shareholders and the Directors.

Governance

The General Meeting of Shareholders approves all aspects of the remuneration policy for the Board of Directors. Compensation of the members of the Board of Directors is reviewed regularly. The Board of Directors has a dedicated Remuneration Committee.

Remuneration of the Executive Director

The executive director will be entitled to a package, consisting of a monthly base salary and a discretionary bonus comparable to the package granted to executive directors of companies of a comparable size and scope and as shall be further determined by the remuneration committee of the Board of Directors. The executive director will be further entitled to a car and reimbursement of reasonable business and telephone expenses.

Remuneration of the Non-Executive Directors

In 2014, each Board of Director member received an annual remuneration of EUR 12,500 and EUR 1,500 per attendance in person at meetings or EUR 750 if attendance is by telephone.
In 2014, the Chairman of the Board of Directors and the Chairman of Audit Committee received an additional EUR 5,000 per year.
Mr Moshe Greidinger and Mr Israel Greidinger are entitled to an annual cash bonus that is equal to 2.5% of the Company's income before tax.

Consolidated Statements of Financial Position

	Note	31 December 2014	31 December 2013
		EUR (millions)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		**-**	20.7
Property, plant and equipment	*5*	**136.8**	332.6
Investment property	*6*	**61.6**	71.6
Investment in associate - Cineworld	*3*	**308.7**	-
Investment in associate - Ronson	*3*	**41.8**	44.6
Deferred tax asset	*16*	**0.3**	4.3
Other non-current assets		**0.5**	4.0
Total non-current assets		**549.7**	477.8
CURRENT ASSETS			
Inventories		**-**	4.4
Trade receivables		**0.4**	17.4
Other accounts receivable	*7*	**5.1**	*10.5
Cash and cash equivalents	*4*	**92.3**	34.4
Total current assets		**97.8**	66.7
TOTAL ASSETS		**647.5**	544.5

*Reclassified

The notes on pages 33 to 57 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Financial Position

	Note	31 December 2014	2013
		EUR (millions)	
EQUITY AND LIABILITIES			
EQUITY	*8*		
Share capital		**0.5**	0.5
Share premium reserve		**92.1**	92.1
Treasury shares		**(20.3)**	-
Accumulated other comprehensive loss		**(1.5)**	*(7.7)
Capital reserve from Combination		**359.7**	-
Retained earnings		**209.3**	189.9
Total equity attributable to equity holders of the Company		**639.8**	274.8
Non-controlling interests		**1.4**	1.4
Total equity		**641.2**	276.2
LONG-TERM LIABILITIES			
Long-term loans, net of current portion		**-**	196.9
Deferred tax liabilities	*16*	**0.8**	6.5
Other long-term liabilities		**1.1**	*3.0
Total long-term liabilities		**1.9**	206.4
CURRENT LIABILITIES			
Short-term borrowings		**-**	16.5
Trade accounts payable		**0.3**	18.1
Other accounts payable	*10*	**4.1**	*27.3
Total current liabilities		**4.4**	61.9
Total liabilities		**6.3**	268.3
TOTAL EQUITY AND LIABILITIES		**647.5**	544.5

*Reclassified

The notes on pages 33 to 57 are an integral part of these Consolidated Financial Statements.

Consolidated Income Statements

	Note	For the year ended 31 December 2014	2013
		EUR (millions)	
Revenues	*12*	**62.5**	297.9
Operating costs	*13*	**44.0**	243.7
Gross profit		**18.5**	54.2
General and administrative expenses	*14*	**7.2**	15.5
Share of net income of equity-accounted investee - Cineworld	*3*	**17.2**	-
Operating income		**28.5**	38.7
Financial income	*15*	**5.6**	0.3
Financial expenses	*15*	**(2.3)**	(11.4)
Share of net income (loss) of equity-accounted investee - Ronson	*3*	**(1.5)**	6.4
Fair value adjustment of investment properties and other	*6*	**(10.2)**	(10.3)
Income before taxation		**20.1**	23.7
Income tax expense	*16*	**(1.7)**	(2.1)
Net income		**18.4**	21.6
Attributable to:			
Equity holders of the Company		**18.4**	21.6
Non-controlling interests		**-**	-
Net income		**18.4**	21.6
Earnings per share			
Weighted average number of equivalent shares (basic)	*9*	**49,478,789**	51,200,000
Weighted average number of equivalent shares (diluted)	*9*	**49,478,789**	51,217,105
Net earnings per share attributable to equity holders of the Company (basic and diluted)		**EUR 0.37**	EUR 0.42

The notes on pages 33 to 57 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	For the year ended 31 December	
	2014	**2013**
	EUR (millions)	
Net income	**18.4**	21.6
Other comprehensive income (loss)		
Item not to be reclassified to income statement in subsequent periods:		
Share of other comprehensive income of associate	**0.5**	-
Items to be reclassified to income statement in subsequent periods:		
Foreign currency exchange differences	**(1.1)**	(3.4)
Share of other comprehensive income in respect of associates	**0.2**	-
Effective portion in fair value of cash flow hedges	**0.3**	(0.3)
Other comprehensive loss	**(0.1)**	(3.7)
Total comprehensive income	**18.3**	17.9
Attributable to:		
Equity holders of the Company	**18.3**	17.9
Non-controlling interests	**-**	-
Total comprehensive income for the year	**18.3**	17.9

The notes on pages 33 to 57 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company								
	Share capital	Share premium reserve	Treasury shares	Capital reserve from Combination	Retained earnings	Accumulated other comprehensive loss*	Total	Non-controlling interests	Total equity
	EUR (millions)								
Balance as at 31 December 2012	**0.5**	**92.1**	**-**	**-**	**169.1**	**(4.0)**	**257.7**	**1.4**	**259.1**
Net income	-	-	-	-	21.6	-	21.6	-	21.6
Other comprehensive loss	-	-	-	-	-	(3.7)	(3.7)	-	(3.7)
Total comprehensive (loss) income	**-**	**-**	**-**	**-**	**21.6**	**(3.7)**	**17.9**	**-**	**17.9**
Share based compensation	-	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Acquisition of non-controlling interests by Ronson	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Balance as at 31 December 2013	**0.5**	**92.1**	**-**	**-**	**189.9**	**(7.7)**	**274.8**	**1.4**	**276.2**
Net income	**-**	**-**	**-**	**-**	**18.4**	**-**	**18.4**	**-**	**18.4**
Other comprehensive (loss) income	**-**	**-**	**-**	**-**	**0.5**	**(0.6)**	**(0.1)**	**-**	**(0.1)**
Total comprehensive (loss) income	**-**	**-**	**-**	**-**	**18.9**	**(0.6)**	**18.3**	**-**	**18.3**
Purchase of treasury shares	**-**	**-**	**(20.3)**	**-**	**-**	**-**	**(20.3)**	**-**	**(20.3)**
Combination with Cineworld (see Note 3)	**-**	**-**	**-**	**359.7**	**-**	**6.8**	**366.5**	**-**	**366.5**
Share based compensation in Cineworld	**-**	**-**	**-**	**-**	**0.5**	**-**	**0.5**	**-**	**0.5**
Balance as at 31 December 2014	**0.5**	**92.1**	**(20.3)**	**359.7**	**209.3**	**(1.5)**	**639.8**	**1.4**	**641.2**

*Reclassified

The notes on pages 33 to 57 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	For the year ended 31 December	
	2014	**2013**
	EUR (millions)	
Cash flows from operating activities		
Net income	**18.4**	21.6
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortisation	**7.2**	31.4
Share of profit of associate companies, net, less dividends received	**(6.9)**	*(5.8)
Loss from disposal of fixed assets	**-**	0.1
Share-based payments	**-**	(0.6)
Fair value adjustments of investment property	**10.2**	10.2
Interest expense	**1.8**	11.1
Interest paid	**(1.8)**	(9.8)
Interest income	**(0.4)**	(0.2)
Interest received	**0.4**	0.2
Income tax expense	**1.7**	2.1
Income tax paid	**(2.5)**	(2.9)
	28.1	**57.4**
Decrease / (increase) in inventories	**(0.5)**	0.1
Decrease in trade receivables	**3.3**	2.6
Increase in other accounts receivable	**(6.5)**	(2.4)
Increase in trade accounts payable and other accounts payable	**1.0**	1.0
Net cash from operating activities	**25.4**	***58.7**
Cash flows from/ (used in) investing activities		
Net proceeds (payments) with respect to the combination with Cineworld (see Note 3)	**282.3**	(1.2)
Acquisition of additional shares of Ronson	**-**	(3.5)
Purchase of property and equipment and investment properties**	**(8.9)**	(22.3)
Investment in intangible assets	**(0.9)**	(6.9)
Proceeds from disposition of property and equipment and intangible assets	**-**	0.1
Loans to ultimate parent company	**(4.1)**	-
Net cash from/ (used in) investing activities	**268.4**	***(33.8)**

*Reclassified

** Taking into account movements in investment creditors.

The notes on pages 33 to 57 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	For the year ended 31 December	
	2014	2013
	EUR (millions)	
Cash flows used in financing activities		
Proceeds from long-term loans	**-**	43.9
Repayment of long-term loans	**(219.1)**	(55.2)
Decrease in long-term payables	**-**	(0.1)
Purchase of treasury shares	**(20.3)**	-
Payment of arrangement fees on loan	**-**	(4.8)
Short-term bank deposits collateralised	**-**	3.0
Decrease of short-term bank credit	**-**	(3.7)
Net cash used in financing activities	**(239.4)**	**(16.9)**
Foreign currency exchange differences on cash and cash equivalents	**3.5**	(0.3)
Increase in cash and cash equivalents	**57.9**	7.7
Cash and cash equivalents at beginning of year	**34.4**	26.7
Cash and cash equivalents at end of year	**92.3**	**34.4**

Non-cash investing activities:

Development cost incurred and not paid with respect to the Aqua Park	**2.0**	**-**

The notes on pages 33 to 57 are an integral part of these Consolidated Financial Statements.

Note 1 - Basis of preparation

A. 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 31 December 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 and associates, 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 3), the Company operates its cinema business through its interest in Cineworld, the second largest cinema operator in Europe.

The Annual Report 2014, including the Consolidated Financial Statements of the Group for the year ended 31 December 2014, is available upon request at the Company's registered office, Weena 210-212, 3012 NJ Rotterdam, the Netherlands, or at the Company's website: www.globalcityholdings.com.

B. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("IFRS EU") as well as in accordance with article 362.9 of the Netherlands Civil Code. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").
These Consolidated Financial statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

The financial statements were authorised for issue by the Board of Directors on 27 March 2015.

The accounting policies set out below have been applied consistently for all periods presented in these Consolidated Financial Statements and by all group entities except for as described in Note 3.

C. Basis of measurement

The financial statements are presented in Euro in millions. They are prepared on the historical cost basis except for investment property that is measured at fair value.

D. 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. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
The following accounting policies are particularly sensitive to management estimates and professional judgment:

- Measurement of investment properties
- Purchase price allocation in respect to acquisition of associate company

Note 1 - Basis of preparation (cont'd)

E. Principles of consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. Subsidiaries are those enterprises which are controlled by the Company. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. 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.

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 and joint ventures. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A list of the companies whose financial statements are included in the Consolidated Financial Statements and the extent of ownership and control appears in Note 20.

F. Foreign currency translation

Functional and presentation currency

The functional currencies of the operations in Europe are the relevant local currencies: the British Pound, the Bulgarian Leva, the Czech Crown and the Polish Zloty. The functional currency of the operations in Israel is the New Israeli shekel. The functional currency for the Dutch, and Slovakian operations is Euro. The Company presents its consolidated financial report in Euro since its operation is in the Euro zone where the Euro is considered as the main currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statements within 'finance income or expense', except when deferred in other comprehensive income as qualifying cash flow hedges.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into Euro (presentation currency) as follows:

- assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rate at the date of that balance sheet;
- income statement items are translated at the average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Note 1 - Basis of preparation (cont'd)

G. Exchange rates

Information relating to the relevant Euro exchange rates (at year-end and averages for the year):

	Exchange rate of Euro			
As at	**Czech crown (CZK)**	**Polish zloty (PLN)**	**British Pound (GBP)**	**Israeli shekel (NIS)**
31 December 2014	**27.74**	**4.27**	**0.78**	**4.72**
31 December 2013	27.43	4.15	0.83	4.78
Change year over year	**%**	**%**	**%**	**%**
2014 (12 months)	1.13	2.89	(6.02)	(1.26)
2013 (12 months)	9.24	1.72	1.22	(2.85)

	Exchange rate of Euro			
Average for the period	**Czech crown (CZK)**	**Polish zloty (PLN)**	**British Pound (GBP)**	**Israeli shekel (NIS)**
2014 (12 months)	**27.54**	**4.18**	**0.81**	**4.75**
2013 (12 months)	25.96	4.20	0.85	4.80
Change year over year	**%**	**%**	**%**	**%**
2014 (12 months)	6.09	(0.48)	(4.7)	(1.04)
2013 (12 months)	3.26	0.48	4.93	(3.03)

Since the exchange rate of the 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.

H. Language

The general shareholders meeting has decided to use the English and not Dutch language in the financial statements in accordance with art. 2:362 lid 7 jo. 2:391 lid 1 BW.

Note 2 - Summary of significant accounting policies

A. Investment in associate companies

Associates are entities where the Group has significant influence over financial and operating policies. This is presumed to exist when the Group holds 20% to 50% of the voting power of an entity. Investment in an associate comprises non-controlling interests held by the Group. The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the profit and loss and other comprehensive income of the associate since the acquisition date.

On acquisition of an investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

See Note 3 for additional information of the Group policy in respect to the acquisition of Cineworld.

B. Share capital

Incremental costs directly attributable to the issue or buying back of ordinary shares and to the issue of share options are recognised as a deduction, net of any tax effects, from equity through the share premium reserve.

C. Property and equipment

(1) Property and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditures for maintenance and repairs are charged to expenses as incurred, while renewals and improvements of a permanent nature are capitalised.

(2) Depreciation is calculated by means of the straight-line method over the estimated useful lives of the assets. Annual rates of depreciation are as follows:

	%
Buildings	2 - 3
Cinema equipment	Mainly 10
Leasehold improvements	Mainly 5
Computers, furniture and office equipment	6 - 33
Vehicles	15 - 20
Video movie cassettes and DVDs	50
Video machines	20

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(3) Leasehold improvements are depreciated over the estimated useful lives of the assets, or over the period of the lease, including certain renewal periods, if shorter.

(4) Constructions in progress contain cinemas and Aqua Park that are under development. Those projects are recognised at cost and are not depreciated until start of operations.

(5) Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

(6) The carrying amount of assets mentioned above is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of fair value less cost to sell and value in use.

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

(7) Financing expenses relating to short-term and long-term loans, which were taken for the purpose of purchasing or constructing property and equipment, as well as other costs which refer to the purchasing or constructing of property and equipment, are capitalised to property and equipment.

(8) Cinema real estate represents cinema complexes that are held by the Company and its subsidiaries. The Cinema real estate is leased to Cineworld (See also Note 3).

D. Investment properties

Investment property comprises shopping mall, office building and other real estate leased to third parties.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. Subsequent to the initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

E. Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is evaluated. Goodwill was tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

Impairment losses of continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

F. Financial assets

As at 31 December 2014, the Group's financial assets were cash and cash equivalents, loans and receivables which are initially recognised at fair value, but subsequently at amortised cost and included in current assets.

G. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash on hand and short-term deposits with a maturity of three months or less.

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

H. Other long and short-term liabilities

Other long and short-term liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Derecognition takes place when its contractual obligations are discharged or cancelled or expire.

I. Revenue recognition

Revenues are recognised when services are provided or upon delivery, as applicable, and collection is reasonably assured.

J. Operating costs

Operating costs comprise cost of theatre sales, distribution costs and general advertising expenses and other.

K. Financing income and expenses

Financing expenses comprise interest payable on borrowings calculated using the effective interest rate method.

Financing income is recognised in the income statement as it accrues, taking into account the effective yield on the asset and mainly comprised of interest receivable on funds invested.

L. Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.
Current tax is the expected tax payable on the taxable income for the year calculated at the applicable local tax rates.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities. The amount of deferred tax provided is based on the expected timing of the reversal of the temporary differences, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax assets and liabilities, and they relate to income taxes received by the same tax authority.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

M. Earnings per share

The computation of the basic earnings and per share is determined on the basis of the weighted average number of ordinary shares outstanding during the year net of treasury shares. The diluted earnings per share are determined by adjusting the net income attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares from share options granted to employees.

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

N. Segment reporting

Segment information is presented with respect to the Group's operating segments. The Group determines and presents operating segments based on the information provided to the Board of Directors which is the Group's chief operating decision makers.
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis.

O. Cash flow statement

The consolidated cash flow statement is presented using the indirect method. Cash flows in foreign currencies are translated into Euros using the applicable average exchange rate for the period.

P. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The table below provides the fair value measurement hierarchy of the Group's assets and liabilities:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2014, all financial assets and liabilities are measured at amortised cost which approximates their fair value and are categorised as Level 1.

Investment properties are categorised as Level 3, measured at fair value which is determined by independent real estate valuation experts based on the discounted cash flow approach. The determination of the fair value of the investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.

Q. New standards and interpretations not yet adopted

IFRS 15 Revenue from Contracts with Customers – effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval of these financial statements.
The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Note 3 - Investment in associates

I) Investment in Cineworld Group Plc.

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 ("CCH")) 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 Deputy Chief Executive Officer, respectively. 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 taxation. 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.
3. The Company agreed not to compete with the business of CCH for two years.
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 revenues in 2014 totalled EUR 6.5 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. Neither IFRS 10 nor IAS 28 addresses temporary loss of control. Based on the IFRS conceptual framework, the transferred business is no longer consolidated, but the recognition of the excess of the mutual exchanged compensations is recorded in equity, therefore:

   i. 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.

   ii. The cinema related real estate continues to be accounted for based on the cost basis.

   iii. The Company continues to review the cinema business as a reportable segment and accordingly the comparative information was reclassified as detailed in Note 19, and the Company' share in Cineworld results has been presented within operating income reflecting the continuation of cinema business operation as part of its core business.

Note 3 - Investment in associates (cont'd)

I) <u>Investment in Cineworld Group Plc. (cont'd)</u>

7. The following table summarizes the recognised amounts of identifiable assets and liabilities transferred and the consideration received:

	EUR (millions)
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	**608.2**
Cash received	367.0
Transactions costs	(11.2)
Investment in Cineworld	252.4
Total	**608.2**

b. Following the Completion date, the Company acquired in various transactions 11,025,108 shares in Cineworld at an average price of GBP 3.26 per share for a total consideration of EUR 45.4 million. As at 31 December 2014 and 27 March 2015, the Company owns 76,626,344 or 29.04% of shares in Cineworld.

c. On July 2014, the Company received the 2013 final Cineworld dividend of 6.4 pence per share. The Company's share in the dividend was GBP 4.3 million (EUR 5.3 million).
On October 2014, the Company received the 2014 interim Cineworld dividend of 3.8 pence per share. The Company's share in the dividend was GBP 2.7 million (EUR 3.5 million).
On 12 March 2015, The directors of Cineworld recommended to Cineworld' shareholders to approve the final 2014 dividend in respect of the 53 weeks ended 1 January 2015 of 9.7 pence per share. The Company's share in the dividend if approved is expected to be GBP 7.3 million (EUR 9.3 million).

Note 3 - Investment in associates (cont'd)

I) Investment in Cineworld Group Plc. (cont'd)

d. As mentioned above, the Company acquired additional shares of Cineworld during 2014, subsequent the Completion date. The accounting treatment and the allocation (which was determined by an independent valuator) of the investment in Cineworld accounted for as if the additional shares were acquired on the Completion date, using 29.04% interest, since the Completion date due to immaterial impact.

The following table summarizes the fair value of the investment components in Cineworld as at the Completion date:

	EUR (millions)
Share of net identifiable assets	**197.6**
Goodwill	**100.2**
	297.8

e. The following table illustrates the movements of the investment in Cineworld:

	For the year ended 31 December 2014 EUR (millions)
Investment recognised on the Completion date	**252.4**
Additional shares acquired	**45.4**
Share of net income	**17.2**
Dividends received	**(8.8)**
Share based compensation	**0.5**
Other comprehensive income	**2.0**
Balance at 31 December 2014	**308.7**

Note 3 - Investment in associates (cont'd)

I) Investment in Cineworld Group Plc. (cont'd)

f. The following table summarises the net identifiable assets of Cineworld:

	31 December 2014 EUR (millions)
Total identifiable non-current assets	**1,275.2**
Total identifiable current assets	**138.5**
Total identifiable non-current liabilities	**(512.7)**
Total identifiable current liabilities	**(196.0)**
Net identifiable assets	**705.0**

The following table summarises the results of Cineworld (including adjustments based on the equity method):

	For the period from Completion date to 31 December 2014 EUR (millions)
Revenues	**708.5**
Net income	**59.2**
Other comprehensive income	**6.9**

The reconciliation of the above summarised financial information to the carrying amount of the investment in Cineworld recognised in the Consolidated Financial Statements is as follows:

	31 December 2014 EUR (millions)
Cineworld net identifiable assets	705.0
The Company's interest in Cineworld	29.04%
Share of net identifiable assets	204.7
Goodwill recognised	104.0
	308.7

g. As at 31 December 2014, the fair value of the Group's interest in Cineworld was EUR 407.8 million, based on the quoted market price available on the London stock exchange, which is a level 1 input of the fair value hierarchy.

Note 3 - Investment in associates (cont'd)

II) <u>Investment in Ronson Europe N.V</u>

a. As at 31 December 2014 and 2013, the Group owns a 39.78% interest in Ronson Europe N.V. ("Ronson"), a Dutch holding company publicly listed on the Warsaw Stock Exchange, which is principally engaged in the development and sale of apartments in various cities in Poland. The Group together with U. Dori Group ("Dori"), which also owns a 39.78% interest, jointly control Ronson.

b. On 11 December 2014, the Company announced that together with Dori, the companies are exploring their strategic options regarding the sale of all or part of their shareholdings in Ronson. However, there is no certainty that such transaction shall be conducted and/or with respect to its terms.

c. The following table illustrates the movements of the investment in Ronson:

	For the year ended 31 December	
	2014	**2013**
	EUR (millions)	
Balance at beginning of the year	**44.6**	36.0
Acquisitions during the year	**-**	3.5
Share of net income (loss) (2013:including gain on bargain purchase)	**(1.5)**	6.4
Dividend received	**-**	(0.6)
Acquisition of non-controlling interests by Ronson	**-**	(0.2)
Other comprehensive loss	**(1.3)**	(0.5)
Balance at end of the year	**41.8**	44.6

Note 3 - Investment in associates (cont'd)

II) Investment in Ronson Europe N.V (cont'd)

d. The following table summarises the net identifiable assets of Ronson:

	31 December 2014	31 December 2013
	EUR (millions)	
Total identifiable non-current assets	**11.8**	11.3
Total identifiable current assets	**185.1**	168.3
Total identifiable non-current liabilities	**(57.9)**	(37.8)
Total identifiable current liabilities	**(33.9)**	(29.8)
Net assets	**105.1**	112.0

The following table summarises the results of Ronson (including adjustments based on the equity method):

	For the year ended 31 December 2014	For the year ended 31 December 2013
	EUR (millions)	
Revenues	**36.6**	49.4
Net (loss) income (excluding gain from bargain purchase)	**(3.7)**	4.4
Other comprehensive loss	**(3.3)**	(1.6)

The reconciliation of the above summarised financial information to the carrying amount of the investment in Ronson recognised in the Consolidated Financial Statements is as follows:

	31 December 2014
	EUR (millions)
Ronson net identifiable assets	105.1
The Group's interest in Ronson	39.78%
Share of net identifiable assets	**41.8**

e. As at 31 December 2014, the fair value of the Group's interest in Ronson Europe N.V. was EUR 37.8 million (31 December 2013: EUR 49.0 million), based on the quoted market price available on the Warsaw Stock Exchange , which is a level 1 input of the fair value hierarchy.

Note 4 - Cash and cash equivalents

Cash and cash equivalents comprise substantially of cash at banks and earn interest at floating rates based on daily bank deposit rates.

	31 December	
	2014	2013
	EUR (millions)	
Cash at bank and in hand	**92.3**	34.1
Short-term deposits	**-**	0.3
	92.3	34.4

Note 5 - Property, plant and equipment

	For the year ended 31 December 2014					
	Balance at beginning of year	Additions	Transfer through the Combination	Foreign currency translation adjustments	Sales and disposals	Balance at end of year
	EUR (million)					
Cost						
Land and buildings (*)	**167.9**	**9.6**	**(30.4)**	**(7.2)**	**-**	**139.9**
Cinema equipment	**226.3**	**0.3**	**(223.8)**	**(2.4)**	**(0.4)**	**-**
Leasehold improvements	**148.3**	**0.3**	**(146.9)**	**(1.3)**	**-**	**0.4**
Computers, furniture and office equipment	**10.9**	**0.1**	**(10.8)**	**(0.1)**	**-**	**0.1**
Vehicles	**2.2**	**0.2**	**(1.8)**	**(0.1)**	**(0.2)**	**0.3**
	555.6	**10.5**	**(413.7)**	**(11.1)**	**(0.6)**	**140.7**
Accumulated depreciation						
Land and buildings	**30.9**	**2.4**	**(23.9)**	**(5.7)**	**-**	**3.7**
Cinema equipment	**114.4**	**2.5**	**(115.6)**	**(0.9)**	**(0.4)**	**-**
Leasehold improvements	**67.4**	**1.3**	**(68.0)**	**(0.6)**	**-**	**0.1**
Computers, furniture and office equipment	**9.2**	**0.2**	**(9.2)**	**(0.2)**	**-**	**-**
Vehicles	**1.1**	**0.1**	**(1.0)**	**-**	**(0.1)**	**0.1**
	223.0	**6.5**	**(217.7)**	**(7.4)**	**(0.5)**	**3.9**
Carrying value	**332.6**	**4.0**	**(196.0)**	**(3.7)**	**(0.1)**	**136.8**

* including construction in progress

Note 6 - Investment property

As at 31 December 2014 and 2013, Investment property mainly comprises a shopping mall in Bulgaria, an office building and other real estate in Israel which are mainly leased to third parties.

Most of the leases contain an initial period between 1-10 years, with annual rent which mainly comprises of base rent and turnover rent. Rent is linked to the EU Harmonized Index of Consumer Price or to the Israeli Customer Price Index. Most of the rental contracts contain an extension option.

Investment property is stated at fair value using the discounted cash flow ("DFC") method, which has been determined based on valuations performed by independent valuators with a recognised and relevant professional qualification and with recent experience in the local markets and the specific categories of the investment properties valued.

The following primary inputs have been used for the main property (the shopping mall in Bulgaria):

- Annual yield rate of 11.0% (2013: 11.0%)
- Annual long term growth of 3% (2013: 3%)
- Average monthly rent price per square meter starting from EUR 6.1 in 2014 to 10.7 in 2018 (2013: 7.5 Euro in 2013 to 13.7 Euro in 2017).

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of future cash flows discounted by a market-derived discount rate to establish its present value. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

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

The table below presents the sensitivity of the results before tax as at 31 December 2014 and 2013 due to changes in underlying assumptions in relation to the investment property (the values are presented in absolute numbers as a change can either be positive or negative):

	31 December	
	2014	**2013**
	EUR (million)	
Change of 0.25% in yield rate	**0.7**	1.0
Change of 5% in estimated rental income	**3.1**	3.6

Note 6 - Investment property (cont'd)

Movements:	**For the year ended 31 December**	
	2014	**2013**
	EUR (million)	
Balance at beginning of the year	**71.6**	80.7
Acquisitions during the year	**0.1**	0.7
Foreign currency translation adjustments	**0.1**	0.4
Fair value adjustments	**(10.2)**	(10.2)
Balance at end of the year	**61.6**	71.6

Note 7 - Other accounts receivable

	31 December	
	2014	***2013**
	EUR (millions)	
Governmental institutions	**0.4**	1.9
Loans and accrued interest to ultimate parent company	**4.1**	-
Other	**0.6**	8.6
	5.1	10.5

*Reclassified

Note 8 - Equity

a) 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 31 December 2014 and 2013 was 51,200,000 and were fully paid. Each share is entitled for one vote and participation in dividends.

b) Treasury Shares

On 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.

Note 9 - Net earnings per share

The calculation of basic and diluted net earnings per share in 2014 was based on net income attributable to the equity holders of the company of EUR 18.4 million (2013: EUR 21.6 million), and a weighted average number of ordinary shares outstanding as presented below:

Weighted average number of ordinary shares (basic and diluted):

	For the year ended 31 December	
	2014	**2013**
	number of shares	
Number of ordinary shares at beginning of the year	**51,200,000**	51,200,000
Effect of purchase of treasury shares	**(1,721,211)**	-
Weighted average number of ordinary shares (basic)	**49,478,789**	51,200,000
Effect of share options issued and outstanding	**-**	17,105
Weighted average number of ordinary shares (diluted)	**49,478,789**	51,217,105
Net earnings per share attributable to equity holders of the company (basic and diluted)	**EUR 0.37**	EUR 0.42

Note 10 - Other accounts payable

	31 December	
	2014	***2013**
	EUR (millions)	
Accrued expenses	**3.5**	18.0
Government institutions	**0.2**	2.3
Employee and payroll accruals	**-**	2.7
Other	**0.4**	4.3
	4.1	27.3

*Reclassified

Note 11 - Commitment

On April 2014, the Company' subsidiary 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, The Company' subsidiary 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 hectares owned by the Company' subsidiaries. The agreement has been concluded for 20 years. 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. As at 31 December 2014, EUR 2 million of development cost were incurred and recorded as accrued expenses within other accounts payable and as addition to land and buildings within property, plant and equipment.

Note 12 - Revenues

	For the year ended 31 December	
	2014	*2013
	EUR (millions)	
Cinema business	**58.1**	294.3
Other	**4.4**	3.6
	62.5	297.9

* Reclassified

Note 13 - Operating costs

	For the year ended 31 December	
	2014	*2013
	EUR (millions)	
Cinema business	**35.0**	210.9
Depreciation and amortisation	**7.2**	31.4
Other costs	**1.8**	1.4
	44.0	243.7

* Reclassified

Note 14 - General and administrative expenses

	For the year ended 31 December	
	2014	2013
	EUR (millions)	
Personnel and other related costs	**2.6**	10.9
External services	**3.4**	2.8
Management board bonus and board remuneration	**1.2**	1.8
	7.2	15.5

Note 15 - Financial income/expenses

A. Financial income

	For the year ended 31 December	
	2014	2013
	EUR (millions)	
Interest income	**0.4**	0.2
Currency exchange gains	**5.2**	0.1
	5.6	0.3

Note 15 - Financial income/expenses (cont'd)

B. Financial expenses

	For the year ended 31 December	
	2014	2013
	EUR (millions)	
Interest expenses	**1.8**	*11.1
Currency exchange losses	**0.5**	0.3
	2.3	11.4

* Reclassified

Note 16 - Taxation

I. Tax laws applicable to the Group

1. Results of operations for tax purposes of the Company and its subsidiaries are computed in accordance with Dutch and local tax legislation.
2. Tax rates applicable to the Company and its subsidiaries are as follows:

Country of incorporation	Tax rate
Netherlands	25% - (2013 - 25%)
Czech Republic	19% - (2013 - 19%)
Poland	19% - (2013 -19%)
Israel	26.5% - (2013- 25%)
Bulgaria	10% - (2013 - 10%)
Slovakia	22% - (2013 -23%)
United Kingdom	21% - (2013 – 23%)

II. Deferred income taxes

As at 31 December 2014, the deferred tax asset was with respect to net operating losses carried forward and the deferred tax liability was with respect to property, plant and equipment.

The unused tax losses carried forward for which no deferred tax asset is recognised in the Consolidated Statement of Financial Position as at 31 December 2014 amounted to EUR 10.5 million.

Temporary differences related to property, plant and equipment for which no deferred tax asset is recognised in the Consolidated Statement of Financial Position as at 31 December 2014 amounted to EUR 45.0 million.

III. Income tax expenses in the consolidated income statements

	For the year ended 31 December	
	2014	2013
	EUR (millions)	
Current taxes	**0.3**	2.5
Deferred income taxes	**0.9**	0.2
In respect of previous years	**0.5**	(0.6)
	1.7	2.1

Note 16 - Taxation (cont'd)

IV. Tax reconciliation

The difference between the amount of tax calculated on income before taxation at the regular tax rate and the tax expenses included in the Consolidated Financial Statements is explained as follows:

	For the year ended 31 December	
	2014	**2013**
	EUR (millions)	
Tax calculated at the regular rate – 25% (before share of net income from associate companies)	**1.1**	4.3
Adjustment for reduced tax rate in foreign subsidiaries	**1.6**	(0.9)
Effect of change in future tax rates on deferred income taxes	**-**	0.2
Non-deductible expenses	**1.0**	1.0
Recognition of previously unrecognised tax losses	**(0.4)**	(1.4)
Income exempt from taxes	**(1.9)**	(1.4)
Taxes in respect of previous years	**0.5**	(0.6)
Other differences	**(0.2)**	0.9
Total recognised income tax expenses	**1.7**	2.1

Note 17- Related-party transactions

Related parties

- Entities under common control and associates;
- Individuals who, through ownership, have significant influence over the enterprise and close members of their families;
- Key management personnel, comprising Management and the Board of Directors.

The Greidinger family has indirect control of ITIT through its majority indirect shareholdings approximately 88% of the shares in ITIT are held indirectly by, Mr Moshe Greidinger ,Mr Israel Greidinger and their sisters.
Consequently, the ultimate controlling parties of the Company are Mr Moshe Greidinger and Mr Israel Greidinger, who both are Non-Executive Directors of the Company as at 31 December 2014.

Transactions with related parties

a. Loan facility to the Israel Theatres Ltd. Group ("the ultimate parent company")
In 2014, the Board of Directors approved a EUR 5 million interest bearing loan facility to the ultimate parent Company. Up to 31 December 2014 the ultimate parent company borrowed EUR 4.1 million which is recorded in other accounts receivable in the Consolidated Statements of Financial Position. The loans are unsecured.

b. Rental revenues
The Group's cinema real estate is leased to Cineworld pursuant to signed lease agreements. The rental revenues in 2014 totalled EUR 6.5 million. In addition the company leases offices and other cinema assets in Israel to the Cineworld group in the amount of EUR 0.6 million, these lease agreements were not part of the Combination.

Note 17- Related-party transactions (cont'd)

c. Indemnification agreement

The Company has an indemnification agreement with each executive officer and director. These agreements endeavour to fully indemnify and limit the personal liability of the officers and directors, in certain circumstances, both to the Company and to its shareholders, for acts or omissions by them in their official capacity. The Company has officers' and directors' liability insurance.

d. Board of Directors remuneration – Non-Executive Directors

The total remuneration of the Non-Executive Directors (including until 27 February 2014 the Supervisory Directors) is specified as follows:

	For the year ended 31 December	
	2014	**2013**
	EUR (thousands)	
Mr. Moshe Greidinger	**536**	-
Mr. Israel Greidinger	**539**	-
Mr. Mark B. Segall	**12**	-
Mr Scott S. Rosenblum (resigned 27/2/2014)	**12**	29
Ms Caroline Twist	**21**	18
Mr Frank Pierce (resigned 31/3/2014)	**11**	16
Mr Jonathan Chissick (resigned 31/3/2014)	**9**	9
Mr Peter Weishut	**23**	20
Mr Yair Shilhav	**27**	38
Total	**1,190**	130

e. Executive Director and Managing Director remuneration

	For the year ended 31 December	
	2014	**2013**
	EUR (thousands)	
Mr. Peter Dudolenski (appointed on 28 February 2014):		
Salary and other short-term benefits	**102**	-
Post-employment benefits	**3**	-
Management bonus	**-**	-
	105	-
Mr. Moshe Greidinger (until 27 February 2014):		
Salary and other short-term benefits	**41**	306
Post-employment benefits	**2**	17
Management bonus	**-**	887
	43	1,210
Mr. Israel Greidinger (until 27 February 2014):		
Salary and other short-term benefits	**35**	259
Post-employment benefits	**2**	14
Management bonus	**-**	444
	37	717
Total	**185**	1,927

Note 18 - Linkage terms of financial assets and liabilities

	31 December 2014				
	In or linked to EUR	In or linked to GBP	In or linked to PLN	In or linked to foreign currencies	Total
	EUR (millions)				
Assets					
Cash and cash equivalents	28.6	61.0	1.7	1.0	92.3
Trade accounts receivable	0.3	-	-	0.1	0.4
Other accounts receivable	0.9	-	0.1	3.8	4.8
	29.8	61.0	1.8	4.9	97.5
Liabilities					
Trade accounts payable	0.1	-	0.1	0.1	0.3
Other accounts payable	3.9	-	0.1	0.1	4.1
	4.0	-	0.2	0.2	4.4

Note 19 - Segment reporting

Upon the Combination, the Group has continued to review the cinema business as a reportable segment and accordingly:

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

	For the year ended 31 December 2014			
	EUR (millions)			
	Cinema business*	Other	Adjustments	Consolidated
Revenues	819.7	4.4	(761.6)	62.5
Operating income	97.8	1.4	(70.7)	28.5
Share of net loss of Ronson	-	(1.5)	-	(1.5)

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

Note 19 - Segment reporting (cont'd)

	31 December 2014 EUR (millions)			
	Cinema business	**Other**	**Adjustments**	**Consolidated**
Segment assets	**1,619.7***	**236.9**	**(1,209.1)**	**647.5**
Segment liabilities	**708.7****	**6.3**	**(708.7)**	**6.3**

*Including primarily the assets of Cineworld and the Company's cinema real estate.

** Comprised of liabilities of Cineworld.

	For the year ended 31 December 2013 EUR (millions)			
	Cinema business	**Other**	**Adjustments**	**Consolidated**
External revenues	294.3	3.6	-	297.9
Inter-segment revenues	-	0.9	(0.9)	-
Total revenues	294.3	4.5	(0.9)	297.9
Operating income	38.1	0.6	-	38.7
Share of net income of Ronson	-	6.4	-	6.4

	31 December 2013 EUR (millions)		
	Cinema business*	**Other**	**Consolidated**
Segment assets	341.0	203.5	544.5
Segment liabilities	265.4	2.9	268.3

*Reclassified

Note 20 - Details of corporations in the Group

	31 December 2014		
	Company's direct and indirect voting rights and equity share	Accounting	Country of incorporation
	%		
I.T. International Theatres 2004 Ltd.	100%	Consolidation	Israel
Mabat Ltd.	100%	Consolidation	Israel
Cinema Plus Ltd.	100%	Consolidation	Israel
Global City Investments B.V. (previously: Global City Real Estate B.V.)	100%	Consolidation	Netherlands
Global Parks Holding B.V.	100%	Consolidation	Netherlands
Global Parks Building Sp .Z o.o.	100%	Consolidation	Poland
Global Parks Continental Sp. Z o.o.	100%	Consolidation	Poland
Global Parks Poland Sp. Z o.o.	100%	Consolidation	Poland
Global Parks Horizon Sp. Z o.o.	100%	Consolidation	Poland
I.T.R. 2012 B.V.	100%	Consolidation	Netherlands
Rav Chen Real Estate Ltd.	100%	Consolidation	Israel
Theatraot Parking Ltd.	100%	Consolidation	Israel
Theatraot Management Ltd.	100%	Consolidation	Israel
M.O. Rousse AD	100%	Consolidation	Bulgaria
RESB EOOD	100%	Consolidation	Bulgaria
Park Tower EOOD	100%	Consolidation	Bulgaria
M.O. Stara Zagora EOOD	55%	Consolidation	Bulgaria
MOR Management EOOD	100%	Consolidation	Bulgaria
RN Development Holding B.V.	50%	Equity method	Netherlands
RN Residential B.V.	50%	Equity method	Netherlands
Global City Real Estate Poland Sp. Z o.o. (previously: Global Parks Universal Sp .Z o.o).	100%	Consolidation	Poland
Global City Real Estate Czech s.r.o	100%	Consolidation	Czech Republic
Global City Real Estate Slovakia s.r.o	100%	Consolidation	Slovakia
ITR Dori vof	50%	Equity Method	Netherlands
Cineworld Group Plc.	29.04%	Equity method	United Kingdom
Ronson Europe N.V.	39.78%	Equity method	Netherlands

Note 21 - Subsequent events

In connection with the Board of Directors' ongoing review of the Company's various strategic options since the combination in early 2014, at a meeting of the Board of Directors on 14 January 2015, the Board created a Special Committee of independent non-executive members with a broad mandate to review the strategic alternatives available to the Company. Following a detailed process, that included obtaining advice of counsel and outside financial advisors, the Special Committee recommended to the Board that the Company should delist its securities from the Warsaw Stock Exchange and offer the non-controlling shareholders the right to sell their shares to the Company through a public tender offer ("repurchase") by the Company.

Note 21 - Subsequent events (cont'd)

The Board, after careful consideration, recommended the delisting of the Company as soon as reasonably possible together with a public tender offer ("repurchase") by the Company at a price per share of approximately 40 PLN, which represents the 6 month average market price (subject to applicable withholding and other taxes, as the case may be) and would represent a fair price to the Shareholders.

Following this recommendation, the Company issued a detailed shareholder circular that was distributed to all of the Company's shareholders describing the Board's analysis and proposal, and calling for a shareholders' meeting to discuss the recommendation. The Company convened a "pre-meeting" of shareholders on 10 March 2015 in Warsaw at which the chairman of the Company presented the Board's analysis and recommendation. This was followed by the formal shareholders' meeting, which took place in Rotterdam, Netherlands on 20 March 2015.

On 23 March, 2015 The Board of Directors of the Company convened and, after a detailed review of the shareholder meetings and responses to the shareholder circular, approved the application for the delisting of its shares from trading. The Company filed such application with the Warsaw Stock Exchange later that day.

Signatories to the financial statements

Rotterdam, 27 March 2015

The Board of Directors

____
Mark B. Segall, Chairman
Non-Executive Director

_______________	_______________	_______________
Peter Dudolenski Executive Director	Israel Greidinger Non-Executive Director	Moshe Greidinger Non-Executive Director
_______________	_______________	_______________
Yair Shilhav Non-Executive Director	Caroline Twist Non-Executive Director	Peter Weishut Non-Executive Director

Company Statements of Financial Position
(before appropriation of the results)

	Note	31 December 2014	31 December 2013
		EUR (millions)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		**-**	8.8
Deferred tax asset	*5*	**0.3**	1.4
Non-current receivables		**-**	0.1
Investment in subsidiaries and associates	*3*	**537.7**	262.7
Total non-current assets		**538.0**	273.0
CURRENT ASSETS			
Receivables from subsidiaries	*6*	**22.2**	34.9
Trade account receivables		**-**	0.4
Other accounts receivables		**0.7**	1.4
Cash and cash equivalents		**79.5**	0.2
Total current assets		**102.4**	36.9
TOTAL ASSETS		**640.4**	309.9
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	*4*		
Share capital		**0.5**	0.5
Share premium reserve		**92.1**	92.1
Treasury shares		**(20.3)**	-
Accumulated other comprehensive loss		**(2.2)**	*(7.7)
Retained earnings		**180.7**	166.0
Legal Reserve with respect to associate companies		**10.9**	2.3
Capital reserve from combination		**359.7**	-
Net income for the year		**18.4**	21.6
Total shareholders' equity		**639.8**	274.8
CURRENT LIABILITIES			
Accounts payable		**0.5**	0.9
Payables to subsidiaries	*6*	**0.1**	34.2
Total current liabilities		**0.6**	35.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**640.4**	309.9

*Reclassified

The notes on pages 62 to 65 are an integral part of the Company Financial Statements.

Company income statements

	Note	For the year ended 31 December 2014	2013
		EUR (millions)	
Revenues		**0.6**	7.7
Cost of revenues		**-**	(7.5)
Gross profit		**0.6**	0.2
General and administrative expenses		**(1.8)**	(0.2)
Operating loss		**(1.2)**	(*)
Financial income		**4.9**	-
Financial expenses		**(0.7)**	(0.4)
		4.2	(0.4)
Income (loss) before taxation		**3.0**	(0.4)
Income tax (expense) benefit	*5*	**(1.1)**	0.2
Income (loss) after taxation		**1.9**	(0.2)
Results from subsidiaries and associates after taxation	*3*	**16.5**	21.8
Net income		**18.4**	21.6

* Less than 50 thousand EUR

The notes on pages 62 to 65 are an integral part of the Company Financial Statements.

Company Statements of Changes in Shareholders' Equity

	Share capital	Share premium reserve	Treasury shares	Capital reserve from Combination	Accumulated Other comprehensive loss*	Legal reserve with respect to associate companies	Retained earnings	Net income for the year	Total
	EUR (millions)								
Balance as at 1 January 2013	**0.5**	**92.1**	**-**	**-**	**(4.0)**	**1.4**	**142.9**	**24.8**	**257.7**
Profit appropriation prior year	-	-	-	-	-	-	24.8	(24.8)	-
Share-based payments	-	-	-	-	-	-	(0.6)	-	(0.6)
Net income	-	-	-	-	-	-	-	21.6	21.6
Share of net income of Ronson less dividend distributed	-	-	-	-	-	0.9	(0.9)	-	-
Other comprehensive loss*	-	-	-	-	(3.7)	-	-	-	(3.7)
Acquisition of non-controlling interests by Ronson	-	-	-	-	-	-	(0.2)	-	(0.2)
Balance as at 31 December 2013	**0.5**	**92.1**	**-**	**-**	**(7.7)**	**2.3**	**166.0**	**21.6**	**274.8**
Profit appropriation prior year	**-**	**-**	**-**	**-**	**-**	**-**	**21.6**	**(21.6)**	**-**
Share-based payments - Cineworld	**-**	**-**	**-**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
Other comprehensive income - Cineworld	**-**	**-**	**-**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
Net income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18.4**	**18.4**
Share of comprehensive income and other movements in equity of associates companies, less dividends distributed by associates	**-**	**-**	**-**	**-**	**(0.7)**	**8.6**	**(7.9)**	**-**	**-**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(0.6)**	**-**	**-**	**-**	**(0.6)**
Purchase of treasury shares	**-**	**-**	**(20.3)**	**-**	**-**	**-**	**-**	**-**	**(20.3)**
Combination with Cineworld	**-**	**-**	**-**	**359.7**	**6.8**	**-**	**-**	**-**	**366.5**
Balance as at 31 December 2014	**0.5**	**92.1**	**(20.3)**	**359.7**	**(2.2)**	**10.9**	**180.7**	**18.4**	**639.8**

*Reclassified

The notes on pages 62 to 65 are an integral part of the Company Financial Statements.

Company Statements of Cash Flows

	Note	For the year ended 31 December 2014	2013
		EUR (millions)	
Cash flows from/ (used in) operating activities			
Net income		**18.4**	21.6
Adjustments to reconcile net income to net cash from (used in) by operating activities:			
Depreciation and amortisation		**-**	*
Interest expense		**0.1**	0.4
Interest income		**(0.9)**	-
Interest received		**0.2**	-
Net results from subsidiaries and associates less dividends received	3	**(7.7)**	(21.8)
Share-based payments		**-**	(0.6)
Income tax expense (benefit)		**1.1**	(0.2)
Net cash from/ (used in) by operating activities before working capital		**11.2**	(0.6)
Changes in receivables from and payables to subsidiaries		**3.2**	3.8
Decrease/ (increase) in other receivable and related parties		**0.4**	(0.3)
Increase in accounts payable		**0.1**	0.4
Net cash from operating activities		**14.9**	3.3
Cash flows from/ (used in) investing activities			
Net proceeds (payments) with respect to the Combination with Cineworld		**312.9**	(1.2)
Investment in subsidiaries and associate		**(207.1)**	-
Loans to ultimate parent company		**(0.5)**	-
Loans to subsidiary		**(20.6)**	-
Net cash from / (used in) investing activities		**84.7**	(1.2)
Cash flows used in financing activities			
Purchase of Treasury shares		**(20.3)**	**-**
Payment of arrangement fees on loan		-	(4.8)
Net cash used in financing activities		**(20.3)**	(4.8)
Increase in cash and cash equivalents		**79.3**	(2.7)
Cash and cash equivalents at beginning of year		**0.2**	2.9
Cash and cash equivalents at end of year		**79.5**	0.2

* Less than 50 thousand EUR

The notes on pages 62 to 65 are an integral part of the Company Financial Statements.

Note 1 - General

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 31 December 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 and associates, 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 3 to the Consolidated Financial Statements), the Company operates its cinema business through its interest in Cineworld, the second largest cinema operator in Europe.

The Articles of Association of the Company were most recently amended on 1 July 2014.

Note 2 - Accounting principles

The Company’s financial statements have been prepared under the option of clause 362.8 of Part 9 of Book 2 of the Netherlands Civil Code, meaning that the accounting principles and measurement basis of the Company’s financial statements are similar to those applied with respect to the Consolidated Financial Statements (see Notes 1 and 2 to the consolidated financial statements), except for the valuation of investments in subsidiaries, joint ventures and associates which are valued using the net asset value method. The Company's financial statements have been prepared in conformity with generally accepted accounting principles in the Netherlands (‘Dutch GAAP’), whereas the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the EU and Dutch GAAP as described in Note 1 to the Consolidated Financial Statements.

Note 3 - Investment in subsidiaries and associates

The subsidiaries of the Company are valued at their net asset value. For the list of the Company's subsidiaries and associates, see Note 20 to the Consolidated Financial Statements.

The movements in subsidiaries and associates are as follows:

	For the year ended 31 December	
	2014	2013
	EUR (millions)	
Balance at beginning of the year	**262.7**	244.5
Acquisition of non-controlling interest by Ronson	**-**	(0.2)
Investments in subsidiaries and Cinewolrd, net	**248.4**	-
Capital reserve from Combination	**19.5**	-
Dividend distributed by Cineworld	**(8.8)**	-
Net income from subsidiaries and associates	**16.5**	21.8
Other comprehensive loss	**(1.1)**	(3.4)
Share based compensation - Cineworld	**0.5**	-
Balance at the end of the year	**537.7**	262.7

Note 4 - Shareholders' equity

See Note 8 to the Consolidated Financial Statements.

The Company's legal reserve (which are formed in accordance with Dutch law) comprise the accumulated comprehensive income and other movements in equity of associates less dividends distributed by associates. This legal reserve is not available for dividend distribution.

Note 5 - Income taxes

In 2014, deferred income tax expenses were recorded due to realisation of deferred tax asset with respect to carry forward losses.
Realisation of the deferred income tax asset is dependent upon generating sufficient taxable income in the period that the deferred income tax asset is realised. Based on all available information, it is probable that the deferred income tax asset is realisable and therefore the deferred tax asset is valued at EUR 0.3 million (31 December 2013: EUR 1.4 million).
The accumulated tax losses carried forward to 2015 are estimated to be EUR 1.2 million (31 December 2013: EUR 7.3 million).

Note 6 - Receivables from and payables to subsidiaries

The receivables from and payables to subsidiaries mainly relates to loans within the Group and other balances with respect to services provided between the Company and its direct or indirect subsidiaries. The interest rate on the loans in 2014 is 4.1% and the interest income, net in 2014 amounted to EUR 0.5 million (the interest expenses 2013: EUR 0.4 million).
All transactions have taken place at arm's length conditions.

Note 7- Directors' remuneration

Remuneration Non-Executive Directors
The total remuneration of Non - Executive Directors (including until 27 February 2014 the Supervisory Board Directors) is specified as follows:

	For the year ended 31 December	
	2014	**2013**
	EUR (thousands)	
Mr Moshe Greidinger	**13**	-
Mr Israel Greidinger	**16**	-
Mr Mark B. Segall	**12**	-
Mr Scott S. Rosenblum (resigned 27/2/2014)	**12**	29
Ms Caroline Twist	**21**	18
Mr Frank Pierce (resigned 31/3/2014)	**11**	16
Mr Jonathan Chissick (resigned 31/3/2014)	**9**	9
Mr Peter Weishut	**23**	20
Mr Yair Shilhav	**27**	38
Total	**144**	130

Note 8- Information about agreed-upon engagements of the Company's auditor

Information about the agreements and the values from those agreements is disclosed below:

	31 December	
	2014	**2013**
	EUR (thousands)	
Remuneration for audit BDO Audit & Assurance B.V. (1)	**38**	-
Remuneration for audit Ernst & Young Accountants LLP (1)	**-**	55
Remuneration for audit (other)(2)	**222**	316
Remuneration for other services(3)	**-**	324
	260	695

(1) This remuneration disclosure of the audit fee is in accordance with article 382a Title 9 Book 2 of the Dutch Civil Code.

(2) Remuneration for audit in 2014 and 2013 includes the amounts paid and due to BDO Audit & Assurance B.V.and Ernst & Young worldwide, respectively, for professional services related to audit and review of the consolidated financial statements and the Company's financial statements for the relevant year.

(3) Remuneration includes other services rendered by Ernst & Young worldwide.

Note 9 - Arrangement not shown in the balance sheet

As at 31 December 2014, the Company forms a fiscal unity for corporate income tax purposes with Global Parks Holding B.V., Global City Investments B.V. and ITR 2012 B.V. As a consequence, the Company and these group companies are jointly and severally liable for any tax liability of the fiscal unity. Foreign group companies are subject to foreign tax.

Note 10 - Subsequent events

See Note 21 to the consolidated financial statements**.**

Signatories to the financial statements

Rotterdam, 27 March 2015
The Board of Directors

____
Mark B. Segall, Chairman
Non-Executive Director

________________	________________	________________
Peter Dudolenski	Israel Greidinger	Moshe Greidinger
Executive Director	Non-Executive Director	Non-Executive Director
________________	________________	________________
Yair Shilhav	Caroline Twist	Peter Weishut
Non-Executive Director	Non-Executive Director	Non-Executive Director

Articles of Association rules regarding profit appropriation

26.1 The board, shall determine which portion of the profits - the positive balance of the profit and loss account - shall be reserved. The profit remaining after application of the previous sentence, if any, shall beat the disposal of the general meeting. The general meeting may resolve to partially or totally reserve such remaining profit A resolution to pay a dividend shall be dealt with as a separate agenda item at the general meeting.

26.2 The company can only make profit distributions to the extent its equity exceeds the paid and called up part of the capital increased with the reserves which must be maintained pursuant to the law.

26.3 Dividends shall be paid after the adoption of the annual accounts evidencing that the payment of dividends is lawful. The general meeting shall, upon a proposal of the board, at least determine (i) the method of payment in case payments are made in cash (ii) the date and (iii) the address or addresses on which the dividends shall be payable.

26.4 The board may resolve to pay interim dividends, and if the requirement of paragraph 2 of this article has been met as evidenced by an interim statement of assets and liabilities. Such interim statement shall relate to the condition of such assets and liabilities on a date no earlier than the first day of the third month preceding the month in which the resolution to distribute is published. It shall be prepared on the basis of generally acceptable valuation methods. The amounts to be reserved under law shall be included in such statement of assets and liabilities. The interim statement of assets and liabilities shall be signed by the directors, if the signature of one of them is missing, this fact and the reason for such omission shall be stated. The company shall deposit the statement of assets and liabilities with the trade register within eight days after the day on which the resolution to distribute is published.

26.5 The general meeting may, with due observance of paragraph 2 of this article and upon a proposal of the board, resolve to make distributions out of a reserve which need not be kept by law.

26.6 Cash payments in relation to bearer shares if and in as far as the distributions are payable outside the Netherlands, shall be made in the currency of the country where the shares are listed and in accordance with the applicable laws and regulations of the country in which the shares of the company have been admitted to an official listing on a regulated stock exchange. lf such currency is not the same as the legal tender in the Netherlands the amount shall be calculated against the exchange rate determined by the board at the end of the day prior to the day on which the general meeting shall resolve to make the distributions in accordance with article 26.1. If and in as far as the company on the first day on which the distribution is payable, pursuant to governmental measures or other extraordinary circumstances beyond its control is not able to pay on the place outside the Netherlands or in the relevant foreign currency, the board is authorized to determine to that extent that the payments shall be made in Netherlands currency and on one or more places in the Netherlands. In such case the provisions of the first sentence of this paragraph shall not apply.

26.7 The general meeting may, upon a proposal of the board, resolve to pay dividends or make distributions out of a reserve which need not be kept by law, wholly or partially, in the form of shares in the capita! of the company.

26.8 A claim of a shareholder to receive a distribution expires after five years.

26.9 For the calculation of the amount of the profit distribution, the shares held by the company in its own capital shall be excluded.

Subsequent events

Reference is made to Note 21 of the Consolidated Financial Statements.

Proposed profit appropriation

For the year ended 31 December 2014, management proposes to allocate the net profit for the year 2014 amounting to EUR 18.4 million to Retained earnings. This proposal has not been reflected in the Company Statement of Financial Position as at 31 December 2014.

Auditor’s report

The auditor’s report is set out on pages 67 to 71.

Independent auditor’s report

To: The shareholders and Board of Directors of Global City Holdings N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the accompanying financial statements for the year 2014 of Global City Holdings N.V. ("the Company"), based in Rotterdam. The financial statements include the consolidated financial statements and the Company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Global City Holdings N.V. as at 31 December 2014 and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
- the Company financial statements give a true and fair view of the financial position of Global City Holdings N.V. as at 31 December 2014 and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2014;
2. the following consolidated statements for 2014: statements of income and comprehensive income, changes in equity and cash flows for the year then ended; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

1. the Company statement of financial position as at 31 December 2014;
2. the Company statement of income for 2014; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of Global City Holdings N.V. in accordance with the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality
Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 1,181,000. The materiality is based on 5.9% of income before tax. We believe that basing our materiality on income before tax best reflects what is important for the users of the financial statements, considering the nature of the entity's business and industry as well as the entity's current operations. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Board of Directors that misstatements in excess of € 59,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
Global City Holdings N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Global City Holdings N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities based on relative size of the group entity on income before tax. Significant group entities are also determined based on specific risks of material misstatements. We have:

- performed audit procedures ourselves at Global City Holdings N.V.;
- used the work of other auditors when auditing the investments in Cineworld Group Plc and Ronson Europe N.V.
- performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment in Cineworld Group Plc., Temporary Loss of Control and Purchase Price Allocation
On 27 February 2014, the Company and Cineworld Group Plc (Cineworld) completed the combination of their cinema businesses. 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.
The Company and Cineworld Group Plc combined their cinema businesses. Refer to *Investment in Cineword Group Plc. and Purchase Price Allocation* for more information on the transaction.

Management believes that the loss of control of the cinema businesses is of temporary nature. Neither IFRS 10 nor IAS 28 addresses temporary loss of control. Based on the IFRS conceptual framework, the transferred business is no longer consolidated, but the recognition of the excess of the mutual exchanged compensations is recorded in equity, accordingly:

- The investment in Cineworld is accounted for using the equity method.
- 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 Capital Reserve from Combination in the statement of changes in equity.
- The cinema real estate leased to Cineworld continues to be accounted for based on the cost basis (vs. fair value).
- The Company continues to review the cinema business as a reportable segment and accordingly the segment note was changed as follows: Theatre and distribution operations were combined to reflect the "Cinema business"; The Cinema business segment also includes the figures of Cineworld (100%) and the Company's cinema real estate.

With the assistance of our IFRS specialists, various discussions with management and Board of Directors members, extensive research for similar circumstances and in-depth consideration of the substance and the lack of an on point literature, we evaluated management's accounting treatment.

Management allocated the excess of the purchase price over the net assets of Cineworld to intangible assets. We have used our own BDO valuation specialists to assist us in obtaining an understanding of management's analyses and to test the key assumptions and valuation models. We have evaluated the work of management, including the competence, capabilities, and objectivity of management with respect to the investment valuation assessment and the allocation of the purchase price. We have performed substantive audit procedures on the underlying factual information and calculations, had extensive discussions with management of the Company with respect to the key assumptions used and obtained collaborating evidence.

For more information about the investment in Cineworld, please refer to note 3.

Investment Properties

Investment properties mainly comprise of a shopping mall in Bulgaria, an office building and other real estate projects in Israel which are mainly leased to third parties. As disclosed in note 6, investment properties are stated at fair value using primarily the discounted cash flow method, which has been determined based on valuations performed by independent valuators with a recognised and relevant professional qualification and with recent experience in the local markets and the specific categories of the investment properties valued.

The Company has assessed the valuation of investment properties. We have used BDO valuation specialists and a third party valuation specialist to assist us in obtaining and understanding of management's analyses and to test the key assumptions and valuation models. We evaluated the work of management, including the competence, capabilities, and objectivity of management with respect to the investment property valuation assessment. We have performed substantive audit procedures on the underlying factual information and calculations, had extensive discussions with management of the Company with respect to the key assumptions used and obtained collaborating evidence.

For more information about investment properties, please refer to note 6.

Responsibilities of management and the Board of Directors for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code and for the preparation of the Board of Directors report in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information
Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- we report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement
We were engaged by the Board of Directors as auditor of Global City `s N.V. on 30 June 2014, as at the audit for year 2014 and have operated as statutory auditor ever since that date.

Amstelveen, 27 March 2015

For and on behalf of BDO Audit & Assurance B.V.,

J.A. de Rooij RA