READING INTERNATIONAL INC
Form 10-Q
August 06, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2010

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to ___________

Commission file number 1-8625
READING INTERNATIONAL, INC.
(Exact name of Registrant as specified in its charter)

NEVADA (State or other jurisdiction of incorporation or organization)	95-3885184 (IRS Employer Identification No.)
500 Citadel Drive, Suite 300 Commerce, CA (Address of principal executive offices)	90040 (Zip Code)

Registrant’s telephone number, including area code: (213) 235-2240

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer ¨ Accelerated filer þ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange

Act). Yes ¨ No þ

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of August 4, 2010, there were 21,308,823 shares of Class A Nonvoting Common stock, $0.01 par value per share and 1,495,490 shares of Class B Voting Common Stock, $0.01 par value per share outstanding.

READING INTERNATIONAL, INC. AND SUBSIDIARIES

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PART I – Financial Information

Item 1 – Financial Statements
Reading International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(U.S. dollars in thousands)

	June 30, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$26,495	$24,612
Receivables	6,449	9,458
Inventory	762	860
Investment in marketable securities	2,730	3,120
Restricted cash	1,728	321
Land held for sale	44,129	--
Prepaid and other current assets	2,860	3,078
Total current assets	85,153	41,449
Property held for and under development	31,833	78,676
Property & equipment, net	194,276	200,749
Investment in unconsolidated joint ventures and entities	8,980	9,732
Investment in Reading International Trust I	838	838
Goodwill	32,370	37,411
Intangible assets, net	21,336	22,655
Other assets	14,115	14,907
Total assets	$388,901	$406,417
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$13,304	$14,943
Film rent payable	6,232	7,256
Notes payable – current portion	90,418	7,914
Note payable to related party – current portion	--	14,000
Taxes payable	23,851	6,140
Deferred current revenue	6,125	6,968
Other current liabilities	177	457
Total current liabilities	140,107	57,678
Notes payable – long-term portion	91,347	177,166
Note payable to related party – long-term portion	9,000	--
Subordinated debt	27,913	27,913
Noncurrent tax liabilities	2,044	6,968
Deferred non-current revenue	102	577
Other liabilities	31,121	25,852
Total liabilities	301,634	296,154
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Class A Nonvoting Common Stock, par value $0.01, 100,000,000 shares authorized, 35,789,473 issued and 21,308,823 outstanding at June 30, 2010 and 35,610,857 issued	216	215

and 21,132,582 outstanding at December 31, 2009		
Class B Voting Common Stock, par value $0.01, 20,000,000 shares authorized and 1,495,490 issued and outstanding at June 30, 2010 and at December 31, 2009	15	15
Nonvoting preferred stock, par value $0.01, 12,000 shares authorized and no issued or outstanding shares at June 30, 2010 and at December 31, 2009	--	--
Additional paid-in capital	133,440	134,044
Accumulated deficit	(76,746)	(63,385)
Treasury shares	(3,765)	(3,514)
Accumulated other comprehensive income	33,023	41,514
Total Reading International, Inc. stockholders' equity	86,183	108,889
Noncontrolling interests	1,084	1,374
Total stockholders' equity	87,267	110,263
Total liabilities and stockholders' equity	$388,901	$406,417

See accompanying notes to unaudited condensed consolidated financial statements.

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Reading International, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
(U.S. dollars in thousands, except per share amounts)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Revenue				
Cinema	$52,433	$51,215	$106,279	$94,651
Real estate	4,599	3,207	8,902	6,849
	57,032	54,422	115,181	101,500
Operating expense				
Cinema	41,867	40,143	85,162	75,249
Real estate	2,224	1,632	4,491	3,439
Depreciation and amortization	3,865	3,324	7,768	7,168
Loss on transfer of real estate held for sale to continuing operations	--	549	--	549
Impairment expense	2,239	--	2,239	--
General and administrative	4,616	4,233	8,822	8,668
	54,811	49,881	108,482	95,073
Operating income	2,221	4,541	6,699	6,427
Interest income	364	219	646	737
Interest expense	(4,431)	(3,090)	(7,810)	(7,998)
Gain on retirement of subordinated debt (trust preferred securities)	--	10,714	--	10,714
Gain on sale of assets	351	--	351	--
Other income (expense), net	(131)	(1,921)	(713)	(2,716)
Income (loss) before income tax expense and equity earnings of unconsolidated joint ventures and entities	(1,626)	10,463	(827)	7,164
Income tax expense	(12,201)	(647)	(12,783)	(999)
Income (loss) before equity earnings of unconsolidated joint ventures and entities	(13,827)	9,816	(13,610)	6,165
Equity earnings of unconsolidated joint ventures and entities	266	164	617	659
Net income (loss)	$(13,561)	$9,980	$(12,993)	$6,824
Net income attributable to noncontrolling interest	(153)	(90)	(368)	(328)
Net income (loss) attributable to Reading International, Inc. common shareholders	$(13,714)	$9,890	$(13,361)	$6,496
Basic and diluted earnings (loss) per share attributable to Reading International, Inc. common shareholders	$(0.60)	$0.44	$(0.59)	$0.29
Weighted average number of shares outstanding – basic	22,797,534	22,653,050	22,754,599	22,616,193
Weighted average number of shares outstanding – dilutive	22,797,534	22,687,273	22,754,599	22,650,415

See accompanying notes to unaudited condensed consolidated financial statements.

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Reading International, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(U.S. dollars in thousands)

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Operating Activities		
Net income (loss)	$(12,993)	$6,824
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss recognized on foreign currency transactions	14	2,248
Equity earnings of unconsolidated joint ventures and entities	(617)	(659)
Distributions of earnings from unconsolidated joint ventures and entities	616	412
Loss provision on impairment of asset	2,239	--
Other-than-temporary loss on marketable securities	--	2,093
Gain on retirement of subordinated debt (trust preferred securities)	--	(10,714)
Gain on option termination	--	(1,530)
Loss on transfer of real estate held for sale to continuing operations	--	549
Gain on sale of assets	(351)	--
Depreciation and amortization	7,768	7,168
Amortization of prior service costs	152	142
Amortization of above and below market leases	480	431
Amortization of deferred financing costs	333	417
Amortization of straight-line rent	318	721
Stock based compensation expense	26	331
Changes in operating assets and liabilities:		
Decrease in receivables	2,786	1,416
(Increase) decrease in prepaid and other assets	382	(670)
Decrease in accounts payable and accrued expenses	(1,290)	(1,264)
Decrease in film rent payable	(859)	(1,234)
Increase taxes payable	12,797	159
Decrease in deferred revenues and other liabilities	(1,117)	(654)
Net cash provided by operating activities	10,684	6,186
Investing activities		
Acquisitions	(2,891)	--
Acquisition deposits paid	(223)	(147)
Purchases of and additions to property and equipment	(4,353)	(3,043)
Change in restricted cash	(1,477)	801
Purchase of marketable securities	--	(11,463)
Sale of marketable securities	29	--
Distributions of investment in unconsolidated joint ventures and entities	259	1,277
Option proceeds	--	284
Net cash used in investing activities	(8,656)	(12,291)
Financing activities		
Repayment of long-term borrowings	(13,811)	(5,468)
Proceeds from borrowings	15,525	1,453
Repurchase of Class A Nonvoting Common Stock	(251)	--
Proceeds from the exercise of stock options	248	--
Noncontrolling interest contributions	113	50
Noncontrolling interest distributions	(751)	(489)

Net cash provided by (used in) financing activities	1,073	(4,454)
Effect of exchange rate changes on cash and cash equivalents	(1,218)	884
Increase (decrease) in cash and cash equivalents	1,883	(9,675)
Cash and cash equivalents at beginning of period	24,612	30,874
Cash and cash equivalents at end of period	$26,495	$21,199
Supplemental Disclosures		
Interest paid	$6,963	$7,753
Income taxes paid	$469	$254
Non-cash transactions		
Reduction in note payable associated with acquisition purchase price adjustment	$4,381	$226
Deemed distribution	$877	$--
Capital lease asset addition	$4,697	$--
Capital lease obligation	$5,573	$--
Exchange of marketable securities for Reading International Trust I securities	$--	$(11,463)
Retirement of subordinated debt (trust preferred securities)	$--	$(23,634)
Retirement of Reading International Trust I securities	$--	$11,463
Retirement of investment in Reading International Trust I securities	$--	$709

See accompanying notes to unaudited condensed consolidated financial statements.

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Reading International, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
For the Six Months Ended June 30, 2010

Note 1 – Basis of Presentation

Reading International, Inc., a Nevada corporation ("RDI" and collectively with our consolidated subsidiaries and corporate predecessors, the "Company," "Reading" and "we," "us," or "our"), was founded in 1983 as a Delaware corporati and reincorporated in 1999 in Nevada. Our businesses consist primarily of:

- the development, ownership and operation of multiplex cinemas in the United States, Australia, and New Zealand; and

- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States.

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim reporting and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the Securities and Exchange Commission ("SEC") for interim reporting. As such, certain information and disclosures typically required by US GAAP for complete financial statements have been condensed or omitted. The financial information presented in this quarterly report on Form 10-Q for the period ended June 30, 2010 (the "June Report") should be read in conjunction with our 2009 Annual Report which contains the latest audited financial statements and related notes. The periods presented in this document are the three ("2010 Quarter") and six ("2010 Six Months") months ended June 30, 2010 and the three ("2009 Quarter") and six ("2009 Six Months") months ended June 30, 2009.

In the opinion of management, all adjustments of a normal recurring nature considered necessary to present fairly in all material respects our financial position, results of our operations, and cash flows as of and for the three and six months ended June 30, 2010 and 2009 have been made. The results of operations for the three and six months ended June 30, 2010 and 2009 are not necessarily indicative of the results of operations to be expected for the entire year.

Marketable Securities

We had investments in marketable securities of $2.7 million and $3.1 million at June 30, 2010 and December 31, 2009, respectively. We account for these investments as available for sale investments. We assess our investment in marketable securities for other-than-temporary impairments in accordance with Accounting Standards Codification ("ASC") 320-10 for each applicable reporting period. During the three and six months ended June 30, 2010, we did not record any other-than-temporary losses related to our marketable securities, whereas, during the three and six months ended June 30, 2009, we recorded losses of $1.3 million and $2.1 million on certain marketable securities. Additionally, these investments have a cumulative unrealized gain (temporary) of $265,000 included in accumulated other comprehensive income at June 30, 2010. For the three months and six months ended June 30, 2010, our net unrealized loss (temporary) on marketable securities was $474,000 and $256,000, respectively. For the three and six months ended June 30, 2009, our net unrealized gain (temporary) on marketable securities was $3,000 and $1,000, respectively.

Expiring Long-Term Debt

As indicated in our 2009 Annual Report, the term of our Australia Corporate Credit Facility matures on June 30, 2011. Accordingly, the outstanding balance of this debt is classified as current on our June 30, 2010 balance sheet. The Australia Corporate Credit Facility is secured by the majority of our theater and entertainment-themed retail center ("ETRC") properties in Australia. We are currently in the process of renegotiating this facility with our current lender while also seeking a replacement facility with other lenders. While no assurances can be given that we will be successful, we currently anticipate that the current facility will either be extended or replaced prior to maturity.

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Other Income/Loss

For the 2010 Quarter, we recorded an other loss of $131,000 compared to $1.9 million for the 2009 Quarter. For the 2010 Quarter, the $131,000 other loss included offsetting settlements related to our Burstone litigation and the 2008 sale of our interest in the Botany Downs cinema. For the 2009 Quarter, the $1.9 million other loss included a $2.2 million loss on foreign currency translation, a $1.3 million other-than-temporary loss on marketable securities, offset by a $1.5 million gain on the expiration of an option to purchase granted with respect to our Auburn property.

For the 2010 Six Months, we recorded an other loss of $713,000 compared to $2.7 million for the 2009 Six Months. For the 2010 Six Months, the $713,000 other loss included offsetting settlements related to our Burstone litigation and the 2008 sale of our interest in the Botany Downs cinema and a $605,000 of loss associated our Mackie litigation. For the 2009 Six Months, the $2.7 million other loss included a $2.2 million loss on foreign currency translation, a $2.0 million other-than-temporary loss on marketable securities, offset by a $1.5 million gain on the expiration of an option to purchase granted with respect to our Auburn property.

Deferred Leasing Costs

We amortize direct costs incurred in connection with obtaining tenants over the respective term of the lease on a straight-line basis.

Deferred Financing Costs

We amortize direct costs incurred in connection with obtaining financing over the term of the loan using the effective interest method, or the straight-line method, if the result is not materially different. In addition, interest on loans with increasing interest rates and scheduled principal pre-payments, is also recognized using the effective interest method.

Accounting Pronouncements Adopted During 2010

FASB ASU 2009-17 – Reporting on Variable Interest Entities

In December 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2009-17, "Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities." This ASU incorporates Statement of Financial Accounting Standards (SFAS) No. 167, "Amendments to FASB Interpretation No. 46(R)," issued by the FASB in June 2009. The amendments in this ASU replace the quantitative-based risks and rewards calculation for determining which reporting entity, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which reporting entity has the power to direct the activities of a variable interest entity that most significantly impact such entity's economic performance and (i) the obligation to absorb losses of such entity or (ii) the right to receive benefits from such entity. ASU 2009-17 also requires additional disclosures about a reporting entity's involvement in variable interest entities, which enhances the information provided to users of financial statements. We adopted ASU 2009-17 effective January 1, 2010. As a result of the fact that we have no variable interests in variable interest entities, the adoption of this ASU did not have a material impact on our financial position or results of operations.

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FASB ASU 2010-06 – Fair Value Measurements

In January 2010, the FASB issued ASU 2010-06 to the Fair Value Measurements and Disclosure topic of the Accounting Standards Codification. The ASU clarifies disclosure requirements relating to the level of disaggregation of disclosures relating to classes of assets and liabilities and disclosures about inputs and valuation techniques used to measure fair value for both recurring and nonrecurring fair value estimates for Level 2 or Level 3 assets and liabilities. These requirements of the ASU are effective for interim and annual disclosures for interim and annual reporting periods beginning after December 15, 2009. The adoption of these requirements of the ASU resulted in the disclosure by the Company of the inputs and valuation techniques used in preparing the nonrecurring fair value measurement of an impaired property for purpose of presentation in the Company's financial statements.

New Accounting Pronouncements

FASB ASU 2010-06 – Fair Value Measurements

The ASU also requires additional disclosures about the transfers of classifications among the fair value classification levels and the reasons for those changes and separate presentation of purchases, sales, issuances, and settlements in the presentation of the roll forward of Level 3 assets and liabilities. Those disclosures are effective for interim and annual reporting periods for fiscal years beginning after December 15, 2010. The adoption of this portion of the ASU is not expected to have a material effect on the Company's financial statements.

There were no other new accounting pronouncements issued during the 2010 Quarter that will have a material impact on our financial statements.

Note 2 –Equity and Stock Based Compensation

Equity Compensation

Landplan Property Partners, Pty Ltd

On April 1, 2010, we terminated our then existing contractual relationship with Doug Osborne, at that time the chief executive officer of our Landplan real estate operations. Mr. Osborne’s incentive interest in our various Landplan projects was valued at $0 and closed out at that time. Mr. Osborne continues to provide services to us on a non-exclusive independent contractor basis. As consideration for his future services on our behalf with respect to our Manukau properties, we have agreed to pay Mr. Osborne an amount equal to 7.5% of the net profit realized, if any, from our investment in these properties. Profits are to be measured based on our total investment, without taking into account amortization or depreciation, and capitalizing all costs related to the carrying, development, and/or disposition of the properties. Based on our total investment to date in these properties (measured as stated in the immediately preceding sentence), we do not currently anticipate a profit from these properties, and, as a result, we have booked no expense in the three or six months ended June 30, 2010 with respect to Mr. Osborne’s consulting services with respect to our Manukau properties. During the three and six months ended June 30, 2009, we expensed $5,000 and $55,000 associated with Mr. Osborne’s previous, contractual interest in the properties associated with Landplan Property Partners, Pty Ltd.

Stock Based Compensation

For the three and six months ended June 30, 2010, we recorded compensation expense of $0, and $4,000, respectively, and, for the three and six months ended June 30, 2009, we recorded compensation expense of $56,000, and $113,000, respectively, related to the vesting of all our restricted stock grants. During the six months ended June 30, 2010, we issued 143,462 of Class A Nonvoting Shares to an executive employee associated with his prior years' stock bonuses. For the three and six months, ended June 30, 2010, no restricted stock grants were made to our employees.

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Employee/Director Stock Option Plan

We have a long-term incentive stock option plan that provides for the grant to eligible employees, directors, and consultants of incentive or nonstatutory options to purchase shares of our Class A Nonvoting Common Stock. Our 1999 Stock Option Plan expired in November 2009, and has been replaced by our new 2010 Stock Incentive Plan, which was approved by the holders of our Class B Voting Common Stock in May 2010.

When the Company's tax deduction from an option exercise exceeds the compensation cost resulting from the option, a tax benefit is created. FASB ASC 718-40 relating to Stock-Based Compensation ("FASB ASC 718-40"), requires that excess tax benefits related to stock option exercises be reflected as financing cash inflows instead of operating cash inflows. For the three months ended June 30, 2010 and 2009, there was no impact to the unaudited condensed consolidated statement of cash flows because there were no recognized tax benefits from stock option exercises during these periods.

FASB ASC 718-40 requires companies to estimate forfeitures. Based on our historical experience and the relative market price to strike price of the options, we do not currently estimate any forfeitures of vested or unvested options.

In accordance with FASB ASC 718-40, we estimate the fair value of our options using the Black-Scholes option-pricing model, which takes into account assumptions such as the dividend yield, the risk-free interest rate, the expected stock price volatility, and the expected life of the options. We exclude the dividend yield from the calculation, as we intend to retain all earnings. We expense the estimated grant date fair values of options issued on a straight-line basis over the vesting period.

We granted no options in the three or six months ended June 30, 2010 or 2009.

Based on prior year's assumptions and in accordance with the FASB ASC 718-40 modified prospective method, we recorded compensation expense for the total estimated grant date fair value of stock options that vested of $8,000 and $22,000 for the three and six months ended June 30, 2010, respectively, and $58,000 and $218,000 for the three and six months ended June 30, 2009, respectively. At June 30, 2010, the total unrecognized estimated compensation cost related to non-vested stock options granted was $72,000, which we expect to recognize over a weighted average vesting period of 1.58 years. 60,000 and 90,000 options were exercised during the three and six months ended June 30, 2010 having a realized value of $91,000 and $138,000, respectively, for which we received $166,000 and $248,000, respectively, of cash. The grant date fair value of options vesting during the three and six months ended June 30, 2010 was $8,000 and $22,000, respectfully, and $58,000 and $218,000 for the three and six months ended June 30, 2009, respectively. The intrinsic, unrealized value of all options outstanding, vested and expected to vest, at June 30, 2010 was $74,000 of which 100% are currently exercisable.

Pursuant to both our 1999 Stock Option Plan and our 2010 Stock Incentive Plan, all stock options expire within ten years of their grant date. The aggregate total number of shares of Class A Nonvoting Common Stock authorized for issuance under our 2010 Stock Incentive Plan is 1,250,000. At the discretion of our Compensation and Stock Options Committee, the vesting period of stock options is usually between zero and four years.

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We had the following stock options outstanding and exercisable as of June 30, 2010 and December 31, 2009:

	Common Stock Options Outstanding		Weighted Average Exercise Price of Options Outstanding		Common Stock Exercisable Options		Weighted Average Price of Exercisable Options	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Outstanding- January 1, 2009	577,850	185,100	$5.60	$9.90	525,350	110,100	$5.19	$9.67
Granted	50,000	--	$4.01	$--				
Exercised	(3,000)	--	$3.80	$--				
Expired	(35,100)	(35,100)	$5.13	$8.47				
Outstanding- December 31, 2009	589,750	150,000	$5.51	$10.24	534,750	150,000	$5.62	$10.24
Exercised	(90,000)	--	$2.76	$--				
Outstanding-June 30, 2010	499,750	150,000	$6.00	$10.24	449,750	150,000	$6.22	$10.24

The weighted average remaining contractual life of all options outstanding, vested, and expected to vest at June 30, 2010 and December 31, 2009 was approximately 5.22 and 5.05 years, respectively. The weighted average remaining contractual life of the exercisable options outstanding at June 30, 2010 and December 31, 2009 was approximately 4.88 and 4.70 years, respectively.

Note 3 – Business Segments

We organize our operations into two reportable business segments within the meaning of FASB ASC 280-10 - Segment Reporting. Our reportable segments are (1) cinema exhibition and (2) real estate. The cinema exhibition segment is engaged in the development, ownership, and operation of multiplex cinemas. The real estate segment is engaged in the development, ownership, and operation of commercial properties. Incident to our real estate operations we have acquired, and continue to hold, raw land in urban and suburban centers in Australia and New Zealand.

During the six months ended June 30, 2010, we changed our reporting for intercompany property rent where our cinema operations were substantially the only tenant of such property by eliminating the intersegment revenue and expense relating to the intercompany rent, and transferring the third party lease costs from the real estate segment to the cinema segment. This change in management's structure of the reportable segments commenced on January 1, 2010, such changes to segment reporting are reflected in the segment results for the three and six months ended June 30, 2010 and 2009, respectively. The retroactive presentation for the three and six months ended June 30, 2009 segment results decreased intersegment revenue and expense for the intercompany rent by $1.0 million and $2.2 million, respectively, and transferred the third party lease costs from the real estate segment to the cinema segment. The overall results of these changes decreased real estate segment revenues and expense by $1.0 million and $2.2 million, respectively. This change results in a reduction of real estate operating expense and an increase of cinema operating expense of $1.0 million and $2.2 million, respectively, on our Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2009, respectively.

The tables below summarize the results of operations for each of our principal business segments for the three and six months ended June 30, 2010 and 2009, respectively. Operating expense includes costs associated with the day-to-day operations of the cinemas and the management of rental properties including our live theater assets (dollars in thousands):

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Three months ended June 30, 2010	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$52,433	$6,014	$ (1,415)	$57,032
Operating expense	43,282	2,224	(1,415)	44,091
Depreciation & amortization	2,555	1,118	--	3,673
Impairment expense	--	2,239	--	2,239
General & administrative expense	634	482	--	1,116
Segment operating income (loss)	$5,962	$(49)	$ --	$5,913

Three months ended June 30, 2009	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$51,215	$4,210	$ (1,003)	$54,422
Operating expense	41,146	1,632	(1,003)	41,775
Depreciation & amortization	2,576	754	--	3,330
Loss on transfer of real estate held for sale to continuing operations	--	549	--	549
General & administrative expense	765	189	--	954
Segment operating income	$6,728	$1,086	$ --	$7,814

Reconciliation to net income attributable to Reading International, Inc. shareholders:	2010 Quarter	2009 Quarter
Total segment operating income	$5,913	$7,814
Non-segment:		
Depreciation and amortization expense	192	(6)
General and administrative expense	3,500	3,279
Operating income	2,221	4,541
Interest expense, net	(4,067)	(2,871)
Gain on retirement of subordinated debt (trust preferred securities)	--	10,714
Gain on sale of assets	351	--
Other loss	(131)	(1,921)
Income tax expense	(12,201)	(647)
Equity earnings of unconsolidated joint ventures and entities	266	164
Net income (loss)	(13,561)	9,980
Net income attributable to the noncontrolling interest	(153)	(90)
Net income (loss) attributable to Reading International, Inc. common shareholders	$(13,714)	$9,890

Six months ended June 30, 2010	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$106,279	$11,713	$ (2,811)	$115,181
Operating expense	87,973	4,491	(2,811)	89,653
Depreciation & amortization	5,109	2,271	--	7,380
Impairment expense	--	2,239	--	2,239
General & administrative expense	1,226	706	--	1,932
Segment operating income	$11,971	$2,006	$ --	$13,977

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Six months ended June 30, 2009	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$94,651	$9,196	$ (2,347)	$101,500
Operating expense	77,596	3,439	(2,347)	78,688
Depreciation & amortization	5,485	1,435	--	6,920
Loss on transfer of real estate held for sale to continuing operations	--	549	--	549
General & administrative expense	1,567	370	--	1,937
Segment operating income	$10,003	$3,403	$ --	$13,406

Reconciliation to net income attributable to Reading International, Inc. shareholders:	2010 Six Months	2009 Six Months
Total segment operating income	$13,977	$13,406
Non-segment:		
Depreciation and amortization expense	388	248
General and administrative expense	6,890	6,731
Operating income	6,699	6,427
Interest expense, net	(7,164)	(7,261)
Gain on retirement of subordinated debt (trust preferred securities)	--	10,714
Gain on sale of assets	351	--
Other loss	(713)	(2,716)
Income tax expense	(12,783)	(999)
Equity earnings of unconsolidated joint ventures and entities	617	659
Net income (loss)	(12,993)	6,824
Net income attributable to the noncontrolling interest		