UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: June 30, 2013

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	**95-3885184**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
6100 Center Drive, Suite 900	90045
Los Angeles, CA	(Zip Code)
(Address of principal executive offices)	

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 8, 2013, there were 21,890,029 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.

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Item 1 - Financial Statements

Reading International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(U.S. dollars in thousands)

	June 30, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 42,362	$ 38,531
Time deposits	--	8,000
Receivables	8,548	8,514
Inventory	810	918
Investment in marketable securities	58	55
Restricted cash	788	2,465
Deferred tax asset	3,324	3,659
Prepaid and other current assets	3,409	3,576
Assets held for sale	11,344	--
Total current assets	70,643	65,718
Operating property, net	184,547	202,778
Investment and development property, net	74,119	94,922
Investment in unconsolidated joint ventures and entities	7,013	7,715
Investment in Reading International Trust I	838	838
Goodwill	21,702	22,898
Intangible assets, net	14,521	15,661
Deferred tax asset, net	6,920	8,989
Other assets	6,661	9,069
Total assets	$ 386,964	$ 428,588
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 16,309	$ 18,909
Film rent payable	9,699	6,657
Notes payable – current portion	79,406	19,714
Notes payable to related party – current portion	--	9,000
Income taxes payable	13,398	15,234
Deferred current revenue	9,383	11,587
Other current liabilities	6,132	6,032
Total current liabilities	134,327	87,133
Notes payable – long-term portion	67,352	139,970
Subordinated debt	27,913	27,913
Noncurrent tax liabilities	8,803	8,859
Other liabilities	31,835	33,759
Total liabilities	270,230	297,634
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Class A non-voting common stock, par value $0.01, 100,000,000 shares authorized, 32,241,699 issued and 21,877,529 outstanding at June 30, 2013 and 31,951,945 issued and 21,587,775 outstanding at December 31, 2012	224	223
Class B voting common stock, par value $0.01, 20,000,000 shares authorized and 1,495,490 issued and outstanding at June 30, 2013 and at December 31, 2012	15	15
Nonvoting preferred stock, par value $0.01, 12,000 shares authorized and no issued or outstanding shares at June 30, 2013 and December 31, 2012	--	--
Additional paid-in capital	136,984	136,754
Accumulated deficit	(63,525)	(66,993)
Treasury shares	(4,512)	(4,512)
Accumulated other comprehensive income	42,913	61,369
Total Reading International, Inc. stockholders' equity	112,099	126,856
Noncontrolling interests	4,635	4,098
Total stockholders' equity	116,734	130,954
Total liabilities and stockholders' equity	$ 386,964	$ 428,588

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Operating revenue				
Cinema	$ 64,659	$ 57,988	$ 119,429	$ 115,390
Real estate	4,983	4,959	9,780	9,988
Total operating revenue	69,642	62,947	129,209	125,378
Operating expense				
Cinema	51,095	46,465	97,130	92,798
Real estate	2,730	2,582	5,399	5,326
Depreciation and amortization	3,650	3,917	7,640	8,021
General and administrative	4,401	4,326	8,738	8,746
Total operating expense	61,876	57,290	118,907	114,891
Operating income	7,766	5,657	10,302	10,487
Interest income	199	193	248	393
Interest expense	(2,835)	(5,876)	(5,557)	(9,836)
Net loss on sale of assets	--	(2)	(7)	(2)
Other income	113	68	128	23
Income before income tax expense and equity earnings of unconsolidated joint ventures and entities	5,243	40	5,114	1,065
Income tax expense	(1,500)	(259)	(2,389)	(1,884)
Income (loss) before equity earnings of unconsolidated joint ventures and entities	3,743	(219)	2,725	(819)
Equity earnings of unconsolidated joint ventures and entities	432	399	779	812
Income (loss) before discontinued operations	4,175	180	3,504	(7)
Income from discontinued operations, net of tax	--	44	--	120
Net income	$ 4,175	$ 224	$ 3,504	$ 113
Net (income) loss attributable to noncontrolling interests	(40)	15	(36)	(116)
Net income (loss) attributable to Reading International, Inc. common shareholders	$ 4,135	$ 239	$ 3,468	$ (3)
Basic earnings (loss) per common share attributable to Reading International, Inc. shareholders:				
Earnings (loss) from continuing operations	$ 0.18	$ 0.01	$ 0.15	$ (0.01)
Earnings from discontinued operations, net	0.00	0.00	0.00	0.01
Basic earnings per share attributable to Reading International, Inc. shareholders	$ 0.18	$ 0.01	$ 0.15	$ 0.00
Diluted earnings (loss) per common share attributable to Reading International, Inc. shareholders:				
Earnings (loss) from continuing operations	$ 0.18	$ 0.01	$ 0.15	$ (0.01)
Earnings from discontinued operations, net	0.00	0.00	0.00	0.01
Diluted earnings per share attributable to Reading International, Inc. shareholders	$ 0.18	$ 0.01	$ 0.15	$ 0.00
Weighted average number of shares outstanding–basic	23,344,057	23,009,209	23,305,466	22,969,392
Weighted average number of shares outstanding–diluted	23,447,250	23,177,815	23,408,659	22,969,392

See accompanying notes to consolidated financial statements.

Reading International, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(U.S. dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Net income	$ 4,175	$ 224	$ 3,504	$ 113
Foreign currency translation gain (loss)	(19,874)	(3,206)	(18,863)	789
Realized gain on available for sale investments	--	--	--	(109)
Unrealized gain on available for sale investments	6	3	5	102
Amortization of pension prior service costs	165	76	330	152
Comprehensive loss	(15,528)	(2,903)	(15,024)	1,047
Net (income) loss attributable to noncontrolling interest	(40)	15	(36)	(116)
Comprehensive income attributable to noncontrolling interest	71	9	72	4
Comprehensive loss attributable to Reading International, Inc.	$ (15,497)	$ (2,879)	$ (14,988)	$ 935

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2013	**2012**
Operating Activities		
Net income	$ 3,504	$ 113
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain (loss) recognized on foreign currency transactions	33	(19)
Equity earnings of unconsolidated joint ventures and entities	(779)	(812)
Distributions of earnings from unconsolidated joint ventures and entities	600	911
Loss on sale of assets	7	2
Change in valuation allowance on net deferred tax assets	1,007	373
Gain on sale of marketable securities	--	(109)
Depreciation and amortization	7,640	8,204
Amortization of prior service costs	330	152
Amortization of above and below market leases	183	204
Amortization of deferred financing costs	563	657
Amortization of straight-line rent	406	395
Stock based compensation expense	130	213
Changes in assets and liabilities:		
(Increase) decrease in receivables	(569)	232
(Increase) decrease in prepaid and other assets	(692)	170
Decrease in accounts payable and accrued expenses	(1,600)	(302)
Increase (decrease) in film rent payable	3,492	(222)
Decrease in taxes payable	(2,070)	(1,921)
Decrease in deferred revenue and other liabilities	(2,697)	(1)
Net cash provided by operating activities	9,488	8,240
Investing Activities		
Acquisition of property	--	(5,510)
Purchases of and additions to property and equipment	(3,424)	(3,188)
Change in restricted cash	1,657	33
Purchase of notes receivable	--	(1,800)
Proceeds from notes receivable	2,000	--
Sale of marketable securities	--	2,974
Distributions of investment in unconsolidated joint ventures and entities	59	132
Proceeds from sale of property	--	1,862
Purchase of time deposits	--	(8,000)
Proceeds of time deposits	8,000	--
Net cash provided by (used in) investing activities	8,292	(13,497)
Financing Activities		
Repayment of long-term borrowings	(22,097)	(22,510)
Proceeds from borrowings	12,500	15,945
Capitalized borrowing costs	(103)	(445)
Proceeds from the exercise of stock options	200	308
Noncontrolling interest contributions	263	3,275
Noncontrolling interest distributions	(2,016)	--
Net cash used in financing activities	(11,253)	(3,427)
Effect of exchange rate on cash	(2,696)	(235)
Increase (decrease) in cash and cash equivalents	3,831	(8,919)
Cash and cash equivalents at the beginning of the period	38,531	31,597
Cash and cash equivalents at the end of the period	$ 42,362	$ 22,678
Supplemental Disclosures		
Cash paid during the period for:		
Interest on borrowings	$ 5,981	$ 7,912
Income taxes	3,961	3,706
Non-Cash Transactions		
Noncontrolling interest contribution in exchange for debt reduction - related party	$ 2,250	$ --
Acquisition of noncontrolling interest	101	--
Noncontrolling interest contribution from bonus accrual	--	255

See accompanying notes to consolidated financial statements.

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 corporation 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, 2013 (the "June Report") should be read in conjunction with our Annual Report filed on Form 10-K for the year ended December 31, 2012 (our "2012 Annual Report") which contains the latest audited financial statements and related notes. The periods presented in this document are the three ("2013 Quarter") and six ("2013 Six Months") months ended June 30, 2013 and the three ("2012 Quarter") and six ("2012 Six Months") months ended June 30, 2012.

In the opinion of management, all adjustments of a normal recurring nature considered necessary to present fairly in all material respects our financial position as of June 30, 2013 and our results of our operations and cash flows for the three and six months ended June 30, 2013 and 2012 have been made. The results of operations for the three and six months ended June 30, 2013 are not necessarily indicative of the results of operations to be expected for the entire year.

Expiring Debt and Liquidity Requirements

Expiring Long-Term Debt

As indicated in our 2012 Annual Report, the term of our Australian NAB Corporate Term Loan matures on June 30, 2014. Accordingly, the outstanding balance of this debt of $62.3 million (AUS$68.0 million) is classified as current on our June 30, 2013 balance sheet. The Australian NAB Corporate Term Loan is secured by the majority of our theater and entertainment-themed retail center ("ETRC") properties in Australia.

Additionally, the term of our US Cinema 1, 2, 3 Term Loan matures on June 27, 2014. Accordingly, the outstanding balance of this debt of $15.0 million is classified as current on our June 30, 2013 balance sheet.

We are currently in the process of renegotiating these loans with our current lenders while also seeking possible replacement loans with other lenders. While no assurances can be given that we will be successful, we currently anticipate that these loans will either be extended or replaced prior to their maturities.

Liberty Theatre Term Loans

On May 29, 2013, we replaced our Liberty Theater Term Loan with a loan securitized by our Orpheum and Minetta Lane theaters with a note balance of $7.5 million. For more details on this new loan, see Note 11 – Notes Payable.

Tax Settlement Liability

As indicated in our 2012 Annual Report, in accordance with the agreement between the U.S. Internal Revenue Service and our subsidiary, Craig Corporation, we are obligated to pay $290,000 per month, $3.5 million per year, in settlement of our tax liability for the tax year ended June 30, 1997.

For the abovementioned liabilities, we believe that we have sufficient borrowing capacity under our various credit facilities, together with our $42.4 million of cash and cash equivalents, to meet our anticipated short-term working capital requirements for the next twelve months.

<u>Marketable Securities</u>

We had investments in marketable securities of $58,000 and $55,000 at June 30, 2013 and December 31, 2012, 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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 320-10 for each applicable reporting period. These investments have a cumulative gain of $14,000 included in accumulated other comprehensive income at June 30, 2013. For the three and six months ended June 30, 2013, our net unrealized gain on marketable securities was $6,000 and $5,000, respectively. For the three and six months ended June 30, 2012, our net unrealized gain (loss) on marketable securities was $3,000 and ($7,000), respectively. During the six months ended June 30, 2012, we sold $3.0 million of our marketable securities with a realized gain of $3,000. During the six months ended June 30, 2013, we did not buy or sell any marketable securities.

<u>Deferred Leasing Costs</u>

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

<u>Deferred Financing Costs</u>

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.

<u>Accounting Pronouncements Adopted During 2013</u>

No new pronouncements were adopted during the six months ended June 30, 2013.

<u>New Accounting Pronouncements</u>

No new pronouncements were made pertaining to our Company's accounting during the six months ended June 30, 2013.

Note 2 – Equity and Stock Based Compensation

Stock-Based Compensation

During the six months ended June 30, 2013 and 2012, we issued 217,890 and 155,925, respectively, of Class A Nonvoting shares to an executive employee associated with the vesting of his prior years' stock grants. During the three and six months ended June 30, 2013, we accrued $188,000 and $376,000, respectively, in compensation expense associated with the vesting of executive employee stock grants. During the three and six months ended June 30, 2012, we accrued $238,000 and $476,000, respectively, in compensation expense associated with the vesting of executive employee stock grants.

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 and Class B Voting Common Stock. Currently we issue options under our 2010 Stock Incentive Plan.

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 718-20 relating to Stock-Based Compensation ("FASB ASC 718-20"), requires that excess tax benefits related to stock option exercises be reflected as financing cash inflows instead of operating cash inflows. For the three and six months ended June 30, 2013 and 2012, 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 718-20 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 718-20, 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. As we intend to retain all earnings, we exclude the dividend yield from the calculation. We expense the estimated grant date fair values of options issued on a straight-line basis over the vesting period.

For the 50,000 and 40,000 options granted during the six months ended June 30, 2013 and 2012, respectively, we estimated the fair value of these options at the date of grant using a Black-Scholes option-pricing model with the following weighted average assumptions:

	2013	2012
Stock option exercise price	$5.89	$4.99
Risk-free interest rate	2.260%	1.710%
Expected dividend yield	--	--
Expected option life in years	5	10
Expected volatility	31.89%	31.87%
Weighted average fair value	$1.89	$2.19

Based on the above calculation and prior years' assumptions, and, in accordance with the FASB ASC 718-20, we recorded compensation expense for the total estimated grant date fair value of $77,000 and $130,000 for the three and six months ended June 30, 2013, respectively, and $89,000 and $169,000 for the three and six months ended June 30, 2012, respectively. At June 30, 2013, the total unrecognized estimated compensation cost related to non-vested stock options granted was $241,000, which we expect to recognize over a weighted average vesting period of 2.16 years. 50,000 options were exercised during the six months ended June 30, 2013 having an intrinsic value of $99,500 for which we received $200,500 of cash and 95,000 options were exercised during the six months ended June 30, 2012 having an intrinsic value of $136,000 for which we received $308,000 of cash. Additionally, 75,000 options were exercised during the six months ended June 30, 2013 having an intrinsic value of $124,000 for which we did not receive any cash but the employee elected to exchange 53,136 personally owned shares of the company at a market price of $5.66 per share for the 75,000 shares based on an exercise price of $4.01 for the related options. The intrinsic, unrealized value of all options outstanding, vested and expected to vest, at June 30, 2013 was $372,000 of which 92.8% 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 and Class B Voting 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.

We had the following stock options outstanding and exercisable as of June 30, 2013 and December 31, 2012:

	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, 2012	622,350	185,100	$ 5.65	$ 9.90	544,383	167,550	$ 5.86	$ 10.05
Granted	206,000	--	$ 5.94	$ --				
Exercised	(136,000)	--	$ 4.68	$ --				
Expired	(20,000)	--	$ 3.75	$ --				
Outstanding - December 31, 2012	672,350	185,100	$ 6.24	$ 9.90	546,350	185,100	$ 6.26	$ 9.90
Granted	50,000	--	$ 5.89	$ --				
Exercised	(125,000)	--	$ 4.01	$ --				
Outstanding - June 30, 2013	597,350	185,100	$ 6.67	$ 9.90	471,350	185,100	$ 6.81	$ 9.90

The weighted average remaining contractual life of all options outstanding, vested, and expected to vest at June 30, 2013 and December 31, 2012 was approximately 5.19 and 5.32 years, respectively. The weighted average remaining contractual life of the exercisable options outstanding at June 30, 2013 and December 31, 2012 was approximately 3.99 and 4.28 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, New Zealand, and the United States.

The tables below summarize the results of operations for each of our principal business segments for the three and six months ended June 30, 2013 and 2012, 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):

Three Months Ended June 30, 2013	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$ 64,659	$ 6,896	$ (1,913)	$ 69,642
Operating expense	53,008	2,730	(1,913)	53,825
Depreciation and amortization	2,525	1,015	--	3,540
General and administrative expense	801	214	--	1,015
Segment operating income	$ 8,325	$ 2,937	$ --	$ 11,262

Three Months Ended June 30, 2012	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$ 57,988	$ 6,841	$ (1,882)	$ 62,947
Operating expense	48,347	2,582	(1,882)	49,047
Depreciation and amortization	2,733	1,087	--	3,820
General and administrative expense	782	146	--	928
Segment operating income	$ 6,126	$ 3,026	$ --	$ 9,152

Reconciliation to net income attributable to Reading International, Inc. shareholders:	**2013 Quarter**	**2012 Quarter**
Total segment operating income	$ 11,262	$ 9,152
Non-segment:		
Depreciation and amortization expense	110	97
General and administrative expense	3,386	3,398
Operating income	7,766	5,657
Interest expense, net	(2,636)	(5,683)
Other income	113	68
Loss on sale of assets	--	(2)
Income tax expense	(1,500)	(259)
Equity earnings of unconsolidated joint ventures and entities	432	399
Income from discontinued operations	--	44
Net income	$ 4,175	$ 224
Net (income) loss attributable to noncontrolling interests	(40)	15
Net income attributable to Reading International, Inc. common shareholders	$ 4,135	$ 239

Six Months Ended June 30, 2013	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$ 119,429	$ 13,606	$ (3,826)	$ 129,209
Operating expense	100,956	5,399	(3,826)	102,529
Depreciation and amortization	5,285	2,134	--	7,419
General and administrative expense	1,571	334	--	1,905
Segment operating income	$ 11,617	$ 5,739	$ --	$ 17,356

Six Months Ended June 30, 2012	Cinema Exhibition	Real Estate	Intersegment Eliminations	Total
Revenue	$ 115,390	$ 13,753	$ (3,765)	$ 125,378
Operating expense	96,563	5,326	(3,765)	98,124
Depreciation and amortization	5,563	2,222	--	7,785
General and administrative expense	1,484	325	--	1,809
Segment operating income	$ 11,780	$ 5,880	$ --	$ 17,660

Reconciliation to net income attributable to Reading International, Inc. shareholders:	2013 Six Months	2012 Six Months
Total segment operating income	$ 17,356	$ 17,660
Non-segment:		
Depreciation and amortization expense	221	236
General and administrative expense	6,833	6,937
Operating income	10,302	10,487
Interest expense, net	(5,309)	(9,443)
Other income	128	23
Loss on sale of assets	(7)	(2)
Income tax expense	(2,389)	(1,884)
Equity earnings of unconsolidated joint ventures and entities	779	812
Income from discontinued operations	--	120
Net income	$ 3,504	$ 113
Net income attributable to noncontrolling interests	(36)	(116)
Net income (loss) attributable to Reading International, Inc. common shareholders	$ 3,468	$ (3)

Note 4 – Operations in Foreign Currency

We have significant assets in Australia and New Zealand. To the extent possible, we conduct our Australian and New Zealand operations on a self-funding basis. The carrying value of our Australian and New Zealand assets and liabilities fluctuate due to changes in the exchange rates between the U.S. dollar and the functional currency of Australia (Australian dollar) and New Zealand (New Zealand dollar). We have no derivative financial instruments to hedge against the risk of foreign currency exposure.

Presented in the table below are the currency exchange rates for Australia and New Zealand as of June 30, 2013 and December 31, 2012:

	U.S. Dollar	
	June 30, 2013	December 31, 2012
Australian Dollar	0.9165	1.0393
New Zealand Dollar	0.7755	0.8267

Note 5 – Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to Reading International, Inc. common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net income (loss) attributable to Reading International, Inc. common shareholders by the weighted average number of common shares outstanding during the period after giving effect to all potentially dilutive common shares that would have been outstanding if the dilutive common shares had been issued. Stock options and non-vested stock awards give rise to potentially dilutive common shares. In accordance with FASB ASC 260-10 - Earnings Per Share, these shares are included in the diluted earnings per share calculation under the treasury stock method. The following is a calculation of earnings (loss) per share (dollars in thousands, except share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income (loss) from continuing operations	$ 4,135	$ 195	$ 3,468	$ (123)
Income from discontinued operations	--	44	--	120
Net income (loss) attributable to Reading International, Inc. common shareholders	4,135	239	3,468	(3)
Basic earnings (loss) per common share attributable to Reading International, Inc. shareholders:				
Earnings (loss) from continuing operations	$ 0.18	$ 0.01	$ 0.15	$ (0.01)
Earnings from discontinued operations, net	0.00	0.00	0.00	0.01
Basic earnings per share attributable to Reading International, Inc. shareholders	$ 0.18	$ 0.01	$ 0.15	$ 0.00
Diluted earnings (loss) per common share attributable to Reading International, Inc. shareholders:				
Earnings (loss) from continuing operations	$ 0.18	$ 0.01	$ 0.15	$ (0.01)
Earnings from discontinued operations, net	0.00	0.00	0.00	0.01
Diluted earnings per share attributable to Reading International, Inc. shareholders	$ 0.18	$ 0.01	$ 0.15	$ 0.00
Weighted average shares of common stock – basic	23,344,057	23,009,209	23,305,466	22,969,392
Weighted average shares of common stock – diluted	23,447,250	23,177,815	23,408,659	22,969,392

For the three and six months ended June 30, 2013, the weighted average common stock – diluted included 103,193 of common stock compensation and in-the-money incremental stock options and for the three months ended June 30, 2012, the weighted average common stock – diluted included 168,606 of common stock compensation and in-the-money incremental stock options. For the six months ended June 30, 2012, we recorded losses from continuing operations; therefore, we excluded 168,606 of in-the-money incremental stock options from the computation of diluted loss per share because they were anti-dilutive. In addition, 741,861 of out-of-the-money stock options were excluded from the computation of diluted earnings (loss) per share for the three and six months ended June 30, 2013, and 692,789 of out-of-the-money stock options were excluded from the computation of diluted earnings (loss) per share for the three and six months ended June 30, 2012.

Note 6 – Property and Equipment

Acquisitions

Coachella, California Land Acquisition

On January 10, 2012, Shadow View Land and Farming, LLC, a limited liability company owned by our Company, acquired a 202-acre property, zoned for the development of up to 843 single-family residential units, located in the City of Coachella, California. The property was acquired at a foreclosure auction for $5.5 million which currently has a net carrying value of $4.0 million. The property was acquired as a long-term investment in developable land. Half of the funds used to acquire the land were provided by Mr. James J. Cotter, our Chairman, Chief Executive Officer and controlling shareholder. Upon the approval of our Conflicts Committee, these funds were converted on January 18, 2012 into a 50% interest in Shadow View Land and Farming, LLC. We are the managing member of this company.

Disposals

Indooroopilly Sale

On November 20, 2012, we sold our Indooroopilly property for $12.4 million (AUS$12.0 million). This property's operational results are included in income (loss) from discontinued operations on our Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2012. The condensed statement of operations for Indooroopilly is as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Revenue	$ --	$ 196	$ --	$ 418
Less: operating expense	--	152	--	298
Income (loss) from discontinued operations, net of tax	$ --	$ 44	$ --	$ 120

Taringa Sale

On February 21, 2012, we sold our three properties in the Taringa area of Brisbane, Australia consisting of approximately 1.1 acres for $1.9 million (AUS$1.8 million).

Property Held for Sale – Moonee Ponds

In May 2013, we announced our intent to sell and began actively marketing our 3.3-acre Moonee Pond property in Australia. The current carrying value of this property on our books is $11.3 million (AUS$12.4 million) which has been reclassified from property held for development to land held for sale on our June 30, 2013 condensed consolidated balance sheet.

Operating Property

As of June 30, 2013 and December 31, 2012, property associated with our operating activities is summarized as follows (dollars in thousands):

Operating property		**June 30, 2013**		**December 31, 2012**
Land	$	65,582	$	69,370
Building and improvements		124,507		136,225
Leasehold interests		43,762		45,391
Fixtures and equipment		101,806		108,169
Total cost		335,657		359,155
Less: accumulated depreciation		(151,110)		(156,377)
Operating property, net	$	184,547	$	202,778

Depreciation expense for property and equipment was $3.5 million and $7.1 million for the three and six months ended June 30, 2013, respectively, and $4.0 million and $7.5 million for the three and six months ended June 30, 2012, respectively.

Investment and Development Property

As of June 30, 2013 and December 31, 2012, our investment and development property is summarized as follows (dollars in thousands):

Investment and Development Property		**June 30, 2013**		**December 31, 2012**
Land	$	59,869	$	77,020
Construction-in-progress (including capitalized interest)		14,250		17,902
Investment and development property	$	74,119	$	94,922

At the beginning of 2010, we curtailed the development activities of our properties under development and are not currently capitalizing interest expense. As a result, we did not capitalize any interest during the three and six months ended June 30, 2013 or 2012.

Note 7 – Investments in Unconsolidated Joint Ventures and Entities

Our investments in unconsolidated joint ventures and entities are accounted for under the equity method of accounting except for Rialto Distribution, which is accounted for as a cost method investment, and, as of June 30, 2013 and December 31, 2012, included the following (dollars in thousands):

	Interest		**June 30, 2013**		**December 31, 2012**
Rialto Distribution	33.3%	$	--	$	--
Rialto Cinemas	50.0%		1,528		1,561
205-209 East 57th Street Associates, LLC	25.0%		--		60
Mt. Gravatt	33.3%		5,485		6,094
Total investments		$	7,013	$	7,715

For the three and six months ended June 30, 2013 and 2012, we recorded our share of equity earnings from our investments in unconsolidated joint ventures and entities as follows (dollars in thousands):

	Three Months Ended June 30,				**Six Months Ended June 30,**			
		2013		**2012**		**2013**		**2012**
Rialto Distribution	$	20	$	51	$	41	$	112
Rialto Cinemas		40		26		68		57
205-209 East 57th Street Associates, LLC		--		--		(1)		--
Mt. Gravatt		372		322		671		643
Total equity earnings	$	432	$	399	$	779	$	812

Note 8 – Goodwill and Intangible Assets

In accordance with FASB ASC 350-20-35, Goodwill - Subsequent Measurement and Impairment, we perform an annual impairment review in the fourth quarter of our goodwill and other intangible assets on a reporting unit basis, or earlier if changes in circumstances indicate an asset may be impaired. No such circumstances existed during the 2013 Quarter. As of June 30, 2013 and December 31, 2012, we had goodwill consisting of the following (dollars in thousands):

	Cinema	Real Estate	Total
Balance as of December 31, 2012	$ 17,674	$ 5,224	$ 22,898
Foreign currency translation adjustment	(1,196)	--	(1,196)
Balance at June 30, 2013	$ 16,478	$ 5,224	$ 21,702

We have intangible assets other than goodwill that are subject to amortization, which we amortize over various periods. We amortize our beneficial leases over the lease period, the longest of which is 30 years; our trade name using an accelerated amortization method over its estimated useful life of 45 years; and our other intangible assets over 10 years. For the three and six months ended June 30, 2013, the amortization expense of intangibles totaled $457,000 and $1.0 million, respectively, and, for the three and six months ended June 30, 2012, the amortization expense of intangibles totaled $572,000 and $1.2 million, respectively. The accumulated amortization of intangibles includes $517,000 and $540,000 of the amortization of acquired leases which are recorded in operating expense for the six months ended June 30, 2013 and 2012, respectively.

Intangible assets subject to amortization consist of the following (dollars in thousands):

As of June 30, 2013	Beneficial Leases	Trade name	Other Intangible Assets	Total
Gross carrying amount	$ 24,185	$ 7,254	$ 453	$ 31,892
Less: Accumulated amortization	13,631	3,288	452	17,371
Total, net	$ 10,554	$ 3,966	$ 1	$ 14,521

As of December 31, 2012	Beneficial Leases	Trade name	Other Intangible Assets	Total
Gross carrying amount	$ 24,284	$ 7,254	$ 458	$ 31,996
Less: Accumulated amortization	12,873	3,059	403	16,335
Total, net	$ 11,411	$ 4,195	$ 55	$ 15,661

Note 9 – Prepaid and Other Assets

Prepaid and other assets are summarized as follows (dollars in thousands):

	June 30, 2013	December 31, 2012
Prepaid and other current assets		
Prepaid expenses	$ 1,192	$ 1,150
Prepaid taxes	741	855
Prepaid rent	962	1,079
Deposits	363	373
Other	151	119
Total prepaid and other current assets	$ 3,409	$ 3,576
Other non-current assets		
Other non-cinema and non-rental real estate assets	$ 1,134	$ 1,134
Long-term deposits	167	212
Deferred financing costs, net	2,217	2,230
Interest rate cap at fair value	136	--
Note receivable	--	2,000
Tenant inducement asset	574	716
Straight-line rent asset	2,432	2,775
Other	1	2
Total non-current assets	$ 6,661	$ 9,069

Note 10 – Income Tax

The provision for income taxes is different from the amount computed by applying U.S. statutory rates to consolidated losses before taxes. The significant reason for these differences is as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Expected tax provision	$ 1,951	$ 174	$ 2,028	$ 659
Increase (decrease) in tax expense resulting from:				
Change in valuation allowance, other	(1,846)	(241)	(1,915)	(668)
Foreign tax provision	808	(414)	1,041	490
Foreign withholding tax provision	268	273	536	640
Tax effect of foreign tax rates on current income	(105)	67	(113)	8
State and local tax provision	173	158	237	272
Tax/audit litigation settlement	251	242	575	483
Actual tax provision	$ 1,500	$ 259	$ 2,389	$ 1,884

Pursuant to FASB ASC 740-10 – Income Taxes (" FASB ASC 740-10"), a provision should be made for the tax effect of earnings of foreign subsidiaries that are not permanently invested outside the United States. Our intent is that earnings of our foreign subsidiaries are not permanently invested outside the United States. Current earnings were available for distribution in the Reading Australia and Reading New Zealand consolidated group of subsidiaries as of June 30, 2013. We have provided $0.4 million in withholding tax expense in relation to those earnings. We believe the U.S. tax impact of a dividend from our Australian and New Zealand subsidiaries, net of loss carry forward and potential foreign tax credits, would not have a material effect on the tax provision as of June 30, 2013.

Deferred income taxes reflect the "temporary differences" between the financial statement carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, adjusted by the relevant tax rate. In accordance with FASB ASC 740-10, we record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax assets and liabilities, projected future taxable income, tax planning strategies, and recent financial performance. FASB ASC 740-10 presumes that a valuation allowance is required when there is substantial negative evidence about realization of deferred tax assets, such as a pattern of losses in recent years, coupled with facts that suggest such losses may continue.

In the period ended June 30, 2011, the Company determined that substantial negative evidence regarding the realizable nature of deferred tax assets continues to exist in the U.S., New Zealand, and Puerto Rico subsidiaries, arising from ongoing pre-tax financial losses. Accordingly, the Company continues to record a full valuation allowance for net deferred tax assets available in these subsidiaries. After consideration of a number of factors for the Reading Australia group, including its recent history of pretax financial income, its expected future earnings, the increase in market value of its real estate assets, which would cause taxable gain if sold, and having executed in June 2011 a credit facility of over $100.0 million to resolve potential liquidity issues, the Company determined that it is more likely than not that deferred tax assets in Reading Australia will be realized. Accordingly, during 2011, Reading Australia reversed $13.8 million of the valuation allowance previously recorded against its net deferred tax, which mainly reflects the loss carryforwards available to offset future taxable income in Australia.

We have accrued $22.2 million in income tax liabilities as of June 30, 2013, of which $13.4 million has been classified as income taxes payable under current liabilities and $8.8 million have been classified as non-current tax liabilities. As part of current tax liabilities, we have accrued $3.5 million in connection with the negotiated Tax Court judgment, dated January 6, 2011, implementing our agreement with the IRS as to the final disposition of the 1996 tax litigation matter. We believe that the $22.2 million represents an adequate provision for our income tax exposures, including income tax contingencies related to foreign withholding taxes.

In accordance with FASB ASC 740-10-25 – Income Taxes - Uncertain Tax Positions ("FASB ASC 740-10-25"), we record interest and penalties related to income tax matters as part of income tax expense.

The following table is a summary of the activity related to unrecognized tax benefits, excluding interest and penalties, for the periods ending June 30, 2013 and December 31, 2012, and December 31, 2011 (dollars in thousands):

	Six Months Ended June 30, 2013	**Year Ended December 31, 2012**	**Year Ended December 31, 2011**
Unrecognized tax benefits – gross beginning balance	$ 2,171	$ 1,974	$ 8,058
Gross increases – prior period tax provisions	164	197	--
Gross increases – current period tax positions	--	--	151
Settlements	--	--	(6,235)
Unrecognized tax benefits – gross ending balance	$ 2,335	$ 2,171	$ 1,974

For the three months ended June 30, 2013, we recorded a change of approximately $0.1 million to our gross unrecognized tax benefits. The net tax balance is approximately $2.3 million, of which $1.2 million would impact the effective rate if recognized.

It is difficult to predict the timing and resolution of uncertain tax positions. Based upon the Company's assessment of many factors, including past experience and judgments about future events, we estimate that within the next 12 months the reserve for uncertain tax positions will increase within a range of $0.9 million to $1.8 million. The reasons for such changes include but are not limited to tax positions expected to be taken during the next twelve months, reevaluation of current uncertain tax positions, expiring statutes of limitations, and interest related to the "Tax Audit/Litigation" settlement which occurred January 6, 2011.

Our company and subsidiaries are subject to U.S. federal income tax, income tax in various U.S. states, and income tax in Australia, New Zealand, and Puerto Rico. Generally, changes to our federal and most state income tax returns for the calendar year 2008 and earlier are barred by statutes of limitations. Our income tax returns of Australia filed since inception in 1995 are generally open for examination because of operating losses. The income tax returns filed in New Zealand and Puerto Rico for calendar year 2009 and afterward generally remain open for examination as of June 30, 2013.

Note 11 – Notes Payable

Notes payable are summarized as follows (dollars in thousands):

Name of Note Payable or Security	June 30, 2013 Interest Rate	December 31, 2012 Interest Rate	Maturity Date	June 30, 2013 Balance	December 31, 2012 Balance
Trust Preferred Securities	4.28%	4.31%	April 30, 2027	$ 27,913	$ 27,913
Australian NAB Corporate Term Loan	5.22%	5.82%	June 30, 2014	62,322	75,349
Australian NAB Corporate Revolver	5.22%	5.82%	June 30, 2014	--	--
Australian Shopping Center Loans	--	--	2013-2014	137	208
New Zealand Corporate Credit Facility	4.70%	4.70%	March 31, 2015	21,714	23,148
US Bank of America Revolver	3.28%	3.26%	October 31, 2017	33,250	30,000
US Bank of America Line of Credit	3.20%	3.21%	October 31, 2017	--	2,007
US Cinema 1, 2, 3 Term Loan	5.20%	5.24%	June 27, 2014	15,000	15,000
US Liberty Theaters Term Loan	--	6.20%	April 1, 2013	--	6,429
US Minetta & Orpheum Theatres Loan	2.94%	--	June 1, 2018	7,500	--
US Nationwide Loan 1	--	8.50%	February 21, 2013	--	593
US Sutton Hill Capital Note – Related Party	--	8.25%	June 18, 2013	--	9,000
US Union Square Theatre Term Loan	5.92%	5.92%	May 1, 2015	6,835	6,950
Total				$ 174,671	$ 196,597

Derivative Instruments

As indicated in Note 17 – Derivative Instruments, for both our Australian NAB Corporate Credit Facility ("NAB Loan") and our U.S. Bank of America Revolver ("BofA Revolver"), we have entered into interest rate swap agreements for all or part of these facilities. The loan agreement together with the swap results in us paying a total fixed interest rate of 7.90% (5.50% swap contract rate plus a 2.40% margin under the loan) for our NAB Loan and a total fixed interest rate of 4.44% (1.44% swap contract rate plus a 3.00% margin under the loan) for our BofA Revolver instead of the above indicated 5.70% and 3.28%, respectively, which are the obligatorily disclosed loan rates. Additionally, on June 3, 2013, we entered into a new swap agreement for our BofA Revolver which will take effect on December 31, 2014 (see Note 17 – Derivative Instruments).

Notes Payable Refinancing and Payoff

US Bank of America Line of Credit

On June 28, 2013, we repaid the entire $2.0 million outstanding balance on our $5.0 million Bank of America line of credit.

US Sutton Hill Capital Note – Related Party

On June 18, 2013, we repaid our 8.25% note to Sutton Hill Capital ("SHC") for $9.0 million. As the debtor on this note was Sutton Hill Properties, LLC, in which we have a 75% interest, the note was, in effect, paid $6.75 million by us and $2.25 million by our co-investor.

US Minetta and Orpheum Theatres Loan

On May 29, 2013, we refinanced our Liberty Theaters loan with a $7.5 million loan securitized by our Minetta and Orpheum theatres, having a maturity date of June 1, 2018, and bearing an interest rate of LIBOR plus a 2.75% margin with a LIBOR rate cap of 4.00% plus the 2.75% margin. See Note 16 – Derivative Instruments.

US Bank of America Revolver

On March 25, 2013, Bank of America extended the borrowing limit on our BofA Revolver from $30.0 million to $35.0 million and we borrowed $5.0 million on this revolver. On April 1, 2013, we used $2.3 million of the revolver proceeds to partially repay our US Liberty Theaters Term Loan.

US Cinema 1, 2, 3 Term Loan

On March 20, 2013, pursuant to the loan agreement, we extended the term of our US Cinema 1, 2, 3 Term Loan by one year to June 28, 2014 for a renewal fee of $150,000.

Note 12 – Other Liabilities

Other liabilities are summarized as follows (dollars in thousands):

	June 30, 2013	December 31, 2012
Current liabilities		
Lease liability	$ 5,900	$ 5,855
Security deposit payable	186	174
Other	46	3
Other current liabilities	$ 6,132	$ 6,032
Other liabilities		
Foreign withholding taxes	$ 6,614	$ 6,480
Straight-line rent liability	9,062	8,893
Environmental reserve	1,656	1,656
Accrued pension	7,141	6,976
Interest rate swap	4,150	5,855
Acquired leases	1,733	2,078
Other payable	904	1,191
Other	575	630
Other liabilities	$ 31,835	$ 33,759

Included in our other liabilities are accrued pension costs of $7.1 million at June 30, 2013. The benefits of our pension plans are fully vested, and, as such, no service costs were recognized for the three or six months ended June 30, 2013 and 2012. Our pension plans are unfunded; therefore, the actuarial assumptions do not include an estimate for any expected return on the plan assets. For the three and six months ended June 30, 2013, we recognized $74,000 and $165,000, respectively, of interest cost and $165,000 and $330,000, respectively, of amortized prior service cost. For the three and six months ended June 30, 2012, we recognized $87,000 and $177,000, respectively, of interest cost and $76,000 and $152,000, respectively, of amortized prior service cost.

Note 13 – Commitments and Contingencies

Unconsolidated Debt

Total debt of unconsolidated joint ventures and entities was $644,000 and $703,000 as of June 30, 2013 and December 31, 2012. Our share of unconsolidated debt, based on our ownership percentage, was $215,000 and $234,000 as of June 30, 2013 and December 31, 2012. This debt is guaranteed by one of our subsidiaries to the extent of our ownership percentage.

Digital Projection

We financed a $15.5 million purchase of digital projection equipment with an operating lease for our U.S. cinema circuit during 2012. For our Australia and New Zealand circuits, we are under contract to purchase similar digital projection equipment for approximately $8.6 million and $2.5 million, respectively, with our cash on hand during the third quarter of 2013.

Note 14 – Noncontrolling interests

The components of noncontrolling interests are as follows (dollars in thousands):

	June 30, 2013	December 31, 2012
AFC LLC	$ --	$ 1,737
Australian Country Cinemas	548	601
Shadow View Land and Farming LLC	1,897	1,912
Sutton Hill Properties ("SHP")	2,190	(152)
Noncontrolling interests in consolidated subsidiaries	$ 4,635	$ 4,098

The components of income attributable to noncontrolling interests are as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
AFC LLC	$ 69	$ 116	$ 173	$ 294
Australian Country Cinemas	48	9	48	72
Shadow View Land and Farming LLC	(6)	(34)	(15)	(56)
Sutton Hill Properties	(71)	(106)	(170)	(194)
Net income (loss) attributable to noncontrolling interest	$ 40	$ (15)	$ 36	$ 116

Summary of Controlling and Noncontrolling Stockholders' Equity

A summary of the changes in controlling and noncontrolling stockholders' equity is as follows (dollars in thousands):

	Controlling Stockholders' Equity	Noncontrolling Stockholders' Equity	Total Stockholders' Equity
Equity at – January 1, 2013	$ 126,856	$ 4,098	$ 130,954
Net income	3,468	36	3,504
Increase in additional paid in capital	231	76	307
Contributions from noncontrolling stockholders - SHP	--	2,513	2,513
Distributions to noncontrolling stockholders	--	(2,016)	(2,016)
Accumulated other comprehensive loss	(18,456)	(72)	(18,528)
Equity at – June 30, 2013	$ 112,099	$ 4,635	$ 116,734

	Controlling Stockholders' Equity	Noncontrolling Stockholders' Equity	Total Stockholders' Equity
Equity at – January 1, 2012	$ 123,752	$ 1,235	$ 124,987
Net income (loss)	(3)	116	113
Increase in additional paid in capital	521	--	521
Contributions from noncontrolling stockholders	--	3,275	3,275
Accumulated other comprehensive income	938	(4)	934
Equity at – June 30, 2012	$ 125,208	$ 4,622	$ 129,830

AFC LLC Acquisition of Noncontrolling Interest

On June 28, 2013, we acquired the interest in AFC LLC that we did not already own in consideration of the release of certain claims we held against the owner of that interest under a guaranty agreement. The removal of the AFC LLC noncontrolling interest balance of $76,000 was reflected as a change in our additional paid in capital pursuant to FASB ASC 810-10-45.

Note 15 – Common Stock

<u>Common Stock Issuance</u>

During the six months ended June 30, 2013 and 2012, we issued 217,890 and 155,925, respectively, of Class A Nonvoting shares to an executive employee associated with his prior years' stock grants.

50,000 options were exercised during the six months ended June 30, 2013 having an intrinsic value of $99,500 for which we received $200,500 of cash and 95,000 options were exercised during the six months ended June 30, 2012 having an intrinsic value of $136,000 for which we received $308,000 of cash. Additionally, 75,000 options were exercised during the six months ended June 30, 2013 having an intrinsic value of $124,000 for which we did not receive any cash but the employee elected to exchange 53,136 personally owned shares of the company at a market price of $5.66 per share for the 75,000 shares based on an exercise price of $4.01 for the related options.

Note 16 – Derivative Instruments

As more fully described in our 2012 Annual Report, we are exposed to interest rate changes from our outstanding floating rate borrowings. We manage our fixed to floating rate debt mix to mitigate the impact of adverse changes in interest rates on earnings and cash flows and on the market value of our borrowings. From time to time, we may enter into interest rate hedging contracts, which effectively convert a portion of our variable rate debt to a fixed rate over the term of interest rate swaps or fix the maximum variable rate with an interest rate cap. For an explanation of the impact of swaps on our interest paid for the periods presented, see Note 11 – Notes Payable.

As part of our new US Minetta and Orpheum Theatres Loan, we entered into a five year LIBOR rate cap of 4.00% with a loan margin of 2.75%. See Note 11 – Notes Payable. Additionally, on June 3, 2013, we entered into a new swap agreement for our BofA Revolver which will take effect on December 31, 2014 with a pay fixed rate of 1.15% and an expiration date of October 31, 2017.

The following table sets forth the terms of our interest rate swap and cap derivative instruments at June 30, 2013:

Type of Instrument	Notional Amount		Pay Fixed Rate	Receive Variable Rate	Maturity Date
Interest rate swap	$	26,250,000	1.440%	0.276%	December 31, 2013
Interest rate swap	$	67,821,000	5.500%	3.080%	June 30, 2016
Interest rate cap	$	7,500,000	4.000%	n/a	June 1, 2018

In accordance with FASB ASC 815-10-35, Subsequent Valuation of Derivative Instruments and Hedging Instruments ("FASB ASC 815-10-35"), we marked our interest rate swap and cap instruments to market on the consolidated balance sheet resulting in an decrease in interest expense of $944,000 and $1.7 million during the three and six months ended June 30, 2013, respectively, and an increase of $1.8 million and $1.5 million in interest expense during the three and six months ended June 30, 2012, respectively. At June 30, 2013 and December 31, 2012, we recorded as other long-term liabilities the fair market value of our interest rate swaps of $4.2 million and $5.9 million, respectively. Additionally, at June 30, 2013, we recorded as an other long-term asset our interest rate cap of $136,000. In accordance with FASB ASC 815-10-35, we have not designated any of our current interest rate swap or cap positions as financial reporting hedges.

Note 17 – Fair Value of Financial Instruments

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

·Level 1: Quoted market prices in active markets for identical assets or liabilities.
·Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
·Level 3: Unobservable inputs that are not corroborated by market data.

We used the following methods and assumptions to estimate the fair values of the assets and liabilities:

<u>Level 1 Fair Value Measurements</u> – are based on market quotes of our marketable securities.

<u>Level 2 Fair Value Measurements</u> – Interest Rate Swaps and Caps – The fair value of interest rate swap and cap instruments are estimated based on market data and quotes from counter parties to the agreements which are corroborated by market data.

<u>Level 3 Fair Value Measurements</u> – Impaired Property – For assets measured on a non-recurring basis, such as real estate assets that are required to be recorded at fair value as a result of an impairment, our estimates of fair value are based on management's best estimate derived from evaluating market sales data for comparable properties developed by a third party appraiser and arriving at management's estimate of fair value based on such comparable data primarily based on properties with similar characteristics.

As of June 30, 2013 and December 31, 2012, we held certain items that are required to be measured at fair value on a recurring basis. These included available for sale securities and interest rate derivative contracts. Our available-for-sale securities primarily consist of investments associated with the ownership of marketable securities in New Zealand and the U.S. Derivative instruments are related to our economic hedge of interest rates.

The fair values of the interest rate swap and cap agreements are determined using the market standard methodology of discounting the future cash payments and cash receipts on the pay and receive legs of the interest swap agreements that have the net effect of swapping the estimated variable rate note payment stream for a fixed rate payment stream over the period of the swap. The variable interest rates used in the calculation of projected receipts on the interest rate swap agreements are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. To comply with the provisions of FASB ASC 820-10, we incorporate credit valuation adjustments to reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by our counterparties and us. However, as of June 30, 2013 and December 31, 2012, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation and determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. The nature of our interest rate swap and cap derivative instruments is described in Note 16 – Derivative Instruments.

We have consistently applied these valuation techniques in all periods presented and believe we have obtained the most accurate information available for the types of derivative contracts we hold. Additionally, there were no transfers of assets and liabilities between levels 1, 2, or 3 during the six months ended June 30, 2013.

We measure and record the following assets and liabilities at fair value on a recurring basis subject to the disclosure requirements of FASB ASC 820-20, Fair Value of Financial Instruments (dollars in thousands):

		Book Value		Fair Value	
Financial Instrument	**Level**	**June 30, 2013**	**December 31, 2012**	**June 30, 2013**	**December 31, 2012**
Investment in marketable securities	1	$ 58	$ 55	$ 58	$ 55
Interest rate cap asset	2	$ 136	$ --	$ 136	$ --
Interest rate swaps liability	2	$ 4,150	$ 5,855	$ 4,150	$ 5,855

We measure the following liabilities at fair value on a recurring basis subject to the disclosure requirements of FASB ASC 820-20, Fair Value of Financial Instruments (dollars in thousands):

		Book Value		Fair Value	
Financial Instrument	**Level**	**June 30, 2013**	**December 31, 2012**	**June 30, 2013**	**December 31, 2012**
Notes payable	3	$ 146,758	$ 159,684	$ 132,115	$ 154,795
Notes payable to related party	N/A	$ --	$ 9,000	$ --	$ N/A
Subordinated debt	3	$ 27,913	$ 27,913	$ 11,690	$ 12,268

The fair value of notes payable to related party cannot be determined due to the related party nature of the terms of the notes payable.

We estimated the fair value of our secured mortgage notes payable, our unsecured notes payable, trust preferred securities, and other debt instruments by performing discounted cash flow analyses using an appropriate market discount rate. We calculated the market discount rate by obtaining period-end treasury rates for fixed-rate debt, or LIBOR rates for variable-rate debt, for maturities that correspond to the maturities of our debt, adding appropriate credit spreads derived from information obtained from third-party financial institutions. These credit spreads take into account factors such as our credit standing, the maturity of the debt, whether the debt is secured or unsecured, and the loan-to-value ratios of the debt.

Note 18 - Subsequent Events

Wellington, New Zealand Parking Structure

On July 21, 2013, Wellington, New Zealand experienced a strong earthquake that damaged our parking structure adjacent to our Courtenay Central shopping center. The parking structure has been closed pending certain repairs to the structure for which the cost to repair has not yet to be quantified. We believe our global earthquake and business interruption insurance does cover this damage subject to the relevant deductibles.

Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

We are an internationally diversified company principally focused on the development, ownership, and operation of entertainment and real property assets in the United States, Australia, and New Zealand. Currently, we operate in two business segments:

- cinema exhibition, through our 56 multiplex cinemas; and
- real estate, including real estate development and the rental of retail, commercial and live theater assets.

We believe that these two business segments can complement one another, as we can use the comparatively consistent cash flows generated by our cinema operations to fund the front-end cash demands of our real estate development business.

We manage our worldwide cinema exhibition businesses under various different brands:

- in the US, under the Reading, Angelika Film Center, Consolidated Amusements, and City Cinemas brands;
- in Australia, under the Reading brand; and
- in New Zealand, under the Reading and Rialto brands.

Cinema Activities

We continue to consider opportunities to expand our cinema operations, while at the same time continuing to cull those cinema assets which are underperforming or have unacceptable risk profiles on a go forward basis.

Real Estate Activities

Although to date we have curtailed our real estate development activities, we are in the predevelopment stage on certain of our Manhattan U.S. properties and we remain opportunistic in our acquisitions of both cinema and real estate assets. Our business plan is to begin the build-out of our existing undeveloped properties, such as our Wellington, New Zealand site, and to seek out additional, profitable real estate development opportunities while continuing to use and judiciously expand our presence in the cinema exhibition business by identifying, developing, and acquiring cinema properties when and where we believe to be appropriate. In addition, we may sell all or portions of our properties in order to provide liquidity for other projects. Finally, we will continue to investigate potential synergistic acquisitions that may not readily fall into either of our two currently identified segments.

Results of Operations

At June 30, 2013, we owned and operated 51 cinemas with 433 screens, had interests in certain unconsolidated joint ventures and entities that own an additional 3 cinemas with 29 screens and managed 2 cinemas with 9 screens. In real estate during the period, we (i) owned and operated four Entertainment Themed Retail Centers (“ETRCs”) that we developed in Australia and New Zealand, (ii) owned the fee interests in four developed commercial properties in Manhattan and Chicago improved with live theaters comprising seven stages and ancillary retail and commercial space, (iii) owned the fee interests underlying one of our Manhattan cinemas, (iv) held for development an additional seven parcels aggregating approximately 129 acres located principally in urbanized areas of Australia and New Zealand, and (v) owned 50% of a 202-acre property, zoned for the development of up to 843 single-family residential units in the U.S. In addition, we continue to hold various properties used in our historic railroad operations.

The tables below summarize the results of operations for each of our principal business segments for the three ("2013 Quarter") and six ("2013 Six Months") months ended June 30, 2013 and the three ("2012 Quarter") and six ("2012 Six Months") months ended June 30, 2012, respectively (dollars in thousands):

Three Months Ended June 30, 2013	**Cinema Exhibition**	**Real Estate**	**Intersegment Eliminations**	**Total**
Revenue	$ 64,659	$ 6,896	$ (1,913)	$ 69,642
Operating expense	53,008	2,730	(1,913)	53,825
Depreciation and amortization	2,525	1,015	--	3,540
General and administrative expense	801	214	--	1,015
Segment operating income	$ 8,325	$ 2,937	$ --	$ 11,262

Three Months Ended June 30, 2012	**Cinema Exhibition**	**Real Estate**	**Intersegment Eliminations**	**Total**
Revenue	$ 57,988	$ 6,841	$ (1,882)	$ 62,947
Operating expense	48,347	2,582	(1,882)	49,047
Depreciation and amortization	2,733	1,087	--	3,820
General and administrative expense	782	146	--	928
Segment operating income	$ 6,126	$ 3,026	$ --	$ 9,152

Reconciliation to net income attributable to Reading International, Inc. shareholders:	**2013 Quarter**	**2012 Quarter**
Total segment operating income	$ 11,262	$ 9,152
Non-segment:		
Depreciation and amortization expense	110	97
General and administrative expense	3,386	3,398
Operating income	7,766	5,657
Interest expense, net	(2,636)	(5,683)
Other income	113	68
Loss on sale of assets	--	(2)
Income tax expense	(1,500)	(259)
Equity earnings of unconsolidated joint ventures and entities	432	399
Income from discontinued operations	--	44
Net income	$ 4,175	$ 224
Net (income) loss attributable to noncontrolling interests	(40)	15
Net income attributable to Reading International, Inc. common shareholders	$ 4,135	$ 239

Six Months Ended June 30, 2013		Cinema Exhibition		Real Estate		Intersegment Eliminations		Total
Revenue	$	119,429	$	13,606	$	(3,826)	$	129,209
Operating expense		100,956		5,399		(3,826)		102,529
Depreciation and amortization		5,285		2,134		--		7,419
General and administrative expense		1,571		334		--		1,905
Segment operating income	$	11,617	$	5,739	$	--	$	17,356

Six Months Ended June 30, 2012		Cinema Exhibition		Real Estate		Intersegment Eliminations		Total
Revenue	$	115,390	$	13,753	$	(3,765)	$	125,378
Operating expense		96,563		5,326		(3,765)		98,124
Depreciation and amortization		5,563		2,222		--		7,785
General and administrative expense		1,484		325		--		1,809
Segment operating income	$	11,780	$	5,880	$	--	$	17,660

Reconciliation to net income attributable to Reading International, Inc. shareholders:		2013 Six Months		2012 Six Months
Total segment operating income	$	17,356	$	17,660
Non-segment:				
Depreciation and amortization expense		221		236
General and administrative expense		6,833		6,937
Operating income		10,302		10,487
Interest expense, net		(5,309)		(9,443)
Other income		128		23
Loss on sale of assets		(7)		(2)
Income tax expense		(2,389)		(1,884)
Equity earnings of unconsolidated joint ventures and entities		779		812
Income from discontinued operations		--		120
Net income	$	3,504	$	113
Net income attributable to noncontrolling interests		(36)		(116)
Net income (loss) attributable to Reading International, Inc. common shareholders	$	3,468	$	(3)

Cinema Exhibition Segment

Included in the cinema exhibition segment above is revenue and expense from the operations of 51 cinema complexes with 433 screens during the 2013 Quarter and 51 cinema complexes with 429 screens during the 2012 Quarter and management fee income from 2 cinemas with 9 screens in both years. The following tables detail our cinema exhibition segment operating results for the three months ended June 30, 2013 and 2012, respectively (dollars in thousands):

Three Months Ended June 30, 2013	United States	Australia	New Zealand	Total
Admissions revenue	$ 22,198	$ 17,474	$ 3,962	$ 43,634
Concessions revenue	9,665	6,648	1,487	17,800
Advertising and other revenue	1,560	1,396	269	3,225
Total revenues	33,423	25,518	5,718	64,659
Cinema costs	26,244	18,977	4,270	49,491
Concession costs	1,688	1,396	433	3,517
Total operating expense	27,932	20,373	4,703	53,008
Depreciation and amortization	1,514	807	204	2,525
General and administrative expense	603	198	--	801
Segment operating income	$ 3,374	$ 4,140	$ 811	$ 8,325

Three Months Ended June 30, 2012	United States	Australia	New Zealand	Total
Admissions revenue	$ 19,138	$ 17,258	$ 3,501	$ 39,897
Concessions revenue	8,136	5,938	1,082	15,156
Advertising and other revenue	1,300	1,381	254	2,935
Total revenues	28,574	24,577	4,837	57,988
Cinema costs	23,431	18,447	3,728	45,606
Concession costs	1,281	1,189	271	2,741
Total operating expense	24,712	19,636	3,999	48,347
Depreciation and amortization	1,648	843	242	2,733
General and administrative expense	607	175	--	782
Segment operating income	$ 1,607	$ 3,923	$ 596	$ 6,126

- Cinema revenue increased for the 2013 Quarter by $6.7 million or 11.5% compared to the same period in 2012. The 2013 Quarter increase was primarily due to an increase in our U.S. and Australian box office admissions of 385,000, related to the quality of film product in 2013 compared to the same period in 2012. This resulted in increased box office, concessions and other revenue of $5.8 million. This increase in revenue was augmented by a 33,000 increase in our New Zealand box office admissions resulting in an increase in revenue of $881,000 primarily as a result of the reopening of an earthquake damaged New Zealand multiplex in early January 2012. Both the Australian and New Zealand results were affected by quarter over quarter changes in the value of the Australian and New Zealand dollars compared to the U.S. dollar (see below).

- Operating expense increased for the 2013 Quarter by $4.7 million or 9.6% compared to the same period in 2012. Overall, our operating expense as a percent of gross revenue decreased from 83.4% to 82.0% primarily due to the aforementioned increase in box office admissions which decreased our labor per admit costs and from our fixed property rent costs relative to the aforementioned increase in revenue. Additionally, not previously occurring during 2012, our 2013 quarterly operating expense was affected by a net charge of $111,000 for our digital projection lease after the effect of the virtual print fees to be received from film distributors.

·Depreciation expense decreased for the 2013 Quarter by $208,000 or 7.6% compared to the same period in 2012 due to certain of our worldwide cinema assets coming to the end of their depreciable lives.

·For our statement of operations, the Australian quarterly average exchange rates decreased by 1.9% and the New Zealand quarterly average exchange rates increased by 3.8% since the 2012 Quarter, both of which had an impact on the individual components of our income statement.

·Because of the above, and driven by the increased revenue, our cinema exhibition segment income increased for the 2013 Quarter by $2.2 million or 35.9% compared to the same period in 2012.

The following tables detail our cinema exhibition segment operating results for the six months ended June 30, 2013 and 2012, respectively (dollars in thousands):

Six Months Ended June 30, 2013	**United States**	**Australia**	**New Zealand**	**Total**
Admissions revenue	$ 40,245	$ 33,477	$ 7,430	$ 81,152
Concessions revenue	17,084	12,382	2,693	32,159
Advertising and other revenue	2,918	2,711	489	6,118
Total revenues	60,247	48,570	10,612	119,429
Cinema costs	49,217	37,168	8,120	94,505
Concession costs	3,058	2,571	822	6,451
Total operating expense	52,275	39,739	8,942	100,956
Depreciation and amortization	3,131	1,652	502	5,285
General and administrative expense	1,166	405	--	1,571
Segment operating income	$ 3,675	$ 6,774	$ 1,168	$ 11,617

Six Months Ended June 30, 2012	**United States**	**Australia**	**New Zealand**	**Total**
Admissions revenue	$ 38,662	$ 34,676	$ 6,664	$ 80,002
Concessions revenue	15,784	11,910	1,958	29,652
Advertising and other revenue	2,548	2,767	421	5,736
Total revenues	56,994	49,353	9,043	115,390
Cinema costs	46,653	37,251	7,258	91,162
Concession costs	2,524	2,389	488	5,401
Total operating expense	49,177	39,640	7,746	96,563
Depreciation and amortization	3,298	1,768	497	5,563
General and administrative expense	1,124	360	--	1,484
Segment operating income	$ 3,395	$ 7,585	$ 800	$ 11,780

·Driven by the strong 2013 Quarter, cinema revenue increased for the 2013 Six Months by $4.0 million or 3.5% compared to the same period in 2012. The 2013 Six Months increase was primarily due to an increase in the U.S. box office admissions of 45,000, related to the quality of film product in 2013 Six Months compared to the same period in 2012 which was augmented by a 3.1% increase in the U.S. average ticket price. This increase in revenue was enhanced in part by an 82,000 increase in our New Zealand box office admissions resulting in an increase in revenue of $1.6 million primarily as a result of the reopening of an earthquake damaged New Zealand multiplex in early January 2012. These revenue increases were offset by a decrease in our

Australian revenue of $783,000 primarily due to a 3.0% decrease in the average ticket price. Both the Australian and New Zealand results were affected by changes in the value of the Australian and New Zealand dollars compared to the U.S. dollar (see below).

- Operating expense increased for the 2013 Six Months by $4.4 million or 4.5% compared to the same period in 2012. Overall, our operating expense as a percent of gross revenue increased from 83.7% during the 2012 Six Months to 84.5% for the 2013 Six Months. A contributing factor to this increase was that our 2013 Six Months operating expense was affected by a net charge of $241,000 for our digital projection lease after the effect of the virtual print fees to be received from film distributors. This lease was not in place during 2012.

- Depreciation expense decreased for the 2013 Six Months by $278,000 or 5.0% compared to the same period in 2012 due to certain of our worldwide cinema assets coming to the end of their depreciable lives.

- For our statement of operations, the Australian average exchange rates decreased by 1.8% for the 2013 Six Months while the New Zealand average exchange rates increased by 2.8% for the 2013 Six Months, compared to the 2012 Six Months, both of which had an impact on the individual components of our income statement.

- Because of the above, the cinema exhibition segment income marginally decreased for the 2013 Six Months by $163,000 or 1.4% compared to the same period in 2012 principally related to the decrease in Australian cinema box office revenue.

Real Estate Segment

The following tables detail our real estate segment operating results for the three months ended June 30, 2013 and 2012, respectively (dollars in thousands):

Three Months Ended June 30, 2013	**United States**	**Australia**	**New Zealand**	**Total**
Live theater rental and ancillary income	$ 933	$ --	$ --	$ 933
Property rental income	414	3,626	1,923	5,963
Total revenues	1,347	3,626	1,923	6,896
Live theater costs	490	--	--	490
Property rental cost	188	1,393	659	2,240
Total operating expense	678	1,393	659	2,730
Depreciation and amortization	77	671	267	1,015
General and administrative expense	69	118	27	214
Segment operating income	$ 523	$ 1,444	$ 970	$ 2,937

Three Months Ended June 30, 2012	**United States**	**Australia**	**New Zealand**	**Total**
Live theater rental and ancillary income	$ 977	--	$ --	$ 977
Property rental income	410	3,582	1,872	5,864
Total revenues	1,387	3,582	1,872	6,841
Live theater costs	523	--	--	523
Property rental cost	181	1,354	524	2,059
Total operating expense	704	1,354	524	2,582
Depreciation and amortization	74	693	320	1,087
General and administrative expense	15	118	13	146
Segment operating income	$ 594	$ 1,417	$ 1,015	$ 3,026

- Real estate revenue increased for the 2013 Quarter by $55,000 or 0.8% compared to the same period in 2012 primarily related to slightly higher rents and occupancy associated with our Australian retail properties in the 2013 Quarter compared to the same period in 2012. These increases were offset in part by a decrease in live theater revenue. Both the Australian and New Zealand results were also affected by changes in the value of the Australian and New Zealand dollars compared to the U.S. dollar (see below).

- Operating expense for the real estate segment increased for the 2013 Quarter by $148,000 or 5.7% compared to the same period in 2012. This increase resulted primarily from additional costs associated with the start of development work on our Wellington, New Zealand location. Our operating expense was also affected by changes in the value of the Australian and New Zealand dollars compared to the U.S. dollar (see below).

- For our statement of operations, the Australian quarterly average exchange rates decreased by 1.9% and the New Zealand quarterly average exchange rates increased by 3.8% since the 2012 Quarter, both of which had an impact on the individual components of our income statement.

- As a result of the above, real estate segment income decreased for the 2013 Quarter by $89,000 or 2.9% compared to the same period in 2012.

The following tables detail our real estate segment operating results for the six months ended June 30, 2013 and 2012, respectively (dollars in thousands):

Six Months Ended June 30, 2013	**United States**	**Australia**	**New Zealand**	**Total**
Live theater rental and ancillary income	$ 1,527	--	$ --	$ 1,527
Property rental income	830	7,333	3,916	12,079
Total revenues	2,357	7,333	3,916	13,606
Live theater costs	949	--	--	949
Property rental cost	430	2,789	1,231	4,450
Total operating expense	1,379	2,789	1,231	5,399
Depreciation and amortization	157	1,373	604	2,134
General and administrative expense	71	240	23	334
Segment operating income	$ 750	$ 2,931	$ 2,058	$ 5,739

Six Months Ended June 30, 2012	**United States**	**Australia**	**New Zealand**	**Total**
Live theater rental and ancillary income	$ 1,877	--	$ --	$ 1,877
Property rental income	829	7,219	3,828	11,876
Total revenues	2,706	7,219	3,828	13,753
Live theater costs	1,038	--	--	1,038
Property rental cost	483	2,750	1,055	4,288
Total operating expense	1,521	2,750	1,055	5,326
Depreciation and amortization	154	1,415	653	2,222
General and administrative expense	23	275	27	325
Segment operating income	$ 1,008	$ 2,779	$ 2,093	$ 5,880

- Real estate revenue decreased for the 2013 Six Months by $147,000 or 1.1% compared to the same period in 2012. The decrease in real estate revenue was primarily related to a $350,000 decrease in live theater revenue offset by increased revenue from our Australian and New Zealand real estate assets primarily due to higher rents in 2013 compared to the same period in 2012. Both the Australian and New Zealand results were also affected by changes in the value of the Australian and New Zealand dollars compared to the U.S. dollar (see below).

- Operating expense for the real estate segment increased for the 2013 Six Months by $73,000 or 1.4% compared to the same period in 2012. This increase resulted primarily from additional costs associated with the start of development work on our Wellington, New Zealand location. Our operating expense was also affected by changes in the value of the Australian and New Zealand dollars compared to the U.S. dollar (see below).

- For our statement of operations, the Australian average exchange rates decreased by 1.8% for the 2013 Six Months while the New Zealand average exchange rates increased 2.8% for the 2013 Six Months compared to the 2012 Six Months, both of which had an impact on the individual components of our income statement.

As a result of the above, real estate segment income decreased for the 2013 Six Months by $141,000 or 2.4% compared to the same period in 2012.

Corporate

Quarterly Results

Net interest expense decreased by $3.0 million for the 2013 Quarter compared to the 2012 Quarter. The decrease in interest expense during the 2013 Quarter was primarily due to a decrease in the fair value of our interest rate swap liabilities in 2013 compared to an increase in these liabilities during the same period in 2012 resulting in a comparative $2.7 million decrease in interest expense from the 2012 Quarter to the 2013 Quarter. Additionally, there was an overall decrease in our worldwide debt balances and a decrease in the interest rates on our corporate loans in the U.S. and Australia, both of which resulted in lower interest expense.

For the 2013 Quarter, our income tax expense increased by $1.2 million compared to the 2012 Quarter primarily associated with an increase in our net income before income tax expense.

For the 2012 Quarter, we recorded income from discontinued operations of $44,000 associated with the sale of our Indooroopilly property in November 2012.

Six Months Results

Net interest expense decreased by $4.1 million for the 2013 Six Months compared to the 2012 Six Months. The decrease in interest expense during the 2013 Six Months was due to the same reasons noted above for the quarterly results.

The 2013 Six Months income tax expense increased by $0.5 million compared to the 2012 Six Months due to the same reasons noted in the quarterly results.

For the 2012 Six Months, we recorded income from discontinued operations of $120,000 associated with the sale of our Indooroopilly property in November 2012.

Net Income (Loss) Attributable to Reading International, Inc. Common Shareholders

We recorded a net income attributable to Reading International, Inc. common shareholders of $4.1 million for the 2013 Quarter compared to a net income of $239,000 for the 2012 Quarter and a net income of $3.5 million for the 2013 Six Months compared to a net loss of $3,000 for the 2012 Six Months. As described above, the change from a net loss to a net income from 2012 to 2013 was primarily from the aforementioned decrease in interest expense.

Acquisition

U.S. Land Parcel Acquisition

On January 10, 2012, Shadow View Land and Farming, LLC, a limited liability company owned by our Company, acquired a 202-acre property, zoned for the development of up to 843 single-family residential units, located in the U.S. The property was acquired at a foreclosure auction for $5.5 million. The property was acquired as a long-term investment in developable land. Half of the funds used to acquire the land were provided by Mr. James J. Cotter, our Chairman, Chief Executive Officer and controlling shareholder. Upon the approval of our Conflicts Committee, these funds were converted on January 18, 2012 into a 50% interest in Shadow View Land and Farming, LLC. We are the managing member of this company.

Business Plan, Capital Resources, and Liquidity

Business Plan

Our cinema exhibition business plan is to continue to identify, develop, and acquire cinema properties, where reasonably available, that allow us to leverage our cinema expertise and technology over a larger operating base.

Our real estate business plan is to begin development of our existing land assets, to be sensitive to opportunities to convert our entertainment assets to higher and better uses, or, when appropriate, dispose of such assets. Because we believe that current economic conditions present difficulties in obtaining the pre-construction leasing commitments necessary to justify commencement of construction, we are predominantly focusing our development efforts on improving and enhancing land entitlements and negotiating with end users for build to suit projects.

In addition, we review opportunities to monetize our assets where such action leads to a financially acceptable outcome. We will also continue to investigate potential synergistic acquisitions that may not readily fall into either of our two currently identified segments. We financed a $15.5 million purchase of digital projection equipment with an operating lease for our U.S. cinema circuit during 2012. For our Australia and New Zealand circuits, we are under contract to purchase similar digital projection equipment for approximately $8.6 million and $2.5 million, respectively, with our cash on hand during the third quarter of 2013.

Contractual Obligations

The following table provides information with respect to the maturities and scheduled principal repayments of our secured debt and lease obligations at June 30, 2013 (in thousands):

	2013	2014	2015	2016	2017	Thereafter	Total
Debt	$ 6,039	$ 77,039	$ 31,680	$ 3,500	$ 21,000	$ 7,500	$ 146,758
Subordinated notes (trust preferred securities)	--	--	--	--	--	27,913	27,913
Tax settlement liability	1,740	3,480	2,301	--	--	--	7,521
Pension liability	2	427	44	61	481	6,126	7,141
Lease obligations	17,023	31,223	27,213	23,459	20,436	74,581	193,935
Estimated interest on debt	4,162	5,922	3,904	3,154	1,953	11,096	30,191
Total	$ 28,966	$ 118,091	$ 65,142	$ 30,174	$ 43,870	$ 127,216	$ 413,459

We base estimated interest on long-term debt on the anticipated loan balances for future periods calculated against current fixed and variable interest rates.

We adopted FASB ASC 740-10-25 on January 1, 2007. As of adoption, the total amount of gross unrecognized tax benefits for uncertain tax positions was $12.5 million decreasing to $2.3 million as of June 30, 2013 primarily as a result of the settlement on January 6, 2011 of the Tax Audit/Litigation matter.

Unconsolidated Debt

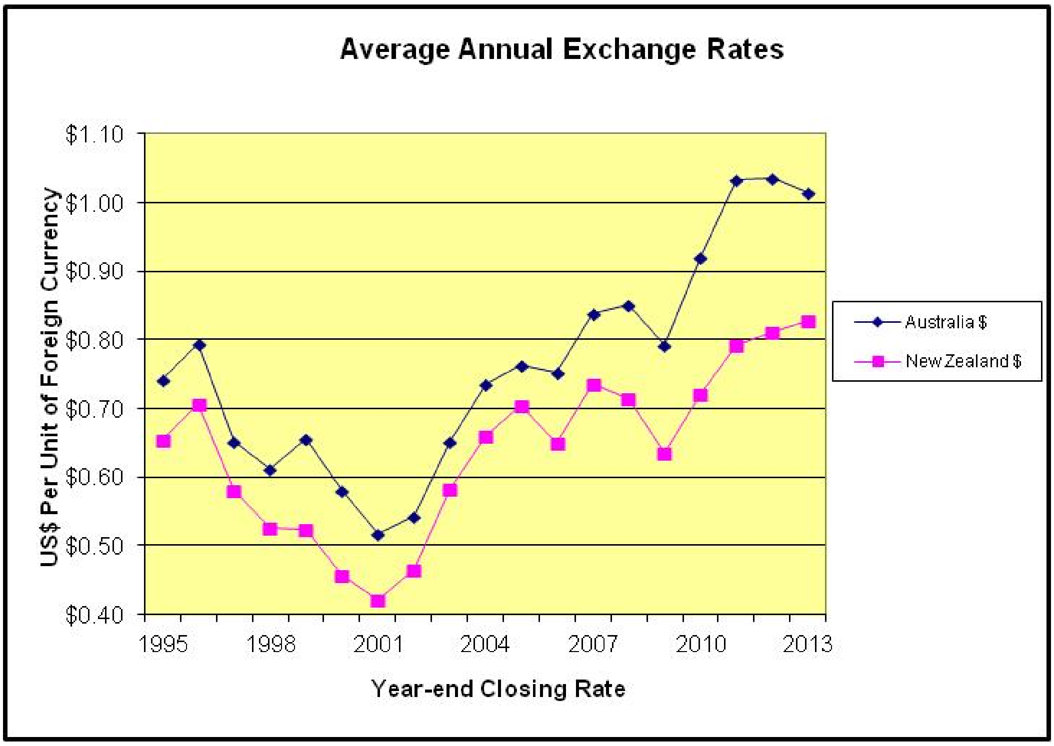
Total debt of unconsolidated joint ventures and entities was $644,000 and $703,000 as of June 30, 2013 and December 31, 2012, respectively. Our share of unconsolidated debt, based on our ownership percentage, was $215,000 and $234,000 as of June 30, 2013 and December 31, 2012, respectively. This debt is guaranteed by one of our subsidiaries to the extent of our ownership percentage.

Off-Balance Sheet Arrangements

There are no off-balance sheet transactions, arrangements or obligations (including contingent obligations) that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in the financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Currency Risk

We are subject to currency risk because we conduct a significant portion of our business in Australia and New Zealand. Set forth below is a chart indicating the various exchange rates at certain points in time for the Australian and New Zealand Dollar vis-à-vis the US Dollar over the past 20 years.



We do not engage in currency hedging activities. Rather, to the extent possible, we operate our Australian and New Zealand operations on a self-funding basis. Our policy in Australia and New Zealand is to match revenues and expenses, whenever possible, in local currencies. As a result, we have procured in local currencies the majority of our expenses in Australia and New Zealand. As our U.S. operations are funded in part by the operational results of Australia and New Zealand, fluctuations in these foreign currencies affect such funding. As we continue to progress with our acquisition and development activities in Australia and New Zealand, the effect of variations in currency values will likely increase.

Liquidity and Capital Resources

Our ability to generate sufficient cash flows from operating activities in order to meet our obligations and commitments drives our liquidity position. This is further affected by our ability to obtain adequate, reasonable financing and/or to convert non-performing or non-strategic assets into cash.

Currently, our liquidity needs arise primarily from:

·capital expenditure needs for our expanding digital projection implementations (see below);
·working capital requirements; and
·debt servicing requirements.

We have a $15.5 million operating lease which we used to finance the implementation of digital projection in our U.S. cinema circuit during 2012. For our Australia and New Zealand circuits, we anticipate that we will purchase the digital projection equipment for approximately $8.6 million and $2.5 million, respectively, with our cash on hand during the third quarter of 2013.

Expiring Debt and Liquidity Requirements

Expiring Long-Term Debt

As indicated in our 2012 Annual Report, the term of our Australian NAB Corporate Term Loan matures on June 30, 2014. Accordingly, the outstanding balance of this debt of $62.3 million (AUS$68.0 million) is classified as current on our June 30, 2013 balance sheet. The Australian NAB Corporate Term Loan is secured by the majority of our theater and entertainment-themed retail center ("ETRC") properties in Australia.

Additionally, the term of our US Cinema 1, 2, 3 Term Loan matures on June 27, 2014. Accordingly, the outstanding balance of this debt of $15.0 million is classified as current on our June 30, 2013 balance sheet.

We are currently in the process of renegotiating these loans with our current lenders while also seeking possible replacement loans with other lenders. While no assurances can be given that we will be successful, we currently anticipate that these loans will either be extended or replaced prior to their maturities.

Tax Settlement Liability

As indicated in our 2012 Annual Report, in accordance with the agreement between the U.S. Internal Revenue Service and our subsidiary, Craig Corporation, it is obligated to pay $290,000 per month, $3.5 million per year, in settlement for its tax liability for tax year ending June 30, 1997.

For the abovementioned liabilities, we believe that we have sufficient borrowing capacity under our various credit facilities, together with our $42.4 million of cash and cash equivalents, to meet our anticipated short-term working capital requirements for the next twelve months.

Operating Activities

Cash provided by operations was $9.5 million in the 2013 Six Months compared to $8.2 million in the 2012 Six Months. The year-to-year increase in cash provided by operations of $1.2 million was due primarily to a $3.3 million increase in operational cash flows offset by a $2.1 million change in operating assets and liabilities.

Investing Activities

Cash provided by investing activities for the 2013 Six Months was $8.3 million compared to $13.5 million of cash used in investing activities for the 2012 Six Months, a change of $21.8 million. The $8.3 million of cash provided by investing activities for the 2013 Six Months was primarily related to:

- $1.7 million in cash provided from restricted cash;
- $2.0 million of proceeds from a note receivable; and
- $8.0 million of proceeds from time deposits;

offset by

- $3.4 million in property enhancements to our existing properties;

The $13.5 million of cash used in investing activities for the 2012 Six Months was primarily related to:

- $3.2 million in property enhancements to our existing properties;

- $8.0 million to purchase time deposits;
- $1.8 million to purchase a note receivable; and
- $5.5 million for the purchase of the Coachella land acquisition;

offset by

- $33,000 of a change in restricted cash;
- $1.9 million of proceeds from the sale of our Taringa properties; and
- $3.0 million of proceeds from the sale of marketable securities.

<u>Financing Activities</u>

Cash used in financing activities for the 2013 Six Months was $11.3 million compared to $3.4 million of cash used in financing activities for the same period in 2012 resulting in a change of $7.8 million. The $11.3 million in cash used in financing activities during the 2013 Six Months was primarily related to:

- $22.1 million of loan repayments including a $6.4 million payoff of our former Liberty Theaters Term Loan, a $6.8 million pay off our Sutton Hill Capital Note, $3.8 million in payments on our Bank of America Revolver and Line of Credit, and $4.4 million in payments on our NAB term debt ; and
- $2.0 million in noncontrolling interests' distributions.

offset by

- $12.5 million of new borrowing including $5.0 million from our Bank of America Revolver and $7.5 million from our new loan on the Orpheum and Minetta Lane Theatres net of $675,000 of borrowing costs;
- $263,000 in noncontrolling interests' contributions; and
- $200,000 of proceeds from the exercise of employee stock options;

The $3.4 million in cash used in financing activities during the 2012 Six Months was primarily related to:

- $15.9 million of new borrowing including $14.6 million of loan proceeds from our new Cinemas 1, 2, 3 loan net of $445,000 of capitalized borrowing costs and $945,000 of borrowing from our Bank of America line of credit;
- $3.3 million in noncontrolling interests' contributions; and
- $308,000 of proceeds from the exercise of employee stock options;

offset by

- $22.5 million of loan repayments including $15.0 million to pay off our Cinemas 1, 2, 3 loan, $3.3 million in payments on our GE Capital Loan and $3.6 million in payments on our NAB term debt.

<u>Critical Accounting Policies</u>

The SEC defines critical accounting policies as those that are, in management's view, most important to the portrayal of the company's financial condition and results of operations and the most demanding in their calls on judgment. Although accounting for our core business of cinema and live theater exhibition with a real estate focus is relatively straightforward, we believe our most critical accounting policies relate to:

- impairment of long-lived assets, including goodwill and intangible assets;
- tax valuation allowance and obligations; and
- legal and environmental obligations.

We discuss these critical accounting policies in our 2012 Annual Report and advise you to refer to that discussion.

Financial Risk Management

Our internally developed risk management procedure, seeks to minimize the potentially negative effects of changes in currency exchange rates and interest rates on the results of operations. Our primary exposure to fluctuations in the financial markets is currently due to changes in currency exchange rates between U.S and Australia and New Zealand, and interest rates.

As our operational focus continues to shift to Australia and New Zealand, unrealized foreign currency translation gains and losses could materially affect our financial position. We currently manage our currency exposure by creating, whenever possible, natural hedges in Australia and New Zealand. This involves local country sourcing of goods and services as well as borrowing in local currencies.

Our exposure to interest rate risk arises out of our long-term debt obligations. Consistent with our internally developed guidelines, we seek to reduce the negative effects of changes in interest rates by changing the character of the interest rate on our long-term debt, converting a variable rate into a fixed rate. Our internal procedures allow us to enter into derivative contracts on certain borrowing transactions to achieve this goal. Our Australian credit facilities provide for floating interest rates but require that not less than a certain percentage of the loans be swapped into fixed rate obligations using derivative contracts.

In accordance with FASB ASC 815-10-35, Subsequent Valuation of Derivative Instruments and Hedging Instruments ("FASB ASC 815-10-35"), we marked our interest rate swap and cap instruments to market on the consolidated balance sheet resulting in an decrease in interest expense of $944,000 and $1.7 million during the three and six months ended June 30, 2013, respectively, and an increase of $1.8 million and $1.5 million in interest expense during the three and six months ended June 30, 2012, respectively. At June 30, 2013 and December 31, 2012, we recorded the fair market value of our interest rate swaps of $4.2 million and $5.9 million, respectively, as other long-term liabilities. Additionally, at June 30, 2013, we recorded as an other long-term asset our interest rate cap of $136,000. In accordance with FASB ASC 815-10-35, we have not designated any of our current interest rate swap or cap positions as financial reporting hedges.

Inflation

We continually monitor inflation and the effects of changing prices. Inflation increases the cost of goods and services used. Competitive conditions in many of our markets restrict our ability to recover fully the higher costs of acquired goods and services through price increases. We attempt to mitigate the impact of inflation by implementing continuous process improvement solutions to enhance productivity and efficiency and, as a result, lower costs and operating expenses. In our opinion, we have managed the effects of inflation appropriately, and, as a result, it has not had a material impact on our operations and the resulting financial position or liquidity.

Litigation

We are currently, and are from time to time, involved with claims and lawsuits arising in the ordinary course of our business. Some examples of the types of claims are:

·contractual obligations;
·insurance claims;
·IRS claims;
·employment matters;
·environmental matters; and
·anti-trust issues.

Where we are the plaintiffs, we expense all legal fees on an on-going basis and make no provision for any potential settlement amounts until received. In Australia, the prevailing party is entitled to recover its attorneys' fees, which typically work out to be approximately 60% of the amounts actually spent where first class legal counsel is engaged at customary rates. Where we are a plaintiff, we have likewise made no provision for the liability for the defendant's attorneys' fees in the event we are determined not to be the prevailing party.

Where we are the defendants, we accrue for probable damages, which insurance may not cover, as they become known and can be reasonably estimated. In our opinion, any claims and litigation in which we are currently involved are not reasonably likely to have a material adverse effect on our business, results of operations, financial position, or liquidity. However, we do not give any assurance as to the ultimate outcome of such claims and litigation. The resolution of such claims and litigation could be material to our operating results for any particular period, depending on the level of income for such period. There have been no material changes to our litigation exposure since our 2012 Annual Report.

Forward-Looking Statements

Our statements in this interim quarterly report contain a variety of forward-looking statements as defined by the Securities Litigation Reform Act of 1995. Forward-looking statements reflect only our expectations regarding future events and operating performance and necessarily speak only as of the date the information was prepared. No guarantees can be given that our expectation will in fact be realized, in whole or in part. You can recognize these statements by our use of words such as, by way of example, “may,” “will,” “expect,” “believe,” and “anticipate” or other similar terminology.

These forward-looking statements reflect our expectation after having considered a variety of risks and uncertainties. However, they are necessarily the product of internal discussion and do not necessarily completely reflect the views of individual members of our Board of Directors or of our management team. Individual Board members and individual members of our management team may have different views as to the risks and uncertainties involved, and may have different views as to future events or our operating performance.

Among the factors that could cause actual results to differ materially from those expressed in or underlying our forward-looking statements are the following:

- With respect to our cinema operations:
  - The number and attractiveness to movie goers of the films released in future periods;
  - The amount of money spent by film distributors to promote their motion pictures;
  - The licensing fees and terms required by film distributors from motion picture exhibitors in order to exhibit their films;
  - The continued willingness of moviegoers to spend money on our concession items;
  - The comparative attractiveness of motion pictures as a source of entertainment and willingness and/or ability of consumers (i) to spend their dollars on entertainment and (ii) to spend their entertainment dollars on movies in an outside the home environment;
  - The extent to which we encounter competition from other cinema exhibitors, from other sources of outside of the home entertainment, and from inside the home entertainment options, such as “home theaters” and competitive film product distribution technology such as, by way of example, cable, satellite broadcast, DVD and VHS rentals and sales, and so called “movies on demand”;
  - the extent to which we can digitalize our cinema circuit compared to our competitors; and
  - The extent to and the efficiency with which, we are able to integrate acquisitions of cinema circuits with our existing operations.
- With respect to our real estate development and operation activities:
  - The rental rates and capitalization rates applicable to the markets in which we operate and the quality of properties that we own;
  - The extent to which we can obtain on a timely basis the various land use approvals and entitlements needed to develop our properties;
  - The risks and uncertainties associated with real estate development;
  - The availability and cost of labor and materials;
  - Competition for development sites and tenants;
  - Environmental remediation issues; and
  - The extent to which our cinemas can continue to serve as an anchor tenant who will, in turn, be influenced by the same factors as will influence generally the results of our cinema operations.
- With respect to our operations generally as an international company involved in both the development and operation of cinemas and the development and operation of real estate; and previously engaged for many years in the railroad business in the United States:

- Our ongoing access to borrowed funds and capital and the interest that must be paid on that debt and the returns that must be paid on such capital;
- The relative values of the currency used in the countries in which we operate;
- Changes in government regulation;
- Our labor relations and costs of labor (including future government requirements with respect to pension liabilities, disability insurance and health coverage, and vacations and leave);
- Our exposure from time to time to legal claims and to uninsurable risks such as those related to our historic railroad operations, including potential environmental claims and health related claims relating to alleged exposure to asbestos or other substances now or in the future, recognized as being possible causes of cancer or other health related problems;
- Changes in future effective tax rates and the results of currently ongoing and future potential audits by taxing authorities having jurisdiction over our various companies; and
- Changes in applicable accounting policies and practices.

The above list is not necessarily exhaustive, as business is by definition unpredictable and risky, and subject to influence by numerous factors outside of our control such as changes in government regulation or policy, competition, interest rates, supply, technological innovation, changes in consumer taste and fancy, weather, and the extent to which consumers in our markets have the economic wherewithal to spend money on beyond-the-home entertainment.

Given the variety and unpredictability of the factors that will ultimately influence our businesses and our results of operation, it naturally follows that no guarantees can be given that any of our forward-looking statements will ultimately prove to be correct. Actual results will undoubtedly vary and there is no guarantee as to how our securities will perform either when considered in isolation or when compared to other securities or investment opportunities.

Finally, we undertake no obligation to update publicly or to revise any of our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law. Accordingly, you should always note the date to which our forward-looking statements speak.

Additionally, certain of the presentations included in this interim quarterly report may contain “non-GAAP financial measures.” In such case, a reconciliation of this information to our GAAP financial statements will be made available in connection with such statements.

Item 3 – Quantitative and Qualitative Disclosure about Market Risk

The SEC requires that registrants include information about potential effects of changes in currency exchange and interest rates in their filings. Several alternatives, all with some limitations, have been offered. We base the following discussion on a sensitivity analysis, which models the effects of fluctuations in currency exchange rates and interest rates. This analysis is constrained by several factors, including the following:

- It is based on a single point in time; and
- It does not include the effects of other complex market reactions that would arise from the changes modeled.

Although the results of such an analysis may be useful as a benchmark, they should not be viewed as forecasts.

At June 30, 2013, approximately 52% and 19% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately $27.7 million in cash and cash equivalents. At December 31, 2012, approximately 51% and 18% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand) including approximately $15.8 million in cash and cash equivalents.

Our policy in Australia and New Zealand is to match revenues and expenses, whenever possible, in local currencies. As a result, we have procured in local currencies a majority of our expenses in Australia and New Zealand. Due to the developing nature of our operations in Australia and New Zealand, our revenue is not yet significantly greater than our operating and interest expenses. Despite this natural hedge, recent movements in foreign currencies have had an effect on our current earnings. Although foreign currency has had a nominal effect on our current earnings, the effect of the translation adjustment on our assets and liabilities noted in our other comprehensive income was an increase of $19.9 million and $18.9 million for the three and six months ended June 30, 2013, respectively. As we continue to progress our acquisition and development activities in Australia and New Zealand, we cannot assure you that the foreign currency effect on our earnings will be negligible in the future.

Historically, our policy has been to borrow in local currencies to finance the development and construction of our ETRCs in Australia and New Zealand whenever possible. As a result, the borrowings in local currencies have provided somewhat of a natural hedge against the foreign currency exchange exposure. Even so, and as a result of our issuance of fully subordinated notes (TPS) in 2007, and their subsequent partial repayment, approximately 63% and 48% of our Australian and New Zealand assets, respectively, remain subject to such exposure unless we elect to hedge our foreign currency exchange between the US and Australian and New Zealand dollars. If the foreign currency rates were to fluctuate by 10% the resulting change in Australian and New Zealand assets would be $12.8 million and $3.5 million, respectively, and the change in our quarterly net income (loss) would be $141,000 and $10,000, respectively. Presently, we have no plan to hedge such exposure.

We record unrealized foreign currency translation gains or losses that could materially affect our financial position. As of June 30, 2013 and December 31, 2012, we have recorded a cumulative unrealized foreign currency translation gain of approximately $45.8 million and $64.6 million, respectively.

Historically, we maintain most of our cash and cash equivalent balances in short-term money market instruments with original maturities of three months or less. Due to the short-term nature of such investments, a change of 1% in short-term interest rates would not have a material effect on our financial condition.

While we have typically used fixed rate financing (secured by first mortgages) in the U.S., fixed rate financing is typically not available to corporate borrowers in Australia and New Zealand. The majority of our Australian and New Zealand bank loans have variable rates. The Australian facility provides for floating interest rates, but requires that not less than a certain percentage of the loan be swapped into fixed rate obligations (see Financial Risk Management above). Taking into consideration our interest rate swaps and cap, a 1% increase or decrease in short-term interest rates would have resulted in approximately $162,000 increase or decrease in our 2013 Quarter’s interest expense.

Item 4 – Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such, term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – Other Information

Item 1 – Legal Proceedings

For a description of legal proceedings, please refer to Item 3 entitled Legal Proceedings contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Item 1A – Risk Factors

There have been no material changes in risk factors as previously disclosed in our annual report on Form 10-K filed on March 19, 2013 with the SEC for the fiscal year ended December 31, 2012.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

For a description of grants of stock to certain executives, see the Stock Based Compensation section under see Note 2 – Equity and Stock-Based Compensation to our Condensed Consolidated Financial Statements.

Item 3 – Defaults upon Senior Securities

None.

Item 5 – Other Information

None.

Item 6 – Exhibits

10.1	John Hunter Separation Agreement
10.2	James J Cotter, Jr. Employment Agreement
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

READING INTERNATIONAL, INC.

Date: August 8, 2013

By: /s/ James J. Cotter
James J. Cotter
Chief Executive Officer

Date: August 8, 2013

By: /s/ Andrzej Matyczynski
Andrzej Matyczynski
Chief Executive Officer

CERTIFICATIONS

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Cotter, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Reading International, Inc.;

2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
    d) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ James J. Cotter
James J. Cotter
Chief Executive Officer
August 8, 2013

CERTIFICATIONS

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrzej Matyczynski, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Reading International, Inc.;

2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ Andrzej Matyczynski
Andrzej Matyczynski
Chief Financial Officer
August 8, 2013

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, in his capacity as an officer of Reading International, Inc. (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- The Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2013 as filed with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- The information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 8, 2013

/s/ James J. Cotter

Name: James J. Cotter
Title: Chief Executive Officer

/s/ Andrzej Matyczynski

Name: Andrzej Matyczynski
Title: Chief Financial Officer

SEPARATION AGREEMENT

This Separation Agreement ("Agreement") is entered into on May 28, 2013 between Reading International, Inc., a Nevada corporation ("Company"), and John Hunter ("Employee") in recognition of the following facts:

A. Pursuant to an employment agreement dated December 28, 2006 (the "Employment Agreement"), Employee has been employed by the Company as its Chief Operating Officer and as President of the Company's subsidiaries in New Zealand and Australia.

B. Employee has this date submitted his letter of resignation to the Company, effective as of the close of business on June 3, 2013.

C. The parties desire to confirm the terms and conditions of Employee's termination of employment with the Company.

NOW, THEREFORE, the parties hereto agree as follows:

1. The Company shall continue to pay Employee's salary at the base pay rate of $400,000 per annum through June 3, 2013, with delivery of the final paycheck to him by the close of business on that date.

2. By the close of business on June 3, 2013, the Company shall pay all of Employee's accrued vacation pay in the amount documented, unpaid of approximately $35,577 (based on approximately 185 hours) and all of Employee's outstanding duly-authorized business-related expenses.

3. Anything in the Employment Agreement to the contrary notwithstanding, the Company shall not offset or withhold any portion of matching funds (in the amount of approximately $51,000) from Employee's 401K Plan account, and the Company agrees that it has no claim against Employee to recover any portion of such matching funds.

4. In accordance with the provisions of the Employment Agreement, the Company shall pay Employee a vested pension benefit of $400,000 on February 3, 2014, without interest. Such pension benefit payment shall be subject to income tax withholding as if such payment was a bonus.

5. For the period commencing June 4, 2013 through Wednesday, July 31, 2013, the Company shall retain Employee as an independent contractor to provide consulting services and support concerning the transfer of his prior employment responsibilities to others within the Company, such services to be provided electronically and remotely as much as feasible, with the possibility of some in-office attendance, but in no event shall all such services exceed five hours in any week. In consideration of Employee's making himself available for such services, the Company shall pay him $100,000 on June 15, 2013 and an additional $100,000 on July 15, 2013.

6. Employee hereby agrees to all of the terms and conditions of the form of General Release which is attached hereto as Exhibit "A" and incorporated herein by this reference.

7. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto but shall not be assigned by either party without the prior written consent of the other party, which consent shall not be withheld unreasonably.

8. This Agreement, with attached Exhibit "A", constitutes the entire agreement between the parties hereto, and there are no understandings, representations or warranties of any kind between the parties except as expressly set forth.

9. If one or more of the provisions of this Agreement shall for any reasons be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

10. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. The fact of and the terms and conditions of this Agreement shall be kept confidential unless otherwise agreed by the parties in writing, except for such disclosures as may be necessary or appropriate to governmental authorities, including the Securities and Exchange Commission and national stock exchanges, financial institutions, accountants and attorneys for the parties.

12. This Agreement has been negotiated by the parties and their respective counsel and shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against any party.

13. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

14. If any action is brought for enforcement of this Agreement or for a declaration of rights, the successful or prevailing party shall be entitled to recover its reasonable attorneys fees and costs incurred (including costs of expert witnesses) in such action, in addition to any other relief to which it may be entitled.

Executed by the parties on the date first above written.

/s/ John Hunter____________________
John Hunter

READING INTERNATIONAL, INC.

By: /s/ Andrzej Matyczynski__________

EXHIBIT A
TO SEPARATION AGREEMENT

1. **GENERAL RELEASE**

a. Separation Payments and Benefits.

Reference is made to the letter agreement, dated as of May 28, 2013 to which this Exhibit A is attached (the "Separation Agreement"), between Reading International, Inc. LLC (the "Company") and Employee (as defined therein), under which the Company has offered to pay and provide to Employee, and Employee has agreed to accept, the separation and consulting payments and benefits as provided therein.

b. Release of Company

For and in consideration of the separation payments and benefits provided in the Separation Agreement, Employee, for himself or herself and for each of his or her heirs, executors, administrators, successors-in-interest, legal representatives and assigns, hereby irrevocably and unconditionally releases and discharges the Company, its successors and assigns, and its respective direct and indirect parents, subsidiaries and affiliates, together with their respective officers, directors, partners, shareholders, members, managers, employees and agents (together with the Company, collectively, the "Releasees") from any and all claims, causes of action, or damages (including attorneys' fees and costs actually incurred), of any nature whatsoever, whether known or unknown, suspected or unsuspected, that Employee had or claims to have had, or now has or claims to have against Releasees, or any of them, through the date of the execution of this Release. This Release specifically includes any claims that relate to or arose out of Employee's employment with the Company. This Release also includes any claims for breach of contract, express or implied, any tort, any matter in anyway related to Employee's employment, any acts or omissions of Releasees, or any legal restrictions or Company's right to terminate employees, or any federal, state or other governmental statute, regulation or ordinance such as: (1) Title VII of the Civil Rights Act of 1964 (including, but not limited to, race, color, religion, sex, and natural origin); (2) 42 U.S.C. sec. 1981 (generally discrimination); (3) the Civil Rights Act of 1991; (4) The Age Discrimination in Employment Act; (5) the Employment Retirement Income Security Act of 1974, 29 U.S.C. Sec 1001 et seq; (6) The Older Workers' Benefit Protection Act; and (7) any other laws, statutes and regulations relating to employment, employment discrimination, wage and hour matters and claims, and employment termination.

c. Waiver of Unknown Claims

Employee, for himself or herself and his or her heirs, legal representatives, and assigns, does hereby expressly waive and relinquish all rights and benefits afforded by section 1542 of the California Civil Code or any comparable provisions of the laws of the State of Colorado or of federal laws, and does so understanding and acknowledging the significance and consequences of such specific waivers. Said section 1542 of the Civil Code of California states as follows:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her separation with the debtor.**

Thus, notwithstanding the provisions of said section 1542, and for the purposes of implementing a full and complete release and discharge of Releasees and each of them, Employee expressly acknowledges that this Release is also intended to include in its effect, without limitation, all claims which Employee does not know or suspect to exist at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.

Notwithstanding the foregoing or any other provision of this Release, this Release does not apply to Employee's rights under (1) the Separation Agreement, (2) that certain Indemnification Agreement dated as of August 16, 2007 between the Company and Employee or (3) California Labor Code section 2802 or any other rights of Employee which as a matter of law cannot be waived or released.

d. ADEA: Consideration/Rescission

Without limiting the scope of this Release in any way, Employee certifies that this Release constitutes a knowing and voluntary waiver of any and all rights or claims that exist or that Employee has or may claim to have under the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act (29 USC Section 621, et seq.) Employee acknowledges that (a) the separation payments and benefits provided pursuant to the Separation Agreement is in addition to any consideration that he or she would otherwise by entitled to receive, that (b) he or she has been and is hereby advised in writing to consult with an attorney prior to signing this Release, that (c) he or she has been provided a full and ample opportunity to study this Release, including a period of at least twenty-one- (21) days within which to consider it, that (d) to the extent Employee takes less than twenty-one (21) days to consider this Release prior to execution, Employee acknowledges that he or she has had sufficient time to consider this Release with his or her counsel, and that he or she expressly, voluntarily and knowingly waives any additional time, and that (e) he or she is aware of his or her rights to revoke this Release at any time within a seven (7) day period following the date he or she executes this Release with respect to claims arising under the ADEA as amended by the Older Workers' Benefit Protection Act only. To be effective, rescission must be in writing and delivered to the Company within the applicable rescission period. If Employee does revoke this Release, the Company retains the right to revoke the Separation Agreement, in its entirety, within ten (10) days of receipt via registered mail of notice of such revocation. Upon any such revocation notice, Employee shall, upon the Company's request, promptly reimburse and return to the Company any and all separation payments and the cost of all separation benefits previously paid or provided to Employee under the Separation Agreement.

e. No Assignment

Employee agrees that he or she (1) has not made any assignment of any claims released and discharged by this Release, (2) shall not hereafter make any assignment of any claims released and discharged by this Release, and (3) will indemnify and hold harmless Releasees, and each of them, from any such assignment.

f. No Claims

Employee also agrees that if a claim is prosecuted in his or her name before any court or administrative agency, he or she waives and agrees not to take any award of money or other damages from such suit, and to return any such award of money or damages immediately to the Company.

g. Confidentiality and Non-Disclosure

Employee warrants that he or she will not disclose, disseminate and/or publicize, cause or permit to be disclosed, disseminated or publicized, any of the terms of the Separation Agreement or this Release directly or indirectly, specifically or generally, to any person, corporation, association, governmental agency, or other entity except: (1) to the extent necessary to report income to appropriate taxing authorities; (2) in response to an order of a court of competent jurisdiction or a subpoena issued under the authority thereof; or (3) in response to an inquiry or subpoena issued by a state or federal governmental agency. It is understood and agreed that notice of receipt of Employee of any such judicial or agency order, inquiry or subpoena shall immediately be communicated by the recipient to counsel for the Company telephonically, and then confirmed immediately thereafter in writing so that the Company will have an opportunity to intervene to assert what rights it may have to non-disclosure prior to responses to said order, inquiry or subpoena. Employee specifically warrants that he or she will not, directly or indirectly initiate any conversation or other communication with any current or former employee of the Company, or any other person, corporation, entity, business or association, regarding this Release, or the matters giving rise to this Release.

2.**SEVERABILITY**

Should any of the provisions of this Release be determined to be invalid or unenforceable by a court or government agency of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of the remainder of the provisions herein.

3.**CONSTRUCTION**

It is understood and agreed that the general rule that ambiguities are to be construed against the drafter shall not apply to this Release. This Separation Agreement shall be construed as a mutually prepared Separation Agreement.

4.**MODIFICATION**

No provision of this Release may be changed, altered, modified or waived, except in writing and signed by Employee and an authorized representative of the Company.

5.**NON-WAIVER**

No waiver by any party of any breach of any term or provision of this Release shall be construed to be, nor be, a waiver of any proceeding, concurrent or succeeding breach of the same, or of any other term or provision. No waiver shall be binding on the part of, or on behalf of, any party entering into this Release.

6.**ENTIRE AGREEMET AND SUPERSEDING EFFECT**

The parties hereto acknowledge that no representation, promise or inducement has been made, other than as set forth in this Release, for them to enter into this Release, and that none of them enters into this Release in reliance upon any representation, promise or inducement not set forth herein. The parties agree that all of the terms and conditions agreed upon by the parties regarding this Release are contained herein. The terms of this Release are contractual and not mere recitals. This Separation Agreement is a full integration of all terms agreed to by the parties.

7.**APPLICABLE LAW**

This Separation Agreement has been made at the Company's principal place of business in California and California law applies to it.

8.**COUNTERPARTS**

This Separation Agreement may be executed in counterparts, each of which shall be deemed an original, and both of which together shall constitute one and the same instrument.

9.**COMPLETE AND VOLUNTARY AGREEMENT**

Employee acknowledges that Employee has read and understands this Release, that Employee has had the opportunity to seek legal counsel of Employee's own choosing, that Employee is not executing this Release in reliance on any promises, representations or inducements other than those contained herein, and that Employee is executing this Release voluntarily, free of any duress or coercion.

THIS IS AN IMPORTANT LEGAL DOCUMENT. THIS AGREEMENT INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS. BY SIGING IT YOU GIVE UP THE RIGHT TO SUE ON THOSE MATTERS HEREIN DEFINED. YOU SHOULD THOROUGHLY REVIEW AND UNDERSTAND THE EFFECT OF THIS RELEASE BEFORE ACTING ON IT. IF YOU DO NOT UNDERSTAND IT, DO NOT SIGN IT.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of June 3, 2013 by and between Reading International, Inc., a Nevada corporation, (the “Company”), and James J. Cotter, Jr. (the “Executive”).

1. Term of Employment

Subject to the provisions of Section 10 below, the Company shall employ the Executive, and the Executive shall serve the Company in the capacity of President for a term commencing as of June 3, 2013 and ending that date which is twelve (12) months after either party provides the other party with written notice of termination (the “Term of Employment”).

2. Duties

During the Term of Employment, the Executive will serve as the Company’s President and will report directly to the Chief Executive Officer. The Executive shall devote substantially all of his business time to the Company and shall perform such duties, consistent with his status as President of the Company, as he may be assigned from time to time by the Chief Executive Officer.

3. Compensation

During the Term of Employment, the Company shall pay to the Executive as compensation for the performance of his duties and obligations hereunder a salary at the rate of $335,000 per annum during each year of the term of this Agreement. Such salary shall be paid in accordance with the Company’s standard payment practices.

4. Expenses and Other Benefits

All travel, entertainment and other reasonable business expenses incident to the rendering of services by the Executive hereunder will be promptly paid or reimbursed by the Company subject to submission by the Executive in accordance with the Company’s policies in effect from time to time. The Executive shall be entitled to a vehicle allowance of $15,000, per annum.

The Executive shall be entitled during the Term of Employment to participate in employee benefit and welfare plans and programs of the Company including, without any limitation, any key man or executive long term disability insurance and employee stock option plans to the extent that any other senior executives or officers of the Company or its subsidiaries are eligible to participate and subject to the provisions, rules, regulations, and laws applicable thereto. The Executive shall immediately be granted 100,000 employee stock options, which options shall vest annually over a five (5) year period.

5. Death or Disability

This Agreement shall be terminated by the death of the Executive and also may be terminated by the Board of Directors of the Company if the Executive shall be rendered incapable by illness or any physical or mental disability (individually, a “disability”) from substantially complying with the terms, conditions and provisions to be observed and performed on his part for a continuous period in excess of three (3) months or ninety (90) days in the aggregate during any twelve (12) months during the Term of Employment.

6. Disclosure of Information; Inventions and Discoveries

The Executive shall promptly disclose to the Company all processes, trademarks, inventions, improvements, discoveries and other information (collectively, “developments”) directly related to the business of the Company conceived, developed or acquired by him alone or with others during the Term of Employment by the Company, whether or not during regular working hours or through the use of material or facilities of the Company. All such developments shall be the sole and exclusive property of the Company, and upon request the Executive shall deliver to the Company all drawings, sketches, models and other data and records relating to such development. In the event any such development shall be deemed by the Company to be patentable, the Executive shall, at the expense of the Company, assist the Company in obtaining a patent or patents thereon and execute all documents and do all other things necessary or proper to obtain letters patent and invest the Company with full title thereto.

7. Non-Competition

The Company and the Executive agree that the services rendered by the Executive hereunder are unique and irreplaceable. During his employment by the Company, the Executive shall not provide any type of services to any business that in the reasonable judgment of the Company is, or as a result of the Executive's engagement or participation would become, directly competitive with any aspect of the business of the Company.

8. Non-Disclosure

The Executive will not at any time after the date of this Employment Agreement divulge, furnish or make accessible to anyone (otherwise than in the regular course of business of the Company) any knowledge or information with respect to confidential matters of the Company, except to the extent such disclosure is (a) in the performance of his duties under this Agreement, (b) required by applicable law, (c) authorized in writing by the Company, or (d) when required to do so by legal process, that requires him to divulge, disclose or make accessible such information.

9. Remedies

The Company may pursue any appropriate legal, equitable or other remedy, including injunctive relief, in respect of any failure by the Executive to comply with the provisions of Sections 6, 7 or 8 hereof, it being acknowledged by the Executive that the remedy at law for any such failure would be inadequate.

10. Termination

This Agreement and the Executive's employment with the Company may be terminated by the Board of Directors of the Company (i) in the event of the Executive's fraud, embezzlement or any other illegal act committed intentionally by Executive in connection with Executive's duties as an executive of the Company which causes or may reasonably be expected to cause substantial economic injury to the Company or (ii) upon thirty (30) days' notice to the Executive if the Executive shall be in material breach of any material provision of this Employment Agreement other than as provided in clause (i) above and shall have failed to cure such breach during such thirty (30) day period (the events in (i) and (ii) shall constitute "Cause"). Any such notice to the Executive shall specify with particularity the reason for termination or proposed termination. In the event of termination under this Section 10 or under Section 5 (except as provided therein), the Company's unaccrued obligations under this Agreement shall cease and the Executive shall forfeit all right to receive any unaccrued compensation or benefits hereunder but shall have the right to reimbursement of expenses already incurred. If the Company terminates Executive without Cause, the Executive shall be entitled to compensation and benefits which he was receiving for a period of twelve months from such notice of termination. Notwithstanding any termination of the Agreement pursuant to this Section 10 or by reason of disability under Section 5, the Executive, in consideration of his employment hereunder to the date of such termination, shall remain bound by the provisions of Sections 6, 7 and 8 (unless this Agreement is terminated on account of the breach hereof by the Company) of this Agreement.

In the event of any termination, the Executive shall not be required to seek other employment to mitigate damages, and any income earned by the

Executive from other employment or self-employment shall not be offset against any obligations of the Company to the Executive under this Agreement. The Company's obligations hereunder and the Executive's rights to payment shall not be subject to any right of set-off, counterclaim or other deduction by the Company not in the nature of customary withholding, other than in any judicial proceeding or arbitration.

11. Resignation

In the event that the Executive’s services hereunder are terminated under Section 5 or 10 of this Agreement (except by death), the Executive agrees that he will deliver his written resignation to the Board of Directors, such resignation to become effective immediately.

12. Data

Upon expiration of the Term of Employment or termination pursuant to Section 5 or 10 hereof, the Executive or his personal representative shall promptly deliver to the Company all books, memoranda, plans, records and written data of every kind relating to the business and affairs of the Company which are then in his possession on account of his employment hereunder, but excluding all such materials in the Executive’s possession which are personal and not property of the Company or which he holds on account of his past or current status as a director or shareholder of the Company.

13. Arbitration

Any dispute or controversy arising under this Agreement or relating to its interpretation or the breach hereof, including the arbitrability of any such dispute or controversy, shall be determined and settled by arbitration in Los Angeles, California pursuant to the Rules then obtaining of the American Arbitration Association. Any award rendered herein shall be final and binding on each and all of the parties, and judgment may be entered thereon in any court of competent jurisdiction.

14. Waiver of Breach

Any waiver of any breach of this Employment Agreement shall not be construed to be a continuing waiver or consent to any subsequent breach on the part either of the Executive or of the Company.

15. Assignment

Neither party hereto may assign his or its rights or delegate his or its duties under this Employment Agreement without the prior written consent of the other party; provided, however, that this Agreement shall inure to the benefit of and be binding upon the successors and assignees of the Company, upon (a) a sale of all or substantially all of the Company’s assets, or upon merger or consolidation of the Company with or into any other corporation, and (b) upon delivery on the effective day of such sale, merger or consolidation to the Executive of a binding instrument of assumption by such successors and assigns of the rights and liabilities of the Company under this Agreement, provided, however, that no such assignment or transfer will relieve the Company from its payment obligations hereunder in the event the transferee or assignee fails to timely discharge them. No rights or obligations of the Executive under this Agreement may be assigned or transferred other than his rights to compensation and benefits, which may be transferred by will or operation of law or as otherwise specifically provided or permitted hereunder or under the terms of any applicable employee benefit plan.

16. Notices

Any notice required or desired to be given hereunder shall be in writing and shall be deemed sufficiently given when delivered or 3 days after mailing in United States certified or registered mail, postage prepaid, to the party for whom intended at the following address:

The Company:

Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, CA 90045
The Executive:

James J. Cotter, Jr.
Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, CA 90045

or to such other address as either party may from time to time designate by like notice to the other.

17. General

The terms and provisions of this Agreement shall constitute the entire agreement by the Company and the Executive with respect to the subject matter hereof, and shall supersede any and all prior agreements or understandings between the Executive and the Company, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by the Executive and the Company, and any such amendment or modification or any termination of this Agreement shall become effective only after written approval thereof has been received by the Executive. This Agreement shall be governed by and construed in accordance with California law. In the event that any terms or provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms and provisions hereof. In the event of any judicial, arbitral or other proceeding between the parties hereto with respect to the subject matter hereof, the prevailing party shall be entitled, in addition to all other relief, to reasonable attorneys' fees and expenses and court costs.

18. Indemnification

The Company shall indemnify the Executive to the fullest extent permitted by law in effect as of the date hereof, or as hereafter amended, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, and amounts paid in settlement) reasonably incurred by the Executive in connection with a Proceeding. For the purposes of this section, a "Proceeding" shall mean any action, suit or proceeding, whether civil, criminal, administrative or investigative, in which the Executive is made, or is threatened to be made, a party to, or a witness in, such action, suit or proceeding by reason of the fact that he is or was an officer, director or employee of the Company or is or was serving as an officer, director, member, employee, trustee or agent of any other entity at the request of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

READING INTERNATIONAL, INC.

By: /s/ James J. Cotter, Sr.

James J. Cotter, Sr.

AGREED TO AND ACCEPTED:

By: /s/ James J. Cotter, Jr.

James J. Cotter, Jr.

EXHIBIT 31.1

CERTIFICATIONS
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Cotter, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Reading International, Inc.;
2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6) The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By:

/s/ James J. Cotter
James J. Cotter
Chief Executive Officer
August 8, 2013

EXHIBIT 31.2

CERTIFICATIONS
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrzej Matyczynski, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Reading International, Inc.;
2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6) The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By:

/s/ Andrzej Matyczynski
Andrzej Matyczynski
Chief Financial Officer
August 8, 2013

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in his capacity as an officer of Reading International, Inc. (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- The Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2013 as filed with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- The information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 8, 2013

/s/ James J. Cotter
Name: James J. Cotter
Title: Chief Executive Officer

/s/ Andrzej Matyczynski
Name: Andrzej Matyczynski
Title: Chief Financial Officer