

CINEMARK INC  
Form 10-Q  
August 08, 2008

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**CINEMARK, INC. MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION (H)(1)(A) AND (B) OF FORM 10-Q AND THEREFORE IS FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2008  
Commission File Number: 001-31372  
CINEMARK, INC.  
(Exact name of registrant as specified in its charter)**

**Delaware  
(State or other jurisdiction  
of incorporation or organization)**

**01-0687923  
(I.R.S. Employer  
Identification No.)**

**3900 Dallas Parkway  
Suite 500  
Plano, Texas  
(Address of principal executive offices)**

**75093  
(Zip Code)**

Registrant's telephone number, including area code: (972) 665-1000

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 12 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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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

Yes  No

As of July 31, 2008, 27,896,316 shares of common stock were outstanding.

**CINEMARK, INC. AND SUBSIDIARIES  
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**Cautionary Statement Regarding Forward-Looking Statements**

Certain matters within this Quarterly Report on Form 10Q include forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements included in this Form 10Q, other than statements of historical fact, may constitute forward-looking statements. Forward-looking statements can be identified by the use of words such as may, should, will, could, estimates, predicts, potential, continue, anticipates, believes, plans, expects, future expressions. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. For a description of the risk factors, please review the Risk Factors section or other sections in the Company's Annual Report on Form 10-K filed March 28, 2008 and quarterly reports on Form 10-Q, filed with the Securities and Exchange Commission. All forward-looking statements are expressly qualified in their entirety by such risk factors. We undertake no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**CINEMARK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, unaudited)

	<b>June 30,</b> <b>2008</b>	<b>December</b> <b>31,</b> <b>2007</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 346,799	\$ 233,402
Inventories	8,195	7,000
Accounts receivable	33,230	34,832
Income tax receivable		18,422
Current deferred tax asset	5,441	5,215
Prepaid expenses and other	7,194	10,070
 Total current assets	 400,859	 308,941
<b>THEATRE PROPERTIES AND EQUIPMENT</b>		
Less accumulated depreciation and amortization	1,890,966	1,818,505
	588,586	504,439
 Theatre properties and equipment net	 1,302,380	 1,314,066
<b>OTHER ASSETS</b>		
Goodwill	1,148,487	1,134,689
Intangible assets net	351,832	353,047
Investments in and advances to affiliates	21,983	5,071
Deferred charges and other assets net	57,831	77,393
 Total other assets	 1,580,133	 1,570,200
 <b>TOTAL ASSETS</b>	 <b>\$ 3,283,372</b>	 <b>\$ 3,193,207</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 12,770	\$ 9,166
Current portion of capital lease obligations	5,203	4,684
Income tax payable	5,273	
Advances from affiliates	6,286	
Accounts payable and accrued expenses	203,642	204,327
 Total current liabilities	 233,174	 218,177

<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current portion	1,517,877	1,514,579
Capital lease obligations, less current portion	121,601	116,486
Deferred income taxes	154,872	168,475
Long-term portion FIN 48 liability	16,490	15,500
Deferred lease expenses	21,444	19,235
Deferred revenue NCM	190,823	172,696
Other long-term liabilities	33,608	36,214
Total long-term liabilities	2,056,715	2,043,185
<b>COMMITMENTS AND CONTINGENCIES (see Note 17)</b>		
<b>MINORITY INTERESTS IN SUBSIDIARIES</b>	18,296	16,182
<b>STOCKHOLDERS EQUITY</b>		
Class A common stock, \$0.001 par value: 40,000,000 shares authorized and 27,896,316 shares issued and outstanding	28	28
Additional paid-in-capital	817,544	806,742
Retained earnings	96,393	76,198
Accumulated other comprehensive income	61,222	32,695
Total stockholders equity	975,187	915,663
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 3,283,372</b>	<b>\$ 3,193,207</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

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**CINEMARK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, unaudited)

	Three months ended June		Six months ended June	
	30,		30,	
	2008	2007	2008	2007
<b>REVENUES</b>				
Admissions	\$ 294,425	\$ 283,117	\$ 556,792	\$ 527,107
Concession	141,474	138,448	263,631	253,535
Other	21,335	18,471	37,827	37,416
<b>Total revenues</b>	<b>457,234</b>	<b>440,036</b>	<b>858,250</b>	<b>818,058</b>
<b>COST OF OPERATIONS</b>				
Film rentals and advertising	163,799	159,084	301,939	287,378
Concession supplies	23,205	22,668	41,954	40,125
Salaries and wages	45,321	45,444	87,908	85,626
Facility lease expense	56,124	53,253	112,446	104,898
Utilities and other	50,411	48,219	98,576	92,412
General and administrative expenses	24,235	18,297	44,574	36,937
Termination of profit participation agreement		6,952		6,952
Depreciation and amortization	37,840	36,720	75,247	73,595
Amortization of favorable leases	699	625	1,403	1,559
Impairment of long-lived assets	1,342	7,036	5,829	56,766
(Gain) loss on sale of assets and other	1,109	(1,864)	910	(1,559)
<b>Total cost of operations</b>	<b>404,085</b>	<b>396,434</b>	<b>770,786</b>	<b>784,689</b>
<b>OPERATING INCOME</b>	<b>53,149</b>	<b>43,602</b>	<b>87,464</b>	<b>33,369</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest expense	(30,061)	(35,301)	(62,134)	(76,798)
Interest income	2,475	2,266	5,250	6,049
Gain on NCM transaction				210,773
Gain on Fandango transaction		9,205		9,205
Foreign currency exchange gain (loss)	(24)	(57)	(240)	163
Loss on early retirement of debt		(123)	(40)	(7,952)
Distributions from NCM	3,403	1,362	8,585	1,362
Equity in loss of affiliates	(692)	(265)	(1,327)	(1,496)
Minority interests in income of subsidiaries	(1,092)	(606)	(2,244)	(895)
<b>Total other income (expense)</b>	<b>(25,991)</b>	<b>(23,519)</b>	<b>(52,150)</b>	<b>140,411</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>27,158</b>	<b>20,083</b>	<b>35,314</b>	<b>173,780</b>

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Income taxes	11,761	(26,456)	15,119	8,937
NET INCOME	\$ 15,397	\$ 46,539	\$ 20,195	\$ 164,843

The accompanying notes are an integral part of the condensed consolidated financial statements.

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**CINEMARK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands, unaudited)

	<b>Six months ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 20,195	\$ 164,843
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	73,244	71,566
Amortization of intangible and other assets	3,406	3,588
Amortization of long-term prepaid rents	829	511
Amortization of debt issue costs	2,338	2,363
Amortization of debt premium		(678)
Amortization of deferred revenues, deferred lease incentives, and other	(1,748)	(875)
Impairment of long-lived assets	5,829	56,766
Share based awards compensation expense	1,853	1,449
Gain on NCM transaction		(210,773)
Gain on Fandango transaction		(9,205)
(Gain) loss on sale of assets and other	910	(1,559)
Write-off of unamortized bond premiums and unamortized debt issue costs related to the early retirement of debt	193	(17,098)
Accretion of interest on senior discount notes	20,039	21,150
Deferred lease expenses	2,146	3,311
Deferred income tax expenses	(14,506)	(126,443)
Equity in loss of affiliates	1,327	1,496
Minority interests in income of subsidiaries	2,244	895
Changes in assets and liabilities:		
Inventories	(1,195)	(728)
Accounts receivable	1,602	(1,322)
Prepaid expenses and other	2,876	300
Other assets	(4,778)	(2,144)
Advances with affiliates	7,993	(742)
Accounts payable and accrued expenses	657	(21,175)
Interest paid on repurchased senior discount notes	(2,929)	
Increase in deferred revenues related to NCM Transaction		174,001
Increase in deferred revenues related to Fandango Transaction		5,000
Other long-term liabilities	13	(5,171)
Income tax receivable/payable	24,685	55,094
Net cash provided by operating activities	147,223	164,420
<b>INVESTING ACTIVITIES</b>		
Additions to theatre properties and equipment	(51,916)	(73,148)
Proceeds from sale of theatre properties and equipment	2,224	13,915
Increase in escrow deposits due to like-kind exchange	(2,089)	
Return of escrow deposits	23,439	

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Acquisition of one theatre	(5,011)	
Investment in joint venture DCIP	(1,000)	(1,500)
Net proceeds from sale of NCM stock		214,842
Net proceeds from sale of Fandango stock		11,347
Net cash provided by (used for) investing activities	(34,353)	165,456
<b>FINANCING ACTIVITIES</b>		
Capital contribution from parent	8,950	
Retirement of senior discount notes	(6,174)	
Retirement of senior subordinated notes		(332,066)
Repayments of long-term debt	(4,050)	(7,200)
Payments on capital leases	(2,363)	(1,760)
Other	(340)	(208)
Net cash used for financing activities	(3,977)	(341,234)
Effect of exchange rate changes on cash and cash equivalents	4,504	2,527
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>113,397</b>	<b>(8,831)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of period	233,402	147,099
End of period	\$ 346,799	\$ 138,268

**SUPPLEMENTAL INFORMATION** (see Note 14)

The accompanying notes are an integral part of the condensed consolidated financial statements.

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CINEMARK, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In thousands, except share and per share data

**1. The Company and Basis of Presentation**

Cinemark, Inc. and subsidiaries (the Company) are leaders in the motion picture exhibition industry in terms of both revenues and the number of screens in operation, with theatres in the United States ( U.S. ), Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia. The Company also managed additional theatres in the U.S., Brazil, and Colombia during the six months ended June 30, 2008.

On August 2, 2006, Cinemark Holdings, Inc. was formed as the Delaware holding company of Cinemark, Inc. On August 7, 2006, the Cinemark, Inc. stockholders entered into a share exchange agreement pursuant to which they agreed to exchange their shares of Class A common stock for an equal number of shares of common stock of Cinemark Holdings, Inc. ( Cinemark Share Exchange ). The Cinemark Share Exchange was completed on October 5, 2006 and facilitated the acquisition of Century Theatres, Inc. (the Century Acquisition ). On October 5, 2006, Cinemark, Inc. became a wholly owned subsidiary of Cinemark Holdings, Inc.

The condensed consolidated financial statements have been prepared by the Company, without audit, according to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these interim financial statements reflect all adjustments necessary to state fairly the financial position and results of operations as of, and for, the periods indicated. Majority-owned subsidiaries that the Company controls are consolidated while those subsidiaries of which the Company owns between 20% and 50% and does not control are accounted for as affiliates under the equity method. Those subsidiaries of which the Company owns less than 20% are generally accounted for as affiliates under the cost method, unless the Company is deemed to have the ability to exercise significant influence over the affiliate, in which case the Company would account for its investment under the equity method. The results of these subsidiaries and affiliates are included in the condensed consolidated financial statements effective with their formation or from their dates of acquisition. Significant intercompany balances and transactions are eliminated in consolidation.

These condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2007, included in the Annual Report on Form 10-K filed March 28, 2008 by the Company under the Securities Exchange Act of 1934, as amended (the Exchange Act ). Operating results for the six months ended June 30, 2008, are not necessarily indicative of the results to be achieved for the full year.

**2. New Accounting Pronouncements**

In September 2006, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 157, *Fair Value Measurements* . Among other requirements, this statement defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The statement applies whenever other statements require or permit assets or liabilities to be measured at fair value. SFAS No. 157 became effective for the Company beginning January 1, 2008 (January 1, 2009 for nonfinancial assets and liabilities). Adoption of this statement did not have a significant impact on the Company's condensed consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* . This statement provides companies with an option to report selected financial assets and liabilities at fair value that are currently not required to be measured at fair value. SFAS No. 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for the Company beginning January 1, 2009. The Company has elected not to measure eligible items at fair value upon initial adoption. Adoption of this statement is not expected to have a significant impact on the Company's condensed consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* . This statement requires all business combinations completed after the effective date to be accounted for by applying the acquisition method (previously referred to as the purchase method); expands the definition of transactions and events that qualify as

business combinations; requires that the acquired assets and liabilities, including contingencies, be recorded at the fair value determined on the acquisition date and changes thereafter reflected in income, not goodwill; changes the recognition timing for restructuring costs; and requires acquisition costs to be expensed as incurred. Adoption of SFAS No. 141(R) is required for business combinations that occur after December 15, 2008. Early adoption and retroactive application of

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In thousands, except share and per share data

SFAS No. 141 (R) to fiscal years preceding the effective date is not permitted. The Company is evaluating the impact of SFAS No. 141(R) on its condensed consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interest in Consolidated Financial Statements*. This statement establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS No. 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is evaluating the impact of SFAS No. 160 on its condensed consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 *Disclosures about Derivative Instruments and Hedging Activities - an Amendment of FASB Statement No. 133*. This statement intends to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures about their impact on an entity's financial position, financial performance, and cash flows. SFAS No. 161 requires disclosures regarding the objectives for using derivative instruments, the fair values of derivative instruments and their related gains and losses, and the accounting for derivatives and related hedged items. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early adoption permitted. The Company's adoption of SFAS No. 161 will not impact its condensed consolidated financial statements, however the Company is evaluating the impact of SFAS No. 161 on its disclosures.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*. This statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. The issuance of SFAS No. 162 is not expected to have a significant impact on the Company's condensed consolidated financial statements.

### **3. Cinemark Holdings, Inc.'s Initial Public Offering**

On April 24, 2007, Cinemark Holdings, Inc. completed an initial public offering of its common stock. Cinemark Holdings, Inc. and selling stockholders sold a combined 28,000,000 shares of their common stock at a price of \$17.955 (\$19 per share less underwriting discounts). The net proceeds, before expenses, received by Cinemark Holdings, Inc. were \$249,375 and Cinemark Holdings, Inc. paid approximately \$3,397 in legal, accounting and other fees during the six months ended June 30, 2007, all of which were recorded in additional paid-in-capital. On May 21, 2007, the underwriters purchased an additional 269,100 shares out of an additional 2,800,000 shares that were authorized for sale by the selling stockholders. Cinemark Holdings, Inc. did not receive any proceeds from the sale of shares by the selling stockholders. Cinemark Holdings, Inc. has utilized and expects to continue to utilize the net proceeds to repurchase a portion of the remaining 9 3/4% senior discount notes or repay debt outstanding under the senior secured credit facility. Cinemark Holdings, Inc. has significant flexibility in applying the net proceeds from the initial public offering. Cinemark Holdings, Inc. has invested the remaining net proceeds in short-term, investment-grade marketable securities or money market funds.

### **4. Investment in National CineMedia and Transaction Related to its Initial Public Offering**

In March 2005, Regal Entertainment Inc. ( Regal ) and AMC Entertainment Inc. ( AMC ) formed National CineMedia, LLC, or NCM, and on July 15, 2005, the Company joined NCM, as one of the founding members. NCM operates the largest digital in-theatre network in the U.S. for providing cinema advertising and non-film events and

combines the cinema advertising and non-film events businesses of the three largest motion picture companies in the U.S. Upon joining NCM, the Company and NCM entered into an Exhibitor Services Agreement, pursuant to which NCM provides advertising, promotion and event services to the Company's theatres. On February 13, 2007, National

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CINEMARK, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In thousands, except share and per share data

CineMedia, Inc. ( NCM, Inc. ), a newly formed entity that now serves as a member and the sole manager of NCM, completed an initial public offering of its common stock. In connection with the NCM, Inc. initial public offering, the Company amended its operating agreement with NCM and the Exhibitor Services Agreement pursuant to which NCM provides advertising, promotion and event services to the Company's theatres. In connection with NCM Inc.'s initial public offering and the transactions described below (the NCM Transaction), the Company received an aggregate of \$389,003.

Prior to pricing the initial public offering of NCM, Inc., NCM completed a recapitalization whereby (1) each issued and outstanding Class A unit of NCM was split into 44,291 Class A units, and (2) following such split of Class A Units, each issued and outstanding Class A Unit was recapitalized into one common unit and one preferred unit. As a result, the Company received 14,159,437 common units and 14,159,437 preferred units. All existing preferred units of NCM, or 55,850,951 preferred units, held by Regal, AMC and the Company were redeemed on a pro-rata basis on February 13, 2007. NCM utilized the proceeds of its new \$725,000 term loan facility and a portion of the proceeds it received from NCM, Inc. from its initial public offering to redeem all of its outstanding preferred units. Each preferred unit was redeemed for \$13.7782 and the Company received approximately \$195,092 as payment in full for redemption of all of the Company's preferred units in NCM. Upon payment of such amount, each preferred unit was cancelled and the holders of the preferred units ceased to have any rights with respect to the preferred units.

At the closing of the initial public offering, the underwriters exercised their over-allotment option to purchase additional shares of common stock of NCM, Inc. at the initial public offering price, less underwriting discounts and commissions. In connection with the over-allotment option exercise, Regal, AMC and the Company each sold to NCM, Inc. common units of NCM on a pro-rata basis at the initial public offering price, less underwriting discounts and expenses. The Company sold 1,014,088 common units to NCM, Inc. for proceeds of \$19,910, and upon completion of this sale of common units, the Company owned 13,145,349 common units of NCM. The net proceeds of \$215,002 from the above described stock transactions were applied against the Company's existing investment basis in NCM of \$4,069 until such basis was reduced to \$0 with the remaining \$210,933 of proceeds net of \$160 of transaction related costs, recorded as a gain of \$210,773 in the condensed consolidated statement of income for the six months ended June 30, 2007.

NCM also paid the Company a portion of the proceeds it received from NCM, Inc. in the initial public offering for agreeing to modify NCM's payment obligation under the prior Exhibitor Services Agreement. The modification agreed to by the Company reflects a shift from circuit share expense under the prior Exhibitor Services Agreement, which obligated NCM to pay the Company a percentage of revenue, to the monthly theatre access fee described below. The theatre access fee significantly reduced the contractual amounts paid to the Company by NCM. In exchange for the Company agreeing to so modify the agreement, NCM paid the Company approximately \$174,001 upon modification of the Exhibitor Services Agreement on February 13, 2007, the proceeds of which were recorded as deferred revenue on the Company's condensed consolidated balance sheet. The Company believes this payment approximates the fair value of the Exhibitor Services Agreement modification. The deferred revenue is being amortized into other revenues over the life of the agreement using the units of revenue method. Regal and AMC similarly amended their exhibitor service arrangements with NCM.

In consideration for NCM's exclusive access to the Company's theatre attendees for on-screen advertising and use of off-screen locations within the Company's theatres for the lobby entertainment network and lobby promotions, the Company receives a monthly theatre access fee under the Exhibitor Services Agreement. The theatre access fee is composed of a fixed payment per patron, initially seven cents, and a fixed payment per digital screen, which may be adjusted for certain enumerated reasons. The payment per theatre patron will increase by 8% every five years, with the first such increase taking effect after the end of fiscal 2011, and the payment per digital screen, initially eight hundred dollars per digital screen per year, will increase annually by 5%, beginning after 2007. For 2008, the annual payment per digital screen is eight hundred forty dollars. The theatre access fee paid in the aggregate to Regal, AMC and the Company will not be less than 12% of NCM's Aggregate Advertising Revenue (as defined in the Exhibitor Services

Agreement), or it will be adjusted upward to reach this minimum payment. Additionally, with respect to any on-screen advertising time provided to the Company's beverage concessionaire, the Company is required to purchase such time from NCM at a negotiated rate. The exhibitor services agreement has, except with respect to certain limited services, a term of 30 years.



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In thousands, except share and per share data

Prior to the initial public offering of NCM Inc. common stock, the Company's ownership interest in NCM was approximately 25% and subsequent to the completion of the offering the Company held a 14% interest in NCM. Subsequent to NCM, Inc.'s initial public offering, the Company continues to account for its investment in NCM under the equity method of accounting due to its ability to exercise significant control over NCM. The Company has substantial rights as a founding member, including the right to designate a total of two nominees to the ten-member Board of Directors of NCM Inc., the sole manager. So long as the Company owns at least 5% of NCM's membership interests, approval of at least 90% (80% if the board has less than 10 directors) will be required before NCM, Inc. may take certain actions including but not limited to mergers and acquisitions, issuance of common or preferred shares, approval of NCM's budget, incurrence of indebtedness, entering into or terminating material agreements, and modifications to its articles of incorporation or bylaws. Additionally, if any of the Company's director designees are not appointed to the Board of Directors of NCM, Inc., nominated by NCM, Inc. or elected by NCM, Inc.'s stockholders, then the Company (so long as the Company continues to own at least 5% of NCM's membership interest) will be entitled to approve certain actions of NCM including without limitation, approval of the budget, incurrence of indebtedness, consummating or amending material agreements, approving dividends, amending the NCM operating agreement, hiring or termination of the chief executive officer, chief financial officer, chief technology officer or chief marketing officer of NCM and the dissolution or liquidation of NCM.

In 2008, NCM performed a common unit adjustment calculation in accordance with the Common Unit Adjustment Agreement dated as of February 13, 2007 between NCM, Inc. and the Company, Regal and AMC. The common unit adjustment is based on the change in the number of screens operated by and attendance of the Company, AMC and Regal. As a result of the common unit adjustment calculation, the Company received an additional 846,303 common units of NCM, each of which is convertible into one share of NCM, Inc. common stock. The Company recorded the additional common units received at fair value as an investment with a corresponding adjustment to deferred revenue of \$19,020. The common unit adjustment resulted in an increase in the Company's ownership percentage in NCM from approximately 14.0% to approximately 14.5%.

During May 2008, Regal completed an acquisition of another theatre circuit that required an extraordinary common unit adjustment calculation by NCM in accordance with the Common Unit Adjustment Agreement. As a result of this extraordinary common unit adjustment, Regal was granted additional common units of NCM, which resulted in dilution of the Company's ownership interest in NCM from 14.5% to 14.1%. The Company recognized a change of interest loss of approximately \$75 during the three and six months ended June 30, 2008 as a result of this extraordinary common unit adjustment, which is reflected in (gain) loss on sale of assets and other on the condensed consolidated statement of income.

As of June 30, 2008, the Company owned a total of 13,991,652 common units.

During the six months ended June 30, 2007 and 2008, the Company recorded equity income (losses) in NCM of (\$1,284) and \$37, respectively. The Company recognized \$4,961 and \$1,814 of other revenue from NCM during the six months ended June 30, 2007 and 2008, respectively. The Company had a receivable due from NCM of \$225 and \$126 as of December 31, 2007 and June 30, 2008, respectively, related to screen advertising and other ancillary revenue. The Company is entitled to receive mandatory quarterly distributions of excess cash from NCM. During the six months ended June 30, 2007 and 2008, the Company received distributions of approximately \$1,362 and \$8,585, respectively, which were in excess of the carrying value of its investment in NCM and are reflected as distributions from NCM on the condensed consolidated statement of income.

Below is summary financial information for NCM for the three and six month periods ended June 26, 2008:

	<b>Three Months Ended June 26, 2008</b>	<b>Six Months Ended June 26, 2008</b>
Gross revenues	\$ 86,736	\$ 149,388

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Operating income	\$ 39,086	\$ 57,354
Net earnings	\$ 26,670	\$ 30,916

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**5. Investment in Digital Cinema Implementation Partners**

On February 12, 2007, the Company, AMC and Regal entered into a joint venture known as Digital Cinema Implementation Partners LLC ( DCIP ) to facilitate the implementation of digital cinema in the Company's theatres and to establish agreements with major motion picture studios for the financing of digital cinema. Future digital cinema developments will be managed by DCIP, subject to the Company's approval along with the Company's partners, AMC and Regal. During June 2007, the Company invested \$1,500 for a one-third ownership interest in DCIP. During February 2008, the Company, AMC and Regal each invested an additional \$1,000 in DCIP.

The Company is accounting for its investment in DCIP under the equity method of accounting. During the six months ended June 30, 2007 and 2008, the Company recorded equity losses in DCIP of \$235 and \$1,343, respectively, relating to this investment. The Company's investment basis in DCIP was \$260 and \$(83) at December 31, 2007 and June 30, 2008, respectively, which is included in investments in and advances to affiliates on the condensed consolidated balance sheets.

During July 2008, the Company, AMC and Regal each invested an additional \$1,500 in DCIP.

**6. Sale of Investment in Fandango, Inc.**

In May 2007, Fandango, Inc., an on-line ticketing distributor, executed a merger agreement, which resulted in the Company selling its investment in stock of Fandango, Inc. for approximately \$14,147 of consideration (the Fandango Transaction ). As a result of the sale of its investment, the Company recorded a gain of \$9,205 in the condensed consolidated statement of income for the three and six months ended June 30, 2007.

As part of the sale of its investment in stock of Fandango, Inc., the Company amended its exclusive ticketing and distribution agreement with Fandango, Inc and received proceeds of \$5,000. The proceeds were recorded as deferred revenue on the Company's condensed consolidated balance sheet and are being amortized over the term of the amended ticketing and distribution agreement.

**7. Share Based Awards**

During September 2004, Cinemark, Inc.'s board of directors approved the 2004 Long Term Incentive Plan (the 2004 Plan ), under which 9,097,360 shares of Class A common stock were made available for issuance to selected employees, directors and consultants of the Company. The 2004 Plan provided for restricted share grants, incentive option grants and nonqualified option grants.

On August 2, 2006, Cinemark Holdings, Inc. was formed as the Delaware holding company of Cinemark, Inc. and the Cinemark Share Exchange was completed on October 5, 2006.

In November 2006, Cinemark Holdings, Inc.'s board of directors amended the 2004 Plan to provide that no additional awards may be granted under the 2004 Plan. At that time, the board of directors and the majority of its stockholders approved the Cinemark Holdings, Inc. 2006 Long Term Incentive Plan (the 2006 Plan ) and all options to purchase shares of Cinemark, Inc.'s Class A common stock under the 2004 Plan were exchanged for an equal number of options to purchase shares of Cinemark Holdings, Inc.'s common stock under the 2006 Plan. The 2006 Plan is substantially similar to the 2004 Plan.

During September 2007, Cinemark Holdings, Inc. filed a registration statement with the Securities and Exchange Commission on Form S-8 for purposes of registering shares available for issuance under the 2006 Plan.

During October 2007, Cinemark Holdings, Inc.'s board of directors recommended and its stockholders approved an amendment to the 2006 Plan to provide for the ability to exercise an option on a cashless basis, by decreasing the number of shares deliverable upon the exercise of such option by an amount equal to the number of shares having an aggregate fair market value equal to the aggregate exercise price of such option.

During March 2008, Cinemark Holdings, Inc.'s board of directors approved the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan (the Restated Incentive Plan ). The Restated Incentive Plan amends and

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restates the 2006 Plan, to (i) increase the number of shares reserved for issuance from 9,097,360 shares of common stock to 19,100,000 shares of common stock and (ii) permit the compensation committee of Cinemark Holdings, Inc.'s board of directors (the Compensation Committee) to award participants restricted stock units and performance awards. The right of a participant to exercise or receive a grant of a restricted stock unit or performance award may be subject to the satisfaction of such performance or objective business criteria as determined by the Compensation Committee. With the exception of the changes identified in (i) and (ii) above, the Restated Incentive Plan does not materially differ from the 2006 Plan. The Restated Incentive Plan was approved by the Company's stockholders at its annual meeting of stockholders held on May 15, 2008.

*Stock Options* A summary of stock option activity and related information for the six months ended June 30, 2008 is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding at December 31, 2007	6,323,429	\$ 7.63
Granted		
Exercised	(82,992)	\$ 7.63
Forfeited	(11,276)	\$ 7.63
Outstanding at June 30, 2008	6,229,161	\$ 7.63
Options exercisable at June 30, 2008	5,228,073	\$ 7.63

The Company recorded compensation expense of \$1,432 and a tax benefit of approximately \$550 during the six months ended June 30, 2008, related to the outstanding stock options. As of June 30, 2008, the remaining unrecognized compensation expense related to outstanding stock options was \$2,148 and the weighted average period over which this remaining compensation expense will be recognized is approximately nine months. All options outstanding at June 30, 2008 have an average remaining contractual life of approximately 6.25 years. The aggregate intrinsic value of stock options outstanding and stock options exercisable at June 30, 2008 was \$33,824 and \$28,388, respectively.

*Restricted Stock* During October 2007, Cinemark Holdings, Inc. granted 21,880 shares of restricted stock to its independent directors at a purchase price of \$0.001 per share. The fair value of the shares was approximately \$400 based on the market value of Cinemark Holdings, Inc.'s stock on the date of grant, which was \$18.28 per share. These restricted stock awards fully vested on June 29, 2008. Cinemark Holdings, Inc. recorded compensation expense of \$200 related to these awards during the six months ended June 30, 2008.

During the six months ended June 30, 2008, Cinemark Holdings, Inc. granted 390,908 shares of restricted stock to independent directors and employees of the Company. The fair value of the shares of restricted stock was determined based on the market value of Cinemark Holdings, Inc.'s stock on the dates of grant, which ranged from \$12.89 to \$14.65 per share. The Company assumed forfeiture rates ranging from zero to 2% for the restricted stock awards. The restricted stock vests over periods ranging from one year to four years based on continued service by the independent director or employee. The Company recorded compensation expense of \$314 and Cinemark Holdings, Inc. recorded compensation expense of \$25 related to these restricted stock awards for employees and directors, respectively, during the six months ended June 30, 2008. As of June 30, 2008, the remaining unrecognized compensation expense related to these restricted stock awards was approximately \$4,800 and the weighted average period over which this remaining compensation expense will be recognized is approximately 3.2 years. Upon vesting, the Company receives an income

tax deduction. The recipients of restricted stock are entitled to receive dividends and to vote their respective shares, however the sale and transfer of the restricted shares is prohibited during the restriction period.

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A summary of restricted stock activity for the six months ended June 30, 2008 is as follows:

	<b>Shares of Restricted Stock</b>
Outstanding at December 31, 2007	21,880
Granted	390,908
Forfeited	
Outstanding at June 30, 2008	412,788
Unvested restricted stock at June 30, 2008	390,908

*Restricted Stock Units* During the six months ended June 30, 2008, Cinemark Holdings, Inc. granted restricted stock units representing 204,361 hypothetical shares of common stock under the Restated Incentive Plan. The restricted stock units vest based on a combination of financial performance factors and continued service. The financial performance factors are based on an implied equity value concept that determines an internal rate of return ( IRR ) during the three fiscal year period ending December 31, 2010 based on a formula utilizing a multiple of Adjusted EBITDA subject to certain specified adjustments (as defined in the restricted stock unit award agreement). The financial performance factors for the restricted stock units have a threshold, target and maximum level of payment opportunity. If the IRR for the three year period is at least 8.5%, which is the threshold, one-third of the restricted stock units vest. If the IRR for the three year period is at least 10.5%, which is the target, two-thirds of the restricted stock units vest. If the IRR for the three year period is at least 12.5%, which is the maximum, 100% of the restricted stock units vest. All payouts of restricted stock units that vest are subject to an additional one year service requirement and will be paid in the form of common stock if the participant continues to provide services through the fourth anniversary of the grant date. Restricted stock unit award participants are eligible to receive dividend equivalent payments if and at the time the restricted stock unit awards become vested.

Below is a table summarizing the potential restricted stock unit awards at each of the three levels of financial performance (excluding forfeiture assumptions):

	<b>Number of Shares Vesting</b>	<b>Value at Grant</b>
at IRR of at least 8.5%	68,116	\$ 885
at IRR of at least 10.5%	136,239	\$1,771
at IRR of at least 12.5%	204,361	\$2,656

Due to the fact that the IRR for the three year period ending December 31, 2010 could not be determined at the time of grants, the Company estimated that the most likely outcome is the achievement of the mid-point IRR level. As a result, the total compensation expense to be recorded for the restricted stock unit awards is \$1,755 assuming a total of 135,027 units will vest at the end of the four year period, using a forfeiture rate ranging from zero to 2%. If during the service period, additional information becomes available to lead the Company to believe a different IRR level will be achieved for the three year period ending December 31, 2010, the Company will reassess the number of units that will vest and adjust its compensation expense accordingly on a prospective basis over the remaining service period. The fair value of the number of units expected to vest was determined based on the market value of Cinemark Holdings, Inc. s stock on the dates of grant, which ranged from \$12.89 to \$13.14 per share. The Company recorded compensation expense of \$107 related to these awards during the six months ended June 30, 2008. As of June 30,

2008, the remaining unrecognized compensation expense related to these restricted stock unit awards was \$1,648 and the weighted average period over which this remaining compensation expense will be recognized is approximately 3.7 years.

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**8. Early Retirement of Long-Term Debt**

On March 6, 2007, the Company commenced an offer to purchase for cash, on the terms and subject to the conditions set forth in an Offer to Purchase and Consent Solicitation Statement, any and all of its 9% senior subordinated notes, of which \$332,250 aggregate principal amount remained outstanding. In connection with the tender offer, the Company solicited consents for certain proposed amendments to the indenture to remove substantially all restrictive covenants and certain events of default provisions. On March 20, 2007, the early settlement date, approximately \$332,000 aggregate principal amount of the 9% senior subordinated notes were tendered and repurchased by the Company for approximately \$360,164, including accrued interest and premiums paid. On April 3, 2007, the Company repurchased an additional \$66 aggregate principal amount of the 9% senior subordinated notes tendered after the early settlement date. The Company funded the repurchases with the net proceeds received from the NCM Transaction (see Note 4). The Company recorded a loss on early retirement of debt of \$7,952 during the six months ended June 30, 2007, which consisted of tender offer repurchase costs, including premiums paid and other fees, and the write-off of unamortized debt issue costs, partially offset by the write-off of the unamortized bond premium.

On March 20, 2008, in one open market purchase, the Company repurchased \$10,000 aggregate principal amount at maturity of its 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$8,950, including accreted interest of \$2,929. The Company funded the transaction with proceeds from the initial public offering of Cinemark, Holdings, Inc.'s common stock. As a result of the transaction, the Company recorded a loss on early retirement of debt of \$40 during the six months ended June 30, 2008, which primarily includes the write-off of unamortized debt issue costs partially offset by a discount on the repurchased senior discount notes.

**9. Interest Rate Swap Agreements**

During March 2007, the Company entered into two interest rate swap agreements with effective dates of August 13, 2007 and terms of five years each. The interest rate swaps were designated to hedge approximately \$500,000 of the Company's variable rate debt obligations under its senior secured credit facility. Under the terms of the interest rate swap agreements, the Company pays fixed rates of 4.918% and 4.922% on \$375,000 and \$125,000, respectively, of variable rate debt and receives interest at a variable rate based on the 3-month LIBOR. The 3-month LIBOR rate on each reset date determines the variable portion of the interest rate swaps for the three-month period following the reset date. No premium or discount was incurred upon the Company entering into the interest rate swaps because the pay and receive rates on the interest rate swaps represented prevailing rates for each counterparty at the time the interest rate swaps were consummated. The interest rate swaps qualify for cash flow hedge accounting treatment in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and as such, the Company has effectively hedged its exposure to variability in the future cash flows attributable to the 3-month LIBOR on \$500,000 of variable rate debt. The change in the fair values of the interest rate swaps is recorded on the Company's condensed consolidated balance sheet as an asset or liability with the effective portion of the interest rate swaps' gains or losses reported as a component of other comprehensive income and the ineffective portion reported in earnings. The Company estimates the fair values of the interest rate swaps by comparing estimated future interest payments to be made under forecasted future 3-month LIBOR to the fixed rates in accordance with the interest rate swaps.

As of June 30, 2008, the aggregate fair value of the interest rate swaps was a liability of approximately \$16,658, which has been recorded as a component of other long-term liabilities. A corresponding cumulative amount of \$10,261, net of taxes, has been recorded as a decrease in accumulated other comprehensive income on the Company's condensed consolidated balance sheet as of June 30, 2008. The interest rate swaps exhibited no ineffectiveness during the six months ended June 30, 2008.



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**10. Goodwill and Other Intangible Assets**

The Company's goodwill was as follows:

	<b>U.S. Operating Segment</b>	<b>International Operating Segment</b>	<b>Total</b>
Balance at December 31, 2007	\$979,148	\$155,541	\$1,134,689
Acquisition of one theatre <sup>(1)</sup>	2,892		2,892
Foreign currency translation adjustments		10,906	10,906
Balance at June 30, 2008	\$982,040	\$166,447	\$1,148,487

(1) The Company acquired one theatre during 2008 for approximately \$5,011, which resulted in \$2,892 of goodwill and \$2,119 of theatre properties and equipment. The theatre is included in the Company's U.S. operating segment.

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, the Company evaluates goodwill for impairment on an annual basis at fiscal year-end or whenever events or changes in circumstances indicate the carrying value of goodwill might exceed its estimated fair value. The Company evaluates goodwill for impairment at the reporting unit level and has allocated goodwill to the reporting unit based on an estimate of its relative fair value. The goodwill impairment evaluation is a two-step approach requiring the Company to compute the estimated fair value of a reporting unit and compare it with its carrying value. If the carrying value exceeds the estimated fair value, a second step is performed to measure the potential goodwill impairment. Fair values are determined based on a multiple of cash flows, which was eight times for the evaluations performed during 2007. Significant judgment is involved in estimating cash flows and fair value. Management's estimates are based on historical and projected operating performance as well as recent market transactions. Prior to January 1, 2008, the Company considered its theatres reporting units for purposes of evaluating goodwill for impairment. Recent changes in the organization, including changes in the structure of the Company's executive management team, Cinemark Holdings, Inc.'s initial public offering, the resulting changes in the level at which the Company's management team evaluates the business on a regular basis, and the Century Acquisition that increased the size of the Company's theatre base by approximately

25%, led the Company to conclude that its U.S. regions and international countries are now more reflective of how it manages and operates its business. Accordingly, the Company's U.S. regions and international countries represent the appropriate reporting units for purposes of evaluating goodwill for impairment. Consequently, effective January 1, 2008, the Company changed the reporting unit to sixteen regions in the U.S. and eight countries internationally from approximately four hundred theatres. The goodwill impairment test performed during December 2007 that resulted in the recording of impairment charges during the year ended December 31, 2007 reflects the final calculation utilizing theatres as reporting units.

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Intangible assets consisted of the following:

	<b>Balance at December 31, 2007</b>	<b>Amortization</b>	<b>Foreign Currency Translation Adjustments &amp; Other</b>	<b>Balance at June 30, 2008</b>
<i>Intangible assets with finite lives:</i>				
Capitalized licensing fees:				
Gross carrying amount	\$ 5,138	\$	\$	\$ 5,138
Accumulated amortization	(1,565)	(213)		(1,778)
Net carrying amount	3,573	(213)		3,360
Vendor contracts:				
Gross carrying amount	56,973		875	57,848
Accumulated amortization	(23,342)	(1,717)		(25,059)
Net carrying amount	33,631	(1,717)	875	32,789
Net favorable leases:				
Gross carrying amount	20,691		305	20,996
Accumulated amortization	(15,581)	(1,403)	13	(16,971)
Net carrying amount	5,110	(1,403)	318	4,025
Other intangible assets:				
Gross carrying amount	69		2	71
Accumulated amortization	(20)	(2)		(22)
Net carrying amount	49	(2)	2	49
Total net intangible assets with finite lives	42,363	(3,335)	1,195	40,223
<i>Intangible assets with indefinite lives:</i>				
Tradename	310,681		925	311,606
Other unamortized intangible assets	3			3
Total intangible assets net	\$353,047	\$ (3,335)	\$ 2,120	\$351,832

Aggregate amortization expense of \$3,406 for the six months ended June 30, 2008 consisted of \$3,335 of amortization of intangible assets and \$71 of amortization of other assets. Estimated aggregate future amortization expense for intangible assets is as follows:

For the six months ended December 31, 2008	\$ 3,065
For the twelve months ended December 31, 2009	5,278

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For the twelve months ended December 31, 2010	4,996
For the twelve months ended December 31, 2011	4,542
For the twelve months ended December 31, 2012	3,677
Thereafter	18,665
Total	\$ 40,223

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**11. Impairment of Long-Lived Assets**

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment on a quarterly basis or whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable.

The Company considers actual theatre level cash flows, future years budgeted theatre level cash flows, theatre property and equipment carrying values, amortizing intangible assets carrying values, the age of a recently built theatre, competitive theatres in the marketplace, changes in foreign currency exchange rates, the impact of recent ticket price changes, available lease renewal options and other factors in its assessment of impairment of individual theatre assets. Long-lived assets are evaluated for impairment on an individual theatre basis, which the Company believes is the lowest applicable level for which there are identifiable cash flows. The impairment evaluation is based on the estimated cash flows from continuing use through the remainder of the theatre's useful life. The remainder of the useful life correlates with the available remaining lease period, which includes the probability of renewal periods for leased properties and a period of twenty years for fee owned properties. If the estimated cash flows are not sufficient to recover a long-lived asset's carrying value, the Company then compares the carrying value of the asset group (theatre) with its estimated fair value. Fair value is determined based on a multiple of cash flows, which was eight times for the evaluations performed during the six months ended June 30, 2007 and June 30, 2008. When estimated fair value is determined to be lower than the carrying value of the asset group (theatre), the asset group (theatre) is written down to its estimated fair value. Significant judgment is involved in estimating cash flows and fair value. Management's estimates are based on historical and projected operating performance as well as recent market transactions.

The Company's long-lived asset impairment losses of \$5,829 for the six months ended June 30, 2008 were primarily for U.S. theatre properties. The Company's long-lived asset impairment losses of \$56,766 for the six months ended June 30, 2007 consisted of \$7,958 for theatre properties, \$45,108 of goodwill related to theatre properties and \$3,700 of intangible assets associated with theatre properties. As a result of the NCM Transaction discussed in Note 4, and more specifically the modification of the NCM Exhibitor Services Agreement with the Company, which significantly reduced the contractual amounts paid to the Company, the Company evaluated the carrying value of its goodwill as of March 31, 2007 leading to a majority of the goodwill impairment charges recorded during the six months ended June 30, 2007.

**12. Foreign Currency Translation**

The accumulated other comprehensive income account in stockholders' equity of \$32,695 and \$61,222 at December 31, 2007 and June 30, 2008, respectively, includes the cumulative foreign currency adjustments from translating the financial statements of the Company's international subsidiaries into U.S. dollars.

In 2007 and 2008, all foreign countries where the Company has operations were deemed non-highly inflationary. Thus, any fluctuation in the currency results in a cumulative foreign currency translation adjustment to the accumulated other comprehensive income account recorded as an increase in, or reduction of, stockholders' equity.

On June 30, 2008, the exchange rate for the Brazilian real was 1.61 reais to the U.S. dollar (the exchange rate was 1.77 reais to the U.S. dollar at December 31, 2007). As a result, the effect of translating the June 30, 2008 Brazilian financial statements into U.S. dollars is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive income account as an increase in stockholders' equity of \$19,148. At June 30, 2008, the total assets of the Company's Brazilian subsidiaries were U.S. \$236,194.

On June 30, 2008, the exchange rate for the Mexican peso was 10.31 pesos to the U.S. dollar (the exchange rate was 10.92 pesos to the U.S. dollar at December 31, 2007). As a result, the effect of translating the June 30, 2008 Mexican financial statements into U.S. dollars is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive income account as an increase in stockholders' equity of \$7,472. At June 30, 2008, the total assets of the Company's Mexican subsidiaries were U.S. \$167,814.



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**13. Comprehensive Income**

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive income and its components in the condensed consolidated financial statements. The Company's comprehensive income was as follows:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net income	\$15,397	\$46,539	\$20,195	\$164,843
Fair value adjustments on interest rate swap agreements (see Note 9)	13,045	7,629	1,086	6,422
Foreign currency translation adjustment (see Note 12)	18,552	15,257	27,440	17,127
Comprehensive income	\$46,994	\$69,425	\$48,721	\$188,392

**14. Supplemental Cash Flow Information**

The following is provided as supplemental information to the condensed consolidated statements of cash flows:

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Cash paid for interest	\$42,931	\$69,477
Cash paid for income taxes, net of refunds received	\$ 7,504	\$80,158
Noncash investing and financing activities:		
Change in construction lease obligations related to construction of theatres	\$	\$ (2,429)
Change in accounts payable and accrued expenses for the acquisition of theatre properties and equipment	\$ (3,349)	\$ (845)
Theatre properties acquired under capital lease	\$ 7,911	\$ 2,943
Investment in NCM (see Note 4)	\$19,020	\$

During December 2007, the Company elected to use the proceeds of approximately \$22,739 from the sale of real property to purchase a like-kind property in accordance with the Internal Revenue Code and as a result, the proceeds were deposited to an escrow account. During March 2008, the Company elected to use the proceeds of approximately \$700 from the sale of real property to purchase a like-kind property in accordance with the Internal Revenue Code and as a result, the proceeds were deposited to an escrow account. The Company did not purchase like-kind properties and the deposits of approximately \$23,439 were returned to the Company during the six months ended June 30, 2008.

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**15. Segments**

At June 30, 2008, the Company operates its international market and its U.S. market as separate reportable operating segments. The international segment consists of operations in Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia. The U.S. segment includes U.S. and Canada operations. Each segment's revenue is derived from admissions and concession sales and other ancillary revenues, primarily screen advertising. The primary measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, as defined in the reconciliation table below. The Company's management evaluates the performance of its assets on a consolidated basis.

Below is a breakdown of selected financial information by reportable operating segment:

	<b>Three Months Ended June</b>		<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>30, 2007</b>	<b>2008</b>	<b>2007</b>
Revenues				
U.S.	\$360,247	\$349,043	\$669,047	\$655,418
International	97,900	91,790	191,009	164,051
Eliminations	(913)	(797)	(1,806)	(1,411)
<b>Total Revenues</b>	<b>\$457,234</b>	<b>\$440,036</b>	<b>\$858,250</b>	<b>\$818,058</b>
Adjusted EBITDA				
U.S.	\$ 78,950	\$ 76,257	\$143,959	\$143,051
International	21,023	20,871	40,307	34,264
<b>Total Adjusted EBITDA</b>	<b>\$ 99,973</b>	<b>\$ 97,128</b>	<b>\$184,266</b>	<b>\$177,315</b>
Capital Expenditures				
U.S.	\$ 12,490	\$ 28,148	\$ 38,385	\$ 53,045
International	8,625	12,935	13,531	20,103
<b>Total Capital Expenditures</b>	<b>\$ 21,115</b>	<b>\$ 41,083</b>	<b>\$ 51,916</b>	<b>\$ 73,148</b>

The following table sets forth a reconciliation of net income to Adjusted EBITDA:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>2008</b>	<b>June 30, 2007</b>	<b>2008</b>	<b>June 30, 2007</b>
Net income	\$15,397	\$ 46,539	\$ 20,195	\$ 164,843
Add (deduct):				
Income taxes	11,761	(26,456)	15,119	8,937
Interest expense <sup>(1)</sup>	30,061	35,301	62,134	76,798
Gain on NCM Transaction				(210,773)



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Gain on Fandango Transaction		(9,205)		(9,205)
Loss on early retirement of debt		123	40	7,952
Other income <sup>(2)</sup>	(667)	(1,338)	(1,439)	(3,821)
Termination of profit participation agreement		6,952		6,952
Depreciation and amortization	37,840	36,720	75,247	73,595
Amortization of favorable leases	699	625	1,403	1,559
Impairment of long-lived assets	1,342	7,036	5,829	56,766
(Gain) loss on sale of assets and other	1,109	(1,864)	910	(1,559)
Deferred lease expenses	914	1,704	2,146	3,311
Amortization of long-term prepaid rents	425	275	829	511
Share based awards compensation expense	1,092	716	1,853	1,449
Adjusted EBITDA	\$99,973	\$ 97,128	\$184,266	\$ 177,315

(1) Includes amortization of debt issue costs.

(2) Includes interest income, foreign currency exchange gain (loss), equity in loss of affiliates and minority interests in income of subsidiaries and excludes distributions from NCM.

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*Financial Information About Geographic Areas*

The Company has operations in the U.S., Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia, which are reflected in the condensed consolidated financial statements. Below is a breakdown of selected financial information by geographic area:

<b>Revenues</b>	<b>Three Months Ended June</b>		<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>30, 2007</b>	<b>2008</b>	<b>2007</b>
U.S. and Canada	\$360,247	\$349,043	\$669,047	\$655,418
Brazil	47,000	41,613	91,634	76,025
Mexico	21,002	21,209	40,404	37,888
Other foreign countries	29,898	28,968	58,971	50,138
Eliminations	(913)	(797)	(1,806)	(1,411)
<b>Total</b>	<b>\$457,234</b>	<b>\$440,036</b>	<b>\$858,250</b>	<b>\$818,058</b>
			<b>June 30,</b>	<b>December 31,</b>
<b>Theatre Properties and Equipment-net</b>			<b>2008</b>	<b>2007</b>
U.S. and Canada			\$1,118,816	\$1,137,244
Brazil			78,943	72,635
Mexico			60,839	59,201
Other foreign countries			43,782	44,986
<b>Total</b>			<b>\$1,302,380</b>	<b>\$1,314,066</b>

**16. Related Party Transactions**

The Company leases one theatre from Plitt Plaza Joint Venture ( Plitt Plaza ) on a month-to-month basis. Plitt Plaza is indirectly owned by Lee Roy Mitchell, who owns approximately 12% of Cinemark Holdings, Inc.'s issued and outstanding shares of common stock. Annual rent is approximately \$118 plus certain taxes, maintenance expenses and insurance. The Company recorded \$62 and \$63 of facility lease and other operating expenses payable to Plitt Plaza joint venture during the six months ended June 30, 2007 and 2008, respectively.

The Company manages one theatre for Laredo Theatre, Ltd. ( Laredo ). The Company is the sole general partner and owns 75% of the limited partnership interests of Laredo. Lone Star Theatres, Inc. owns the remaining 25% of the limited partnership interests in Laredo and is 100% owned by Mr. David Roberts, Lee Roy Mitchell's son-in-law. Under the agreement, management fees are paid by Laredo to the Company at a rate of 5% of annual theatre revenues up to \$50,000 and 3% of annual theatre revenues in excess of \$50,000. The Company recorded \$39 and \$48 of management fee revenues during the six months ended June 30, 2007 and 2008, respectively. All such amounts are included in the Company's condensed consolidated financial statements with the intercompany amounts eliminated in consolidation.

The Company leases 24 theatres and two parking facilities from Syufy Enterprises, LP ( Syufy ) or affiliates of Syufy, which owns approximately 8% of Cinemark Holdings, Inc.'s issued and outstanding shares of common stock. Raymond Syufy is one of Cinemark Holdings, Inc.'s directors and is an officer of the general partner of Syufy. Of these 26 leases, 21 have fixed minimum annual rent in an aggregate amount of approximately \$22,059. The five leases without minimum annual rent have rent based upon a specified percentage of gross sales as defined in the lease with no minimum annual rent. The Company also has an office lease with Syufy for corporate office space in San Rafael,

California. The lease will expire in September 2008. The lease has a fixed minimum annual rent of approximately \$300.

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The Company entered into an amended and restated profit participation agreement on March 12, 2004 with its CEO, Alan Stock, which became effective on April 2, 2004, and amended the profit participation agreement with Mr. Stock in effect since May 2002. Under the agreement, Mr. Stock received a profit interest in two theatres once the Company recovered its capital investment in these theatres plus its borrowing costs. During the six months ended June 30, 2007, the Company recorded \$114 in profit participation expense payable to Mr. Stock, which is included in general and administrative expenses on the Company's condensed consolidated statement of income. After Cinemark Holdings, Inc.'s initial public offering in April 2007, the Company exercised its option to terminate the amended and restated profit participation agreement and purchased Mr. Stock's interest in the theatres on May 3, 2007 for a price of \$6,853 pursuant to the terms of the agreement. The Company also paid payroll taxes of approximately \$99 related to the payment made to terminate the amended and restated profit participation agreement. The agreement with Mr. Stock was terminated effective May 3, 2007.

**17. Commitments and Contingencies**

Effective June 16, 2008, Cinemark Holdings, Inc. entered into new employment agreements (the "New Employment Agreements") with Alan W. Stock, Timothy Warner, Robert Copple and Michael Cavalier. Each of Messrs. Stock, Warner, Copple and Cavalier had an employment agreement with the Company which became effective as of March 12, 2004 (the "Original Employment Agreements"). The New Employment Agreements replace the Original Employment Agreements. The New Employment Agreements have an initial term of three years, ending on June 16, 2011, subject to an automatic extension for a one-year period, unless the employment agreements are terminated. Messrs. Stock, Warner, Copple and Cavalier will receive base salaries of \$603, \$442, \$416, and \$338, respectively, during 2008, which are subject to review during the term of the employment agreements for increase (but not decrease) each year by the Company's Compensation Committee. In addition, Messrs. Stock, Warner, Copple and Cavalier are eligible to receive annual cash incentive bonuses upon the Company meeting certain performance targets established by its Compensation Committee for the fiscal year. Messrs. Stock, Warner, Copple and Cavalier qualify for the Company's 401(k) matching program and are also entitled to certain additional benefits including life insurance and disability insurance. The New Employment Agreements provide for severance payments upon termination of employment, the amount and nature of which depends upon the reason for the termination of employment. Effective June 16, 2008, the Company terminated its employment agreement with Tandy Mitchell.

From time to time, the Company is involved in various legal proceedings arising from the ordinary course of its business operations, such as personal injury claims, employment matters, landlord-tenant disputes and contractual disputes, some of which are covered by insurance. The Company believes its potential liability with respect to proceedings currently pending is not material, individually or in the aggregate, to the Company's financial position, results of operations and cash flows.

**18. Subsequent Event - Share Exchange with Minority Partners**

During May 2008, the Company's partners in Central America (the "Central American Partners") exercised an option available to them under an Exchange Option Agreement dated February 7, 2007 between Cinemark Holdings, Inc. and the Central American Partners. Under this option, which was triggered by completion of an initial public offering by Cinemark Holdings, Inc., the Central American Partners are entitled to exchange their shares in Cinemark Equity Holdings Corporation, which is the Company's Central American holding company, for shares of Cinemark Holdings, Inc.'s common stock. The number of shares to be exchanged is determined based on Cinemark Holdings, Inc.'s equity value and the equity value of the Central American Partner's interest in Cinemark Equity Holdings Corporation, both of which are defined in the Exchange Option Agreement. As a result of this exchange, Cinemark Holdings, Inc. will issue 902,981 shares of Cinemark Holdings, Inc.'s common stock to its Central American Partners. The exchange of shares is expected to occur during August 2008. The Company will account for the transaction as a step acquisition. The purchase price of the shares in Cinemark Equity Holdings Corporation will be recorded based on the fair value of the shares issued plus related transaction costs. Prior to the exchange, the Company owned 51% of the shares in Cinemark Equity Holdings Corporation and subsequent to the exchange, the Company will own 100% of the shares in

Cinemark Equity Holdings Corporation.

During July 2008, the Company's partners in Ecuador (the Ecuador Partners) exercised an option available to them under an Exchange Option Agreement dated February 7, 2007 between Cinemark Holdings, Inc. and the Ecuador

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Partners. Under this option, which was triggered by completion of an initial public offering by Cinemark Holdings, Inc., the Ecuador Partners are entitled to exchange their shares in Cinemark del Ecuador S.A. for shares of Cinemark Holdings, Inc.'s common stock. The number of shares to be exchanged is determined based on Cinemark Holdings, Inc.'s equity value and the equity value of the Ecuador Partner's interest in Cinemark del Ecuador S.A., both of which are defined in the Exchange Option Agreement. The equity values will be determined and the exchange of shares is expected to occur during August 2008. The Company will account for the transaction as a step acquisition. The purchase price of the shares in Cinemark del Ecuador S.A. will be recorded based on the fair value of the shares issued plus related transaction costs. Prior to the exchange, the Company owned 60% of the shares in Cinemark del Ecuador S.A. and subsequent to the exchange, the Company will own 100% of the shares in Cinemark del Ecuador S.A.

**19. Subsequent Event Investment in DCIP**

During July 2008, the Company, AMC and Regal each invested an additional \$1,500 in DCIP.

**Table of Contents****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes and schedules included elsewhere in this report.

We are one of the leaders in the motion picture exhibition industry, in terms of both revenues and the number of screens in operation, with theatres in the U.S., Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia. For financial reporting purposes at June 30, 2008, we have two reportable operating segments, our U.S. operations and our international operations.

**Results of Operations**

The following table sets forth, for the periods indicated, the percentage of revenues represented by certain items reflected in our condensed consolidated statements of income:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Operating data (in millions):				
Revenues				
Admissions	\$ 294.4	\$ 283.1	\$ 556.8	\$ 527.1
Concession	141.5	138.4	263.6	253.5
Other	21.3	18.5	37.8	37.4
<b>Total revenues</b>	<b>\$ 457.2</b>	<b>\$ 440.0</b>	<b>\$ 858.2</b>	<b>\$ 818.0</b>
Theatre operating costs <sup>(1)</sup>				
Film rentals and advertising	\$ 163.8	\$ 159.1	\$ 301.9	\$ 287.4
Concession supplies	23.2	22.7	42.0	40.1
Salaries and wages	45.3	45.4	87.9	85.6
Facility lease expense	56.1	53.3	112.4	104.9
Utilities and other	50.4	48.2	98.6	92.4
<b>Total theatre operating costs</b>	<b>\$ 338.8</b>	<b>\$ 328.7</b>	<b>\$ 642.8</b>	<b>\$ 610.4</b>
Operating data as a percentage of revenues:				
Revenues				
Admissions	64.4%	64.3%	64.9%	64.4%
Concession	30.9%	31.5%	30.7%	31.0%
Other	4.7%	4.2%	4.4%	4.6%
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Theatre operating costs <sup>(1) (2)</sup>				
Film rentals and advertising	55.6%	56.2%	54.2%	54.5%
Concession supplies	16.4%	16.4%	15.9%	15.8%
Salaries and wages	9.9%	10.3%	10.2%	10.5%
Facility lease expense	12.3%	12.1%	13.1%	12.8%
Utilities and other	11.0%	11.0%	11.5%	11.3%
<b>Total theatre operating costs</b>	<b>74.1%</b>	<b>74.7%</b>	<b>74.9%</b>	<b>74.6%</b>

Average screen count (month end average)	4,683	4,521	4,672	4,504
Revenues per average screen (in dollars)	\$97,642	\$97,326	\$183,701	\$181,612

- (1) Excludes depreciation and amortization expense.
- (2) All costs are expressed as a percentage of total revenues, except film rentals and advertising, which are expressed as a percentage of admissions revenues and concession supplies, which are expressed as a percentage of concession revenues.



**Table of Contents****Three months ended June 30, 2008 and 2007**

*Revenues.* Total revenues increased \$17.2 million to \$457.2 million for the three months ended June 30, 2008 ( second quarter of 2008 ) from \$440.0 million for the three months ended June 30, 2007 ( second quarter of 2007 ), representing a 3.9% increase. The table below, presented by reportable operating segment, summarizes our year-over-year revenue performance and certain key performance indicators that impact our revenues.

	U.S. Operating Segment			International Operating Segment			Consolidated		
	Three Months Ended June 30,			Three Months Ended June 30,			Three Months Ended June 30,		
	2008	2007	% Change	2008	2007	% Change	2008	2007	% Change
Admissions revenues (in millions)	\$ 234.3	\$ 225.2	4.0%	\$ 60.1	\$ 57.9	3.8%	\$ 294.4	\$ 283.1	4.0%
Concession revenues (in millions)	\$ 114.3	\$ 112.7	1.4%	\$ 27.2	\$ 25.7	5.8%	\$ 141.5	\$ 138.4	2.2%
Other revenues (in millions) <sup>(1)</sup>	\$ 10.7	\$ 10.3	3.9%	\$ 10.6	\$ 8.2	29.3%	\$ 21.3	\$ 18.5	15.1%
Total revenues (in millions) <sup>(1)</sup>	\$ 359.3	\$ 348.2	3.2%	\$ 97.9	\$ 91.8	6.6%	\$ 457.2	\$ 440.0	3.9%
Attendance (in millions)	38.6	38.9	(0.8%)	14.8	16.8	(11.9%)	53.4	55.7	(4.1%)
Revenues per screen (in dollars) <sup>(1)</sup>	\$97,871	\$97,870	0.0%	\$96,811	\$95,317	1.6%	\$97,642	\$97,326	0.3%

<sup>(1)</sup> U.S. operating segment revenues include eliminations of intercompany transactions with the international operating segment. See Note 15 of our condensed consolidated financial statements.

*Consolidated.* The increase in admissions revenues of \$11.3 million was primarily attributable to an 8.3% increase in average ticket price from \$5.09 for the second quarter of 2007 to \$5.51 for the second quarter of 2008, partially offset by a 4.1% decline in attendance. The increase in concession revenues of \$3.1 million was primarily

attributable to a 6.4% increase in concession revenues per patron from \$2.49 for the second quarter of 2007 to \$2.65 for the second quarter of 2008, partially offset by the decline in attendance. The increases in average ticket price and concession revenues per patron were primarily due to price increases and the favorable impact of exchange rates in certain countries in which we operate. The 15.1% increase in other revenues was primarily due to increased screen advertising and other ancillary revenues in certain of our international locations and the favorable impact of exchange rates in certain countries in which we operate.

U.S. The increase in admissions revenues of \$9.1 million was primarily attributable to a 4.8% increase in average ticket price from \$5.79 for the second quarter of 2007 to \$6.07 for the second quarter of 2008, partially offset by a 0.8% decline in attendance. The increase in concession revenues of \$1.6 million was primarily attributable to a 2.1% increase in concession revenues per patron from \$2.90 for the second quarter of 2007 to \$2.96 for the second quarter of 2008, partially offset by the decline in attendance. The increases in average ticket price and concession revenues per patron were primarily due to price increases.

International. The increase in admissions revenues of \$2.2 million was primarily attributable to a 17.3% increase in average ticket price from \$3.46 for the second quarter of 2007 to \$4.06 for the second quarter of 2008, partially offset by an 11.9% decline in attendance. The increase in concession revenues of \$1.5 million was primarily attributable to a 19.5% increase in concession revenues per patron from \$1.54 for the second quarter of 2007 to \$1.84 for the second quarter of 2008, partially offset by the decline in attendance. The increases in average ticket price and concession revenues per patron were primarily due to price increases and the favorable impact of exchange rates in certain countries in which we operate. The decline in attendance was primarily related to a shift in the holiday calendar, as Easter fell in March of this year versus April of last year, and a shift in the timing of certain key film releases in international markets. The 29.3% increase in other revenues was primarily due to increased screen advertising and other ancillary revenues and the favorable impact of exchange rates in certain countries in which we operate.

*Theatre Operating Costs (excludes depreciation and amortization expense).* Theatre operating costs were \$338.8 million, or 74.1% of revenues, for the second quarter of 2008 compared to \$328.7 million, or 74.7% of revenues, for the second quarter of 2007. The table below, presented by reportable operating segment, summarizes our year-over-year theatre operating costs.

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	U.S. Operating Segment		International Operating Segment		Consolidated	
	Three Months Ended		Three Months Ended		Three Months Ended	
	June 30,		June 30,		June 30,	
	2008	2007	2008	2007	2008	2007
Film rentals and advertising	\$134.4	\$129.7	\$29.4	\$29.4	\$163.8	\$159.1
Concession supplies	16.3	16.3	6.9	6.4	23.2	22.7
Salaries and wages	37.4	38.6	7.9	6.8	45.3	45.4
Facility lease expense	41.3	40.3	14.8	13.0	56.1	53.3
Utilities and other	36.5	36.3	13.9	11.9	50.4	48.2
Total theatre operating costs	\$265.9	\$261.2	\$72.9	\$67.5	\$338.8	\$328.7

**Consolidated.** Film rentals and advertising costs were \$163.8 million, or 55.6% of admissions revenues, for the second quarter of 2008 compared to \$159.1 million, or 56.2% of admissions revenues, for the second quarter of 2007. The increase in film rentals and advertising costs of \$4.7 million is due to an \$11.3 million increase in admissions revenues, which contributed \$6.3 million, partially offset by a decrease in our film rental and advertising rate, which reduced costs by \$1.6 million. Concession supplies expense was \$23.2 million, or 16.4% of concession revenues, for the second quarter of 2008 compared to \$22.7 million, or 16.4% of concession revenues, for the second quarter of 2007.

Salaries and wages decreased to \$45.3 million for the second quarter of 2008 from \$45.4 million for the second quarter of 2007. Facility lease expense increased to \$56.1 million for the second quarter of 2008 from \$53.3 million for the second quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Utilities and other costs increased to \$50.4 million for the second quarter of 2008 from \$48.2 million for the second quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate.

**U.S.** Film rentals and advertising costs were \$134.4 million, or 57.4% of admissions revenues, for the second quarter of 2008 compared to \$129.7 million, or 57.6% of admissions revenues, for the second quarter of 2007. The increase in film rentals and advertising costs of \$4.7 million is due to a \$9.1 million increase in admissions revenues, partially offset by a decrease in our film rentals and advertising rate. Concession supplies expense was \$16.3 million, or 14.3% of concession revenues, for the second quarter of 2008 compared to \$16.3 million, or 14.5% of concession revenues, for the second quarter of 2007.

Salaries and wages decreased to \$37.4 million for the second quarter of 2008 from \$38.6 million for the second quarter of 2007 primarily due to improved operating efficiencies. Facility lease expense increased to \$41.3 million for the second quarter of 2008 from \$40.3 million for the second quarter of 2007 primarily due to new theatre openings. Utilities and other costs increased to \$36.5 million for the second quarter of 2008 from \$36.3 million for the second quarter of 2007 primarily due to new theatre openings.

**International.** Film rentals and advertising costs were \$29.4 million, or 48.9% of admissions revenues, for the second quarter of 2008 compared to \$29.4 million, or 50.8% of admissions revenues, for the second quarter of 2007. The decrease in our film rental and advertising rate was primarily due to the type and performance of films during the second quarter of 2008 versus 2007. Concession supplies expense was \$6.9 million, or 25.4% of concession revenues, for the second quarter of 2008 compared to \$6.4 million, or 24.9% of concession revenues, for the second quarter of 2007. The increase in concession supplies expense is primarily due to increased concession

revenues.

Salaries and wages increased to \$7.9 million for the second quarter of 2008 from \$6.8 million for the second quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Facility lease expense increased to \$14.8 million for the second quarter of 2008 from \$13.0 million for the second quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Utilities and other costs increased to \$13.9 million for the second quarter of 2008 from \$11.9 million for the second quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate.

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*General and Administrative Expenses.* General and administrative expenses increased to \$24.2 million for the second quarter of 2008 from \$18.3 million for the second quarter of 2007. The increase was primarily due to increased incentive compensation expense, increased share based award compensation expense, increased service charges related to increased credit card activity and increased legal and professional fees, including audit fees related to compliance with the Sarbanes-Oxley Act of 2002 ( SOX ). Legal fees increased as a result of the preparation of our first proxy statement and related disclosures required under the Securities Exchange Act of 1934, as amended, particularly relating to compensation discussion and analysis, and defense costs related to a lawsuit which we have been vigorously defending and has been dismissed with prejudice.

*Termination of Profit Participation Agreement.* Upon consummation of our initial public offering on April 24, 2007, we exercised our option to terminate the amended and restated profit participation agreement with our CEO Alan Stock and purchased Mr. Stock's interest in the theatres on May 3, 2007 for a price of \$6.9 million pursuant to the terms of the agreement. In addition, the Company incurred \$0.1 million of payroll taxes related to the termination. See Note 16 to our condensed consolidated financial statements.

*Depreciation and Amortization.* Depreciation and amortization expense, including amortization of favorable leases, was \$38.5 million for the second quarter of 2008 compared to \$37.3 million for the second quarter of 2007 primarily due to new theatre openings.

*Impairment of Long-Lived Assets.* We recorded asset impairment charges on assets held and used of \$1.3 million for the second quarter of 2008 compared to \$7.0 million during the second quarter of 2007. Impairment charges for the second quarter of 2008 were primarily for U.S. theatre properties. Impairment charges for the second quarter of 2007 consisted of \$1.6 million of theatre properties, \$4.3 million of goodwill and \$1.1 million of intangible assets associated with theatre properties.

*(Gain) Loss on Sale of Assets and Other.* We recorded a loss on sale of assets and other of \$1.1 million during the second quarter of 2008 compared to a gain of \$1.9 million during the second quarter of 2007. The loss recorded during the second quarter of 2008 was primarily due to the write-off of theatre equipment that was replaced. The gain recorded during the second quarter of 2007 was primarily due to a gain on the sale of two U.S. theatres.

*Interest Expense.* Interest costs incurred, including amortization of debt issue costs, were \$30.1 million for the second quarter of 2008 compared to \$35.3 million for the second quarter of 2007. The decrease was primarily due to the repurchase of a portion of our 9 3/4% senior discount notes since the second quarter of 2007 and a reduction in the variable interest rates on a portion of our long-term debt.

*Gain on Fandango transaction.* We recorded a gain of \$9.2 million as a result of the sale of our stock of Fandango, Inc in the second quarter of 2007. See Note 6 to our condensed consolidated financial statements.

*Distributions from NCM.* We recorded distributions from NCM of \$3.4 million during the second quarter of 2008 and \$1.4 million during the second quarter of 2007, which were in excess of the carrying value of our investment. See Note 4 to our condensed consolidated financial statements.

*Income Taxes.* Income tax expense of \$11.8 million was recorded for the second quarter of 2008 compared to an income tax benefit of \$26.5 million for the second quarter of 2007. The effective tax rate was 43.3% for the second quarter of 2008 compared to a benefit of 131.7% for the second quarter of 2007. The change in the effective rate from the second quarter of 2007 was primarily due to the gain related to the NCM Transaction in 2007. Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates and are adjusted for the effects of significant, infrequent or unusual items occurring during the interim period. As a result, the interim rate may vary significantly from the normalized annual rate.

**Table of Contents****Six months ended June 30, 2008 and 2007**

*Revenues.* Total revenues increased \$40.2 million to \$858.2 million for the six months ended June 30, 2008 ( the 2008 period ) from \$818.0 million for the six months ended June 30, 2007 ( the 2007 period ), representing a 4.9% increase. The table below, presented by reportable operating segment, summarizes our year-over-year revenue performance and certain key performance indicators that impact our revenues.

	U.S. Operating Segment			International Operating Segment			Consolidated		
	Six Months Ended June 30,			Six Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	% Change	2008	2007	% Change	2008	2007	% Change
Admissions revenues (in millions)	\$ 437.1	\$ 422.7	3.4%	\$ 119.7	\$ 104.4	14.7%	\$ 556.8	\$ 527.1	5.6%
Concession revenues (in millions)	\$ 211.0	\$ 208.2	1.3%	\$ 52.6	\$ 45.3	16.1%	\$ 263.6	\$ 253.5	4.0%
Other revenues (in millions) <sup>(1)</sup>	\$ 19.1	\$ 23.1	(17.3%)	\$ 18.7	\$ 14.3	30.8%	\$ 37.8	\$ 37.4	1.1%
Total revenues (in millions) <sup>(1)</sup>	\$ 667.2	\$ 654.0	2.0%	\$ 191.0	\$ 164.0	16.5%	\$ 858.2	\$ 818.0	4.9%
Attendance (in millions)	72.9	73.9	(1.4%)	30.2	31.0	(2.6%)	103.1	104.9	(1.7%)
Revenues per screen (in dollars) <sup>(1)</sup>	\$182,264	\$184,569	(1.2%)	\$188,904	\$170,709	10.7%	\$183,701	\$181,612	1.2%

(1) U.S. operating segment revenues include eliminations of intercompany transactions with the international operating segment. See Note 15 of our condensed consolidated financial statements.

Consolidated. The increase in admissions revenues of \$29.7 million was primarily attributable to a 7.4% increase in average ticket price from \$5.03 for the 2007 period to \$5.40 for the 2008 period, partially offset by a 1.7% decline

in attendance. The increase in concession revenues of \$10.1 million was primarily attributable to a 5.8% increase in concession revenues per patron from \$2.42 for the 2007 period to \$2.56 for the 2008 period, partially offset by the decline in attendance. The increases in average ticket price and concession revenues per patron were primarily due to price increases and the favorable impact of exchange rates in certain countries in which we operate.

U.S. The increase in admissions revenues of \$14.4 million was primarily attributable to a 4.9% increase in average ticket price from \$5.72 for the 2007 period to \$6.00 for the 2008 period, partially offset by a 1.4% decline in attendance. The increase in concession revenues of \$2.8 million was primarily attributable to a 2.5% increase in concession revenues per patron from \$2.82 for the 2007 period to \$2.89 for the 2008 period, partially offset by the decline in attendance. The increases in average ticket price and concession revenues per patron were primarily due to price increases. The \$4.0 million, or 17.3%, decrease in other revenues was primarily attributable to reduced screen advertising revenues earned under the amended Exhibitor Services Agreement with NCM. See Note 4 to the condensed consolidated financial statements.

International. The increase in admissions revenues of \$15.3 million was primarily attributable to a 17.5% increase in average ticket price from \$3.37 for the 2007 period to \$3.96 for the 2008 period, partially offset by a 2.6% decline in attendance. The increase in concession revenues of \$7.3 million was primarily attributable to a 19.2% increase in concession revenues per patron from \$1.46 for the 2007 period to \$1.74 for the 2008 period, partially offset by the decline in attendance. The increases in average ticket price and concession revenues per patron were primarily due to price increases and the favorable impact of exchange rates in certain countries in which we operate. The increase in other revenues of \$4.4 million was primarily due to increased screen advertising and other ancillary revenues and the favorable impact of exchange rates in certain countries in which we operate.

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*Theatre Operating Costs (excludes depreciation and amortization expense).* Theatre operating costs were \$642.8 million, or 74.9% of revenues, for the 2008 period compared to \$610.4 million, or 74.6% of revenues, for the 2007 period. The table below, presented by reportable operating segment, summarizes our year-over-year theatre operating costs.

	U.S. Operating Segment		International Operating Segment		Consolidated	
	Six Months Ended		Six Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,	
	2008	2007	2008	2007	2008	2007
Film rentals and advertising	\$243.2	\$235.2	\$ 58.7	\$ 52.2	\$301.9	\$287.4
Concession supplies	28.8	28.7	13.2	11.4	42.0	40.1
Salaries and wages	72.8	73.0	15.1	12.6	87.9	85.6
Facility lease expense	82.8	80.2	29.6	24.7	112.4	104.9
Utilities and other	71.7	70.6	26.9	21.8	98.6	92.4
Total theatre operating costs	\$499.3	\$487.7	\$143.5	\$122.7	\$642.8	\$610.4

Consolidated. Film rentals and advertising costs were \$301.9 million, or 54.2% of admissions revenues, for the 2008 period compared to \$287.4 million, or 54.5% of admissions revenues, for the 2007 period. The increase in film rentals and advertising costs of \$14.5 million is due to a \$29.7 million increase in admissions revenues, which contributed \$15.6 million, partially offset by a decrease in our film rental and advertising rate, which reduced costs by \$1.1 million. Concession supplies expense was \$42.0 million, or 15.9% of concession revenues, for the 2008 period, compared to \$40.1 million, or 15.8% of concession revenues, for the 2007 period.

Salaries and wages increased to \$87.9 million for the 2008 period from \$85.6 million for the 2007 period primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Facility lease expense increased to \$112.4 million for the 2008 period from \$104.9 million for the 2007 period primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Utilities and other costs increased to \$98.6 million for the 2008 period from \$92.4 million for the 2007 period primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate.

U.S. Film rentals and advertising costs were \$243.2 million, or 55.6% of admissions revenues, for the 2008 period compared to \$235.2 million, or 55.6% of admissions revenues, for the 2007 period. The increase in film rentals and advertising costs of \$8.0 million is due to a \$14.4 million increase in admissions revenues. Concession supplies expense was \$28.8 million, or 13.6% of concession revenues, for the 2008 period, compared to \$28.7 million, or 13.8% of concession revenues, for the 2007 period.

Salaries and wages decreased to \$72.8 million for the 2008 period from \$73.0 million for the 2007 period primarily due to improved operating efficiencies. Facility lease expense increased to \$82.8 million for the 2008 period from \$80.2 million for the 2007 period primarily due to new theatre openings. Utilities and other costs increased to \$71.7 million for the 2008 period from \$70.6 million for the 2007 period primarily due to new theatre openings.

International. Film rentals and advertising costs were \$58.7 million, or 49.0% of admissions revenues, for the 2008 period compared to \$52.2 million, or 50.0% of admissions revenues, for the 2007 period. The increase in film rentals and advertising costs is primarily due to increased admissions revenues. Concession supplies expense was \$13.2 million, or 25.1% of concession revenues, for the 2008 period compared to \$11.4 million, or 25.2% of concession revenues, for the 2007 period. The increase in concession supplies expense is primarily due to increased concession revenues.



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Salaries and wages increased to \$15.1 million for the 2008 period from \$12.6 million for the 2007 period primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Facility lease expense increased to \$29.6 million for the 2008 period from \$24.7 million for the 2007 period primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Utilities and other costs increased to \$26.9 million for the 2008 period from \$21.8 million for the 2007 period primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate.

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*General and Administrative Expenses.* General and administrative expenses increased to \$44.6 million for the 2008 period from \$36.9 million for the 2007 period. The increase was primarily due to increased incentive compensation expense, increased share based award compensation expense, increased service charges related to increased credit card activity and increased legal and professional fees, including audit fees related to SOX compliance. Legal fees increased as a result of the preparation of our first proxy statement and related disclosures required under the Securities Exchange Act of 1934, as amended, particularly relating to compensation discussion and analysis, and defense costs related to a lawsuit which we have been vigorously defending and has been dismissed with prejudice.

*Termination of Profit Participation Agreement.* Upon consummation of our initial public offering on April 24, 2007, we exercised our option to terminate the amended and restated profit participation agreement with our CEO Alan Stock and purchased Mr. Stock's interest in the theatres on May 3, 2007 for a price of \$6.9 million pursuant to the terms of the agreement. In addition, the Company incurred \$0.1 million of payroll taxes related to the termination. See Note 16 to our condensed consolidated financial statements.

*Depreciation and Amortization.* Depreciation and amortization expense, including amortization of favorable leases, was \$76.7 million for the 2008 period compared to \$75.2 million for the 2007 period primarily due to new theatre openings.

*Impairment of Long-Lived Assets.* We recorded asset impairment charges on assets held and used of \$5.8 million for the 2008 period compared to \$56.8 million during the 2007 period. Impairment charges for the 2008 period were primarily for U.S. theatre properties. Impairment charges for the 2007 period consisted of \$8.0 million of theatre properties, \$45.1 million of goodwill associated with theatre properties and \$3.7 million of intangible assets associated with theatre properties. As a result of the NCM Transaction and more specifically the modification of the NCM Exhibitor Services Agreement, which significantly reduced the contractual amounts paid to us, we evaluated the carrying value of our goodwill as of March 31, 2007, leading to a majority of the goodwill impairment charges recorded during the 2007 period (see Note 4).

*(Gain) Loss on Sale of Assets and Other.* We recorded a loss on sale of assets and other of \$0.9 million during the 2008 period compared to a gain of \$1.6 million during the 2007 period. The loss recorded during the 2008 period was primarily due to the write-off of theatre equipment that was replaced and the write-off of prepaid rent for an international theatre, partially offset by a gain on sale of land parcels. The gain recorded during the 2007 period was primarily due to a gain on the sale of real property associated with one of our U.S. theatres.

*Interest Expense.* Interest costs incurred, including amortization of debt issue costs, were \$62.1 million for the 2008 period compared to \$76.8 million for the 2007 period. The decrease was primarily due to the repurchase of substantially all of our outstanding 9% senior subordinated notes that occurred during March 2007, the repurchase of a portion of our 9<sup>3</sup>/<sub>4</sub>% senior discount notes since the second quarter of 2007, and a reduction in the variable interest rates on a portion of our long-term debt.

*Interest Income.* We recorded interest income of \$5.3 million during the 2008 period compared to interest income of \$6.0 million during the 2007 period. The decrease in interest income was primarily due to lower interest rates earned on our cash investments.

*Gain on NCM transaction.* We recorded a gain of \$210.8 million on the sale of a portion of our equity investment in NCM in conjunction with the initial public offering of NCM, Inc. during the 2007 period. Our ownership interest in NCM was reduced from approximately 25% to approximately 14% as part of this sale of stock in the offering. See Note 4 to our condensed consolidated financial statements.

*Gain on Fandango transaction.* We recorded a gain of \$9.2 million as a result of the sale of our investment in stock of Fandango, Inc in the 2007 period. See Note 6 to our condensed consolidated financial statements.

*Distributions from NCM.* We recorded distributions from NCM of \$8.6 million during the 2008 period and \$1.4 million during the 2007 period, which were in excess of the carrying value of our investment. See Note 4 to our condensed consolidated financial statements.

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*Income Taxes.* Income tax expense of \$15.1 million was recorded for the 2008 period compared to \$8.9 million for the 2007 period. The effective tax rate was 42.8% for the 2008 period compared to 5.1% for the 2007 period. The change in the effective rate from the 2007 period was primarily due to the gain related to the NCM Transaction in 2007. Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates and are adjusted for the effects of significant, infrequent or unusual items occurring during the interim period. As a result, the interim rate may vary significantly from the normalized annual rate.

**Item 4T. Controls and Procedures**

**Evaluation of the Effectiveness of Disclosure Controls and Procedures**

We have established a system of controls and other procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of our Chief Executive Officer and Chief Financial Officer for the period covered by this report. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective in alerting them in a timely basis to material information relating to the Company and its consolidated subsidiaries required to be included in our reports filed or submitted under the Exchange Act.

**Changes in Internal Controls Over Financial Reporting**

There have been no material changes in our system of internal controls over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting within the period covered by this report.

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**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

Previously reported under Business Legal Proceedings in the Company's Annual Report on Form 10-K filed March 28, 2008.

**Item 1A. Risk Factors**

There have been no material changes from risk factors previously disclosed in Risk Factors in the Company's Annual Report on Form 10-K filed March 28, 2008.

**Item 5. Other Information**

Supplemental Schedules specified by the senior discount notes Indenture:

	<b>Page</b>
<u>Condensed Consolidating Balance Sheets Information as of June 30, 2008 (unaudited)</u>	33
<u>Condensed Consolidating Statements of Income Information for the six months ended June 30, 2008 (unaudited)</u>	34
<u>Condensed Consolidating Statements of Cash Flows Information for the six months ended June 30, 2008 (unaudited)</u>	35

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**SUPPLEMENTAL SCHEDULES REQUIRED BY THE INDENTURE FOR THE  
SENIOR DISCOUNT NOTES**

As required by the Indenture governing the Company's 9/4% senior discount notes, the Company has included in this filing, interim financial information for its subsidiaries that have been designated as unrestricted subsidiaries, as defined by the indenture. As required by the Indenture, the Company has included condensed consolidating balance sheets and condensed consolidating statements of income and cash flows for the Company and its subsidiaries. These supplementary schedules separately identify the Company's restricted subsidiaries and unrestricted subsidiaries as required by the Indenture.

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**CINEMARK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING BALANCE SHEETS**  
**JUNE 30, 2008**  
(In thousands, unaudited)

	<b>Restricted Group</b>	<b>Unrestricted Group</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 316,801	\$ 29,998	\$	\$ 346,799
Other current assets	75,040	(20,980)		54,060
Total current assets	391,841	9,018		400,859
<b>THEATRE PROPERTIES AND EQUIPMENT net</b>				
	1,302,380			1,302,380
<b>OTHER ASSETS</b>				
	1,569,459	18,899	(8,225)	1,580,133
<b>TOTAL ASSETS</b>	<b>\$3,263,680</b>	<b>\$ 27,917</b>	<b>\$(8,225)</b>	<b>\$3,283,372</b>
 <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 12,770	\$	\$	\$ 12,770
Current portion of capital lease obligations	5,203			5,203
Advances from affiliates	6,286			6,286
Accounts payable and accrued expenses	208,915			208,915
Total current liabilities	233,174			233,174
<b>LONG-TERM LIABILITIES</b>				
Long-term debt, less current portion	1,517,877			1,517,877
Other long-term liabilities	538,838			538,838
Total long-term liabilities	2,056,715			2,056,715
<b>COMMITMENTS AND CONTINGENCIES</b>				
<b>MINORITY INTERESTS IN SUBSIDIARIES</b>				
	18,296			18,296
<b>STOCKHOLDERS EQUITY</b>	<b>955,495</b>	<b>27,917</b>	<b>(8,225)</b>	<b>975,187</b>
	<b>\$3,263,680</b>	<b>\$ 27,917</b>	<b>\$(8,225)</b>	<b>\$3,283,372</b>

TOTAL LIABILITIES AND  
STOCKHOLDERS EQUITY

Note: Restricted  
Group and  
Unrestricted  
Group are  
defined in the  
Indenture for  
the senior  
discount notes.

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**CINEMARK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**  
**SIX MONTHS ENDED JUNE 30, 2008**  
(In thousands, unaudited)

	<b>Restricted Group</b>	<b>Unrestricted Group</b>	<b>Eliminations</b>	<b>Consolidated</b>
REVENUES	\$ 858,250	\$	\$	\$ 858,250
<b>COST OF OPERATIONS</b>				
Theatre operating costs	642,823			642,823
General and administrative expenses	44,570	4		44,574
Depreciation and amortization	76,650			76,650
Impairment of long-lived assets	5,829			5,829
Loss on sale of assets and other	835	75		910
Total cost of operations	770,707	79		770,786
OPERATING INCOME (LOSS)	87,543	(79)		87,464
OTHER INCOME (EXPENSE)	(59,187)	7,037		(52,150)
INCOME BEFORE INCOME TAXES	28,356	6,958		35,314
Income taxes	12,448	2,671		15,119
NET INCOME	\$ 15,908	\$ 4,287	\$	\$ 20,195

Note: Restricted Group and Unrestricted Group are defined in the Indenture for the senior discount notes.



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**CINEMARK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED JUNE 30, 2008**  
(In thousands, unaudited)

	<b>Restricted Group</b>	<b>Unrestricted Group</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>OPERATING ACTIVITIES</b>				
Net income	\$ 15,908	\$ 4,287	\$	\$ 20,195
Adjustments to reconcile net income to cash provided by operating activities	96,798	1,306		98,104
Changes in assets and liabilities	26,802	2,122		28,924
Net cash provided by operating activities	139,508	7,715		147,223
<b>INVESTING ACTIVITIES</b>				
Additions to theatre properties and equipment	(51,916)			(51,916)
Proceeds from sale of theatre properties and equipment	2,224			2,224
Increase in escrow deposit due to like-kind exchange	(2,089)			(2,089)
Return of escrow deposits	23,439			23,439
Acquisition of one theatre	(5,011)			(5,011)
Investment in joint venture DCIP		(1,000)		(1,000)
Net cash used for investing activities	(33,353)	(1,000)		(34,353)
<b>FINANCING ACTIVITIES</b>				
Capital contributions from parent	8,950			8,950
Repurchase of senior discount notes	(6,174)			(6,174)
Repayments of long-term debt	(4,050)			(4,050)
Other	(2,703)			(2,703)
Net cash used for financing activities	(3,977)			(3,977)
Effect of exchange rate changes on cash and cash equivalents	4,504			4,504
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>				
Beginning of period	210,119	23,283		233,402
End of period	\$316,801	\$29,998	\$	\$346,799

Note: Restricted  
Group and  
Unrestricted

Group are defined in the Indenture for the senior discount notes.

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**Item 6. Exhibits**

- 10.1 Employment Agreement, dated as of June 16, 2008, between Cinemark Holdings, Inc. and Alan Stock (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q, File No. 001-33401, filed by Cinemark Holdings, Inc. on August 8, 2008).
- 10.2 Employment Agreement, dated as of June 16, 2008, between Cinemark Holdings, Inc. and Robert Copple (incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q, File No. 001-33401, filed by Cinemark Holdings, Inc. on August 8, 2008).
- 10.3 Employment Agreement, dated as of June 16, 2008, between Cinemark Holdings, Inc. and Tim Warner (incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q, File No. 001-33401, filed by Cinemark Holdings, Inc. on August 8, 2008).
- 10.4 Employment Agreement, dated as of June 16, 2008, between Cinemark Holdings, Inc. and Michael Cavalier (incorporated by reference to Exhibit 10.4 to Quarterly Report on Form 10-Q, File No. 001-33401, filed by Cinemark Holdings, Inc. on August 8, 2008).
- 10.5 Termination Agreement, dated as of June 16, 2008, between Cinemark Holdings, Inc. and Tandy Mitchell (incorporated by reference to Exhibit 10.5 to Quarterly Report on Form 10-Q, File No. 001-33401, filed by Cinemark Holdings, Inc. on August 8, 2008).
- \*31.1 Certification of Alan Stock, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- \*31.2 Certification of Robert Copple, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- \*32.1 Certification of Alan Stock, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- \*32.2 Certification of Robert Copple, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* filed herewith.

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**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.

**CINEMARK, INC.**

Registrant

**DATE:** August 8, 2008

/s/ Alan W. Stock  
Alan W. Stock  
Chief Executive Officer

/s/ Robert Copple  
Robert Copple  
Chief Financial Officer

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