

READING INTERNATIONAL INC  
Form 10-Q  
November 08, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2016

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-8625

READING INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

NEVADA

95-3885184

(State or other jurisdiction of incorporation or organization)  
6100 Center Drive, Suite 900

(IRS Employer Identification No.)

Los Angeles, CA

90045

(Address of principal executive offices)

(Zip Code)

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

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

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. As of November 8, 2016, there were 21,654,302 shares of Class A Nonvoting Common Stock, \$0.01 par value per share and 1,680,590 shares of Class B Voting Common Stock, \$0.01 par value per share outstanding.

READING INTERNATIONAL, INC. AND SUBSIDIARIES

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## PART 1 – FINANCIAL INFORMATION

## Item 1 - Financial Statements

## READING INTERNATIONAL, INC.

## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands, except share information)

	September 30, 2016 (Unaudited)	December 31, 2015(1)
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 9,980	\$ 19,702
Receivables	8,183	10,036
Inventory	1,163	1,122
Investment in marketable securities	55	51
Restricted cash	1,043	160
Prepaid and other current assets	6,224	5,429
Land held for sale – current	--	421
Total current assets	26,648	36,921
Operating property, net	227,919	210,298
Land held for sale – non-current	39,951	37,966
Investment and development property, net	37,490	23,002
Investment in unconsolidated joint ventures and entities	5,504	5,370
Investment in Reading International Trust I	838	838
Goodwill	20,434	19,715
Intangible assets, net	10,187	9,889
Deferred tax asset, net	28,726	25,649
Other assets	3,759	3,615
Total assets	\$ 401,456	\$ 373,263
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 21,312	\$ 23,638
Film rent payable	6,342	9,291
Debt – current, net	8,338	14,887
Taxes payable – current	7,546	5,275
Deferred current revenue	11,938	14,591
Other current liabilities	8,078	7,640
Total current liabilities	63,554	75,322

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Debt – long-term, net	106,776	87,101
Subordinated debt, net	27,286	27,125
Noncurrent tax liabilities	16,873	16,457
Other liabilities	30,756	30,062
Total liabilities	245,245	236,067
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Class A non-voting common stock, par value \$0.01, 100,000,000 shares authorized, 32,831,113 issued and 21,654,302 outstanding at September 30, 2016 and December 31, 2015	229	229
Class B voting common stock, par value \$0.01, 20,000,000 shares authorized and 1,680,590 issued and outstanding at September 30, 2016 and December 31, 2015	17	17
Nonvoting preferred stock, par value \$0.01, 12,000 shares authorized and no issued or outstanding shares at September 30, 2016 and December 31, 2015	--	--
Additional paid-in capital	144,263	143,815
Accumulated deficit	(425)	(9,478)
Treasury shares	(13,524)	(13,524)
Accumulated other comprehensive income	21,220	11,806
Total Reading International, Inc. stockholders' equity	151,780	132,865
Noncontrolling interests	4,431	4,331
Total stockholders' equity	156,211	137,196
Total liabilities and stockholders' equity	\$ 401,456	\$ 373,263

See accompanying Notes to Unaudited Consolidated Financial Statements.

(1) Certain prior period amounts have been reclassified to conform to the current period presentation (see Note 1 – The Company and Basis of Presentation – Reclassifications)

READING INTERNATIONAL, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; U.S. dollars in thousands, except per share data)

	Quarter Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Operating revenue				
Cinema	\$ 67,825	\$ 54,368	\$ 192,579	\$ 180,223
Real estate	3,490	3,420	10,443	10,951
Total operating revenue	71,315	57,788	203,022	191,174
Operating expense				
Cinema	(52,103)	(44,463)	(148,864)	(140,825)
Real estate	(2,296)	(2,570)	(6,628)	(7,004)
Depreciation and amortization	(4,131)	(3,501)	(11,766)	(10,769)
General and administrative	(6,175)	(4,134)	(18,372)	(13,736)
Total operating expense	(64,705)	(54,668)	(185,630)	(172,334)
Operating income	6,610	3,120	17,392	18,840
Interest income	18	485	74	1,007
Interest expense	(1,571)	(2,379)	(5,264)	(7,077)
Net gain on sale of assets	--	--	393	11,023
Other expense	(12)	(577)	(115)	(667)
Income before income tax expense and equity earnings of unconsolidated joint ventures and entities	5,045	649	12,480	23,126
Equity earnings of unconsolidated joint ventures and entities	200	195	808	915
Income before income taxes	5,245	844	13,288	24,041
Income tax expense	(1,328)	(517)	(4,222)	(4,605)
Net income	\$ 3,917	\$ 327	\$ 9,066	\$ 19,436
Net (income) loss attributable to noncontrolling interests	(62)	54	(12)	60
Net income attributable to Reading International, Inc. common stockholders	\$ 3,855	\$ 381	\$ 9,054	\$ 19,496
Basic earnings per share attributable to Reading International, Inc. stockholders	\$ 0.17	\$ 0.02	\$ 0.39	\$ 0.84
Diluted earnings per share attributable to Reading International, Inc. stockholders	\$ 0.16	\$ 0.02	\$ 0.38	\$ 0.83
Weighted average number of shares outstanding – basic	23,334,892	23,287,449	23,334,892	23,283,405

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Weighted average number of shares outstanding – diluted	23,532,796	23,482,262	23,532,796	23,478,218
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See accompanying Notes to Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited; U.S. dollars in thousands)

Quarter  
Ended