

READING INTERNATIONAL INC
Form 10-Q
November 12, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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, 2014

OR

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

For the transition period from _____ to _____

Commission file number 1-8625

READING INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

NEVADA

95-3885184

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

6100 Center Drive, Suite 900

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

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 12, 2014, there were 21,885,238 shares of Class A Nonvoting Common Stock, \$0.01 par value per share and 1,495,490 shares of Class B Voting Common Stock, \$0.01 par value per share outstanding.

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PART 1 - Financial Information

Item 1 - Financial Statements

Reading International, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(U.S. dollars in thousands)

	September 30, 2014	December 31, 2013
ASSETS		
Current Assets:		
	\$	\$
Cash and cash equivalents	40,636	37,696
Receivables	8,405	9,087
Inventory	780	941
Investment in marketable securities	51	55
Restricted cash	782	782
Deferred tax asset	1,381	3,273
Prepaid and other current assets	3,957	3,283
Land held for sale	10,809	--
Total current assets	66,801	55,117
Operating property, net	185,925	191,660
Land held for sale	45,527	11,052
Investment and development property, net	26,203	74,230
Investment in unconsolidated joint ventures and entities	6,542	6,735
Investment in Reading International Trust I	838	838
Goodwill	21,538	22,159
Intangible assets, net	11,958	13,440
Deferred tax asset, net	6,273	5,566
Other assets	6,109	6,010
	\$	\$
Total assets	377,714	386,807
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
	\$	\$
Accounts payable and accrued liabilities	16,785	18,608
Film rent payable	6,288	6,438
Notes payable – current	31,879	75,538
Taxes payable - current	3,790	8,308
Deferred current revenue	10,561	11,864
Other current liabilities	6,102	6,155

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Total current liabilities	75,405	126,911
Notes payable – long-term	99,864	65,009
Subordinated debt	27,913	27,913
Noncurrent tax liabilities	11,826	12,478
Other liabilities	37,525	32,749
Total liabilities	252,533	265,060
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Class A non-voting common stock, par value \$0.01, 100,000,000 shares authorized, 32,520,508 issued and 21,885,238 outstanding at September 30, 2014 and 32,254,199 issued and 21,890,029 outstanding at December 31, 2013	226	225
Class B voting common stock, par value \$0.01, 20,000,000 shares authorized and 1,495,490 issued and outstanding at September 30, 2014 and at December 31, 2013	15	15
Nonvoting preferred stock, par value \$0.01, 12,000 shares authorized and no issued or outstanding shares at September 30, 2014 and December 31, 2013	--	--
Additional paid-in capital	138,910	137,849
Accumulated deficit	(49,470)	(57,952)
Treasury shares	(6,854)	(4,512)
Accumulated other comprehensive income	37,558	41,515
Total Reading International, Inc. stockholders' equity	120,385	117,140
Noncontrolling interests	4,796	4,607
Total stockholders' equity	125,181	121,747
	\$	\$
Total liabilities and stockholders' equity	377,714	386,807

See accompanying notes to consolidated financial statements.

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Reading International, Inc. and Subsidiaries

Condensed Consolidated Statements of Income (Unaudited)

(U.S. dollars in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Operating revenue				
Cinema	\$ 60,947	\$ 61,228	\$ 180,225	\$ 180,657
Real estate	4,084	4,244	12,781	14,024
Total operating revenue	65,031	65,472	193,006	194,681
Operating expense				
Cinema	48,292	48,742	142,016	145,872
Real estate	2,289	2,716	7,523	8,115
Depreciation and amortization	3,821	3,602	11,490	11,243
General and administrative	4,456	4,586	14,723	13,323
Total operating expense	58,858	59,646	175,752	178,553
Operating income	6,173	5,826	17,254	16,128
Interest income	203	96	429	343
Interest expense	(1,614)	(2,910)	(6,966)	(8,467)
Net gain (loss) on sale of assets	25	--	25	(7)
Other income (expense)	242	(55)	1,630	72
Income before income tax expense and equity earnings of unconsolidated joint ventures and entities	5,029	2,957	12,372	8,069
Income tax (expense)	(1,312)	(751)	(4,747)	(3,140)
Income before equity earnings of unconsolidated joint ventures and entities	3,717	2,206	7,625	4,929
Equity earnings of unconsolidated joint ventures and entities	222	225	833	1,005
Net Income	\$ 3,939	\$ 2,431	\$ 8,458	\$ 5,934
Net (income) loss attributable to noncontrolling interests	--	(38)	23	(74)
Net income attributable to Reading International, Inc. common shareholders	\$ 3,939	\$ 2,393	\$ 8,481	\$ 5,860
Basic earnings per share attributable to Reading International, Inc. shareholders	\$ 0.17	\$ 0.10	\$ 0.36	\$ 0.25
Diluted earnings per share attributable to Reading International, Inc. shareholders	\$ 0.17	\$ 0.10	\$ 0.36	\$ 0.25
Weighted average number of shares outstanding—basic	23,380,728	23,383,200	23,457,050	23,333,352
Weighted average number of shares outstanding—diluted	23,678,223	23,517,191	23,754,545	23,467,343

See accompanying notes to consolidated financial statements.

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Reading International, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(U.S. dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	\$ 3,939	\$ 2,431	\$ 8,458	\$ 5,934
Foreign currency translation gain (loss)	(14,687)	5,819	(4,627)	(13,043)
Unrealized gain (loss) on available for sale investments	(1)	(2)	(2)	2
Amortization of pension prior service costs	215	166	686	496
Comprehensive income (loss)	(10,534)	8,414	4,515	(6,611)