

READING INTERNATIONAL INC
Form 10-Q
November 07, 2006

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, 2006

OR

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

For the transition period from _____ to _____

Commission file number 1-8625

READING INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

95-3885184

(IRS Employer Identification No.)

500 Citadel Drive, Suite 300
Commerce CA

(Address of principal executive offices)

90040

(Zip Code)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 6, 2006, there were 20,918,505 shares of Class A Nonvoting Common Stock, \$0.01 par value per share and 1,495,490 shares of Class B Voting Common Stock, \$0.01 par value per share outstanding.

READING INTERNATIONAL, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

<u>PART I - Financial Information</u>	<u>1</u>
<u>Item 1 - Financial Statements</u>	<u>1</u>
<u>Consolidated Balance Sheets (Unaudited)</u>	<u>1</u>
<u>Consolidated Statements of Operations (Unaudited)</u>	<u>2</u>
<u>Consolidated Statements of Cash Flows (Unaudited)</u>	<u>3</u>
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	<u>4</u>
<u>Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>24</u>
<u>Item 3 - Quantitative and Qualitative Disclosure about Market Risk</u>	<u>44</u>
<u>Item 3A - Quantitative and Qualitative Disclosure about Interest Risk</u>	<u>45</u>
<u>Item 4 - Controls and Procedures</u>	<u>46</u>
<u>PART II - Other Information</u>	<u>47</u>
<u>Item 1 - Legal Proceedings</u>	<u>47</u>
<u>Item 2 - Change in Securities</u>	<u>47</u>
<u>Item 3 - Defaults upon Senior Securities</u>	<u>47</u>
<u>Item 4 - Submission of Matters to a Vote of Securities Holders</u>	<u>47</u>
<u>Item 5 - Other Information</u>	<u>47</u>
<u>Item 6 - Exhibits</u>	<u>47</u>
<u>SIGNATURES</u>	<u>48</u>

Table of Contents**PART I - Financial Information****Item 1 - Financial Statements**

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

	September 30, 2006	December 31, 2005
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,050	\$ 8,548
Receivables	4,353	5,272
Inventory	437	468
Investment in marketable securities	634	401
Restricted cash	300	--
Prepaid and other current assets	1,803	996
Total current assets	15,577	15,685
Property held for development	3,265	6,889
Property under development	33,644	23,069
Property & equipment, net	165,590	167,389
Investment in unconsolidated entities	21,861	14,025
Capitalized leasing costs	12	15
Goodwill	17,099	14,653
Intangible assets, net	8,136	8,788
Other assets	2,254	2,544
Total assets	\$ 267,438	\$ 253,057
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 11,627	\$ 13,538
Film rent payable	3,320	4,580
Notes payable - current portion	1,617	1,776
Note payable to related party - current portion	5,000	--
Income taxes payable	8,303	7,504
Deferred current revenue	1,970	2,319
Other current liabilities	200	250
Total current liabilities	32,037	29,967
Notes payable - long-term portion	103,944	93,544
Note payable to related parties	9,000	14,000
Deferred non-current revenue	545	554
Other liabilities	18,011	12,509
Total liabilities	163,537	150,574
Commitments and contingencies	--	--
Minority interest in consolidated affiliates	2,015	3,079
Stockholders' equity:		
Class A Nonvoting Common Stock, par value \$0.01, 100,000,000 shares authorized, 35,495,729 issued and 20,918,505 outstanding at September 30, 2006 and 35,468,733 issued and 20,990,458 outstanding at December	215	215

31, 2005

Class B Voting Common Stock, par value \$0.01, 20,000,000 shares authorized and 1,495,490 issued and outstanding at September 30, 2006 and December 31, 2005	15	15
Nonvoting Preferred Stock, par value \$0.01, 12,000 shares authorized and no outstanding shares	--	--
Additional paid-in capital	128,184	128,028
Accumulated deficit	(51,202)	(53,914)
Treasury shares	(4,307)	(3,515)
Accumulated other comprehensive income	28,981	28,575
Total stockholders' equity	101,886	99,404
Total liabilities and stockholders' equity	\$ 267,438	\$ 253,057

See accompanying notes to consolidated financial statements.

-1-

Table of Contents

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Revenue				
Cinema	\$ 21,806	\$ 21,429	\$	\$