

ALLIANCE GAMING CORP
Form 10-Q
November 09, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2004

OR

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**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 0-4281

ALLIANCE GAMING CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

88-0104066
(I.R.S. Employer
Identification No.)

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6601 S. Bermuda Rd.
Las Vegas, Nevada
(Address of principal executive offices)

89119
(Zip Code)

Registrant's telephone number: **(702) 270-7600**

Registrant's internet: **www.alliancegaming.com**

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12B-2 of the Exchange Act). Yes ☐ No ☒

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

The number of shares of Common Stock, \$0.10 par value, outstanding as of October 1, 2004, according to the records of the registrant's registrar and transfer agent was 51,044,000.

INDEX

PART I.

Item 1.

FINANCIAL INFORMATION

Unaudited Financial Statements

Unaudited Condensed Consolidated Balance Sheets as of September 30, 2004 and June 30, 2004

Unaudited Condensed Consolidated Statements of Operations for the Three Months Ended September 30, 2004 and 2003

Unaudited Condensed Consolidated Statement of Stockholders' Equity for the Three Months Ended September 30, 2004

Unaudited Condensed Consolidated Statements of Cash Flows for the Three Months Ended September 30, 2004 and 2003

Notes to Unaudited Condensed Consolidated Financial Statements

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3.

Quantitative and Qualitative Disclosures About Market Risk

Item 4.

Disclosure Controls and Procedures

PART II.

OTHER INFORMATION

Item 1.

Legal Proceedings

Item 6.

Exhibits

SIGNATURES

PART I

ALLIANCE GAMING CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In 000s except share amounts)

	June 30,	
	September 30, 2004	2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,229	\$ 172,726
Accounts and notes receivable, net of allowance for doubtful accounts of \$12,342 and \$9,722	110,100	129,779
Inventories, net of reserves of \$7,086 and \$4,914	81,466	61,135
Deferred tax assets, net	20,053	20,054
Other current assets	22,264	12,420
Total current assets	277,112	396,114
Long-term investments (restricted)	4,676	2,528
Long-term receivables, net	21,340	12,518
Net investment in leases	8,308	5,614
Leased gaming equipment, net of accumulated depreciation of \$36,081 and \$31,105	47,138	46,634
Property, plant and equipment, net of accumulated depreciation and amortization of \$27,371 and \$23,127	76,694	75,838
Goodwill, net	136,764	136,989
Intangible assets, net of accumulated amortization of \$14,532 and \$12,489	61,990	63,623
Assets of discontinued operations held for sale	4,432	4,442
Other assets, net	6,365	6,354
Total assets	\$ 644,819	\$ 750,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 46,654	\$ 37,515
Accrued liabilities	61,487	51,469
Jackpot liabilities	9,447	12,075
Income taxes payable	420	7,233
Current maturities of long-term debt	14,662	5,866
Liabilities of discontinued operations held for sale	1,229	4,337
Total current liabilities	133,899	118,495
Long-term debt, net	311,195	423,089
Deferred tax liabilities	850	849
Other liabilities	7,029	6,092
Minority interest	1,298	1,326
Total liabilities	454,271	549,851
Commitments and contingencies		
Stockholders' equity:		
Special stock, 10,000,000 shares authorized; Series E, \$100 liquidation value; 115 shares and 115 shares issued and outstanding	12	12
Common stock, \$.10 par value; 100,000,000 shares authorized; 51,530,000 and 51,426,000 shares issued	5,156	5,145
Treasury stock at cost, 536,900 and 525,000 shares	(665)	(501)
Deferred compensation (restricted stock units)	(6,500)	(6,500)
Additional paid-in capital	194,902	194,040
Accumulated other comprehensive income	1,356	1,524
Retained earnings (accumulated deficit)	(3,713)	7,083
Total stockholders' equity	190,548	200,803
Total liabilities and stockholders' equity	\$ 644,819	\$ 750,654

See accompanying notes to unaudited condensed consolidated financial statements.

ALLIANCE GAMING CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In 000s, except per share amounts)

	Three Months Ended September 30,	
	2004	2003
Revenues:		
Gaming equipment and systems	\$ 104,077	\$ 88,468
Casino operations	12,836	12,755
	116,913	101,223
Costs and expenses:		
Cost of gaming equipment and systems	50,836	33,237
Cost of casino operations	4,802	5,003
Selling, general and administrative	43,655	29,065
Research and development costs	11,772	5,963
Restructuring charge	1,435	
Depreciation and amortization	10,841	6,022
	123,341	79,290
Operating income (loss)	(6,428)	21,933
Other income (expense):		