

RICKS CABARET INTERNATIONAL INC

FORM 8-K/A (Unscheduled Material Events)

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Address	505 NORTH BELT SUITE 630 HOUSTON, Texas 77060
Telephone	281-820-1181
CIK	0000935419
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Securities and Exchange Commission

Washington, D.C. 20549

FORM 8-K

AMENDMENT NUMBER 1

Current Report
Pursuant To Section 13 or 15(d) Of
The Securities Exchange Act of 1934

Date of Earliest Report Event: January 18, 2005

RICK'S CABARET INTERNATIONAL, INC.

(Exact Name of Registrant As Specified in Its Charter)

Texas
(State Or Other Jurisdiction
of Incorporation)

0-26958
(Commission File Number)

76-0037324
(IRS Employer
Identification No.)

10959 Cutten Road
Houston, Texas 77066
(Address Of Principal Executive Offices, Including Zip Code)

(281) 397-6730
(Registrant's Telephone Number, Including Area Code)

505 North Belt, Suite 630
Houston, Texas 77060
(281) 820-1181
(Registrant's previous office/phone)

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

The financial statements and pro forma financial information contained in this Form 8-K Amendment Number 1 are in connection with our wholly owned subsidiary, RCI Entertainment (New York), Inc.'s acquisition of 100% of the stock of Peregrine Enterprises, Inc., a New York corporation, January 18, 2005, that we reported on Form 8-K dated January 24, 2005.

The financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) are attached hereto as Exhibits 99.1 and 99.2, respectively.

(c) Exhibits

Exhibit Number	Description
99.1	Financial Statements of Peregrine Enterprises, Inc.
99.2	Unaudited Pro Forma Condensed Combined Financial Statements

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 8-K/A to be signed on its behalf by the undersigned hereunto duly authorized.

RICK'S CABARET INTERNATIONAL, INC.

/s/ Eric Langan

By: Eric Langan
Chairman, President, Chief Executive
Officer and Chief Financial Officer

Date: May 3, 2005

PEREGRINE ENTERPRISES, INC.

FINANCIAL STATEMENTS

**YEARS ENDED DECEMBER 31, 2004 AND 2003
WITH REPORT OF INDEPENDENT AUDITORS**

PEREGRINE ENTERPRISES, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003

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REPORT OF INDEPENDENT AUDITORS

To the Stockholder of
Peregrine Enterprises, Inc.

We have audited the accompanying balance sheets of Peregrine Enterprises, Inc. as of December 31, 2004 and 2003, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peregrine Enterprises, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*/s/ Whitley Penn
Whitley Penn*

*Dallas, Texas
January 21, 2005*

PEREGRINE ENTERPRISES, INC.
BALANCE SHEETS

	DECEMBER 31,	
	2004	2003
ASSETS		
Current assets:		
Cash	\$ 14,490	\$ 14,490
Accounts receivable:		
Trade	7,660	10,592
Other	-	54,531
Inventories	1,740	1,740
Prepaid expenses	23,646	63,793
Total current assets	47,536	145,146
Fixed assets, net	5,604	42,087
Other assets	77,035	77,035
Total assets	\$ 130,175	\$ 264,268
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Bank overdraft	\$ 206,380	\$ 230,705
Accounts payable	130,774	212,111
Accrued liabilities	215,831	114,918
Line-of-credit	87,412	-
Total current liabilities	640,397	557,734
Line-of-credit	-	65,883
Deferred rent	228,769	94,820
Other non-current liabilities	6,149	9,503
Total liabilities	875,315	727,940
Commitments and contingencies	-	-
Stockholder's equity:		
Common stock, no par value, 200 shares authorized and issued	-	-
Retained earnings	4,860	286,328
Treasury stock, 100 shares of common stock, at cost	(750,000)	(750,000)
Total stockholder's equity	(745,140)	(463,672)
Total liabilities and stockholder's equity	\$ 130,175	\$ 264,268
	=====	=====

See accompanying notes to financial statements.

PEREGRINE ENTERPRISES, INC.
STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,	
	2004	2003
Revenues:		
Sales of beverages	\$ 229,032	\$ 293,159
Service revenues	2,006,902	2,199,496
	2,235,934	2,492,655
Operating expenses:		
Cost of goods sold	113,802	115,154
Salaries and wages	647,391	697,305
Other general and administrative:		
Taxes and permits	233,786	244,981
Charge card fees	3,266	2,637
Rent	534,116	458,181
Legal and professional	75,589	9,000
Advertising and marketing	152,655	245,520
Depreciation	36,482	69,593
Other	657,769	630,652
	2,454,856	2,473,023
Income (loss) from operations	(218,922)	19,632
Other income (expense):		
Interest income	11	30
Interest expense	(9,889)	(6,803)
Other	332	-
Total other expense	(9,546)	(6,773)
Net income (loss)	\$ (228,468)	\$ 12,859

See accompanying notes to financial statements.

PEREGRINE ENTERPRISES, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2004 AND 2003

	COMMON STOCK			TREASURY STOCK		TOTAL STOCKHOLDER'S EQUITY
	NUMBER OF SHARES	AMOUNT	RETAINED EARNINGS	NUMBER OF SHARES	AMOUNT	
Balance at December 31, 2002	200	\$ -	\$ 275,963	100	\$ (750,000)	\$ (474,037)
Net income	-	-	12,859	-	-	12,859
Stockholder distributions	-	-	(2,494)	-	-	(2,494)
Balance at December 31, 2003	200	-	286,328	100	(750,000)	(463,672)
Net loss	-	-	(228,468)	-	-	(228,468)
Stockholder distributions	-	-	(53,000)	-	-	(53,000)
Balance at December 31, 2004	200	\$ -	\$ 4,860	100	\$ (750,000)	\$ (745,140)
	=====	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

PEREGRINE ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2004	2003
OPERATING ACTIVITIES		
Net income (loss)	\$ (228,468)	\$ 12,859
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	36,482	69,593
Changes in operating assets and liabilities:		
Accounts receivable	57,463	(49,530)
Inventories	-	(740)
Prepaid expenses	40,147	(24,710)
Other assets	-	(9,000)
Bank overdraft	(24,325)	70,431
Accounts payable	(81,337)	(124,695)
Accrued liabilities	100,913	10,070
Deferred rent	133,949	94,820
Other non-current liabilities	(3,354)	(26,562)
Net cash provided by operating activities	31,470	22,536
FINANCING ACTIVITIES		
Proceeds from line-of-credit	52,020	10,000
Payments on line-of-credit	(30,490)	(30,042)
Stockholder distributions	(53,000)	(2,494)
Net cash used in financing activities	(31,470)	(22,536)
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	14,490	14,490
Cash and cash equivalents at end of year	\$ 14,490	\$ 14,490
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 6,345	\$ 6,632

See accompanying notes to financial statements.

PEREGRINE ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

A. NATURE OF BUSINESS

Peregrine Enterprises, Inc. (the "Company") was incorporated in the state of New York as a Subchapter S Corporation in 1992. The Company currently owns and operates a nightclub that offers live adult entertainment. The nightclub and corporate office is located in New York City, New York.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

BASIS OF ACCOUNTING

The accounts are maintained and the financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2004 and 2003, the Company had no such investments. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). There were no uninsured deposits at December 31, 2004 and 2003. The Company has not incurred any losses related to its cash on deposit with financial institutions.

ACCOUNTS AND RECEIVABLE

Accounts receivable, trade is comprised of credit card charges, which are generally converted to cash in two to five days after a purchase is made. Accounts receivable, other is comprised of a worker's compensation refund received in 2004 relating to the 2003 policy period. The Company recognizes allowances for doubtful accounts when, based on management judgment, circumstances indicate that accounts receivable will not be collected. There is no allowance for doubtful accounts as of December 31, 2004 and 2003.

PEREGRINE ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

INVENTORIES

Inventories include non-alcoholic beverages, bar supplies, and Company merchandise. Inventories are carried at the lower of average cost, which approximates actual cost determined on a first-in, first-out ("FIFO") basis, or market.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Furniture, equipment, vehicles and leasehold improvements have estimated useful lives between three and ten years. Expenditures for major renewals and betterments that extend the useful lives are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are charged or credited in the accompanying statement of operations of the respective period.

REVENUE RECOGNITION

The Company recognizes revenue from the sale of non-alcoholic beverages, merchandise, cover charges and services at the point-of-sale upon receipt of cash, check, or credit card charge.

ADVERTISING AND MARKETING

Advertising and marketing expenses are primarily composed of costs related to public advertisements and are expensed as incurred.

INCOME TAXES

The Company is organized as an S Corporation for federal income tax purposes. As a result, income or losses are taxable or deductible to the stockholder rather than at the corporate level; accordingly, no provision has been made for federal income taxes in the accompanying financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the reporting requirements of SFAS No. 107, Disclosures About Fair Value of Financial Instruments, the Company calculates the fair value of its assets and liabilities which qualify as financial instruments under this statement and includes this additional information in the notes to financial statements when the fair value is different than the carrying value of these financial instruments. The estimated fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short maturity of these instruments. The carrying value of short and long-term debt also approximates fair value since these instruments bear market rates of interest. None of these instruments are held for trading purposes.

PEREGRINE ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. FIXED ASSETS

Fixed assets consisted of the following:

	DECEMBER 31,	
	2004	2003
	-----	-----
Leasehold improvements	\$ 637,571	\$ 637,571
Furniture and equipment	368,342	368,342
Other	53,792	53,792
	-----	-----
Total property and equipment	1,059,705	1,059,705
Less accumulated depreciation	1,054,101	1,017,618
	-----	-----
Fixed assets, net	\$ 5,604	\$ 42,087
	=====	=====

D. LINE-OF-CREDIT

The Company has available a \$100,000 unsecured line-of-credit with a bank. Interest is payable monthly on the outstanding balance at a floating rate of prime plus 1.5% (6.75% at December 31, 2004). This arrangement is subject to renewal in June 2005. The amount outstanding under this agreement at December 31, 2004 was \$87,412.

E. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases a building under an operating lease, of which rent expense was approximately \$534,000 and \$458,000, net of subleasing income of \$24,000 and \$24,000, for the years ended December 31, 2004 and 2003, respectively. The sublease agreement has expired; however, the tenant is paying \$2,000 to sublease space on a month-to-month basis.

The Company's building lease contains escalating lease payments over the lease term and, as a result, the Company is recording rent expense on a straight-line basis over the term of the lease. The Company has approximately \$229,000 and \$95,000 of deferred rent at December 31, 2004 and 2003, respectively.

PEREGRINE ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

E. COMMITMENTS AND CONTINGENCIES - CONTINUED

Leases - continued

Future minimum annual lease obligations as of December 31, 2004, excluding future sublease income, approximates the following:

2005	\$ 435,000
2006	448,000
2007	461,000
2008	475,000
2009	490,000
Thereafter	8,117,000

Total future minimum lease obligations	\$10,426,000
	=====

F. SUBSEQUENT EVENTS

Effective January 19, 2005, the Company was acquired by Rick's Cabaret International, Inc., which operates live adult entertainment nightclubs. Rick's Cabaret International, Inc. is a publicly traded company.

RICK'S CABARET INTERNATIONAL, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined financial statements have been prepared to give effect to Rick's Cabaret International, Inc.'s ("Rick's") acquisition of Peregrine Enterprises, Inc., a New York corporation ("Peregrine"). On January 18, 2005, Rick's wholly owned subsidiary, RCI Entertainment (New York), Inc., a New York corporation ("RCI New York") completed the acquisition of Peregrine pursuant to a Stock Purchase Agreement with Peregrine's sole stockholder, Philip Eisenberg (the "Stock Purchase Agreement"). Under the terms of the Stock Purchase Agreement, RCI New York purchased all of the shares of common stock of Peregrine for a total purchase price of \$7,775,000, payable \$2,500,000 in cash at closing, \$5,125,000 payable in a secured convertible promissory note bearing simple interest at the rate of 4.0% per annum (the "Secured Convertible Note"), part of which is convertible to restricted shares of Rick's common stock at prices ranging from \$4.00 to \$7.50 per share, and \$150,000 of transaction costs. As part of the transaction, Mr. Eisenberg also entered into a five-year covenant not to compete with Peregrine, RCI New York or Rick's.

On November 15 and 17, 2004, Rick's borrowed \$590,000 and \$1,042,000, respectively, from a financial institution at an annual interest rate of 10% over a 10 year term. On November 30, 2004, the Company borrowed \$900,000 from an unrelated individual at an 11% annual interest rate over a 10 year term. On December 30, 2004, the Company borrowed \$1,270,000 from a financial institution at an annual interest rate of 10% over a 10 year term. The money received from this financing is being used for the acquisition and renovation of the New York club (collectively referred to as "New York Club Debt").

The pro forma condensed balance sheet gives effect to the Peregrine acquisition as if it had occurred on December 31, 2004 combining the balance sheets of Rick's and Peregrine as of that date. The pro forma condensed statements of operations for the three months ended December 31, 2004 and for the year ended September 30, 2004 give effect to the acquisition as if it had occurred on October 1, 2003 combining the results of Rick's for the three months ended December 31, 2004 and the year ended September 30, 2004 with those of Peregrine for the three months ended December 31, 2004 and for the year ended December 31, 2004.

The pro forma statements of operations for the three months ended December 31, 2004 and for the year ended September 30, 2004 include appropriate adjustments for amortization, interest and other items related to the transaction. The pro forma adjustments are based on preliminary appraisal results, estimates, available information and certain assumptions that management deems appropriate. The pro forma financial information is unaudited and does not purport to represent the results that would have been obtained had the transactions occurred at October 1, 2003, as assumed, nor does it purport to present the results which may be obtained in the future.

RICK'S CABARET INTERNATIONAL, INC.
PRO FORMA CONDENSED COMBINED BALANCE SHEET
DECEMBER 31, 2004
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

	RICK'S	PEREGRINE	PRO FORMA ADJUSTMENT (A)	PRO FORMA COMBINED
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,438	\$ 14	\$ (2,500)	\$ 952
Accounts receivable, net	72	8	-	80
Other receivables, net	201	-	-	201
Marketable securities	78	-	-	78
Inventories	249	2	(2)	249
Prepaid expense and other current assets	1,029	23	28	1,080
TOTAL CURRENT ASSETS	5,067	47	(2,474)	2,640
Property and equipment, net	9,261	6	(6)	9,261
Goodwill	1,983	-	-	1,983
Other assets	448	77	-	525
Intangible assets	-	-	7,854	7,854
TOTAL ASSETS	\$16,759	\$ 130	\$ 5,374	\$ 22,263
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable - trade	\$ 233	\$ 131	\$ (131)	\$ 233
Bank overdraft	-	206	(206)	-
Accrued expenses	505	216	(66)	655
Current portion of long-term debt	572	-	-	572
Line-of-credit	-	87	(87)	-
TOTAL CURRENT LIABILITIES	1,310	640	(490)	1,460
Deferred gain on sale of subsidiary	164	-	-	164
Long-term debt less current portion	7,150	-	5,125	12,275
Deferred rent	-	229	-	229
Other non-current liabilities	-	6	(6)	-
TOTAL LIABILITIES	8,624	875	4,629	14,128
COMMITMENTS AND CONTINGENCIES	-	-	-	-
MINORITY INTERESTS	40	-	-	40
STOCKHOLDERS' EQUITY:				
Preferred stock, \$.10 par, 1,000,000 shares authorized; none outstanding	-	-	-	-
Common stock, \$.01 par, 15,000,000 shares authorized; 4,608,678 outstanding	46	-	-	46
Additional paid-in capital	11,273	-	-	11,273
Accumulated other comprehensive income	65	-	-	65
Accumulated deficit	(1,995)	5	(5)	(1,995)
Less 908,530 shares of common stock held in treasury, at cost	(1,294)	(750)	750	(1,294)
TOTAL STOCKHOLDERS' EQUITY	8,095	(745)	745	8,095
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$16,759	\$ 130	\$ 5,374	\$ 22,263
	=====	=====	=====	=====

RICK'S CABARET INTERNATIONAL, INC.
PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31, 2004
(IN THOUSANDS, EXCEPT PER SHARE INFORMATION)

	RICK'S	PEREGRINE	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
TOTAL REVENUE	\$ 3,669	\$ 486	\$ -	\$ 4,155

Operating expenses:				
Cost of goods sold	472	20	-	492
Salaries and wages	1,344	155	-	1,499
Other general and administrative	1,774	461	11 B	2,246
	-----	-----	-----	-----
TOTAL OPERATING EXPENSES	3,590	636	11	4,237
	-----	-----	-----	-----
Operating income (loss)	79	(150)	(11)	(82)
Other expense, net	(85)	(6)	(51) C (68) D	(210)
	-----	-----	-----	-----
Net loss	\$ (6)	\$ (156)	\$ (130)	\$ (292)
	=====	=====	=====	=====
Net loss per share:				
Basic and diluted	\$ (0.00)			\$ (0.08)
	=====			=====
Weighted average shares outstanding:	3,700			3,700
	=====			=====

RICK'S CABARET INTERNATIONAL, INC.
PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2004 *
(IN THOUSANDS, EXCEPT PER SHARE INFORMATION)

	RICK'S	PEREGRINE *	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
TOTAL REVENUE	\$15,960	\$ 2,236	\$ -	\$ 18,196
Operating expenses:				
Cost of goods sold	1,983	114	-	2,097
Salaries and wages	5,491	647	-	6,138
Other general and administrative	7,420	1,694	45	B 9,159
	-----	-----	-----	-----
TOTAL OPERATING EXPENSES	14,894	2,455	45	17,394
	-----	-----	-----	-----
Operating income (loss)	1,066	(219)	(45)	802
Other expense, net	(291)	(9)	(205) (389)	C D (894)
	-----	-----	-----	-----
Net income (loss)	\$ 775	\$ (228)	\$ (639)	\$ (92)
	=====	=====	=====	=====
Net income (loss) per share:				
Basic and diluted	\$ 0.21			\$ (0.02)
	=====			=====
Weighted average shares outstanding:	3,700			3,700
	=====			=====

* Amounts for Peregrine are for the year ended December 31, 2004

RICK'S CABARET INTERNATIONAL, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET ADJUSTMENT

(A) Records the Peregrine acquisition, including: (1) payment of \$2,500,000 in cash and Secured Convertible Note issued of \$5,125,000 in exchange for the Common Stock, (2) transaction costs of \$150,000 (3) removal of Peregrine stockholder's equity. For pro forma purposes the total consideration is estimated at \$7,775,000.

This acquisition was accounted for as a purchase with the total consideration preliminarily allocated to the assets and liabilities assumed as follows:

DESCRIPTION	AMOUNT (IN THOUSANDS)
Total consideration:	
Cash	\$ 2,500
Issuance of Secured Convertible Note	5,125
Estimated transaction costs	150

	\$ 7,775
	=====
Allocation:	
Current asset	\$ 73
Non-current assets	77
Discounted lease	446
Non-compete agreement	100
Sexually oriented business license	7,308
Current Liabilities	(229)

	\$ 7,775
	=====

The foregoing allocations are based on estimated fair values and are subject to adjustment. Fair values of assets acquired were determined based on management's valuation.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS ADJUSTMENTS

(B) Records adjustment to amortization expense to reflect increase for new basis of identifiable intangible assets including discounted lease, non-compete agreement and sexually oriented business license. Discounted lease is amortized straight-line over an 18-year life. Non-compete agreement is amortized straight-line over a five-year life. Sexually oriented business license is considered to have an indefinite life and is not amortized.

(C) Records adjustment to interest expense to reflect the payment of interest for Rick's \$5,125,000 Secured Convertible Note arising from the Peregrine acquisition.

(D) Records adjustment to interest expense to reflect the payment of interest of Rick's \$3,802,000 New York Club Debt arising related to the Peregrine acquisition.

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