

---

---

Securities and Exchange Commission  
Washington, D.C. 20549

**FORM 8-K/A**  
AMENDMENT NUMBER 1

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

Date of Earliest Report Event: November 30, 2007

**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)

---

---

---

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 acquisition of 100% of the stock of Stellar Management, Inc. and Miami Gardens Square One, Inc. on November 30, 2007, which we reported on Form 8-K dated December 3, 2007.

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

<u>Exhibit Number</u>	<u>Description</u>
99.1	Combined Financial Statements of Miami Gardens Square One, Inc. and Stellar Management, 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  
President and Chief Executive Officer

Date: February 11, 2008

---

**MIAMI GARDENS SQUARE ONE, INC. AND  
STELLAR MANAGEMENT CORPORATION****COMBINED FINANCIAL STATEMENTS****Nine Months Ended September 30, 2007 and  
Year Ended December 31, 2006****Table of Contents**

Report of Independent Registered Public Accounting Firm	1
Audited Combined Financial Statements:	
Combined Balance Sheets	2
Combined Statements of Income	3
Combined Statements of Changes in Stockholders' Equity	4
Combined Statements of Cash Flows	5
Notes to Combined Financial Statements	6

---

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders of  
Miami Gardens Square One, Inc. and Stellar Management Corporation

We have audited the accompanying combined balance sheets of Miami Gardens Square One, Inc. and Stellar Management Corporation as of September 30, 2007 and December 31, 2006, and the related combined statements of income, changes in stockholders' equity, and cash flows for the nine months ended September 30, 2007 and the year ended December 31, 2006. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Miami Gardens Square One, Inc. and Stellar Management Corporation as of September 30, 2007 and December 31, 2006, and the combined results of their operations and their cash flows for the nine months ended September 30, 2007 and the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

/s/ Whitley Penn LLP  
Dallas, Texas  
February 11, 2008

**MIAMI GARDENS SQUARE ONE , INC. AND STELLAR MANAGEMENT CORPORATION**

**COMBINED BALANCE SHEETS**

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 673,971	\$ 403,366
Accounts receivable, trade	319,650	218,571
Inventories	328,728	287,731
Prepaid expenses	43,012	43,507
Total current assets	<u>1,365,361</u>	<u>953,175</u>
Property and equipment, net	4,312,888	4,808,237
Other assets -- deposits	96,085	63,465
Total assets	<u>\$ 5,774,334</u>	<u>\$ 5,824,877</u>
<b>Liabilities and Stockholders ' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 325,306	\$ 341,036
Note s payable, related party	2,105,000	3,905,000
Notes payable	447,918	1,094,459
Total current liabilities	<u>2,878,224</u>	<u>5,340,495</u>
Commitments and contingencies	-	-
Stockholders ' equity:		
C ommon stock , \$.01 par value, 4,000 shares authorized, 2,050 shares issued	20	20
Additional paid - in capital	2,366,023	2,366,023
Retained e arnings (accumulated deficit)	530,067	( 1,881,66 1)
Total stockholders ' equity	<u>2,896,110</u>	<u>484,382</u>
Total liabilities and stockhol ders ' equity	<u>\$ 5,774,334</u>	<u>\$ 5,824,877</u>

See accompanying notes to combined financial statements.

**MIAMI GARDENS SQUARE ONE , INC. AND STELLAR MANAGEMENT CORPORATION**

**COMBINED STATEMENTS OF INCOME**

	<b>Nine Months En ded September 30, 2007</b>	<b>Year Ended December 31, 2006</b>
Revenues:		
Sales of alcoholic beverages	\$ 12,441,539	\$ 13,275,533
Service revenues	1,232,040	998,950
Other	308,951	339,535
	<u>13,982,530</u>	<u>14,614,018</u>
Operating expenses :		
Cost of goods sold	1,840,317	2,276,989
Salaries and wages	1,756,808	2,098,442
Other general and administrative:		
Taxes and permits	1,178,611	1,482,305
Charge card fees	186,932	400,726
Rent	684,668	675,008
Advertising and marketing	271,358	464,931
Depreciation	495,349	629,601
Other	2,422,978	3,074,684
	<u>8,837,021</u>	<u>11,102,686</u>
Income from operations	5,145,509	3,511,332
Other income	34,000	58,216
Interest expense	<u>( 327,748)</u>	<u>( 559,866)</u>
Net income	<u>\$ 4,851,761</u>	<u>\$ 3,009,682</u>

See accompanying notes to combined financial statements.

**MIAMI GARDENS SQUARE ONE , INC. AND STELLAR MANAGEMENT CORPORATION**

**COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS ' EQUITY**

**NINE MONTHS ENDED SEPTEMBER 30, 2007   AND YEAR ENDED DECEMBER 31, 2006**

	<b>Common Stock</b>			<b>Additional</b>	<b>Retained</b>	<b>Total</b>
	<b>Number of</b>	<b>Amount</b>		<b>Paid - in</b>	<b>Earnings</b>	<b>Stockholders'</b>
	<b>Shares</b>			<b>Capital</b>	<b>(Accumulated</b>	<b>Equity</b>
					<b>Deficit)</b>	<b>( Deficit)</b>
Balance at December 31, 2005	2,050	\$ 20	\$ 1,500,280	\$ (1,697,030)	\$ (196,730)	
Stockholder contributions	-	-	865,743	-	865,743	
Stockholder distributions	-	-	-	(3,194, 313)	(3,194,313)	
Net income	-	-	-	3,009,682	3,009,682	
Balance at December 31, 2006	2,050	20	2,366,023	(1,881,661)	484,382	
Stockholder distributions	-	-	-	(2,440,033)	(2,440,033)	
Net income	-	-	-	4,851,761	4,851,761	
Balance at September 30, 2007	<u>2,050</u>	<u>\$ 20</u>	<u>\$ 2,366,023</u>	<u>\$ 530,067</u>	<u>\$ 2,896,110</u>	

See accompanying notes to combined financial statements.

**MIAMI GARDENS SQUARE ONE , INC. AND STELLAR MANAGEMENT CORPORATION**

**COMBINED STATEMENTS OF CASH FLOWS**

	<b>Nine Months Ended September 30, 2007</b>	<b>Year Ended December 31, 2006</b>
<b>Operating Activities</b>		
Net income	\$ 4,851,761	\$ 3,009,682
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	495,349	629,601
Changes in operating assets and liabilities:		
Accounts receivable	(101,079)	(218,571)
Inventories	(40,997)	(235,503)
Prepaid expenses and other assets	(32,125)	(13,119)
Accounts payable and accrued liabilities	(15,730)	163,469
Net cash provided by operating activities	<u>5,157,179</u>	<u>3,335,559</u>
<b>Investing Activities</b>		
Purchases of property and equipment	-	(378,137)
<b>Financing Activities</b>		
Bank overdraft	-	(47,745)
Proceeds from debt	40,000	2,210,000
Payments on debt	(2,486,541)	(2,387,741)
Stockholder contributions	-	865,743
Stockholder distributions	(2,440,033)	(3,194,313)
Net cash used in financing activities	<u>(4,886,574)</u>	<u>(2,554,056)</u>
Net increase in cash and cash equivalents	270,605	403,366
Cash and cash equivalents at beginning of year	<u>403,366</u>	<u>-</u>
Cash and cash equivalents at end of year	<u><u>\$ 673,971</u></u>	<u><u>\$ 403,366</u></u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for interest	<u><u>\$ 347,895</u></u>	<u><u>\$ 536,584</u></u>

See accompanying notes to combined financial statements.



# MIAMI GARDENS SQUARE ONE, INC. AND STELLAR MANAGEMENT CORPORATION

Notes to Combined Financial Statements  
September 30, 2007 and December 31, 2006

## **A. Nature of Business**

Miami Gardens Square One, Inc. and Stellar Management Corporation were incorporated in the state of Florida in 2003. The Companies have common ownership and currently own and operate a nightclub that offers live adult entertainment. The nightclub and corporate office are located in Miami Gardens, Florida. The companies are collectively referred to herein as “the Company”.

## **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:

### **Principles of Combination**

The combined financial statements include the accounts of Miami Gardens Square One, Inc. and Stellar Management Corporation. Significant intercompany accounts and transactions have been eliminated in combination.

### **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 September 30, 2007 and December 31, 2006, 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”). At September 30, 2007 and December 31, 2006, the uninsured portion of these deposits approximated \$ 386 ,000 and \$371 ,000, respectively. The Company has not incurred any losses related to its cash on deposit with financial institutions.

### **Accounts 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. The Company recognizes allowances for doubtful accounts when, based on management judgment, circumstances indicate that accounts receivable will not be collected. There was no allowance for doubtful accounts as of September 30, 2007 and December 31, 2006.

MIAMI GARDENS SQUARE ONE, INC. AND STELLAR MANAGEMENT CORPORATION  
Notes to Combined 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. Provisions for depreciation and amortization are made using straight-line rates over the estimated useful lives of the related assets and the shorter of useful lives or terms of the applicable leases for leasehold improvements. Furniture, equipment and leasehold improvements have estimated useful lives between three and eight and one-half 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 combined statement of income of the respective period.

**Revenue Recognition**

The Company recognizes revenue from the sale of alcoholic beverages, food and merchandise, 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 comprised of costs related to public advertisements and giveaways, which are used for promotional purposes. Advertising and marketing expenses are expensed as incurred and are included in operating expenses in the accompanying combined statements of income.

**Income Taxes**

The Company is an S-Corporation for federal income tax purposes and the Company is taxed similar to a partnership, whereby income taxes are the responsibility of the individual shareholders. Therefore, no provision for income taxes is made in the accompanying combined 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 combined 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 the Company's notes payable also approximates fair value since these instruments bear market rates of interest. None of these instruments are held for trading purposes.

MIAMI GARDENS SQUARE ONE, INC. AND STELLAR MANAGEMENT CORPORATION  
Notes to Combined Financial Statements  
(Continued)

**C. Property and Equipment**

Property and equipment consisted of the following:

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
Leasehold improvements	\$ 4,693,511	\$ 4,693,511
Equipment, furniture and fixtures	744,327	744,327
	5,437,838	5,437,838
Less accumulated depreciation and amortization	(1,124,950)	(629,601)
	<u>\$ 4,312,888</u>	<u>\$ 4,808,237</u>

**D. Notes Payable, Related Party**

Notes payable, related party consisted of notes payable to individuals, including a Company stockholder, interest payable monthly at rates from 12%-13%, collateralized by certain real property owned by a stockholder and guaranteed by the Company's two stockholders, principal due in May 2008. These notes were all paid off subsequent to September 30, 2007; therefore, all debt is shown as current.

**E. Notes Payable**

Following is a summary of notes payable as of September 30, 2007 and December 31, 2006. These notes were all paid off subsequent to September 30, 2007; therefore, all debt is shown as current.

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
\$1,300,000 credit facility with a bank, interest at prime plus 1.5% but not less than 10%, principal payable \$27,083 monthly plus accrued interest, matures in June 2009, collateralized by certain real property owned by a Company stockholder and guaranteed by the Company's two stockholders	\$ 322,918	\$ 769,459
Unsecured notes payable to individuals, interest payable monthly at rates from 8%-13%, maturing at various dates from January 2007 to August 2008	125,000	325,000
Total	<u>\$ 447,918</u>	<u>\$ 1,094,459</u>

MIAMI GARDENS SQUARE ONE, INC. AND STELLAR MANAGEMENT CORPORATION  
Notes to Combined Financial Statements  
(Continued)

**F. Commitments and Contingencies**

*Leases*

The Company leases a building and corporate office space under operating leases, of which rent expense was approximately \$684,668 and \$675,008 for the nine months ended September 30, 2007 and the year ended December 31, 2006, respectively.

Future minimum annual lease obligations as of September 30, 2007, approximate the following:

Years ended September 30:	
2008	\$ 851,268
2009	851,268
2010	851,268
2011	851,268
2012	851,268
Thereafter	<u>1,489,719</u>
Total future minimum lease obligations	<u><u>\$5,746,059</u></u>

*Litigation*

The Company can be subjected to certain routine legal matters in the ordinary course of business. The Company does not believe that the ultimate resolution of the matters will have a material impact on the Company's financial position or results of operations.

**G. Stockholders' Equity**

Following is a summary of the common stock of the Company:

	<u>Par Value</u>	<u>Number of Shares Authorized</u>	<u>Number of Shares Issued</u>
Miami Gardens Square One, Inc.	\$ .01	2,000	2,000
Stellar Management Corporation	\$ .01	2,000	50

**H. Subsequent Events**

The Company paid off all its notes payable subsequent to September 30, 2007.

Effective November 30, 2007, 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 Miami Gardens Square One, Inc. and Stellar Management Corporation (collectively referred to herein as "MGSO"). On November 30, 2007, we entered into a Stock Purchase Agreement for the acquisition of 100% of the issued and outstanding common stock of Stellar Management Corporation, a Florida corporation (the "Stellar Stock") and 100% of the issued and outstanding common stock of Miami Gardens Square One, Inc., a Florida corporation (the "MGSO Stock") which owns and operates an adult entertainment cabaret known as "Tootsies Cabaret" ("Tootsies") located at 150 NW 183<sup>rd</sup> Street, Miami Gardens, Florida 33169 (the "Transaction"). Pursuant to the Stock Purchase Agreement, we acquired the Stellar Stock and the MGSO Stock from Norman Hickmore ("Hickmore") and Richard Stanton ("Stanton") for a total purchase price of \$25,486,000 (which includes inventory and other assets), payable \$15,486,000 in cash and payable \$10,000,000 pursuant to two secured promissory notes in the amount of \$5,000,000 each to Stanton and Hickmore (the "Notes"). As part of the Transaction, Hickmore and Stanton entered into five-year covenants not to compete with us. Additionally, as part of the Transaction, we entered into an Assignment to Lease Agreements with the landlord for the property where Tootsies is located. The underlying Lease Agreements for the property provide for an original lease term through June 30, 2014, with two option periods which give us the right to lease the property through June 30, 2034.

The pro forma condensed balance sheet gives effect to the MGSO acquisition as if it had occurred on September 30, 2007, combining the balance sheets of Rick's and MGSO as of that date. The pro forma condensed statements of operations for the year ended September 30, 2007 give effect to the acquisition as if it had occurred on October 1, 2006 combining the results of Rick's for the fiscal year ended September 30, 2007 with those of MGSO for the twelve month period ended September 30, 2007 .

The pro forma statements of operations for the year ended September 30, 2007 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, 2006, as assumed, nor does it purport to present the results which may be obtained in the future.

---

**RICK 'S CABARET INTERNATIONAL, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**SEPTEMBER 30, 2007**  
**(IN THOUSANDS, EXCEPT SHARE INFORMATION)**

	<u>Rick 's</u>	<u>MGSO</u>	<u>Pro Forma Adjustment (A)</u>	<u>Pro Forma Combined</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 2,999	\$ 674	\$ (1,256)	\$ 2,417
Accounts receivable:				
Trade	557	319	(319)	557
Employees	219	-	-	219
Marketable securities	33	-	-	33
Inventories	369	329	18	716
Prepaid expenses and other current assets	287	43	-	330
<b>Total current assets</b>	<b>4,464</b>	<b>1,365</b>	<b>(1,557)</b>	<b>4,272</b>
Property and equipment, net	21,365	4,313	606	26,284
Goodwill and indefinite lived intangibles	20,180	-	27,138	47,318
Definite lived intangibles, net	699	-	200	899
Other	368	96	-	464
<b>Total assets</b>	<b>\$ 47,076</b>	<b>\$ 5,774</b>	<b>\$ 26,387</b>	<b>\$ 79,237</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 2,202	\$ 325	\$ (200)	\$ 2,327
Current portion of long-term debt	3,291	2,553	(2,553)	3,291
<b>Total current liabilities</b>	<b>5,493</b>	<b>2,878</b>	<b>(2,753)</b>	<b>5,618</b>
Long-term debt less current portion	11,096	-	10,000	21,096
Deferred tax liability	4,392	-	7,036	11,428
Other	421	-	-	421
<b>Total liabilities</b>	<b>21,402</b>	<b>2,878</b>	<b>14,283</b>	<b>38,563</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINORITY INTERESTS</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>180</b>
<b>TEMPORARY EQUITY</b> - Common stock, subject to put rights (215,000 shares)	<b>1,450</b>	<b>-</b>	<b>-</b>	<b>1,450</b>
<b>STOCKHOLDERS' EQUITY:</b>				
Preferred stock, \$.10 par, 1,000,000 shares authorized; none outstanding	-	-	-	-
Common stock, \$.01 par, 15,000,000 shares authorized; 6,903,354 outstanding	69	-	12	81
Additional paid-in capital	22,644	2,366	12,622	37,632
Accumulated other comprehensive income	20	-	-	20
Retained earnings	2,604	530	(530)	2,604
Less 908,530 shares of common stock held in treasury, at cost	(1,293)	-	-	(1,293)
<b>Total stockholders' equity</b>	<b>24,044</b>	<b>2,896</b>	<b>12,104</b>	<b>39,044</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 47,076</b>	<b>\$ 5,774</b>	<b>\$ 26,387</b>	<b>\$ 79,237</b>

---

**RICK 'S CABARET INTERNATIONAL, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**YEAR ENDED SEPTEMBER 30, 2007**  
**(IN THOUSANDS, EXCEPT PER SHARE INFORMATION)**

	<u>Rick 's</u>	<u>MGSO</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
<b>Total revenue</b>	\$ 32,014	\$ 18,216	\$ -	\$ 50,230
Operating expenses:				
Cost of goods sold	4,036	2,350	-	6,386
Salaries and wages	8,740	2,281	-	11,021
Depreciation and amortization	1,597	660	40 B	2,297
Other general and administrative	<u>13,537</u>	<u>6,333</u>	<u>-</u>	<u>19,870</u>
<b>Total operating expenses</b>	<u>27,910</u>	<u>11,624</u>	<u>40</u>	<u>39,574</u>
Operating income	4,104	6,592	(40)	10,656
Interest expense	(1,336)	(392)	(1,008) C	(2,736)
Income tax expense	(236)	-	(1,803) D	(2,039)
Other	<u>523</u>	<u>-</u>	<u>-</u>	<u>523</u>
Net income	<u>\$ 3,055</u>	<u>\$ 6,200</u>	<u>\$ (2,851)</u>	<u>\$ 6,404</u>
Net income per share:				
Basic	<u>\$ 0.54</u>			<u>\$ 0.93</u>
Diluted	<u>\$ 0.50</u>			<u>\$ 0.87</u>
Weighted average shares outstanding:				
Basic	<u>5,701</u>			<u>6,866</u>
Diluted	<u>6,215</u>			<u>7,380</u>



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

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET ADJUSTMENT

- (A) Records the MGSO acquisition, including: payment of \$15,486,000 in cash, Promissory Notes issued aggregating \$10,000,000, removal of MGSO stockholders' equity, \$15,000,000 of Rick's common stock to fund the acquisition, net of offering costs, and estimated transaction costs of \$125,000.

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

DESCRIPTION	AMOUNT (IN THOUSANDS)
Total consideration:	
Cash	\$ 15,486
Issuance of Promissory Notes	10,000
Estimated transaction costs	<u>125</u>
	<u>\$ 25,611</u>
Allocation:	
Current assets	\$ 390
Property & equipment and other assets	4,919
Non-compete agreement	200
Goodwill	7,036
Sexually oriented business license	20,102
Deferred tax liability	<u>(7,036)</u>
	<u>\$ 25,611</u>

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.

---

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

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS ADJUSTMENTS

- (B) Records adjustment to amortization expense to reflect increase for new basis of identifiable intangible assets including non-compete agreement and sexually oriented business license. 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 interest on Rick's \$10,000,000 Promissory Notes related to the acquisition. The sellers paid off all MGSO Notes payable immediately after the transaction closed.
  - (D) Records income tax expense on MGSO net income and pro forma adjustments.
-