

MULTIMEDIA GAMES INC
Form 10-Q
February 09, 2010

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 December 31, 2009

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: 000-28318

Multimedia Games, Inc.
(Exact name of Registrant as specified in its charter)

Texas 74-2611034
(State or other jurisdiction of incorporation (IRS Employer Identification No.)
or organization)

206 Wild Basin Road, Building B, Fourth
Floor
Austin, Texas 78746
(Address of principal executive offices) (Zip Code)

(512) 334-7500
(Registrant's telephone number, including area code)

Registrant's website: www.multimedialogames.com

None
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section

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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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer" "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer "

Accelerated Filer ý

Non-Accelerated Filer "

Smaller Reporting Company "

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes " No ý

As of February 5, 2010, there were 27,319,095 shares of the Registrant's common stock, par value \$0.01 per share, outstanding.

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PART I
FINANCIAL INFORMATION

Item 1. Condensed Financial Statements
MULTIMEDIA GAMES, INC.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2009 and September 30, 2009

(In thousands, except shares)

(Unaudited)

ASSETS	December 31, 2009	September 30, 2009
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,915	\$ 12,455
Accounts receivable, net of allowance for doubtful accounts of \$3,783 and \$3,676, respectively	9,946	13,424
Inventory	5,096	5,742
Deferred contract costs, net	579	1,826
Prepaid expenses and other	1,835	2,806
Current portion of notes receivable, net	16,429	15,780
Federal and state income tax receivable	7,006	6,246
Deferred income taxes	973	1,138
Total current assets	56,779	59,417
Restricted cash and long-term investments	772	804
Leased gaming equipment, net	34,918	34,002
Property and equipment, net	31,893	35,048
Long-term portion of notes receivable, net	35,299	40,124
Intangible assets, net	31,214	33,361
Other assets	10,301	9,895
Deferred income taxes	3,134	2,969
Total assets	\$ 204,310	\$ 215,620
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 1,325	\$ 2,073
Accounts payable and accrued expenses	23,353	26,878
Deferred revenue	3,874	2,341
Total current liabilities	28,552	31,292
Revolving line of credit	10,000	15,000
Long-term debt, less current portion	58,488	58,675
Other long-term liabilities	772	789
Deferred revenue, less current portion	1,894	2,409
Total liabilities	99,706	108,165
Commitments and contingencies		
Stockholders' equity:		
Preferred stock:		
Series A, \$0.01 par value, 1,800,000 shares authorized, no shares issued and outstanding	—	—
Series B, \$0.01 par value, 200,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 75,000,000 shares authorized,	332	331

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33,207,287 and 33,121,337 shares issued, and 27,303,870 and 27,217,920 shares outstanding, respectively		
Additional paid-in capital	87,159	86,317
Treasury stock, 5,903,417 common shares at cost	(50,128)	(50,128)
Retained earnings	68,674	72,803
Accumulated other comprehensive loss, net	(1,433)	(1,868)
Total stockholders' equity	104,604	107,455
Total liabilities and stockholders' equity	\$204,310	\$215,620

The accompanying notes are an integral part of the condensed consolidated financial statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended December 31, 2009 and 2008
(In thousands, except per share data)
(Unaudited)

		Three Months Ended December 31,
	2009	2008
REVENUES:		
Gaming operations	\$22,422	\$26,348
Gaming equipment and system sales	3,250	1,766
Other	593	