

MULTIMEDIA GAMES INC
Form 10-Q
May 07, 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 March 31, 2010

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
(State or other jurisdiction of incorporation or organization)
206 Wild Basin Road South, Building B,
Fourth Floor

74-2611034
(IRS Employer Identification No.)

Austin, Texas
(Address of principal executive offices)

78746
(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 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to

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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

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

As of May 5, 2010, there were 27,430,220 shares of the Registrant's common stock, par value \$0.01 per share, outstanding.

FORM 10-Q

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PART I
FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

MULTIMEDIA GAMES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

As of March 31, 2010 and September 30, 2009

(In thousands, except shares)

(Unaudited)

| | March 31, 2010 | September 30, 2009 |
|---|-------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$21,199 | \$12,455 |
| Accounts receivable, net of allowance for doubtful accounts of \$3,252 and \$3,676, respectively | 12,378 | 13,424 |
| Inventory | 4,340 | 5,742 |
| Deferred contract costs, net | 543 | 1,826 |
| Prepaid expenses and other | 2,117 | 2,806 |
| Current portion of notes receivable, net | 14,050 | 15,780 |
| Federal and state income tax receivable | 1,944 | 6,246 |
| Deferred income taxes | 201 | 1,138 |
| Total current assets | 56,772 | 59,417 |
| Restricted cash and long-term investments | 737 | 804 |
| Property and equipment and leased gaming equipment, net | 58,855 | 69,050 |
| Long-term portion of notes receivable, net | 31,215 | 40,124 |
| Intangible assets, net | 31,581 | 33,361 |
| Value added tax receivable | 8,483 | 7,516 |
| Other assets | 2,098 | 2,379 |
| Deferred income taxes | 1,351 | 2,969 |
| Total assets | \$191,092 | \$215,620 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | \$750 | \$750 |
| Accounts payable and accrued expenses | 24,807 | 27,626 |
| Deferred revenue | 2,090 | 2,341 |
| Total current liabilities | 27,647 | 30,717 |
| Revolving line of credit | — | 15,000 |
| Long-term debt, less current portion | 58,875 | 59,250 |
| Other long-term liabilities | 737 | 789 |
| Deferred revenue, less current portion | 2,863 | 2,409 |
| Total liabilities | 90,122 | 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, | 333 | 331 |

33,332,762 and 33,121,337 shares issued, and
27,429,345 and 27,217,920 shares outstanding, respectively

MULTIMEDIA GAMES, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS – (Continued)
 As of March 31, 2010 and September 30, 2009
 (In thousands, except shares)
 (Unaudited)

| | March 31, 2010 | | | September 30, 2009 |
|---|-------------------|---|--|-----------------------|
| Additional paid-in capital | 88,491 | | | 86,317 |
| Treasury stock, 5,903,417 common shares at cost | (50,128 |) | | (50,128) |
| Retained earnings | 63,077 | | | 72,803 |
| Accumulated other comprehensive loss, net | (803 |) | | (1,868) |
| Total stockholders' equity | 100,970 | | | 107,455 |
| Total liabilities and stockholders' equity | \$ 191,092 | | | \$ 215,620 |

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

MULTIMEDIA GAMES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended March 31, 2010 and 2009

(In thousands, except per share data)

(Unaudited)

| | Three Months Ended | |
|-----------------------------------|--------------------|----------|
| | March 31, | |
| | 2010 | 2009 |
| REVENUES: | | |
| Gaming operations | \$23,416 | \$28,881 |
| Gaming equipment and system sales | 8,169 | 4,355 |
| Other | 553 | 634 |
| Total revenues | | |