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RICKS CABARET INTERNATIONAL INC  
Form 10QSB  
May 20, 2005

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-QSB

- [X] Quarterly report pursuant to Section 13 Or 15(d) of the Securities Exchange Act of 1934; For the quarterly period ended: March 31, 2005
- [ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-26958

RICK'S CABARET INTERNATIONAL, INC.  
(Exact name of registrant as specified in its charter)

Texas 76-0458229  
(State or other jurisdiction IRS Employer  
of incorporation or organization) 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)

APPLICABLE ONLY TO CORPORATE ISSUERS

On May 4, 2005, there were 3,907,148 shares of common stock, \$.01 par value, outstanding.

Transitional Small Business Disclosure Format (check one): Yes  No

RICK'S CABARET INTERNATIONAL, INC.

TABLE OF CONTENTS  
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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets as of March 31, 2005 (unaudited) and September 30, 2004 (audited) . . . . . 1

Consolidated Statements of Operations for the three months and six months ended March 31, 2005 and 2004 (unaudited) . . . . . 3

Consolidated Statements of Cash Flows for the six months

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|   |    |
|---|----|
| ended March 31, 2005 and 2004 (unaudited) . . . . .                           | 4  |
| Notes to Consolidated Financial Statements . . . . .                          | 5  |
| Item 2. Management's Discussion and Analysis or Plan of Operations . . . . .  | 9  |
| Item 3. Controls and Procedures . . . . .                                     | 15 |
| <br>PART II OTHER INFORMATION   |    |
| Item 2. Unregistered sales of equity securities and use of proceeds . . . . . | 15 |
| Item 6. Exhibits . . . . .  | 16 |
| Signatures . . . . .  | 17 |

i

### PART I FINANCIAL INFORMATION

#### Item 1. Financial Statements.

#### RICK'S CABARET INTERNATIONAL, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

#### ASSETS

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|  | 03/31/05<br>(UNAUDITED) | 9/30/04<br>(AUDITED) |
|--|-------------------------|----------------------|
| <b>CURRENT ASSETS</b>                      |                         |                      |
| Cash and cash equivalents                  | \$ 1,611,907            | \$ 275,243           |
| Accounts receivable                        |                         |                      |
| Trade                                      | 97,539                  | 72,909               |
| Other, net                                 | 304,927                 | 204,093              |
| Marketable securities                      | 44,491                  | 122,350              |
| Inventories                                | 191,742                 | 232,746              |
| Prepaid expenses and other current assets  | 296,625                 | 976,577              |
| Net assets of discontinued operations      | ---                     | 27,674               |
|  | -----                   | -----                |
| Total current assets                       | 2,547,231               | 1,911,592            |
|  | -----                   | -----                |
| <b>PROPERTY AND EQUIPMENT</b>              |                         |                      |
| Buildings, land and leasehold improvements | 10,681,587              | 9,394,619            |
| Furniture and equipment                    | 2,074,701               | 1,946,583            |
|  | -----                   | -----                |
|  | 12,756,288              | 11,341,202           |
| Accumulated depreciation                   | (2,914,310)             | (2,659,762)          |
|  | -----                   | -----                |
| Total property and equipment, net          | 9,841,978               | 8,681,440            |
|  | -----                   | -----                |
| <b>OTHER ASSETS</b>                        |                         |                      |

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|                              |               |               |
|------------------------------|---------------|---------------|
| Goodwill, net                | 1,898,926     | 1,898,926     |
| Other intangible assets, net | 7,842,798     | ---           |
| Other                        | 523,249       | 432,658       |
|                              | -----         | -----         |
| Total other assets           | 10,264,973    | 2,331,584     |
|                              | -----         | -----         |
| Total assets                 | \$ 22,654,182 | \$ 12,924,616 |
|                              | =====         | =====         |

1

RICK'S CABARET INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

|   | 03/31/05<br>(UNAUDITED) | 9/30/04<br>(AUDITED) |
|---|-------------------------|----------------------|
| CURRENT LIABILITIES   |                         |                      |
| Accounts payable - trade  | \$ 432,821              | \$ 291,650           |
| Accrued liabilities   | 826,871                 | 588,883              |
| Current portion of long-term debt   | 1,034,192               | 492,310              |
|   | -----                   | -----                |
| Total current liabilities   | 2,293,884               | 1,372,843            |
| Deferred gain on sale of subsidiary   | 163,739                 | 163,739              |
| Long-term debt less current portion   | 11,523,855              | 3,201,250            |
|   | -----                   | -----                |
| Total liabilities   | 13,981,478              | 4,737,832            |
|   | -----                   | -----                |
| COMMITMENTS AND CONTINGENCIES   |                         |                      |
|   | ---                     | ---                  |
| MINORITY INTERESTS  |                         |                      |
|   | 47,223                  | 40,808               |
| STOCKHOLDERS' EQUITY  |                         |                      |
| Preferred stock, \$.10 par, 1,000,000 shares<br>authorized; none outstanding                    | ---                     | ---                  |
| Common stock, \$.01 par, 15,000,000 shares<br>authorized; 4,815,678 and 4,608,678 shares issued | 48,157                  | 46,087               |
| Additional paid-in capital  | 11,772,849              | 11,273,149           |
| Accumulated other comprehensive income  | 31,143                  | 109,002              |
| Accumulated deficit   | (1,932,888)             | (1,988,482)          |
| Less 908,530 shares of common stock held in treasury,<br>at cost                                | (1,293,780)             | (1,293,780)          |
|   | -----                   | -----                |
| Total stockholders' equity  | 8,625,481               | 8,145,976            |
|   | -----                   | -----                |
| Total liabilities and stockholders' equity  | \$ 22,654,182           | \$ 12,924,616        |
|   | =====                   | =====                |

2

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RICK'S CABARET INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

|   | FOR THE THREE MONTHS<br>ENDED MARCH 31, |                     | FOR THE SI<br>ENDED MA |
|---|---|---------------------|------------------------|
|   | 2005                                    | 2004<br>(UNAUDITED) | 2005                   |
| Continuing Operations:                                |   |                     |                        |
| Revenues  |   |                     |                        |
| Sales of alcoholic beverages                          | \$ 1,192,768                            | \$ 1,539,493        | \$ 2,403,044           |
| Sales of food and merchandise                         | 413,996                                 | 395,605             | 791,098                |
| Service revenues                                      | 1,586,890                               | 1,437,044           | 3,092,841              |
| Internet revenues                                     | 180,729                                 | 202,678             | 367,960                |
| Other   | 69,007                                  | 124,235             | 120,657                |
|   | -----                                   | -----               | -----                  |
| Total revenues  | 3,443,390                               | 3,699,055           | 6,775,600              |
|   | -----                                   | -----               | -----                  |
| Operating expenses                                    |   |                     |                        |
| Cost of goods sold                                    | 448,165                                 | 441,026             | 845,935                |
| Salaries and wages                                    | 1,203,595                               | 1,227,837           | 2,411,544              |
| Other general and administrative                      |   |                     |                        |
| Taxes and permits                                     | 477,037                                 | 523,556             | 921,627                |
| Charge card fees                                      | 55,609                                  | 57,399              | 115,296                |
| Rent  | 105,875                                 | 84,431              | 177,823                |
| Legal and professional                                | 178,753                                 | 140,052             | 346,079                |
| Advertising and marketing                             | 215,796                                 | 200,575             | 357,602                |
| Depreciation and amortization                         | 140,453                                 | 130,493             | 267,242                |
| Other   | 618,081                                 | 479,884             | 1,177,199              |
|   | -----                                   | -----               | -----                  |
| Total operating expenses                              | 3,443,364                               | 3,285,253           | 6,620,347              |
|   | -----                                   | -----               | -----                  |
| Income (loss) from continuing operations              | 26                                      | 413,802             | (155,253)              |
| Other income (expense):                               |   |                     |                        |
| Interest income                                       | 11,556                                  | 9,060               | 20,745                 |
| Interest expense                                      | (167,835)                               | (78,371)            | (256,949)              |
| Gain from sale of marketable securities               | -                                       | 16,878              | -                      |
| Minority interests                                    | (6,877)                                 | 1,020               | (6,414)                |
| Other   | 46                                      | (5,171)             | (734)                  |
|   | -----                                   | -----               | -----                  |
| Net income (loss) from continuing operations          | (163,084)                               | 357,218             | (88,099)               |
| Discontinued operations:                              |   |                     |                        |
| Income (loss) from discontinued operations            | (66,825)                                | 11,036              | (148,294)              |
| Gain on sale of discontinued operations               | 291,987                                 | -                   | 291,987                |
|   | -----                                   | -----               | -----                  |
| Net income  | \$ 62,078                               | \$ 368,254          | \$ 55,594              |
|   | =====                                   | =====               | =====                  |
| Basic and diluted earnings per share:                 |   |                     |                        |
| Income (loss) from continuing operations              | \$ (0.04)                               | \$ 0.10             | \$ (0.02)              |
| Income from discontinued operations                   | 0.06                                    | 0.00                | 0.04                   |
|   | -----                                   | -----               | -----                  |
| Net income, basic                                     | \$ 0.02                                 | \$ 0.10             | \$ 0.02                |
|   | =====                                   | =====               | =====                  |
| Net income, diluted                                   | \$ 0.02                                 | \$ 0.10             | \$ 0.01                |
|   | =====                                   | =====               | =====                  |
| Weighted average number of common shares outstanding: |   |                     |                        |

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|         |           |           |           |
|---------|-----------|-----------|-----------|
| Basic   | 3,782,481 | 3,700,148 | 3,741,315 |
|         | =====     | =====     | =====     |
| Diluted | 3,964,987 | 3,700,148 | 3,923,821 |
|         | =====     | =====     | =====     |