

ALLIANCE GAMING CORP
Form 8-K/A
August 26, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): **June 30, 2004**

Commission File Number **0-4281**

ALLIANCE GAMING CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

88-0104066
(I.R.S. Employer
Identification No.)

6601 S. Bermuda Rd.

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Las Vegas, Nevada
(Address of principal executive offices)

89119
(Zip Code)

(Registrant's Telephone Number, Including Area Code): **(702) 270-7600**

ITEM 2.01. Acquisitions or Disposition of Assets

On June 30, 2004, Alliance Gaming Corporation completed the sale of United Coin Machine Co. to Montana-based Century Gaming, Inc. Total consideration for the disposition was approximately \$100 million in cash and the assumption by Century Gaming of approximately \$5 million in debt, which was previously disclosed in a press release, filed on Form 8-K on July 6, 2004, and is incorporated herein by reference. Alliance Gaming Corporation recorded in a pre-tax gain on sale of \$15.3 million, or \$9.1 million after deferred taxes.

ITEM 9.01. FINANCIAL STATEMENTS, PRO FORMA INFORMATION AND EXHIBITS

- (a) Financial Statements of Businesses Acquired.
- Not Applicable.
- (b) Pro Forma Financial Information
- Unaudited pro forma condensed consolidated balance sheet as of March 31, 2004.
- Unaudited pro forma condensed consolidated statement of operations for the nine months ended March 31, 2004.
- Unaudited pro forma condensed consolidated statement of operations for the year ended June 30, 2003.
- Notes to unaudited pro forma condensed consolidated financial statements.
- (c) Exhibits
- Not Applicable.

Alliance Gaming Corporation and Subsidiaries

Unaudited Pro Forma Condensed Consolidated Balance Sheet and Statement of Operations

The following unaudited pro forma condensed consolidated financial statements have been derived from the historical financial statements of Alliance Gaming Corporation and subsidiaries (collectively, the Company) to give effect to the sale of United Coin Machine Co. (United Coin) to Century Gaming, Inc. which was completed on June 30, 2004.

The operations of United Coin are included in discontinued operations in the historical financial statements, accordingly, since the pro forma financial statements represent the continuing operations only, there are no adjustments required to be made to the unaudited pro forma condensed consolidated statement of operations for the year ended June 30, 2003 and nine months ended March 31, 2004. The United Coin assets and liabilities are classified as held for sale the unaudited pro forma condensed consolidated balance sheet as of March 31, 2004, and the pro forma adjustments gives effect to the transaction as if the transaction had occurred on March 31, 2004.

Certain pro forma adjustments described in the accompanying notes are based on estimates and various assumptions that the Company believes are reasonable under the circumstances. The pro forma information below is provided for informational purposes only and is not necessarily indicative of what the actual financial position or results of operations of the Company would have been had the transaction actually occurred on the date indicated.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the Company s financial statements, including the notes thereto, as of and for the year ended June 30, 2003 contained in the Company s Annual Report on Form 10-K and its quarterly report on Form-10-Q as of and for the nine months ended March 31, 2004, and the related Management s Discussion and Analysis of Financial Condition and Results of Operations.

ALLIANCE GAMING CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2004

(In 000 s, except share amounts)

| | ASSETS | | | |
|--|----------------|---------------------------------|----|-----------|
| | As Reported | Pro Forma Adjustments (a) | | Pro Forma |
| Current assets: | | | | |
| Cash and cash equivalents (a) | \$ 32,506 | 100,812 | \$ | 133,318 |
| Accounts and notes receivable, net | 114,844 | | | 114,844 |
| Inventories, net | 53,236 | | | 53,236 |
| Deferred tax assets, net | 56,331 | | | 56,331 |
| Other current assets | 12,004 | | | 12,004 |
| Total current assets | 268,921 | 100,812 | | 369,733 |
| Short-term investments (restricted) | 2,638 | | | 2,638 |
| Long-term receivables, net | 12,020 | | | 12,020 |
| Lease receivable, net | 8,269 | | | 8,269 |
| Leased gaming equipment, net | 54,983 | | | 54,983 |
| Property, plant and equipment, net | 65,542 | | | 65,542 |
| Goodwill, net | 135,128 | | | 135,128 |
| Intangible assets, net | 64,837 | | | 64,837 |
| Assets of discontinued operations held for sale | 109,340 | (97,364) | | 11,976 |
| Other assets, net | 6,277 | | | 6,277 |
| Total assets | \$ 727,955 | 3,448 | \$ | 731,403 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 38,729 | | \$ | 38,729 |
| Accrued liabilities | 53,849 | | | 53,849 |
| Jackpot liabilities | 14,239 | | | 14,239 |
| Current maturities of long-term debt | 5,446 | | | 5,446 |
| Liabilities of discontinued operations held for sale | 24,970 | (5,676) | | 19,294 |
| Total current liabilities | 137,233 | (5,676) | | 131,557 |
| Long-term debt, net | 424,015 | | | 424,015 |
| Deferred tax liabilities | 6,676 | | | 6,676 |
| Other liabilities | 5,048 | | | 5,048 |
| Minority interest | 1,447 | | | 1,447 |
| Total liabilities | 574,419 | (5,676) | | 568,743 |
| Commitments and contingencies | | | | |
| Stockholders' equity: | | | | |

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| | | | |
|---|------------|-------|------------|
| Special Stock, 10,000,000 shares authorized: Series E, \$100 liquidation value; 115 shares issued and outstanding | 12 | | 12 |
| Common Stock, \$.10 par value; 100,000,000 shares authorized; 51,266,000 shares issued | 5,129 | | 5,129 |
| Treasury stock at cost, 513,000 shares | (501) | | (501) |
| Additional paid-in capital | 185,638 | | 185,638 |
| Accumulated other comprehensive income | 2,084 | | 2,084 |
| Accumulated deficit | (38,826) | 9,124 | (29,702) |
| Total stockholders' equity | 153,536 | 9,124 | 162,660 |
| Total liabilities and stockholders' equity | \$ 727,955 | 3,448 | \$ 731,403 |

ALLIANCE GAMING CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2004

(In 000 s, except per share amounts)

| | As Reported | Pro Forma Adjustments | Pro Forma |
|---|------------------|--------------------------|------------------|
| Revenues: | | | |
| Gaming equipment and systems | \$ 286,764 | | \$ 286,764 |
| Casino operations | 39,329 | | 39,329 |
| | 326,093 | | 326,093 |
| Costs and expenses: | | | |
| Cost of gaming equipment and systems | 113,395 | | 113,395 |
| Cost of casino operations | 15,211 | | 15,211 |
| Selling, general and administrative | 80,812 | | 80,812 |
| Research and development costs | 24,462 | | 24,462 |
| Depreciation and amortization | 20,595 | | 20,595 |
| | 254,475 | | 254,475 |
| Operating income | 71,618 | | 71,618 |
| Other income (expense): | | | |
| Interest income | 1,943 | | 1,943 |
| Interest expense | (14,188) | | (14,188) |
| Minority interest | (1,749) | | (1,749) |
| Refinancing charges | (12,293) | | (12,293) |
| Other, net | (1,081) | | (1,081) |
| Income from continuing operations before income taxes | 44,250 | | 44,250 |
| Income tax expense | 15,944 | | 15,944 |
| Net income from continuing operations | \$ 28,306 | | \$ 28,306 |
| Basic earnings (loss) per share: | | | |
| Continuing operations | \$ 0.57 | | \$ 0.57 |
| Diluted earnings (loss) per share: | | | |
| Continuing operations | \$ 0.56 | | \$ 0.56 |
| Weighted average common shares outstanding | 49,334 | | 49,334 |
| Weighted average common and common share equivalents outstanding | 50,522 | | 50,522 |

ALLIANCE GAMING CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2003

(In 000 s, except per share amounts)

| | As Reported (1) | Pro Forma Adjustments | Pro Forma |
|---|--------------------|--------------------------|------------------|
| Revenues: | | | |
| Gaming equipment and systems | \$ 335,436 | | \$ 335,436 |
| Casino operations | 50,945 | | 50,945 |
| | 386,381 | | 386,381 |
| Costs and expenses: | | | |
| Cost of gaming equipment and systems | 144,352 | | 144,352 |
| Cost of casino operations | 21,208 | | 21,208 |
| Selling, general and administrative | 95,432 | | 95,432 |
| Research and development costs | 19,955 | | 19,955 |
| Depreciation and amortization | 20,462 | | 20,462 |
| | 301,409 | | 301,409 |
| Operating income | 84,972 | | 84,972 |
| Other income (expense): | | | |
| Interest income | 220 | | 220 |
| Interest expense | (25,645) | | (25,645) |
| Minority interest | (2,009) | | (2,009) |
| Other, net | 180 | | 180 |
| Income from continuing operations before income taxes | 57,718 | | 57,718 |
| Income tax expense | 20,556 | | 20,556 |
| Net income from continuing operations | \$ 37,162 | | \$ 37,162 |
| Basic earnings (loss) per share: | | | |
| Continuing operations | \$ 0.76 | | \$ 0.76 |
| Diluted earnings (loss) per share: | | | |
| Continuing operations | \$ 0.74 | | \$ 0.74 |
| Weighted average common shares outstanding | 49,153 | | 49,153 |
| Weighted average common and common share equivalents outstanding | 50,139 | | 50,139 |

(1) The results have been reclassified to report the results of the Rail City Casino as discontinued operations

Alliance Gaming Corporation and Subsidiaries**Notes to Unaudited Pro Forma Condensed****Consolidated Balance Sheet and Statement of Operations**

The above unaudited pro forma condensed consolidated financial statements present financial information for the Company giving effect to the disposition of United Coin, which was effective June 30, 2004. The amounts included in the columns labeled "As Reported" were derived from the historical financial results of the Company as reported in the Annual Report filed on Form 10-K as of and for the year ended June 30, 2003 and in the Company's quarterly report filed on Form 10-Q as of and for the nine months ended March 31, 2004. The following are the pro forma adjustments to effect this transaction:

(a) To record the pro forma disposition of United Coin as of March 31, 2004, including the elimination of the assets and liabilities held for sale and to reflect the receipt of the sale proceeds.

| | | |
|---|----|---------|
| Sale proceeds | \$ | 100,812 |
| Selling expenses | | 3,260 |
| | | 97,552 |
| Net book value of assets and liabilities sold | | 82,226 |
| Gain on sale of assets | | 15,326 |
| Income tax expense | | 6,202 |
| Gain on sale, net of deferred taxes | \$ | 9,124 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto authorized.

ALLIANCE GAMING CORPORATION
(Registrant)

By /s/ Robert Miodunski
 President and Chief Executive Officer
 (Principal Executive Officer)

By /s/ Robert L. Saxton
 Executive Vice President, Chief Financial
 Officer and Treasurer (Principal
 Financial and Accounting Officer)

Date: August 26, 2004