

FULL HOUSE RESORTS INC

Form 10QSB

August 13, 2007

**FULL HOUSE RESORTS, INC.
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Deferred income tax liability	2,505,419	
	18,396,896	
Non-controlling interest in consolidated joint venture	2,396,632	2,035,041
Stockholders' equity		
Cumulative preferred stock, \$.0001 par value, 5,000,000 shares authorized; 700,000 shares issued and outstanding in 2006;		70
Common stock, \$.0001 par value, 25,000,000 shares authorized; 19,342,276 and 18,408,380 shares issued and outstanding	1,934	1,841
Additional paid-in capital	42,838,032	42,195,263
Deferred compensation	(1,586,765)	(2,245,981)
Deficit	(8,504,236)	(8,831,440)
	32,748,965	31,119,753
	\$ 58,168,417	\$ 40,156,120

See notes to condensed consolidated financial statements.

Income before income tax (expense) benefit	486,289	15,231	678,835	520,471
Income tax (expense) benefit	(250,056)	134,382	(351,631)	(83,466)
Net income	236,233	149,613	327,204	437,005
Less undeclared dividends on cumulative preferred stock		(52,500)		(105,000)
Net income available to common stockholders	\$ 236,233	\$ 97,113	\$ 327,204	\$ 332,005
Net income per common share				
Basic and diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03
Weighted-average number of common shares outstanding				
Basic	19,322,828	10,563,047	19,265,597	10,451,098
Diluted	19,322,996	11,287,551	19,265,597	11,179,336

See notes to condensed consolidated financial statements.

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Advances expensed as period costs	(32,030)	(32,030)	
Unrealized gains	928,301	893,182	35,119
Balances, June 30, 2007	\$ 12,125,882	\$ 11,239,686	\$ 886,196

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6. LONG-TERM DEBT

Long-term debt arose in the first quarter of 2007 as a result of the Stockman's acquisition. Accordingly, at June 30, 2007, long-term debt consists of the following:

Reducing revolving loan agreement, \$16.0 million limit on January 31, 2007, due January 31, 2022, interest at 2.1% above the five year LIBOR/Swap rate, adjusted annually (7.39% at June 30, 2007)	\$ 14,933,334
Promissory note, \$1.25 million on January 31, 2007, due February 1, 2012, interest at a fixed annual rate of 7.44%	1,159,653
Promissory note, \$2.38 million on February 15, 2002, originally due March 15, 2003, and was extended to December 2007, interest based on Bank of America New York prime rate (8.25% at June 30, 2007)	2,381,260
	18,474,247
Less current portion of long-term debt	(2,582,770)
	\$ 15,891,477

The maximum amount permitted to be outstanding under the reducing revolving loan decreases \$533,000 semiannually on January 1 and July 1 of each year and any outstanding amounts above such reduced maximum must be repaid on each such date. The reducing revolving loan is payable over 15 years at a variable interest rate based on the five year LIBOR/Swap rate plus 2.1%. This rate adjusts annually based on the funded debt to EBITDA ratio of Stockman's with adjustments based on the five year LIBOR/Swap rates. Stockman's assets are pledged as collateral for the loan. The loan agreement also contains certain customary financial representations and warranties and requires that Stockman's maintain specified financial covenants, including a fixed charge coverage ratio, a funded debt to EBITDA ratio and a minimum tangible net worth. In addition, the loan agreement provides restrictions on certain distributions and capital expenditures by Stockman's, and also provides for customary events of default including payment defaults and covenant defaults.

On April 30, 2007, the Company elected to pay and paid \$1.1 million of its long-term debt prior to the scheduled due dates of July 1, 2007 and January 1, 2008 and as a result the Company has approximately \$1.1 million of availability under its revolving credit line at June 30, 2007.

The promissory note payable to the seller of Stockman's is payable in 60 monthly installments of principal and interest and is secured by a second interest in the real estate of Stockman's.

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Revenues	\$	\$	\$	\$
Selling, general and administrative		49,900	1,238,777	1,288,677
Depreciation and amortization		16,650	2,671	19,321
Other operating gains		1,507,584		1,507,584
Income (loss) from operations		1,395,172	(1,328,972)	66,200
Net income (loss)		1,305,876	(1,156,263)	149,613

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access to capital, including our ability to finance future business requirements;

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SIGNATURES

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

FULL HOUSE RESORTS, INC.

Date: August 10, 2007

By: /s/ MARK MILLER
Mark Miller
Chief Financial Officer (on behalf of the
Registrant and as principal financial
officer)

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