SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
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FILER

CINEMA RIDE INC

CIK:**925956**| IRS No.: **954417467** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-24592** | Film No.: **04968891**
SIC: **7830** Motion picture theaters

Mailing Address
12001 VENTURA PL #340
STUDIO CITY CA 91604

Business Address
12001 VENTURA PL
STE340
STUDIO CITY CA 91604
8187611002

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

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2004

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number: 0-24592

CINEMA RIDE, INC.

(Exact name of small business issuer as specified in its charter)

Delaware	95-4417467
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

12001 Ventura Place, Suite 340, Studio City, California 91604

(Address of principal executive offices)

Issuer's telephone number: (818) 761-1002

Not applicable

(Former name, former address and former fiscal year, if changed since last report.)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

As of June 30, 2004, the Company had 9,551,237 shares of common stock issued and outstanding.

Transitional Small Business Disclosure Format: Yes [ ] No [X]

Documents incorporated by reference: None.

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CINEMA RIDE, INC. AND SUBSIDIARIES

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Cinema Ride, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

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<CAPTION>

	June 30, 2004 (Unaudited)	December 31, 2003
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash	$ 110,990	$ 91,311
Prepaid accounting fee to related party	67,359	-
Other current assets	6,327	16,268
Total current assets	184,676	107,579
Property and equipment:		
Office equipment and furniture	160,542	156,586
Equipment under capital lease	141,928	141,928
Leasehold improvements	44,310	14,662
	346,780	313,176
Less accumulated depreciation	(112,185)	(81,825)
	234,595	231,351
Other assets:		
Assets related to discontinued operations	815	588
Investment in terminated joint venture - Tickets2Nite	-	462,179
Deposits	81,693	30,029
	82,508	492,796
Total assets	$ 501,779	$ 831,726

</TABLE>

(continued)

<TABLE>

Cinema Ride, Inc. and Subsidiaries

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Condensed Consolidated Balance Sheets (continued)

<CAPTION>

<S>	June 30, 2004 (Unaudited) <C>	December 31, 2003 <C>
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 426,771	$ 351,137
Accrued interest payable, note payable to secured lender	201,488	126,375
Current portion of note payable to secured lender	716,242	716,242
Current portion of capital lease obligations	42,936	40,180
Bank line of credit	-	174,000
Liabilities related to discontinued operations	431,657	553,552
Total current liabilities	1,819,094	1,961,486
Non-current liabilities:		
Capital lease obligations, less current portion	68,352	88,620
Commitments and contingencies		
Stockholders' deficiency:		
Preferred stock, $0.01 par value - Authorized - 500,000 shares Issued - None	-	-
Common stock, $0.08 par value - Authorized - 20,000,000 shares Issued and Outstanding - 9,551,237 shares and 8,515,125 shares at June 30, 2004 and December 31, 2003, respectively	764,099	681,210
Additional paid-in capital	11,367,845	10,908,983
Deferred compensation	(25,000)	(35,000)
Accumulated deficit	(13,492,611)	(12,773,573)
Total stockholders' deficiency	(1,385,667)	(1,218,380)

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Total liabilities and stockholders' deficiency	$ 501,779	$ 831,726

</TABLE>

See accompanying notes to condensed consolidated financial statements.

<TABLE>

Cinema Ride, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

<CAPTION>

<S>	Three Months Ended June 30, 2004 <C>	2003 <C>
Commissions and fees on gross ticket sales of $1,448,951	$ 377,750	$ -
Costs and expenses:		
Direct costs of revenues	182,173	-
Selling and marketing expenses	106,209	-
General and administrative expenses, including non-cash compensation expense of $84,000 in 2004 and $130,117 in 2003	436,469	498,634
Depreciation and amortization	15,248	630
Start-up costs of Tickets2Nite business venture	-	631
Total costs and expenses	740,099	499,895
Loss from operations	(362,349)	(499,895)
Other income (expense):		
Equity in net income of terminated joint venture - Tickets2Nite	-	60,173
Interest income	1	2
Other income	272	-

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Interest expense	(44,294)	(40,993)
Total other income (expense), net	(44,021)	19,182
Loss before discontinued operations	(406,370)	(480,713)
Income from discontinued operations:		
Income from discontinued operations	-	126,490
Income from closing down discontinued operations	26,014	1,110
Net income from discontinued operations	26,014	127,600
Net loss	$(380,356)	$(353,113)
Net income (loss) per common share - basic and diluted:		
From continuing operations	$(0.04)	$(0.08)
From discontinued operations	-	0.02
Net loss	$(0.04)	$(0.06)
Weighted average number of common shares outstanding - basic and diluted	9,221,144	5,957,225

</TABLE>

See accompanying notes to condensed consolidated financial statements.

<TABLE>

Cinema Ride, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations (Unaudited)

<CAPTION>

	Six Months Ended June 30,	
	2004	2003
<S>	<C>	<C>
Commissions and fees on gross ticket sales of $2,573,130	$ 668,446	$ -

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Costs and expenses:		
Direct costs of revenues	340,045	-
Selling and marketing expenses	201,983	-
General and administrative expenses, including non-cash compensation expense of $114,750 in 2004 and $244,399 in 2003	706,481	863,576
Depreciation and amortization	30,360	1,260
Start-up costs of Tickets2Nite business venture, including non-cash costs of $16,500	-	19,980
Total costs and expenses	1,278,869	884,816
Loss from operations	(610,423)	(884,816)
Other income (expense):		
Equity in net income of terminated joint venture - Tickets2Nite	-	97,694
Interest income	10	7
Other income	272	-
Interest expense	(91,974)	(76,996)
Total other income (expense), net	(91,692)	20,705
Loss before discontinued operations	(702,115)	(864,111)
Income (loss) from discontinued operations:		
Income from discontinued operations	-	116,711
Loss from closing down discontinued operations	(16,923)	(20,461)
Net income (loss) from discontinued operations	(16,923)	96,250
Net loss	$ (719,038)	$(767,861)
Net income (loss) per common share - basic and diluted:		
From continuing operations	$(0.08)	$(0.15)
From discontinued operations	-	0.02
Net loss	$(0.08)	$(0.13)
Weighted average number of common shares outstanding - basic and diluted	8,874,384	5,794,166

</TABLE>

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	=========	=========

See accompanying notes to condensed consolidated financial statements.

<TABLE>

Cinema Ride, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

<CAPTION>

	Six Months Ended June 30,	
	2004	2003
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$(719,038)	$(767,861)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	30,360	1,260
Depreciation and amortization - discontinued operations	-	146,384
Amortization of prepaid accounting fee	20,486	-
Common stock and warrants issued for services	104,750	95,566
Amortization of deferred compensation	10,000	165,333
Equity in net income of terminated joint venture - Tickets2Nite	-	(97,694)
Forgiveness of debt - discontinued operations	(26,883)	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Other current assets	9,941	(15,300)
Deposits	(46,664)	-
Assets related to discontinued operations	(227)	(11,756)
Increase (decrease) in:		
Accounts payable and accrued liabilities	199,789	200,237
Accrued interest payable, note payable to secured lender	75,113	60,622
Liabilities related to discontinued operations	(95,011)	85,246
Net cash used in operating activities	(437,384)	(137,963)
Cash flows from investing activities:		
Distributions and reimbursements from terminated joint venture - Tickets2Nite	457,179	16,930
Distributions received from terminated		

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joint venture - D&B	-	23,861
Purchases of property and equipment	(33,604)	-
Net cash provided by investing activities	423,575	40,791
Cash flows from financing activities:		
Repayment of bank line of credit	(174,000)	-
Principal payments on capital lease obligations	(17,512)	(4,594)
Sale of equity securities	200,000	47,500
Exercise of warrants	25,000	-
Loan from officer	-	15,000
Net cash provided by financing activities	33,488	57,906

</TABLE>

(continued)

<TABLE>

Cinema Ride, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)(continued)

<CAPTION>

	Six Months Ended June 30,	
	2004	2003
<S>	<C>	<C>
Cash:		
Net increase (decrease)	19,679	(39,266)
Balance at beginning of period	91,311	61,894
Balance at end of period	$ 110,990	$ 22,628
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$ 19,042	$ 16,754
Income taxes	$ -	$ 1,215

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Non-cash investing and financing activities:

Issuance of common stock in capital raising	$ -	$ 1,556
Conversion of accounts payable to notes payable	$ -	$ 7,913
Issuance of common stock for accounts payable	$ 124,155	$ -
Issuance of common stock for prepaid services	$ 87,845	$ -

</TABLE>

See accompanying notes to condensed consolidated financial statements.

Cinema Ride, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
Three Months and Six Months Ended June 30, 2004 and 2003

1. Organization and Basis of Presentation

Basis of Presentation - The condensed consolidated financial statements include the operations of Cinema Ride, Inc. and its wholly-owned subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

The interim condensed consolidated financial statements are unaudited, but in the opinion of management of the Company, contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at June 30, 2004, the results of operations for the three months and six months ended June 30, 2004 and 2003, and the cash flows for the six months ended June 30, 2004 and 2003. The consolidated balance sheet as of December 31, 2003 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been presented in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission with respect to interim financial statements, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003, as filed with the Securities and Exchange Commission.

The Company's results of operations for the three months and six months ended June 30, 2004 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2004.

Ride Simulator Business - During the fiscal year ended December 31, 2003, the Company operated two ride facilities for the entire year, as well as one ride facility in a joint venture through February 15, 2003 (see Note 3). The Company

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operated a ride facility located in Las Vegas, Nevada (the "Las Vegas Facility"), which commenced operations in October 1994 and was located in the Forum Shops at Caesars (the "Forum Shops"), a high traffic tourist mall located between Caesars and the Mirage Hotel in Las Vegas, Nevada, and a ride facility located in Edmonton, Alberta, Canada (the "West Edmonton Mall Facility"), which commenced operations in August 1995 and was located in the West Edmonton Mall, a high traffic shopping mall. The Las Vegas ride facility provided approximately 94% of the Company's consolidated revenues in 2003, and was the Company's primary source of operating cash flow, although the Company also derived substantial economic benefit from its investment in its Las Vegas half-price show ticketing business venture in 2003 (see Note 4).

The Las Vegas Facility and the West Edmonton Mall Facility were closed on or about December 31, 2003, thus terminating this line of business. Three other ride facilities were previously closed between January 1998 and June 2002. The consolidated financial statements for the three months and six months June 30, 2003 have been restated to reflect this business as a discontinued operation. A summary of the results of operations of the ride facility business for the three months and six months ended June 30, 2004 and 2003 is provided at Note 3.

Las Vegas Business Venture - The Company owned 50% of a business venture named Tickets2Nite, LLC, a Nevada limited liability company, which was formed on September 24, 2002 pursuant to an Operating Agreement, with the other 50% owned by Entasis, LLC ("Entasis"), an independent third party owned by Hal Kolker ("Kolker"). The business venture, which commenced operations during November 2002, sold tickets to Las Vegas shows at 50% of the original box office price, on the same day of the performance, from a ticket booth located on the Las Vegas Strip. The Operating Agreement specified that the Company would oversee the day-to-day operations of the business venture.

On December 24, 2002, the Company filed a lawsuit against Entasis and Kolker in the Clark County, Nevada District Court (the "Court"). The lawsuit related to matters concerning the management and funding of the new business venture.

Entasis and Kolker funded only $95,000 of its $200,000 equity commitment, and were impermissibly interfering with the operations of the new business venture.

Trial with respect to the Company's lawsuit against Entasis and Kolker was held on May 7 through 9, 2003. On October 1, 2003, the Court rendered its Decision and Order with respect to the parties' ownership rights and management rights and obligations with respect to Tickets2Nite, LLC. The Court found that the Tickets2Nite, LLC Operating Agreement was valid, clear unambiguous; that although Entasis and Kolker asserted many defenses to the validity of the Operating Agreement, they were without merit; and that Entasis and Kolker breached the Operating Agreement by not funding their portion of the capital contribution. Furthermore, with regard to Entasis and Kolker's counterclaims, the Court found for the Company on all counts.

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The Court ruled that the parties were unable to operate the business together pursuant to the Operating Agreement, and therefore ruled that Tickets2Nite, LLC be dissolved. The Court appointed an independent third party to assist in the dissolution of Tickets2Nite, LLC.

Accordingly, the business operations of Tickets2Nite, LLC were terminated effective December 31, 2003. The performance of this new business venture during 2003 successfully validated the business model and the Company's efforts to develop this business. As a result of the court-ordered dissolution of Tickets2Nite, LLC, the Company commenced the operation of an identical business on January 1, 2004 at a different location and under a different name on the Las Vegas Strip through the formation of a wholly-owned Nevada limited liability company, Tix4Tonight, LLC, which was organized in December 2003. The Company owns 100% of the Tix4Tonight business, which is currently the Company's only source of operating revenues in 2004. Kolker is now competing with Tix4Tonight, LLC through Tickets2Nite, Inc., a Nevada corporation.

The Company is currently conducting the operations of Tix4Tonight at its primary location at the South end of the Las Vegas Strip, which is next door to the Harley-Davidson Cafe at 3729 Las Vegas Boulevard South, until it moves into its new Hawaiian Marketplace Shopping Center location at 3743 Las Vegas Boulevard South later this year. During July 2004, the Company opened a new satellite location on the North end of the Las Vegas Strip at 2955 Las Vegas Boulevard South, and during August 2004, the Company is relocating the administrative offices of Tix4Tonight to a new facility in Las Vegas. Management is currently evaluating the prospects for expansion of this business to at least one additional location in Las Vegas, as well as to other cities throughout the United States and Canada.

As of December 31, 2003, the Company's investment in Tickets2Nite, LLC was $462,179. During the six months ended June 30, 2004, as a result of the dissolution of Tickets2Nite, LLC, the Company received cash payments of $457,179 and the return of a $5,000 deposit, which completed the dissolution of Tickets2Nite, LLC and the disposition of the Company's investment in such entity. Most of the assets developed by the Company for the Tickets2Nite business have been distributed to Tix4Tonight, including all management staff, software and technology, computers and server systems, and other fixed assets.

The Company accounted for its investment in Tickets2Nite, LLC under the equity method of accounting. Financial information with respect to the Company's investment in Tickets2Nite, LLC, including its balance sheet at December 31, 2003 and its results of operations for the three months and six months ended June 30, 2003, are provided at Note 4.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Revenue Recognition and Presentation - The Company's Las Vegas half-price show ticketing business recognizes revenue from the sale of show tickets provided by various Las Vegas shows. The Company recognizes revenue only with respect to the ticket commissions and fees that it earns in such transactions. For the three

months and six months ended June 30, 2004, gross ticket sales on which the Company's commissions and fees were based were $1,448,951 and $2,573,130, respectively.

Reclassification - Certain amounts have been reclassified in 2003 to conform to the presentation in 2004.

Going Concern - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, during the year ended December 31, 2003, the Company's ride simulator business was discontinued and its Tickets2Nite joint venture was terminated, and the Company had a net loss of $1,452,517 and negative cash flow from operations of $201,068 for the year ended December 31, 2003, and had a working capital deficiency of $1,853,907 and a stockholders' deficiency of $1,218,380 at December 31, 2003.

As a result of the conditions described above, the Company's independent auditors have included an explanatory paragraph in their opinion on the Company's 2003 financial statements indicating that there is substantial doubt as to the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

During the six months ended June 30, 2004, the Company incurred a further net loss of $719,038 and a negative cash flow from operations of $437,384, and had a working capital deficiency of $1,634,418 and a stockholders' deficiency of $1,385,667 at June 30, 2004. The Company will require additional capital to fund operating and debt service requirements, as well as to expand its Las Vegas business venture. The Company has been exploring various alternatives to raise this required capital, but there can be no assurances that the Company will ultimately be successful in this regard. To the extent that the Company is unable to secure the capital necessary to fund its future cash requirements on a timely basis and/or under acceptable terms and conditions, the Company may not have sufficient cash resources to maintain operations. In such event, the Company may be required to consider a formal or informal restructuring or reorganization.

Net Loss Per Common Share - Statement of Financial Accounting Standards No. 128, "Earnings Per Share", requires presentation of basic earnings per share ("Basic

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EPS") and diluted earnings per share ("Diluted EPS"). Basic earnings (loss) per share is computed by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share gives effect to all dilutive potential common shares outstanding during the period. These potentially dilutive securities were not included in the calculation of loss per share for the three months and six months ended June 30, 2004 and 2003 because the Company incurred a loss during such periods and thus their effect would have been anti-dilutive. Accordingly, basic and diluted loss per share is the same for the three months and six months ended June 30, 2004 and 2003. At June 30, 2004 and 2003, potentially dilutive securities consisted of outstanding common stock purchase warrants and stock options to acquire 5,583,384 shares and 4,904,197 shares, respectively.

Stock-Based Compensation - The Company periodically issues shares of common stock for services rendered or for financing costs. Such shares are valued based on the market price on the transaction date.

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs.

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", which establishes a fair value method of accounting for stock-based compensation plans.

The provisions of SFAS No. 123 allow companies to either record an expense in the financial statements to reflect the estimated fair value of stock options or warrants to employees, or to continue to follow the intrinsic value method set forth in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", but to disclose on an annual basis the pro forma effect on net income (loss) and net income (loss) per common share had the fair value of the stock options and warrants been recorded in the financial statements. SFAS No. 123 was amended by SFAS No. 148, which now requires companies to disclose in

interim financial statements the pro forma effect on net income (loss) and net income (loss) per common share of the estimated fair market value of stock options or warrants issued to employees. The Company has elected to continue to account for stock-based compensation plans utilizing the intrinsic value method. Accordingly, compensation cost for stock options and warrants is measured as the excess, if any, of the fair market price of the Company's common stock at the date of grant above the amount an employee must pay to acquire the common stock.

In accordance with SFAS No. 123, the cost of stock options and warrants issued to non-employees is measured at the grant date based on the fair value of the award. The fair value of the stock-based award is determined using the Black-Scholes option-pricing model. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to

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receive benefit, which is generally the vesting period.

Pro Forma Financial Disclosure - The fair value of stock options and warrants granted by the Company has been estimated on the grant date using the Black-Scholes option-pricing model. Had such stock options and warrants been accounted for pursuant to SFAS No. 123, the effect on the Company's results of operations would have been as follows:

For the three months ended June 30, 2004 and 2003, the Company would have recorded $0 and $31,194 as additional compensation expense, resulting in a net loss of $380,356 and $384,307, respectively, and a net loss per common share of $0.04 and $0.06, respectively.

For the six months ended June 30, 2004 and 2003, the Company would have recorded $0 and $62,388 as additional compensation expense, resulting in a net loss of $719,038 and $830,249, respectively, and a net loss per common share of $0.08 and $0.14, respectively.

2. Recent Accounting Pronouncements

In April 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies under what circumstances a contract with initial investments meets the characteristics of a derivative and when a derivative contains a financing component. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have a significant effect on the Company's financial statement presentation or disclosures.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. SFAS No. 150 is to be implemented by reporting the cumulative effect of a change in accounting principle for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of SFAS No. 150 did not have a significant effect on the Company's financial statement presentation or disclosures.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby

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letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of FIN 45 apply on a prospective basis to

guarantees issued or modified after December 31, 2002. The Company implemented the disclosure provisions of FIN 45 in its December 31, 2002 consolidated financial statements, and the measurement and recording provisions of FIN 45 effective January 1, 2003. The implementation of the provisions of FIN 45 did not have a significant effect on the Company's consolidated financial statement presentation or disclosures.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements", relating to consolidation of certain entities. In December 2003, the FASB issued a revised version of FIN 46 ("FIN 46R") that replaced the original FIN 46. FIN 46R requires identification of a company's participation in variable interest entities ("VIEs"), which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit it to operate on a standalone basis. For entities identified as a VIE, FIN 46R sets forth a model to evaluate potential consolidation based on an assessment of which party to the VIE (if any) bears a majority of the exposure to its expected losses, or stands to gain from a majority of its expected returns. FIN 46R also sets forth certain disclosures regarding interests in VIEs that are deemed significant, even if consolidation is not required. The Company is not currently participating in, or invested in any VIEs, as defined in FIN 46R. The implementation of the provisions of FIN 46R in 2003 did not have a significant effect on the Company's consolidated financial statement presentation or disclosures.

3. Discontinued Operations

The Company terminated its ride simulator business effective December 31, 2003 and closed its two remaining ride facilities in Las Vegas, Nevada and Edmonton, Alberta, Canada (see Note 1). The Company is currently engaged in litigation with the former landlord of the Las Vegas ride facility (see Note 7).

On May 29, 1998, the Company entered into a three-year joint venture agreement with Dave & Buster's, Inc. to install its 3-D motion simulation theater at the Dave & Buster's, Inc. facility near Atlanta, Georgia. Each party to the joint venture agreement shared the joint venture's revenues and operating expenses equally. The joint venture agreement also required the Company to be solely responsible for certain administrative expenses. Although the joint venture agreement was not formally extended subsequent to its expiration, the operations of the joint venture continued on a month-to-month basis until February 15, 2003, when the joint venture was terminated and operations ceased.

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The Company determined that its investment in Dave & Buster's, Inc. had been impaired at December 31, 2002. Accordingly, the Company wrote-off certain fixed assets related to such ride facility and certain direct costs related to such closure at December 31, 2002. During the three months and six months ended June 30, 2003, the Company recorded $(1,110) and $20,461, respectively, with respect to closing down this facility, which has been included in income (loss) from closing down discontinued operations in the consolidated statements of operations for the three months and six months ended June 30, 2003. The Company did not receive any distributions from this joint venture in 2003.

Condensed financial information with respect to the operations of the ride simulator business for the three months and six months ended June 30, 2003 is presented below.

<TABLE>

<CAPTION>

<S>	Three Months Ended June 30, 2003 <C>	Six Months Ended June 30, 2003 <C>
Ticket revenues	$ 455,185	$ 858,847
Direct costs of revenues	269,129	555,279
Selling and marketing expenses	6,023	16,647
General and administrative expenses	(11,964)	23,826
Depreciation and amortization	65,507	146,384
Total costs and expenses	328,695	742,136
Income from discontinued operations	126,490	116,711
Income (loss) from closing down discontinued operations - D&B	1,110	(20,461)
Net income from discontinued operations	$ 127,600	$ 96,250

</TABLE>

The Company incurred income (loss) for the three months and six months ended June 30, 2004 related to closing down the operations discontinued at December 31, 2003 of $26,014 and $(16,923), respectively.

4. Investment in Tickets2Nite, LLC

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The Company owned 50% of a business venture named Tickets2Nite, LLC, a Nevada limited liability company, which was formed on September 24, 2002 pursuant to an Operating Agreement, with the other 50% owned by Entasis, LLC ("Entasis"), an independent third party owned by Hal Kolker ("Kolker"). The business venture, which commenced operations during November 2002, sold tickets to Las Vegas shows at 50% of the original box office price, on the same day of the performance, from a ticket booth located on the Las Vegas Strip. The Operating Agreement specified that the Company would oversee the day-to-day operations of the business venture.

On December 24, 2002, the Company filed a lawsuit against Entasis and Kolker in the Clark County, Nevada District Court (the "Court"). The lawsuit related to matters concerning the management and funding of the new business venture. Entasis and Kolker funded only $95,000 of its $200,000 equity commitment, and were impermissibly interfering with the operations of the new business venture.

Trial with respect to the Company's lawsuit against Entasis and Kolker was held on May 7 through 9, 2003. On October 1, 2003, the Court rendered its Decision and Order with respect to the parties' ownership rights and management rights and obligations with respect to Tickets2Nite, LLC. The Court found that the Tickets2Nite, LLC Operating Agreement was valid, clear unambiguous; that although Entasis and Kolker asserted many defenses to the validity of the Operating Agreement, they were without merit; and that Entasis and Kolker breached the Operating Agreement by not funding their portion of the capital contribution. Furthermore, with regard to Entasis and Kolker's counterclaims, the Court found for the Company on all counts.

The Court ruled that the parties were unable to operate the business together pursuant to the Operating Agreement, and therefore ruled that Tickets2Nite, LLC be dissolved. The Court appointed an independent third party to assist in the dissolution of Tickets2Nite, LLC.

Accordingly, the business operations of Tickets2Nite, LLC were terminated effective December 31, 2003. The performance of this new business venture during 2003 successfully validated the business model and the Company's efforts to develop this business. As a result of the court-ordered dissolution of Tickets2Nite, LLC, the Company commenced the operation of an identical business on January 1, 2004 at a different location and under a different name on the Las Vegas Strip through the formation of a wholly-owned Nevada limited liability company, Tix4Tonight, LLC, which was organized in December 2003. The Company owns 100% of the Tix4Tonight business, which is currently the Company's only source of operating revenues in 2004. Kolker is now competing with Tix4Tonight, LLC through Tickets2Nite, Inc., a Nevada corporation.

The Company is currently conducting the operations of Tix4Tonight at its primary location at the South end of the Las Vegas Strip, which is next door to the Harley-Davidson Cafe at 3729 Las Vegas Boulevard South, until it moves into its new Hawaiian Marketplace Shopping Center location at 3743 Las Vegas Boulevard South later this year. During July 2004, the Company opened a new satellite location on the North end of the Las Vegas Strip at 2955 Las Vegas Boulevard South, and during August 2004, the Company is relocating the administrative

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offices of Tix4Tonight to a new facility in Las Vegas. Management is currently evaluating the prospects for expansion of this business to at least one additional location in Las Vegas, as well as to other cities throughout the United States and Canada.

As of December 31, 2003, the Company's investment in Tickets2Nite, LLC was $462,179. During the six months ended June 30, 2004, as a result of the dissolution of Tickets2Nite, LLC, the Company received cash payments of $457,179 and the return of a $5,000 deposit, which completed the dissolution of Tickets2Nite, LLC and the disposition of the Company's investment in such entity. Most of the assets developed by the Company for the Tickets2Nite business have been distributed to Tix4Tonight, including all management staff, software and technology, computers and server systems, and other fixed assets.

Effective May 4, 2004, the aforementioned parties entered into a settlement agreement and release that resolved all pending litigation and claims by and among the parties. The resolution of these legal proceedings did not have a significant effect on the Company's financial condition.

The Company accounted for its investment in Tickets2Nite, LLC under the equity method of accounting, since it did not have majority voting control of Tickets2Nite, LLC. The Company recorded $60,173 and $97,694 as its proportionate share of net income from this business venture for the three months and six months ended June 30, 2003. The Company did not receive any distributions from this business venture in 2003. Condensed financial information with respect to Tickets2Nite, LLC is presented below.

<TABLE>

Tickets2Nite, LLC
Balance Sheet
December 31, 2003

<S>	<C>
Current Assets	$ 602,882
Property and equipment, net	93,746
Other assets	12,500
Total assets	$ 709,128
Current liabilities	$ 6,726
Members' equity	702,402
Total liabilities and equity	$ 709,128

</TABLE>

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<TABLE>

Tickets2Nite, LLC
Statement of Operations (Unaudited)
Three Months and Six Months Ended June 30, 2003

<CAPTION>

<S>	Three Months Ended June 30, 2003 <C>	Six Months Ended June 30, 2003 <C>
Ticket commissions	$ 280,614	$ 476,164
Selling and marketing	94,212	158,534
General and administrative	47,134	83,232
Depreciation and amortization	15,420	30,840
Total costs and expenses	156,766	272,606
Income from operations	123,848	203,558
Interest expense	3,502	8,170
Net income	$ 120,346	$ 195,388

</TABLE>

5. Note Payable to Primary Secured Lender

On December 31, 1996, the Company completed a financing agreement with Finova Technology Finance, Inc., which was structured as a sale leaseback transaction of certain equipment owned by the Company. Based on the substance of this transaction, this financing agreement was accounted for as a note payable for financial reporting purposes. The gross loan amount was $1,575,027, repayable over a four year period at $40,903 per month with a balloon payment of $157,503. On March 10, 1999, the financing agreement was amended to reduce the monthly payments and to extend the maturity date of the note payable.

Effective June 25, 2001, in order to cure prior defaults, the Company completed a Second Modification Agreement and Waiver of Defaults with the lender which: (1) provided a waiver of all prior payment defaults; (2) reduced the monthly payments; (3) increased the principal balance due the lender of accrued interest payable; (4) accelerated the due date of the loan; (5) repriced certain warrants

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previously issued to the lender; (6) issued additional warrants to the lender; and (7) revised certain rights included in the lender's Warrant Holder Rights Agreement.

Effective April 17, 2002, the Company completed a Third Modification Agreement and Waiver of Defaults with the secured lender, which provided for: (1) the waiver of all prior payment defaults; (2) interest on the unpaid balance at 16.64% per annum; (3) the payment of interest only for the months of March, April and May 2002; and (4) commencing June 2002, monthly payments of principal and interest of $18,955 for a period of five years. Required monthly payments on the loan were in arrears subsequent to December 31, 2002. The loan was due in full on March 1, 2002, but the Company did not make this balloon payment. As a result, the principal balance of this loan of $716,242 at June 30, 2004 and December 31, 2003 was classified as a current liability in the consolidated financial statements at such dates. Accrued interest payable on this loan was $201,488 and $126,375 at June 30, 2004 and December 31, 2003, respectively.

During November 2002, the Company entered into an agreement with the secured lender to settle this obligation for a cash payment of $200,000, of which $50,000 was paid in November 2002, and $150,000 was payable by January 20, 2003. The $50,000 payment was applied to reduce the loan balance at December 31, 2002. The Company has not made any payments on the loan subsequent to December 31, 2002. The Company is continuing settlement discussions with the secured lender.

6. Bank Line of Credit

During 2003, the Company established a line of credit with a bank for $174,000, with interest payable monthly at the bank's prime rate (4% at December 31, 2003) plus 1%. The line of credit was secured by the Company's assets and was scheduled to mature on December 15, 2004. The line of credit was repaid in full in January 2004.

7. Legal Proceedings

At June 30, 2004, the Company was involved in the following legal proceeding:

The Company's Las Vegas ride facility was located at the Forum Shops at Caesars (the "Forum Shops"). The Forum Shops is a high traffic tourist mall located between Caesars and the Mirage Hotel on the Las Vegas "Strip". The Las Vegas ride facility provided approximately 94% of the Company's consolidated revenues in 2003, and was the Company's primary source of operating cash flow.

Since early 2003, the Forum Shops has been engaged in construction related to an expansion program immediately adjacent to the Company's Las Vegas ride facility, which the Company believed negatively impacted customer traffic and thus revenues at this ride facility during 2003. The Company had been in discussions with the management of the Forum Shops regarding this issue, as a result of which the Company suspended the payment of rent on the Las Vegas ride facility (approximately $40,000 per month) during mid-2003. During October 2003, the Forum Shops commenced litigation against the Company to collect back rent and to

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evict the Company's ride facility and terminate the Company's lease. The Company believes it has meritorious claims against the Forum Shops, and has filed counter-claims and intends to vigorously defend itself against this lawsuit. As this litigation is in its initial stages, the Company is currently unable to predict its ultimate resolution.

At December 31, 2003 and June 30, 2004, the Company had accrued approximately $393,000 for unpaid rent on the Las Vegas ride facility through December 31, 2003, which has been included in liabilities related to discontinued operations in the consolidated balance sheets at June 30, 2004 and December 31, 2003. The Company's remaining obligation subsequent to December 31, 2003 under its Las Vegas lease, the primary term of which continues through December 31, 2004, totals approximately $480,000. As a result of the ongoing litigation with the Forum Shops, the Company has not accrued the remaining obligation under its Las Vegas lease.

8. Equity-Based Transactions

Agreement with Financial Advisory Firm:

Effective as of January 3, 2002, the Company entered into an agreement with a financial advisory firm, Gang Consulting Inc., which provided for the payment of monthly compensation, either in the form of a payment of $10,000 or the issuance of 25,000 shares of common stock. The initial term of the agreement was through December 31, 2003.

During the three months and six months ended June 30, 2003, the Company issued 75,000 shares and 125,000 shares of common stock to such firm, respectively. The aggregate fair market value of such shares of $32,250 and $58,750 was charged to operations as general and administrative expense during the three months and six months ended June 30, 2003, respectively.

During the three months and six months ended June 30, 2004, the Company issued 75,000 shares and 150,000 shares of common stock to such firm, respectively. The aggregate fair market value of such shares of $37,000 and $62,750, respectively, was charged to operations as general and administrative expense during the three months and six months ended June 30, 2004, respectively.

Effective as of July 1, 2002, the consulting agreement was amended to provide for the Company to issue to such firm the following common stock purchase warrants: an aggregate of 300,000 shares of common stock vesting on July 1, 2002, exercisable for a period of five years from such date in equal installments of 100,000 shares at $0.25, $0.50 and $1.00 per share; an aggregate of 300,000 shares of common stock vesting on January 1, 2003, exercisable for a period of five years from such date in equal installments of 100,000 shares at $1.50, $2.00 and $2.50 per share; and an aggregate of 300,000 shares of common stock vesting on July 1, 2003, exercisable for a period of five years from such

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date in equal installments of 100,000 shares at $3.00, $3.50 and $4.00 per share. The aggregate fair value of such warrants was calculated pursuant to the Black-Scholes option-pricing model as $496,000, and was charged to operations as general and administrative expense over the 18 month period beginning July 1, 2002 and ending December 31, 2003. For the three months and six months ended June 30, 2003, $82,667 and $165,333 was charged to operations as general and administrative expense with respect to the amortization of such warrants.

Effective as of July 1, 2002, the consulting agreement was amended to provide for the Company to pay a finder's fee to such firm with respect to the private placement of its equity securities by issuing shares of common stock equivalent to 3% of the total equity capital raised, calculated at $0.50 per share. During the three months and six months ended June 30, 2003, the Company issued 2,850 shares of common stock to such firm, which were recorded at par value of $0.08 per share (aggregate amount $228) and charged to additional paid-in capital.

During the three months and six months ended June 30, 2004, such firm exercised a warrant to purchase 100,000 shares of common stock at $0.25 per share, as a result of which the Company received total cash proceeds of $25,000.

Three Months and Six Months Ended June 30, 2003:

During the six months ended June 30, 2003, the Company sold 190,000 units of its securities to accredited investors in a private placement at $0.25 per unit, generating $47,500 of equity capital. Each unit consisted of one share of common stock and one common stock purchase warrant. The warrants are exercisable at $0.50 per share for a period of 18 months from the date of issuance. Based on various factors, including the exercise price and terms of the warrant and the trading range and volume of the Company's common stock during 2002, the Company determined the value of the warrants was nominal and therefore did not allocate any portion of the $0.25 unit sale price to the warrants.

During the six months ended June 30, 2003, the Company issued 9,500 shares of common stock to its Chief Executive Officer with an aggregate fair market value of $5,115, which was charged to operations as general and administrative expense. The shares were issued pursuant to a bonus provision of such officer's employment agreement, which provides for the issuance of 5% of the shares issued in a private placement.

During the six months ended June 30, 2003, the Company issued 16,600 shares of common stock to two consultants for capital raising services, which were recorded at par value of $0.08 per share (aggregate amount $1,328) and charged to additional paid-in capital.

During the six months ended June 30, 2003, the Company issued 30,000 shares of common stock to two consultants for consulting services rendered with respect to the Company's Las Vegas business venture. The aggregate value of such securities was $16,500, which was charged to operations during the six months ended June

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30, 2003.

During May 2003, the Company issued 10,000 shares of common stock to its legal counsel for legal services with an aggregate value of $5,000, which is being charged to operations as general and administrative expense.

During May 2003, the Company issued 20,000 shares of common stock to its insurance agent for services rendered with an aggregate value of $10,200, which was charged to operations as general and administrative expense during the three months and six months ended June 30, 2003.

During the year ended December 31, 2002, the Company issued 2,515,000 warrants to investors in conjunction with the sale of its securities. During June 2003, the Company issued an additional 251,500 warrants to the purchasers of such securities (10% of the number of warrants originally issued), exercisable at $0.50 per share for a period of 30 months from the date of issuance of the original warrants, in lieu of the Company not registering such securities with the Securities and Exchange Commission.

Three Months and Six Months Ended June 30, 2004:

On December 11, 2003, the Company adopted the 2003 Consultant Stock Plan (the "Consultant Stock Plan"). The purpose of the Consultant Stock Plan is to advance the interests of the Company by helping the Company obtain and retain the services of persons providing consulting services upon whose judgment, initiative, efforts and/or services the Company is substantially dependent, by offering to or providing those persons with incentives or inducements affording such persons an opportunity to become owners of capital stock of the Company. Consultants or advisors are eligible to receive grants under the plan program only if they are natural persons providing bona fide consulting services to the Company or its subsidiaries, with the exception of any services they may render in connection with the offer and sale of the Company's securities in a capital-raising transaction, or which may directly or indirectly promote or maintain a market for the Company's securities.

The Consultant Stock Plan provides for the granting of either common share purchase options or stock bonuses as compensation. A total of 1,600,000 common shares were reserved for issuance under the Consultant Stock Plan. If any awards granted under the plan are forfeited for any reason before they have been exercised, vested or issued in full, the unused shares subject to those expired, terminated or forfeited awards will again be available for purposes of the plan. No awards may be issued after December 11, 2013.

On March 3, 2004, the Company filed with the Securities and Exchange Commission a registration statement on Form S-8 for the purpose of registering 1,600,000 common shares issuable under the Consultant Stock Plan under the Securities Act of 1933.

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Effective March 29, 2004, the Company issued 300,000 shares of common stock under the 2003 Consultant Stock Plan to Benjamin Frankel, a director of the Company, for accounting services. The aggregate fair market value of such shares on the date of issuance was $162,000 ($0.54 per share), of which $74,155 was applied to reduce the Company's related accounts payable balance and $87,845 was classified as prepaid accounting fee to related party.

Effective June 16, 2004, the Company issued 111,112 shares of common stock and a warrant to purchase 100,000 shares of common stock, all under the 2003 Consultant Stock Plan, to Richardson & Patel LLP, the Company's legal counsel, for legal services. The warrant is exercisable for a period of five years, one-half at $0.50 per share and one-half at $1.00 per share. The aggregate fair market value of the shares on the date of issuance was $50,000 ($0.45 per share), all of which was applied to reduce the Company's related accounts payable balance. The aggregate fair value of the warrant was calculated pursuant to the Black-Scholes option-pricing model as $44,500, and was charged to operations as general and administrative expense during the three months and six months ended June 30, 2004.

During the three months ended June 30, 2004, the Company sold 400,000 shares of its common stock to accredited investors in a private placement at $0.50 per share, generating $200,000 of equity capital.

During the three months ended June 30, 2004, the Company cancelled 25,000 shares of common stock with a fair market value of $2,500.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2004 contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, including statements that include the words "believes", "expects", "anticipates", or similar expressions. These forward-looking statements include, among others, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, its business, growth prospects, competition and results of operations, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2004 involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein.

Overview:

During the fiscal year ended December 31, 2003, the Company operated two ride

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facilities for the entire year, as well as one ride facility in a joint venture through February 15, 2003. The Company operated a ride facility located in Las Vegas, Nevada (the "Las Vegas Facility"), which commenced operations in October 1994 and was located in the Forum Shops at Caesars (the "Forum Shops"), a high traffic tourist mall located between Caesars and the Mirage Hotel in Las Vegas, Nevada, and a ride facility located in Edmonton, Alberta, Canada (the "West Edmonton Mall Facility"), which commenced operations in August 1995 and was located in the West Edmonton Mall, a high traffic shopping mall. The Las Vegas ride facility provided approximately 94% of the Company's consolidated revenues in 2003, and was the Company's primary source of operating cash flow, although the Company also derived substantial economic benefit from its investment in its Las Vegas half-price show ticketing business venture in 2003 (see "Tickets2Nite Business Venture" below).

The Las Vegas Facility and the West Edmonton Mall Facility were closed on or about December 31, 2003, thus terminating this line of business. Three other ride facilities were previously closed between January 1998 and June 2002. The consolidated financial statements for the three months and six months ended June 30, 2003 have been restated to reflect this business as a discontinued operation. A summary of the results of operations of the ride facility business for the three months and six months ended June 30, 2004 and 2003 is provided below at "Discontinued Operations".

The Company owned 50% of a business venture named Tickets2Nite, LLC, a Nevada limited liability company, which was formed on September 24, 2002 pursuant to an Operating Agreement, with the other 50% owned by Entasis, LLC ("Entasis"), an independent third party owned by Hal Kolker ("Kolker"). The business venture, which commenced operations during November 2002, sold tickets to Las Vegas shows at 50% of the original box office price, on the same day of the performance, from a ticket booth located on the Las Vegas Strip. The Operating Agreement specified that the Company would oversee the day-to-day operations of the business venture.

On December 24, 2002, the Company filed a lawsuit against Entasis and Kolker in the Clark County, Nevada District Court (the "Court"). The lawsuit related to matters concerning the management and funding of the new business venture. Entasis and Kolker funded only $95,000 of its $200,000 equity commitment, and were impermissibly interfering with the operations of the new business venture.

Trial with respect to the Company's lawsuit against Entasis and Kolker was held on May 7 through 9, 2003. On October 1, 2003, the Court rendered its Decision and Order with respect to the parties' ownership rights and management rights and obligations with respect to Tickets2Nite, LLC. The Court found that the Tickets2Nite, LLC Operating Agreement was valid, clear unambiguous; that although Entasis and Kolker asserted many defenses to the validity of the Operating Agreement, they were without merit; and that Entasis and Kolker breached the Operating Agreement by not funding their portion of the capital contribution. Furthermore, with regard to Entasis and Kolker's counterclaims, the Court found for the Company on all counts.

The Court ruled that the parties were unable to operate the business together

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pursuant to the Operating Agreement, and therefore ruled that Tickets2Nite, LLC be dissolved. The Court appointed an independent third party to assist in the dissolution of Tickets2Nite, LLC.

Accordingly, the business operations of Tickets2Nite, LLC were terminated effective December 31, 2003. The performance of this new business venture during 2003 successfully validated the business model and the Company's efforts to develop this business. As a result of the court-ordered dissolution of Tickets2Nite, LLC, the Company commenced the operation of an identical business on January 1, 2004 at a different location and under a different name on the Las Vegas Strip through the formation of a wholly-owned Nevada limited liability company, Tix4Tonight, LLC, which was organized in December 2003. The Company owns 100% of the Tix4Tonight business, which is currently the Company's only source of operating revenues in 2004. Kolker is now competing with Tix4Tonight, LLC through Tickets2Nite, Inc., a Nevada corporation.

The Company is currently conducting the operations of Tix4Tonight at its primary location at the South end of the Las Vegas Strip, which is next door to the Harley-Davidson Cafe at 3729 Las Vegas Boulevard South, until it moves into its new Hawaiian Marketplace Shopping Center location at 3743 Las Vegas Boulevard South later this year. During July 2004, the Company opened a new satellite location on the North end of the Las Vegas Strip at 2955 Las Vegas Boulevard South, and during August 2004, the Company is relocating the administrative offices of Tix4Tonight to a new facility in Las Vegas. Management is currently evaluating the prospects for expansion of this business to at least one additional location in Las Vegas, as well as to other cities throughout the United States and Canada.

As of December 31, 2003, the Company's investment in Tickets2Nite, LLC was $462,179. During the six months ended June 30, 2004, as a result of the dissolution of Tickets2Nite, LLC, the Company received cash payments of $457,179 and the return of a deposit of $5,000, which completed the dissolution of Tickets2Nite, LLC and the disposition of the Company's investment in such entity. Most of the assets developed by the Company for the Tickets2Nite business have been distributed to Tix4Tonight, including all management staff, software and technology, computers and server systems, and other fixed assets.

The Company accounted for its investment in Tickets2Nite, LLC under the equity method of accounting. Financial information with respect to the results of operations of Tickets2Nite, LLC for the three months and six months ended June 30, 2003 is presented below at "Tickets2Nite Business Venture".

Going Concern:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, during the year ended December 31, 2003, the Company's ride simulator business was

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discontinued and its Tickets2Nite joint venture was terminated, and the Company had a net loss of $1,452,517 and negative cash flow from operations of $201,068 for the year ended December 31, 2003, and had a working capital deficiency of $1,853,907 and a stockholders' deficiency of $1,218,380 at December 31, 2003.

As a result of the conditions described above, the Company's independent auditors have included an explanatory paragraph in their opinion on the Company's 2003 financial statements indicating that there is substantial doubt as to the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

During the six months ended June 30, 2004, the Company incurred a further net loss of $719,038 and a negative cash flow from operations of $437,384, and had a working capital deficiency of $1,634,418 and a stockholders' deficiency of $1,385,667 at June 30, 2004. The Company will require additional capital to fund operating and debt service requirements, as well as to expand its Las Vegas business venture. The Company has been exploring various alternatives to raise this required capital, but there can be no assurances that the Company will ultimately be successful in this regard. To the extent that the Company is unable to secure the capital necessary to fund its future cash requirements on a timely basis and/or under acceptable terms and conditions, the Company may not have sufficient cash resources to maintain operations. In such event, the Company may be required to consider a formal or informal restructuring or reorganization.

Critical Accounting Policies and Estimates:

The Company prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions.

The following critical accounting policies affect the more significant judgments and estimates used in the preparation of the Company's consolidated financial statements.

Revenue Recognition and Presentation:

The Company's Las Vegas half-price show ticketing business recognizes revenue

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from the sale of show tickets provided by various Las Vegas shows. The Company recognizes revenue only with respect to the ticket commissions and fees that it earns in such transactions.

Impairment of Long-Lived Assets:

The Company's long-lived assets consist of property and equipment. At June 30, 2004 and December 31, 2003, the net value of property and equipment was $234,595 and $231,351, respectively. In assessing the impairment of property and equipment, the Company makes assumptions regarding the estimated future cash flows and other factors to determine the fair value of the respective assets. If these estimates or the related assumptions change in the future, the Company may be required to record impairment charges for these assets.

Income Taxes:

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In the event the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its recorded amount, an adjustment to the deferred tax assets would be credited to operations in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to operations in the period such determination was made.

Results of Operations:

Three Months Ended June 30, 2004 and 2003 -

For the three month ended June 30, 2004, the Company's only source of operating revenues was from its wholly-owned Nevada limited liability company, Tix4Tonight, LLC, which commenced the operations of a same-day, half-price show ticketing business in Las Vegas in January 2004.

Revenues. Revenues from ticket commissions and fees were $377,750 for the three months ended June 30, 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable revenues for the three months ended June 30, 2003.

Gross ticket sales on which the Company's commissions and fees were based were $1,448,951 for the three months ended June 30, 2004.

Direct Costs of Revenues. Direct costs of revenues were $182,173 for the three months ended June 30, 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable direct costs of revenues for the three months ended June 30, 2003.

Selling and Marketing Expenses. Selling and marketing expenses were $106,209 for the three months ended June 30, 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable selling and marketing

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expenses for the three months ended June 30, 2003.

General and Administrative Expenses. General and administrative expenses decreased by $62,165 or 12.5% to $436,469 for the three months ended June 30, 2004, as compared to $498,634 for the three months ended June 30, 2003. Included in general and administrative expenses in 2004 and 2003 was non-cash compensation of $84,001 and $130,117, respectively. Excluding such stock-based compensation, general and administrative expenses decreased by $16,049 or 4.4%.

Depreciation and Amortization. Depreciation and amortization increased by $14,618 to $15,248 for the three months ended June 30, 2004, as compared to $630 for the three months ended June 30, 2003, primarily as a result of depreciation incurred with respect to Tix4Tonight in 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable depreciation and amortization for the three months ended June 30, 2003.

Start-up Costs of Tickets2Nite Business Venture. The Company incurred start-up costs with respect to the development of its Tickets2Nite business venture of $631 for the three months ended June 30, 2003.

Loss from Operations. As a result of the aforementioned factors, the loss from operations was $362,349 for the three months ended June 30, 2004, as compared to a loss from operations of $499,895 for the three months ended June 30, 2003.

Interest Expense. Interest expense increased by $3,301 or 8.1% to $44,294 for the three months ended June 30, 2004, as compared to $40,993 for the three months ended June 30, 2003.

Equity in Net Income of Terminated Joint Venture - Tickets2Nite. Equity in net income of joint venture - Tickets2Nite was $60,173 for the three months ended June 30, 2003. There was no equity in net income (loss) of joint venture - Tickets2Nite in 2004, as the joint venture ceased operations effective December 31, 2003.

Loss Before Discontinued Operations. Loss before discontinued operations was $406,370 for the three months ended June 30, 2004, as compared to a loss before discontinued operations of $480,713 for the three months ended June 30, 2003.

Income From Discontinued Operations. The Company had income from discontinued operations of $126,490 for the three months ended June 30, 2003 relating to the ride facilities, which were subsequently closed down on or about December 31, 2003. The Company had income from closing down discontinued operations of $26,014 for the three months ended June 30, 2004, as compared to income of $1,110 for the three months ended June 30, 2003. The income of $1,110 incurred in 2003 related to the Company's joint venture with Dave & Buster's, Inc. The total income from discontinued operations was $26,014 for the three months ended

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June 30, 2004, as compared to income from discontinued operations of $127,600 for the three months ended June 30, 2003. Information with respect to discontinued operations is presented below at "Discontinued Operations".

Net Loss. Net loss was $380,356 for the three months ended June 30, 2004, as compared to a net loss of $353,113 for the three months ended June 30, 2003.

Six Months Ended June 30, 2004 and 2003 -

For the six month ended June 30, 2004, the Company's only source of operating revenues was from its wholly-owned Nevada limited liability company, Tix4Tonight, LLC, which commenced the operations of a same-day, half-price show ticketing business in Las Vegas in January 2004.

Revenues. Revenues from ticket commissions and fees were $668,446 for the six months ended June 30, 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable revenues for the six months ended June 30, 2003.

Gross ticket sales on which the Company's commissions and fees were based were $2,573,130 for the six months ended June 30, 2004.

Direct Costs of Revenues. Direct costs of revenues were $340,045 for the six months ended June 30, 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable direct costs of revenues for the six months ended June 30, 2003. Selling and Marketing Expenses. Selling and marketing expenses were $201,983 for the six months ended June 30, 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable selling and marketing expenses for the six months ended June 30, 2003.

General and Administrative Expenses. General and administrative expenses decreased by $157,095 or 18.2% to $706,481 for the six months ended June 30, 2004, as compared to $863,576 for the six months ended June 30, 2003. Included in general and administrative expenses in 2004 and 2003 was non-cash compensation of $114,751 and $244,399, respectively. Excluding such stock-based compensation, general and administrative expenses decreased by $27,447 or 4.4%.

Depreciation and Amortization. Depreciation and amortization increased by $29,100 to $30,360 for the six months ended June 30, 2004, as compared to $1,260 for the six months ended June 30, 2003, primarily as a result of depreciation incurred with respect to Tix4Tonight in 2004. As Tix4Tonight commenced operations in January 2004, the Company did not have any comparable depreciation and amortization for the six months ended June 30, 2003.

Start-up Costs of Tickets2Nite Business Venture. The Company incurred start-up costs with respect to the development of its Tickets2Nite business venture of $19,980 for the six months ended June 30, 2003, including non-cash costs of

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$16,500.

Loss from Operations. As a result of the aforementioned factors, the loss from operations was $610,423 for the six months ended June 30, 2004, as compared to a loss from operations of $884,816 for the six months ended June 30, 2003.

Interest Expense. Interest expense increased by $14,978 or 19.5% to $91,974 for the six months ended June 30, 2004, as compared to $76,996 for the six months ended June 30, 2003.

Equity in Net Income of Terminated Joint Venture - Tickets2Nite. Equity in net income of joint venture - Tickets2Nite was $97,694 for the six months ended June 30, 2003. There was no equity in net income (loss) of joint venture - Tickets2Nite in 2004, as the joint venture ceased operations effective December 31, 2003.

Loss Before Discontinued Operations. Loss before discontinued operations was $702,115 for the six months ended June 30, 2004, as compared to a loss before discontinued operations of $864,111 for the six months ended June 30, 2003.

Income (Loss) From Discontinued Operations. The Company had income from discontinued operations of $116,711 for the six months ended June 30, 2003 relating to the ride facilities, which were subsequently closed down on or about December 31, 2003. The Company had a loss from closing down discontinued operations of $16,923 for the six months ended June 30, 2004, as compared to a loss of $20,461 for the six months ended June 30, 2003. The loss of $20,461 incurred in 2003 related to the Company's joint venture with Dave & Buster's, Inc. The total loss from discontinued operations was $16,923 for the six months ended June 30, 2004, as compared to income from discontinued operations of $96,250 for the six months ended June 30, 2003. Information with respect to discontinued operations is presented below at "Discontinued Operations".

Net Loss. Net loss was $719,038 for the six months ended June 30, 2004, as compared to a net loss of $767,861 for the six months ended June 30, 2003.

Discontinued Operations - Three Months and Six Months Ended June 30, 2004 and 2003:

Discontinued operations consist of activities with respect to the ride simulator business, which was discontinued effective December 31, 2003. The consolidated financial statements for the three months and six months ended June 30, 2003 have been restated to reflect the ride simulator business as a discontinued operation. Condensed financial information with respect to the operations of the ride simulator business for the three months and six months ended June 30, 2003

is presented below.

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<TABLE>

<CAPTION>

<S>	Three Months Ended June 30, 2003 <C>	Six Months Ended June 30, 2003 <C>
Ticket revenues	$ 455,185	$ 858,847
Direct costs of revenues	269,129	555,279
Selling and marketing expenses	6,023	16,647
General and administrative expenses	(11,964)	23,826
Depreciation and amortization	65,507	146,384
Total costs and expenses	328,695	742,136
Income from discontinued operations	126,490	116,711
Income (loss) from closing down discontinued operations - D&B	1,110	(20,461)
Net income from discontinued operations	$ 127,600	$ 96,250

</TABLE>

The Company incurred income (loss) for the three months and six months ended June 30, 2004 related to closing down the operations discontinued at December 31, 2003 of $26,014 and $(16,923), respectively.

Tickets2Nite Business Venture:

The Company owned 50% of a business venture named Tickets2Nite, LLC, a Nevada limited liability company, which was formed on September 24, 2002 pursuant to an Operating Agreement, with the other 50% owned by Entasis, LLC ("Entasis"), an independent third party owned by Hal Kolker ("Kolker"). The business venture, which commenced operations during November 2002, sold tickets to Las Vegas shows at 50% of the original box office price, on the same day of the performance, from a ticket booth located on the Las Vegas Strip. The Operating Agreement specified that the Company would oversee the day-to-day operations of the business venture.

On December 24, 2002, the Company filed a lawsuit against Entasis and Kolker in the Clark County, Nevada District Court (the "Court"). The lawsuit related to matters concerning the management and funding of the new business venture. Entasis and Kolker funded only $95,000 of its $200,000 equity commitment, and

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were impermissibly interfering with the operations of the new business venture.

Trial with respect to the Company's lawsuit against Entasis and Kolker was held on May 7 through 9, 2003. On October 1, 2003, the Court rendered its Decision and Order with respect to the parties' ownership rights and management rights and obligations with respect to Tickets2Nite, LLC. The Court found that the Tickets2Nite, LLC Operating Agreement was valid, clear unambiguous; that although Entasis and Kolker asserted many defenses to the validity of the Operating Agreement, they were without merit; and that Entasis and Kolker breached the Operating Agreement by not funding their portion of the capital contribution. Furthermore, with regard to Entasis and Kolker's counterclaims, the Court found for the Company on all counts.

The Court ruled that the parties were unable to operate the business together pursuant to the Operating Agreement, and therefore ruled that Tickets2Nite, LLC be dissolved. The Court appointed an independent third party to assist in the dissolution of Tickets2Nite, LLC.

Accordingly, the business operations of Tickets2Nite, LLC were terminated effective December 31, 2003. The performance of this new business venture during 2003 successfully validated the business model and the Company's efforts to

develop this business. As a result of the court-ordered dissolution of Tickets2Nite, LLC, the Company commenced the operation of an identical business on January 1, 2004 at a different location and under a different name on the Las Vegas Strip through the formation of a wholly-owned Nevada limited liability company, Tix4Tonight, LLC, which was organized in December 2003. The Company owns 100% of the Tix4Tonight business, which is currently the Company's only source of operating revenues in 2004. Kolker is now competing with Tix4Tonight, LLC through Tickets2Nite, Inc., a Nevada corporation.

The Company is currently conducting the operations of Tix4Tonight at its primary location at the South end of the Las Vegas Strip, which is next door to the Harley-Davidson Cafe at 3729 Las Vegas Boulevard South, until it moves into its new Hawaiian Marketplace Shopping Center location at 3743 Las Vegas Boulevard South later this year. During July 2004, the Company opened a new satellite location on the North end of the Las Vegas Strip at 2955 Las Vegas Boulevard South, and during August 2004, the Company is relocating the administrative offices of Tix4Tonight to a new facility in Las Vegas. Management is currently evaluating the prospects for expansion of this business to at least one additional location in Las Vegas, as well as to other cities throughout the United States and Canada.

As of December 31, 2003, the Company's investment in Tickets2Nite, LLC was $462,179. During the six months ended June 30, 2004, as a result of the dissolution of Tickets2Nite, LLC, the Company received cash payments of $457,179 and the return of a $5,000 deposit, which completed the dissolution of

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Tickets2Nite, LLC and the disposition of the Company's investment in such entity. Most of the assets developed by the Company for the Tickets2Nite business have been distributed to Tix4Tonight, including all management staff, software and technology, computers and server systems, and other fixed assets.

Effective May 4, 2004, the aforementioned parties entered into a settlement agreement and release that resolved all pending litigation and claims by and among the parties. The resolution of these legal proceedings did not have a significant effect on the Company's financial condition.

The Company accounted for its investment in Tickets2Nite, LLC under the equity method of accounting. The Company recorded $60,173 and $97,694 as its proportionate share of net income from this business venture for the three months and six months ended June 30, 2003. The Company did not receive any distributions from this business venture in 2003. Condensed financial information with respect to the operations of Tickets2Nite, LLC is presented below.

<TABLE>

Tickets2Nite, LLC
Statement of Operations (Unaudited)
Three Months and Six Months Ended June 30, 2003

<CAPTION>

<S>	Three Months Ended June 30, 2003 <C>	Six Months Ended June 30, 2003 <C>
Ticket commissions	$ 280,614	$ 476,164
Selling and marketing	94,212	158,534
General and administrative	47,134	83,232
Depreciation and amortization	15,420	30,840
Total costs and expenses	156,766	272,606
Income from operations	123,848	203,558
Interest expense	3,502	8,170
Net income	$ 120,346	$ 195,388

</TABLE>

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Liquidity and Capital Resources - June 30, 2004:

During the last few years, the Company has relied on the proceeds from loans from both unrelated and related parties, capital leases and the sale of its securities to provide the resources necessary to develop its ride facility business, fund its business operations and invest in its Las Vegas business venture. During the years ended December 31, 2003 and 2002, the Company raised $47,500 and $628,750, respectively, of new capital from the sale of its securities. During the six months ended June 30, 2004, the Company raised $225,000 of new capital from the sale or issuance of its securities. The Company is continuing its efforts to raise additional capital during the remainder of 2004.

Effective December 31, 2003, the Company closed its remaining ride facilities and the business operations of Tickets2Nite, LLC were terminated. However, the performance of the Las Vegas business venture during 2003 successfully validated the business model and the Company's efforts to develop this business. As a result of the court-ordered dissolution of Tickets2Nite, LLC, the Company commenced the operation of an identical business on January 1, 2004 at a different location and under a different name on the Las Vegas Strip through the formation of a wholly-owned Nevada limited liability company, Tix4Tonight, LLC. The Company owns 100% of the Tix4Tonight business, which is currently the Company's only source of operating revenues in 2004. The Company's former joint venture partner in Tickets2Nite, LLC is now competing with Tix4Tonight, LLC through Tickets2Nite, Inc., a Nevada corporation.

The Company is currently conducting the operations of Tix4Tonight at its primary location at the South end of the Las Vegas Strip, which is next door to the Harley-Davidson Cafe at 3729 Las Vegas Boulevard South, until it moves into its new Hawaiian Marketplace Shopping Center location at 3743 Las Vegas Boulevard South later this year. During July 2004, the Company opened a new satellite location on the North end of the Las Vegas Strip at 2955 Las Vegas Boulevard South, and during August 2004, the Company is relocating the administrative offices of Tix4Tonight to a new facility in Las Vegas. Management is currently evaluating the prospects for expansion of this business to at least one additional location in Las Vegas, as well as to other cities throughout the United States and Canada.

Depending on the growth and development of the Company's Las Vegas business venture, additional capital may be required during 2004 to support its operations and expansion plans, which the Company would attempt to provide either through a debt or equity financing. However, there can be no assurances that the Company would be successful in this regard.

Going Concern. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the accompanying consolidated financial statements do not purport

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to represent the realizable or settlement values. The Company has experienced recurring operating losses, has terminated its ride simulator business and is involved in litigation regarding its former Las Vegas ride facility lease, and had a substantial working capital deficit at December 31, 2003. As a result of these factors, the Company's independent certified public accountants in their report on the Company's 2003 financial statements have expressed substantial doubt about the Company's ability to continue as a going concern.

During the six months ended June 30, 2004, the Company incurred a further net loss of $719,038 and a negative cash flow from operations of $437,384, and had a working capital deficiency of $1,634,418 and a stockholders' deficiency of $1,385,667 at June 30, 2004. The Company will require additional capital to fund operating and debt service requirements, as well as to expand its Las Vegas business venture. The Company has been exploring various alternatives to raise this required capital, but there can be no assurances that the Company will ultimately be successful in this regard. To the extent that the Company is unable to secure the capital necessary to fund its future cash requirements on a timely basis and/or under acceptable terms and conditions, the Company may not have sufficient cash resources to maintain operations. In such event, the Company may be required to consider a formal or informal restructuring or reorganization.

To the extent that the Company is unable to secure the capital necessary to fund its future cash requirements on a timely basis and/or under acceptable terms and conditions, the Company may not have sufficient cash resources to maintain operations. In such event, the Company may be required to consider a formal or informal restructuring or reorganization.

Operating Activities. Operating activities utilized cash of $437,384 during the six months ended June 30, 2004, as compared to $137,963 during the six months ended June 30, 2004, primarily as a result of an increase in deposits, reduced revenues from operating activities and the settlement of liabilities related to discontinued operations. At June 30, 2004, the Company's cash had increased by $19,679 to $110,990, as compared to $91,311 at December 31, 2003.

The Company had a working capital deficit of $1,634,418 at June 30, 2004, as compared to $1,853,907 at December 31, 2003. At June 30, 2004 and December 31, 2003, the Company's note payable to its primary secured lender of $716,242 was in default and was classified as a current liability (see "Transactions with Primary Secured Lender" below).

Investing Activities. Investing activities provided net cash of $423,575 during the six months ended June 30, 2004, consisting of distributions resulting from the termination of the Tickets2Nite joint venture of $457,179, less purchases of property and equipment of $33,604. For the six months ended June 30, 2003, investing activities provided net cash of $40,791, consisting of distributions from the Dave & Buster's, Inc. joint venture of $23,861 and reimbursements from Tickets2Nite of $16,930.

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Financing Activities. Financing activities provided net cash of $33,488 during the six months ended June 30, 2004, consisting of proceeds from the sale of the Company's securities and the exercise of warrants of $225,000, less the repayment of a bank line of credit of $174,000 and principal payments on capital lease obligations of $17,512. For the six months ended June 30, 2003, financing activities provided net cash of $57,906, consisting of proceeds from the sale of the Company's securities of $47,500 and a loan from an officer of $15,000, less principal payments on capital lease obligations of $4,594.

During the three months ended June 30, 2004, the Company sold 400,000 shares of its common stock to accredited investors in a private placement at $0.50 per share, generating $200,000 of equity capital.

During 2003, the Company established a line of credit with a bank for $174,000, with interest payable monthly at the bank's prime rate (4% at December 31, 2003) plus 1%. The line of credit was secured by the Company's assets and was scheduled to mature on December 15, 2004. The line of credit was repaid in full in January 2004.

During the six months ended June 30, 2003, the Company conducted a private placement offering consisting of units comprised of four shares of common stock and four common stock purchase warrants for each $1.00 invested. The warrants are exercisable at $0.50 per share for a period of 30 months from the date of issuance. The Company raised a total of $47,500 and issued 190,000 shares of common stock and 190,000 common stock purchase warrants. Based on various factors, including the exercise price and terms of the warrant and the trading range and volume of the Company's common stock during 2003, the Company determined the value of the warrants was nominal and therefore did not allocate any portion of the $0.25 unit sale price to the warrants.

During the six months ended June 30, 2003, the Company's Chief Executive Officer made short-term advances to the Company aggregating $15,000 for working capital purposes. Such advances were unsecured, interest-free and due on demand. As of June 30, 2003, advances from the Company's Chief Executive Officer aggregated $80,000. These advances were satisfied through the issuance of 800,000 shares of common stock in October 2003.

Transactions with Primary Secured Lender. On December 31, 1996, the Company completed a financing agreement with Finova Technology Finance, Inc., which was structured as a sale leaseback transaction of certain equipment owned by the Company. Based on the substance of this transaction, this financing agreement was accounted for as a note payable for financial reporting purposes. The gross loan amount was $1,575,027, repayable over a four year period at $40,903 per month with a balloon payment of $157,503. On March 10, 1999, the financing agreement was amended to reduce the monthly payments and to extend the maturity

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date of the note payable.

Effective June 25, 2001, in order to cure prior defaults, the Company completed a Second Modification Agreement and Waiver of Defaults with the lender which: (1) provided a waiver of all prior payment defaults; (2) reduced the monthly payments; (3) increased the principal balance due the lender of accrued interest payable; (4) accelerated the due date of the loan; (5) repriced certain warrants previously issued to the lender; (6) issued additional warrants to the lender; and (7) revised certain rights included in the lender's Warrant Holder Rights Agreement.

Effective April 17, 2002, the Company completed a Third Modification Agreement and Waiver of Defaults with the secured lender, which provided for: (1) the waiver of all prior payment defaults; (2) interest on the unpaid balance at 16.64% per annum; (3) the payment of interest only for the months of March, April and May 2002; and (4) commencing June 2002, monthly payments of principal and interest of $18,955 for a period of five years. Required monthly payments on the loan were in arrears subsequent to December 31, 2002. The loan was due in full on March 1, 2002, but the Company did not make this balloon payment. As a result, the principal balance of this loan of $716,242 at June 30, 2004 and December 31, 2003 was classified as a current liability in the consolidated financial statements at such dates. Accrued interest payable on this loan was $201,488 and $126,375 at June 30, 2004 and December 31, 2003, respectively.

During November 2002, the Company entered into an agreement with the secured lender to settle this obligation for a cash payment of $200,000, of which $50,000 was paid in November 2002, and $150,000 was payable by January 20, 2003. The $50,000 payment was applied to reduce the loan balance at December 31, 2002. The Company has not made any payments on the loan subsequent to December 31, 2002. The Company is continuing settlement discussions with the secured lender.

Commitments and Contingencies. At June 30, 2004, the Company did not have any material commitments for capital expenditures other than with respect to a new five-year lease that the Company entered into effective April 30, 2004 for a new ticket booth facility on the Las Vegas Strip for its Tix4Tonight operations. The Company estimates that it will cost in excess of $100,000 to build out such space during 2004, which the Company has not yet determined how it will finance.

Off-Balance Sheet Arrangements. At June 30, 2004, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

Recent Accounting Pronouncements:

In April 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies under what circumstances a contract with initial investments meets the characteristics of a derivative and when a derivative

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contains a financing component. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have a significant effect on the Company's financial statement presentation or disclosures.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. SFAS No. 150 is to be implemented by reporting the cumulative effect of a change in accounting principle for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of SFAS No. 150 did not have a significant effect on the Company's financial statement presentation or disclosures.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of FIN 45 apply on a prospective basis to guarantees issued or modified after December 31, 2002. The Company implemented the disclosure provisions of FIN 45 in its December 31, 2002 consolidated financial statements, and the measurement and recording provisions of FIN 45 effective January 1, 2003. The implementation of the provisions of FIN 45 did not have a significant effect on the Company's consolidated financial statement presentation or disclosures.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements", relating to consolidation of certain entities. In December 2003, the FASB issued a revised version of FIN 46 ("FIN 46R") that replaced the original FIN 46. FIN 46R requires identification of a company's participation in variable interest entities ("VIEs"), which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit it to operate on a standalone basis. For entities identified as a VIE, FIN 46R sets forth a model to evaluate potential consolidation based on an assessment of which party to the

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VIE (if any) bears a majority of the exposure to its expected losses, or stands to gain from a majority of its expected returns. FIN 46R also sets forth certain disclosures regarding interests in VIEs that are deemed significant, even if consolidation is not required. The Company is not currently participating in, or invested in any VIEs, as defined in FIN 46R. The implementation of the provisions of FIN 46R in 2003 did not have a significant effect on the Company's consolidated financial statement presentation or disclosures.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act of 1934 is accumulated and communicated to management, including its principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its principal executive and financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon and as of the date of that evaluation, the Company's principal executive and financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) Changes in Internal Controls

There were no changes in the Company's internal controls or in other factors that could have significantly affected those controls subsequent to the date of the Company's most recent evaluation.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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At June 30, 2004, the Company was involved in the following legal proceeding:

The Company's Las Vegas ride facility was located at the Forum Shops at Caesars (the "Forum Shops"). The Forum Shops is a high traffic tourist mall located between Caesars and the Mirage Hotel on the Las Vegas "Strip".

Since early 2003, the Forum Shops has been engaged in construction related to an expansion program immediately adjacent to the Company's Las Vegas ride facility, which the Company believed negatively impacted customer traffic and thus revenues at this ride facility during 2003. The Company had been in discussions with the management of the Forum Shops regarding this issue, as a result of which the Company suspended the payment of rent on the Las Vegas ride facility (approximately $40,000 per month) during mid-2003. During October 2003, the Forum Shops commenced litigation against the Company to collect back rent and to evict the Company's ride facility and terminate the Company's lease. The Company believes it has meritorious claims against the Forum Shops, and has filed counter-claims and intends to vigorously defend itself against this lawsuit. As this litigation is in its initial stages, the Company is currently unable to predict its ultimate resolution.

At December 31, 2003 and June 30, 2004, the Company had accrued approximately $393,000 for unpaid rent on the Las Vegas ride facility through December 31, 2003, which has been included in liabilities related to discontinued operations in the consolidated balance sheets at June 30, 2004 and December 31, 2003. The Company's remaining obligation subsequent to December 31, 2003 under its Las Vegas lease, the primary term of which continues through December 31, 2004, totals approximately $480,000. As a result of the ongoing litigation with the Forum Shops, the Company has not accrued the remaining obligation under its Las Vegas lease.

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

During the three months ended June 30, 2004, the Company issued 75,000 shares of common stock to Gang Consulting Inc. for consulting services. The aggregate fair market value of such shares of $37,000 was charged to operations as general and administrative expense.

During the three months ended June 30, 2004, Gang Consulting Inc. exercised a warrant to purchase 100,000 shares of common stock at $0.25 per share, as a result of which the Company received total cash proceeds of $25,000.

During the three months ended June 30, 2004, the Company sold 400,000 shares of its common stock to accredited investors in a private placement at $0.50 per share, generating $200,000 of equity capital.

The shares of common stock were issued without registration in reliance upon the exemption afforded by Section 4(2) of the Securities Act of 1933, as amended, based on certain representations made to the Company by the recipient.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES

On December 31, 1996, the Company completed a financing agreement with Finova Technology Finance, Inc., which was structured as a sale leaseback transaction of certain equipment owned by the Company. Based on the substance of this transaction, this financing agreement was accounted for as a note payable for financial reporting purposes. The gross loan amount was $1,575,027, repayable over a four year period at $40,903 per month with a balloon payment of $157,503. On March 10, 1999, the financing agreement was amended to reduce the monthly payments and to extend the maturity date of the note payable.

Effective June 25, 2001, in order to cure prior defaults, the Company completed a Second Modification Agreement and Waiver of Defaults with the lender which: (1) provided a waiver of all prior payment defaults; (2) reduced the monthly

payments; (3) increased the principal balance due the lender of accrued interest payable; (4) accelerated the due date of the loan; (5) repriced certain warrants previously issued to the lender; (6) issued additional warrants to the lender; and (7) revised certain rights included in the lender's Warrant Holder Rights Agreement.

Effective April 17, 2002, the Company completed a Third Modification Agreement and Waiver of Defaults with the secured lender, which provided for: (1) the waiver of all prior payment defaults; (2) interest on the unpaid balance at 16.64% per annum; (3) the payment of interest only for the months of March, April and May 2002; and (4) commencing June 2002, monthly payments of principal and interest of $18,955 for a period of five years. Required monthly payments on the loan were in arrears subsequent to December 31, 2002. The loan was due in full on March 1, 2002, but the Company did not make this balloon payment. As a result, the principal balance of this loan of $716,242 at June 30, 2004 and December 31, 2003 was classified as a current liability in the consolidated financial statements at such dates. Accrued interest payable on this loan was $201,488 and $126,375 at June 30, 2004 and December 31, 2003, respectively.

During November 2002, the Company entered into an agreement with the secured lender to settle this obligation for a cash payment of $200,000, of which $50,000 was paid in November 2002, and $150,000 was payable by January 20, 2003. The $50,000 payment was applied to reduce the loan balance at December 31, 2002. The Company has not made any payments on the loan subsequent to December 31, 2002. The Company is continuing settlement discussions with the secured lender.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

A list of exhibits required to be filed as part of this report is set forth in

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the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

(b) Reports on Form 8-K

Three Months Ended June 30, 2004: None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CINEMA RIDE, INC.

(Registrant)

Date: August 11, 2004 By: /s/ MITCHELL J. FRANCIS
____
Mitchell J. Francis
Chief Executive Officer and
Chief Financial Officer
(Duly Authorized Officer
and Chief Financial
Officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Document
3.1	Certificate of Incorporation, as amended (1)(P)
3.2	Bylaws of the Company (1)(P)
31	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (2)

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32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (2)

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(1) Previously filed as an Exhibit to the Company's Registration Statement on Form SB-2, and incorporated herein by reference.

(2) Filed herein.

(P) Indicates that the document was originally filed with the Securities and Exchange Commission in paper form and that there have been no changes or amendments to the document which would require filing of the document electronically with this Quarterly Report on Form 10-QSB.

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Exhibit 31

CERTIFICATION

I, Mitchell J. Francis, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Cinema Ride, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

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a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date: August 11, 2004

By: /s/ MITCHELL J. FRANCIS

Mitchell J. Francis
Chief Executive Officer and
Chief Financial Officer

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Exhibit 32

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Cinema Ride, Inc. (the "Company") does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-QSB for the quarter ended June 30, 2004 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and information contained in the Form 10-QSB fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, another document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ MITCHELL J. FRANCIS

Date: August 11, 2004 By: ____________________________

Mitchell J.Francis
Chief Executive Officer and
Chief Financial Officer

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