



FOR IMMEDIATE RELEASE

RICK'S CABARET INTERNATIONAL, INC. REPORTS TOTAL REVENUES OF \$23.9 MILLION FOR ITS THIRD QUARTER ENDED JUNE 30, 2012, WITH NET INCOME OF \$1.8 MILLION

HOUSTON – (August 9, 2012) – [Rick's Cabaret International, Inc.](#), (NASDAQ:RICK) the nation's premier group of upscale gentlemen's clubs, reported consolidated total revenues of \$23.9 million for its third quarter ended June 30, 2012, an increase of 15 percent compared with the \$20.8 million reported for the period in 2011.

The company said net income was \$1.8 million compared with \$888,000 in the same period in 2011, with earnings of 19 cents per share in the third quarter this year compared with nine cents last year.

Eric Langan, President and CEO of Rick's Cabaret International, will discuss the results in a conference call at 4:30 pm EDT today. The call will be webcast by [VCall](#) and can be accessed at the Rick's Cabaret investor website, [www.ricksinvestor.com](#) or [www.investorcalendar.com](#). The domestic toll free participant dial-in number is 877-407-8033; international is 201-689-8033. The toll free replay numbers are domestic 877-660-6853; international 201-612-7415. Replay access information: Account 286 and Conference ID 398195. The replay will be available until Sept. 9, 2012.

The increase in revenues was driven by strong results from **Tootsie's Cabaret** in Miami; **Club Onyx** locations in Philadelphia and Charlotte; a newly acquired club in Dallas; and strong sales increases at the Dallas-Ft. Worth Airport location, formerly a BYOB club that is now selling liquor. Total same-location-same-period club sales were up five percent to \$21.3 million compared with \$20.3 million last year.

Mr. Langan said earnings and operating margins were impacted by increases in cost of goods sold due to more clubs selling alcohol this year; higher depreciation because of the addition of new real estate; the one-time loss on the sale of assets; and higher legal costs plus the settlement of a lawsuit. Some of these factors also caused lower Adjusted EBITDA* for the third quarter, which was \$5.4 million this year, compared with \$6.0 million last year. The Form 10Q available on the company's [www.ricksinvestor.com](#) website provides a comprehensive view of these issues in its Management Discussion & Analysis section.

**Adjusted EBITDA is a financial statement measure that was not derived in accordance with GAAP. We use adjusted EBITDA (earnings from continuing operations before interest expense, income taxes, depreciation, amortization and impairment charges) as a non-GAAP performance measure. In calculating adjusted EBITDA, we exclude our largest recurring non-cash charge, depreciation, amortization and impairment charges. Adjusted EBITDA provides a core operational performance measurement that compares results without the need to adjust for Federal, state and local taxes which have considerable variation between domestic jurisdictions. Also, we exclude interest cost in our calculation of adjusted EBITDA. The results are, therefore, without consideration of financing alternatives of capital employed. We use adjusted EBITDA as one guideline to assess our unleveraged performance return on our investments. Adjusted EBITDA is also the target benchmark for our acquisitions of nightclubs.*

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

(in thousands, except per share data)	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE NINE MONTHS ENDED JUNE 30,	
	<u>2012</u> (UNAUDITED)	<u>2011</u> (UNAUDITED)	<u>2012</u> (UNAUDITED)	<u>2011</u> (UNAUDITED)
Revenues:				
Sales of alcoholic beverages	\$ 9,711	\$ 8,149	\$ 29,033	\$ 24,312
Sales of food and merchandise	2,286	1,891	6,619	5,469
Service revenues	10,576	9,553	31,743	28,637
Internet revenues	97	113	298	359
Media revenues	137	176	496	585
Other	1,114	911	3,164	2,678
Total revenues	23,921	20,793	71,353	62,040
Operating expenses:				
Cost of goods sold	3,279	2,710	9,601	7,793
Salaries and wages	5,299	4,683	15,428	13,503
Stock compensation	12	-	33	-
Other general and administrative:				
Taxes and permits	3,618	3,096	11,018	9,316
Charge card fees	361	405	1,042	1,047
Rent	726	756	2,150	2,305
Legal and professional	992	635	2,433	1,547
Advertising and marketing	959	838	2,994	2,651
Insurance	387	300	1,027	849
Utilities	454	394	1,264	1,140
Depreciation and amortization	1,398	970	3,708	2,825
Settlement of lawsuits	200	-	2,031	-
Loss on sale of assets	332	-	332	-
Other	1,867	1,626	5,432	4,646
Total operating expenses	19,884	16,413	58,493	47,622
Operating income	4,037	4,380	12,860	14,418
Other income (expense):				
Interest income and other	(2)	2	2	57
Interest expense	(1,098)	(1,033)	(3,178)	(3,170)
Gain on settlement of debt	-	903	-	903
Gain (loss) on change in fair value of derivative instruments	(17)	(216)	120	266
Income from continuing operations before income taxes	2,920	4,036	9,804	12,474
Income taxes	1,022	1,507	3,366	4,250
Income from continuing operations	1,898	2,529	6,438	8,224
Loss from discontinued operations, net of income taxes	(22)	(1,588)	(155)	(2,179)
Net income	1,876	941	6,283	6,045
Less: net income attributable to noncontrolling interests	(53)	(53)	(159)	(159)
Net income attributable to Rick's Cabaret International, Inc.	\$ 1,823	\$ 888	\$ 6,124	\$ 5,886
Basic earnings (loss) per share attributable to Rick's shareholders:				
Income from continuing operations	\$ 0.19	\$ 0.25	\$ 0.65	\$ 0.81
Loss from discontinued operations	\$ (0.00)	\$ (0.16)	\$ (0.02)	\$ (0.22)

Net income	\$ 0.19	\$ 0.09	\$ 0.63	\$ 0.59
Diluted earnings (loss) per share attributable to Rick's shareholders:				
Income from continuing operations	\$ 0.19	\$ 0.25	\$ 0.65	\$ 0.81
Loss from discontinued operations	\$ (0.00)	\$ (0.16)	\$ (0.02)	\$ (0.22)
Net income	\$ 0.19	\$ 0.09	\$ 0.63	\$ 0.59
Weighted average number of common shares outstanding:				
Basic	9,725	9,924	9,710	9,968
Diluted	9,731	9,941	9,717	9,983

About Rick's Cabaret: Rick's Cabaret International, Inc. (NASDAQ: RICK) is home to upscale adult nightclubs serving primarily businessmen and professionals that offer live entertainment, dining and bar operations. Nightclubs in New York City, Miami, Philadelphia, Charlotte, Dallas/Ft. Worth, Houston, Minneapolis, Indianapolis and other cities as "Rick's Cabaret," "XTC," "Club Onyx" and "Tootsie's Cabaret" and other brand names. Sexual contact is not permitted at any locations. Rick's Cabaret also operates a media division, ED Publications, and owns the adult Internet membership Website couplestouch.com as well as a network of online adult auction sites under the flagship URL naughtybids.com. Rick's Cabaret common stock is traded on NASDAQ under the symbol RICK. For further information contact ir@ricks.com or visit www.ricksinvestor.com. Twitter: @rickscabaret; Facebook: <http://www.facebook.com/rickscabaretintl>.

Forward-looking Statements: This press release may contain forward-looking statements that involve a number of risks and uncertainties that could cause the company's actual results to differ materially from those indicated in this press release, including the risks and uncertainties associated with operating and managing an adult business, the business climates in cities where it operates, the success or lack thereof in launching and building the company's businesses, risks and uncertainties related to the operational and financial results of our Web sites, conditions relevant to real estate transactions, and numerous other factors such as laws governing the operation of adult entertainment businesses, competition and dependence on key personnel. Rick's has no obligation to update or revise the forward-looking statements to reflect the occurrence of future events or circumstances. For further information visit www.ricksinvestor.com.

Contact: Allan Prialux, 212-338-0050, allan@ricks.com