

MEXICAN RESTAURANTS INC

FORM 8-K

(Current report filing)

Filed 05/13/08 for the Period Ending 05/12/08

Address	1135 EDGEBROOK HOUSTON, TX 77034
Telephone	7139437574
CIK	0001009244
Symbol	CASA
SIC Code	5812 - Eating Places
Industry	Restaurants
Sector	Services
Fiscal Year	12/28

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 12, 2008



MEXICAN RESTAURANTS, INC.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

000-28234
(Commission
File Number)

76-0493269
(IRS Employer
Identification No.)

1135 EDGEBROOK, HOUSTON, TEXAS 77034-1899
(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number, including area code): **(713) 943-7574**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition.

On May 12, 2008, Mexican Restaurants, Inc. issued a press release announcing its financial results for its first quarter ended March 30, 2008. A copy of the press release is deemed to be furnished, but not filed, as Exhibit 99.1 hereto.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following is furnished as Exhibit 99.1 to this Current Report on Form 8-K:

99.1 [Mexican Restaurants, Inc. press release dated May 12, 2008.](#)

SIGNATURES

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

MEXICAN RESTAURANTS, INC.

Date: May 13, 2008

By: /s/ Andrew J. Dennard

Name: Andrew J. Dennard

Title: Executive Vice President, Chief Financial
Officer, Treasurer and Corporate Secretary

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Mexican Restaurants, Inc. press release dated May 12, 2008



Contact: Mexican Restaurants, Inc.
 Andrew J. Dennard
 (713) 943-7574

**Mexican Restaurants, Inc.
 Announces 2008 First Quarter Operating Results
 (NASDAQ: CASA)**

Houston, Texas (May 12, 2008) For the Company's 2008 first quarter ended March 30, 2008, the Company reported net income of \$75,517 or \$0.02 per diluted share, compared with a net loss of \$69,544 or \$0.02 per diluted share for the first quarter of fiscal year 2007.

The Company's revenues for the first quarter of fiscal year 2008 decreased \$87,008 or 0.4% to \$20.4 million compared with \$20.5 million for the same quarter in fiscal year 2007. Restaurant sales for first quarter 2008 decreased \$83,345 or 0.4% to \$20.2 million compared with \$20.3 million for the first quarter of fiscal year 2007. The decrease in restaurant revenue reflects the sale of one Casa Olé restaurant in June of 2007 and the six week closure of another Casa Olé restaurant that was extensively damaged by fire, the impact of which was partially offset by an increase in same-store sales. For the first quarter ended March 30, 2008, Company-owned same-restaurant sales increased approximately 1.2% and franchised-owned same-restaurant sales, as reported by franchisees, increased approximately 3.3% over the same quarter in fiscal 2007.

Commenting on the Company's first quarter results, Curt Glowacki, Chief Executive Officer, stated, "I am very pleased that same-store sales were positive for the third consecutive quarter, and continue to be positive in the second quarter of fiscal year 2008. These trends are contrary to national casual-dining industry trends."

Mr. Glowacki added, "The first quarter represented continued progress in returning the Company to acceptable results. In March of fiscal 2008, we selectively raised menu prices across most of our concepts, and although cost of sales increased 30 basis points to 28.6% compared with the first quarter one year ago, it improved 40 basis points compared with the fourth quarter of fiscal year 2007. As we have stated before, if commodity prices continue to rise, we will continue to selectively raise menu prices to the extent we believe we can do so without risking a decline in customer counts and traffic. Together, labor and restaurant operating expenses improved 190 basis points compared with the first quarter one year ago. General and administrative expenses, however, increased approximately \$190,000 compared with the first quarter in fiscal year 2007. Costs related to the development of the Mission Burrito concept contributed approximately 40% of the increase, and legal, Sarbanes Oxley 404, banking fees and stock-based compensation expense accounted for the remainder of the increase."

Mr. Glowacki concluded, "We continue to be very excited about our Company's growth plans for Mission Burrito, our fast casual entry into the high growth quick serve burrito category. During the first quarter of fiscal 2008, we opened the third Mission Burrito restaurant – our new prototype – in Katy, Texas. Sales have exceeded our expectations. The fourth Mission Burrito restaurant, which is under construction, will open in May of fiscal 2008. Currently, four additional Mission Burrito restaurants are under various stages of development, two of which we believe we can open before the end of fiscal year 2008."

Mexican Restaurants, Inc. operates and franchises 78 Mexican restaurants. The current system includes 59 Company-operated restaurants, 18 franchisee operated restaurants and one licensed restaurant.

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: growth strategy; dependence on executive officers; geographic concentration; increasing susceptibility to adverse conditions in the region; changes in consumer tastes and eating habits; national, regional or local economic and real estate conditions; demographic trends; inclement weather; traffic patterns; the type, number and location of competing restaurants; inflation; increased food, labor and benefit costs; the availability of experienced management and hourly employees; seasonality

and the timing of new restaurant openings; changes in governmental regulations; dram shop exposure; and other factors not yet experienced by the Company. The use of words such as “believes”, “anticipates”, “expects”, “intends” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Readers are urged to carefully review and consider the various disclosures made by the Company in this release and in the Company’s most recent Annual Report and Form 10-K , that attempt to advise interested parties of the risks and factors that may affect the Company’s business.

Mexican Restaurants, Inc. and Subsidiaries

**Consolidated Statements of Operations
(Unaudited)**

	13-Week Period Ended 3/30/08	13-Week Period Ended 4/1/2007
Revenues:		
Restaurant sales	\$ 20,244,473	\$ 20,327,818
Franchise fees, royalties and other	158,581	162,244
	<u>20,403,054</u>	<u>20,490,062</u>
Costs and expenses:		
Cost of sales	5,789,894	5,746,999
Labor	6,431,823	6,848,819
Restaurant operating expenses	5,070,497	5,098,166
General and administrative	2,101,582	1,908,880
Depreciation and amortization	858,858	821,773
Pre-opening costs	36,884	--
Impairment costs	32,252	--
Vidor fire gain	(126,371)	--
Loss on sale of property and equipment	27,007	7,315
	<u>20,222,426</u>	<u>20,431,952</u>
Operating income	<u>180,628</u>	<u>58,110</u>
Other income (expense):		
Interest income	2,082	1,963
Interest expense	(141,523)	(99,632)
Other, net	7,332	11,203
	<u>(132,109)</u>	<u>(86,466)</u>
Income (loss) from continuing operations before income taxes	48,519	(28,356)
Income tax expense (benefit)	12,166	(7,098)
Income (loss) from continuing operations	<u>36,353</u>	<u>(21,258)</u>
Discontinued operations:		
Loss from discontinued operations	--	(21,453)
Restaurant closure income (expense)	52,289	(59,020)
Gain on sale of assets	--	3,412
Income (loss) from discontinued operations before income taxes	<u>52,289</u>	<u>(77,061)</u>
Income tax benefit (provision)	(13,125)	28,775
Income (loss) from discontinued operations	<u>39,164</u>	<u>(48,286)</u>
Net Income (loss)	<u>\$ 75,517</u>	<u>\$ (69,544)</u>
Basic income (loss) per share		
Income (loss) from continuing operations	\$ 0.01	\$ (0.01)
Income (loss) from discontinued operations	0.01	(0.01)
Net income (loss)	<u>\$ 0.02</u>	<u>\$ (0.02)</u>
Diluted income (loss) per share		
Income (loss) from continuing operations	\$ 0.01	\$ (0.01)
Income (loss) from discontinued operations	0.01	(0.01)
Net income (loss)	<u>\$ 0.02</u>	<u>\$ (0.02)</u>
Weighted average number of shares outstanding (basic)	<u>3,247,167</u>	<u>3,460,322</u>
Weighted average number of shares outstanding (diluted)	<u>3,314,286</u>	<u>3,460,322</u>