

MEXICAN RESTAURANTS INC
Form 10-Q
May 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 30, 2008

OR

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

For the transition period from _____ to _____

Commission file number: 0-28234

Mexican Restaurants, Inc.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

76-0493269
(IRS Employer Identification Number)

1135 Edgebrook, Houston, Texas
(Address of Principal Executive Offices)

77034-1899
(Zip Code)

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

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Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Number of shares outstanding of each of the issuer's classes of common stock, as of May 12, 2008: 3,249,516 shares of common stock, par value \$.01.

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

Mexican Restaurants, Inc. and Subsidiaries
Consolidated Balance Sheets

ASSETS	(Unaudited)	
	3/30/2008	12/30/07
Current assets:		
Cash	\$ 492,793	\$ 1,154,629
Royalties receivable	65,466	61,233
Other receivables	766,259	832,790
Inventory	718,189	750,516
Income taxes receivable	350,830	372,576
Prepaid expenses and other current assets	786,786	975,195
Total current assets	3,180,323	4,146,939
Property and equipment	37,687,202	37,028,882
Less accumulated depreciation	(19,942,598)	(19,175,946)
Net property and equipment	17,744,604	17,852,936
Goodwill	11,403,805	11,403,805
Deferred tax assets	437,127	439,985
Other assets	484,349	512,261
Total Assets	\$ 33,250,208	\$ 34,355,926
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,834,795	\$ 2,181,873
Accrued sales and liquor taxes	145,249	130,941
Accrued payroll and taxes	1,067,164	1,135,326
Accrued expenses	993,366	1,461,141
Current portion of liabilities associated with leasing and exit activities	53,674	148,681
Total current liabilities	4,094,248	5,057,962
Long-term debt	6,200,000	6,400,000
Other liabilities associated with leasing and exit activities, net of current portion	561,763	577,582
Deferred gain	1,092,749	1,144,785
Other liabilities	1,906,553	1,910,270
Total liabilities	13,855,313	15,090,599

Commitments and Contingencies

Stockholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none issued	--	--
Common stock, \$0.01 par value, 20,000,000 shares authorized, 4,732,705 shares issued	47,327	47,327
Additional paid-in capital	19,306,968	19,275,067
Retained earnings	13,183,413	13,107,896
Treasury stock of 1,483,189 and 1,485,689 common shares, at 3/30/08 and 12/30/07, respectively	(13,142,813)	(13,164,963)
Total stockholders' equity	19,394,895	19,265,327
Total Liabilities and Stockholders' Equity	\$ 33,250,208	\$ 34,355,926

See accompanying notes to consolidated financial statements.

Mexican Restaurants, Inc. and Subsidiaries

Consolidated Statements of Operations
(Unaudited)

	13-Week Period Ended 3/30/2008	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
	20,403,054	