

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

FLANIGANS ENTERPRISES INC
Form 10-Q
May 12, 2009

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 28, 2009

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 1-6836

FLANIGAN'S ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

59-0877638

(I.R.S. Employer Identification Number)

5059 N.E. 18th Avenue, Fort Lauderdale, Florida

33334

Address of principal executive offices)

Zip Code

(954) 377-1961

(Registrant's telephone number, including area code)

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 has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On May 12, 2009, 1,863,258 shares of Common Stock, \$0.10 par value per share, were outstanding.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

INDEX TO FORM 10-Q

PART I. FINANCIAL INFORMATION.....1

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).....1
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME.....2
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS.....4
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS.....6
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....8

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS.....14

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....26

ITEM 4T. CONTROLS AND PROCEDURES.....26

PART II. OTHER INFORMATION.....26

ITEM 1. LEGAL PROCEEDINGS.....26

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.....27

ITEM 6. EXHIBITS.....28

As used in this Quarterly Report on Form 10-Q, the terms "we," "us," "our," the "Company" and "Flanigan's" mean Flanigan's Enterprises, Inc. and its subsidiaries (unless the context indicates a different meaning).

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

1

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (In Thousands Except Per Share Amounts)

	Thirteen Weeks Ended		Twenty Six Weeks Ended	
	March 28, 2009	March 29, 2008	March 28, 2009	March 29, 2008
	-----	-----	-----	-----
REVENUES:				
Restaurant food sales	\$ 11,198	\$ 10,785	\$ 21,367	\$ 20,532
Restaurant bar sales	2,668	2,481	5,072	4,771
Package store sales	3,515	3,400	6,863	6,831
Franchise related revenues	282	211	544	542
Owner's fee	45	49	89	115
Other operating income	49	57	75	96
	-----	-----	-----	-----
	17,757	16,983	34,010	32,887
	-----	-----	-----	-----
COSTS AND EXPENSES:				
Cost of merchandise sold:				
Restaurant and lounges	4,656	4,403	8,888	8,473
Package goods	2,406	2,396	4,772	4,861
Payroll and related costs	5,060	4,910	9,815	9,718
Occupancy costs	973	1,015	1,974	1,980
Selling, general and administrative expenses	3,448	3,289	7,058	6,705
	-----	-----	-----	-----
	16,543	16,013	32,507	31,737
	-----	-----	-----	-----
Income from Operations	1,214	970	1,503	1,150
	-----	-----	-----	-----
OTHER INCOME (EXPENSE):				
Interest expense	(108)	(121)	(227)	(241)
Interest and other income	18	21	185	37
	-----	-----	-----	-----
	(90)	(100)	(42)	(204)
	-----	-----	-----	-----
Income before Provision for Income Taxes and Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	1,124	870	1,461	946
Provision for Income Taxes	(122)	(197)	(195)	(349)
Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	(318)	(203)	(410)	58
	-----	-----	-----	-----
NET INCOME	\$ 684	\$ 470	\$ 856	\$ 655

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (In Thousands Except Per Share Amounts)

(Continued)

	Thirteen Weeks Ended March 28, 2009	March 29, 2008	Twenty Six Weeks Ended March 28, 2009	March 29, 2008
	-----	-----	-----	-----
Net Income Per Common Share:				
Basic	\$ 0.37	\$ 0.25	\$ 0.46	\$ 0.35
	=====	=====	=====	=====
Diluted	\$ 0.37	\$ 0.25	\$ 0.46	\$ 0.34
	=====	=====	=====	=====
Weighted Average Shares and Equivalent Shares Outstanding				
Basic	1,870,690	1,889,121	1,873,686	1,889,746
	=====	=====	=====	=====
Diluted	1,870,690	1,899,992	1,873,686	1,901,543
	=====	=====	=====	=====

See accompanying notes to unaudited condensed consolidated financial statements.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 MARCH 28, 2009 (UNAUDITED) AND SEPTEMBER 27, 2008
 (In Thousands)

ASSETS

March 28, 2009	September 27, 2008
-----	-----

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,897	\$ 3,244
Notes receivables, current maturities, net	17	16
Prepaid income taxes	126	176
Due from franchisees	238	351
Other receivables	114	107
Inventories	2,129	2,168
Prepaid expenses	1,231	778
Deferred tax asset	221	243
	-----	-----

Total Current Assets	8,973	7,083
	-----	-----

Property and Equipment, Net	21,538	21,601
	-----	-----

Investment in Limited Partnership	148	151
	-----	-----

OTHER ASSETS:

Liquor licenses, net	345	345
Notes receivable, net	19	28
Deferred tax asset	803	729
Leasehold purchases, net	1,746	1,880
Other	966	987
	-----	-----

Total Other Assets	3,879	3,969
	-----	-----

Total Assets	\$34,538	\$32,804
	=====	=====

4

FLANIGAN'S ENTERPRISES, INC, AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 MARCH 28, 2009 (UNAUDITED) AND SEPTEMBER 27, 2008
 (In Thousands)

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 28, 2009	September 27, 2008
	-----	-----

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 5,060	\$ 4,271
Due to franchisees	464	223
Current portion of long term debt	196	188
Current portion of line of credit	1,586	--
Deferred revenues	28	34
Deferred rent	24	19
	-----	-----

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Total Current Liabilities	7,358	4,735
	-----	-----
Long Term Debt, Net of Current Maturities	4,845	4,764
Line of Credit	--	1,562
Deferred Rent, Net of Current Portion	206	214
Minority Interest in Equity of Consolidated Limited Partnerships	8,267	8,437
Commitments, Contingencies and Subsequent Events		
Stockholders' Equity:		
Common stock, \$.10 par value, 5,000,000 shares authorized; 4,197,642 shares issued	420	420
Capital in excess of par value	6,240	6,240
Retained earnings	13,244	12,388
Treasury stock, at cost, 2,334,384 shares at March 28, 2009 and 2,313,309 shares at September 27, 2008	(6,042)	(5,956)
	-----	-----
Total Stockholders' Equity	13,862	13,092
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 34,538	\$ 32,804
	=====	=====

See accompanying notes to unaudited condensed consolidated financial statements.

5

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWENTY SIX WEEKS ENDED MARCH 28, 2009 AND MARCH 29, 2008
(In Thousands)

	March 28, 2009	March 29, 2008
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 856	\$ 655
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,156	1,061
Amortization of leasehold purchases	108	116
Loss on abandonment of property and equipment	24	8
Deferred income tax	(52)	(59)
Deferred rent	(3)	(8)
Minority interest in earnings (loss) of consolidated limited partnerships	410	(58)
Income from unconsolidated limited partnership	(3)	(13)
Recognition of deferred revenue	(6)	(6)
Changes in operating assets and liabilities:		

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

(increase) decrease in		
Due from franchisees	113	354
Other receivables	(7)	(66)
Prepaid income taxes	50	(76)
Inventories	39	46
Prepaid expenses	404	299
Other assets	(7)	34
Increase (decrease) in:		
Accounts payable and accrued expenses	(125)	192
Income taxes payable	--	(331)
Due to franchisees	241	10
	-----	-----
Net cash provided by operating activities	3,198	2,158
	-----	-----

CASH FLOWS FROM INVESTING ACTIVITIES:

Collection on notes and mortgages receivable	8	6
Purchase of property and equipment	(801)	(1,955)
Deposit on property and equipment	(63)	--
Proceeds from sale of fixed assets	39	85
Distributions from unconsolidated limited Partnerships	6	6
	-----	-----
Net cash used in investing activities	(811)	(1,858)
	-----	-----

6

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE TWENTY SIX WEEKS ENDED MARCH 28, 2009 AND MARCH 29, 2008
 (In Thousands)

(Continued)

	March 28, 2009	March 29, 2008
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of long term debt	(92)	(110)
Proceeds from line of credit	24	600
Purchase of treasury stock	(86)	(18)
Purchase of minority limited partnership interest	--	(120)
Distributions to limited partnership minority partners	(580)	(480)
Proceeds from limited partnership interests	--	2,025*
	-----	-----
Net cash provided by (used in) financing activities	(734)	1,897
	-----	-----
Net Increase in Cash and Cash Equivalents	1,653	2,197
Beginning of Period	3,244	2,223
	-----	-----
End of Period	\$ 4,897	\$ 4,420

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	=====	=====
Supplemental Disclosure for Cash Flow Information:		
Cash paid during period for:		
Interest	\$ 227	\$ 241
	=====	=====
Income taxes	\$ 239	\$ 816
	=====	=====

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Financing of insurance contracts	\$ 1,094	--
	=====	=====
Purchase deposits transferred to property and equipment	\$ 292	--
	=====	=====

* exclusive of the Company's investment in the limited partnership owning the restaurant in Davie, FL of \$1,850,000.

See accompanying notes to unaudited condensed consolidated financial statements

7

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 28, 2009

(1) BASIS OF PRESENTATION:

The accompanying financial information for the periods ended March 28, 2009 and March 29, 2008 are unaudited. Financial information as of September 27, 2008 has been derived from the audited financial statements of the Company, but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial information for the periods indicated have been included. For further information regarding the Company's accounting policies, refer to the Consolidated Financial Statements and related notes included in the Company's Annual Report on Form 10-K for the year ended September 27, 2008. Operating results for interim periods are not necessarily indicative of results to be expected for a full year.

These financial statements include estimates relating to performance based officers' bonuses. The estimates are reviewed periodically and the effects of any revisions are reflected in the financial statements in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may take in the future, they may ultimately differ from actual results.

(2) EARNINGS PER SHARE:

Statements of Financial Accounting Standards ("SFAS") No. 128, Earnings per share establishes standards for computing and presenting earnings per share ("EPS"). This statement requires the presentation of basic and diluted EPS. The data on Page 3 shows the amounts used in computing earnings per share and the effects on income and the weighted average number of shares of potentially dilutive common stock equivalents. For the thirteen and twenty six weeks ended

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

March 28, 2009, 40,000 options were not included in the common stock equivalents because their inclusion would be anti-dilutive.

(3) RECLASSIFICATION:

Certain amounts in the fiscal year 2008 financial statements have been reclassified to conform to the fiscal year 2009 presentation.

(4) RECENT ACCOUNTING PRONOUNCEMENTS:

In March 2008, the FASB issued SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161") to enhance disclosures about an entity's derivative and hedging activities. SFAS 161 is effective for all financial statements issued in fiscal years and interim periods beginning after November 15, 2008 and early application is encouraged. SFAS 161 also encourages but does not require comparative disclosures for earlier periods at initial adoption. As we do not currently engage in derivative transactions or hedging activities, we do not anticipate any significant financial statement disclosure impact as a result of our evaluation of SFAS 161.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2 ("FSP 157-2"). FSP 157-2 delays the implementation of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This

8

statement defers the effective date to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years, which is fiscal year 2010 for the Company.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective for the fiscal years beginning after December 15, 2008 and will be adopted by us in the first quarter of our fiscal year 2010. We are currently evaluating the potential impact, if any, of the adoption of SFAS 141R on our consolidated results of operations and financial condition.

In December 2007, the FASB issued Statement of Financial Accounting Standard No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 ("SFAS 160"). SFAS 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests (NCI) and classified as a component of equity. This new consolidation method will significantly change the accounting for transactions with minority interest holders. SFAS 160 is effective for fiscal years beginning after December 15, 2008 (our fiscal year 2010). We have not yet determined the impact of SFAS 160 on our consolidated financial statements.

(5) LINE OF CREDIT:

Under a secured line of credit with a third party financial institution we are able to borrow up to \$2,500,000. The outstanding balance on our line of credit bears interest at BBA LIBOR 1 month rate, plus 2.25%, (2.783% as of March 28, 2009), with monthly payments of interest only and the unpaid principal balance and any accrued interest due in full on October 7, 2009. We granted our lender a security interest in substantially all of our assets and a second mortgage on

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

our corporate offices as collateral to secure our repayment obligations under our credit line. During the second quarter of fiscal year 2009, we made no draws on our line of credit and paid monthly installments of interest, with no principal

9

payments. As of March 28, 2009, the amount outstanding under the line of credit was \$1,586,000, with a remaining availability of \$914,000.

(6) INCOME TAXES:

Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes, requires among other things, recognition of future tax benefits measured at enacted rates attributable to deductible temporary differences between financial statement and income tax basis of assets and liabilities and to tax net operating loss carryforwards and tax credits to the extent that realization of said tax benefits is more likely than not.

The Company's effective tax rate was 15.1% and 29.5% for the thirteen weeks ended March 28, 2009 and March 29, 2008 respectively and 18.5% and 34.8% for the twenty six weeks ended March 28, 2009 and March 29, 2008 respectively. The Company's effective tax rate differs from the statutory rate primarily due to various non-deductible expense items, state income taxes and credits against income taxes. In addition, for the thirteen and twenty six weeks ended March 28, 2009, the effective tax rate also differs from the statutory rate due to an adjustment of the joint venture deferred tax asset.

(7) STOCK OPTION PLANS:

We have one stock option plan under which qualified stock options may be granted to our officers and other employees. Under this plan, the exercise price for the qualified stock options must be no less than 100% of the fair market value of the Company's Common Stock on the date the options are granted. In general, options granted under our stock option plan expire after a five (5) year period and generally vest no later than one (1) year from the date of grant. As of March 28, 2009, options to acquire 40,000 shares were outstanding at an average exercise price of \$6.35 per share. Under this plan, options to acquire an aggregate of 45,000 shares are available for grant.

No stock options were granted during the twenty six weeks ended March 28, 2009, nor were stock options granted during the twenty six weeks ended March 29, 2008.

No stock options were exercised during the twenty six weeks ended March 28, 2009, nor were stock options exercised during the twenty six weeks ended March 29, 2008.

Stock option activity during the twenty six weeks ended March 28, 2009 was as follows:

	Total Options	Weighted Average Exercise Price
Outstanding at September 27, 2008	49,350	\$6.31
Granted	--	--
Exercised	--	--
Expired	(9,350)	6.14
	-----	-----
Outstanding at March 28, 2009	40,000	\$6.35

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	=====	=====
Options exercisable at March 28, 2009	40,000	\$6.35
	=====	=====

The weighted-average remaining contractual terms of stock options outstanding and stock options exercisable at March 28, 2009 was approximately 0.125 years. The aggregate intrinsic value of options outstanding and options exercisable at March 28, 2009 was approximately \$-0-.

10

(8) ACQUISITIONS:

Purchase of Company Common Stock

Pursuant to a discretionary plan approved by the Board of Directors at its meeting on May 17, 2007, during the second quarter ended March 28, 2009, we purchased 12,075 shares of our common stock for an aggregate purchase price of \$51,000. Of the shares purchased, we purchased 11,225 shares of our common stock on the open market for an aggregate purchase price of \$47,000 and 850 shares of our common stock from the Joseph G. Flanigan Charitable Trust for a purchase price of \$4,000. During the twenty six weeks ended March 28, 2009, we purchased 21,075 shares of our common stock for an aggregate purchase price of \$86,000. Of the shares purchased, we purchased 20,225 shares of our common stock on the open market for an aggregate purchase price of \$82,000 and 850 shares of our common stock from the Joseph G. Flanigan Charitable Trust for a purchase price of \$4,000.

(9) COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS:

Guarantees

We guarantee various leases for franchisees, limited partnerships that own restaurants and locations sold in prior years. Remaining rental commitments required under these leases are approximately \$2,141,000. In the event of a default under any of these agreements, we will have the right to repossess the premises and operate the business to recover amounts paid under the guarantee either by liquidating assets or operating the business.

Subsequent to the end of the second quarter of our fiscal year 2009, we guaranteed a loan from an unrelated third party to a related franchisee, in the principal amount of \$200,000, bearing interest at the rate of 10% per annum and being fully amortized over five (5) years, with equal monthly payments of principal and interest, each in the amount of \$4,250. The franchisee granted the lender a security interest in substantially all of its assets as collateral to secure the repayment of the loan. The proceeds from the loan are being used to re-finance existing loans owed by the franchisee, (approximately \$75,000), reimburse us for funds advanced to the franchisee to renovate the business premises, (approximately \$90,000) and provide additional working capital for the franchisee.

Litigation

We own the building where our corporate offices are located. On April 16, 2001, we filed suit against the owner of the adjacent shopping center to determine our right to non-exclusive parking in the shopping center. During fiscal year 2007, the appellate court affirmed and upon re-hearing, again affirmed the granting of a summary judgment in favor of the shopping center. The seller from whom we purchased the building was named as a defendant in the lawsuit and is currently asserting a claim against us for reimbursement of its attorneys' fees and costs

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

resulting from the litigation. We disputed the seller's entitlement to reimbursement of its attorney's fees and costs, but during the first quarter of our fiscal year 2009, the appellate court affirmed the ruling against us by the trial court. We are disputing the amount of the seller's claim as excessive. A hearing on the seller's claim for reimbursement of its attorney's fees and costs is scheduled during the third quarter of our fiscal year 2009. During the second quarter of our fiscal year 2009, the seller filed suit against the Company for malicious prosecution. We deny the allegations and will vigorously defend the case.

During fiscal year 2007, we and the limited partnership which owns the restaurant in Pinecrest, Florida filed suit against the limited partnership's landlord. We are the sole general partner and a 40% limited

11

partner in this limited partnership. We are seeking to recover the cost of structural repairs to the business premises we paid, as we believe these structural repairs were the landlord's responsibility under the lease. The lawsuit, in addition to attempting to recover the amounts expended by us for structural repairs is also attempting to recover the rent paid by the limited partnership while the repairs were occurring. The claim also includes a request by the limited partnership for the court to determine if the limited partnership has the exclusive right to the use of the pylon sign in front of the business premises. The landlord filed its answer to the complaint denying liability for structural repairs to the business premises, denying any obligation to reimburse the limited partnership for any rent paid while structural repairs occurred and denying the limited partnership's right to use the pylon sign. The lawsuit is in the discovery stage, but is scheduled for trial during the third quarter of our fiscal year 2009.

(10) BUSINESS SEGMENTS:

We operate principally in two reportable segments - package stores and restaurants. The operation of package stores consists of retail liquor sales and related items. Information concerning the revenues and operating income for the thirteen weeks and twenty six weeks ended March 28, 2009 and March 29, 2008, and identifiable assets for the two reportable segments in which we operate, are shown in the following table. Operating income is total revenue less cost of merchandise sold and operating expenses relative to each segment. In computing operating income, none of the following items have been included: interest expense, other non-operating income and expenses and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. Corporate assets are principally cash, note receivable and real property, improvements, furniture, equipment and vehicles used at our corporate headquarters. We do not have any operations outside of the United States and transactions between restaurants and package liquor stores are not material.

	Thirteen Weeks Ending March 28, 2009 -----	Thirteen Weeks Ending March 29, 2008 -----
Operating Revenues:		
Restaurants	\$ 13,866	\$ 13,266
Package stores	3,515	3,400
Other revenues	376	317
	-----	-----
Total operating revenues	\$ 17,757	\$ 16,983

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	=====	=====
Operating Income Reconciled to Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		
Restaurants	\$ 1,346	\$ 1,392
Package stores	257	196
	-----	-----
	1,603	1,588
Corporate expenses, net of other Revenues	(389)	(618)
	-----	-----
Operating income	1,214	970
Other income (expense)	(90)	(100)
	-----	-----
Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships	\$ 1,124	\$ 870
	=====	=====
Depreciation and Amortization:		
Restaurants	\$ 473	\$ 442
Package stores	67	70
	-----	-----
	540	512
Corporate	86	94
	-----	-----
Total Depreciation and Amortization	\$ 626	\$ 606
	=====	=====
Capital Expenditures:		
Restaurants	\$ 350	\$ 487
Package stores	56	80
	-----	-----
	406	567
Corporate	101	77
	-----	-----
Total Capital Expenditures	\$ 507	\$ 644
	=====	=====

12

	Twenty Six Weeks Ending March 28, 2009	Twenty Six Weeks Ending March 29, 2010
	-----	-----
Operating Revenues:		
Restaurants	\$ 26,439	\$ 25,303
Package stores	6,863	6,831
Other revenues	708	753
	-----	-----
Total operating revenues	\$ 34,010	\$ 32,887
	=====	=====
Operating Income Reconciled to Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		
Restaurants	\$ 1,932	\$ 1,982

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Package stores	364	341
	-----	-----
	2,296	2,323
Corporate expenses, net of other Revenues	(793)	(1,173)
	-----	-----
Operating income	1,503	1,150
Other income (expense)	(42)	(204)
	-----	-----
Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships	\$ 1,461	\$ 946
	=====	=====
Depreciation and Amortization:		
Restaurants	\$ 956	\$ 860
Package stores	138	132
	-----	-----
	1,094	992
Corporate	170	185
	-----	-----
Total Depreciation and Amortization	\$ 1,264	\$ 1,177
	=====	=====
Capital Expenditures:		
Restaurants	\$ 694	\$ 1,656
Package stores	172	136
	-----	-----
	866	1,792
Corporate	227	163
	-----	-----
Total Capital Expenditures	\$ 1,093	\$ 1,955
	=====	=====

13

	March 28, 2009	September 27, 2008
	----	----
Identifiable Assets:		
Restaurants	\$ 20,292	\$ 19,866
Package store	3,534	3,709
	-----	-----
	23,826	23,575
Corporate	10,712	9,229
	-----	-----
Consolidated Totals	\$ 34,538	\$ 32,804
	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reported financial results may not be indicative of the financial results of future periods. All non-historical information contained in the following discussion constitutes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as "anticipates, appears, expects, trends, intends, hopes, plans, believes, seeks, estimates, may, will," and variations of these words or similar expressions are intended to identify forward-looking statements. These

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

statements are not guarantees of future performance and involve a number of risks and uncertainties, including but not limited to customer demand and competitive conditions. Factors that could cause actual results to differ materially are included in, but not limited to, those identified in the "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Annual Report on Form 10-K for the Company's fiscal year ended September 27, 2008 and in this Quarterly Report on Form 10-Q. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may reflect events or circumstances after the date of this report.

OVERVIEW

At March 28, 2009, we (i) operated 23 units, (excluding the adult entertainment club referenced in (ii) below), consisting of restaurants, package stores and combination restaurants/package stores that we either own or have operational control over and partial ownership in; (ii) own but do not operate one adult entertainment club; and (iii) franchise an additional six units, consisting of two restaurants, (one of which we operate) and four combination restaurant/package stores. The table below provides information concerning the type (i.e. restaurant, package store or combination restaurant/package liquor store) and ownership of the units (i.e. whether (i) we own 100% of the unit; (ii) the unit is owned by a limited partnership of which we are the sole general partner and/or have invested in; or (iii) the unit is franchised by us), as of March 28, 2009 and as compared to March 29, 2008 and September 27, 2008. With the exception of "The Whale's Rib", a restaurant we operate but do not own, all of the restaurants operate under our service mark "Flanigan's Seafood Bar and Grill" and all of the package liquor stores operate under our service mark "Big Daddy's Liquors".

Types of Units	March 28,	September 27,	Ma
	2009	2008	
	----	----	
Company Owned:			
Combination package and restaurant	4	4	
Restaurant only	3	3	
Package store only	5	5	
14			
Company Operated Restaurants Only:			
Limited Partnerships	9	9	
Franchise	1	1	
Unrelated Third Party	1	1	
Company Owned Club:			
	1	1	
Total Company Owned/Operated Units			
	24	24	
Franchised Units			
	6	6	

Notes:

(1) Includes a restaurant located in Davie, Florida which is owned by a limited partnership in which we are the sole general partner and own 48% of the limited partnership interest and commenced operating on July 28, 2008.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

(2) We operate a restaurant for one (1) franchisee. This unit is included in the table both as a franchised restaurant, as well as a restaurant operated by the Company.

Franchise Financial Arrangement: In exchange for our providing management and

related services to our franchisees and granting them the right to use our service marks "Flanigan's Seafood Bar and Grill" and "Big Daddy's Liquors", our franchisees (five of which are franchised to members of the family of our Chairman of the Board, officers and/or directors), are required to (i) pay to us a royalty equal to 1% of gross package sales and 3% of gross restaurant sales; and (ii) make advertising expenditures equal to between 1.5% to 3% of all gross sales based upon our actual advertising costs allocated between stores, pro-rata, based upon gross sales.

Limited Partnership Financial Arrangement: We manage and control the operations

of all restaurants owned by limited partnerships, except the Fort Lauderdale, Florida restaurant which is owned by a related franchisee. Accordingly, the results of operations of all limited partnership owned restaurants, except the Fort Lauderdale, Florida restaurant are consolidated into our operations for accounting purposes. The results of operations of the Fort Lauderdale, Florida restaurant are accounted for by us utilizing the equity method. In general, until the investors' cash investment in a limited partnership (including any cash invested by us and our affiliates) is returned in full, the limited partnership distributes to the investors annually out of available cash from the operation of the restaurant up to 25% of the cash invested in the limited partnership, with no management fee paid to us. Any available cash in excess of the 25% of the cash invested in the limited partnership distributed to the investors annually, is paid one-half (1/2) to us as a management fee, with the balance distributed to the investors. Once the investors in the limited partnership have received, in full, amounts equal to their cash invested, an annual management fee is payable to us equal to one-half (1/2) of cash available to the limited partnership, with the other one half (1/2) of available cash distributed to the investors (including us and our affiliates). As of March 28, 2009, limited partnerships owning three (3) restaurants have returned all cash invested and we receive an annual management fee equal to one-half (1/2) of the cash available for distribution by the limited partnership. In addition to its receipt of distributable amounts from the limited partnerships, we receive a fee equal to 3% of gross sales for use of the service mark "Flanigan's Seafood Bar and Grill".

RESULTS OF OPERATIONS

	-----Thirteen Weeks Ended-----			
	March 28, 2009		March 29, 2008	
	Amount		Amount	
	-----		-----	
	(In thousands)	Percent	(In thousands)	Percent
	-----	-----	-----	-----
Restaurant food sales	\$ 11,198	64.43	\$ 10,785	64.71
Restaurant bar sales	2,668	15.35	2,481	14.89
Package store sales	3,515	20.22	3,400	20.40
	-----	-----	-----	-----
Total Sales	\$ 17,381	100.00	\$ 16,666	100.00
Franchise related revenues	282		211	
Owner's fee	45		49	
Other operating income	49		57	
	-----		-----	

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Total Revenue	\$ 17,757	\$ 16,983
	=====	=====

15

	-----Twenty Six Weeks Ended-----			
	March 28, 2009		March 29, 2008	
	Amount		Amount	
	(In thousands)	Percent	(In thousands)	Percent
Restaurant food sales	\$ 21,367	64.16	\$ 20,532	63.89
Restaurant bar sales	5,072	15.23	4,771	14.85
Package store sales	6,863	20.61	6,831	21.26
	-----	-----	-----	-----
Total Sales	\$ 33,302	100.00	\$ 32,134	100.00
Franchise related revenues	544		542	
Owner's fee	89		115	
Other operating income	75		96	
	-----		-----	
Total Revenue	\$ 34,010		\$ 32,887	
	=====		=====	

Comparison of Thirteen Weeks Ended March 28, 2009 and March 29, 2008.

Revenues. Total revenue for the thirteen weeks ended March 28, 2009 increased \$774,000 or 4.56% to \$17,757,000 from \$16,983,000 for the thirteen weeks ended March 29, 2008. This increase resulted from sales from the Davie, Florida limited partnership restaurant (\$995,000), which opened for business on July 28, 2008, and the increase in same store package liquor sales (\$115,000), offset by declines in same store restaurant food and bar sales (\$392,000). Without giving effect to the revenue generated from the Davie, Florida restaurant (\$995,000), total revenue for the thirteen weeks ended March 28, 2009 would have decreased \$221,000 or 1.30% to \$16,762,000 from \$16,983,000 for the thirteen weeks ended March 29, 2008.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants totaled \$11,198,000 for the thirteen weeks ended March 28, 2009 as compared to \$10,785,000 for the thirteen weeks ended March 29, 2008. The increase in restaurant food sales resulted from sales from the Davie, Florida restaurant, which generated \$820,000 of revenue from the sale of food during the thirteen weeks ended March 28, 2009. Without giving effect to the revenue generated from the Davie, Florida restaurant (\$820,000) from the sale of food for the thirteen weeks ended March 28, 2009, restaurant revenue generated from the sale of food during the thirteen weeks ended March 28, 2009, would have decreased

16

\$407,000 or 3.77% to \$10,378,000 from \$10,785,000 for the thirteen weeks ended March 29, 2008. Comparable weekly restaurant food sales (for restaurants open for all of the second quarter of our fiscal year 2009 and the second quarter of

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

our fiscal year 2008, which consists of seven restaurants owned by us and eight restaurants owned by affiliated limited partnerships) was \$798,000 and \$830,000 for the thirteen weeks ended March 28, 2009 and March 29, 2008, respectively, a decrease of 3.86%. Comparable weekly restaurant food sales for Company owned restaurants only was \$335,000 and \$353,000 for the second quarter of our fiscal year 2009 and the second quarter of our fiscal year 2008, respectively, a decrease of 5.10%. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only was \$463,000 and \$477,000 for the second quarter of our fiscal year 2009 and the second quarter of our fiscal year 2008, respectively, a decrease of 2.94%. We anticipate that restaurant food sales will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant, offset by a decline in same store restaurant food sales.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled \$2,668,000 for the thirteen weeks ended March 28, 2009 as compared to \$2,481,000 for the thirteen weeks ended March 29, 2008. The increase in restaurant bar sales is due to sales from the Davie, Florida restaurant, which generated \$174,000 of revenue from bar sales during the thirteen weeks ended March 28, 2009. Without giving effect to the revenue from bar sales generated from the Davie, Florida restaurant (\$174,000) for the thirteen weeks ended March 28, 2009, restaurant revenue generated from bar sales during the thirteen weeks ended March 28, 2009, would have increased \$13,000 or 0.52% to \$2,494,000 from \$2,481,000 for the thirteen weeks ended March 29, 2008. Comparable weekly restaurant bar sales (for restaurants open for all of the second quarter of our fiscal year 2009 and the second quarter of our fiscal year 2008, which consists of seven restaurants owned by us and eight restaurants owned by affiliated limited partnerships) was \$192,000 for the thirteen weeks ended March 28, 2009 and \$191,000 for the thirteen weeks ended March 29, 2008, an increase of 0.52%. Comparable weekly restaurant bar sales for Company owned restaurants only was \$81,000 and \$79,000 for the second quarter of our fiscal year 2009 and the second quarter of our fiscal year 2008, respectively, an increase of 2.53%. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only was \$111,000 and \$112,000 for the second quarter of our fiscal year 2009 and the second quarter of our fiscal year 2008, respectively, a decrease of 0.89%. We anticipate that restaurant bar sales will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant through our fiscal year 2009.

Package Store Sales. Revenue generated from sales of liquor and related items at package liquor stores totaled \$3,515,000 for the thirteen weeks ended March 28, 2009 as compared to \$3,400,000 for the thirteen weeks ended March 29, 2008, an increase of \$115,000 or 3.38%. The weekly average of same store package liquor store sales, which includes all nine (9) Company owned package liquor stores, was \$270,000 for the thirteen weeks ended March 28, 2009 as compared to \$262,000 for the thirteen weeks ended March 29, 2008, an increase of 3.05%. The increase was primarily due to increased advertising and promotions during the thirteen weeks ended March 28, 2009. Package liquor store sales are expected to remain constant throughout the balance of our fiscal year 2009.

Operating Costs and Expenses. Operating costs and expenses, (consisting of cost of merchandise sold, payroll and related costs, occupancy costs and selling, general and administrative expenses), for the thirteen weeks ended March 28, 2009 increased \$530,000 or 3.31% to \$16,543,000 from \$16,013,000 for the thirteen weeks ended March 29, 2008. The increase was primarily due to expenses related to the operation of the Davie, Florida restaurant and to a lesser extent a general increase in food costs, offset by actions taken by management to reduce and/or control costs and expenses. We anticipate that our operating costs and expenses will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant and an expected general increase in food costs. Operating costs and expenses decreased

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

as a percentage of total sales to approximately

17

93.16% in the second quarter of our fiscal year 2009 from 94.29% in the second quarter of our fiscal year 2008.

Gross Profit. Gross profit is calculated by subtracting the cost of merchandise sold from sales.

Restaurant Food and Bar Sales. Gross profit for food and bar sales for the thirteen weeks ended March 28, 2009 increased to \$9,210,000 from \$8,863,000 for the thirteen weeks ended March 29, 2008. Our gross profit margin for restaurant food and bar sales (calculated as gross profit reflected as a percentage of restaurant food and bar sales), was 66.42% for the thirteen weeks ended March 28, 2009 and 66.81% for the thirteen weeks ended March 29, 2008. This decrease in gross profit for restaurant and bar sales for the second quarter of our fiscal year 2009, (-0.39%), resulted from higher food costs. We have not increased menu prices since the first quarter of our fiscal year 2008 to offset higher food costs.

Package Store Sales. Gross profit for package store sales for the thirteen weeks ended March 28, 2009 increased to \$1,109,000 from \$1,004,000 for the thirteen weeks ended March 29, 2008. Our gross profit margin, (calculated as gross profit reflected as a percentage of package liquor store sales), for package liquor store sales was 31.55% for the thirteen weeks ended March 28, 2009 and 29.53% for the thirteen weeks ended March 29, 2008. The increase in our gross profit margin, (2.02%), was primarily due to the purchase of "close out" and inventory reduction merchandise from wholesalers during the thirteen weeks ended March 28, 2009. We anticipate the gross profit margin for package store sales to remain constant throughout the balance of our fiscal year 2009 as we expect to continue purchasing "close out" and inventory reduction merchandise from wholesalers.

Payroll and Related Costs. Payroll and related costs for the thirteen weeks ended March 28, 2009 increased \$150,000 or 3.05% to \$5,060,000 from \$4,910,000 for the thirteen weeks ended March 29, 2008. This increase is primarily attributable to the Davie, Florida restaurant and the annual increase in the Florida minimum wage, which was effective January 1, 2009, offset by a reduction of our store level management. We anticipate that our payroll costs and related expenses will continue to increase through our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant through the balance of our fiscal year 2009. Payroll and related costs as a percentage of total sales was 28.50% in the second quarter of our fiscal year 2009 and 28.91% of total sales in the second quarter of our fiscal year 2008. This decrease as a percentage of sales was primarily due to a reduction of our store level management, offset by the annual increase in the Florida minimum wage, which was effective January 1, 2009.

Occupancy Costs. Occupancy costs (consisting of rent, common area maintenance, repairs, real property taxes and amortization of leasehold purchases) for the thirteen weeks ended March 28, 2009 decreased \$42,000 or 4.14% to \$973,000 from \$1,015,000 for the thirteen weeks ended March 29, 2008. This decrease is primarily due to decreases in common area maintenance, which generally includes a pro-rata share of property insurance for units located within shopping centers. We anticipate that our occupancy costs will stabilize throughout the balance of our fiscal year 2009 with no rental payments for additional restaurant locations being developed by the Company.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (consisting of general corporate expenses, including but

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

not limited to advertising, insurance, professional costs, clerical and administrative overhead) for the thirteen weeks ended March 28, 2009 increased \$159,000 or 4.83% to \$3,448,000 from \$3,289,000 for the thirteen weeks ended March 29, 2008. Selling, general and administrative expenses as a percentage of total sales was 19.42% in the second quarter of our fiscal year 2009, as compared to 19.37% in the second quarter of our fiscal year 2008. We anticipate that our selling, general and administrative expenses will increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of our Davie, Florida restaurant, increased advertising expense and an overall increase in expenses.

18

Depreciation. Depreciation for the thirteen weeks ended March 28, 2009 and March 29, 2008 was \$481,000 and \$606,000 respectively. As a percentage of revenue, depreciation expense was 2.71% of revenue in the thirteen weeks ended March 28, 2009 and 3.57% of revenue in the thirteen weeks ended March 29, 2008.

Interest Expense, Net. Interest expense, net, for the thirteen weeks ended March 28, 2009 decreased \$13,000 to \$108,000 from \$121,000 for the thirteen weeks ended March 29, 2008. The principal balance on our line of credit was approximately equal during the thirteen weeks ended March 28, 2009 and March 29, 2008, however our interest rate was lower this year.

Net Income. Net income for the thirteen weeks ended March 28, 2009 increased \$214,000 or 45.53% to \$684,000 from \$470,000 for the thirteen weeks ended March 29, 2008. As a percentage of sales, net income for the second quarter of our fiscal year 2009 is 3.85%, as compared to 2.77% in the second quarter of our fiscal year 2008. The increase in net income as a percentage of sales (1.08%) is primarily an adjustment of \$122,000 to our deferred tax asset, higher gross profit in both our restaurant and package liquor store divisions and improved control over expenses. Without giving effect to this adjustment of \$122,000 to our deferred tax asset, we would have generated net income of \$562,000 for the thirteen weeks ended March 28, 2009, which as a percentage of sales is 3.16%. Without giving effect to the adjustment to our deferred tax asset for the thirteen weeks ended March 28, 2009, the increase in net income for the thirteen weeks ended March 28, 2009, as a percentage of sales (0.39%) is primarily due to higher gross profit in both our restaurant and package liquor store divisions and improved control over expenses. During the second quarter of fiscal year 2008, we had pre-opening, non-recurring expenses associated with the Davie, Florida restaurant, (\$33,000), which adversely affected net income.

Comparison of Twenty Six Weeks Ended March 28, 2009 and March 29, 2008.

Revenues. Total revenue for the twenty six weeks ended March 28, 2009 increased \$1,123,000 or 3.41% to \$34,010,000 from \$32,887,000 for the twenty six weeks ended March 29, 2008. This increase resulted from sales from the Davie, Florida limited partnership restaurant (\$1,997,000), which opened for business on July 28, 2008 and increases in same store package liquor stores (\$32,000), offset by declines in same store restaurant food and bar sales (\$1,065,000). Without giving effect to the revenue generated from the Davie, Florida restaurant (\$1,997,000), total revenue for the twenty six weeks ended March 28, 2009 would have decreased \$874,000 or 2.66% to \$32,013,000 from \$32,887,000 for the twenty six weeks ended March 29, 2008.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants totaled \$21,367,000 for the twenty six weeks ended March 28, 2009 as compared to \$20,532,000 for the twenty six weeks ended March 29, 2008, an increase of \$835,000 or 4.06%. The increase in restaurant food sales resulted from sales from the Davie, Florida restaurant, which generated \$1,649,000 of

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

revenue from the sale of food during the twenty six weeks ended March 28, 2009. Without giving effect to the revenue generated from the Davie, Florida restaurant (\$1,649,000) from the sale of food for the twenty six weeks ended March 28, 2009, restaurant revenue generated from the sale of food during the twenty six weeks ended March 28, 2009, would have decreased \$814,000 or 3.96% to \$19,718,000 from \$20,532,000 for the twenty six weeks ended March 29, 2008. Comparable weekly restaurant food sales (for restaurants open for all of the twenty six weeks

19

ended March 28, 2009 and the twenty six weeks ended March 29, 2008, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was \$712,000 and \$736,000 for the thirteen weeks ended March 28, 2009 and March 29, 2008, respectively, a decrease of 3.26%. Comparable weekly restaurant food sales for Company owned restaurants only was \$314,000 and \$331,000 for the twenty six weeks ended March 28, 2009 and March 29, 2008, respectively, a decrease of 5.14%. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only was \$398,000 and \$405,000 for the twenty six weeks ended March 28, 2009 and March 29, 2008, respectively, a decrease of 1.73%. We anticipate that restaurant food sales will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant, offset by a decline in same store restaurant food sales.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled \$5,072,000 for the twenty six weeks ended March 28, 2009 as compared to \$4,771,000 for the twenty six weeks ended March 29, 2008, an increase of \$301,000 or 6.31%. The increase in restaurant bar sales is due to sales from the Davie, Florida restaurant, which generated \$345,000 of revenue from bar sales during the twenty six weeks ended March 28, 2009. Without giving effect to the revenue from bar sales generated from the Davie, Florida restaurant (\$345,000) for the twenty six weeks ended March 28, 2009, restaurant revenue generated from bar sales during the twenty six weeks ended March 29, 2008, would have decreased \$44,000 or 0.92% to \$4,727,000 from \$4,771,000 for the twenty six weeks ended March 29, 2008. Comparable weekly restaurant bar sales (for restaurants open for all of the twenty six weeks ended March 28, 2009 and the twenty six weeks ended March 29, 2008, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was unchanged at \$173,000 for the twenty six weeks ended March 28, 2009 and the twenty six weeks ended March 29, 2008. Comparable weekly restaurant bar sales for Company owned restaurants only was unchanged at \$75,000 for the twenty six weeks ended March 28, 2009 and the twenty six weeks ended March 29, 2008. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only was unchanged at \$98,000 for the twenty six weeks ended March 28, 2009 and the twenty six weeks ended March 29, 2008. We anticipate that restaurant bar sales will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant through our fiscal year 2009, offset by a decline in same store restaurant bar sales.

Package Store Sales. Revenue generated from sales of liquor and related items at package stores totaled \$6,863,000 for the twenty six weeks ended March 28, 2009 as compared to \$6,831,000 for the twenty six weeks ended March 29, 2008, an increase of 0.47%. The weekly average of same store package store sales was \$264,000 and \$263,000 for the twenty six weeks ended March 28, 2009 and March 29, 2008, respectively. The increase was primarily due to increased advertising and promotions. Package store sales are expected to remain constant through the balance of our fiscal year 2009.

Operating Costs and Expenses. Operating costs and expenses, (consisting of cost

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

of merchandise sold, payroll and related costs, occupancy costs and selling, general and administrative expenses), for the twenty six weeks ended March 28, 2009 increased \$770,000 or 2.43% to \$32,507,000 from \$31,737,000 for the twenty six weeks ended March 29, 2008. The increase was primarily due to expenses related to the operation of the Davie, Florida restaurant and to a lesser extent a general increase in food costs. We anticipate that our operating costs and expenses will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant and an expected general increase in food costs. Operating costs and expenses decreased as a percentage of total sales to 95.58% for the twenty six weeks ended March 28, 2009 from 96.50% for the twenty six weeks ended March 29, 2008.

20

Gross Profit. Gross profit is calculated by subtracting the cost of merchandise sold from sales.

Restaurant Food and Bar Sales. Gross profit for food and bar sales for the twenty six weeks ended March 28, 2009 increased to \$17,551,000 from \$16,830,000 for the twenty six weeks ended March 29, 2008. Our gross profit margin for restaurant food and bar sales (calculated as gross profit reflected as a percentage of restaurant food and bar sales), was 66.38% for the twenty six weeks ended March 28, 2009 and 66.51% for the twenty six weeks ended March 29, 2008. This decrease in gross profit for restaurant and bar sales for the twenty six weeks ended March 28, 2009, (-0.13%), resulted from higher food costs. We have not increased menu prices since the first quarter of our fiscal year 2008 to offset higher food costs.

Package Store Sales. Gross profit for package store sales for the twenty six weeks ended March 28, 2009 increased to \$2,091,000 from \$1,970,000 for the twenty six weeks ended March 29, 2008. Our gross profit margin, (calculated as gross profit reflected as a percentage of package store sales), was 30.47% for the twenty six weeks ended March 28, 2009 compared to 28.84% for the twenty six weeks ended March 29, 2008. The increase in our gross profit margin, (1.63%), was primarily due to our purchase of "close out" and inventory reduction merchandise from wholesalers during the twenty six weeks ended March 28, 2009. We anticipate the gross profit margin for package store sales to remain constant throughout the balance of our fiscal year 2009 as we expect to continue purchasing "close out" and inventory reduction merchandise from wholesalers.

Payroll and Related Costs. Payroll and related costs for the twenty six weeks ended March 28, 2009 increased \$97,000 or 1.00% to \$9,815,000 from \$9,718,000 for the twenty six weeks ended March 29, 2008. This increase is primarily attributable to the Davie, Florida restaurant and the annual increase in the Florida minimum wage, which was effective January 1, 2009, offset by a reduction of our store level management. Payroll and related costs as a percentage of total sales was 28.86% for the twenty six weeks ended March 28, 2009 and 29.55% of total sales for the twenty six weeks ended March 29, 2008. We anticipate that our payroll costs and related expenses will continue to increase through our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant through the balance of our fiscal year 2009 and the annual increase in the Florida minimum wage, which was effective January 1, 2009, offset by a reduction of our store level management.

Occupancy Costs. Occupancy costs (consisting of rent, common area maintenance, repairs, real property taxes and amortization of leasehold purchases) for the twenty six weeks ended March 28, 2009 decreased \$6,000 or 0.30% to \$1,974,000 from \$1,980,000 for the twenty six weeks ended March 29, 2008. This decrease is primarily due to decreases in common area maintenance, which generally includes

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

a pro-rata share of property insurance for units located within shopping centers. We anticipate that our occupancy costs will stabilize throughout the balance of our fiscal year 2009 with no rental payments for additional restaurant locations being developed by the Company.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (consisting of general corporate expenses, including but not limited to advertising, insurance, professional costs, clerical and administrative overhead) for the twenty six weeks ended March 28, 2009 increased \$353,000 or 5.26% to \$7,058,000 from \$6,705,000 for the twenty six weeks ended March 29, 2008. Selling, general and administrative expenses increased as a percentage of total sales for the twenty six weeks ended March 28, 2009 to 20.75% as compared to 20.39% for the twenty six weeks ended March 29, 2008. This increase is due primarily to the operation of the Davie, Florida restaurant and an overall increase in expenses. We anticipate that our selling, general and administrative expenses will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of our Davie, Florida restaurant and an overall increase in expenses.

21

Depreciation. Depreciation for the twenty six weeks ended March 28, 2009 and March 29, 2008 was \$1,264,000 and \$1,177,000 respectively. As a percentage of revenue, depreciation expense was 3.72% of revenue in the twenty six weeks ended March 28, 2009 and 3.58% of revenue in the twenty six weeks ended March 29, 2008.

Interest Expense, Net. Interest expense, net, for the twenty six weeks ended March 28, 2009 decreased \$14,000 to \$227,000 from \$241,000 for the twenty six weeks ended March 29, 2008. The interest expense and principal balance on our line of credit were approximately equal during the twenty six weeks ended March 28, 2009 and March 29, 2008.

Net Income. Net income for the twenty six weeks ended March 28, 2009 increased \$201,000 or 30.69% to \$856,000 from \$655,000 for the twenty six weeks ended March 29, 2008. As a percentage of sales, net income for the twenty six weeks ended March 28, 2009 is 2.52%, as compared to 1.99% for the twenty six weeks ended March 29, 2008. During the twenty six weeks ended March 28, 2009, we recognized interest income of \$124,000 paid on claims we filed in the liquidation proceedings of Ambassador Insurance Company in 1983 and other income of \$26,000 paid as the balance of our claims (10%) filed in the liquidation proceedings of Ambassador Insurance Company. We also adjusted our tax deferred asset by \$122,000. Without giving effect to this interest income of \$124,000, other income of \$26,000 and the adjustment to our deferred tax asset of \$122,000, we would have generated net income of \$639,000 for the twenty six weeks ended March 28, 2009, which as a percentage of sales is 1.88%. Without giving effect to the interest income and other income and the adjustment to our deferred tax asset for the twenty six weeks ended March 28, 2009, the decrease in net income for the twenty six weeks ended March 28, 2009, as a percentage of sales (-0.11%) is primarily due to a decline in same store restaurant sales and a general increase in overall expenses. The net income for the twenty six weeks ended March 29, 2008 was adversely affected by our share of the non-recurring pre-opening and opening expenses associated with the limited partnership owned restaurant in Pembroke Pines, Florida, (\$40,000), and our share of the non-recurring pre-opening expenses associated with the limited partnership owned restaurant in Davie, Florida, (\$36,000), higher food costs and overall expenses, including electric, gas and real property taxes.

New Limited Partnership Restaurants

As new restaurants open, our income from operations will be adversely affected

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

due to our obligation to fund pre-opening costs, including but not limited to pre-opening rent for the new locations. During the twenty six weeks ended March 28, 2009, we did not have a new restaurant location in the development stage and did not recognize any pre-opening costs. During the twenty six weeks ended March 29, 2008, we recognized non-cash pre-opening rent in the approximate amount of \$6,000 and recognized cash pre-opening rent in the approximate amount of \$12,000 for the Pembroke Pines, Florida restaurant. During the twenty six weeks ended March 29, 2008, we also paid and expensed pre-opening rent in the approximate amount of \$67,000 for the Davie, Florida restaurant, which is the full rent provided in the 15 year lease. We are recognizing rent expense on a straight line basis over the term of the lease.

22

During the twenty six weeks ended March 29, 2008, the limited partnership restaurant in Davie, Florida reported losses of \$245,000 primarily due to pre-opening costs, thus contributing to a reduction in the operating income for the twenty six weeks ended March 29, 2008. This restaurant opened for business on July 28, 2008.

Until we fund a new unit, our income from operations will not be adversely affected by pre-opening costs. Throughout the balance of fiscal year 2009, we do not expect our income from operations to be materially adversely affected by pre-opening costs for new locations.

Trends

During the next twelve months, we expect continued increases in aggregate restaurant sales as compared to prior periods due primarily to the restaurants in Davie, Florida being open for the entire twelve month period. We expect same store restaurant food and bar sales to decline over the next twelve month period due primarily to the current domestic and global economic downturn. We expect higher food costs and higher overall expenses, which will adversely affect our net income. During the first quarter of our fiscal year 2008, we raised menu prices to offset higher food costs and overall expenses. We plan to limit menu price increases as long as possible while maintaining our high quality of food and service and without reducing our food portions. We have increased our advertising to attract customers through our monthly full page newspaper ads and our radio advertising and plan to continue with this advertising program. We have also instituted direct mailings to attract customers. Notwithstanding our increased promotional activity, including our \$4.99 lunch specials, we believe we will experience reduced revenues and increased costs in some or all of our locations and as a result our net income will be adversely affected. To mitigate this, we may raise menu prices whenever necessary and wherever competitively possible.

We continue to search for new locations to open restaurants and thereby expand our business, but we are currently looking for locations that will not require an extensive and costly renovation. Any new locations will likely be opened using our limited partnership ownership model.

We are not actively searching for locations for the operation of new package liquor stores, but if an appropriate location for a package liquor store becomes available, we will consider it.

Liquidity and Capital Resources

We fund our operations through cash from operations and borrowings under our line of credit. As of March 28, 2009, we had cash of approximately \$4,897,000, an increase of \$1,653,000 from our cash balance of \$3,244,000 as of September 27, 2008. The increase in cash as of March 28, 2009 was primarily from our

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

operations due to minimal demand upon our cash flow for extraordinary items. Management believes that the Company's current cash availability from its line of credit and expected cash from operations will be sufficient to fund operations and capital expenditures for at least the next twelve months.

Cash Flows

The following table is a summary of our cash flows for the twenty six weeks of fiscal years 2009 and 2008.

23

	-----Twenty Six Weeks Ended-----	
	March 28, 2009	March 29, 2008
	(in Thousands)	
Net cash provided by operating activities	\$ 3,198	\$ 2,158
Net cash used in investing activities	(811)	(1,858)
Net cash provided by (used in) financing activities	(734)	1,897
	-----	-----
Net Increase in Cash and Cash Equivalents	1,653	2,197
Cash and Cash Equivalents, Beginning	3,244	2,223
	-----	-----
Cash and Cash Equivalents, Ending	\$ 4,897	\$ 4,420
	=====	=====

We have determined that we must retain any earnings for the development and operation of our business and accordingly, we do not intend to pay any cash dividends in the foreseeable future.

Capital Expenditures

In addition to using cash for our operating expenses, we use cash to fund the development and construction of new restaurants and secondarily to fund capitalized property improvement for our existing restaurants. We acquired property and equipment of \$1,093,000, (including \$292,000 of deposits recorded in other assets as of September 27, 2008), during the twenty six weeks ended March 28, 2009, including \$497,000 for renovations to two (2) existing Company owned restaurants, as compared to \$1,955,000 during the twenty six weeks ended March 29, 2008, which included \$268,000 for renovations to one (1) existing Company owned restaurant. During the twenty six weeks ended March 29, 2008, the limited partnership which owns the Davie, Florida restaurant completed its private offering, raising the sum of \$3,875,000, of which \$1,850,000 represents our investment. We did not advance any funds to this limited partnership in excess of our investment. The funds from the private offering were used to complete the renovations to the business premises for operation of a "Flanigan's Seafood Bar and Grill" restaurant and provided working capital.

All of our owned units require periodic refurbishing in order to remain competitive. We anticipate the cost of this refurbishment in our fiscal year 2009 to be approximately \$700,000, of which \$497,000 has been spent through March 28, 2009.

Long Term Debt

As of March 28, 2009, we had long term debt of \$6,627,000, which includes the

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

balance on our line of credit, as compared to \$6,570,000 as of March 29, 2008, and \$6,514,000 as of September 27, 2008.

During the twenty six weeks ended March 28, 2009, we changed our primary banking relationship to another unaffiliated financial institution, which includes a new line of credit of \$2,500,000. The outstanding balance on our line of credit bears interest at BBA LIBOR 1 month rate, plus 2.25%, (2.783% as March 28, 2009), with monthly payments of interest only and the unpaid principal balance and all accrued interest due in full on October 7, 2009. We granted our lender a security interest in substantially all of our assets and a second mortgage on our corporate offices as collateral to secure our repayment obligations under our credit line. As of March 28, 2009, the amount outstanding under our secured line of credit was \$1,586,000.

24

Purchase Commitments

In order to fix the cost and ensure adequate supply of baby back ribs for our restaurants, on November 26, 2008, we entered into a purchase agreement with our rib supplier, whereby we agreed to purchase approximately \$3,800,000 of baby back ribs during calendar year 2009 from this vendor at a fixed cost. While we anticipate purchasing all of our rib supply from this vendor, we believe there are several other alternative vendors available, if needed.

Working Capital

The table below summarizes the current assets, current liabilities, and working capital for our fiscal quarters ended March 28, 2009, March 29, 2008 and our fiscal year ended September 27, 2008.

Item	Mar. 28, 2009	Mar. 29, 2008	Sept 27, 2008
----	-----	-----	-----
	(in Thousands)		
Current Assets	\$ 8,973	\$ 8,607	\$ 7,083
Current Liabilities	7,358	5,102	4,735
	-----	-----	-----
Working Capital	\$ 1,615	\$ 3,505	\$ 2,348

Our working capital as of March 28, 2009 decreased by 53.92% from the working capital for the fiscal quarter ending March 29, 2008 and decreased by 31.22% from our working capital for our fiscal year ending September 27, 2008. Our working capital decreased during our fiscal quarter ending March 28, 2009 due to the re-classification of our line of credit, which matures on October 7, 2009, as a current liability. Our prior lender consistently extended the maturity date on our line of credit on a quarterly basis and accordingly, our obligations under our prior line of credit were not recorded as a current liability. During our fiscal quarter ending March 29, 2008, our working capital improved due primarily to the amounts which had been raised but not yet required to be used for expenses by the limited partnership which owns the Davie, Florida restaurant, (\$1,816,000).

While there can be no assurance due to, among other things, unanticipated expenses or unanticipated decline in revenues, or both, we believe that positive cash flow from operations will adequately fund operations, debt reductions and planned capital expenditures throughout the balance of our fiscal year 2009. We also anticipate that throughout the balance of our fiscal year 2009, working capital may be affected by the payment of the purchase of a surveillance camera system (\$118,000) and our line of credit in the event the line of credit is not renewed.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

Inflation

The primary inflationary factors affecting our operations are food, beverage and labor costs. A large number of restaurant personnel are paid at rates based upon applicable minimum wage and increases in minimum wage directly affect labor costs. To date, inflation has not had a material impact on our operating results, but this circumstance may change in the future if food and fuel costs continue to rise.

25

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not ordinarily hold market risk sensitive instruments for trading purposes and as of March 28, 2009 held no equity securities.

Interest Rate Risk

At March 28, 2009, of the Company's debt arrangements, only borrowings under our line of credit bear interest at BBA LIBOR 1 month rate, plus 2.25%. Increases in interest rates may have a material affect upon results of operations, depending upon the outstanding principal balance on our line of credit from time to time.

At March 28, 2009, our cash resources earn interest at variable rates. Accordingly, our return on these funds is affected by fluctuations in interest rates.

ITEM 4T. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on evaluations as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer, with the participation of our management team, have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) to the Securities Exchange Act of 1934, as amended (the "Exchange Act")) were effective.

Limitations on the Effectiveness of Controls and Permitted Omission from Management's Assessment

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can only provide reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

During the period covered by this report, we have not made any change to our internal control over financial reporting that has materially affected, or is

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See "Litigation" on page 11 of this Report and Item 1 and Item 3 to Part 1 of the Annual Report on Form 10-K for the fiscal year ended September 27, 2008 for a discussion of other legal proceedings resolved in prior years.

26

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchase of Company Common Stock

Pursuant to a discretionary plan approved by the Board of Directors at its meeting on May 17, 2007, during the thirteen weeks ended March 28, 2009, we purchased 12,075 shares of our common stock for an aggregate purchase price of \$51,000. Of the common stock purchased, we purchased 11,225 shares of our common stock on the open market for an aggregate purchase price of \$47,000 and we purchased 850 shares of our common stock from the Joseph G. Flanigan Charitable Trust for an aggregate purchase price of \$4,000. During the thirteen weeks ended March 29, 2008, we purchased 1,000 shares of our common stock on the open market for an aggregate purchase price of \$8,000.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
December 28, 2008 - January 29, 2009	2,475	\$4.24	2,475	79,625
January 30, 2009 - February 27, 2009	3,600	\$4.15	3,600	76,025
February 28, 2009 - March 28, 2009	6,000	\$3.95	6,000	70,025
Total as of March 28, 2009	12,075		12,075	70,025

ITEM 6. EXHIBITS

The following exhibits are filed with this Report:

Exhibit -----	Description -----
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FLANIGAN'S ENTERPRISES, INC.

Date: May 12, 2009

/s/ James G. Flanigan

JAMES G. FLANIGAN, Chief Executive Officer and President

/s/ Jeffrey D. Kastner

JEFFREY D. KASTNER, Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)