

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

FLANIGANS ENTERPRISES INC
Form 10-Q
February 10, 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 December 27, 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 1-6836

FLANIGAN'S ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Florida

59-0877638

(State or other jurisdiction of
incorporation or organization)

(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 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

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

Yes No

On February 10, 2009, 1,874,483 shares of Common Stock, \$0.10 par value per
share, were outstanding.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

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
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.....	13
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....	21
ITEM 4T. CONTROLS AND PROCEDURES.....	21
PART II. OTHER INFORMATION.....	22
ITEM 1. LEGAL PROCEEDINGS.....	22
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.....	22
ITEM 6. EXHIBITS.....	23

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)

1

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

	Thirteen Weeks Ended	
	December 27, 2008	December 29, 2007
	-----	-----
REVENUES:		
Restaurant food sales	\$ 10,169	\$ 9,747
Restaurant bar sales	2,404	2,290
Package store sales	3,348	3,431
Franchise related revenues	262	331
Owner's fee	44	66
Other operating income	26	39
	-----	-----
	16,253	15,904
	-----	-----

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

COSTS AND EXPENSES:

Cost of merchandise sold:		
Restaurant and lounges	4,232	4,070
Package goods	2,366	2,465
Payroll and related costs	4,755	4,808
Occupancy costs	1,001	965
Selling, general and administrative expenses	3,610	3,416
	-----	-----
	15,964	15,724
	-----	-----
Income from Operations	289	180
	-----	-----
OTHER INCOME (EXPENSE):		
Interest expense	(119)	(120)
Interest and other income	167	16
	-----	-----
	48	(104)
	-----	-----
Income before Provision for Income Taxes and Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	337	76
Provision for Income Taxes	(73)	(152)
Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	(92)	261
	-----	-----
NET INCOME	\$ 172	\$ 185
	=====	=====

2

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

(Continued)

	Thirteen Weeks Ended	
	December 27, 2008	December 29, 2007
	-----	-----
Net Income Per Common Share:		
Basic	\$0.09	\$0.10
	=====	=====
Diluted	\$0.09	\$0.10
	=====	=====
Weighted Average Shares and Equivalent Shares Outstanding		
Basic	1,876,681	1,890,372
	=====	=====

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Diluted	1,876,681	1,903,300
	=====	=====

See accompanying notes to unaudited condensed consolidated financial statements.

3

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

	December 27, 2008	September 27, 2008
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,502	\$ 3,244
Note receivable, current		
maturities, net	17	16
Prepaid income taxes	223	176
Due from franchisees	424	351
Other receivables	377	107
Inventories	2,241	2,168
Prepaid expenses	516	547
Deferred tax asset	243	243
	-----	-----
Total Current Assets	7,543	6,852
	-----	-----
Property and Equipment, Net	21,617	21,601
	-----	-----
Investment in Limited Partnership	143	151
	-----	-----
OTHER ASSETS:		
Liquor licenses, net	345	345
Note receivable, net	23	28
Deferred tax asset	729	729
Leasehold purchases, net	1,798	1,880
Other	772	987
	-----	-----
Total Other Assets	3,667	3,969
	-----	-----
Total Assets	\$ 32,970	\$ 32,573
	=====	=====

4

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

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

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 27, 2008	September 27, 2008
	-----	-----
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 4,508	\$ 4,040
Due to franchisees	206	223
Current portion of long term debt	192	188
Current portion of line of credit	1,586	--
Deferred revenues	31	34
Deferred rent	19	19
	-----	-----
Total Current Liabilities	6,542	4,504
	-----	-----
Long Term Debt, Net of Current Maturities	4,715	4,764
Line of Credit	--	1,562
Deferred Rent, Net of Current Portion	208	214
Minority Interest in Equity of Consolidated Limited Partnerships	8,277	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	12,560	12,388
Treasury stock, at cost, 2,322,309 shares at December 27, 2008 and 2,313,309 shares at September 27, 2008	(5,992)	(5,956)
	-----	-----
Total Stockholders' Equity	13,228	13,092
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 32,970	\$ 32,573
	=====	=====

See accompanying notes to unaudited condensed consolidated financial statements.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRTEEN WEEKS ENDED DECEMBER 27, 2008 AND DECEMBER 29, 2007
(In Thousands)

	December 27, 2008	December 29, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 172	\$ 185
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	582	513
Amortization of leasehold purchases	56	58
Loss on abandonment of property and equipment	19	5
Deferred income tax	--	(11)
Deferred rent	(6)	(4)
Minority interest in earnings (losses) of consolidated limited partnerships	92	(261)
Loss from unconsolidated limited partnership	5	--
Recognition of deferred revenue	(3)	(3)
Changes in operating assets and liabilities:		
(increase) decrease in		
Due from franchisees	(73)	96
Other receivables	(270)	(128)
Prepaid income taxes	(47)	--
Inventories	(73)	(259)
Prepaid expenses	31	275
Other assets	(18)	486
Increase (decrease) in:		
Accounts payable and accrued expenses	468	510
Income taxes payable	--	(303)
Due to franchisees	(17)	(128)
Net cash provided by operating activities	918	1,031
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on notes and mortgages receivable	4	2
Purchase of property and equipment	(307)	(1,311)
Deposit on property and equipment	(65)	--
Proceeds from sale of fixed assets	14	61
Distributions from unconsolidated limited partners	3	3
Net cash used in investing activities	(351)	(1,245)

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRTEEN WEEKS ENDED DECEMBER 27, 2008 AND DECEMBER 29, 2007
(In Thousands)

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

(Continued)

	December 27, 2008	December 29, 2007
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of long term debt	(45)	(55)
Proceeds from line of credit	24	600
Purchase of treasury stock	(36)	(10)
Distributions to limited partnership minority partners	(252)	(215)
Proceeds from limited partnership interests	--	2,025*
	-----	-----
Net cash provided by (used in) financing activities	(309)	2,345
	-----	-----
Net Increase in Cash and Cash Equivalents	258	2,131
Beginning of Period	3,244	2,223
	-----	-----
End of Period	\$ 3,502	\$ 4,354
	=====	=====
Supplemental Disclosure for Cash Flow Information:		
Cash paid during period for:		
Interest	119	120
	=====	=====
Income taxes	120	466
	=====	=====
Non-Cash Financing and Investing Activities:		
Purchase deposits transferred to property and equipment	280	--
	=====	=====

* 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

DECEMBER 27, 2008

(1) BASIS OF PRESENTATION:

The accompanying financial information for the periods ended December 27, 2008 and December 29, 2007 are unaudited. Financial information as of September 27, 2008 has been derived from the audited financial statements of the Company, but

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

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 weeks ended December 27, 2008, basic and diluted weighted average number of shares are equal due to the anti-dilutive affect of outstanding options.

(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

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

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

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.

In February 2007, the FASB issued SFAS 159, "Fair Value Option for Financial Assets and Liabilities" which permits an entity to choose to measure many financial instruments and certain other items at fair value. The standard contains an amendment to SFAS 115 pertaining to available-for-sale and trading securities. The objective of the standard is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of SFAS 159 are effective for financial statements issued for fiscal years beginning after November 15, 2007. We do not anticipate any significant financial statement impact as a result of Statement 159.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value and the effect of fair value measures on earnings. SFAS 157 is effective for fiscal years beginning after November 15, 2007 (our fiscal year 2009), although early adoption is permitted. In September 2007, the FASB provided a one-year deferral for the implementation of SFAS 157 only with regard to nonfinancial assets and liabilities. We do not anticipate any significant financial statement impact as a result of SFAS 157.

(5) LINE OF CREDIT:

During the first quarter of our fiscal year 2009, we changed our primary banking relationship to another unaffiliated third party financial institution, which includes a new secured line of credit under which 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%, (4.20625% as of December 27, 2008), 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. During the first quarter of our fiscal year 2009, we paid monthly installments of interest, with no borrowings or principal

payments. As of December 27, 2008, the amount outstanding under the line of credit was \$1,586,000, with a remaining availability of \$914,000.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

(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.

(7) STOCK OPTION PLAN:

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 December 27, 2008, 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 thirteen weeks ended December 27, 2008, nor were stock options granted during the thirteen weeks ended December 29, 2007.

No stock options were exercised during the thirteen weeks ended December 27, 2008, nor were stock options exercised during the thirteen weeks ended December 29, 2007.

Stock option activity during the thirteen weeks ended December 27, 2008 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 December 27, 2008	40,000	\$6.35
	=====	=====
Options exercisable at December 27, 2008	40,000	\$6.35
	=====	=====

The weighted-average remaining contractual terms of stock options outstanding and stock options exercisable at December 27, 2008 was approximately 0.375 years. The aggregate intrinsic value of options outstanding and stock options exercisable at December 27, 2008 was approximately \$-0-.

(8) ACQUISITIONS:

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

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 December 27, 2008, we purchased 9,000 shares of our common stock on the open market for an aggregate purchase price of \$35,194. During the thirteen weeks ended December 29, 2007, we purchased 1,200 shares of our common stock from the Joseph G. Flanigan Charitable Trust for an aggregate purchase price of \$9,600.

(9) COMMITMENTS AND CONTINGENCIES:

Guarantees

We guarantee various leases for franchisees and locations sold in prior years. Remaining rental commitments required under these leases are approximately \$2,308,000. 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.

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 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 that the amount of the seller's claim is excessive. A hearing on the seller's claim for reimbursement of its attorney's fees and costs is scheduled during the second quarter of our fiscal year 2009.

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 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.

(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 ended December 27, 2008 and December 29, 2007, and identifiable assets for the two reportable segments in which we operate, are shown in the

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

following table.

11

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 December 27, 2008	Thirteen Weeks Ending December 29, 2007
	-----	-----
Operating Revenues:		
Restaurants	\$12,573	\$12,037
Package stores	3,348	3,431
Other revenues	332	436
	-----	-----
Total operating revenues	\$16,253	\$15,904
	=====	=====
Operating Income Reconciled to Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		
Restaurants	\$ 586	\$ 590
Package stores	107	145
	-----	-----
Corporate expenses, net of other Revenues	693	735
	-----	-----
Operating income	(404)	(555)
Other income (expense)	289	180
	-----	-----
Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships	48	(104)
	-----	-----
Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships	\$ 337	\$ 76
	-----	-----
Depreciation and Amortization:		
Restaurants	\$ 483	\$ 418
Package stores	71	62
	-----	-----
Corporate	554	480
	-----	-----
Total Depreciation and Amortization	84	91
	-----	-----
Total Depreciation and Amortization	\$ 638	\$ 571
	=====	=====
Capital Expenditures:		

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Restaurants	\$ 344	\$ 1,169
Package stores	116	56
	-----	-----
	460	1,225
Corporate	127	86
	-----	-----
Total Capital Expenditures	\$ 587	\$ 1,311
	=====	=====
	December 27,	September 27,
	2008	2008
	----	----
Identifiable Assets:		
Restaurants	\$19,639	\$19,699
Package store	3,591	3,673
	=====	=====
	23,230	23,372
Corporate	9,740	9,201
	-----	-----
Consolidated Totals	\$32,970	\$32,573
	=====	=====

12

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 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 December 27, 2008, 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 restaurants/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

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

December 27, 2008 and as compared to December 29, 2007 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 -----	December 27, 2008 -----	September 27, 2008 -----	December 29, 2007 -----
Company Owned:			
Combination package and restaurant	4	4	4
Restaurant only	3	3	3
Package store only	5	5	5
Company Operated Restaurants Only:			
Limited Partnerships	9	9	8 (1)
Franchise	1	1	1
Unrelated Third Party	1	1	1
Company Owned Club:	1	1	1
Total Company Owned/Operated Units	24	24	23
Franchised Units	6	6	6 (2)

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.

(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 us.

13

RESULTS OF OPERATIONS

	Thirteen Weeks Ended			
	December 27, 2008		December 29, 2007	
	Amount ----- (In thousands)	Percent -----	Amount ----- (In thousands)	Percent -----
Restaurant food sales	\$ 10,169	63.87	\$ 9,747	63.01
Restaurant bar sales	2,404	15.10	2,290	14.81
Package store sales	3,348	21.03	3,431	22.18
	-----	-----	-----	-----
Total Sales	\$ 15,921	100.00	\$ 15,468	100.00
Franchise related revenues	262		331	
Owner's fee	44		66	
Other operating income	26		39	

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	-----	-----
Total Revenue	\$ 16,253	\$ 15,904
	=====	=====

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

14

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 December 27, 2008, 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".

Comparison of Thirteen Weeks Ended December 27, 2008 and December 29, 2007.

Revenues. Total revenue for the thirteen weeks ended December 27, 2008 increased \$349,000 or 2.19% to \$16,253,000 from \$15,904,000 for the thirteen weeks ended December 29, 2007. This increase resulted from sales from the Davie, Florida limited partnership restaurant (\$1,001,000), which opened for business on July 28, 2008, offset by declines in same store restaurant food and bar sales (\$432,000) and in same store package liquor sales (\$83,000) due to the current domestic and global economic downturn. Without giving effect to the revenue generated from the Davie, Florida restaurant (\$1,001,000), total revenue for the thirteen weeks ended December 27, 2008 would have decreased \$652,000 or 4.10% to \$15,252,000 from \$15,904,000 for the thirteen weeks ended December 29, 2007.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants totaled \$10,169,000 for the thirteen weeks ended December 27,

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

2008 as compared to \$9,747,000 for the thirteen weeks ended December 29, 2007. The increase in restaurant food sales resulted from sales from the Davie, Florida restaurant, which generated \$830,000 of revenue from the sale of food during the thirteen weeks ended December 27, 2008. Without giving effect to the revenue generated from the Davie, Florida restaurant (\$830,000) from the sale of food for the thirteen weeks ended December 27, 2008, restaurant revenue generated from the sale of food during the thirteen weeks ended December 27, 2008, would have decreased \$408,000 or 4.19% to \$9,339,000 from \$9,747,000 for the thirteen weeks ended December 29, 2007. Comparable weekly restaurant food sales (for restaurants open for all of the first quarter of our fiscal year 2009 and the first quarter of our fiscal year 2008, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was \$672,000 and \$702,000 for the thirteen weeks ended December 27, 2008 and December 29, 2007, respectively, a decrease of 4.27%. Comparable weekly restaurant food sales for Company owned restaurants only was \$292,000 and \$309,000 for the first quarter of our fiscal year 2009 and the first quarter of our fiscal year 2008, respectively, a decrease of 5.50%. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only was \$380,000 and \$393,000 for the first quarter of our fiscal year 2009 and the first quarter of our fiscal year 2008, respectively, a decrease of 3.31%. We anticipate that restaurant food sales will continue to increase throughout the balance of our fiscal year 2009 due to 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 \$2,404,000 for the thirteen weeks ended December 27, 2008 as compared to \$2,290,000 for the thirteen weeks ended December 29, 2007. The increase in restaurant bar sales is due to sales from the Davie, Florida restaurant, which generated \$171,000 of revenue from bar sales during the thirteen weeks ended December 27, 2008. Without giving effect to the revenue from bar sales generated from the Davie, Florida restaurant (\$171,000) for the thirteen weeks ended December 27, 2008, restaurant revenue generated from bar sales during the thirteen weeks ended December 27, 2008, would have decreased \$57,000 or 2.49% to \$2,233,000 from \$2,290,000 for the thirteen weeks ended December 29, 2007. Comparable weekly restaurant bar sales (for restaurants open for all of the first quarter of our fiscal year 2009 and the first quarter of our fiscal year 2008, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was \$163,000 for the thirteen weeks ended December 27, 2008 and \$166,000 for the thirteen weeks ended December 29, 2007, a decrease of

15

1.81%. Comparable weekly restaurant bar sales for Company owned restaurants only was \$70,000 and \$71,000 for the first quarter of our fiscal year 2009 and the first quarter of our fiscal year 2008, respectively, a decrease of 1.41%. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only was \$93,000 and \$95,000 for the first quarter of our fiscal year 2009 and the first quarter of our fiscal year 2008, respectively, a decrease of 2.11%. We anticipate that restaurant bar sales will continue to increase throughout the balance of our fiscal year 2009 due to 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 liquor stores totaled \$3,348,000 for the thirteen weeks ended December 27, 2008 as compared to \$3,431,000 for the thirteen weeks ended December 29, 2007, a decrease of \$83,000. The weekly average of same store package liquor store sales, which includes all nine (9) Company owned package liquor stores, was \$258,000 for the thirteen weeks ended December 27, 2008 as compared to \$264,000 for the thirteen weeks ended December 29, 2007, a decrease

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

of 2.27%. The decrease was primarily due to increased competition and package liquor store sales are expected to decline 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 December 27, 2008 increased \$240,000 or 1.53% to \$15,964,000 from \$15,724,000 for the thirteen weeks ended December 29, 2007. 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 the decreased cost of package goods associated with the decline in our package store sales, a decrease in the cost of ribs, a decrease in repairs and maintenance to our units and 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, among other things, the operation of the Davie, Florida restaurant and an expected general increase in food costs, including an increase in the cost of ribs. Operating costs and expenses decreased as a percentage of total sales to approximately 98.22% in the first quarter of our fiscal year 2009 from 98.87% in the first 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 December 27, 2008 increased to \$8,341,000 from \$7,967,000 for the thirteen weeks ended December 29, 2007. 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 66.34% for the thirteen weeks ended December 27, 2008 and 66.19% for the thirteen weeks ended December 29, 2007. This increase in gross profit for restaurant and bar sales for the first quarter of our fiscal year 2009 was primarily due to menu price increases instituted at the end of the first quarter of our fiscal year 2008 and a decrease in the cost of ribs during calendar year 2008.

Package Store Sales. Gross profit for package store sales for the thirteen weeks ended December 27, 2008 increased to \$982,000 from \$966,000 for the thirteen weeks ended December 29, 2007, notwithstanding a decrease in our package store sales. Our gross profit margin, (calculated as gross profit reflected as a percentage of package liquor store sales), for package liquor store sales was 29.33% for the thirteen weeks ended December 27, 2008 and 28.16% for the thirteen weeks ended December 29, 2007. The increase in our gross profit margin, (1.17%), was primarily due to the purchase of "close out" and inventory reduction merchandise from wholesalers. We anticipate the gross profit margin for package store sales to decrease throughout the balance of our fiscal year 2009 as we do not expect to be

16

able to purchase "close out" and inventory reduction merchandise from wholesalers to the same extent that we were able to make such purchases during the thirteen weeks ended December 27, 2008.

Payroll and Related Costs. Payroll and related costs for the thirteen weeks ended December 27, 2008 decreased \$53,000 or 1.11% to \$4,755,000 from \$4,808,000 for the thirteen weeks ended December 29, 2007, notwithstanding the Davie, Florida restaurant being open during the thirteen weeks ended December 27, 2008. The decrease in our payroll and related costs is attributed to lower payroll costs associated with the opening of the Davie, Florida restaurant, (\$326,000), during the thirteen weeks ended December 27, 2008, as compared to the opening

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

payroll costs associated with the Pembroke Pines, Florida restaurant, (\$378,000), during the thirteen weeks ended December 29, 2007. In addition, during the thirteen weeks ended December 27, 2008, the Pembroke Pines, Florida restaurant had lower payroll costs, (\$210,000), and we also reduced our store level management. Our payroll and related costs will increase throughout the balance of our fiscal year 2009 due to, among other things, the annual increase in the Florida minimum wage, effective January 1, 2009. Payroll and related costs as a percentage of total sales was 29.26% in the first quarter of our fiscal year 2009 and 30.23% of total sales in the first quarter of our fiscal year 2008.

Occupancy Costs. Occupancy costs (consisting of rent, common area maintenance, repairs, real property taxes and amortization of leasehold purchases) for the thirteen weeks ended December 27, 2008 increased \$36,000 or 3.73% to \$1,001,000 from \$965,000 for the thirteen weeks ended December 29, 2007. This increase is primarily due to increases in real property taxes and 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 not limited to advertising, insurance, professional costs, clerical and administrative overhead) for the thirteen weeks ended December 27, 2008 increased \$194,000 or 5.68% to \$3,610,000 from \$3,416,000 for the thirteen weeks ended December 29, 2007. Selling, general and administrative expenses increased as a percentage of total sales in the first quarter of our fiscal year 2009 to approximately 22.21% as compared to 21.48% in the first quarter of our fiscal year 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, among other things, the operation of our Davie, Florida restaurant and an overall increase in expenses.

Depreciation and Amortization. Depreciation and amortization for the thirteen weeks ended December 27, 2008 increased \$67,000 or 11.73% to \$638,000 from \$571,000 for the thirteen weeks ended December 29, 2007. As a percentage of total revenue, depreciation expense was 3.93% of revenue for the thirteen weeks ended December 27, 2008 and 3.59% of revenue in the thirteen weeks ended December 29, 2007.

Other Income and Expense. Other income and expenses was income of \$48,000 for the thirteen weeks ended December 27, 2008, as compared to an expense of \$104,000 for the thirteen weeks ended December 29, 2007. Other income and expense for the thirteen weeks ended December 27, 2008 included 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, offset by interest expense of \$119,000, as compared to interest expense of \$120,000 for the thirteen weeks ended December 29, 2007. The interest expense and principal balance on our line of credit were approximately equal during the thirteen weeks ended December 27, 2008 and December 29, 2007.

17

Net Income. Net income for the thirteen weeks ended December 27, 2008 decreased \$13,000 or 7.03% to \$172,000 from \$185,000 for the thirteen weeks ended December 29, 2007. As a percentage of sales, net income for the first quarter of our fiscal year 2009 is 1.06%, as compared to 1.16% in the first quarter of our fiscal year 2008. During the thirteen weeks ended December 27, 2008, we

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

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. Without giving effect to this interest income of \$124,000 and other income of \$26,000, we would have generated net income of \$66,000 for the thirteen weeks ended December 27, 2008, which as a percentage of sales is 0.41%. Without giving effect to this interest income and other income for the thirteen weeks ended December 27, 2008, the decrease in net income for the thirteen weeks ended December 27, 2008, as a percentage of sales (-0.75%) is primarily due to a decline in same store restaurant and package store sales and a general increase in overall expenses. The net income for the thirteen weeks ended December 29, 2007 was adversely affected by our share of the pre-opening and opening expenses associated with the limited partnership owned restaurant in Pembroke Pines, Florida, (\$40,000), and our share of the pre-opening expenses associated with the limited partnership owned restaurant in Davie, Florida, (\$102,000).

New Limited Partnership Restaurants

As new restaurants open, our income from operations will be adversely affected due to our obligation to fund pre-opening costs, including but not limited to pre-opening rent for the new locations. During the first quarter of our fiscal year 2009, we did not have a new restaurant location in the development stage and did not recognize any pre-opening costs. During the first quarter of our fiscal year 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 first quarter of our fiscal year 2008, we also paid and expensed pre-opening rent in the approximate amount of \$33,000 for the Davie, Florida restaurant, which is the full rent provided in the lease. We are recognizing rent expense on a straight line basis over the term of the lease.

During the first quarter of our fiscal year 2008, the limited partnership restaurant in Davie, Florida reported losses of \$175,000 primarily due to pre-opening costs, thus contributing to a reduction in the operating income for the first quarter of our fiscal year 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 restaurant 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. Notwithstanding, the promotion of our specials, especially our \$4.99 lunch specials, will result in reduced revenues and profitability in some or all of our restaurants, which will adversely affect our net income. As a last resort, we will 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 now 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 December 27, 2008, we had cash of approximately \$3,502,000, an increase of \$258,000 from our cash balance of \$3,244,000 as of September 27, 2008. The increase in cash as of December 27, 2008 was primarily from our operations due to minimal demand upon our cash flow for extraordinary items.

Cash Flows

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

	Thirteen Weeks Ended	
	December 27, 2008	December 29, 2007
	-----	-----
	(in Thousands)	
Net cash provided by operating activities	\$ 918	\$ 1,031
Net cash used in investing activities	(351)	(1,245)
Net cash provided by (used in) financing activities	(309)	2,345
	-----	-----
Net Increase in Cash and Cash Equivalents	258	2,131
Cash and Cash Equivalents, Beginning	3,244	2,223
	-----	-----
Cash and Cash Equivalents, Ending	\$3,502	\$ 4,354
	=====	=====

We have recently 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 \$587,000, (including \$280,000 of deposits recorded in other assets as of September 27, 2008), during the thirteen weeks ended December 27, 2008, including \$211,000 to complete the renovations to one (1) existing Company owned restaurant, as compared to \$1,311,000 during the thirteen weeks

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

ended December 29, 2007, which included \$96,000 for renovations to one (1) existing Company restaurant .

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 \$211,000 has been spent through December 27, 2008.

19

Long Term Debt

As of December 27, 2008, we had long term debt of \$6,493,000, which includes the balance on our line of credit, as compared to \$6,625,000 as of December 29, 2007, and \$6,514,000 as of September 27, 2008.

During the first quarter of our fiscal year 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%, (4.20625% as December 27, 2008), 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 December 27, 2008, the amount outstanding under our secured line of credit was \$1,586,000.

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 December 27, 2008, December 29, 2007 and our fiscal year ended September 27, 2008.

Item	Dec. 27, 2008	Dec. 29, 2007	Sept 27, 2008
----	-----	-----	-----
	(in Thousands)		
Current Assets	\$ 7,543	\$ 8,470	\$ 6,852
Current Liabilities	6,542	4,630	4,504
	-----	-----	-----
Working Capital	\$ 1,001	\$ 3,840	\$ 2,348

Our working capital as of December 27, 2008 decreased by 73.93% from the working capital for the fiscal quarter ending December 29, 2007 and decreased by 57.37% from our working capital for our fiscal year ending September 27, 2008. Our working capital decreased during our fiscal quarter ending December 27, 2008 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 which prevented it from becoming a current liability. During our fiscal quarter ending December 29, 2007, the limited partnership which owns the Davie, Florida restaurant completed its private offering, raising the sum of \$3,875,000, less \$1,224,000 which we

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

advanced for expenses of the limited partnership and was used, in part, to credit our obligation to pay for our equity investment.

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 will be affected by the payment of the balance for the purchase of a new point of sale system for our package

20

liquor stores, (\$7,500), a surveillance camera system (\$118,000) and our line of credit in the event the line of credit is not renewed.

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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not ordinarily hold market risk sensitive instruments for trading purposes and as of December 27, 2008 held no equity securities.

Interest Rate Risk

At December 27, 2008, 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 December 27, 2008, 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

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

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

21

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 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.

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 December 27, 2008, we purchased 9,000 shares of our common stock on the open market for an aggregate purchase price of \$35,194. During the thirteen weeks ended December 29, 2007, we purchased 1,200 shares of our common stock from the Joseph G. Flanigan Charitable Trust for an aggregate purchase price of \$9,600.

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
-----	-----	-----	-----	-----
September 28, 2008 -				
November				

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

1, 2008	9,000	\$3.91	9,000	82,100

November 2, 2008 - November 29, 2008	none			82,100

November 30, 2008 - December 27, 2008	none			82,100

Total as of December 27, 2008	9,000		9,000	82,100

22

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.

23

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: February 10, 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)