

GRILL CONCEPTS INC
Form 10-Q
November 10, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 26, 2004

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 No. 0-23226

GRILL CONCEPTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

13-3319172
(IRS Employer
Identification No.)

11661 San Vicente Blvd., Suite 404, Los Angeles, California 90049
(Address of principal executive offices)(Zip code)

(310) 820-5559
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of November 1, 2004, 5,650,146 shares of Common Stock of the issuer were outstanding.

GRILL CONCEPTS, INC.

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PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****GRILL CONCEPTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS****(Unaudited)
ASSETS**

	September 26, 2004	December 28, 2003 (restated)
Current assets:		
Cash and cash equivalents	\$ 1,096,000	\$ 1,496,000
Inventories	570,000	585,000
Receivables, net of reserve (\$21,000 in 2004 and \$13,000 in 2003)	560,000	658,000
Reimbursable cost receivable	529,000	580,000
Prepaid expenses	644,000	612,000
Total current assets	3,399,000	3,931,000
Furniture, equipment, & improvements, net	11,488,000	11,061,000
Goodwill, net	205,000	205,000
Restricted cash	132,000	72,000
Note receivable	100,000	111,000
Liquor licenses	355,000	350,000
Other assets	213,000	275,000
Total assets	\$ 15,892,000	\$ 16,005,000

The accompanying notes are an integral part of these unaudited consolidated financial statements.

GRILL CONCEPTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Continued)

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY

	September 26, 2004	December 28, 2003 (restated)
Current liabilities:		
Accounts payable	\$ 1,643,000	\$ 1,046,000
Accrued expenses	1,919,000	2,400,000
Reimbursable costs payable	529,000	580,000
Current portion of long term debt	230,000	298,000
Current portion notes payable - related parties	290,000	345,000
Total current liabilities	4,611,000	4,669,000
Long-term debt	155,000	285,000
Notes payable - related parties	865,000	969,000
Other long-term liabilities	3,665,000	2,734,000
Total liabilities	9,296,000	8,657,000
Minority interest	1,511,000	2,058,000
Stockholders' equity:		
Series I, Convertible Preferred Stock, \$.001 par value; 1,000,000 shares authorized, none issued and outstanding in 2004 and 2003	-	-
Series II, 10% Convertible Preferred Stock, \$.001 par value; 1,000,000 shares, authorized, 500 shares issued and outstanding in 2004 and 2003	-	-
Common stock, \$.00004 par value; 12,000,000 shares authorized in 2004 and 2003, 5,650,146 shares issued and outstanding in 2004, 5,537,071 shares issued and outstanding in 2003	-	-
Additional paid-in capital	13,649,000	13,601,000
Accumulated deficit	(8,564,000)	(8,311,000)
Total stockholders' equity	5,085,000	5,290,000
Total liabilities, minority interest and stockholders' equity	\$ 15,892,000	\$ 16,005,000

The accompanying notes are an integral part of these unaudited consolidated financial statements.

GRILL CONCEPTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2004	September 28, 2003 (restated)	September 26, 2004	September 28, 2003 (restated)
Revenues:				
Sales	\$ 12,169,000	\$ 11,192,000	\$ 38,325,000	\$ 35,376,000
Cost reimbursements	2,615,000	2,330,000	8,708,000	6,614,000
Management and license fees	308,000	243,000	910,000	709,000
Total revenues	15,092,000	13,765,000	47,943,000	42,699,000
Cost of sales (exclusive of depreciation, presented separately)	3,367,000	3,135,000	10,746,000	9,772,000
Gross profit	11,725,000	10,630,000	37,197,000	32,927,000
Operating expenses:				
Restaurant operating expenses	7,752,000	7,325,000	23,931,000	