

FLANIGANS ENTERPRISES INC
Form 10-Q
May 17, 2011

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

FORM 10-Q

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

For the quarterly period ended April 2, 2011

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
(Address of principal executive offices)

33334
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 ý No o

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 (§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 o No o

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 y

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

On May 17, 2011, 1,861,097 shares of Common Stock, \$0.10 par value per share, were outstanding.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

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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).

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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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	
	April 2,	April 3, 2010	April	April 3, 2010
	2011		2, 2011	
REVENUES:				
Restaurant food sales	\$12,169	\$ 11,950	\$23,083	\$ 22,554
Restaurant bar sales	3,133	3,061	5,979	5,670
Package store sales	3,505	3,595	7,204	7,188
Franchise related revenues	244	255	503	536
Owner's fee	42	30	84	83
Other operating income	71	47	99	71
	19,164	18,938	36,952	36,102
COSTS AND EXPENSES:				
Cost of merchandise sold:				
Restaurant and lounges	5,167	5,034	9,893	9,558
Package goods	2,292	2,392	4,728	4,845
Payroll and related costs	5,731	5,553	11,001	10,472
Occupancy costs	1,080	1,021	2,111	2,082
Selling, general and administrative expenses	3,687	3,423	7,344	7,039
	17,957	17,423	35,077	33,996
Income from Operations	1,207	1,515	1,875	2,106
OTHER INCOME (EXPENSE):				
Interest expense	(161)	(130)	(297)	(235)
Interest and other income	264	30	304	47
	103	(100)	7	(188)
Income before Provision for Income Taxes	1,310	1,415	1,882	1,918
Provision for Income Taxes	(307)	(285)	(460)	(396)
Net Income before income attributable to noncontrolling interests	1,003	1,130	1,422	1,522
Less: Net income attributable to noncontrolling interests	(268)	(460)	(337)	(564)
Net Income attributable to stockholders	\$735	\$ 670	\$1,085	\$ 958

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FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (in thousands, except per share amounts)

(Continued)

	Thirteen Weeks Ended		Twenty Six Weeks Ended	
	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
Net Income Per Common Share:				
Basic and Diluted	\$0.39	\$ 0.36	\$0.58	\$ 0.51
Weighted Average Shares and Equivalent Shares Outstanding				
Basic and Diluted	1,860,912	1,861,743	1,861,305	1,862,139

See accompanying notes to unaudited condensed consolidated financial statements.

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FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 APRIL 2, 2011 (UNAUDITED) AND OCTOBER 2, 2010
 (in thousands)

ASSETS

	April 2, 2011	October 2, 2010
CURRENT ASSETS:		
Cash and cash equivalents	\$5,980	\$ 6,447
Due from franchisees	--	2
Other receivables	303	193
Inventories	2,237	1,985
Prepaid expenses	1,272	786
Deferred tax asset	297	341
Total Current Assets	10,089	9,754
Property and Equipment, Net	26,111	23,995
Investment in Limited Partnership	143	140
OTHER ASSETS:		
Liquor licenses, net	470	470
Deferred tax asset	828	879
Leasehold purchases, net	1,337	1,445
Other	1,136	631
Total Other Assets	3,771	3,425
Total Assets	\$40,114	\$ 37,314

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FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 APRIL 2, 2011 (UNAUDITED) AND OCTOBER 2, 2010
 (in thousands)

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	April 2, 2011	October 2, 2010
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$5,101	\$ 4,607
Income taxes payable	82	269
Due to franchisees	1,233	649
Current portion of long term debt	1,350	815
Deferred revenues	--	7
Deferred rent	22	26
Total Current Liabilities	7,788	6,373
Long Term Debt, Net of Current Maturities	8,116	7,238
Deferred Rent, Net of Current Portion	171	180
Commitments and Contingencies		
Equity:		
Flanigan's Enterprises, Inc. 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	16,353	15,456
Treasury stock, at cost, 2,336,545 shares at April 2, 2011 and 2,335,727 shares at October 2, 2010	(6,055)	(6,049)
Total Flanigan's Enterprises, Inc. stockholders' equity	16,958	16,067
Noncontrolling interest	7,081	7,456
Total equity	24,039	23,523
Total liabilities and equity	\$40,114	\$ 37,314

See accompanying notes to unaudited condensed consolidated financial statements.

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FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE TWENTY SIX WEEKS ENDED APRIL 2, 2011 AND APRIL 3, 2010
 (in thousands)

	April 2, 2011	April 3, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,422	\$ 1,522
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,203	1,117
Amortization of leasehold interests	108	108
Loss on abandonment of property and equipment	17	8
Gain on sale of guaranteed leasehold interest	(231)	--
Deferred income tax	95	(3)
Deferred rent	(13)	(12)
Income from unconsolidated limited Partnership	(9)	(10)
Recognition of deferred revenues	(7)	(7)
Changes in operating assets and liabilities:		
(increase) decrease in		
Due from franchisees	2	3
Other receivables	113	(41)
Prepaid income taxes	--	332
Inventories	(252)	(276)
Prepaid expenses	596	250
Other assets	(527)	58
Increase (decrease) in:		
Accounts payable and accrued expenses	494	893
Income taxes payable	(187)	65
Due to franchisees	584	570
Net cash and cash equivalents provided by operating activities	3,408	4,577
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on notes and mortgages receivable	8	9
Purchase of property and equipment	(3,209)	(1,089)
Deposit on property and equipment	(50)	--
Proceeds from sale of fixed assets	6	8
Distributions from unconsolidated limited Partnership	6	6
Purchase of limited partnership interests	--	(10)
Net cash and cash equivalents used in investing activities	(3,239)	(1,076)

See accompanying notes to unaudited condensed consolidated financial statements.

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FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE TWENTY SIX WEEKS ENDED APRIL 2, 2011 AND APRIL 3, 2010
 (in thousands)

(Continued)

	April 2, 2011	April 3, 2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of long term debt	(580)	(497)
Proceeds from debt	850	--
Dividends paid	(188)	--
Purchase of treasury stock	(6)	(6)
Distributions to limited partnership's noncontrolling interests	(712)	(581)
Net cash and cash equivalents used in financing activities	(636)	(1,084)
Net Increase (Decrease) in Cash and Cash Equivalents	(467)	2,417
Beginning of Period	6,447	4,580
End of Period	\$ 5,980	\$ 6,997
Supplemental Disclosure for Cash Flow Information:		
Cash paid during period for:		
Interest	\$ 275	\$ 235
Income taxes	\$ 553	\$ --
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Financing of insurance contracts	\$ 1,080	\$ 409
Purchase deposits transferred to property and equipment	\$ 27	\$ 20
Purchase of property in exchange for debt	\$ 61	\$ 850
Purchase of assets of franchised restaurant	\$ --	\$ 262

See accompanying notes to unaudited condensed consolidated financial statements

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

APRIL 2, 2011

(1) BASIS OF PRESENTATION:

The accompanying condensed consolidated financial information for the periods ended April 2, 2011 and April 3, 2010 are unaudited. Financial information as of October 2, 2010 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 October 2, 2010. Operating results for interim periods are not necessarily indicative of results to be expected for a full year.

The Condensed Consolidated Financial Statements include the accounts of the Company, its wholly-owned subsidiaries and the accounts of the nine limited partnerships in which we act as general partner and have controlling interests. All intercompany balances and transactions have been eliminated. Non-controlling interest represents the limited partners' proportionate share of the net assets and results of operations of the nine limited partnerships.

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:

We follow Financial Accounting Standards Board Accounting Standards Codification Section 260 - "Earnings per Share" (FASB ASC Topic 260). This section provides for the calculation of basic and diluted earnings per share. 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. As of April 2, 2011 and April 3, 2010, no stock options were outstanding.

(3) RECLASSIFICATION:

Certain amounts in the fiscal year 2010 financial statements have been reclassified to conform to the fiscal year 2011 presentation. The reclassifications had no effect on consolidated net income.

(4) RECENT ADOPTED AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

Adopted

In June 2009, the FASB issued changes to the accounting for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. In addition, these changes require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and enhanced disclosures related to an enterprise's involvement in a variable interest entity. These changes became effective for annual periods beginning after November 15, 2009, were adopted by us in the first quarter of our

fiscal year 2011 and did not have a material impact on our consolidated financial statements.

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Issued

There were no recently issued accounting pronouncements during the second quarter of our fiscal year 2011 that we believe will have a material impact on our consolidated financial statements.

(5) INCOME TAXES:

We account for our income taxes using FASB ASC Topic 740, "Income Taxes", which 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.

(6) SALE OF GUARANTEED LEASEHOLD INTEREST:

During the second quarter of our fiscal year 2011, we sold our interest, as guarantor, of a nine (9) year leasehold interest in premises we do not currently use in our operations to an unrelated third party for \$231,250. Prior to the sale we received annual net income of approximately \$45,000 from an unrelated sublessee. The lease for the location was terminated, thereby also terminating our guaranty of the same. The proceeds from this transaction are recognized as other income in the accompanying Condensed Consolidated Statements of Income.

(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 April 2, 2011, no options to acquire shares were outstanding. Under this plan, options to acquire an aggregate of 45,000 shares are available for grant.

There was no stock option activity during the twenty six weeks ended April 2, 2011, nor was there stock option activity during the twenty six weeks ended April 3, 2010.

(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 thirteen weeks ended April 2, 2011, we purchased 18 shares of our common stock in an off the market private transaction for an aggregate purchase price of \$152. During the twenty six weeks ended April 2, 2011, we purchased 818 shares of our common stock for an aggregate purchase price of \$6,500. Of the stock purchased, we purchased 18 shares from an unrelated shareholder in an off the market private transaction for an aggregate purchase price of \$152 and 800 shares from the Joseph G. Flanigan Charitable Trust for an aggregate purchase price of \$6,400 in an off the market private transaction. During the twenty six weeks ended April 3, 2010, we purchased 1,000 shares of our common stock from the Joseph G. Flanigan Charitable Trust for an aggregate purchase price of \$6,000 in an off the market private transaction.

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(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 \$556,000. 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.

We account for such lease guarantees in accordance with ASC Topic 460. Under ASC Topic 460, we would be required to recognize the fair value of guarantees issued or modified after December 31, 2002, for non-contingent guarantee obligations, and also a liability for contingent guarantee obligations based on the probability that the guaranteed party will not perform under the contractual terms of the guaranty agreement.

We do not believe it is probable that we will be required to perform under the remaining lease guarantees and therefore, no liability has been accrued in our condensed consolidated financial statements.

Litigation

From time to time, we are a defendant in litigation arising in the ordinary course of our business, including claims resulting from “slip and fall” accidents, claims under federal and state laws governing access to public accommodations, employment-related claims and claims from guests alleging illness, injury or other food quality, health or operational concerns. To date, none of this litigation, some of which is covered by insurance, has had a material effect on us.

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 by the owner of the adjacent shopping center and we filed and served a cross-complaint against the seller. During the fourth quarter of our fiscal year 2009, the seller was awarded reimbursement of its attorneys’ fees and costs in the amount of \$109,000 and during the second quarter of our fiscal year 2010, the trial court denied our motion for re-consideration of a portion of the award. During the third quarter of our fiscal year 2010, we paid the award of attorneys’ fees and costs. During the second quarter of our fiscal year 2009, the seller filed suit against us for malicious prosecution. During the second quarter of our fiscal year 2010, the court denied the seller’s motion for punitive damages. We deny the allegations and are vigorously defending against the allegations.

(10) SUBSEQUENT EVENTS:

Subsequent to the end of the second quarter of our fiscal year 2011, the term of our management agreement for “The Whale’s Rib”, a casual dining restaurant located in Deerfield Beach, Florida, was extended through January 9, 2036. As a part of the consideration for the extension of the management agreement, we agreed to eliminate our right to terminate the management agreement upon thirty (30) days written notice, with or without cause, but retained the right to terminate in the event our outstanding funded operating losses exceeded \$100,000 at any time during the term of the management agreement.

Subsequent events have been evaluated through the date these condensed consolidated financial statements were issued. No events, other than the event disclosed above, required disclosure.

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(11) 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 April 2, 2011 and April 3, 2010, 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 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.

	(in thousands)	
	Thirteen Weeks Ending April 2, 2011	Thirteen Weeks Ending April 3,2010
Operating Revenues:		
Restaurants	\$15,302	\$ 15,011
Package stores	3,505	3,595
Other revenues	357	332
Total operating revenues	\$19,164	\$ 18,938
Operating Income Reconciled to Income Before Income Taxes and Net Income Attributable to Noncontrolling Interests		
Restaurants	\$1,624	\$ 1,914
Package stores	369	399
	1,993	2,313
Corporate expenses, net of other Revenues	(786)	(798)
Operating income	1,207	1,515
Other income (expense)	103	(100)
Income Before Income Taxes and Net Income Attributable to Noncontrolling Interests	\$1,310	\$ 1,415
Depreciation and Amortization:		
Restaurants	\$504	\$ 476
Package stores	58	55
	562	531
Corporate	96	84
Total Depreciation and Amortization	\$658	\$ 615
Capital Expenditures:		
Restaurants	\$603	\$ 233
Package stores	69	125
	672	358

Corporate	68	25
Total Capital Expenditures	\$740	\$ 383

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	Twenty Six Weeks Ending April 2, 2011	Twenty Six Weeks Ending April 3, 2010
Operating Revenues:		
Restaurants	\$ 29,062	\$ 28,224
Package stores	7,204	7,188
Other revenues	686	690
Total operating revenues	\$ 36,952	\$ 36,102
Operating Income Reconciled to Income Before Income Taxes and Net Income Attributable to Noncontrolling Interests		
Restaurants	\$ 2,365	\$ 2,678
Package stores	752	656
	3,117	3,334
Corporate expenses, net of other Revenues	(1,242)	(1,228)
Operating income	1,875	2,106
Other income (expense)	7	(188)
Income Before Income Taxes and Net Income Attributable to Noncontrolling Interests	\$ 1,882	\$ 1,918
Depreciation and Amortization:		
Restaurants	\$ 1,013	\$ 952
Package stores	115	107
	1,128	1,059
Corporate	183	166
Total Depreciation and Amortization	\$ 1,311	\$ 1,225
Capital Expenditures:		
Restaurants	\$ 2,629	\$ 1,617
Package stores	455	410
	3,084	2,027
Corporate	213	31
Total Capital Expenditures	\$ 3,297	\$ 2,058
	April 2, 2011	October 2, 2010
Identifiable Assets:		
Restaurants	\$ 22,720	\$ 22,043
Package store	4,144	3,678
	26,864	25,721
Corporate	13,250	11,593
Consolidated Totals	\$ 40,114	\$ 37,314

IndexITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
2. 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 October 2, 2010 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 April 2, 2011, we (i) operated 24 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 five units, consisting of one restaurant and four combination restaurants/package stores, (one restaurant of which we operate). 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 April 2, 2011 and as compared to April 3, 2010 and October 2, 2010. 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	April 2, 2011	October 2, 2010	April 3, 2010
Company Owned:			
Combination package and restaurant	4	4	4
Restaurant only	4	4	4
Package store only	5	5	5
Company Operated Restaurants Only:			
Limited Partnerships	9	9	9
Franchise	1	1	1
Unrelated Third Party	1	1	1
Company Owned Club:			
	1	1	1
Total Company Owned/Operated Units	25	25	25
Franchised Units	5	5	5 (1)

Notes:

(1) 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.

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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 (four 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 and managed 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 (½) 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 (½) of available cash to the limited partnership, with the other one half (½) of available cash distributed to the investors (including us and our affiliates). As of April 2, 2011, limited partnerships owning three (3) restaurants, (Surfside, Florida, Kendall, Florida and West Miami, Florida locations), have returned all cash invested and we receive an annual management fee equal to one-half (½) 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-----			
	April 2, 2011		April 3, 2010	
	Amount (In thousands)	Percent	Amount (In thousands)	Percent
Restaurant food sales	\$ 12,169	64.70	\$ 11,950	64.23
Restaurant bar sales	3,133	16.66	3,061	16.45
Package store sales	3,505	18.64	3,595	19.32
Total Sales	\$ 18,807	100.00	\$ 18,606	100.00
Franchise related revenues	244		255	
Owner’s fee	42		30	
Other operating income	71		47	
Total Revenue	\$ 19,164		\$ 18,938	

-----Twenty Six Weeks
Ended-----

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	April 2, 2011		April 3, 2010	
	Amount (In thousands)	Percent	Amount (In thousands)	Percent
Restaurant food sales	\$ 23,083	63.65	\$ 22,554	63.69
Restaurant bar sales	5,979	16.49	5,670	16.01
Package store sales	7,204	19.86	7,188	20.30
Total Sales	\$ 36,266	100.00	\$ 35,412	100.00
Franchise related revenues	503		536	
Owner's fee	84		83	
Other operating income	99		71	
Total Revenue	\$ 36,952		\$ 36,102	

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Comparison of Thirteen Weeks Ended April 2, 2011 and April 3, 2010.

Revenues. Total revenue for the thirteen weeks ended April 2, 2011 increased \$226,000 or 1.19% to \$19,164,000 from \$18,938,000 for the thirteen weeks ended April 3, 2010.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants (food sales) totaled \$12,169,000 for the thirteen weeks ended April 2, 2011 as compared to \$11,950,000 for the thirteen weeks ended April 3, 2010. Comparable weekly food sales (for restaurants open for all of the second quarter of our fiscal years 2011 and 2010, which consists of eight restaurants owned by us and nine restaurants owned by affiliated limited partnerships) was \$936,000 and \$919,000 for the thirteen weeks ended April 2, 2011 and April 3, 2010, respectively, an increase of 1.85%. Comparable weekly food sales for Company owned restaurants (open for all of the second quarter of our fiscal years 2011 and 2010), was \$400,000 and \$394,000 for the second quarter of our fiscal year 2011 and the second quarter of our fiscal year 2010, respectively, an increase of 1.52%. Comparable weekly food sales for affiliated limited partnership owned restaurants, (open for all of the second quarter of our fiscal years 2011 and 2010), was \$536,000 and \$525,000 for the second quarter of our fiscal year 2011 and the second quarter of our fiscal year 2010, respectively, an increase of 2.10%.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled \$3,133,000 for the thirteen weeks ended April 2, 2011 as compared to \$3,061,000 for the thirteen weeks ended April 3, 2010. Comparable weekly bar sales (for restaurants open for all of the second quarter of our fiscal years 2011 and 2010, which consists of eight restaurants owned by us and nine restaurants owned by affiliated limited partnerships) was \$241,000 for the thirteen weeks ended April 2, 2011 and \$235,000 for the thirteen weeks ended April 3, 2010, an increase of 2.55%. Comparable weekly bar sales for Company owned restaurants, (open for all of the second quarter of our fiscal years 2011 and 2010), was \$101,000 for both the second quarter of our fiscal year 2011 and the second quarter of our fiscal year 2010. Comparable weekly bar sales for affiliated limited partnership owned restaurants, (open for all of the second quarter of our fiscal years 2011 and 2010), was \$140,000 and \$134,000 for the second quarter of our fiscal year 2011 and the second quarter of our fiscal year 2010, respectively, an increase of 4.48%.

Package Store Sales. Revenue generated from sales of liquor and related items at package liquor stores (package store sales) totaled \$3,505,000 for the thirteen weeks ended April 2, 2011 as compared to \$3,595,000 for the thirteen weeks ended April 3, 2010, a decrease of \$90,000. The weekly average of same store package store sales, (which includes all nine (9) Company owned package liquor stores open for all of the second quarter of our fiscal years 2011 and 2010), was \$270,000 for the thirteen weeks ended April 2, 2011 as compared to \$276,000 for the thirteen weeks ended April 3, 2010, a decrease of 2.17%. Package store sales are expected to remain stable throughout the balance of our fiscal year 2011.

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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 April 2, 2011 increased \$556,000 or 3.19% to \$17,979,000 from \$17,423,000 for the thirteen weeks ended April 3, 2010. The increase was primarily due to a general increase in food costs, offset by 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 through our fiscal year 2011 due primarily to an expected general increase in food costs, including an increase in the cost of ribs. Operating costs and expenses increased as a percentage of total sales to approximately 93.82% in the second quarter of our fiscal year 2011 from 92.00% in the second quarter of our fiscal year 2010.

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

Restaurant Food Sales and Bar Sales. Gross profit for food sales and bar sales for the thirteen weeks ended April 2, 2011 increased to \$10,135,000 from \$9,977,000 for the thirteen weeks ended April 3, 2010. Our gross profit margin for food sales and bar sales (calculated as gross profit reflected as a percentage of restaurant food sales and bar sales), was 66.23% for the thirteen weeks ended April 2, 2011 and 66.46% for the thirteen weeks ended April 3, 2010. We anticipate that our gross profit for restaurant food and bar sales will decrease during the balance of our fiscal year 2011 due to higher food costs, including our cost of ribs.

Package Store Sales. Gross profit for package store sales for the thirteen weeks ended April 2, 2011 increased to \$1,213,000 from \$1,203,000 for the thirteen weeks ended April 3, 2010, notwithstanding a decrease of \$90,000 in revenue generated from sales of liquor and related items at package liquor stores during the thirteen weeks ended April 2, 2011. Our gross profit margin, (calculated as gross profit reflected as a percentage of package store sales), for package store sales was 34.61% for the thirteen weeks ended April 2, 2011 and 33.46% for the thirteen weeks ended April 3, 2010. The increase in our gross profit margin, (1.15%), 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 2011 due to our inability to continue purchasing "close out" and inventory reduction merchandise from wholesalers.

Payroll and Related Costs. Payroll and related costs for the thirteen weeks ended April 2, 2011 increased \$178,000 or 3.21% to \$5,731,000 from \$5,553,000 for the thirteen weeks ended April 3, 2010 due primarily to increases in payroll taxes, including unemployment tax. Payroll and related costs as a percentage of total sales was 29.91% in the second quarter of our fiscal year 2011 and 29.32% of total sales in the second quarter of our fiscal year 2010.

Occupancy Costs. Occupancy costs (consisting of rent, common area maintenance, repairs, real property taxes and amortization of leasehold purchases) for the thirteen weeks ended April 2, 2011 increased \$59,000 or 5.78% to \$1,080,000 from \$1,021,000 for the thirteen weeks ended April 3, 2010. Our occupancy costs increased primarily due to rental increases in existing leases, offset by the elimination of rent paid for our restaurant located at 2600 West Davie Boulevard, Fort Lauderdale, Florida (Store #22), the real property and building of which we purchased during the fourth quarter of our fiscal year 2010, and our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida (Store #20), the real property and building of which we purchased during the first quarter of our fiscal year 2011. We anticipate that our occupancy costs will remain stable throughout the balance of our fiscal year 2011, primarily due to the elimination of rent paid for our restaurant located at 2600 West Davie Boulevard, Fort Lauderdale, Florida (Store #22) and our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida (Store #20).

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 April 2, 2011 increased \$264,000 or 7.71% to \$3,687,000 from \$3,423,000 for the thirteen weeks ended April 3, 2010. Selling, general and administrative expenses increased as a percentage of total sales in the second quarter of our fiscal year 2011 to approximately 19.24% as compared to 18.07% in the second quarter of our fiscal year 2010. We anticipate that our selling, general and administrative expenses will increase throughout the balance of our fiscal year 2011 across all categories.

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Depreciation and Amortization. Depreciation and amortization expense for the thirteen weeks ended April 2, 2011 increased \$43,000 or 6.99% to \$658,000 from \$615,000 from the thirteen weeks ended April 3, 2010. As a percentage of total revenue, depreciation and amortization expense was 3.43% of revenue in the thirteen weeks ended April 2, 2011 and 3.25% of revenue in the thirteen weeks ended April 3, 2010.

Interest Expense, Net. Interest expense, net, for the thirteen weeks ended April 2, 2011 increased \$31,000 to \$161,000 from \$130,000 for the thirteen weeks ended April 3, 2010. Interest expense increased during the thirteen weeks ended April 2, 2011 primarily due to the interest paid on the mortgages associated with the purchase of our restaurant located at 2600 West Davie Boulevard, Fort Lauderdale, Florida (Store #22), and our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida (Store #20), which mortgages did not exist during the thirteen weeks ended April 3, 2010.

Net Income. Net income for the thirteen weeks ended April 2, 2011 increased \$65,000 or 9.70% to \$735,000 from \$670,000 for the thirteen weeks ended April 3, 2010. As a percentage of sales, net income for the second quarter of our fiscal year 2011 is 3.84%, as compared to 3.54% in the second quarter of our fiscal year 2010. During the thirteen weeks ended April 2, 2011, we recognized income of \$231,000, offset by income tax of \$69,000, from the sale of our interest, as guarantor, of a nine (9) year leasehold interest. Without giving effect to the above non-recurring item, our net income for the thirteen weeks ended April 2, 2011 would have decreased \$97,000 or 14.48% to \$573,000.

Comparison of Twenty Six Weeks Ended April 2, 2011 and April 3, 2010.

Revenues. Total revenue for the twenty six weeks ended April 2, 2011 increased \$850,000 or 2.35% to \$36,952,000 from \$36,102,000 for the twenty six weeks ended April 3, 2010.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants (food sales) totaled \$23,083,000 for the twenty six weeks ended April 2, 2011 as compared to \$22,554,000 for the twenty six weeks ended April 3, 2010. Comparable weekly food sales (for restaurants open for all of the first and second quarters of our fiscal years 2011 and 2010, which consists of seven restaurants owned by us and nine restaurants owned by affiliated limited partnerships) was \$844,000 and \$824,000 for the twenty six weeks ended April 2, 2011 and April 3, 2010, respectively, an increase of 2.43%. Comparable weekly food sales for Company owned restaurants (open for all of the first and second quarters of our fiscal years 2011 and 2010), was \$328,000 and \$319,000 for the twenty six weeks ended April 2, 2011 and April 3, 2010, respectively, an increase of 2.82%. Comparable weekly food sales for affiliated limited partnership owned restaurants (for restaurants open for all of the first and second quarters of our fiscal years 2011 and 2010), was \$516,000 and \$505,000 for the twenty six weeks ended April 2, 2011 and April 3, 2010, respectively, an increase of 2.18%.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled \$5,979,000 for the twenty six weeks ended April 2, 2011 as compared to \$5,670,000 for the twenty six weeks ended April 3, 2010. Comparable weekly bar sales (for restaurants open for all of the first and second quarters of our fiscal years 2011 and 2010, which consists of seven restaurants owned by us and nine restaurants owned by affiliated limited partnerships) was \$215,000 for the twenty six weeks ended April 2, 2011 and \$204,000 for the twenty six weeks ended April 3, 2010, an increase of 5.39%. Comparable weekly bar sales for Company owned restaurants (open for all of the first and second quarters of our fiscal years 2011 and 2010,) was \$81,000 and \$79,000 for the twenty six weeks ended April 2, 2011 and April 3, 2010, respectively, an increase of 2.53%. Comparable weekly bar sales for affiliated limited partnership owned restaurants (open for all of the first and second quarters of our fiscal years 2011 and 2010) was \$134,000 and \$125,000 for the twenty six weeks ended April 2, 2011 and April 3, 2010, respectively, an increase of 7.20%. Restaurant bar sales increased during the twenty six weeks ended April 2, 2011 primarily due to our half price drink promotion from 9:00 p.m. to closing, which promotion was in effect during the

entire twenty six weeks ended April 2, 2011, but only instituted for part of the twenty six weeks ended April 3, 2010.

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Package Store Sales. Revenue generated from sales of liquor and related items at package stores (package store sales) totaled \$7,204,000 for the twenty six weeks ended April 2, 2011 as compared to \$7,188,000 for the twenty six weeks ended April 3, 2010, an increase of \$16,000. The weekly average of same store package store sales, (which includes all nine (9) Company owned package liquor stores open for all of the first and second quarters of our fiscal years 2011 and 2010) was \$277,000 and \$276,000 for the twenty six weeks ended April 2, 2011 and April 3, 2010, respectively, an increase of 0.36%. Package liquor store sales are expected to remain stable throughout the balance of our fiscal year 2011.

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 twenty six weeks ended April 2, 2011 increased \$1,081,000 or 3.18% to \$35,077,000 from \$33,996,000 for the twenty six weeks ended April 3, 2010. The increase was primarily due to a general increase in food costs, offset by 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 through our fiscal year 2011 due primarily to an expected general increase in food costs, including an increase in the cost of ribs. Operating costs and expenses increased as a percentage of total sales to approximately 94.93% for the twenty six weeks ended April 2, 2011 from 94.93% for the twenty six weeks ended April 3, 2010.

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

Restaurant Food Sales and Bar Sales. Gross profit for food and bar sales for the twenty six weeks ended April 2, 2011 increased to \$19,167,000 from \$18,666,000 for the twenty six weeks ended April 3, 2010. Our gross profit margin for food sales and bar sales (calculated as gross profit reflected as a percentage of food sales and bar sales), was 65.96% for the twenty six weeks ended April 2, 2011 and 66.14% for the twenty six weeks ended April 3, 2010. We anticipate that our gross profit for restaurant food and bar sales will decrease during the balance of our fiscal year 2011 due to higher food costs, including our cost of ribs.

Package Store Sales. Gross profit for package store sales for the twenty six weeks ended April 2, 2011 increased to \$2,476,000 from \$2,343,000 for the twenty six weeks ended April 3, 2010. Our gross profit margin, (calculated as gross profit reflected as a percentage of package store sales), was 34.37% for the twenty six weeks ended April 2, 2011 compared to 32.60% for the twenty six weeks ended April 3, 2010. The increase in our gross profit margin, (1.77%), 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 2011 due to our inability 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 April 2, 2011 increased \$529,000 or 5.05% to \$11,001,000 from \$10,472,000 for the twenty six weeks ended April 3, 2010. Payroll and related costs as a percentage of total sales was 29.77% for the twenty six weeks ended April 2, 2011 and 29.01% of total sales for the twenty six weeks ended April 3, 2010.

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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 April 2, 2011 increased \$29,000 or 1.39% to \$2,111,000 from \$2,082,000 for the twenty six weeks ended April 3, 2010. Our occupancy costs increased primarily due to rental increases in existing leases, offset by the elimination of rent paid for our restaurant located at 2600 West Davie Boulevard, Fort Lauderdale, Florida (Store #22), the real property and building of which we purchased during the fourth quarter of our fiscal year 2010, and our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida (Store #20), the real property and building of which we purchased during the first quarter of our fiscal year 2011. We anticipate that our occupancy costs will remain stable throughout the balance of our fiscal year 2011, primarily due to the elimination of rent paid for our restaurant located at 2600 West Davie Boulevard, Fort Lauderdale, Florida (Store #22) and our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida (Store #20).

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 April 2, 2011 increased \$305,000 or 4.33% to \$7,344,000 from \$7,039,000 for the twenty six weeks ended April 3, 2010. Selling, general and administrative expenses increased as a percentage of total sales for the twenty six weeks ended April 2, 2011 to 19.87% as compared to 19.50% for the twenty six weeks ended April 3, 2010. We anticipate that our selling, general and administrative expenses will increase throughout the balance of our fiscal year 2011 across all categories.

Depreciation and Amortization. Depreciation and amortization expense for the twenty six weeks ended April 2, 2011 increased \$86,000 or 7.02% to \$1,311,000 from \$1,225,000 from the twenty six weeks ended April 3, 2010. As a percentage of total revenue, depreciation and amortization expense was 3.55% of revenue in the twenty six weeks ended April 2, 2011 and 3.39% of revenue in the twenty six weeks ended April 3, 2010.

Interest Expense, Net. Interest expense, net, for the twenty six weeks ended April 2, 2011 increased \$62,000 to \$297,000 from \$235,000 for the twenty six weeks ended April 3, 2010. Interest expense increased during the twenty six weeks ended April 2, 2011 primarily due to the interest paid on the mortgages associated with the purchase of our restaurant located at 2600 West Davie Boulevard, Fort Lauderdale, Florida (Store #22), and our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida (Store #20), which mortgages did not exist during the twenty six ended April 3, 2010.

Net Income. Net income for the twenty six weeks ended April 2, 2011 increased \$127,000 or 13.26% to \$1,085,000 from \$958,000 for the twenty six weeks ended April 3, 2010. As a percentage of sales, net income for the twenty six weeks ended April 2, 2011 is 2.94%, as compared to 2.65% for the twenty six weeks ended April 3, 2010. During the twenty six weeks ended April 2, 2011, we recognized income of \$231,000, offset by income tax of \$69,000, from the sale of our interest, as guarantor, of a nine (9) year leasehold interest. Without giving effect to the above non-recurring item, our net income for the twenty six weeks ended April 2, 2011 would have decreased \$35,000 or 3.65% to \$923,000.

New Limited Partnership Restaurants

During the twenty six weeks ended April 2, 2011 and the twenty six weeks ended April 3, 2010, we did not have a new restaurant location in the development stage and did not recognize any pre-opening costs.

While we currently have no new restaurants under development, if we are to open new restaurants, 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. We believe that our current cash on hand, together with our expected cash

generated from operations will be sufficient to fund our operations and capital expenditures for at least the next twelve months.

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Trends

During the next twelve months, we expect same store food sales to decline due primarily to increased competition. We expect package store sales to remain stable. We expect higher food costs and higher overall expenses to adversely affect our net income. In December 2007, we raised menu prices to offset the higher food costs and overall expenses. During the first and fourth quarters of our fiscal year 2010, we raised certain of our alcoholic drink prices. 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 limited our advertising, but plan to attract and retain our customers by offering discount coupons and promotional gift cards, but are monitoring the impact of such discounts on our gross profit. We may be required to raise menu prices wherever competitively possible.

Although we have no new restaurant in development, 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. As of April 2, 2011, we had cash of approximately \$5,980,000, a decrease of \$467,000 from our cash balance of \$6,447,000 as of October 2, 2010. The decrease in cash as of April 2, 2011 was primarily due to our expending approximately \$1,750,000 for the cash portion of the purchase price required to close on the purchase of the real property and building where our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida, (Store #20) operates, offset by \$850,000 we borrowed from a related third party at the end of the first quarter, which loan is secured by a mortgage on the real property and building. Management believes that the Company's current cash availability from its cash on hand and the 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 2011 and 2010.

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	-----Twenty Six Weeks Ended-----	
	April 2, 2011	April 3, 2010
	(in Thousands)	
Net cash provided by operating activities	\$ 3,408	\$ 4,577
Net cash used in investing activities	(3,239)	(1,076)
Net cash used in financing activities	(636)	(1,084)
Net Increase (Decrease) in Cash and Cash Equivalents	(467)	2,417
Cash and Cash Equivalents, Beginning	6,447	4,580
Cash and Cash Equivalents, Ending	\$ 5,980	\$ 6,997

We did not declare or pay a cash dividend on our capital stock in our fiscal year 2010. On December 22, 2010, our Board declared a cash dividend of 10 cents per share, (\$188,000), which was paid on January 18, 2011 to shareholders of record on January 7, 2011. Any future determination to pay cash dividends will be at our Board's discretion and will depend upon our financial condition, operating results, capital requirements and such other factors as our Board deems relevant.

Capital Expenditures

In addition to using cash for our operating expenses, we use cash to fund the development and construction of new restaurants and to fund capitalized property improvements for our existing restaurants. We acquired property and equipment of \$3,297,000, (including \$61,000 of which was financed and \$27,000 of deposits recorded in other assets as of October 2, 2010), during the twenty six weeks ended April 2, 2011, and including \$779,000 for renovations to one (1) existing Company owned restaurant. During the twenty six weeks ended April 3, 2010, we acquired property and equipment of \$2,058,000, (including \$850,000 of which was financed, \$99,000 of which was the non-cash purchase of the assets of the franchised restaurant and \$20,000 of deposits recorded in other assets as of October 3, 2009), and including \$337,000 for renovations to two (2) existing Company owned restaurants.

All of our owned units require periodic refurbishing in order to remain competitive. We anticipate the cost of this refurbishment in our fiscal year 2011 to be approximately \$1,300,000, of which \$779,000 has been spent through April 2, 2011.

Long Term Debt

As of April 2, 2011, we had long term debt of \$9,466,000, as compared to \$7,562,000, (including our line of credit), as of April 3, 2010, and \$8,053,000 as of October 2, 2010.

Purchase Commitments

In order to fix the cost and ensure adequate supply of baby back ribs for our restaurants, on November 30, 2010, we entered into a purchase agreement with a new rib supplier, whereby we agreed to purchase approximately \$3,100,000 of baby back ribs during calendar year 2011 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.

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Working Capital

The table below summarizes the current assets, current liabilities, and working capital for our fiscal quarters ended April 2, 2011, April 3, 2010 and our fiscal year ended October 2, 2010.

Item	April 2, 2011	April 3, 2010 (in Thousands)	Oct. 2, 2010
Current Assets	\$10,089	\$ 10,828	\$ 9,754
Current Liabilities	7,788	7,993	6,373
Working Capital	\$2,301	\$ 2,835	\$ 3,381

Our working capital as of April 2, 2011 decreased by 18.84% from the working capital for the fiscal quarter ending April 3, 2010 and decreased by 31.94% from the working capital for the fiscal year ending October 2, 2010. Our working capital decreased during our fiscal quarter ended April 2, 2011 from our working capital for our fiscal year ended October 2, 2010 due to our use of approximately \$900,000 in connection with our acquisition of the real property and building where our combination restaurant and package liquor store located at 13205 Biscayne Boulevard, North Miami, Florida, (Store #20) operates and payment on January 18, 2011 of the dividend (\$188,000) declared by our Board of Directors on December 22, 2010.

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 2011.

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 April 2, 2011 held no equity securities.

Interest Rate Risk

As part of our ongoing operations, we are exposed to interest rate fluctuations on our borrowings. As more fully described in Note 9 "Fair Value Measurements of Financial Instruments" to the Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for our fiscal year ended October 2, 2010, we use interest rate swap agreements to manage these risks. These instruments are not used for speculative purposes but are used to modify variable rate obligations into fixed rate obligations.

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At April 2, 2011, we had two variable rate debt instruments outstanding that are impacted by changes in interest rates. As a means of managing our interest rate risk on these debt instruments, we entered into interest rate swap agreements with third party financial institutions to convert certain variable rate debt obligations to fixed rates. We are currently party to the following two (2) interest rate swap agreements:

(i) One (1) interest rate swap agreement entered into in July 2010 relates to a secured term loan in the original principal amount of \$1,586,000, (the "Term Loan Swap"), which converts the LIBOR based variable rate interest to a fixed rate. The Term Loan Swap requires us to pay interest for a three (3) year period at a fixed rate of 4.55% on an initial amortizing notional principal amount of \$1,586,000, while receiving interest for the same period at the British Bankers Association LIBOR ("LIBOR"), Daily Floating Rate, plus 3.25%, on the same amortizing notional principal amount. Under this method of accounting, at April 2, 2011, we determined the fair value of the Term Loan Swap to be a liability of approximately (\$9,000) based upon unadjusted quoted prices in active markets for similar assets or liabilities provided by our unrelated third party lender. The fair value of the Term Loan Swap at April 2, 2011 was not significant; and

(ii) The second interest rate swap agreement entered into in July 2010 relates to a first mortgage loan encumbering our corporate offices, (the "Mortgage Loan Swap"). The Mortgage Loan Swap requires us to pay interest for a seven (7) year period at a fixed rate of 5.11% on an initial amortizing notional principal amount of \$935,000, while receiving interest for the same period at LIBOR, Daily Floating Rate, plus 2.25%, on the same amortizing notional principal amount. Under this method of accounting, at April 2, 2011, we determined the fair value of the Mortgage Loan Swap to be a liability of approximately (\$9,000) based upon unadjusted quoted prices in active markets for similar assets or liabilities provided by our unrelated third party lender. The fair value of the Mortgage Loan Swap, at April 2, 2011 was not significant.

At April 2, 2011, our cash resources earn interest at variable rates. Accordingly, our return on these funds is affected by fluctuations in interest rates.

There is no assurance that interest rates will increase or decrease over our next fiscal year or that an increase will not have a material adverse effect on our operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of 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.

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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 10 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 October 2, 2010 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 April 2, 2011, we purchased 18 shares of our common stock for an aggregate purchase price of \$152. During the thirteen weeks ended April 3, 2010, we did not purchase any shares of our common stock.

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
January 2, 2011 – January 30, 2011	18	\$8.45	18	67,864
January 31, 2011 – February 27, 2011	None			67,864
February 28, 2011 – April 2, 2011	None			67,864
Total as of April 2, 2011	18		18	67,864

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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.

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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 17, 2011

/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)