

Edgar Filing: GRILL CONCEPTS INC - Form 10-Q

GRILL CONCEPTS INC  
Form 10-Q  
June 01, 2005

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 March 27, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACTS 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 past 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

As of May 5, 2005, 5,650,146 shares of Common Stock of the issuer were  
outstanding.

Edgar Filing: GRILL CONCEPTS INC - Form 10-Q

GRILL CONCEPTS, INC.  
-----

INDEX

	Page Number
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Condensed Balance Sheets - March 27, 2005 and December 26, 2004	3
Consolidated Condensed Statements of Operations - For the three months ended March 27, 2005 and March 28, 2004 (restated)	5
Consolidated Condensed Statements of Cash Flows - For the three months ended March 27, 2005 and March 28, 2004 (restated)	6
Notes to Consolidated Condensed Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures About Market Risk	28
Item 4. Controls and Procedures	28
PART II - OTHER INFORMATION	
Item 6. Exhibits	29
SIGNATURES	30

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GRILL CONCEPTS, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS

March 27, 2005	December 26, 2004
-----	-----
(unaudited)	

Current assets:

Edgar Filing: GRILL CONCEPTS INC - Form 10-Q

Cash and cash equivalents	\$ 1,639,000	\$ 1,407,000
Inventories	627,000	620,000
Receivables, net of reserve (\$162,000 in 2005 and \$143,000 in 2004)	934,000	836,000
Reimbursable costs receivable	993,000	928,000
Prepaid expenses & other current assets	733,000	2,372,000
	-----	-----
Total current assets	4,926,000	6,163,000
Furniture, equipment and improvements, net	12,864,000	11,864,000
Goodwill, net	205,000	205,000
Liquor licenses	367,000	350,000
Restricted cash	1,042,000	882,000
Note receivable	102,000	101,000
Other assets	178,000	184,000
	-----	-----
Total assets	\$ 19,684,000	\$19,749,000
	=====	=====

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

3

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

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY

	March 27, 2005	December 26, 2004
	-----	-----
	(unaudited)	
Current liabilities:		
Accounts payable	\$ 1,321,000	\$ 1,988,000
Accrued expenses	2,618,000	2,548,000
Reimbursable costs payable	993,000	928,000
Current portion of long term debt	142,000	196,000
Current portion notes payable - related parties	298,000	294,000
	-----	-----
Total current liabilities	5,372,000	5,954,000
Long-term debt	136,000	148,000
Notes payable - related parties	791,000	829,000
Other long-term liabilities	7,885,000	8,054,000
	-----	-----
Total liabilities	14,184,000	14,985,000
Minority interest	988,000	934,000
Stockholders' equity:		
Series I, Convertible Preferred Stock, \$.001 par		

Edgar Filing: GRILL CONCEPTS INC - Form 10-Q

value; 1,000,000 shares authorized, none issued and outstanding in 2005 and 2004	-	-
Series II, 10% Convertible Preferred Stock, \$.001 par value; 1,000,000 shares authorized, 500 shares issued and outstanding in 2005 and 2004	-	-
Common stock, \$.00004 par value; 12,000,000 shares authorized in 2005 and 2004, 5,650,146 issued and outstanding in 2005 and 5,588,019 issued and outstanding 2004		
Additional paid-in capital	13,649,000	13,649,000
Accumulated deficit	(9,137,000)	(9,819,000)
Total stockholders' equity	4,512,000	3,830,000
Total liabilities, minority interest and stockholders' equity	\$19,684,000	\$19,749,000

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

4

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

	Three Months Ended	
	March 27, 2005	March 28, 2004
		(restated)
Revenues:		
Sales	\$13,387,000	\$13,013,000
Cost reimbursements	3,469,000	3,190,000
Management and license fees	356,000	296,000
Total revenues	17,212,000	16,499,000
Operating expenses:		
Cost of sales	3,738,000	3,772,000
Restaurant operating expenses	7,701,000	7,672,000
Reimbursed costs	3,469,000	3,190,000
General and administrative	1,046,000	1,180,000
Depreciation and amortization	461,000	479,000
Pre-opening costs	91,000	147,000
Total operating expenses	16,506,000	16,440,000
Income from operations	706,000	59,000

Edgar Filing: GRILL CONCEPTS INC - Form 10-Q

Interest expense, net	(37,000)	(66,000)
	-----	-----
Income (loss) before provision for income taxes and minority interest	669,000	(7,000)
Provision for income taxes	(78,000)	(23,000)
Minority interest in net loss of subsidiaries	91,000	147,000
	-----	-----
Net income	682,000	117,000
Preferred dividends accrued	(13,000)	(13,000)
	-----	-----
Net income applicable to common stock	\$ 669,000	\$ 104,000
	=====	=====
Net income per share applicable to common stock:		
Basic net income	\$ 0.12	\$ 0.02
	=====	=====
Diluted net income	\$ 0.11	\$ 0.02
	=====	=====
Weighted average share outstanding:		
Basic	5,650,146	5,545,864
	=====	=====
Diluted	6,092,223	6,192,910
	=====	=====

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

5

GRILL CONCEPTS, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(unaudited)

	Three Months Ended	
	March 27, 2005	March 28, 2004
	-----	-----
Cash flows from operating activities:		
Net income	\$ 682,000	\$ 117,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	461,000	479,000
Lease incentives and deferred rent amortization	(169,000)	(86,000)
Stock based compensation expense	-	187,000
Allowance for doubtful accounts	19,000	-
Minority interest in loss of subsidiaries	(91,000)	(147,000)
Changes in operating assets and liabilities:		
Inventories	(7,000)	(1,000)
Receivables	(117,000)	170,000
		(restated)

Edgar Filing: GRILL CONCEPTS INC - Form 10-Q

Reimbursable costs receivable	(65,000)	38,000
Prepaid expenses and other current assets	79,000	(287,000)
Lease incentive receivables	1,560,000	885,000
Other assets		