

MAIN STREET RESTAURANT GROUP, INC.
Form 10-Q
May 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended **March 27, 2006**

Commission File Number: **000-18668**

MAIN STREET RESTAURANT GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or
organization)

11-2948370
(I.R.S. Employer Identification No.)

5050 N. 40TH STREET, SUITE 200, PHOENIX, ARIZONA 85018
(Address of principal executive offices) (Zip Code)

(602) 852-9000
(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**

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

Large accelerated filer Accelerated Filer Non-Accelerated filer

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

Number of shares of common stock, \$.001 par value, of the registrant outstanding at May 5, 2006: 17,228,176

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MAIN STREET RESTAURANT GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Par Value and Share Data)

	March 27, 2006 (unaudited)	December 26, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,549	\$ 10,124
Accounts receivable, net	1,703	2,826
Inventories	2,754	2,796
Prepaid expenses	583	341
Total current assets	19,589	16,087
Property and equipment, net	58,316	58,263
Other assets, net	2,055	1,982
Notes receivable, net	529	516
Goodwill	20,255	20,255
Franchise fees, net	1,752	1,735
Purchased franchise territories, net	562	571
Total assets	\$ 103,058	\$ 99,409
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 3,461	\$ 3,383
Accounts payable	6,454	7,194
Other accrued liabilities	25,470	23,579
Total current liabilities	35,385	34,156
Long-term debt, net of current portion	34,003	34,902
Other liabilities and deferred credits	1,029	1,402
Total liabilities	70,417	70,460
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.001 par value, 2,000,000 shares authorized; no shares issued and outstanding in 2006 and 2005	--	--
Common stock, \$.001 par value, 25,000,000 shares authorized; 17,348,970 and 17,309,550 shares issued and outstanding in 2006 and 2005, respectively	17	17
Additional paid-in capital	61,080	60,854
Accumulated deficit	(28,184)	(31,608)
Unearned compensation-restricted stock	(272)	(314)
Accumulated other comprehensive loss	-	-
Total stockholders' equity	32,641	28,949
Total liabilities and stockholders' equity	\$ 103,058	\$ 99,409

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

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MAIN STREET RESTAURANT GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	Three Months Ended	
	(unaudited)	
	March 27,	March 28,
	2006	2005
Revenue	\$ 65,269	\$ 61,432
Restaurant operating expenses		
Cost of sales	17,065	16,274
Payroll and benefits	18,946	18,582
Depreciation and amortization	2,121	2,101
Loss on disposal of assets	38	259
Other operating expenses	19,888	19,086
Total restaurant operating expenses	58,058	56,302
Depreciation and amortization of intangible assets		
Depreciation and amortization of intangible assets	269	218
Loss on disposal of assets	1	16
General and administrative expenses	2,783	2,403
Preopening expenses	114	