

## Nathan's Famous, Inc. Reports Third Quarter Results

2007-02-05

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Net income for the thirteen weeks ended December 24, 2006, increased by 37.8% to \$1,061,000 or \$0.18 per basic share and \$0.17 per diluted share as compared to \$770,000 or \$0.14 per basic share and \$0.12 per diluted share for the thirteen weeks ended December 25, 2005.

Income from continuing operations increased by 37.6% to \$1,039,000 or \$0.18 per basic share and \$0.17 per diluted share for the thirteen weeks ended December 24, 2006, as compared to \$755,000 or \$0.14 per basic share and \$0.12 per diluted share for the thirteen weeks ended December 25, 2005. Total revenues from continuing operations increased by 11.3% to \$10,554,000 during the thirteen weeks ended December 24, 2006, as compared to \$9,479,000 during the thirteen weeks ended December 25, 2005.

Net income for the thirty-nine weeks ended December 24, 2006, was \$4,301,000 or \$0.74 per basic share and \$0.68 per diluted share as compared to \$5,047,000 or \$0.91 per basic share and \$0.77 per diluted share for the thirty-nine weeks ended December 25, 2005.

Nathan's realized gains of \$400,000 and \$2,819,000 during the 2006 and 2005 periods, respectively, from the sale of a previously owned vacant parcel of land and adjacent leasehold interest. The effects of these gains, net of tax, were \$239,000 or \$0.04 per basic and diluted share, during the thirty-nine weeks ended December 24, 2006, and \$1,724,000 or \$0.31 and \$0.26 per basic and diluted share, respectively, during the thirty-nine weeks ended December 25, 2005.

Income from continuing operations increased by 20.7% to \$3,982,000 or \$0.69 per basic share and \$0.63 per diluted share for the thirty-nine weeks ended December 24, 2006, as compared to \$3,300,000 or \$0.59 per basic share and \$0.50 per diluted share for the thirty-nine weeks ended December 25, 2005. Total revenues from continuing operations increased by 10.5% to \$35,862,000 during the thirty-nine weeks ended December 24, 2006, as compared to \$32,456,000 during the thirty-nine weeks ended December 25, 2005.

The Company also reported the following:

œ This has been the fifteenth consecutive quarter in which quarterly profits from continuing operations have increased as compared to the same period of the prior year.

œ The Branded Product Program, featuring the sale of Nathan's hot dogs to the foodservice industry, has continued its growth. Sales increased by 12.0% to \$4,783,000 during the thirteen weeks ended December 24, 2006, as compared to sales of \$4,269,000 during the thirteen weeks ended December 25, 2005. Sales increased by 14.7% to \$14,720,000 during the thirty-nine weeks ended December 24, 2006, as compared to sales of \$12,832,000 during the thirty-nine weeks ended December 25, 2005.

œ Revenues from Nathan's other operating profit centers, including company-owned restaurants, restaurant franchising, retail licensing, and sales to its television marketer, increased by \$611,000 or 12.4% during the thirteen weeks ended December 24, 2006, as compared to the thirteen weeks ended December 25, 2005, and \$1,662,000 or 8.8% during the thirty-nine weeks ended December 24, 2006, as compared to the thirty-nine weeks ended December 25, 2005.

œ Nathan's incurred new administrative expenses during the thirty-nine weeks ended December 24, 2006, of \$208,000 in connection with the adoption of a new accounting standard requiring that the fair value of options granted be charged against earnings, \$172,000 in connection with professional services associated with its preparations to comply with the Sarbanes-Oxley Section 404 requirements and severance expense of \$73,000.

At December 24, 2006, Nathan's products were distributed in 49 states, the District of Columbia and 13 foreign countries through its restaurant system, Branded Product Program and retail licensing activities. At December 24, 2006, Nathan's restaurant system consisted of 361 franchised or licensed units and six company-owned units (including one seasonal unit) featuring the Nathan's, Miami Subs and Kenny Rogers Roasters brands.

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