

Mexican Restaurants, Inc. Announces 2007 First Quarter Operating Results

2007-05-15

For the 2007 first quarter ended April 1, 2007, Mexican Restaurants, Inc. (Nasdaq:CASA) reported a net loss of \$69,544 or \$0.02 per diluted share, compared with net income of \$765,946 or \$0.21 per diluted share for the first quarter of fiscal year 2006.

The Company's revenues for the first quarter of fiscal year 2007 decreased \$0.3 million or 1.4% to \$20.5 million compared with \$20.8 million for the same quarter in fiscal year 2006. Restaurant sales for first quarter 2007 decreased \$0.3 million or 1.4% to \$20.3 million compared with \$20.6 million for the first quarter of fiscal year 2006. The decrease in revenue reflects a \$1.6 million decline in same-restaurant sales, partially offset by net new restaurant additions and Mission Burritos of \$1.3 million. For the first quarter ended April 1, 2007, total system same-restaurant sales decreased approximately 6.3%, Company-owned same-restaurant sales decreased approximately 7.5% and franchised-owned same-restaurant sales decreased approximately 2.5%.

Commenting on the Company's first quarter results, Curt Glowacki, Chief Executive Officer, stated, 'The decline in same-restaurant sales for the first quarter resulted from lower consumer traffic, rising gas prices and inclement winter weather. In addition, we were up against some incredible comparative same-store sales from the first quarter last year. Despite current challenges, we are confident that our brands' value proposition and positioning will continue to resonate with loyal customers. As we move forward, we plan to expand our catering and to-go business, selectively raise menu prices to compensate for rising commodity prices and the anticipated minimum wage hike, and reduce our general and administrative expenses.'

Mr. Glowacki added, 'We will continue to move forward with our growth plans for building new Casa Olé restaurants and Mission Burritos, our new fast casual concept. MRI was built by a team of people who understand consumers' needs, can drive the fundamentals of our business and have weathered the peaks and valleys of the marketplace.'

Mexican Restaurants, Inc. operates and franchises 78 Mexican restaurants. The current system includes 59 Company-operated restaurants, 18 franchisee operated restaurants and one licensed restaurant.

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