

Mexican Restaurants, Inc. Announces Fiscal Year-End Results (NASDAQ:CASA)

2008-03-17

For the Company's 2007 fiscal year ended December 30, 2007, the Company reported net income of \$348,774 or \$0.10 per diluted share, compared with net income of \$1,138,334 or \$0.32 per diluted share for fiscal year 2006.

For the fourth quarter ended December 30, 2007, the Company reported net income of \$199,686 or \$0.06 per diluted share, compared with a net loss of \$1,009,469 or \$0.30 per diluted share for the same quarter in fiscal year 2006.

The Company's revenues for the fiscal year ended December 30, 2007 were up \$400,537 or 0.5% to \$82.1 million compared with fiscal year 2006. Restaurant sales for fiscal year 2007 increased \$574,879 or 0.7% to \$81.4 million compared with fiscal year 2006. The increase in restaurant sales reflects the full year impact of one restaurant opened in fiscal year 2006 and the full year impact of the acquisition of Mission Burrito (two restaurants), offset in part by a 1.8% decline in fiscal 2007 in same-restaurant sales. For the fourth quarter ended December 30, 2007, Company-owned same-store sales increased approximately 0.6% and franchised-owned same-store sales, as reported by franchisees, increased approximately 3.0%.

Commenting on the Company's year-end results for fiscal year 2007, Curt Glowacki, Chief Executive Officer, stated, 'I am very pleased that same-store sales were positive for the second consecutive quarter, and continue to be positive in the first quarter of fiscal year 2008. These trends are contrary to national casual-dining industry trends.'

Mr. Glowacki added, 'The fourth quarter represented continued progress in returning the Company to acceptable results. These results were accomplished in spite of continuing cost and economic pressures. The restaurant industry as a whole is facing rising food/ingredient costs and we are no exception. Commodity prices are increasing at a faster rate than the rate we can increase our menu prices. As we have stated before, if rising commodity prices continue, we will continue to selectively raise menu prices to the extent we can do so without risking a decline in customer counts and traffic. In spite of the increase in the Federal minimum wage on July 24, 2007, which added approximately \$7,000 per week to our payroll costs, our management has done an excellent job in the second, third and fourth quarters in offsetting labor cost by way of labor efficiency.'

Mr. Glowacki concluded, 'We continue to be very excited about our Company's growth plans for Mission Burrito, our fast casual entry into the high growth quick serve burrito category. During the first quarter of fiscal 2008, we opened the third Mission Burrito restaurant - and our new prototype - in Katy, Texas. Sales have exceeded our expectations. The fourth Mission Burrito restaurant, which is under construction, will open during the second quarter of fiscal 2008 and two more sites are under lease review.'

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

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