

Mexican Restaurants, Inc. Announces 2008 Second Quarter Operating Results (NASDAQ: CASA)
2008-08-12

For the Company's 2008 second quarter ended June 29, 2008, the Company reported net income of \$359,059 or \$0.11 per diluted share, compared with net income of \$129,882 or \$0.04 per diluted share for the second quarter of fiscal year 2007.

For the 26-week period ended June 29, 2008, the Company reported net income of \$434,576 or \$0.13 per diluted share, compared with net income of \$60,338 or \$0.02 per diluted share for the 26-week period of fiscal year 2007. The second quarter and 26-week period ended June 29, 2008 included a before tax gain on the disposition of assets from the Vidor fire of \$149,338 and \$275,709, respectively.

The Company's revenues for the second quarter of fiscal year 2008 increased \$116,492 or 0.6% to \$21.0 million compared with \$20.9 million for the same quarter in fiscal year 2007. Restaurant sales for second quarter 2008 increased slightly by \$3,710 to \$20.7 million compared to the second quarter of fiscal year 2007. The slight increase in restaurant revenue reflects an increase in same-store sales and the addition of two Mission Burrito fast casual restaurants which was mostly offset by the sale of the Casa Olé restaurant in Stafford, Texas in June 2007 and the 20 week closure in the first and second quarters of fiscal 2008 of the Casa Olé restaurant in Vidor, Texas that was extensively damaged by fire. For the second quarter ended June 29, 2008, Company-owned same-restaurant sales increased approximately 0.3% and franchised-owned same-restaurant sales, as reported by franchisees, increased approximately 1.0% over the same quarter in fiscal 2007.

On a year-to-date basis, the Company's revenue increased \$29,483 or 0.1% to \$41.4 million compared to the same 26-week period in fiscal 2007. Restaurant sales for the 26-week period ended June 29, 2008 decreased \$79,636 or 0.2% to \$40.9 million compared with \$41.0 million for the same 26-week period of fiscal 2007. The decrease reflects the sale of the Casa Olé restaurant in Stafford, Texas in June 2007 and the 20 week closure in the first and second quarters of fiscal 2008 of the Vidor Casa Olé restaurant that was extensively damaged by fire, partially offset by an increase in same-store sales and the addition of two Mission Burrito fast casual restaurants. For the 26-week period ended June 29, 2008, Company-owned same-restaurant sales increased approximately 0.7% and franchised-owned same-restaurant sales, as reported by franchisees, increased approximately 2.1% over the same quarter in period 2007.

Commenting on the Company's second quarter results, Curt Glowacki, Chief Executive Officer, stated, 'I am very pleased that same-store sales were positive for the fourth consecutive quarter. These trends are contrary to national casual dining industry trends.'

Mr. Glowacki added, '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. So far this fiscal year, we have opened our third and fourth Mission Burrito restaurants. Currently, four additional Mission Burrito restaurants are under various stages of development, two of which we believe we can open before the end of fiscal year 2008.'

Mr. Glowacki concluded, 'I am pleased with our second quarter performance in what I would describe as one of the most challenging restaurant environments that I have experienced in my over thirty years in the restaurant industry. In spite of this environment we managed to deliver continued progress in returning the Company to acceptable results.'

Mexican Restaurants, Inc. operates and franchises 79 Mexican restaurants. The current system includes 60 Company-operated restaurants, 18 franchisee operated restaurants and one licensed restaurant.

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