

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

FLANIGANS ENTERPRISES INC
Form 10-Q
August 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 June 28, 2008

OR

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

For the transition period from to

Commission File Number 1-6836

FLANIGAN'S ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Florida

59-0877638

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

5059 N.E. 18th Avenue, Fort Lauderdale, Florida

33334

Address of principal executive offices)

Zip Code

(954) 377-1961

(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

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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

On August 11, 2008, 1,885,833 shares of Common Stock, \$0.10 par value per share, were outstanding.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

INDEX TO FORM 10-Q

PART I. FINANCIAL INFORMATION.....

 ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).....

 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME.....

 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS.....

 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS.....

 NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....

 ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIO.....

 ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....

 ITEM 4. CONTROLS AND PROCEDURES.....

PART II. OTHER INFORMATION.....

 ITEM 1. LEGAL PROCEEDINGS.....

 ITEM 1A. RISK FACTORS.....

 ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.....

 ITEM 6. EXHIBITS.....

As used in this Quarterly Report on Form 10-Q, the terms "we," "us," "our," the "Company" and "Flanigan's" mean Flanigan's Enterprises, Inc. and its subsidiaries (unless the context indicates a different meaning).

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (In Thousands Except Per Share Amounts)

	Thirteen Weeks Ended		Thirty Nine Ended
	June 28, 2008	June 30, 2007	June 28, 2008
	----	----	----
REVENUES:			
Restaurant food sales	\$ 10,182	\$ 9,773	\$ 30,714
Restaurant bar sales	2,346	2,206	7,117
Package store sales	2,842	3,037	9,673

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Franchise related revenues	273	279	815
Owner's fee	68	71	183
Other operating income	54	41	150
	-----	-----	-----
	15,765	15,407	48,652
	-----	-----	-----
COSTS AND EXPENSES:			
Cost of merchandise sold:			
Restaurant and lounges	4,197	4,211	12,670
Package goods	1,994	2,174	6,855
Payroll and related costs	4,645	4,494	14,363
Occupancy costs	989	1,099	2,969
Selling, general and administrative expenses	3,289	3,141	9,994
	-----	-----	-----
	15,114	15,119	46,851
	-----	-----	-----
Income from Operations	651	288	1,801
	-----	-----	-----
OTHER INCOME (EXPENSE):			
Interest expense	(117)	(129)	(358)
Interest and other income	34	40	71
Gain on sale of property and equipment	--	393	--
	-----	-----	-----
	(83)	304	(287)
	-----	-----	-----
Income before Provision for Income Taxes and Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	568	592	1,514
Provision for Income Taxes	(138)	(236)	(487)
Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	(94)	71	(36)
	-----	-----	-----
NET INCOME	\$ 336	\$ 427	\$ 991
	=====	=====	=====

2

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Amounts)

(Continued)

	Thirteen Weeks Ended		Thirty Nine Weeks Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
	----	----	----	----
Net Income Per Common Share:				
Basic	\$ 0.18	\$ 0.23	\$ 0.52	\$ 0.5

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	=====	=====	=====	=====
Diluted	\$ 0.18	\$ 0.22	\$ 0.52	\$ 0.5
	=====	=====	=====	=====
Weighted Average Shares and Equivalent Shares Outstanding				
Basic	1,886,077	1,892,891	1,888,523	1,888,33
	=====	=====	=====	=====
Diluted	1,895,378	1,914,986	1,899,515	1,910,11
	=====	=====	=====	=====

See accompanying notes to unaudited condensed consolidated financial statements.

3

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 28, 2008 (UNAUDITED) AND SEPTEMBER 29, 2007
(In Thousands)

ASSETS

	June 28, 2008	September 29, 2007
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,464	\$ 2,223
Notes and mortgages receivables, current maturities, net	16	14
Prepaid income taxes	100	--
Due from franchisees	237	735
Other receivables	159	137
Inventories	2,237	2,165
Prepaid expenses	579	840
Deferred tax asset	210	208
	-----	-----
Total Current Assets	7,002	6,322
	-----	-----
Property and Equipment, Net	20,718	19,410
	-----	-----
Investment in Limited Partnership	155	142
	-----	-----
OTHER ASSETS:		
Liquor licenses, net	345	347
Notes and mortgages receivable, net	32	44
Deferred tax asset	634	492
Leasehold purchases	1,938	2,085
Other	1,632	1,495

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	-----	-----
Total Other Assets	4,581	4,463
	-----	-----
Total Assets	\$32,456	\$30,337
	=====	=====

4

FLANIGAN'S ENTERPRISES, INC, AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 28, 2008 (UNAUDITED) AND SEPTEMBER 29, 2007
(In Thousands)

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 28, 2008	September 29, 2007
	-----	-----
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 3,501	\$ 3,666
Income taxes payable	--	331
Due to franchisees	339	312
Current portion of long term debt	185	196
Deferred revenues	37	45
Deferred rent	18	17
	-----	-----
Total Current Liabilities	4,080	4,567
	-----	-----
Long Term Debt, Net of Current Maturities	4,811	4,922
Line of Credit	1,562	962
Deferred Rent, Net of Current Portion	218	232
Minority Interest in Equity of Consolidated Limited Partnerships	8,750	7,570
Commitments, Contingencies and Subsequent Events		
Stockholders' Equity:		
Common stock, \$.10 par value, 5,000,000 shares authorized; 4,197,642 shares issued	420	420
Capital in excess of par value	6,240	6,240
Retained earnings	12,322	11,331
Treasury stock, at cost, 2,311,809 shares at June 28, 2008 and 2,306,909 shares at September 29, 2007	(5,947)	(5,907)
	-----	-----
Total Stockholders' Equity	13,035	12,084

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	-----	-----
Total Liabilities and Stockholders' Equity	\$ 32,456	\$ 30,337
	=====	=====

See accompanying notes to unaudited condensed consolidated financial statements.

5

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE THIRTY-NINE WEEKS ENDED JUNE 28, 2008 AND JUNE 30, 2007
 (In Thousands)

	June 28, 2008	June 30, 2007
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 991	\$ 1,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,518	1,395
Amortization of leasehold purchases	174	149
Gain on sale of property and equipment	--	(393)
Loss on abandonment of property and equipment	15	26
Deferred income tax	(144)	6
Deferred rent	(13)	16
Minority interest in earnings of consolidated limited partnerships	36	240
Income from unconsolidated limited partnership	(22)	(5)
Recognition of deferred revenue	(8)	(7)
Changes in operating assets and liabilities:		
(Increase) decrease in		
Due from franchisees	498	255
Other receivables	(22)	167
Prepaid income taxes	(100)	--
Inventories	(72)	13
Prepaid expenses	261	(243)
Other assets	(137)	(355)
Increase (decrease) in:		
Accounts payable and accrued expenses	(165)	(50)
Income taxes payable	(331)	(150)
Due to franchisees	27	152
Net cash provided by operating activities	----- 2,506	----- 2,299
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on notes and mortgages receivable	10	8
Purchase of property and equipment	(2,916)	(2,417)
Purchase of leasehold interests	(27)	(955)
Purchase of assets of franchised restaurant	--	(100)
Proceeds from sale of fixed assets	101	862
Proceeds from sale of marketable securities	--	381
Distributions from unconsolidated limited		

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Partnerships	9	9
Proceeds from insurance settlement	--	112
	-----	-----
Net cash used in investing activities	(2,823)	(2,100)
	-----	-----

6

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE THIRTY-NINE WEEKS ENDED JUNE 28, 2008 AND JUNE 30, 2007
 (In Thousands)

(Continued)

	June 28, 2008	June 30, 2007
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of long term debt	(148)	(157)
Payment of line of credit	--	(1,000)
Proceeds from long term debt	--	172
Proceeds from line of credit	600	1,200
Purchase of treasury stock	(40)	(36)
Purchase of minority limited partnership interest	(120)	--
Distributions to limited partnership minority partners	(759)	(777)
Proceeds from limited partnership interests	2,025*	1,970**
Proceeds from exercise of stock options	--	61
	-----	-----
Net cash provided by financing activities	1,558	1,433
	-----	-----
Net Increase in Cash and Cash Equivalents	1,241	1,632
Beginning of Period	2,223	1,698
	-----	-----
End of Period	\$ 3,464	\$ 3,330
	=====	=====
Supplemental Disclosure for Cash Flow Information:		
Cash paid during period for:		
Interest	\$ 358	\$ 387
	=====	=====
Income taxes	\$ 1,061	\$ 747
	=====	=====
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Purchase of real property in exchange for debt	--	\$ 700
	=====	=====
Purchase of vehicle in exchange for debt	\$ 26	--
	=====	=====

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

* exclusive of the Company's investment in the limited partnership owning the restaurant in Davie, Florida of \$1,850,000.

** exclusive of the Company's investment in the limited partnership owning the restaurant in Pembroke Pines, Florida of \$380,000.

See accompanying notes to unaudited condensed consolidated financial statements

7

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 28, 2008

(1) BASIS OF PRESENTATION:

The accompanying financial information for the periods ended June 28, 2008 and June 30, 2007 are unaudited. Financial information as of September 29, 2007 has been derived from the audited financial statements of the Company, but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial information for the periods indicated have been included. For further information regarding the Company's accounting policies, refer to the Consolidated Financial Statements and related notes included in the Company's Annual Report on Form 10-K for the year ended September 29, 2007. Operating results for interim periods are not necessarily indicative of results to be expected for a full year.

These financial statements include estimates relating to performance based officers' bonuses. The estimates are reviewed periodically and the effects of any revisions are reflected in the financial statements in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may take in the future, they may ultimately differ from actual results.

(2) EARNINGS PER SHARE:

Statements of Financial Accounting Standards ("SFAS") No. 128, Earnings per share establishes standards for computing and presenting earnings per share ("EPS"). This statement requires the presentation of basic and diluted EPS. The data on Page 3 shows the amounts used in computing earnings per share and the effects on income and the weighted average number of shares of potentially dilutive common stock equivalents.

(3) RECLASSIFICATION:

Certain amounts in the fiscal year 2007 financial statements have been reclassified to conform to the fiscal year 2008 presentation.

(4) RECENT ACCOUNTING PRONOUNCEMENTS:

In March 2008, the FASB issued SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161") to enhance disclosures about an entity's derivative and hedging activities. SFAS 161 is effective for all financial statements issued in fiscal years and interim periods beginning after November 15, 2008 and early application is encouraged. SFAS 161 also encourages but does not require comparative disclosures for earlier periods at initial

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

adoption. As we do not currently engage in derivative transactions or hedging activities, we do not anticipate any significant financial statement disclosure impact as a result of our evaluation of SFAS 161.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure

8

requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective for the fiscal years beginning after December 15, 2008 and will be adopted by us for any acquisitions after September 27, 2009.

In December 2007, the FASB issued Statement of Financial Accounting Standard No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 ("SFAS 160"). SFAS 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests (NCI) and classified as a component of equity. This new consolidation method will significantly change the accounting for transactions with minority interest holders. SFAS 160 is effective for fiscal years beginning after December 15, 2008 (our fiscal year 2010). We have not yet determined the impact, if any, of SFAS 160 on our consolidated financial statements.

In February 2007, the FASB issued SFAS 159, "Fair Value Option for Financial Assets and Liabilities" ("SFAS 159") which permits an entity to choose to measure many financial instruments and certain other items at fair value. The standard contains an amendment to SFAS 115 pertaining to available-for-sale and trading securities. The objective of the standard is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of SFAS 159 are effective for financial statements issued for fiscal years beginning after November 15, 2007. We do not expect the adoption of Statement 159 at the beginning of fiscal year 2009 to have a material impact.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value and the effect of fair value measures on earnings. SFAS 157 is effective for fiscal years beginning after November 15, 2007 (our fiscal year 2009), although early adoption is permitted. In September 2007, the FASB provided a one-year deferral for the implementation of SFAS 157 only with regard to nonfinancial assets and liabilities. We have not yet determined the impact, if any, of SFAS 157 on our consolidated financial statements.

(5) INVESTMENT IN LIMITED PARTNERSHIPS:

Davie, Florida

We are the sole general partner and a 48% limited partner in this limited partnership which owns a restaurant in Davie, Florida which commenced operating

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

under our "Flanigan's Seafood Bar and Grill" service mark on July 28, 2008. 9.5% of the remaining limited partnership interest is owned by persons who are either our officers, directors or their family members. As of June 28, 2008 we still held \$696,000 in funds from the private offering by this limited partnership, which are sufficient funds to complete the renovations and upgrades to the Davie, Florida restaurant and provide working capital.

(6) INVESTMENT IN LEASEHOLD INTEREST:

El Portal, Florida

During the third quarter of fiscal year 2008, we purchased a four (4%) percent interest, as lessee, in the Ninety Nine Year Ground Lease, and a four (4%) percent interest, as sublessor, in the Sublease Agreement by which we sublease the real property and improvements for our package liquor store and warehouse located at 8600 Biscayne Boulevard, El Portal, Miami-Dade County, Florida, (Store #47) for

9

\$27,000. With this purchase, we increased our ownership interest in the Ninety-Nine Year Ground Lease and the Sublease Agreement to fifty two (52%) percent.

(7) LINE OF CREDIT:

Under a secured line of credit with a third party financial institution we are able to borrow up to \$2,600,000. As of June 28, 2008, the amount outstanding under the line of credit was \$1,562,000, with a remaining availability of \$1,038,000. During the third quarter of fiscal year 2008, we made no draws on our line of credit and paid monthly installments of interest payments, with no principal payments. During the fourth quarter of fiscal year 2008, we extended the maturity date of our secured line of credit from April 2, 2009 to July 2, 2009.

(8) INCOME TAXES:

Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes, requires among other things, recognition of future tax benefits measured at enacted rates attributable to deductible temporary differences between financial statement and income tax basis of assets and liabilities and to tax net operating loss carryforwards and tax credits to the extent that realization of said tax benefits is more likely than not.

(9) STOCK OPTION PLANS:

We have two stock option plans under which qualified stock options may be granted to our officers and other employees. Under these plans, the exercise price for the qualified stock options must be at least 110% of the fair market value of the Company's Common Stock on the date the options are granted. In general, options granted under our stock option plans expire after a five (5) year period and generally vest no later than one (1) year from the date of grant. As of June 28, 2008, options to acquire 49,350 shares were outstanding at an average exercise price of \$6.31 per share. Under the plans, options to acquire an aggregate of 45,000 shares are available for grant.

No stock options were granted during the thirty nine weeks ended June 28, 2008, nor were stock options granted during the thirty nine weeks ended June 30, 2007.

There were no stock option exercises during the thirty nine weeks ended June 28,

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

2008. Stock option exercises during the thirty nine weeks ended June 30, 2007 resulted in cash inflow to the Company of \$61,000. The corresponding intrinsic value as of the exercise date of the 9,510 stock options exercised during the thirty nine weeks ended June 30, 2007 was \$45,000.

Stock option activity during the thirty nine weeks ended June 28, 2008 was as follows:

	Total Options	Weighted Average Exercise Price
Outstanding at September 29, 2007	50,300	\$6.31
Granted	--	--
Exercised	--	--
Expired	950	\$6.14
	-----	-----
Outstanding at June 28, 2008	49,350	\$6.31
	=====	=====
Options exercisable at June 28, 2008	49,350	\$6.31
	=====	=====

10

The weighted-average remaining contractual terms of stock options outstanding and stock options exercisable at June 28, 2008 was approximately 0.76 year. The aggregate intrinsic value of options outstanding and stock options exercisable at June 28, 2008 was approximately \$2,000.

(10) ACQUISITIONS:

Purchase of Company Common Stock

Pursuant to a discretionary plan approved by the Board of Directors at its meeting on May 17, 2007, during the third quarter ended June 28, 2008, we purchased 2,700 shares of our common stock for an aggregate amount of \$21,536. Of the shares purchased, we purchased 200 shares of our common stock on the open market for an aggregate purchase price of \$1,536 and 2,500 shares of our common stock from an employee for a purchase price of \$20,000. During the thirty nine weeks ended June 28, 2008, we purchased 4,900 shares of our common stock for an aggregate purchase price of \$39,340. Of the shares purchased, we purchased 1,200 shares of our common stock on the open market for an aggregate purchase price of \$9,740, 2,500 shares of our common stock from an employee for \$20,000 and 1,200 shares of our common stock from the Joseph G. Flanigan Charitable Trust for a purchase price of \$9,600.

Purchase of Limited Partnership Interests

During the thirty nine weeks ended June 28, 2008, we purchased from a limited partner (not a family member of any of our directors or officers) limited partnership interests of 0.76% to 2.76% in certain of our limited partnerships for \$120,000.

(11) COMMITMENTS AND CONTINGENCIES:

Guarantees

We guarantee various leases for franchisees, limited partnerships that own restaurants and locations sold in prior years. Remaining rental commitments

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

required under these leases are approximately \$2,510,000. In the event of a default under any of these agreements, we will have the right to repossess the premises and operate the business to recover amounts paid under the guarantee either by liquidating assets or operating the business.

Litigation

We own the building where our corporate offices are located. On April 16, 2001, we filed suit against the owner of the adjacent shopping center to determine our right to non-exclusive parking in the shopping center. During fiscal year 2007, the appellate court affirmed and upon re-hearing, again affirmed the granting of a summary judgment in favor of the shopping center. The seller from whom we purchased the building was named as a defendant in the lawsuit and is currently asserting a claim against us for reimbursement of its attorneys' fees and costs resulting from the litigation. We dispute the seller's entitlement to reimbursement of its attorney's fees and costs and are appealing the ruling against us by the trial court. We are also disputing the amount of the seller's claim as excessive.

11

During fiscal year 2007, we and the limited partnership which owns the restaurant in Pinecrest, Florida filed suit against the limited partnership's landlord. We are the sole general partner and a 40% limited partner in this limited partnership. We are seeking to recover the cost of structural repairs to the business premises we paid, as we believe these structural repairs were the landlord's responsibility under the lease. The lawsuit, in addition to attempting to recover the amounts expended by us for structural repairs is also attempting to recover the rent paid by the limited partnership while the repairs were occurring. The claim also includes a request by the limited partnership for the court to determine if the limited partnership has the exclusive right to the use of a pylon sign which was formerly in front of the business premises before being removed by the landlord and to require the landlord to re-construct the same, at its cost. The landlord filed its answer to the complaint denying liability for structural repairs to the business premises, denying any obligation to reimburse the limited partnership for any rent paid while structural repairs occurred and denying the limited partnership's right to use the pylon sign which it removed. The lawsuit is in the discovery stage.

(12) BUSINESS SEGMENTS:

We operate principally in two reportable segments - package stores and restaurants. The operation of package stores consists of retail liquor sales and related items. Information concerning the revenues and operating income for the thirteen weeks and thirty nine weeks ended June 28, 2008 and June 30, 2007, and identifiable assets for the two reportable segments in which we operate, are shown in the following table. Operating income is total revenue less cost of merchandise sold and operating expenses relative to each segment. In computing operating income, none of the following items have been included: interest expense, other non-operating income and expense and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. Corporate assets are principally cash, notes and mortgages receivable, real property, improvements, furniture, equipment and vehicles. We do not have any operations outside of the United States and transactions between restaurants and package liquor stores are not material.

Thirteen Weeks
Ending
June 28, 2008

Thir
Jun

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Operating Revenues:		
Restaurants		\$ 12,528
Package stores		2,842
Other revenues		395

Total operating revenues		\$ 15,765
		=====
Operating Income Reconciled to Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		
Restaurants		\$ 1,076
Package stores		77

		1,153
Corporate expenses, net of other Revenues		(502)

Operating income		651
Other income (expense)		(83)

Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		\$ 568
		=====
Depreciation and Amortization:		
Restaurants		\$ 427
Package stores		57

		484
Corporate		67

Total Depreciation and Amortization		\$ 551
		=====
Capital Expenditures:		
Restaurants		\$ 878
Package stores		19

		897
Corporate		115

Total Capital Expenditures		\$ 1,012
		=====

12

	Thirty Nine Weeks Ending June 28, 2008	Thirty Nine Ending June 30,
	-----	-----
Operating Revenues:		
Restaurants	\$ 37,831	\$ 35,
Package stores	9,673	10,
Other revenues	1,148	1,
	-----	-----
Total operating revenues	\$ 48,652	\$ 46,

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

	=====	=====
Operating Income Reconciled to Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		
Restaurants	\$ 3,058	\$ 2,
Package stores	418	
	-----	-----
	3,476	2,
Corporate expenses, net of other Revenues	(1,675)	(1,
	-----	-----
Operating income	1,801	1,
Other income (expense)	(287)	
	-----	-----
Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships	\$ 1,514	\$ 1,
	=====	=====
Depreciation and Amortization:		
Restaurants	\$ 1,288	\$ 1,
Package stores	189	
	-----	-----
	1,477	1,
Corporate	215	
	-----	-----
Total Depreciation and Amortization	\$ 1,692	\$ 1,
	=====	=====
Capital Expenditures:		
Restaurants	\$ 2,536	\$ 2,
Package stores	155	
	-----	-----
	2,691	3,
Corporate	278	1,
	-----	-----
Total Capital Expenditures	\$ 2,969	\$ 4,
	=====	=====

* includes \$56,000 in assets from purchase of franchised restaurant

13

	June 28, 2008	September 29, 2007
	----	----
Identifiable Assets:		
Restaurants	\$19,365	\$18,202
Package store	3,719	3,577
	-----	-----
	23,084	21,779
Corporate	9,372**	8,558
	-----	-----
Consolidated Totals	\$32,456	\$30,337
	=====	=====

** includes \$696,000 as the balance raised through the private offering by the limited partnership which owns the Davie, Florida location.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reported financial results may not be indicative of the financial results of future periods. All non-historical information contained in the following discussion constitutes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as "anticipates, appears, expects, trends, intends, hopes, plans, believes, seeks, estimates, may, will," and variations of these words or similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve a number of risks and uncertainties, including but not limited to customer demand and competitive conditions. Factors that could cause actual results to differ materially are included in, but not limited to, those identified in the "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Annual Report on Form 10-K for the Company's fiscal year ended September 29, 2007 and in this Quarterly Report on Form 10-Q. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may reflect events or circumstances after the date of this report.

OVERVIEW

At June 28, 2008, we (i) operated 22 units, (excluding the adult entertainment club referenced in (ii) below), consisting of restaurants, package stores and combination restaurants/package stores that we either own or have operational control over and partial ownership in; (ii) own but do not operate one adult entertainment club; and (iii) franchise an additional six units, consisting of two restaurants, (one of which we operate) and four combination restaurants/package stores. The table below provides information concerning the type (i.e. restaurant, package store or combination restaurant/package liquor store) and ownership of the units (i.e. whether (i) we own 100% of the unit; (ii) the unit is owned by a limited partnership of which we are the sole general partner and/or have invested in; or (iii) the unit is franchised by us), as of June 28, 2008 and as compared to June 30, 2007 and September 29, 2007. On July 28, 2008, a Flanigan's Seafood Bar and Grill restaurant located in Davie, Florida opened for business. We are the sole general partner and a 48% limited partner in the limited partnership which owns this Davie, Florida restaurant. 9.5% of the remaining limited partnership interest is owned by persons who are either our officers, directors or their family members. With the exception of one restaurant we operate under the name "The Whale's Rib" and in which we do not have an ownership interest, all of the restaurants operate under our service mark "Flanigan's Seafood Bar and Grill" and all of the package liquor stores operate under our service mark "Big Daddy's Liquors".

14

Types of Units -----	June 28, 2008 -----	September 29, 2007 -----	June -----
Company Owned:			
Combination package and restaurant	4	4	
Restaurant only	3	3	
Package store only	5	5	
Company Operated Restaurants Only:			
Limited Partnerships	8	7	

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Franchise	1	1
Unrelated Third Party	1	1
Company Owned Club:	1	1
Total Company Owned/Operated Units	23	22
Franchised Units	6	6

Notes:

(1) Includes the restaurant located in Pembroke Pines, Florida which is owned by a limited partnership in which we are the sole general partner and own 17% of the limited partnership interest and commenced operating on October 29, 2007. Does not include the restaurant located in Davie, Florida which commenced operating on July 28, 2008.

(2) We operate a restaurant for one (1) franchisee. This unit is included in the table both as a franchised restaurant, as well as a restaurant operated by the Company.

RESULTS OF OPERATIONS

	-----Thirteen Weeks Ended-----			
	June 28, 2008		June 30, 2007	
	Amount		Amount	
	-----		-----	
	(In thousands)	Percent	(In thousands)	Percent
	-----	-----	-----	-----
Restaurant food sales	\$10,182	66.25	\$ 9,773	65.08
Restaurant bar sales	2,346	15.26	2,206	14.69
Package store sales	2,842	18.49	3,037	20.23
	-----	-----	-----	-----
Total Sales	\$15,370	100.00	\$15,016	100.00
Franchise related revenues	273		279	
Owner's fee	68		71	
Other operating income	54		41	
	-----		-----	
Total Revenue	\$15,765		\$15,407	
	=====		=====	

15

	-----Thirty-Nine Weeks Ended-----			
	June 28, 2008		June 30, 2007	
	Amount		Amount	
	-----		-----	
	(In thousands)	Percent	(In thousands)	Percent
	-----	-----	-----	-----

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Restaurant food sales	\$30,714	64.66	\$28,832	63.3
Restaurant bar sales	7,117	14.98	6,642	14.5
Package store sales	9,673	20.36	10,050	22.0
	-----	-----	-----	-----
Total Sales	\$47,504	100.00	\$45,524	100.0
Franchise related revenues	815		887	
Owner's fee	183		151	
Other operating income	150		134	
	-----		-----	
Total Revenue	\$48,652		\$46,696	
	=====		=====	

Franchise Financial Arrangement: In exchange for our providing management and related services to our franchisees and granting them the right to use our service marks "Flanigan's Seafood Bar and Grill" and "Big Daddy's Liquors", our franchisees (five of which are franchised to members of the family of our Chairman of the Board, officers and/or directors), are required to (i) pay to us a royalty equal to 1% of gross package sales and 3% of gross restaurant sales; and (ii) make advertising expenditures equal to between 1.5% to 3% of all gross sales based upon our actual advertising costs allocated between stores, pro-rata, based upon gross sales.

Limited Partnership Financial Arrangement: We manage and control the operations of all restaurants owned by limited partnerships, except the Fort Lauderdale, Florida restaurant which is owned by a related franchisee. Accordingly, the results of operations of all limited partnership owned restaurants, except the Fort Lauderdale, Florida restaurant are consolidated into our operations for accounting purposes. The results of operations of the Fort Lauderdale, Florida restaurant are accounted for by us utilizing the equity method. In general, until the investors' cash investment in a limited partnership (including any cash invested by us and our affiliates) is returned in full, the limited partnership distributes to the investors annually out of available cash from the operation of the restaurant up to 25% of the cash invested in the limited partnership, with no management fee paid to us. Any available cash in excess of the 25% of the cash invested in the limited partnership distributed to the investors annually, is paid one-half (1/2) to us as a management fee, with the balance distributed to the investors. Once the investors in the limited partnership have received, in full, amounts equal to their cash invested, an annual management fee is payable to us equal to one-half (1/2) of cash available to the limited partnership, with the other one half (1/2) of available cash distributed to the investors (including us and our affiliates). As of June 28, 2008, limited partnerships owning three (3) restaurants have returned all cash invested and we receive an annual management fee equal to one-half (1/2) of the cash available for distribution by the limited partnership. In addition to our receipt of distributable amounts from the limited partnerships, we receive a fee equal to 3% of gross sales for use of the service mark "Flanigan's Seafood Bar and Grill".

Comparison of Thirteen Weeks Ended June 28, 2008 and June 30, 2007.

Revenues. Total revenue for the thirteen weeks ended June 28, 2008 increased \$358,000 or 2.32% to \$15,765,000 from \$15,407,000 for the thirteen weeks ended June 30, 2007. This increase resulted from sales from the Pembroke Pines, Florida limited partnership owned restaurant (\$790,000) which was opened on October 28, 2007, offset by the decline in same store restaurant food and bar sales. Without giving effect to the revenues generated from the Pembroke Pines,

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Florida restaurant, (\$790,000), total

16

revenue for the thirteen weeks ended June 28, 2008 would have decreased \$432,000 or 2.80% to \$14,975,000 from \$15,407,000 for the thirteen weeks ended June 30, 2007. To a lesser extent, increased revenue is attributable to increased menu prices.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants totaled \$10,182,000 for the thirteen weeks ended June 28, 2008 as compared to \$9,773,000 for the thirteen weeks ended June 30, 2007. The increase in restaurant food sales is due to sales from the Pembroke Pines, Florida restaurant, which generated \$667,000 of revenues from the sale of food during the thirteen weeks ended June 28, 2008. Without giving effect to the revenue generated from the Pembroke Pines, Florida restaurant, (\$667,000), revenue from the sale of food for the thirteen weeks ended June 28, 2008 would have decreased \$258,000 or 2.64% to \$9,515,000 from \$9,773,000 for the thirteen weeks ended June 30, 2007. Comparable weekly restaurant food sales (for restaurants open for all of the third quarter of our fiscal year 2008 and the third quarter of our fiscal year 2007, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was \$732,000 and \$752,000 for the thirteen weeks ended June 28, 2008 and June 30, 2007, respectively, a decrease of 2.66%. Comparable weekly restaurant food sales for Company owned restaurants only was unchanged at \$330,000 for the third quarter of our fiscal year 2008 and the third quarter of our fiscal year 2007. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only was \$402,000 and \$422,000 for the third quarter of our fiscal year 2008 and the third quarter of our fiscal year 2007, respectively, a decrease of 4.74%. We anticipate that restaurant food sales will continue to increase through our fiscal year 2008 due to, among other things, the operation of the Pembroke Pines, Florida limited partnership owned restaurant through the balance of our fiscal year 2008 and the opening of the Davie, Florida restaurant during the fourth quarter of our fiscal year 2008, offset by a decline in same store restaurant food sales.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled \$2,346,000 for the thirteen weeks ended June 28, 2008 as compared to \$2,206,000 for the thirteen weeks ended June 30, 2007. The increase in restaurant bar sales is due to sales from the Pembroke Pines, Florida restaurant, which generated \$123,000 of revenues from restaurant bar sales during the thirteen weeks ended June 28, 2008. Without giving effect to the revenue from restaurant bar sales generated from the Pembroke Pines, Florida restaurant, (\$123,000), revenue from restaurant bar sales for the thirteen weeks ended June 28, 2008 would have increased \$17,000 or 0.77% to \$2,223,000 from \$2,206,000 for the thirteen weeks ended June 30, 2007. Comparable weekly restaurant bar sales (for restaurants open for all of the third quarter of our fiscal year 2008 and the third quarter of our fiscal year 2007, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was \$171,000 and \$170,000 for the thirteen weeks ended June 28, 2008 and June 30, 2007, respectively, an increase of 0.59%. Comparable weekly restaurant bar sales for Company owned restaurants only was \$74,000 and \$72,000 for the third quarter of our fiscal year 2008 and the third quarter of our fiscal year 2007, respectively, an increase of 2.78%. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only was \$97,000 and \$98,000 for the third quarter of our fiscal year 2008 and the third quarter of our fiscal year 2007, respectively, a decrease of 1.02%. We anticipate that restaurant bar sales will continue to increase through our fiscal year 2008 due to, among other things, the operation of the Pembroke Pines, Florida restaurant through the balance of our fiscal year

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

2008 and the opening of the Davie, Florida restaurant during the fourth quarter of our fiscal year 2008.

Package Store Sales. Revenue generated from sales of liquor and related items at package stores totaled \$2,842,000 for the thirteen weeks ended June 28, 2008 as compared to \$3,037,000 for the thirteen weeks ended June 30, 2007, a decrease of 6.42%. The weekly average of same store package store sales was \$219,000 and \$234,000 for the thirteen weeks ended June 28, 2008 and June 30, 2007, respectively. The decrease was primarily due to increased competition. Package store sales are expected to decline

17

through the balance of our fiscal year 2008. Increased competition has had a greater adverse impact upon package store sales when customers routinely make larger volume purchases, which historically have been more likely to occur during the first and second quarters of our fiscal year.

Operating Costs and Expenses. Operating costs and expenses, (consisting of cost of merchandise sold, payroll and related costs, occupancy costs and selling, general and administrative expenses), for the thirteen weeks ended June 28, 2008 decreased \$5,000 or 0.03% to \$15,114,000 from \$15,119,000 for the thirteen weeks ended June 30, 2007. The decrease was primarily due to a decrease in the cost of package goods associated with the decline in our package store sales, a decrease in the cost of our higher volume meal items, a decrease in repairs and maintenance to our units and actions taken by management to reduce costs and/or expenses, including but not limited to new lower cost menu items and/or ingredients, offset by expenses related to the operation of the Pembroke Pines, Florida restaurant, pre-opening expenses related to the Davie, Florida restaurant and to a lesser extent a general increase in overall expenses. We anticipate that our operating costs and expenses will increase through our fiscal year 2008 due to, among other things, the opening of the Davie, Florida restaurant during the fourth quarter of fiscal year 2008. Operating costs and expenses decreased as a percentage of total sales to approximately 95.87% in the third quarter of our fiscal year 2008 from 98.13% in the third quarter of our fiscal year 2007.

Gross Profit. Gross profit is calculated by subtracting the cost of merchandise sold from sales.

Restaurant Food and Bar Sales. Gross profit for food and bar sales for the thirteen weeks ended June 28, 2008 increased to \$8,331,000 from \$7,768,000 for the thirteen weeks ended June 30, 2007. Our gross profit margin for restaurant food and bar sales (calculated as gross profit reflected as a percentage of restaurant food and bar sales), increased to 66.50% for the thirteen weeks ended June 28, 2008 compared to 64.85% for the thirteen weeks ended June 30, 2007. The increase in our gross profit margin for restaurant and bar sales for the third quarter of our fiscal year 2008 was primarily due to the lower cost of our higher volume menu items, menu price increases instituted at the end of the first quarter of our fiscal year 2008, introduction of lower cost menu items and a decrease in the cost of ribs during calendar year 2008.

Package Store Sales. Gross profit for package store sales for the thirteen weeks ended June 28, 2008 decreased to \$848,000 from \$863,000 for the thirteen weeks ended June 30, 2007. Our gross profit margin, (calculated as gross profit reflected as a percentage of package store sales), was 29.84% for the thirteen weeks ended June 30, 2008 compared to 28.42% for the thirteen weeks ended June 30, 2007. The increase in our gross profit margin, (1.42%), was primarily due to the purchase of "close out" and inventory reduction merchandise from wholesalers. We anticipate that the gross profit margin for package store sales

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

will remain constant throughout the balance of fiscal year 2008.

Payroll and Related Costs. Payroll and related costs for the thirteen weeks ended June 28, 2008 increased \$151,000 or 3.36% to \$4,645,000 from \$4,494,000 for the thirteen weeks ended June 30, 2007. This increase is primarily attributable to expenses associated with the Pembroke Pines, Florida and Davie, Florida restaurants. We anticipate that our payroll costs and related expenses will continue to increase through our fiscal year 2008 due to, among other things, the operation of the Pembroke Pines, Florida restaurant through the balance of our fiscal year 2008 and the opening of the Davie, Florida restaurant during the fourth quarter of fiscal year 2008. Payroll and related costs as a percentage of total sales was 29.46% in the third quarter of our fiscal year 2008 and 29.17% of total sales in the third quarter of our fiscal year 2007. This increase as a percentage of sales was primarily due to the need to pay higher wages to attract and retain employees, offset by reductions in store level management, where appropriate.

Occupancy Costs. Occupancy costs (consisting of rent, common area maintenance, repairs, real property taxes and amortization of leasehold purchases) for the thirteen weeks ended June 28, 2008 decreased

18

\$110,000 or 10.01% to \$989,000 from \$1,099,000 for the thirteen weeks ended June 30, 2007. This decrease is due to a decrease in percentage rent and a general decrease in repairs and maintenance.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (consisting of general corporate expenses, including but not limited to advertising, insurance, professional costs, clerical and administrative overhead) for the thirteen weeks ended June 28, 2008 increased \$148,000 or 4.71% to \$3,289,000 from \$3,141,000 for the thirteen weeks ended June 30, 2007. Selling, general and administrative expenses increased as a percentage of total sales in the third quarter of our fiscal year 2008 to 20.86% as compared to 20.39% in the third quarter of our fiscal year 2007. We anticipate that our selling, general and administrative expenses will increase throughout the balance of our fiscal year 2008 due to, among other things, the opening of the Davie, Florida restaurant during the fourth quarter of fiscal year 2008 and the continuation of an overall increase in expenses.

Depreciation. Depreciation for the thirteen weeks ended June 28, 2008 and June 30, 2007 was \$457,000 and \$466,000 respectively. As a percentage of revenue, depreciation expense was 2.90% of revenue in the thirteen weeks ended June 28, 2008 and 3.02% of revenue in the thirteen weeks ended June 30, 2007.

Other Income and Expense. Other income and expenses was an expense of \$83,000 for the thirteen weeks ended June 28, 2008, as compared to an income of \$304,000 for the thirteen weeks ended June 30, 2007. Other income and expense for the thirteen weeks ended June 30, 2007 includes a gain of \$393,000 from the sale of real property. Other income and expense for the thirteen weeks ended June 28, 2008 includes interest expense of \$117,000, as compared to interest expense of \$129,000 for the thirteen weeks ended June 30, 2007.

Interest Expense, Net. Interest expense, net, for the thirteen weeks ended June 28, 2008 decreased \$12,000 to \$117,000 from \$129,000 for the thirteen weeks ended June 30, 2007.

Net Income. Net income for the thirteen weeks ended June 28, 2008 decreased \$91,000 or 21.31% to \$336,000 from \$427,000 for the thirteen weeks ended June 30, 2007. As a percentage of sales, net income for the third quarter of our

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

fiscal year 2008 is 2.13%, as compared to 2.77% in the third quarter of our fiscal year 2007. During the third quarter of fiscal year 2007, we recognized a gain of \$393,000 from the sale of real property, offset by our share of the pre-opening expenses associated with the Pembroke Pines, Florida restaurant, (\$141,000), and the Davie, Florida restaurant, (\$62,000), which adversely affected net income. Without giving effect to the sale of the real property, we would have generated net income of \$191,000 for the thirteen weeks ended June 30, 2007, which as a percentage of sales is 1.24%. Without giving effect to the sale of the real property for the thirteen weeks ended June 30, 2007, the increase in net income for the thirteen weeks ended June 28, 2008, as a percentage of sales (0.89%) is primarily due to higher gross profit in both our restaurant and package liquor store divisions, improved control over expenses, offset by our share of the pre-opening expenses associated with the Davie, Florida restaurant, (\$74,000).

Comparison of Thirty-Nine Weeks Ended June 28, 2008 and June 30, 2007.

Revenues. Total revenue for the thirty-nine weeks ended June 28, 2008 increased \$1,956,000 or 4.19% to \$48,652,000 from \$46,696,000 for the thirty-nine weeks ended June 30, 2007. This increase resulted from sales from two restaurant locations, the Pembroke Pines, Florida limited partnership owned restaurant (\$2,465,000) which opened for business on October 29, 2007, and the Company owned Lake Worth, Florida restaurant (\$1,281,000), which opened for business on March 4, 2007, offset by the decline in same store restaurant food and bar sales. Prior to March 4, 2007, the Lake Worth, Florida restaurant was franchised by the Company. The Lake Worth, Florida restaurant generated \$612,000 of revenue during the thirty-nine weeks ended June 30, 2007. Without giving effect to the revenue

19

generated from the Pembroke Pines, Florida restaurant, (\$2,465,000), and the increased revenue generated from the Lake Worth, Florida restaurant, (\$669,000), total revenue for the thirty-nine weeks ended June 28, 2008 would have decreased \$1,178,000 or 2.52% to \$45,518,000 from \$46,696,000 for the thirty-nine weeks ended June 30, 2007. To a lesser extent, increased revenue is attributable to increased menu prices.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants totaled \$30,714,000 for the thirty-nine weeks ended June 28, 2008 as compared to \$28,832,000 for the thirty-nine weeks ended June 30, 2007. The increase in restaurant food sales is due to sales from the Pembroke Pines, Florida and Lake Worth, Florida restaurants. The Pembroke Pines, Florida and Lake Worth, Florida locations generated \$2,070,000 and \$1,056,000 of revenues, respectively, from the sale of food during the thirty-nine weeks ended June 28, 2008, while the Lake Worth, Florida restaurant generated \$511,000 of revenue from the sale of food during the thirty-nine weeks ended June 30, 2007. Without giving effect to the revenue generated from the Pembroke Pines, Florida restaurant, (\$2,070,000), and the increased revenue generated from the Lake Worth, Florida restaurant, (\$545,000), revenue from the sale of food for the thirty-nine weeks ended June 28, 2008 would have decreased \$733,000 or 2.54% to \$28,099,000 from \$28,832,000 for the thirty-nine weeks ended June 30, 2007. Comparable weekly restaurant food sales (for restaurants open for all of the thirty-nine weeks ended June 28, 2008 and the thirty-nine weeks ended June 30, 2007, which consists of six restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was \$707,000 and \$726,000 for the thirty-nine weeks ended June 28, 2008 and June 30, 2007, respectively, a decrease of 2.62%. Comparable weekly restaurant food sales for Company owned restaurants only was \$304,000 and \$301,000 for the thirty-nine weeks ended June

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

28, 2008 and June 30, 2007, respectively, an increase of 1.00%. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only was \$404,000 and \$425,000 for the thirty-nine weeks ended June 28, 2008 and June 30, 2007, respectively, a decrease of 4.94%. We anticipate that restaurant food sales will continue to increase through our fiscal year 2008 due to, among other things, the operation of the Pembroke Pines, Florida restaurant through the balance of our fiscal year 2008 and the opening of the Davie, Florida restaurant during the fourth quarter of our fiscal year 2008, offset by a decline in same store restaurant food sales.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled \$7,117,000 for the thirty-nine weeks ended June 28, 2008 as compared to \$6,642,000 for the thirty-nine weeks ended June 30, 2007. The increase in restaurant bar sales is due to sales from the Pembroke Pines, Florida and Lake Worth, Florida restaurants. The Pembroke Pines, Florida and Lake Worth, Florida locations generated \$395,000 and \$227,000 of revenues from restaurant bar sales during the thirty-nine weeks ended June 28, 2008, respectively, while the Lake Worth, Florida restaurant generated \$101,000 of revenue from restaurant bar sales during the thirty-nine weeks ended June 30, 2007. Without giving effect to the revenue from restaurant bar sales generated from the Pembroke Pines, Florida restaurant, (\$395,000), and the increased revenue from restaurant bar sales generated from the Lake Worth, Florida restaurant, (\$126,000), revenue from restaurant bar sales for the thirty-nine weeks ended June 28, 2008 would have decreased \$46,000 or 0.69% to \$6,596,000 from \$6,642,000 for the thirty-nine weeks ended June 30, 2007. Comparable weekly restaurant bar sales (for restaurants open for all of the thirty-nine weeks ended June 28, 2008 and the thirty-nine weeks ended June 30, 2007, which consists of six restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was \$167,000 and \$168,000 for the thirty nine weeks ended June 28, 2008 and June 30, 2007, respectively, a decrease of 0.60%. Comparable weekly restaurant bar sales for Company owned restaurants only was \$69,000 and \$66,000 for the thirty-nine weeks ended June 28, 2008 and the thirty- nine weeks ended June 30, 2007, respectively, an increase of 4.55%. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only was \$98,000 and \$101,000 for the thirty- nine weeks ended June 28, 2008 and the thirty-nine weeks ended June 30, 2007, respectively, a decrease of 2.97%. We anticipate that restaurant bar sales will continue to increase through our fiscal year 2008

20

due to, among other things, the operation of the Pembroke Pines, Florida restaurant through the balance of our fiscal year 2008 and the opening of the Davie, Florida restaurant during the fourth quarter of our fiscal year 2008, offset by a decline in same store restaurant bar sales.

Package Store Sales. Revenue generated from sales of liquor and related items at package stores totaled \$9,673,000 for the thirty-nine weeks ended June 28, 2008 as compared to \$10,050,000 for the thirty-nine weeks ended June 30, 2007, a decrease of 3.75%. The weekly average of same store package store sales was \$248,000 and \$258,000 for the thirty-nine weeks ended June 28, 2008 and June 30, 2007, respectively. The decrease was primarily due to increased competition. Package store sales are expected to decline through the balance of our fiscal year 2008. Increased competition has had a greater adverse impact upon package store sales when customers routinely make larger volume purchases, which historically have been more likely to occur during the first and second quarters of our fiscal year.

Operating Costs and Expenses. Operating costs and expenses, (consisting of cost of merchandise sold, payroll and related costs, occupancy costs and selling,

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

general and administrative expenses), for the thirty-nine weeks ended June 28, 2008 increased \$1,965,000 or 4.38% to \$46,851,000 from \$44,886,000 for the thirty-nine weeks ended June 30, 2007. The increase was primarily due to expenses related to the operation of the Pembroke Pines, Florida restaurant, pre-opening expenses related to the Davie, Florida restaurant and to a lesser extent a general increase in food costs, offset by the decreased cost of package goods associated with the decline in our package store sales, a decrease in the cost of ribs, a decrease in repairs and maintenance to our units and actions taken by management to reduce costs and/or expenses, including but not limited to new lower cost menu items and/or ingredients. We anticipate that our operating costs and expenses will continue to increase through our fiscal year 2008 due to, among other things, the opening of the Davie, Florida restaurant during the fourth quarter of fiscal year 2008. Operating costs and expenses increased as a percentage of total sales to approximately 96.30% for the thirty-nine weeks ended June 28, 2008 from 96.12% for the thirty-nine weeks ended June 30, 2007.

Gross Profit. Gross profit is calculated by subtracting the cost of merchandise sold from sales.

Restaurant Food and Bar Sales. Gross profit for food and bar sales for the thirty-nine weeks ended June 28, 2008 increased to \$25,161,000 from \$23,268,000 for the thirty-nine weeks ended June 30, 2007. Our gross profit margin for restaurant food and bar sales (calculated as gross profit reflected as a percentage of restaurant food and bar sales), increased to 66.51% for the thirty-nine weeks ended June 28, 2008 compared to 65.59% for the thirty-nine weeks ended June 30, 2007. This increase in gross profit for restaurant and bar sales for the thirty-nine weeks ended June 28, 2008 was primarily due to menu price increases instituted at the end of the first quarter of our fiscal year 2008, introduction of lower cost menu items and/or ingredients and a decrease in the cost of ribs during calendar year 2008.

Package Store Sales. Gross profit for package store sales for the thirty-nine weeks ended June 28, 2008 increased to \$2,818,000 from \$2,813,000 for the thirty-nine weeks ended June 30, 2007. Our gross profit margin, (calculated as gross profit reflected as a percentage of package store sales), was 29.13% for the thirty-nine weeks ended June 28, 2008 compared to 27.99% for the thirty-nine weeks ended June 30, 2007. The increase in our gross profit margin, (1.14%), was primarily due to the purchase of "close out" and inventory reduction merchandise from wholesalers. We anticipate that the gross profit margin for package store sales will remain constant throughout the balance of our fiscal year 2008.

Payroll and Related Costs. Payroll and related costs for the thirty-nine weeks ended June 28, 2008 increased \$1,265,000 or 9.66% to \$14,363,000 from \$13,098,000 for the thirty-nine weeks ended June 30, 2007. This increase is primarily attributable to the expenses associates with the Pembroke Pines, Florida

and Lake Worth, Florida restaurants. We anticipate that our payroll costs and related expenses will continue to increase through our fiscal year 2008 due to, among other things, the operation of the Pembroke Pines, Florida restaurant through the balance of our fiscal year 2008 and the opening of the Davie, Florida restaurant during the fourth quarter of fiscal year 2008. Payroll and related costs as a percentage of total sales was 29.52% for the thirty-nine weeks ended June 28, 2008 and 28.05% of total sales for the thirty-nine weeks ended June 30, 2007. This increase as a percentage of sales was primarily due to the need to pay higher wages to attract and retain employees.

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Occupancy Costs. Occupancy costs (consisting of rent, common area maintenance, repairs, real property taxes and amortization of leasehold purchases) for the thirty-nine weeks ended June 28, 2008 increased \$106,000 or 3.70% to \$2,969,000 from \$2,863,000 for the thirty-nine weeks ended June 30, 2007. This increase is due to, (i) rental payments for the entire thirty-nine weeks ended June 28, 2008 at three additional restaurant locations (Pembroke Pines, Florida, - \$106,000, Davie, Florida - \$100,000, and Lake Worth, Florida - \$74,000), as compared to rental payments for a part of the thirty-nine weeks ended June 30, 2007 at the same three additional restaurant locations, (Pembroke Pines, Florida - \$18,000 (non-cash pre-opening rent) and \$71,000 (cash pre-opening rent), Davie, Florida - \$92,000 and Lake Worth, Florida - \$35,000); and (ii) increases in real property taxes and common area maintenance, which generally includes a pro-rata share of property insurance for units located within shopping centers, offset by a general decrease in repairs and maintenance.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (consisting of general corporate expenses, including but not limited to advertising, insurance, professional costs, clerical and administrative overhead) for the thirty-nine weeks ended June 30, 2008 increased \$512,000 or 5.40% to \$9,994,000 from \$9,482,000 for the thirty-nine weeks ended June 30, 2007. Selling, general and administrative expenses increased as a percentage of total sales for the thirty-nine weeks ended June 28, 2008 to 20.54% as compared to 20.31% for the thirty-nine weeks ended June 30, 2007. This increase is attributable to the operation of the Pembroke Pines, Florida and Lake Worth, Florida restaurants and an overall increase in expenses. We anticipate that our selling, general and administrative expenses will increase throughout the balance of our fiscal year 2008 due to, among other things, the operation of our Pembroke Pines, Florida restaurant throughout the balance of our fiscal year 2008, the opening of the Davie, Florida restaurant during the fourth quarter of fiscal year 2008 and the continuation of an overall increase in expenses, which will not be offset in their entirety by reduced advertising and increased advertising credits and rebates from our food distributor.

Depreciation. Depreciation for the thirty-nine weeks ended June 28, 2008 and June 30, 2007 was \$1,518,000 and \$1,454,000 respectively. As a percentage of revenue, depreciation expense was 3.12% of revenue in the thirty-nine weeks ended June 28, 2008 and 3.11% of revenue in the thirty-nine weeks ended June 30, 2007.

Other Income and Expense. Other income and expenses was an expense of \$287,000 for the thirty-nine weeks ended June 28, 2008, as compared to income of \$116,000 for the thirty-nine weeks ended June 30, 2007. Other income and expense for the thirty-nine weeks ended June 30, 2007 includes a gain of \$393,000 from the sale of real property. Other income and expense for the thirty-nine weeks ended June 28, 2008 includes interest expense of \$358,000, as compared to interest expense of \$387,000 for the thirty-nine weeks ended June 30, 2007. The decrease in interest expense is attributable to a decreased average balance outstanding on our line of credit during the thirty-nine weeks ended June 28, 2008.

Interest Expense, Net. Interest expense, net, for the thirty-nine weeks ended June 28, 2008 decreased \$29,000 to \$358,000 from \$387,000 for the thirty-nine weeks ended June 30, 2007.

22

Net Income. Net income for the thirty-nine weeks ended June 28, 2008 decreased \$92,000 or 8.49% to \$991,000 from \$1,083,000 for the thirty-nine weeks ended June 30, 2007. As a percentage of sales, net income for the thirty-nine weeks ended June 28, 2008 is 2.04%, as compared to 2.32% for the thirty-nine weeks ended June 30, 2007. During the thirty-nine weeks ended June 30, 2007, we

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

recognized a gain of \$393,000 from the sale of real property, offset by our share of the pre-opening expenses associated with the Pembroke Pines, Florida restaurant, (\$205,000), and the Davie, Florida restaurant, (\$118,000), which adversely affected net income. Without giving effect to the sale of the real property, we would have generated net income of \$813,000 for the thirty-nine weeks ended June 30, 2007, which as a percentage of sales is 1.74%. Without giving effect to the sale of the real property for the thirty-nine weeks ended June 30, 2007, the increase in net income for the thirty-nine weeks ended June 28, 2008, as a percentage of sales (0.30%), is primarily due to higher gross profit in both our restaurant and package liquor store divisions, improved control over expenses, offset by our share of the pre-opening expenses associated with the Davie, Florida restaurant, (\$74,000).

New Limited Partnership Restaurants

The limited partnership owned restaurant located in Pembroke Pines, Florida opened for business during the first quarter of our fiscal year 2008 (October 29, 2007) and the limited partnership owned restaurant located in Davie, Florida opened for business during the fourth quarter of our fiscal year 2008. As new restaurants open, our income from operations will be adversely affected due to our obligation to fund pre-opening costs, including but not limited to pre-opening rent for the new locations. During the thirty nine weeks ended June 28, 2008, we recognized non-cash pre-opening rent in the approximate amount of \$6,000 and recognized cash pre-opening rent in the approximate amount of \$12,000 for the Pembroke Pines, Florida restaurant. During the thirty nine weeks ended June 28, 2008, we also paid and expensed pre-opening rent in the approximate amount of \$100,000 for the Davie, Florida restaurant, which is the full rent provided in the lease. During the thirty nine weeks ended June 30, 2007, we recognized non-cash pre-opening rent in the approximate amount of \$18,000 and recognized cash pre-opening rent in the approximate amount of \$71,000 for the Pembroke Pines, Florida restaurant and pre-opening rent in the approximate amount of \$92,000 for the Davie, Florida restaurant. We are recognizing rent expense on a straight line basis over the term of the lease.

During the thirty nine weeks ended June 28, 2008, the limited partnership restaurant in Davie, Florida reported losses of \$400,000 primarily due to pre-opening costs, thus contributing to a reduction in the operating income for the thirty nine weeks ended June 28, 2008. During the thirty nine weeks ended June 30, 2007, the limited partnership restaurant in Pembroke Pines, Florida reported a loss of \$205,000 primarily due to pre-opening costs and the limited partnership restaurant in Davie, Florida reported a loss of \$118,000 primarily due to pre-opening costs, thus contributing to a reduction in the operating income for the thirty nine weeks ended June 30, 2007.

Throughout the balance of fiscal year 2008, income from operations will be adversely affected by pre-opening costs, including but not limited to pre-opening rent, (\$11,000), to be incurred for the Davie, Florida restaurant. Management believes that our current cash availability from our line of credit and expected cash from operations will be sufficient to fund operations and capital expenditures for at least the next twelve months.

Trends

During the next twelve months, we expect continued increases in restaurant sales compared to corresponding periods in prior years due primarily to the Pembroke Pines, Florida restaurant being open for the entire twelve month period and the opening of the new restaurant in Davie, Florida. Same store restaurant food and bar sales are expected to decline over the next twelve month period, with decreases

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

primarily in restaurants in Palm Beach County, Florida and to a lesser extent in Broward County, Florida, offset partially by increases in same store restaurant food and bar sales in Miami-Dade County, Florida, due to our strong name recognition in that county. Package store sales are expected to decrease due primarily to increased competition. Management also expects higher food costs and overall expenses to increase. We are reviewing our food costs and overall expenses looking for ways to reduce and/or control the same, including but not limited to new lower cost menu items and/or ingredients, without sacrificing our food quality and service. During the first quarter of our fiscal year 2007, we raised menu prices to offset the higher food costs and overall expenses. During the first quarter of our fiscal year 2008, we again raised menu prices to offset higher food costs and overall expenses and will continue to do so whenever necessary and wherever competitively possible.

Liquidity and Capital Resources

We fund our operations through cash from operations and borrowings under our line of credit. As of June 28, 2008, we had cash of approximately \$3,464,000, an increase of \$1,241,000 from our cash balance of \$2,223,000 as of September 29, 2007. The increase in cash was due primarily to amounts which have been raised but have not yet been required to be used for expenses by the limited partnership which owns the Davie, Florida location, (\$696,000) and from our operations due to minimal demand upon our cash flow for extraordinary items.

Cash Flows

The following table is a summary of our cash flows for the thirty-nine weeks of fiscal years 2008 and 2007.

	-----Thirty-Nine Weeks Ended---	
	June 28, 2008	June 30, 2007
	-----	-----
	(in Thousands)	
Net cash provided by operating activities	\$ 2,506	\$ 2,299
Net cash used in investing activities	(2,823)	(2,100)
Net cash provided by financing activities	1,558	1,433
	-----	-----
Net Increase in Cash and Cash Equivalents	1,241	1,632
Cash and Cash Equivalents, Beginning	2,223	1,698
	-----	-----
Cash and Cash Equivalents, Ending	\$ 3,464	\$ 3,330
	=====	=====

We have determined that we must retain any earnings for the development and operation of our business and accordingly, we do not intend to pay any cash dividends in the foreseeable future.

Capital Expenditures

We acquired property and equipment of \$2,969,000, (of which \$26,000 was financed), during the thirty nine weeks ended June 28, 2008, including \$268,000 for renovations to one (1) existing Company owned restaurant, as compared to \$4,172,000, (of which \$700,000 was financed), during the thirty nine weeks ended

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

June 30, 2007, which included \$1,402,500 for the purchase of real property and \$615,000 for renovations to three (3) existing Company restaurants. During the thirty nine weeks ended June 28, 2008, the limited partnership which owns the Davie, Florida restaurant completed its private offering, raising the sum of \$3,875,000, of which \$1,850,000 represents our investment. We did not advance any funds to

24

this limited partnership in excess of our investment. The funds from the private offering are being used to complete the renovations to the business premises for operation of a "Flanigan's Seafood Bar and Grill" restaurant and provide working capital.

In addition, during the thirty nine weeks ended June 28, 2008, we purchased 4% leasehold/subleasehold interests for our El Portal, Florida location, (\$26,000), from an unrelated lessor/sublessor, the cost of which is being amortized as additional rent over the life of the lease, including first ten (10) year renewal option. During the thirty nine weeks ended June 30, 2007, we purchased the leasehold interests for the Pembroke Pines, Florida (\$305,000), Davie, Florida (\$650,000) and Lake Worth, Florida (\$45,000) locations, the cost of which is being amortized as additional rent over the life of the lease. The purchase of the leasehold interest for the Lake Worth, Florida location occurred as a part of the purchase of the previously franchised restaurant.

All of the Company owned units require periodic refurbishing in order to remain competitive. Management anticipates the cost of this refurbishment in fiscal year 2008 to be approximately \$375,000, of which \$268,000 has been spent through June 28, 2008.

Long Term Debt

As of June 28, 2008, we had long term debt of \$6,558,000, as compared to \$6,136,000 as of June 30, 2007, and \$6,080,000 as of September 29, 2007. The net increase in long term debt as of June 28, 2008, as compared to long term debt as of June 30, 2007 and September 29, 2007, respectively, is primarily attributed to the borrowing of \$600,000 under our secured line of credit from an unaffiliated financial institution during the first quarter of our fiscal year 2008 to pay the balance of the purchase price for our limited partnership units in the limited partnership which owns the Davie, Florida restaurant.

As of June 28, 2008, the amount outstanding under our secured line of credit was \$1,562,000. During the fourth quarter of fiscal year 2008, we extended the maturity date of our secured line of credit from April 2, 2009 to July 2, 2009.

During the third quarter of fiscal year 2007, in connection with our purchase of the real property located adjacent to the parking lot of our combination restaurant and package liquor store located at 4 North Federal Highway, Hallandale, Florida, we became obligated to repay to an unaffiliated third party lender, a purchase money mortgage in the principal amount of \$450,000. The mortgage amount bears interest at the rate of ten (10%) percent per annum, is amortized over thirty (30) years with equal monthly payments of principal and interest, each in the amount of \$3,949.07, with the entire principal balance and all accrued interest due in ten (10) years.

Purchase Commitments

In order to fix the cost and ensure adequate supply of baby back ribs for our restaurants, effective November 20, 2007, we entered into a purchase agreement with our rib supplier, whereby we agreed to purchase approximately \$3,200,000 of

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

baby back ribs during calendar year 2008 from this vendor at a fixed cost. While we anticipate purchasing all of our rib supply from this vendor, we believe there are several other alternative vendors available, if needed.

Working Capital

The table below summarizes the current assets, current liabilities, and working capital for the fiscal quarters ended June 28, 2008, June 30, 2007 and the fiscal year ended September 29, 2007.

25

Item	June 28, 2008	June 30, 2007	Sept 29, 2007
----	-----	-----	-----
(in Thousands)			
Current Assets	\$ 7,002	\$ 7,263	\$ 6,322
Current Liabilities	4,080	4,854	4,567
	-----	-----	-----
Working Capital	\$ 2,922	\$ 2,409	\$ 1,755

Working capital as of June 28, 2008 increased by 21.30% from the working capital for the fiscal quarter ending June 30, 2007 and increased by 66.50% from the working capital for the fiscal year ending September 29, 2007. Our working capital improved during the third quarter of our fiscal year 2008 due primarily to the amounts which have been raised but not yet required to be used for expenses by the limited partnership which owns the Davie, Florida restaurant, (\$696,000). Working capital also continued to improve during the fiscal quarter ending June 28, 2008 due to the minimal demand upon our cash flow for extraordinary items during the fiscal quarter. Our working capital during the third quarter of fiscal year 2007 included the completion of the private offering by the limited partnership which owns the Pembroke Pines, Florida restaurant, which private offering raised the sum of \$2,350,000, and reimbursed us approximately \$300,000 for amounts previously advanced in excess of our investment in the limited partnership. In addition, during the third quarter of fiscal year 2007, we sold the real property located at 732 - 734 N.E. 125th Street, North Miami, Florida, realizing net sale proceeds in the approximate amount of \$763,000.

We believe that positive cash flow from operations will adequately fund operations and debt reduction through the balance of our fiscal year 2008. During the second quarter of our fiscal year 2008, we contracted for the purchase of a new point of sale system for our package stores, at a cost of approximately \$218,000, excluding a surveillance camera system which we estimate will cost an additional \$90,000. During the third quarter of our fiscal year 2008, we amended the contract, raising the cost to approximately \$227,000. As of June 28, 2008, we have already paid approximately \$175,000 on account of the new point of sale system for our package stores, including the cost to customize and test the new point of sale system. We also paid approximately \$50,000 to purchase universal wireless hand-held scanners, which payment is in addition to the contracted amount. We anticipate that this new point of sale system for our package stores will be installed and fully operational by the end of our fiscal year 2008.

Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

Inflation

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

The primary inflationary factors affecting our operations are food, beverage and labor costs. A large number of restaurant personnel are paid at rates based upon applicable minimum wage and increases in minimum wage directly affect labor costs. To date, inflation has not had a material impact on our operating results, but this circumstance may change in the future if food and fuel costs continue to rise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not ordinarily hold market risk sensitive instruments for trading purposes and as of June 28, 2008 held no equity securities.

26

Interest Rate Risk

At June 28, 2008, of the Company's debt arrangements, only borrowings under our line of credit bear interest at a variable annual rate equal to the prime rate of interest. Increases in interest rates may have a material affect upon results of operations, depending upon the outstanding principal balance on our line of credit from time to time.

At June 28, 2008, our cash resources earn interest at variable rates. Accordingly, our return on these funds is affected by fluctuations in interest rates.

ITEM 4T. CONTROLS AND PROCEDURES

Under the supervision and with the participation of certain members of our management, including our Chairman of the Board, Chief Executive Officer and Chief Financial Officer, we completed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) to the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, we and our management have concluded that, our disclosure controls and procedures at June 28, 2008 were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and are designed to ensure that information required to be disclosed by us in these reports is accumulated and communicated to our management, as appropriate to allow timely decisions regarding required disclosures. In the thirteen weeks ended June 28, 2008, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to affect, our internal control over financial reporting. Management does not expect that disclosure controls and procedures or internal controls can prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. While management believes that its disclosure controls and procedures provide reasonable assurance that fraud can be detected and prevented, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

See "Litigation" on page 11 of this Report and Item 1 and Item 3 to Part 1 of the Annual Report on Form 10-K for the fiscal year ended September 29, 2007 for a discussion of other legal proceedings resolved in prior years.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 29, 2007 and in other reports filed from time to time with the SEC since the date we filed our Form 10-K. Readers are urged to carefully review these risk factors since they may cause our results to differ from the "forward-looking statements" made in this report or otherwise made by or on our behalf. Those risk factors are not the only ones we face. Additional risks not presently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business operations. We do not undertake to update any of these forward-

27

looking statements or to announce the results of any revisions to these forward-looking statements except as required by law.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchase of Company Common Stock

Pursuant to a discretionary plan approved by the Board of Directors at its meeting on May 17, 2007, the Board of Directors authorized management to purchase up to 100,000 shares of our common stock. During the third quarter ended June 28, 2008, we purchased 2,700 shares of our common stock for an aggregate purchase price of \$21,536. Of the shares purchased, we purchased 2,500 shares of our common stock from an employee for \$20,000 and 200 shares of our common stock on the open market for an aggregate purchase price of \$1,536.

Period -----	Total Number of Shares Purchased -----	Average Price Paid Per Share -----	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs -----	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs -----
As of March 29, 2008:				95,300
4/3/2008	1,150	\$8.00	1,150	94,150
4/17/2008	1,350	\$8.00	1,350	92,800
6/5/2008	200	\$7.68	200	92,600
	-----		-----	
Total:	2,700		2,700	
As of June 28, 2008:				92,600

ITEM 6. EXHIBITS

The following exhibits are filed with this Report:

Edgar Filing: FLANIGANS ENTERPRISES INC - Form 10-Q

Exhibit -----	Description -----
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

28

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FLANIGAN'S ENTERPRISES, INC.

Date: August 11, 2008

/s/ James G. Flanigan

JAMES G. FLANIGAN,
Chief Executive Officer and President

/s/ Jeffrey D. Kastner

JEFFREY D. KASTNER,
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

29