FLANIGANS ENTERPRISES INC
Form 10-Q
August 11, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 27, 2009

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 |X| No |_|

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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 |X|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes |_| No |X|

On August 11, 2009, 1,862,933 shares of Common Stock, $0.10 par value per share, were outstanding.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

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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)

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

	Thirteen Weeks Ended		Thirty N E
	June 27, 2009	June 28, 2008	June 27, 2009

REVENUES:			
Restaurant food sales	$ 10,653	$ 10,182	$ 32,020
Restaurant bar sales	2,536	2,346	7,608
Package store sales	2,925	2,842	9,788
Franchise related revenues	298	273	842
Owner's fee	40	68	129
Other operating income	39	54	114
	16,491	15,765	50,501
COSTS AND EXPENSES:			
Cost of merchandise sold:			
Restaurant and lounges	4,582	4,197	13,470
Package goods	1,968	1,994	6,740
Payroll and related costs	4,885	4,645	14,700
Occupancy costs	988	989	2,962
Selling, general and administrative expenses	3,418	3,289	10,476
	15,841	15,114	48,348
Income from Operations	650	651	2,153
OTHER INCOME (EXPENSE):			
Interest expense	(105)	(117)	(332
Interest and other income	15	34	200
	(90)	(83)	(132
Income before Provision for Income Taxes and Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	560	568	2,021
Provision for Income Taxes	(104)	(138)	(299
Minority Interest in (Earnings) Losses of Consolidated Limited Partnerships	(145)	(94)	(555
NET INCOME	$ 311	$ 336	$ 1,167

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

(Continued)

	Thirteen Weeks Ended		Thirty N E
	June 27,	June 28,	June 27,

	2009	2008	2009
Net Income Per Common Share:			
Basic	$ 0.17	$ 0.18	$ 0.62
Diluted	$ 0.17	$ 0.18	$ 0.62
Weighted Average Shares and Equivalent Shares Outstanding			
Basic	1,863,007	1,886,077	1,870,147
Diluted	1,863,007	1,895,378	1,870,147

See accompanying notes to unaudited condensed consolidated financial statements.

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FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 27, 2009 (UNAUDITED) AND SEPTEMBER 27, 2008
(In Thousands)

ASSETS

	June 27, 2009	September 27, 2008
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,945	$ 3,244
Notes receivables, current maturities, net	18	16
Prepaid income taxes	235	176
Due from franchisees	128	351
Other receivables	131	107
Inventories	2,146	2,168
Prepaid expenses	1,099	778
Deferred tax asset	216	243
Total Current Assets	8,918	7,083
Property and Equipment, Net	21,425	21,601
Investment in Limited Partnership	144	151
OTHER ASSETS:		

Liquor licenses, net	345	345
Notes receivable, net	15	28
Deferred tax asset	792	729
Leasehold purchases, net	1,695	1,880
Other	869	987
Total Other Assets	3,716	3,969
Total Assets	$34,203	$32,804

FLANIGAN'S ENTERPRISES, INC, AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 27, 2009 (UNAUDITED) AND SEPTEMBER 27, 2008
(In Thousands)

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 27, 2009	September 27, 2008
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 4,094	$ 4,040
Due to franchisees	501	223
Current portion of long term debt	771	419
Current portion of line of credit	1,586	--
Deferred revenues	25	34
Deferred rent	24	19
Total Current Liabilities	7,001	4,735
Long Term Debt, Net of Current Maturities	4,706	4,764
Line of Credit	--	1,562
Deferred Rent, Net of Current Portion	211	214
Minority Interest in Equity of Consolidated Limited Partnerships	8,113	8,437
Commitments and Contingencies		
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	13,555	12,388
Treasury stock, at cost, 2,334,709 shares		

at June 27, 2009 and 2,313,309 shares at September 27, 2008	(6,043)	(5,956)
Total Stockholders' Equity	14,172	13,092
Total Liabilities and Stockholders' Equity	$ 34,203	$ 32,804

See accompanying notes to unaudited condensed consolidated financial statements.

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FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRTY-NINE WEEKS ENDED JUNE 27, 2009 AND JUNE 28, 2008
(In Thousands)

	June 27, 2009	June 28, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,167	$ 991
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,708	1,518
Amortization of leasehold purchases	159	174
Loss on abandonment of property and equipment	34	15
Deferred income tax	(36)	(144)
Deferred rent	2	(13)
Minority interest in earnings of consolidated limited partnerships	555	36
Income from unconsolidated limited partnership	(2)	(22)
Recognition of deferred revenue	(9)	(8)
Changes in operating assets and liabilities:		
(increase) decrease in		
Due from franchisees	223	498
Other receivables	(24)	(22)
Prepaid income taxes	(59)	(100)
Inventories	22	(72)
Prepaid expenses	615	261
Other assets	(7)	(137)
Increase (decrease) in:		
Accounts payable and accrued expenses	54	(165)
Income taxes payable	--	(331)
Due to franchisees	278	27
Net cash and cash equivalents provided by operating activities:	4,680	2,506
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on notes and mortgages receivable	11	10

Purchase of property and equipment	(1,246)	(2,916)
Deposit on property and equipment	(64)	(27)
Proceeds from the sale of fixed assets	53	101
Distributions from unconsolidated limited Partnerships	9	9
Net cash and cash equivalents used in investing Activities:	(1,237)	(2,823)

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRTY-NINE WEEKS ENDED JUNE 27, 2009 AND JUNE 28, 2008
(In Thousands)

(Continued)

	June 27, 2009	June 28, 20
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of long term debt	(800)	(14
Proceeds from line of credit	24	60
Purchase of treasury stock	(87)	(4
Purchase of minority limited partnership interest	--	(12
Distributions to limited partnership minority partners	(879)	(75
Proceeds from limited partnership interests	--	2,02
Net cash and cash equivalents provided by (used in) financing activities:	(1,742)	1,55
Net Increase in Cash and Cash Equivalents	1,701	1,24
Beginning of Period	3,244	2,22
End of Period	$ 4,945	$ 3,46
Supplemental Disclosure for Cash Flow Information:		
Cash paid during period for:		
Interest	$ 332	$ 35
Income taxes	$ 435	$ 1,06
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Financing of insurance contracts	$ 1,094	-
Purchase deposits transferred to property and equipment	$ 292	-
Purchase of vehicle in exchange for debt	$ --	$ 2

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

See accompanying notes to unaudited condensed consolidated financial statements

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

JUNE 27, 2009

(1) BASIS OF PRESENTATION:

The accompanying financial information for the periods ended June 27, 2009 and June 28, 2008 are unaudited. Financial information as of September 27, 2008 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 27, 2008. 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. As of June 27, 2009, no stock options were outstanding.

(3) RECLASSIFICATION:

Certain amounts in the fiscal year 2008 financial statements have been reclassified to conform to the fiscal year 2009 presentation.

(4) RECENT ACCOUNTING PRONOUNCEMENTS:

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification (Codification) and the Hierarchy of GAAP" (SFAS No. 168), which replaces SFAS No. 162, "The Hierarchy of GAAP". SFAS No. 168 establishes the Codification as the single official source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. SEC rules and interpretive releases are also sources of authoritative GAAP for SEC registrants. SFAS No. 168 modifies the GAAP hierarchy to include only two levels of GAAP: authoritative and non-authoritative. SFAS No. 168 is effective for interim and annual periods ended after September 15, 2009 and we expect to adopt the use of the Codification for our fiscal year ended October 3, 2009. As SFAS No. 168 is not intended to change or alter existing GAAP, it will not impact our financial condition, results of operations and cash flows, but it will impact our financial statement disclosures, as all future references to authoritative literature will be references in accordance with the Codification.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46" ("SFAS 167") which amends the guidance in FASB Interpretation No. 46(R), "Consolidation of Variable Interest Entities", for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. In addition, SFAS No. 167 requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and enhanced disclosures related to an enterprise's involvement in a variable interest entity. SFAS No. 167 is effective for interim and annual periods beginning after November 15, 2009 and will be adopted by us in the second quarter of our fiscal year 2010. We are currently evaluating the potential impact, if any, of the adoption of SFAS No. 167 on consolidated results of operations and financial condition.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("FAS 165"), which introduces the concept of financial statements being available to be issued and requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date as either the date the financial statements were issued or were available to be issued. We adopted this standard in our fiscal quarter ended June 27, 2009. The implementation of this standard did not have a significant impact on our financial condition, results of operations or cash flows. We evaluated all events and transactions that occurred after June 27, 2009 up through August 11, 2009, the date we issued these financial statements. During this period, we did not have any material recognizable subsequent events. See Note 10.

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 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 February 2008, the FASB issued FASB Staff Position No. FAS 157-2 ("FSP 157-2"). FSP 157-2 delays the implementation of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This statement defers the effective date to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years, which is fiscal year 2010 for the Company.

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 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 in the first quarter of our fiscal year 2010. We are currently evaluating the potential impact, if any, of the adoption of SFAS 141R on our consolidated results of operations and financial condition.

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 of SFAS 160 on our consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date are not expected to have a material impact on our consolidated financial statements.

(5) DEBT:

Line of Credit

Under a secured line of credit with a third party financial institution we are able to borrow up to $2,500,000. The outstanding balance on our line of credit bears interest at BBA LIBOR 1 month rate, plus 2.25%, (2.567% as of June 27, 2009), with monthly payments of interest only and the unpaid principal balance and any accrued interest due in full on October 7, 2009. We granted our lender a security interest in substantially all of our assets and a second mortgage on our corporate offices as collateral to secure our repayment obligations under our credit line. During the third quarter of fiscal year 2009, we made no draws on our line of credit and paid monthly installments of interest, with no principal payments. As of June 27, 2009, the amount outstanding under the line of credit was $1,586,000, with a remaining availability of $914,000.

Financed Insurance Premiums

(i) For the policy year beginning December 30, 2008, our property insurance is a two (2) year policy with our insurance carrier. The two (2) year property insurance premium is in the amount of $631,000 and is financed in full through an unrelated third party lender. The finance agreement earns interest at the rate of 5.15% per annum and is amortized over 20 months, with monthly payments of principal and interest, each in the amount of $30,000. The finance agreement is secured by a security interest in all insurance policies, all unearned premium, return premium, dividend payments and loss payments thereof.

(ii) For the policy year beginning December 30, 2008, our general liability insurance, excluding limited partnerships, is a one (1) year policy with our insurance carriers, including automobile and excess liability coverage. The one (1) year general liability insurance premiums, including automobile and excess liability coverage, is in the aggregate amount of $249,000 and is financed in full through the same unrelated third party lender. The finance agreement earns interest at the rate of 4.15% per annum and is amortized over 10 months, with monthly payments of principal and interest, each in the amount of $23,000. The finance agreement is secured by a security interest in all insurance policies, all unearned premium, return premium, dividend payments and loss payments thereof.

(iii) For the policy year beginning December 30, 2008, our general liability insurance for our limited partnerships is a one (1) year policy with our insurance carriers, including excess liability coverage. The one (1) year general liability insurance premiums, including excess liability coverage, is in the aggregate amount of $214,000 and is financed in full through the same unrelated third party lender. The finance agreement earns interest at the rate of 4.05% per annum and is amortized over 10 months, with monthly payments of principal and interest, each in the amount of $19,000. The finance agreement is secured by a security interest in all insurance policies, all unearned premium, return premium, dividend payments and loss payments thereof.

As of June 27, 2009, the aggregate principal balance from the financing of our property and general liability insurance policies is $661,000.

(6) 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.

The Company's effective tax rate, (after consideration of minority interest in earnings of consolidated limited partnerships), was 25.1% and 29.1% for the thirteen weeks ended June 27, 2009 and June 28, 2008, respectively, and 20.3% and 32.9% for the thirty nine weeks ended June 27, 2009 and June 28, 2008, respectively. The Company's effective tax rate differs from the statutory rate primarily due to various non-deductible expense items, state income taxes and credits against income taxes. In addition, for the thirteen and thirty nine weeks ended June 27, 2009, the effective tax rate also differs from the statutory rate due to an adjustment of the joint venture deferred tax asset.

(7) STOCK OPTION PLANS:

We have one stock option plan under which qualified stock options may be granted to our officers and other employees. Under this plan, the exercise price for the qualified stock options must be no less than 100% 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 plan expire after a five (5) year period and generally vest no later than one (1) year from the date of grant. As of June 27, 2009, no options to acquire shares were outstanding. Under this plan, 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 27, 2009, nor were stock options granted during the thirty nine weeks ended June 28, 2008.

No stock options were exercised during the thirty nine weeks ended June 27, 2009, nor were stock options exercised during the thirty nine weeks ended June 28, 2008.

Stock option activity during the thirty nine weeks ended June 27, 2009 was as follows:

	Total Options	Weighted Average Exercise Price
Outstanding at September 27, 2008	49,350	$6.31

Granted	--	--
Exercised	--	--
Expired	(49,350)	6.31
	-------	----
Outstanding at June 27, 2009	--	--
Options exercisable at June 27, 2009	--	--

(8) 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 27, 2009, we purchased 325 shares of our common stock for an aggregate purchase price of $2,000 from an employee. During the thirty nine weeks ended June 27, 2009, we purchased 21,400 shares of our common stock for an aggregate purchase price of $87,000. Of the shares purchased, we purchased 20,225 shares of our common stock on the open market for an aggregate purchase price of $81,000, 325 shares of our common stock from an employee for a purchase price of $2,000 and 850 shares of our common stock from the Joseph G. Flanigan Charitable Trust for a purchase price of $4,000.

(9) COMMITMENTS AND CONTINGENCIES:

Guarantees

We guarantee various leases for franchisees, limited partnerships that own restaurants and locations sold in prior years. Remaining rental commitments required under these leases are approximately $1,974,000. 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.

During the third quarter of our fiscal year 2009, we guaranteed a loan from an unrelated third party to a related franchisee, in the principal amount of $200,000, bearing interest at the rate of 10% per annum and being fully amortized over five (5) years, with equal monthly payments of principal and interest, each in the amount of $4,250. The franchisee granted the lender a security interest in substantially all of its assets as collateral to secure the repayment of the loan. The proceeds from the loan are being used to re-finance existing loans owed by the franchisee, (approximately $75,000), reimburse us for funds advanced to the franchisee to renovate the business premises, (approximately $90,000) and provide additional working capital for the franchisee.

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 disputed the seller's entitlement to reimbursement of its attorney's fees and costs, but during the first quarter of our fiscal year 2009, the appellate court affirmed the ruling against us by the trial court. We are disputing the amount of the seller's claim as excessive. A hearing on the seller's claim for reimbursement of its attorney's fees and costs was held during the third quarter of our fiscal year 2009, but the court has not yet issued its order. During the second quarter of our fiscal year 2009, the seller filed suit against the Company for malicious prosecution. We deny the allegations and will vigorously defend the case.

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 the pylon sign in front of the business premises. 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. The lawsuit is in the discovery stage, but is scheduled for trial during the fourth quarter of our fiscal year 2009.

(10) SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 11, 2009, the date these financial statements were issued. No events required disclosure.

(11) 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 27, 2009 and June 28, 2008, 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 expenses and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. Corporate assets are principally cash, note receivable and real property, leasehold improvements, furniture, equipment and vehicles used at our corporate headquarters. 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 27, 2009	Thirteen Week Ending June 28, 2008
Operating Revenues:		
Restaurants	$ 13,189	$ 12,528
Package stores	2,925	2,842
Other revenues	377	395

Total operating revenues	$ 16,491	$ 15,765
Operating Income Reconciled to Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		
Restaurants	$ 958	$ 1,076
Package stores	82	77
	1,040	1,153
Corporate expenses, net of other Revenues	(390)	(502)
Operating income	650	651
Other income (expense)	(90)	(83)
Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships	$ 560	$ 568
Depreciation and Amortization:		
Restaurants	$ 465	$ 427
Package stores	56	57
	521	484
Corporate	82	67
Total Depreciation and Amortization	$ 603	$ 551
Capital Expenditures:		
Restaurants	$ 313	$ 878
Package stores	75	19
	388	897
Corporate	56	115
Total Capital Expenditures	$ 444	$ 1,012

	Thirty Nine Weeks Ending June 27, 2009	Thirty Nine We Ending June 28, 200
Operating Revenues:		
Restaurants	$ 39,628	$ 37,831
Package stores	9,788	9,673
Other revenues	1,085	1,148
Total operating revenues	$ 50,501	$ 48,652

Operating Income Reconciled to Income Before Income

Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships		
Restaurants	$ 2,890	$ 3,058
Package stores	446	418
	3,336	3,476
Corporate expenses, net of other Revenues	(1,183)	(1,675)
Operating income	2,153	1,801
Other income (expense)	(132)	(287)
Income Before Income Taxes and Minority Interests in Earnings of Consolidated Limited Partnerships	$ 2,021	$ 1,514
Depreciation and Amortization:		
Restaurants	$ 1,421	$ 1,288
Package stores	194	189
	1,615	1,477
Corporate	252	215
Total Depreciation and Amortization	$ 1,867	$ 1,692
Capital Expenditures:		
Restaurants	$ 1,007	$ 2,536
Package stores	247	155
	1,254	2,691
Corporate	284	278
Total Capital Expenditures	$ 1,538	$ 2,969

	June 27, 2009	September 2 2008
Identifiable Assets:		
Restaurants	$ 19,961	$ 19,866
Package store	3,639	3,709
	23,600	23,575
Corporate	10,603	9,229
Consolidated Totals	$ 34,203	$ 32,804

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 27, 2008 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 27, 2009, we (i) operated 23 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 restaurant/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 27, 2009 and as compared to June 28, 2008 and September 27, 2008. With the exception of "The Whale's Rib", a restaurant we operate but do not own, 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".

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Types of Units	June 27, 2009	September 27, 2008	June
Company Owned:			
Combination package and restaurant	4	4	
Restaurant only	3	3	
Package store only	5	5	
Company Operated Restaurants Only:			
Limited Partnerships	9	9	
Franchise	1	1	
Unrelated Third Party	1	1	
Company Owned Club:	1	1	
Total Company Owned/Operated Units	24	24	
Franchised Units	6	6	

Notes:

(1) Includes a restaurant located in Davie, Florida which is owned by a limited

partnership in which we are the sole general partner and own 48% of the limited partnership interest and 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.

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 27, 2009, 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 its 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".

RESULTS OF OPERATIONS

	Thirteen Weeks Ended			
	June 27, 2009		June 28, 2008	
	Amount (In thousands)	Percent	Amount (In thousands)	Percent
Restaurant food sales	$ 10,653	66.11	$ 10,182	66.25
Restaurant bar sales	2,536	15.74	2,346	15.26

Package store sales	2,925	18.15	2,842	18.49
Total Sales	$ 16,114	100.00	$ 15,370	100.00
Franchise related revenues	298		273	
Owner's fee	40		68	
Other operating income	39		54	
Total Revenue	$ 16,491		$ 15,765	

	Thirty-Nine Weeks Ended			
	June 27, 2009		June 28, 2008	
	Amount (In thousands)	Percent	Amount (In thousands)	Percent
Restaurant food sales	$ 32,020	64.80	$ 30,714	64.66
Restaurant bar sales	7,608	15.40	7,117	14.98
Package store sales	9,788	19.80	9,673	20.36
Total Sales	$ 49,416	100.00	$ 47,504	100.00
Franchise related revenues	842		815	
Owner's fee	129		183	
Other operating income	114		150	
Total Revenue	$ 50,501		$ 48,652	

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Comparison of Thirteen Weeks Ended June 27, 2009 and June 28, 2008.

Revenues. Total revenue for the thirteen weeks ended June 27, 2009 increased $726,000 or 4.61% to $16,491,000 from $15,765,000 for the thirteen weeks ended June 28, 2008. This increase resulted from sales from the Davie, Florida limited partnership restaurant ($952,000), which opened for business on July 28, 2008, and the increase in same store package liquor sales ($83,000), offset by declines in same store restaurant food and bar sales ($291,000). Without giving effect to the revenue generated from the Davie, Florida restaurant ($952,000), total revenue for the thirteen weeks ended June 27, 2009 would have decreased $226,000 or 1.43% to $15,539,000 from $15,765,000 for the thirteen weeks ended June 28, 2008.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants totaled $10,653,000 for the thirteen weeks ended June 27, 2009 as compared to $10,182,000 for the thirteen weeks ended June 28, 2008. The increase in restaurant food sales resulted from sales from the Davie, Florida restaurant, which generated $780,000 of revenue from the sale of food during the thirteen weeks ended June 27, 2009. Without giving effect to the revenue generated from the Davie, Florida restaurant ($780,000) from the sale of food for the thirteen weeks ended June 27, 2009, restaurant revenue generated from the sale of food during the thirteen weeks ended June 27, 2009, would have decreased $309,000 or 3.03% to $9,873,000 from $10,182,000 for the thirteen weeks ended June 28, 2008. Comparable weekly restaurant food sales (for restaurants open for all of the third quarter of our fiscal year 2009 and the third quarter of our fiscal year 2008, which consists of seven restaurants owned by us and eight restaurants owned by affiliated limited partnerships) was $759,000 and $783,000 for the thirteen weeks ended June 27, 2009 and June 28, 2008, respectively, a decrease of 3.07%. We attribute this decline primarily to the current domestic and global economic downturn. Comparable weekly restaurant food sales for Company owned restaurants only was $310,000 and $330,000 for the third quarter of our fiscal year 2009 and the third quarter of our fiscal year 2008, respectively, a decrease of 6.06%. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only was $449,000 and $453,000 for the third quarter of our fiscal year 2009 and the third quarter of our fiscal year 2008, respectively, a decrease of 0.88%. We anticipate that restaurant food sales will decrease throughout the balance of our fiscal year 2009 due to a decline in same store restaurant food sales, offset by the operation of the Davie, Florida restaurant for the entire fourth quarter of our fiscal year 2009.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled $2,536,000 for the thirteen weeks ended June 27, 2009 as compared to $2,346,000 for the thirteen weeks ended June 28, 2008. The increase in restaurant bar sales is due to sales from the Davie, Florida restaurant, which generated $171,000 of revenue from bar sales during the thirteen weeks ended June 27, 2009. Without giving effect to the revenue from bar sales generated from the Davie, Florida restaurant ($171,000) for the thirteen weeks ended June 27, 2009, restaurant revenue generated from bar sales during the thirteen weeks ended June 27, 2009, would have increased $19,000 or 0.81% to $2,365,000 from $2,346,000 for the thirteen weeks ended June 28, 2008. Comparable weekly restaurant bar sales (for restaurants open for all of the third quarter of our fiscal year 2009 and the third quarter of our fiscal year 2008, which consists of seven restaurants owned by us and eight restaurants owned by affiliated limited partnerships) was $182,000 for the thirteen weeks ended June 27, 2009 and $180,000 for the thirteen weeks ended June 28, 2008, an increase of 1.11%. Comparable weekly restaurant bar sales for Company owned restaurants only was $75,000 and $74,000 for the third quarter of our fiscal year 2009 and the third quarter of our fiscal year 2008, respectively, an increase of 1.35%. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only was $107,000 and $106,000 for the third quarter of our fiscal year 2009 and the third quarter of our fiscal year 2008, respectively, an increase of 0.94%. We anticipate that restaurant bar sales will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant for the entire fourth quarter of our fiscal year 2009.

Package Store Sales. Revenue generated from sales of liquor and related items at package liquor stores totaled $2,925,000 for the thirteen weeks ended June 27, 2009 as compared to $2,842,000 for the thirteen weeks ended June 28, 2008, an increase of $83,000 or 2.92%. The weekly average of same store

package liquor store sales, which includes all nine (9) Company owned package liquor stores, was $225,000 for the thirteen weeks ended June 27, 2009 as compared to $219,000 for the thirteen weeks ended June 28, 2008, respectively. The increase was primarily due to increased advertising and promotions during the thirteen weeks ended June 27, 2009. Package liquor store sales are expected to remain constant throughout the balance of our fiscal year 2009.

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 27, 2009 increased $727,000 or 4.81% to $15,841,000 from $15,114,000 for the thirteen weeks ended June 28, 2008. The increase was primarily due to expenses related to the operation of the Davie, Florida restaurant and to a lesser extent a general increase in food costs, offset by actions taken by management to reduce and/or control costs and expenses. We anticipate that our operating costs and expenses will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant and an expected general increase in food costs. Operating costs and expenses increased as a percentage of total sales to approximately 96.06% in the third quarter of our fiscal year 2009 from 95.87% in the third quarter of our fiscal year 2008.

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 27, 2009 increased to $8,607,000 from $8,331,000 for the thirteen weeks ended June 28, 2008. Our gross profit margin for restaurant food and bar sales (calculated as gross profit reflected as a percentage of restaurant food and bar sales), was 65.26% for the thirteen weeks ended June 27, 2009 and 66.50% for the thirteen weeks ended June 28, 2008. This decrease in gross profit for restaurant and bar sales for the third quarter of our fiscal year 2009, (-1.24%), resulted primarily from our direct mailing advertising, which includes a $10.00 discount against a customer's check of $20.00 or more, and from higher food costs. We have not increased menu prices since the first quarter of our fiscal year 2008 to offset higher food costs.

Package Store Sales. Gross profit for package store sales for the thirteen weeks ended June 27, 2009 increased to $957,000 from $848,000 for the thirteen weeks ended June 28, 2008. Our gross profit margin, (calculated as gross profit reflected as a percentage of package liquor store sales), for package liquor store sales was 32.72% for the thirteen weeks ended June 27, 2009 and 29.84% for the thirteen weeks ended June 28, 2008. The increase in our gross profit margin, (2.88%), was primarily due to the purchase of "close out" and inventory reduction merchandise from wholesalers during the thirteen weeks ended June 27, 2009. We anticipate the gross profit margin for package store sales to remain constant throughout the balance of our fiscal year 2009 as we expect to continue purchasing "close out" and inventory reduction merchandise from wholesalers.

Payroll and Related Costs. Payroll and related costs for the thirteen weeks ended June 27, 2009 increased $240,000 or 5.17% to $4,885,000 from $4,645,000 for the thirteen weeks ended June 28, 2008. This increase is primarily attributable to the Davie, Florida restaurant and the annual increase in the Florida minimum wage, which was effective January 1, 2009, offset by a reduction of our store level management. We anticipate that our payroll costs and related expenses will continue to increase through our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant through the balance of our fiscal year 2009. Payroll and related costs as a percentage of total sales was 29.62% in the third quarter of our fiscal year 2009 and 29.46% of total sales in the third quarter of our fiscal year 2008. This increase as a percentage of sales was primarily due to the annual increase in the Florida minimum wage, which was effective January 1, 2009.

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 27, 2009 decreased

$1,000 or 0.10% to $988,000 from $989,000 for the thirteen weeks ended June 28, 2008. We anticipate that our occupancy costs will remain stable throughout the balance of our fiscal year 2009 with no rental payments for additional restaurant locations being developed by the Company.

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 27, 2009 increased $129,000 or 3.92% to $3,418,000 from $3,289,000 for the thirteen weeks ended June 28, 2008. Selling, general and administrative expenses as a percentage of total sales was 20.73% in the third quarter of our fiscal year 2009, as compared to 20.86% in the third quarter of our fiscal year 2008. We anticipate that our selling, general and administrative expenses will increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of our Davie, Florida restaurant, increased advertising expense and an overall increase in expenses.

Depreciation. Depreciation for the thirteen weeks ended June 27, 2009 and June 28, 2008 was $557,000 and $457,000 respectively. As a percentage of revenue, depreciation expense was 3.38% of revenue in the thirteen weeks ended June 27, 2009 and 2.90% of revenue in the thirteen weeks ended June 28, 2008.

Interest Expense, Net. Interest expense, net, for the thirteen weeks ended June 27, 2009 decreased $12,000 to $105,000 from $117,000 for the thirteen weeks ended June 28, 2008. The principal balance on our line of credit was approximately equal during the thirteen weeks ended June 27, 2009 and June 28, 2008, however the interest rate we paid during our fiscal year 2009 was lower.

Net Income. Net income for the thirteen weeks ended June 27, 2009 decreased $25,000 or 7.44% to $311,000 from $336,000 for the thirteen weeks ended June 28, 2008. As a percentage of sales, net income for the third quarter of our fiscal year 2009 is 1.89%, as compared to 2.13% in the third quarter of our fiscal year 2008. The decrease in net income as a percentage of sales (-0.24%) is primarily due to lower gross profit in our restaurant division, offset by an adjustment of $18,000 to our deferred tax assets, higher gross profit in our package liquor store division and improved control over expenses. Without giving effect to this adjustment of $18,000 to our deferred tax asset, we would have generated net income of $293,000 for the thirteen weeks ended June 27, 2009, which as a percentage of sales is 1.78%. Without giving effect to the adjustment to our deferred tax asset for the thirteen weeks ended June 27, 2009, the decrease in net income for the thirteen weeks ended June 27, 2009, as a percentage of sales (-0.35%) is primarily due to lower gross profit in our restaurant division, offset by higher gross profit in our package liquor store division and improved control over expenses. During the third quarter of fiscal year 2008, we had pre-opening, non-recurring expenses associated with the Davie, Florida restaurant, ($62,000), which adversely affected net income.

Comparison of Thirty-Nine Weeks Ended June 27, 2009 and June 28, 2008.

Revenues. Total revenue for the thirty nine weeks ended June 27, 2009 increased $1,849,000 or 3.80% to $50,501,000 from $48,652,000 for the thirty nine weeks ended June 28, 2008. This increase resulted from sales from the Davie, Florida limited partnership restaurant ($2,949,000), which opened for business on July 28, 2008 and increases in same store package liquor stores ($115,000), offset by declines in same store restaurant food and bar sales ($22,000). Without giving effect to the revenue generated from the Davie, Florida restaurant ($2,949,000), total revenue for the thirty nine weeks ended June 27, 2009 would have decreased $1,100,000 or 2.26% to $47,552,000 from $48,652,000 for the thirty nine weeks ended June 28, 2008.

Restaurant Food Sales. Restaurant revenue generated from the sale of food at restaurants totaled $32,020,000 for the thirty nine

weeks ended June 27, 2009 as compared to $30,714,000 for the thirty nine weeks ended June 28, 2008, an increase of $1,306,000 or 4.25%. The increase in restaurant food sales resulted from sales from the Davie, Florida restaurant, which generated $2,430,000 of revenue from the sale of food during the thirty nine weeks ended June 27, 2009. Without giving effect to the revenue generated from the Davie, Florida restaurant ($2,430,000) from the sale of food for the thirty nine weeks ended June 27, 2009, restaurant revenue generated from the sale of food during the thirty nine weeks ended June 27, 2009, would have decreased $1,124,000 or 3.66% to $29,590,000 from $30,714,000 for the thirty nine weeks ended June 28, 2008. Comparable weekly restaurant food sales (for restaurants open for all of the thirty nine weeks ended June 27, 2009 and the thirty nine weeks ended June 28, 2008, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was $712,000 and $735,000 for the thirty nine weeks ended June 27, 2009 and June 28, 2008, respectively, a decrease of 3.13%. We attribute this decline primarily to the current domestic and global economic downturn. Comparable weekly restaurant food sales for Company owned restaurants only was $313,000 and $331,000 for the thirty nine weeks ended June 27, 2009 and June 28, 2008, respectively, a decrease of 5.44%. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only was $399,000 and $404,000 for the thirty nine weeks ended June 27, 2009 and June 28, 2008, respectively, a decrease of 1.24%. We anticipate that restaurant food sales will decrease throughout the balance of our fiscal year 2009 due to a decline in same store restaurant food sales, offset by the operation of the Davie, Florida restaurant for the entire fourth quarter of our fiscal year 2009.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants (bar sales) totaled $7,608,000 for the thirty nine weeks ended June 27, 2009 as compared to $7,117,000 for the thirty nine weeks ended June 28, 2008, an increase of $491,000 or 6.90%. The increase in restaurant bar sales is due to sales from the Davie, Florida restaurant, which generated $516,000 of revenue from bar sales during the thirty nine weeks ended June 27, 2009. Without giving effect to the revenue from bar sales generated from the Davie, Florida restaurant ($516,000) for the thirty nine weeks ended June 27, 2009, restaurant revenue generated from bar sales during the thirty nine weeks ended June 27, 2009, would have decreased $25,000 or 0.35% to $7,092,000 from $7,117,000 for the thirty nine weeks ended June 28, 2008. Comparable weekly restaurant bar sales (for restaurants open for all of the thirty nine weeks ended June 27, 2009 and the thirty nine weeks ended June 28, 2008, which consists of seven restaurants owned by us and seven restaurants owned by affiliated limited partnerships) was $173,000 and $172,000 for the thirty nine weeks ended June 27, 2009 and June 28, 2008, respectively, an increase of 0.58%. Comparable weekly restaurant bar sales for Company owned restaurants only was $75,000 and $74,000 for the thirty-nine weeks ended June 27, 2009 and the thirty-nine weeks ended June 28, 2008, respectively, an increase of 1.35%. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only was unchanged at $98,000 for the thirty-nine weeks ended June 27, 2009 and the thirty-nine weeks ended June 28, 2008. We anticipate that restaurant bar sales will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant for the entire fourth quarter of our fiscal year 2009.

Package Store Sales. Revenue generated from sales of liquor and related items at package stores totaled $9,788,000 for the thirty nine weeks ended June

27, 2009 as compared to $9,673,000 for the thirty nine weeks ended June 28, 2008, an increase of 1.19%. The weekly average of same store package store sales was $251,000 and $248,000 for the thirty nine weeks ended June 27, 2009 and June 28, 2008, respectively. The increase was primarily due to increased advertising and promotions. Package store sales are expected to remain constant through the balance of our fiscal year 2009.

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 thirty nine weeks ended June 27, 2009 increased $1,497,000 or 3.20% to $48,348,000 from $46,851,000 for the

thirty nine weeks ended June 28, 2008. The increase was primarily due to expenses related to the operation of the Davie, Florida restaurant and to a lesser extent a general increase in food costs. We anticipate that our operating costs and expenses will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant and an expected general increase in food costs. Operating costs and expenses decreased as a percentage of total sales to 95.74% for the thirty nine weeks ended June 27, 2009 from 96.30% for the thirty nine weeks ended June 28, 2008.

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 27, 2009 increased to $26,158,000 from $25,161,000 for the thirty nine weeks ended June 28, 2008. Our gross profit margin for restaurant food and bar sales (calculated as gross profit reflected as a percentage of restaurant food and bar sales), was 66.01% for the thirty nine weeks ended June 27, 2009 and 66.51% for the thirty nine weeks ended June 28, 2008. This decrease in gross profit for restaurant and bar sales for the thirty nine weeks ended June 27, 2009, (-0.50%), resulted primarily from our direct mailing advertising, which includes a $10.00 discount against a customer's check of $20.00 or more, and from higher food costs. We have not increased menu prices since the first quarter of our fiscal year 2008 to offset higher food costs.

Package Store Sales. Gross profit for package store sales for the thirty nine weeks ended June 27, 2009 increased to $3,048,000 from $2,818,000 for the thirty nine weeks ended June 28, 2008. Our gross profit margin, (calculated as gross profit reflected as a percentage of package store sales), was 31.14% for the thirty nine weeks ended June 27, 2009 compared to 29.13% for the thirty nine weeks ended June 28, 2008. The increase in our gross profit margin, (2.01%), was primarily due to our purchase of "close out" and inventory reduction merchandise from wholesalers during the thirty nine weeks ended June 27, 2009. We anticipate the gross profit margin for package store sales to remain constant throughout the balance of our fiscal year 2009 as we expect to continue purchasing "close out" and inventory reduction merchandise from wholesalers.

Payroll and Related Costs. Payroll and related costs for the thirty nine weeks ended June 27, 2009 increased $337,000 or 2.35% to $14,700,000 from $14,363,000 for the thirty nine weeks ended June 28, 2008. This increase is primarily attributable to the Davie, Florida restaurant and the annual increase in the Florida minimum wage, which was effective January 1, 2009, offset by a reduction of our store level management. Payroll and related costs as a percentage of total sales was 29.11% for the thirty nine weeks ended June 27, 2009 and 29.52% of total sales for the thirty nine weeks ended June 28, 2008. We anticipate that our payroll costs and related expenses will continue to increase through our fiscal year 2009 due to, primarily, the operation of the Davie, Florida restaurant through the balance of our fiscal year 2009 and the annual increase in the Florida minimum wage, which was effective January 1, 2009, partially offset by a reduction of our store level management.

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 27, 2009 decreased $7,000 or 0.24% to $2,962,000 from $2,969,000 for the thirty nine weeks ended June 28, 2008. We anticipate that our occupancy costs will continue to be stable throughout the balance of our fiscal year 2009 with no rental payments for additional restaurant locations being developed by the Company.

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 27, 2009 increased $482,000 or 4.82% to $10,476,000 from $9,994,000 for the thirty nine weeks ended June 28, 2008. This increase is due primarily to the operation of the Davie, Florida restaurant and an overall increase in expenses.

Selling, general and administrative expenses increased as a percentage of total sales for the thirty nine weeks ended June 27, 2009 to 20.74% as compared to 20.54% for the thirty nine weeks ended June 28, 2008. We anticipate that our selling, general and administrative expenses will continue to increase throughout the balance of our fiscal year 2009 due to, primarily, the operation of our Davie, Florida restaurant and an overall increase in expenses.

Depreciation. Depreciation for the thirty-nine weeks ended June 27, 2009 and June 28, 2008 was $1,708,000 and $1,518,000 respectively. As a percentage of revenue, depreciation expense was 3.38% of revenue in the thirty-nine weeks ended June 27, 2009 and 3.12% of revenue in the thirty-nine weeks ended June 28, 2008.

Interest Expense, Net. Interest expense, net, for the thirty-nine weeks ended June 27, 2009 decreased $26,000 to $332,000 from $358,000 for the thirty-nine weeks ended June 28, 2008. The principal balance on our line of credit was approximately equal during the thirty nine weeks ended June 27, 2009 and June 28, 2008; however the interest rate we paid during our fiscal year 2009 was lower.

Net Income. Net income for the thirty nine weeks ended June 27, 2009 increased $176,000 or 17.76% to $1,167,000 from $991,000 for the thirty nine weeks ended June 28, 2008. As a percentage of sales, net income for the thirty nine weeks ended June 27, 2009 is 2.31%, as compared to 2.04% for the thirty nine weeks ended June 28, 2008. During the thirty nine weeks ended June 27, 2009, we recognized interest income of $124,000 paid on claims we filed in the liquidation proceedings of Ambassador Insurance Company in 1983 and other income of $26,000 paid as the balance of our claims (10%) filed in the liquidation proceedings of Ambassador Insurance Company. We also adjusted our tax deferred asset by $140,000. Without giving effect to this interest income of $124,000, other income of $26,000 and the adjustment to our deferred tax asset of $140,000, we would have generated net income of $877,000 for the thirty nine weeks ended June 27, 2009, which as a percentage of sales is 1.74%. Without giving effect to the interest income and other income and the adjustment to our deferred tax asset for the thirty nine weeks ended June 27, 2009, the decrease in net income for the thirty nine weeks ended June 27, 2009, as a percentage of sales (-0.30%) is primarily due to a decline in same store restaurant sales and a general increase in overall expenses. The net income for the thirty nine weeks ended June 28, 2008 was adversely affected by our share of the non-recurring pre-opening and opening expenses associated with the limited partnership owned restaurant in Pembroke Pines, Florida, ($40,000), and our share of the non-recurring pre-opening expenses associated with the limited partnership owned restaurant in Davie, Florida, ($74,000), higher food costs and overall expenses, including electric, gas and real property taxes.

New Limited Partnership Restaurants

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 27, 2009, we did not have a new restaurant location in the development stage and did not recognize any pre-opening costs. 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 15 year lease. 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. This restaurant opened for business on July 28, 2008.

Until we fund a new unit, our income from operations will not be adversely affected by pre-opening costs. Throughout the balance of fiscal year 2009, we do not expect our income from operations to be materially adversely affected by pre-opening costs for new locations.

Trends

During the next twelve months, we expect aggregate restaurant sales to decrease as compared to prior periods and same store restaurant food and bar sales to decline due primarily to the current domestic and global economic downturn. We expect higher food costs and higher overall expenses, which will adversely affect our net income. During the first quarter of our fiscal year 2008, we raised menu prices to offset higher food costs and overall expenses. We plan to limit menu price increases as long as possible while maintaining our high quality of food and service and without reducing our food portions. We have increased our advertising to attract customers, but plan to emphasize our direct mailings and limit and/or even eliminate our monthly full page newspaper ads and our radio advertising. Notwithstanding our increased promotional activity, we believe we will experience reduced revenues, reduced gross profit and increased costs in some or all of our locations and as a result our net income will be adversely affected. To mitigate this, we may raise menu prices whenever necessary and wherever competitively possible.

We continue to search for new locations to open restaurants and thereby expand our business, but we are currently looking for locations that will not require an extensive and costly renovation. Any new locations will likely be opened using our limited partnership ownership model.

We are not actively searching for locations for the operation of new package liquor stores, but if an appropriate location for a package liquor store becomes available, we will consider it.

Liquidity and Capital Resources

We fund our operations through cash from operations and borrowings under our line of credit. As of June 27, 2009, we had cash of approximately $4,945,000, an increase of $1,701,000 from our cash balance of $3,244,000 as of September 27, 2008. The increase in cash as of June 27, 2009 was primarily from our operations due to minimal demand upon our cash flow for extraordinary items. Management believes that the Company's current cash availability from its line of credit and expected cash from operations will be sufficient to fund operations and capital expenditures for at least the next twelve months.

Cash Flows

The following table is a summary of our cash flows for the thirty-nine weeks of fiscal years 2009 and 2008.

	-----Thirty-Nine Weeks Ended---- June 27, 2009	June 28, 2008
	(in Thousands)	
Net cash provided by operating activities	$ 4,680	$ 2,506
Net cash used in investing activities	(1,237)	(2,823)
Net cash provided by (used in) financing activities	(1,742)	1,558
Net Increase in Cash and Cash Equivalents	1,701	1,241
Cash and Cash Equivalents, Beginning	3,244	2,223
Cash and Cash Equivalents, Ending	$ 4,945	$ 3,464

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

In addition to using cash for our operating expenses, we use cash to fund the development and construction of new restaurants and secondarily to fund capitalized property improvement for our existing restaurants. We acquired property and equipment of $1,538,000, (including $292,000 of deposits recorded in other assets as of September 27, 2008), during the thirty nine weeks ended June 27, 2009, including $690,000 for renovations to two (2) existing Company owned restaurants, as compared to $2,942,000, (of which $26,000 was financed), during the thirty nine weeks ended June 28, 2008, which included $268,000 for renovations to one (1) existing Company owned restaurant. 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 this limited partnership in excess of our investment. The funds from the private offering were used to complete the renovations to the business premises for operation of a "Flanigan's Seafood Bar and Grill" restaurant and provided working capital.

All of our owned units require periodic refurbishing in order to remain competitive. We anticipate the cost of this refurbishment in our fiscal year 2009 to be approximately $700,000, of which $690,000 has been spent through June 27, 2009.

Long Term Debt

As of June 27, 2009, we had long term debt of $7,063,000, which includes the balance on our line of credit, as compared to $6,558,000 as of June 28, 2008, and $6,745,000 as of September 27, 2008.

During the thirty nine weeks ended June 27, 2009, we changed our primary banking relationship to another unaffiliated financial institution, which includes a new line of credit of $2,500,000. The outstanding balance on our line of credit bears interest at BBA LIBOR 1 month rate, plus 2.25%, (2.567% as June 27, 2009), with monthly payments of interest only and the unpaid principal balance and all accrued interest due in full on October 7, 2009. We granted our lender a security interest in substantially all of our assets and a second mortgage on our corporate offices as collateral to secure our repayment obligations under our credit line. As of June 27, 2009, the amount outstanding under our secured line of credit was $1,586,000.

Financed Insurance Premiums

(i) For the policy year beginning December 30, 2008, our property insurance is a two (2) year policy with our insurance carrier. The two (2) year property insurance premium is in the amount of $631,000 and is financed in full through an unrelated third party lender. The finance agreement earns interest at the rate of 5.15% per annum and is amortized over 20 months, with monthly payments of principal and interest, each in the amount of $30,000. The finance agreement is secured by a security interest in all insurance policies, all unearned premium, return premium, dividend payments and loss payments thereof.

(ii) For the policy year beginning December 30, 2008, our general liability insurance, excluding limited partnerships, is a one (1) year policy with our insurance carriers, including automobile and excess liability coverage. The one (1) year general liability insurance premiums, including automobile and excess liability coverage, is in the aggregate amount of $249,000 and is financed in full through the same unrelated third party lender. The finance agreement earns interest at the rate of 4.15% per annum and is amortized over 10 months, with monthly payments of principal and interest, each in the amount of $23,000. The finance agreement is secured by a security interest in all insurance policies, all unearned premium, return premium, dividend payments and loss payments thereof.

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(iii) For the policy year beginning December 30, 2008, our general liability insurance for our limited partnerships is a one (1) year policy with our insurance carriers, including excess liability coverage. The one (1) year general liability insurance premiums, including excess liability coverage, is in the aggregate amount of $214,000 and is financed in full through the same unrelated third party lender. The finance agreement earns interest at the rate of 4.05% per annum and is amortized over 10 months, with monthly payments of principal and interest, each in the amount of $19,000. The finance agreement is secured by a security interest in all insurance policies, all unearned premium, return premium, dividend payments and loss payments thereof.

As of June 27, 2009, the aggregate principal balance from the financing of our property and general liability insurance policies is $661,000.

Purchase Commitments

In order to fix the cost and ensure adequate supply of baby back ribs for our restaurants, on November 26, 2008, we entered into a purchase agreement with our rib supplier, whereby we agreed to purchase approximately $3,800,000 of baby back ribs during calendar year 2009 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 our fiscal quarters ended June 27, 2009, June 28, 2008 and our fiscal year ended September 27, 2008.

Item	June 27, 2009	June 28, 2008	Sept 27, 2008
		(in Thousands)	
Current Assets	$ 8,918	$ 7,002	$ 7,083
Current Liabilities	7,001	4,080	4,735
Working Capital	$ 1,917	$ 2,922	$ 2,348

Our working capital as of June 27, 2009 decreased by 34.39% from the working capital for the fiscal quarter ending June 28, 2008 and decreased by 18.36% from our working capital for our fiscal year ending September 27, 2008. Our working capital decreased during our fiscal quarter ending June 27, 2009 from our working capital for our fiscal year ending September 27, 2008 due to the re-classification of our line of credit, which matures on October 7, 2009, as a current liability. Our prior lender consistently extended the maturity date on our line of credit on a quarterly basis and accordingly, our obligations under our prior line of credit were not recorded as a current liability.

While there can be no assurance due to, among other things, unanticipated expenses or unanticipated decline in revenues, or both, we believe that positive cash flow from operations will adequately fund operations, debt reductions and planned capital expenditures throughout the balance of our fiscal year 2009. We also anticipate that throughout the balance of our fiscal year 2009, working capital may be affected by the payment of the purchase of a surveillance camera system ($118,000) and our line of credit in the event the line of credit is not renewed.

Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

Inflation

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 27, 2009 held no equity securities.

Interest Rate Risk

At June 27, 2009, of the Company's debt arrangements, only borrowings under our line of credit bear interest at BBA LIBOR 1 month rate, plus 2.25%. 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 27, 2009, 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

Disclosure Controls and Procedures

Based on evaluations as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer, with the participation of our management team, have concluded that 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")) were effective.

Limitations on the Effectiveness of Controls and Permitted Omission from Management's Assessment

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can only provide reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

During the period covered by this report, we have not made any change to our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 27, 2008 for a discussion of other legal proceedings resolved in prior years.

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, during the thirteen weeks ended June 27, 2009, we purchased 325 shares of our common stock for an aggregate purchase price of $2,000 from an employee. During the thirteen weeks ended June 28, 2008, we purchased 2,700 shares of our common stock for an aggregate purchase price of $22,000. 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 $2,000.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part o Publicly Announced Pl or Programs
March 29, 2009 - May 1, 2009	--	--	--
May 2, 2009 - May 30, 2009	--	--	--
May 31, 2009 - June 27, 2009	325	$5.76	1,876
Total as of June 27, 2009	325		1,876

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ITEM 6. EXHIBITS

The following exhibits are filed with this Report:

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.

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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, 2009

/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)