

ARK RESTAURANTS CORP
Form 10-Q
August 16, 2011

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

For the quarterly period ended July 2, 2011

Commission file number 1-09453

ARK RESTAURANTS CORP.

(Exact name of registrant as specified in its charter)

New York

13-3156768

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

85 Fifth Avenue, New York, New York

10003

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (212) 206-8800

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 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller Reporting Company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding shares at August 11, 2011
(Common stock, \$.01 par value)	3,494,845

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We may make statements in this Quarterly Report on Form 10-Q regarding our assumptions, projections, expectations, targets, intentions or beliefs about future events. All statements, other than statements of historical facts, included or incorporated by reference herein relating to management's current expectations of future financial performance, continued growth and changes in economic conditions or capital markets are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended.

Words or phrases such as anticipates, believes, estimates, expects, intends, plans, predicts, projects, targets, will likely continue or similar expressions identify forward looking statements. Forward-looking statements involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed. We caution that while we make such statements in good faith and we believe such statements are based on reasonable assumptions, including without limitation, management's examination of historical operating trends, data contained in records and other data available from third parties, we cannot assure you that our projections will be achieved. Factors that may cause such differences include: economic conditions generally and in each of the markets in which we are located, the amount of sales contributed by new and existing restaurants, labor costs for our personnel, fluctuations in the cost of food products, adverse weather conditions, changes in consumer preferences and the level of competition from existing or new competitors.

We have attempted to identify, in context, certain of the factors that we believe may cause actual future experience and results to differ materially from our current expectation regarding the relevant matter of subject area. In addition to the items specifically discussed above, our business, results of operations and financial position and your investment in our common stock are subject to the risks and uncertainties described in Item 1A Risk Factors in Part I of our Annual Report on Form 10-K for the fiscal year ended October 2, 2010 as updated by the information contained under the caption Item 1A. Risk Factors in Part II of this Quarterly Report on Form 10-Q.

From time to time, oral or written forward-looking statements are also included in our reports on Forms 10-K, 10-Q and 8-K, Schedule 14A, our press releases and other materials released to the public. Although we believe that at the time made, the expectations reflected in all of these forward-looking statements are and will be reasonable; any or all forward-looking statements may prove to be incorrect. This may occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this Quarterly Report on Form 10-Q, certain of which are beyond our control, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of a forward-looking statement in this Quarterly Report on Form 10-Q or other public communications that we might make as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent periodic reports filed with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K and Schedule 14A.

Unless the context requires otherwise, references to we, us, our, ARKR and the Company refer specifically to Ark Restaurants Corp. and its subsidiaries and predecessor entities.

Part I. Financial Information**Item 1. Consolidated Condensed Financial Statements****ARK RESTAURANTS CORP. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS**

(In Thousands, Except Per Share Amounts)

	July 2, 2011	October 2, 2010
	(unaudited)	(Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (includes \$424 at July 2, 2011 related to VIEs)	\$ 4,802	\$ 2,011
Short-term investments in available-for-sale securities	2,694	7,438
Accounts receivable (includes \$1,738 at July 2, 2011 related to VIEs)	4,878	2,048
Related party receivables, net		1,044
Employee receivables	288	290
Current portion of long-term receivables	21	102
Inventories (includes \$22 at July 2, 2011 related to VIEs)	1,639	1,652
Prepaid income taxes (includes \$124 at July 2, 2011 related to VIEs)	699	
Prepaid expenses and other current assets (includes \$11 at July 2, 2011 related to VIEs)	662	797
	<u>15,683</u>	<u>15,382</u>
Total current assets	15,683	15,382
LONG-TERM RECEIVABLES, LESS CURRENT PORTION	79	
FIXED ASSETS - Net (includes \$3,749 at July 2, 2011 related to VIEs)	26,560	24,113
INTANGIBLE ASSETS - Net	431	37
GOODWILL	4,813	4,813
TRADEMARKS	721	721
DEFERRED INCOME TAXES	6,149	6,149
OTHER ASSETS (includes \$141 at July 2, 2011 related to VIEs)	1,039	416
	<u>55,475</u>	<u>51,631</u>
TOTAL	\$ 55,475	\$ 51,631
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade (includes \$198 at July 2, 2011 related to VIEs)	\$ 2,866	\$ 2,423
Accrued expenses and other current liabilities (includes \$2,141 at July 2, 2011 related to VIEs)	9,907	7,548
Accrued income taxes		290
Current portion of note payable	136	224
	<u>12,909</u>	<u>10,485</u>
Total current liabilities	12,909	10,485
OPERATING LEASE DEFERRED CREDIT	3,515	3,628
NOTE PAYABLE, LESS CURRENT PORTION		78
	<u>16,424</u>	<u>14,191</u>
TOTAL LIABILITIES	16,424	14,191
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, par value \$.01 per share - authorized, 10,000 shares; issued, 5,672 shares and 5,668 shares at July 2, 2011 and October 2, 2010, respectively; outstanding, 3,495 shares and 3,491 shares at July 2, 2011 and October 2, 2010, respectively	57	57

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Additional paid-in capital	23,291	23,050
Accumulated other comprehensive income	5	8
Retained earnings	20,128	22,554
	<u>43,481</u>	<u>45,669</u>
Less stock option receivable	(29)	(29)
Less treasury stock, at cost, of 2,177 shares at July 2, 2011 and October 2, 2010	(10,095)	(10,095)
	<u>33,357</u>	<u>35,545</u>
Total Ark Restaurants Corp. shareholders equity	33,357	35,545
NON-CONTROLLING INTERESTS	5,694	1,895
	<u>39,051</u>	<u>37,440</u>
TOTAL EQUITY	39,051	37,440
	<u>39,051</u>	<u>37,440</u>
TOTAL	\$ 55,475	\$ 51,631
	<u>\$ 55,475</u>	<u>\$ 51,631</u>

See notes to consolidated condensed financial statements.

ARK RESTAURANTS CORP. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (Unaudited)
(In Thousands, Except Per Share Amounts)

	13 Weeks Ended		39 Weeks Ended	
	July 2, 2011	July 3, 2010 (Note 1)	July 2, 2011	July 3, 2010 (Note 1)
REVENUES:				
Food and beverage sales	\$ 39,191	\$ 34,559	\$ 101,470	\$ 83,522
Other revenue	166	603	518	2,330
Total revenues (includes \$5,895 and \$16,595 for the 13-weeks and 39-weeks ended July 2, 2011, respectively, related to VIEs)	39,357	35,162	101,988	85,852
COSTS AND EXPENSES:				
Food and beverage cost of sales	10,761	8,988	27,636	21,991
Payroll expenses	11,948	10,015	34,034	27,792
Occupancy expenses	5,105	4,263	14,529	12,332
Other operating costs and expenses	5,062	4,396	13,563	11,691
General and administrative expenses	2,309	2,207	7,117	7,278
Depreciation and amortization	1,053	972	3,331	2,892
Total costs and expenses (includes \$4,665 and \$13,188 for the 13-weeks and 39-weeks ended July 2, 2011, respectively, related to VIEs)	36,238	30,841	100,210	83,976
OPERATING INCOME	3,119	4,321	1,778	1,876
OTHER (INCOME) EXPENSE:				
Interest expense	3	7	12	23
Interest income	(55)	(4)	(86)	(75)
Other (income) expense, net	(122)	51	(400)	45
Total other (income) expense, net	(174)	54	(474)	(7)
Income before provision for income taxes	3,293	4,267	2,252	1,883
Provision for income taxes	490	1,206	273	610
INCOME FROM CONTINUING OPERATIONS	2,803	3,061	1,979	1,273
DISCONTINUED OPERATIONS:				
Loss from operations of discontinued restaurant (includes a net loss on disposal of \$71 for the 39-weeks ended July 2, 2011)			(219)	
Benefit for income taxes	(23)		(61)	
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	23		(158)	
CONSOLIDATED NET INCOME	2,826	3,061	1,821	1,273
Net (income) loss attributable to non-controlling interests	(520)	(145)	(1,280)	248

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NET INCOME ATTRIBUTABLE TO ARK RESTAURANTS CORP.	\$ 2,306	\$ 2,916	\$ 541	\$ 1,521
AMOUNTS ATTRIBUTABLE TO ARK RESTAURANTS CORP.:				
Income from continuing operations	\$ 2,283	\$ 2,916	\$ 699	\$ 1,521
Income (loss) from discontinued operations, net of tax	23		(158)	
Net income	\$ 2,306	\$ 2,916	\$ 541	\$ 1,521
NET INCOME (LOSS) PER ARK RESTAURANTS CORP. COMMON SHARE:				
From continuing operations:				
Basic	\$ 0.65	\$ 0.84	\$ 0.20	\$ 0.44
Diluted	\$ 0.64	\$ 0.83	\$ 0.20	\$ 0.43
From discontinued operations:				
Basic	\$ 0.01		\$ (0.05)	\$
Diluted	\$ 0.01		\$ (0.05)	\$
From net income:				
Basic	\$ 0.66	\$ 0.84	\$ 0.15	\$ 0.44
Diluted				