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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 10, 2009



MEXICAN RESTAURANTS, INC.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

000-28234
(Commission
File Number)

76-0493269
(IRS Employer
Identification No.)

1135 EDGEBROOK, HOUSTON, TEXAS 77034-1899
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code): **(713) 943-7574**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On August 10, 2009, Mexican Restaurants, Inc. issued a press release announcing its financial results for its fiscal 2009 second quarter ended June 28, 2009. A copy of the press release is deemed to be furnished, but not filed, as Exhibit 99.1 hereto.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following is furnished as Exhibit 99.1 to this Current Report on Form 8-K:

99.1 Mexican Restaurants, Inc. press release dated August 10, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MEXICAN RESTAURANTS, INC.

By: /s/ Andrew J. Dennard

Name: Andrew J. Dennard

Title: Executive Vice President, Chief Financial
Officer, Treasurer and Corporate Secretary

Date: August 10, 2009

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Mexican Restaurants, Inc. press release dated August 10, 2009



Contact: Mexican Restaurants, Inc.
 Andrew J. Dennard
 (713) 943-7574

Mexican Restaurants, Inc.
Announces 2009 Second Quarter Operating Results
 (NASDAQ: CASA)

Houston, Texas (August 10, 2009) For the 2009 second quarter of Mexican Restaurants, Inc. (the "Company") ended June 28, 2009, the Company reported a net loss of \$207,937 or \$0.06 per diluted share, compared with a net income of \$359,059 or \$0.11 per diluted share for the second quarter of fiscal year 2008. For the 26-week period ended June 28, 2009, the Company reported a net loss of \$28,083 or \$0.01 per diluted share, compared with net income of \$434,576 or \$0.13 per diluted share for the 26-week period of fiscal year 2008.

In the second quarter, the Company sold substantially all of its operating assets and liabilities of its La Senorita restaurant chain (consisting of five site locations) located in Michigan for an adjusted price of \$2.6 million. Proceeds from the sale on April 7, 2009 were used to pay down long-term debt. The La Senorita sale, which resulted in a gain of \$387,083 and an income tax expense of \$303,558, was classified as discontinued operations and resulted in net income from discontinued operations of \$43,720 for the second quarter of fiscal year 2009. The higher effective tax rate results from permanent differences and an increase in the valuation allowance related to the La Senorita sale.

Effective June 28, 2009, the Company amended its Credit Agreement with Wells Fargo Bank, N.A., primarily to extend the maturity date from June 29, 2010 to June 29, 2012. As of June 28, 2009, the Company was in compliance with all debt covenants and as of the date hereof expects to be in compliance with its debt covenants during the next 12 months.

The Company's revenues for the second quarter of fiscal year 2009 decreased \$636,048 or 3.4% to \$18.3 million compared with \$19.0 million for the same quarter in fiscal year 2008. Restaurant sales for second quarter 2009 decreased by \$609,296 or 3.3% to \$18.1 million compared with \$18.7 million for the second quarter of 2008. The decrease in restaurant revenues primarily reflects a decrease in same-store sales, partially offset by new restaurants revenues. For the second quarter ended June 28, 2009, Company-owned same-restaurant sales decreased approximately 6.6%. Franchised-owned same-restaurant sales, as reported by franchisees, decreased approximately 1.2% over the same quarter in fiscal 2008.

On a year-to-date basis, the Company's revenue decreased \$16,850 to \$37.5 million compared with the same 26-week period in fiscal 2008. Restaurant sales for the 26-week period ended June 28, 2009 increased \$6,703 to \$37.1 million compared with the same 26-week period in fiscal 2008. The flat sales primarily reflects a decline in same-store sales mostly offset by the re-opening of one restaurant that was closed last year due to fire damage and one new Mission Burrito restaurant. For the 26-week period ended June 28, 2009, Company-owned same-restaurant sales decreased approximately 2.8% and franchised-owned same-restaurant sales, as reported by franchisees, increased approximately 0.2% over the same period in fiscal 2008.

Commenting on the Company's second quarter results, Curt Glowacki, Chief Executive Officer, stated, "Sales and profit performance during the second quarter of 2009 was certainly disappointing but not surprising given the impact of the troubled economic environment and of the swine flu on consumers' discretionary spending habits. For the near term, we continue to remain cautious regarding the economy and consumer spending. We will continue to focus on the fundamentals of running great restaurants that offer delicious food at very affordable prices while positioning the Company to exit the recession stronger financially and operationally."

Mexican Restaurants, Inc. operates and franchises 73 Mexican restaurants. The current system includes 54 Company-operated restaurants, 17 franchisee operated restaurants and two licensed restaurants.

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: growth strategy; dependence on executive officers; geographic concentration; increasing susceptibility to adverse conditions in the region; changes in consumer tastes and eating habits; national, regional or local economic and real estate conditions; demographic trends; inclement weather; traffic patterns; the type, number and location of competing restaurants; inflation; increased food, labor and benefit costs; the availability of experienced management and hourly employees; seasonality and the timing of new restaurant openings; changes in governmental regulations; dram shop exposure; and other factors not yet experienced by the Company. The use of words such as "believes", "anticipates", "expects", "intends" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Readers are urged to carefully review and consider the various disclosures made by the Company in this release and in the Company's most recent Annual Report and Form 10-K, that attempt to advise interested parties of the risks and factors that may affect the Company's business.

Mexican Restaurants, Inc. and Subsidiaries

Consolidated Statements of Operations
(Unaudited)

	13-Week Period Ended 6/28/2009	13-Week Period Ended 6/29/2008	26-Week Period Ended 6/28/2009	26-Week Period Ended 6/29/2008
Revenues:				
Restaurant sales	\$ 18,107,695	\$ 18,716,991	\$ 37,121,251	\$ 37,114,548
Franchise fees, royalties and other	126,578	135,666	264,867	270,756
Business interruption	103,528	121,192	103,528	121,192
	<u>18,337,801</u>	<u>18,973,849</u>	<u>37,489,646</u>	<u>37,506,496</u>
Costs and expenses:				
Cost of sales	5,263,291	5,452,696	10,513,537	10,637,856
Labor	6,050,108	6,131,887	12,173,097	11,981,025
Restaurant operating expenses	4,522,659	4,442,446	9,304,997	9,049,984
General and administrative	1,632,038	1,702,278	3,318,767	3,696,341
Depreciation and amortization	885,013	811,558	1,752,970	1,609,665
Pre-opening costs	--	10,427	--	47,311
Impairment and restaurant closure costs	214,778	22,577	237,231	54,829
Loss (gain) on involuntary disposals	15,028	(149,338)	7,797	(275,709)
Loss on sale of other property and equipment	36,934	14,663	73,696	41,670
	<u>18,619,849</u>	<u>18,439,194</u>	<u>37,382,092</u>	<u>36,842,972</u>
Operating income (loss)	(282,048)	534,655	107,554	663,524
Other income (expense):				
Interest income	883	828	1,863	2,910
Interest expense	(42,918)	(91,689)	(105,111)	(233,212)
Other, net	9,601	10,126	20,102	17,458
	<u>(32,434)</u>	<u>(80,735)</u>	<u>(83,146)</u>	<u>(212,844)</u>
Income (loss) from continuing operations before income taxes	(314,482)	453,920	24,408	450,680
Income tax (expense) benefit	62,825	(101,237)	(2,983)	(102,763)
Income (loss) from continuing operations	<u>(251,657)</u>	<u>352,683</u>	<u>21,425</u>	<u>347,917</u>
Discontinued Operations:				
Income (loss) from discontinued operations	(39,436)	10,281	36,021	62,039
Restaurant closure income (expense)	(369)	--	(190,941)	52,289
Gain (loss) on sale of assets	387,083	(2,075)	386,502	(2,075)
Income from discontinued operations before income taxes	<u>347,278</u>	<u>8,206</u>	<u>231,582</u>	<u>112,253</u>
Income tax expense	(303,558)	(1,830)	(281,090)	(25,594)
Income (loss) from discontinued operations	<u>43,720</u>	<u>6,376</u>	<u>(49,508)</u>	<u>86,659</u>
Net income (loss)	<u>\$ (207,937)</u>	<u>\$ 359,059</u>	<u>\$ (28,083)</u>	<u>\$ 434,576</u>
Basic income (loss) per common share				
Income (loss) from continuing operations	\$ (0.07)	\$ 0.11	\$ 0.01	\$ 0.10
Income (loss) from discontinued operations	0.01	--	(0.02)	0.03
Net income (loss)	<u>\$ (0.06)</u>	<u>\$ 0.11</u>	<u>\$ (0.01)</u>	<u>\$ 0.13</u>
Diluted income (loss) per common share				
Income (loss) from continuing operations	\$ (0.07)	\$ 0.11	\$ 0.01	\$ 0.10
Income (loss) from discontinued operations	0.01	--	(0.02)	0.03
Net income (loss)	<u>\$ (0.06)</u>	<u>\$ 0.11</u>	<u>\$ (0.01)</u>	<u>\$ 0.13</u>
Weighted average number of common shares (basic)	<u>3,284,641</u>	<u>3,252,320</u>	<u>3,271,358</u>	<u>3,249,743</u>
Weighted average number of common shares (diluted)	<u>3,284,641</u>	<u>3,313,677</u>	<u>3,272,981</u>	<u>3,310,690</u>