
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 11, 2010



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.)

12000 AEROSPACE AVE., SUITE 400, HOUSTON, TEXAS 77034-5576
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code): **(832) 300-5858**

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 11, 2010, Mexican Restaurants, Inc. issued a press release announcing its financial results for its second quarter ended July 4, 2010. 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 11, 2010.

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 13, 2010

INDEX TO EXHIBITS

Exhibit No.

Description

99.1

Mexican Restaurants, Inc. Press Release Dated August 11, 2010



Contact: Mexican Restaurants, Inc.
Andrew J. Dennard
(832) 300-5858

**Mexican Restaurants, Inc.
Announces 2010 Second Quarter Operating Results
(NASDAQ: CASA)**

Houston, Texas (August 11, 2010) For the Company's 2010 second quarter ended July 4, 2010, the Company reported a net loss of \$102,524 or \$0.03 per diluted share, compared with a net loss of \$207,937 or \$0.06 per diluted share for the second quarter of fiscal year 2009. For the 26-week period ended July 4, 2010, the Company reported a net loss of \$501,670 or \$0.15 per diluted share, compared with a net loss of \$28,083 or \$0.01 per diluted share for the 26-week period ended June 28, 2009.

Our restaurant revenues for the 13-week and 26-week periods of fiscal year 2010 decreased \$1.2 million or 6.6% and \$3.3 million or 9.0% to \$16.9 and \$33.8 million, respectively, compared with revenues of \$18.1 and \$37.1 million for the same respective periods in fiscal year 2009. The decrease in restaurant revenues primarily reflects a decrease in same-store sales. For the 13-week and 26-week periods ended July 4, 2010, Company-owned same-restaurant sales decreased approximately 7.1% and 9.4%, respectively. Franchised-owned restaurant sales, as reported by franchisees, decreased approximately 6.6% and 8.8%, respectively, over the same respective periods in fiscal 2009. We believe these decreases are a result of the continued weakness in the economy and its impact on consumers' dining habits.

Commenting on the Company's second quarter results, Curt Glowacki, Chief Executive Officer, stated, "Our second quarter results continue to reflect a weak economy and the impact it has on consumers' dining habits. Declining same-store sales continues to be our biggest obstacle to returning to profitability, as cost leverage is lost when same-store sales decline. We believe the best response to this economic downturn is to stay focused on our customers. Late last year, we initiated a program to retrain all of our employees that emphasizes hospitality, service standards, salesmanship, food preparation and consistency, all within well-maintained and clean restaurants. We believe that program is beginning to make an impact."

Mexican Restaurants, Inc. operates and franchises 72 Mexican restaurants. The current system includes 55 Company-operated restaurants, 16 franchisee operated restaurants and one licensed restaurant.

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 7/4/2010	13-Week Period Ended 6/28/2009	26-Week Period Ended 7/4/2010	26-Week Period Ended 6/28/2009
Revenues:				
Restaurant sales	\$ 16,921,142	\$ 18,107,695	\$ 33,774,217	\$ 37,121,251
Franchise fees, royalties and other	117,776	126,578	241,688	264,867
Business interruption	--	103,528	--	103,528
	<u>17,038,918</u>	<u>18,337,801</u>	<u>34,015,905</u>	<u>37,489,646</u>
Costs and expenses:				
Cost of sales	4,954,217	5,263,291	9,899,129	10,513,537
Labor	5,734,905	6,050,108	11,551,991	12,173,097
Restaurant operating expenses	4,387,496	4,522,659	8,772,384	9,304,997
General and administrative	1,251,211	1,632,038	2,699,712	3,318,767
Depreciation and amortization	862,780	885,013	1,721,146	1,752,970
Impairment and restaurant closure expense	6,197	214,778	11,418	237,231
Loss on involuntary disposals	--	15,028	--	7,797
Loss on sale of property and equipment	9,663	36,934	13,378	73,696
	<u>17,206,469</u>	<u>18,619,849</u>	<u>34,669,158</u>	<u>37,382,092</u>
Operating income (loss)	(167,551)	(282,048)	(653,253)	107,554
Other income (expense):				
Interest income	563	883	12,346	1,863
Interest expense	(44,599)	(42,918)	(106,368)	(105,111)
Other, net	5,945	9,601	24,513	20,102
	<u>(38,091)</u>	<u>(32,434)</u>	<u>(69,509)</u>	<u>(83,146)</u>
Income (loss) from continuing operations before income taxes	(205,642)	(314,482)	(722,762)	24,408
Income tax (expense) benefit	103,118	62,825	324,808	(2,983)
Income (loss) from continuing operations	<u>(102,524)</u>	<u>(251,657)</u>	<u>(397,954)</u>	<u>21,425</u>
Discontinued Operations:				
Income (loss) from discontinued operations	--	(39,436)	--	36,021
Restaurant closure expense	--	(369)	(181,543)	(190,941)
Gain on sale of assets	--	387,083	--	386,502
Income (loss) from discontinued operations before income taxes	<u>--</u>	<u>347,278</u>	<u>(181,543)</u>	<u>231,582</u>
Income tax (expense) benefit	--	(303,558)	77,827	(281,090)
Income (loss) from discontinued operations	<u>--</u>	<u>43,720</u>	<u>(103,716)</u>	<u>(49,508)</u>
Net loss	<u>\$ (102,524)</u>	<u>\$ (207,937)</u>	<u>\$ (501,670)</u>	<u>\$ (28,083)</u>
Basic income (loss) per common share				
Income (loss) from continuing operations	\$ (0.03)	\$ (0.07)	\$ (0.12)	\$ 0.01
Income (loss) from discontinued operations	--	0.01	(0.03)	(0.02)
Net loss	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.15)</u>	<u>\$ (0.01)</u>
Diluted income (loss) per common share				
Income (loss) from continuing operations	\$ (0.03)	\$ (0.07)	\$ (0.12)	\$ 0.01
Income (loss) from discontinued operations	--	0.01	(0.03)	(0.02)
Net loss	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.15)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares (basic)	<u>3,423,148</u>	<u>3,284,641</u>	<u>3,366,388</u>	<u>3,271,358</u>
Weighted average number of common shares (diluted)	<u>3,423,148</u>	<u>3,284,641</u>	<u>3,366,388</u>	<u>3,272,981</u>

