



Matters discussed in this presentation that relate to events or developments which are expected to occur in the future, including any discussion, expressed or implied, of anticipated growth, new store openings, operating results or earnings constitute forward-looking statements. Forward-looking statements are based on management's beliefs, assumptions and expectations of our future economic performance, taking into account the information currently available to management. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results, performance or financial condition to differ materially from the expectations of future results, performance or financial condition we express or imply in any forward-looking statements. Factors that could contribute to these differences include, but are not limited to:

- the cost of our principal food products and supply and delivery shortages and interruptions;
- labor shortages or increased labor costs;
- changes in demographic trends and consumer tastes and preferences, including changes resulting from concerns over nutritional or safety aspects of beef, poultry, or other foods or the effects of food-borne illnesses;
- expansion into new markets including foreign markets
- our ability to locate suitable restaurant sites in new and existing markets and negotiate acceptable lease terms
- competition in our markets, both in our business and in locating suitable restaurant sites;
- our operation and execution in new and existing markets;
- our ability to recruit, train and retain qualified corporate and restaurant personnel and management;
- cost effective and timely planning, design and build out of restaurants
- our ability to attract and retain qualified franchisees
- our ability to generate positive cash flow from existing and new restaurants;
- the rate of our internal growth and our ability to generate increased revenue from our existing restaurants
- the reliability of our customer and market studies
- fluctuations in our quarterly results due to seasonality;
- increased government regulation and our ability to secure required government approvals and permits
- our ability to create customer awareness of our restaurants in new markets;
- market saturation due to new restaurant openings;
- inadequate protection of our intellectual property;
- adverse weather conditions which impact customer traffic at our restaurants; and
- adverse economic conditions.

The words "believe," "may," "will," "should," "anticipate," "estimate," "expect," "intend," "objective," "seek," "plan," "strive" or similar words, or the negatives of these words, identify forward-looking statements. We qualify any forward-looking statements entirely by these cautionary factors.

- Introductory Comments
- Financial Results
 - o Slide 4 – Restaurant Margin Performance Q2
 - o Slide 5 – Reconciliation of Non-GAAP Measures To Net Income Q2
 - o Questions and Answers

Restaurant Margin Performance – Q2

	U.S. Dollars in Thousands ⁽¹⁾						
	13 Weeks Ended July 1, 2013		13 Weeks Ended July 2, 2012		Margin Change ⁽¹⁾		
Restaurant Net Sales	\$	22,656	100.0%	\$	25,322	100.0%	---
Comp Sales % ⁽²⁾		-3.6%			-1.3%		
Cost of Food and Beverage	\$	5,521	24.4%	\$	5,809	22.9%	150 Basis Points Increase
Gross Profit	\$	17,135	75.6%	\$	19,513	77.1%	150 Basis Points Decrease
Labor and Related Benefits	\$	8,198	36.2%	\$	8,587	33.9%	230 Basis Points Increase
Other Operating Expenses	\$	3,031	13.4%	\$	3,118	12.4%	100 Basis Points Increase
Controllable Contribution	\$	5,906	26.0%	\$	7,808	30.8%	480 Basis Points Decrease
Occupancy Costs	\$	4,492	19.8%	\$	4,837	19.1%	70 Basis Points Increase
Restaurant Cash Flow	\$	1,414	6.2%	\$	2,971	11.7%	550 Basis Points Decrease

⁽¹⁾ Due to Rounding, some percentages might not foot.

⁽²⁾ As reported in public filings.

Reconciliation of Non-GAAP Measures To Net Income

	<u>13 Weeks Ended July 1, 2013</u>	<u>13 Weeks Ended July 2, 2012</u>
Restaurant Net Sales	\$ 22,656	\$ 25,322
Cost of Food and Beverage	\$ 5,521	\$ 5,809
Labor and Related Benefits	\$ 8,198	\$ 8,587
Occupancy and Other Operating Expenses	\$ 7,523	\$ 7,955
Restaurant Cash Flow	<u>\$ 1,414</u>	<u>\$ 2,971</u>
Franchise Fees and Royalties	\$ 752	\$ 986
General and Administrative Expenses	\$ 3,141	\$ 2,929
Depreciation and Amortization	\$ 672	\$ 906
Restaurant Pre-Opening Expenses	\$ 11	\$ -
Provision For Losses On Asset Impairments and Disposals	\$ 355	\$ 27
Lease Termination Expense and Closed Store Costs	<u>\$ 126</u>	<u>\$ 26</u>
Operating Income (Loss)	\$ (2,139)	\$ 69
Other Income, net	<u>\$ 4</u>	<u>\$ 8</u>
Net Income (Loss)	<u><u>\$ (2,135)</u></u>	<u><u>\$ 77</u></u>
EPS	\$ (0.12)	\$ 0.01