

KONA GRILL INC
Form 10-Q
August 02, 2012

UNITED STATES

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

For the quarterly period ended June 30, 2012

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 001-34082

Kona Grill, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of incorporation or organization)

20-0216690
(I.R.S. Employer Identification No.)

7150 East Camelback Road, Suite 220
Scottsdale, Arizona 85251
(480) 922-8100
(Address, including zip code, and telephone number, including area code, of principal executive offices)

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 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

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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.

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

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

As of July 30, 2012, there were 8,721,181 shares of the registrant’s common stock outstanding.

KONA GRILL, INC.

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

KONA GRILL, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2012 (Unaudited)	December 31, 2011 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,157	\$ 6,327
Investments	176	176
Receivables	150	3
Other current assets	1,129	1,203
Total current assets	9,612	7,709
Other assets	827	694
Property and equipment, net	30,477	32,944
Total assets	\$ 40,916	\$ 41,347
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,005	\$ 1,912
Accrued expenses	6,757	8,045
Current portion of notes payable	160	132
Total current liabilities	8,922	10,089
Notes payable	288	—
Deferred rent	12,746	13,574
Total liabilities	21,956	23,663
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 15,000,000 shares authorized, 8,916,831 shares issued and 8,800,631 shares outstanding at June 30, 2012; 9,071,923 shares issued and 8,955,723 shares outstanding at December 31, 2011	89	91
Additional paid-in capital	55,230	56,903
Accumulated deficit	(35,359)	(38,310)
Treasury stock, at cost, 116,200 shares at June 30, 2012 and December 31, 2011	(1,000)	(1,000)
Total stockholders' equity	18,960	17,684
Total liabilities and stockholders' equity	\$ 40,916	\$ 41,347

See accompanying notes to the unaudited consolidated financial statements.

KONA GRILL, INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Restaurant sales	\$24,992	\$24,512	\$49,147	\$46,754
Costs and expenses:				
Cost of sales	6,814	6,696	13,309	12,932
Labor	8,211	8,026	16,159	15,550
Occupancy	1,548	1,732	3,081	3,383
Restaurant operating expenses	3,562	3,556	6,938	7,037
General and administrative	1,521	2,149	3,605	4,030
Preopening expense	—	—	—	—
Depreciation and amortization	1,455	1,470	2,918	2,946
Total costs and expenses	23,111	23,629	46,010	45,878
Income from operations	1,881	883	3,137	876
Nonoperating income (expense):				
Interest income and other, net	—	1	—	2
Interest expense	(7) (9) (19) (21
Income from continuing operations before provision for income taxes	1,874	875	3,118	857
Provision for income taxes	60	15	120	25
Income from continuing operations	1,814	860	2,998	832
Loss from discontinued operations, net of tax	(47)	(78)	(47)	(141)
Net income	\$1,767	\$782	\$2,951	\$691
Net income per share – Basic and Diluted:				
Income from continuing operations	\$0.21	\$0.09	\$0.34	\$0.09
Loss from discontinued operations, net of tax	(0.01) (0.01) (0.01) (0.02
Net income	\$0.20	\$0.08	\$0.33	\$0.07
Weighted average shares used in computation:				
Basic	8,815	9,214	8,809	