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Kona Grill Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Yes, thank you. (Operator Instructions) First up, we have a question from Matt Difrisco - Oppenheimer.

Matthew Difrisco - Oppenheimer

Thank you, can you hear me okay?

Marcus Jundt

Yes, we can Matt.

Matt Difrisco - Oppenheimer

Okay, just curious what is the cash balance? I might have missed that if you mentioned that at the end of the quarter.

Mark Robinow

Fourteen-and-a-half-million, Matt.

Matt Difrisco - Oppenheimer

Fourteen-and-a-half-million, so you sold your corporate bonds, then?

Mark Robinow

No that balance is made up of cash and investments including auction rate securities.

Matt Difrisco - Oppenheimer

What's your cash balance?

Mark Robinow

The cash is like \$6 million and some change.

Matt Difrisco - Oppenheimer

Okay, and then you have short-term investments in corporate debt securities?

Mark Robinow

They are primarily in money market funds and bank certificates of deposit.

Matt Difrisko - Oppenheimer

And how much did you have of that?

Mark Robinow

Well that's – there's about \$400,000 of that.

Matthew Difrisko - Oppenheimer

Okay, so right now you're pretty liquid then, as far as \$6 million is cash, not short-term investments?

Mark Robinow

Correct.

Matthew Difrisko - Oppenheimer

And then, \$400,000 of mutual fund – money markets or corporate bonds, correct?

Mark Robinow

Bank certificates of deposits.

Matthew Difrisko - Oppenheimer

Thanks, okay. And then, can you give us the timing of – should we presume then it sounds like that, store that is falling out in '08, would be 1Q' 09 opening?

Mark Robinow

That is correct.

Matthew Difrisko - Oppenheimer

Would that be the only store coming in 1Q? I'm just trying to manage the pre-opening costs.

Mark Robinow

Probably will be – that one will probably be early Q109, and there will probably be another one at the end of Q109.

Matthew Difrisko - Oppenheimer

Okay, and then have you – where do we stand as far as – I think you mentioned commentary that the cost has come down on the structure. The investment costs have you now – what have you done to the prototype or where have you reduced the cost? Has it been the fish tank or where are we

looking to save some of the cost? Is it the smaller capacity store or is it [FF&E] things that we might not otherwise notice?

Mark Robinow

Matt, I don't think we said that the cost went down. I think we said it stabilized. So it's still \$2.5 million net of our TI allowances.

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