CHEFS INTERNATIONAL INC
Form 10QSB
September 08, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JULY 25, 2004

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE EXCHANGE ACT

For the transition period from _________________ to _______________

Commission file number 0-8513

CHEFS INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	22-2058515
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

62 BROADWAY, POINT PLEASANT BEACH, NJ 08742
(Address of principal executive offices)

(Registrant's telephone number, including area code) (732) 295-0350

(Former name, former address and former fiscal year, if changed since last report.)

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 X . No .

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

CLASS	OUTSTANDING SHARES AT AUGUST 13, 2004
Common Stock, $.01 par value	3,926,133

CHEFS INTERNATIONAL, INC.

I N D E X

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

ITEM I - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

ASSETS

	JULY 25, 2004	JANUARY 25, 2004

	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,815,496	$ 1,410,899
Available-for-sale securities	2,322,647	2,435,090
Miscellaneous receivables	110,549	79,076
Receivable - related party	40,000	40,000
Inventories	1,314,995	1,240,054
Deferred income taxes	332,000	654,000
Prepaid expenses and other	87,486	197,976
TOTAL CURRENT ASSETS	7,023,173	6,057,095
PROPERTY AND EQUIPMENT, at cost	19,490,899	20,076,717
Less: Accumulated depreciation	8,705,387	8,714,945
PROPERTY AND EQUIPMENT, net	10,785,512	11,361,772
OTHER ASSETS:		
Asset held for sale	50,181	50,181
Receivable - related party	18,523	38,523
Liquor Licenses	839,732	839,732
Non-Compete agreement	33,667	39,980
Equity in life insurance policies	641,024	641,024
Deferred income taxes	370,000	370,000
Other	169,652	138,656
TOTAL OTHER ASSETS	2,122,779	2,118,096
	$19,931,464	$19,536,963

The accompanying notes are an integral part of these financial statements.

1

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY

	JULY 25, 2004	JANUARY 25, 2004
	(Unaudited)	
CURRENT LIABILITIES:		

Notes and mortgages payable, current maturities	$ 268,633	$ 266,346
Accounts payable	865,647	822,590
Accrued payroll	142,650	124,293
Accrued expenses	751,419	633,863
Gift certificates	349,333	523,167
TOTAL CURRENT LIABILITIES	2,377,682	2,370,259
NOTES AND MORTGAGES PAYABLE	1,563,664	1,694,092
OTHER LIABILITIES:		
Accrued retirement	582,417	589,720
Interest rate swap agreements	102,325	149,602
OTHER LIABILITIES	684,742	739,322
STOCKHOLDERS' EQUITY:		
Capital stock - common $.01 par value, Authorized 15,000,000 shares, Issued and outstanding 3,926,133	39,261	39,261
Additional paid-in capital	31,488,831	31,488,831
Accumulated deficit	(16,121,147)	(16,815,013)
Accumulated other comprehensive (loss) income	(101,569)	20,211
TOTAL STOCKHOLDERS' EQUITY	15,305,376	14,733,290
	$19,931,464	$19,536,963

The accompanying notes are an integral part of these financial statements.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	SIX MONTHS ENDED	
	JULY 25, 2004	JULY 27, 2003

SALES	$ 12,184,325	$ 12,126,530
COST OF GOODS SOLD	3,886,531	3,792,601
GROSS PROFIT	8,297,794	8,333,929
OPERATING EXPENSES:		
Payroll and related expenses	3,613,228	3,672,202
Other operating expenses	2,568,767	2,690,147
Depreciation and amortization	534,708	574,646
General and administrative expenses	921,039	936,935
(Gain) loss on closing restaurant	(415,473)	410,024
TOTAL OPERATING EXPENSES	7,222,269	8,283,954
INCOME FROM OPERATIONS	1,075,525	49,975
OTHER INCOME (EXPENSE):		
Interest expense	(73,939)	(82,668)
Investment income	77,280	75,580
OTHER INCOME (EXPENSE), NET	3,341	(7,088)
INCOME BEFORE INCOME TAXES	1,078,866	42,887
PROVISION FOR INCOME TAXES	385,000	10,000
NET INCOME	$ 693,866	$ 32,887
BASIC AND DILUTED INCOME PER COMMON SHARE	$ .18	$ .01
Weighted average number of shares outstanding	3,926,133	3,926,045

The accompanying notes are an integral part of these financial statements.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JULY 25, 2004 AND JULY 27, 2003 (Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:
Net income
Adjustments to reconcile net income to net cash provided by operating activities:
Depreciation and amortization
Deferred income taxes
Loss (gain) on sale of investments
(Gain) loss on closing restaurant

Changes in assets and liabilities:
(Increase) decrease in:
Miscellaneous receivables
Inventories
Prepaid expenses
Increase (decrease) in:
Accounts payable
Accrued expenses and other liabilities

NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES:
Purchase of property and equipment
Closing of restaurant
Sale of restaurant
Sale or redemption of investments
Purchase of investments
Other

NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES:
Repayment of debt
Purchase and retirement of treasury stock
Additional paid in capital

NET CASH (USED IN) FINANCING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS:
Beginning

Ending

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Cash payment for:
Interest

Income taxes paid

Noncash Transactions:
(Decrease) increase in fair value of securities available for sale

Change in fair value of derivatives accounted for as hedges

The accompanying notes are an integral part of these financial statements.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1: BASIS OF PRESENTATION

The accompanying financial statements have been prepared by Chefs International, Inc. (the "Company") and are unaudited. In the opinion of the Company's management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the Company's consolidated financial position, results of operations and cash flows for the periods presented have been made. Certain information and footnote disclosures required under generally accepted accounting principles have been condensed or omitted from the consolidated financial statements pursuant to the rules and regulations of the SEC. The consolidated financial statements and notes thereto should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 25, 2004 and notes thereto included in the Company's Annual Report on Form 10-KSB filed with the SEC. The results of operations and the cash flows for the six and three month periods ended July 25, 2004 presented in the consolidated financial statements are not necessarily indicative of the results to be expected for any other interim period or the entire fiscal year.

NOTE 2: EARNINGS PER SHARE

Basic earnings per share is computed using the weighted average number of shares of common stock outstanding during the period. There are no common stock equivalents.

NOTE 3: INVENTORIES

Inventories consist of the following:	JULY 25, 2004	JANUARY 25, 2004
Food	$ 691,373	$ 644,547
Beverages	171,116	149,243
Supplies	452,506	446,264
	$ 1,314,995	$ 1,240,054

NOTE 4: INCOME TAXES

At July 25, 2004, the Company had net deferred tax assets of approximately $702,000 arising principally from net operating loss carryforwards. Management has determined that it is more likely than not that future taxable income will be sufficient to utilize the net operating loss carryforwards. Therefore, no allowance has been established to offset these assets.

NOTE 5: DEPRECIATION AND AMORTIZATION

The Company depreciates its property and equipment using the straight-line method over the estimated useful lives of the assets, ranging from three to forty years.

NOTE 6: RESTAURANT CLOSINGS

In June 2003 the Company closed one of its Mexican theme restaurants. In connection with the closing, the Company wrote off leasehold improvements and other equipment of $230,024 and entered into a

Surrender Agreement with the restaurant's landlord which required the Company to pay $180,000, of which $60,000 was paid during the second quarter ended July 27, 2003. The remaining balance of $120,000 was paid during the first quarter ended April 25, 2004. The Company recorded a loss on closing this restaurant of $410,000 for the six months ended July 27, 2003.

Additionally, the Company granted the landlord an option to purchase the closed restaurant's liquor license. The landlord declined to exercise the right to purchase the liquor license and subsequent to the quarter ended April 25, 2004, the Company entered into an agreement with an unaffiliated buyer to sell the license for approximately $675,000 pending government approval of the license transfer. During the second quarter ended July 25, 2004, the buyer declined to purchase the license. The license is currently for sale.

Subsequent to the year ended January 25, 2004, the Company entered into a contract to sell the restaurant and property located in Jensen Beach, Florida. Pursuant to the terms of the contract, the restaurant was sold on May 3, 2004 for $900,000 with the Company recognizing a gain of approximately $415,500 which is included in the results of operations for the second quarter ended July 25, 2004.

NOTE 7: HEDGING INSTRUMENTS

The Company has interest rate swap agreements relating to a portion of its variable rate debt. The interest rate swap agreements are designated as cash flow hedges and are reflected at fair value in the consolidated balance sheet and the related losses on these contracts are deferred in stockholders' equity as a component of accumulated other comprehensive (loss).

NOTE 8: OTHER

On November 21, 2003, the Company announced that it had received an offer from the principal shareholders of the Company, who own approximately 61% of the Company's outstanding common stock, to purchase all of the remaining outstanding shares of common stock for a cash purchase price of $1.75 per share, subject to various conditions. The Company's Board of Directors appointed a Special Committee, consisting of the three non-principal shareholder directors, to review and analyze the proposal. The initial purchase price of $1.75 was rejected by the Special Committee which concluded that the offered price did not adequately reflect the Company's value. A subsequent offer of $3.12 per share was deemed acceptable by the Special Committee and accepted by the Board. In view of the fact that the proposal is subject to various conditions, no assurance can be given that the proposed purchase will be completed.

NOTE 9: RESIGNATION OF PRESIDENT, TREASURER, PRINCIPAL EXECUTIVE AND PRINCIPAL FINANCIAL OFFICER

In April 2004, Anthony C. Papalia, the Company's president, treasurer, principal executive and principal financial officer requested of the Board that he be released from his employment contract effective at the close of business on June 28, 2004 "...in order to pursue personal interests ...." The Board agreed to release Mr. Papalia from his employment contract at said date and he agreed to a one year non-competition agreement with the Company. The Board elected Robert M. Lombardi as the new president of the Company. Martin Fletcher, the Company's controller, succeeded Mr. Papalia as the Company's treasurer and principal financial officer.

6

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995
Certain statements regarding future performance in this Quarterly Report on Form 10-QSB constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. No assurance can be given that the future results covered by the forward-looking statements will be achieved. The Company cautions readers that important factors may affect the Company's actual results and could cause those results to differ materially from the forward-looking statements. Such factors include, but are not limited to, changing market conditions, weather, the state of the economy, substantial increases in insurance costs (in addition to those substantial increases which commenced in April 2002), the impact of competition to the Company's restaurants, pricing and acceptance of the Company's food products.

RECENT DEVELOPMENTS

On June 1, 2004, the Company announced that a Special Committee of its Board of Directors, appointed to evaluate a proposal made by the Lombardi Restaurant Group (owned by the principal stockholders of the Company) to purchase the interests of the Company's minority stockholders at a cash purchase price of $3.12 per share (increased from an initial offer of $1.75 per share), had determined to recommend that the Board accept the proposal. The Board has accepted the proposal. As the proposal is subject to various conditions, no assurances can be given that the proposed purchase will be completed.

The Company reported in its Annual Report on Form 10-KSB for the year ended January 25, 2004 that the employment of Anthony C. Papalia as the Company's president, principal executive officer, treasurer and principal financial officer, was ending effective at the close of business on June 28, 2004, at Mr. Papalia's request, to enable him "...to pursue personal interests...." Robert M. Lombardi, chairman of the board, succeeded Mr. Papalia as president and principal executive officer. Martin Fletcher, the Company's controller, succeeded Mr. Papalia as treasurer and principal financial officer.

OVERVIEW

The Company's principal source of revenue is from the operations of its restaurants. The Company's cost of sales includes food and liquor costs. Operating expenses include labor costs, supplies and occupancy costs (rent, insurance and utilities), marketing and maintenance costs. General and administrative expenses include costs incurred for corporate support and administration, including the salaries and related expenses of personnel and the costs of operating the corporate office at the Company's headquarters in Point Pleasant Beach, New Jersey.

The Company currently operates nine restaurants on a year-round basis. The Company closed its Escondido's Mexican Restaurant in the Monmouth Mall during the second quarter of calendar year 2003 and sold its Jensen Beach, Florida Lobster Shanty during the second quarter of calendar year 2004. The Company opened its first seafood restaurant in November 1978 and currently has six free-standing seafood restaurants in New Jersey and Florida

operating under the names "Jack Baker's Lobster Shanty" or "Baker's Wharfside." The Company opened its first Mexican theme restaurant, located in New Jersey, in April 1996, under the name "Garcia's." On February 1, 2002, Garcia's began to operate under the trade name Escondido's ("Monmouth"). The Company closed this restaurant during the second quarter of fiscal 2004. In February 2000, the Company commenced the operation of Moore's Tavern and Restaurant, ("Moore's"), a free-standing restaurant in Freehold, New Jersey serving an eclectic American food type menu. On January 29, 2002, the Company commenced operation of Escondido's Mexican Restaurant ("Freehold"), a Mexican theme restaurant located in Freehold, New Jersey, adjacent to Moore's. On April 1, 2002, the Company acquired the operations of Mr. Manatee's Casual Grille ("Manatee's"), a casual theme restaurant primarily featuring seafood items, located in Vero Beach, Florida near the Company's Vero Beach, Florida Lobster Shanty. The sale of the Jensen Beach restaurant in May 2004 reduced the number of restaurants operated by the Company to nine.

Generally, the Company's New Jersey seafood restaurants derive a significant portion of their sales from May through September. The Company's Florida seafood restaurants derive a significant portion of their sales from January through April. Moore's experiences a seasonality factor similar to but not as dramatic as the seasonality factor of the New Jersey seafood restaurants. The Company's Freehold Escondido's experiences a seasonality factor similar to Moore's. Manatee's follows the seasonality pattern of the other Florida restaurants.

The Company operated eleven restaurants during the second quarter of its prior fiscal year.

RESULTS OF OPERATIONS

SALES

Sales for the six months ended July 25, 2004 ("fiscal 2005") were $12,184,300, an increase of $57,800 or .5 %, as compared to $12,126,500 for the six months ended July 27, 2003 ("fiscal 2004"). For the second quarter ended July 25, 2004, sales were $6,331,900, a decrease of $115,900 or 1.8%, as compared to the second quarter of fiscal 2004. Increased sales of $546,100 and $223,800 for the nine restaurants that operated throughout the entire comparable periods were offset by decreased sales of $311,800 and $127,300 at the Monmouth Escondido's ("Monmouth") which was closed in June 2003 and decreased sales of $176,500 and $212,300 at the Jensen Beach, Florida Lobster Shanty ("Jensen Beach") which was sold in May 2004. The three Florida restaurants that operated during the comparable periods realized increased sales of $246,800 or 6.3% and $50,200 or 3.2% versus last year due to a very strong tourist season in Florida and steady sales this summer. The six New Jersey restaurants that operated during the comparable periods realized increased sales of $299,300 or 4.2% and $173,600 or 3.9% versus last year primarily due to a milder winter and despite a lackluster tourist season due to a rainy July when sales were down by $113,500 or 6.3% versus last July. Sales in both states continue to be under pressure due to concerns related to terrorism threats, the Iraq war and the record price of gasoline. The number of customers served in the nine restaurants which operated during the comparable six and three month periods increased by .6% and fell by 1.2% respectively while the average check paid per customer increased by 4.3% and 4.9% versus last year.

GROSS PROFIT; GROSS MARGIN

Gross profit was $8,297,800 or 68.1% of sales for the six month period and $4,311,700 or 68.1% of sales for the second quarter ended July 25, 2004, compared to $8,333,900 or 68.7% and $4,429,500 or 68.7% for the comparable periods of fiscal 2004. The primary reasons for the slight decline are continued increases in commodity costs, particularly poultry, beef and dairy, the addition of fuel surcharges by suppliers, and the closing of the

Monmouth restaurant with its lower cost Mexican fare. Management raised some menu prices and introduced lower cost specials to compensate for the higher costs.

OPERATING EXPENSES

Total operating expenses decreased by 12.8% from $8,284,000 during the first six months of fiscal 2004 to $7,222,300 during the first six months of fiscal 2005, and by 21.5% from $4,372,500 for the second quarter of fiscal 2004 to $3,433,600 for the second quarter of the current year. Payroll and related expenses were 29.7% of sales for the six months and 29.1% for the second quarter this year compared to 30.3% and 29.3% respectively for the comparable periods last year. The primary reasons for the improvement are lower health insurance costs and the closure of Monmouth and Jensen Beach which operated with higher payroll costs. Other operating expenses decreased to 21.1% of sales versus 22.2% of sales for the six month comparison and 20.2% of sales versus 20.5% of sales for the second quarter comparisons primarily due to the decrease in costs directly attributable to the closing of Monmouth and Jensen Beach which offset a 12% increase in utility costs at the other nine restaurants related to the recent increases in fuel costs.

Depreciation and amortization expenses were lower by approximately $39,900 and $18,000 over last year for the six and three month periods ended July 25, 2004 due primarily to the closings of Monmouth and Jensen Beach.

General and administrative expenses were lower by $15,900 and $1,700 versus last year for the six and three month periods due primarily to reductions in salaries and payroll taxes and group health insurance costs.

During the second quarter ended July 25, 2004, the Company sold the restaurant and property located in Jensen Beach, Florida for $900,000 in cash to an unrelated party. The sale resulted in a gain of approximately $415,000. In June 2003, the Company closed the Monmouth Mall Mexican theme restaurant and recorded a loss of approximately $410,000 which included an early lease termination fee of $180,000.

OTHER INCOME AND EXPENSE

Interest expense decreased by $8,700 and $4,000 for the six and three months ended July 25, 2004 as compared to the comparable periods last year due to debt reduction. Interest income was slightly higher for both periods this year which includes a net loss of $5,600 realized on the sale of investments versus last year which included a net gain of $5,200 on the sale of investments.

NET INCOME (LOSS)

The Company realized net income of $693,900 or $.18 per share for the six months ended July 25, 2004 as compared to net income of $32,900 or $.01 per share for the six months ended July 27, 2003. For the second quarter ended July 25, 2004, net income was $564,000 or $.14 per share as compared to net income of $36,500 or $.01 per share for the prior corresponding quarter. The primary component of the improvement in income is the gain of $415,000 recognized on the sale of Jensen Beach versus last year's loss of $410,000 associated with the closing of Monmouth.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ratio of current assets to current liabilities was 2.95:1 at July 25, 2004 compared to 2.56:1 at the year ended January 25, 2004. Working capital was $4,645,500 at July 25, 2004 versus $3,686,800 at the year end, an increase of $958,700. During the six months ended July 25, 2004, net cash increased by $1,404,600. Net cash provided by operating activities was $1,282,600. The primary components were net income after adjustment for depreciation, deferred taxes and the gain on the sale of Jensen Beach, totaling $1,135,100, offset by an increase in inventories of $74,900 primarily related to bulk purchases of shrimp to take advantage of market conditions and a decrease in prepaid expenses primarily as a result of a change in the financing of the Company's annual property and casualty insurance program.

Investing activities during the first six months of fiscal 2005 resulted in a net increase in cash of $250,100. The primary components were capital expenditures of $378,900 for restaurant improvements, a final payment of $120,000 paid as per the Surrender Agreement associated with the closing of Monmouth (see Note 6), $842,200 in net cash realized on the sale of Jensen Beach (see Note 6), and investment purchases of $711,700 for available-for-sale securities offset by $649,400 from the sale of investments.

Financing activities for the six months ended July 25, 2004 resulted in a net cash outflow of $128,100 for debt repayment.

During the corresponding six month period ended July 27, 2003, working capital increased by $642,000 and net cash increased by $690,800. The primary components of last year's cash flow were net income, after adjustment for depreciation and the loss on closing Monmouth, of $1,017,600, offset by an increase in inventories of $156,300 related to the usual New Jersey summer season buildup, an increase of $329,200 in accounts payable related to the inventory increase, capital expenditures of $258,900 for restaurant improvements, debt repayment of $134,800 and $59,200 for the repurchase of 40,000 shares of the Company's Common Stock.

Due to the destruction caused by Hurricane Frances ("Frances"), the Company has been forced to close all three Florida restaurants and is unable, at the present time, to predict when the three restaurants will reopen and the extent to which its losses caused by Frances will be covered by its existing insurance.

Management anticipates that funds from operations will be sufficient to meet obligations for the balance of fiscal 2005, including planned capital expenditures of approximately $266,000 in addition to those incurred during the first six months.

INFLATION

It is not possible for the Company to predict with any accuracy the effect of inflation upon the results of its operations in future years. In general, the Company is able to increase menu prices to counteract the majority of the inflationary effects of increasing costs with the exception of the substantial increase in insurance costs that the Company has had to absorb over the last two years.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

ITEM 3 - CONTROLS AND PROCEDURES

(a) EXPLANATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Company's principal executive and principal financial officers after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c) as of a date within 90 days of the filing date of this quarterly report (the "Evaluation Date")) have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this quarterly report was being prepared.

(b) CHANGES IN INTERNAL CONTROLS. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions. As a result, no corrective actions were taken.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS

EXHIBITS

31- Certifications of Principal Executive and Principal Financial Officer

32- Certifications pursuant to 18 U.S.C. Section 1350 of Principal Executive and Principal Financial Officer

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

SIGNATURE

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 thereunto duly authorized.

CHEFS INTERNATIONAL, INC.

/S/ ROBERT LOMBARDI

ROBERT LOMBARDI
Principal Executive Officer

/S/ MARTIN W. FLETCHER

MARTIN W. FLETCHER
Principal Financial Officer

DATED: SEPTEMBER 8, 2004