BIG BUCK BREWERY & STEAKHOUSE INC
Form 10QSB
August 12, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-QSB

ý **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 29, 2003

o **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-20845

BIG BUCK BREWERY & STEAKHOUSE, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Michigan	**38-3196031**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

550 South Wisconsin Street
Gaylord, Michigan 49734
(989) 731-0401
(Address of Principal Executive Offices and Issuer s Telephone Number, including Area Code)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or 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 ý No o.

As of August 8, 2003, the issuer had outstanding 861,997 shares of common stock.

Transitional Small Business Disclosure Format:

Yes o No ý.

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PART I

ITEM 1 Financial Statements

BIG BUCK BREWERY & STEAKHOUSE, INC.

Consolidated Balance Sheets

	June 29, 2003 (Unaudited)	December 29, 2002
ASSETS		
CURRENT ASSETS:		
Cash	$ 933,122	$ 1,516,821
Accounts receivable	63,256	145,811
Inventories	178,333	216,428
Prepaids and other	406,849	478,182
Total current assets	1,581,560	2,357,242
PROPERTY AND EQUIPMENT	20,625,352	21,237,757
OTHER ASSETS, net	494,921	534,982
	$ 22,701,833	$ 24,129,981
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 908,005	$ 1,016,370
Accrued expenses	1,934,482	1,448,647
Current maturities of long-term obligations	19,168,977	16,311,999
Total current liabilities	22,011,464	18,777,016
LONG-TERM OBLIGATIONS, less current maturities		3,378,737
Total liabilities	22,011,464	22,155,753
MINORITY INTEREST	433,611	449,452
SHAREHOLDERS EQUITY:		
Preferred stock, $0.01 par value, 5,000,000 shares authorized; no shares issued and outstanding		
	8,620	8,620

Common stock, $0.01 par value, 10,000,000 shares authorized; 861,997 shares issued and outstanding				
Additional paid-in capital		14,905,621		14,905,621
Accumulated deficit		(14,657,483)		(13,389,465)
Total shareholders equity		256,758		1,524,776
	$	22,701,833	$	24,129,981

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

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BIG BUCK BREWERY & STEAKHOUSE, INC.

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended June 29, 2003	Three Months Ended June 30, 2002	Six Months Ended June 29, 2003	Six Months Ended June 30, 2002
REVENUE:				
Restaurant sales	$ 3,546,734	$ 4,058,018	$ 7,442,671	$ 8,370,824
Wholesale and retail sales	17,237	33,005	54,700	67,719
Total revenue	3,563,971	4,091,023	7,497,372	8,438,543
COSTS AND EXPENSES:				
Cost of sales	1,211,410	1,353,827	2,581,424	2,775,745
Restaurant salaries and benefits	978,095	1,059,013	2,040,914	2,164,105
Operating expenses	1,033,909	942,799	2,057,572	1,883,912
Depreciation	324,932	330,575	649,864	661,150
Preopening expenses and store development costs	0	0	0	19,930
General and administrative expenses	265,194	434,926	610,051	939,094
Total costs and expenses	3,813,539	4,121,140	7,939,824	8,443,936
LOSS FROM OPERATIONS	(249,569)	(30,117)	(442,453)	(5,393)
OTHER EXPENSE:				
Interest expense	(424,336)	(438,638)	(803,797)	(880,599)
Other expense/amortization of financing cost	(19,061)	(96,380)	(37,609)	(197,486)
Other expense, net	(443,397)	(535,018)	(841,406)	(1,078,085)
LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(692,966)	(565,135)	(1,283,859)	(1,083,478)
INCOME TAX EXPENSE	0	0	0	0
LOSS BEFORE MINORITY INTEREST	(692,966)	(565,135)	(1,283,859)	(1,083,478)
MINORITY INTEREST SHARE OF JOINT VENTURE	8,599	4,359	15,841	(3,123)
NET LOSS	$ (684,367)	$ (560,776)	$ (1,268,017)	$ (1,080,355)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.79)	$ (0.65)	$ (1.47)	$ (1.24)

OUTSTANDING WEIGHTED AVERAGE SHARES	861,997	869,069	861,997	869,060

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

BIG BUCK BREWERY & STEAKHOUSE, INC.

Consolidated Statements of Cash Flows

(Unaudited)

	Six Months Ended	
	June 29, 2003	**June 30, 2002**
OPERATING ACTIVITIES:		
Net loss	$ (1,268,017)	$ (1,080,355)
Adjustments to reconcile net loss to cash flows used in operating activities -		
Depreciation and amortization	671,984	818,522
Minority interest s share of joint venture	(15,841)	(3,123)
Change in operating assets and liabilities:		
Accounts receivable	82,555	220,805
Inventories	38,095	10,000
Prepaids and other	71,333	(104,097)
Accounts payable	(108,365)	(1,513,032)
Accrued expenses	485,835	363,078
Net cash used in operating activities	(42,421)	(1,288,202)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(16,918)	(471,658)
Increase in other assets	(2,601)	(99,571)
Net cash used in investing activities	(19,519)	(571,229)
FINANCING ACTIVITIES:		
Borrowings under long-term debt	0	5,500,000
Payments on long-term debt and capital lease obligations	(521,759)	(1,840,681)
Proceeds from sale of common stock	0	2,621
Payment of deferred financing costs	0	(17,775)
Net cash provided by (used in) financing activities	(521,759)	3,644,165
INCREASE (DECREASE) IN CASH	(583,699)	1,784,734
CASH, beginning of period	1,516,821	96,453
CASH, end of period	$ 933,122	$ 1,881,187
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 390,851	$ 441,168
Income taxes paid	0	0

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

BIG BUCK BREWERY & STEAKHOUSE, INC.

Condensed Notes to Financial Statements

June 29, 2003

(1) Basis of Financial Statement Presentation

The accompanying unaudited financial statements included herein have been prepared by Big Buck Brewery & Steakhouse, Inc. in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although Big Buck believes that the disclosures made are adequate to make the information not misleading.

The financial statements for the six months ended June 29, 2003 include the results of operations for the joint venture described in Big Buck s Annual Report on Form 10-KSB for the fiscal year ended December 29, 2002.

The unaudited balance sheet as of June 29, 2003, the unaudited statements of operations for the three and six months ended June 29, 2003 and June 30, 2002, and the unaudited statements of cash flows for the six months ended June 29, 2003 and June 30, 2002 include, in the opinion of management, all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the financial results for the respective interim periods and are not necessarily indicative of results of operations to be expected for the entire fiscal year ending December 28, 2003. The accompanying interim financial statements have been prepared under the presumption that users of the interim financial information have either read, or have access to, the audited financial statements and notes in Big Buck s Annual Report on Form 10-KSB for the fiscal year ended December 29, 2002. Accordingly, footnote disclosures which would substantially duplicate the disclosures contained in the December 29, 2002 audited financial statements have been omitted from these interim financial statements. It is suggested that these interim financial statements should be read in conjunction with the financial statements and the notes thereto included in Big Buck s Annual Report on Form 10-KSB for the fiscal year ended December 29, 2002.

ITEM 2 Management s Discussion and Analysis or Plan of Operation

The following discussion contains various forward-looking statements within the meaning of Section 21E of the Exchange Act. Although we believe that, in making any such statement, our expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. When used in the following discussion, the words anticipates, believes, expects, intends, plans, estimates and similar expressions, as they relate to us or our management, are intend identify such forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those anticipated. Factors that could cause actual results to differ materially from those anticipated, certain of which are beyond our control, are set forth in this section under the caption Cautionary Statement.

Our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking statements. Accordingly, we cannot be certain that any of the events anticipated by forward-looking statements will occur or, if any of them do occur, what impact they will have on us. We caution you to keep in mind the cautions and risks described in our Cautionary Statement and to refrain from attributing undue certainty to any forward-looking statements, which speak only as of the date of the document in which they appear.

Overview

We operate restaurant-brewpubs under the name Big Buck Brewery & Steakhouse. Until May 1995 when we opened our first unit in Gaylord, Michigan, we had no operations or revenues and our activities were devoted solely to development. In March 1997, we opened our second unit in Grand Rapids, Michigan, and in October 1997, we opened our third unit in Auburn Hills, Michigan, a suburb of Detroit. In August 2000, we opened our fourth unit in Grapevine, Texas, a suburb of Dallas. This unit is owned and operated by Buck & Bass pursuant to our joint venture agreement with Bass Pro.

For the foreseeable future, we plan to focus on the following objectives:

refinancing of existing indebtedness, and

continued implementation of cost controls.

Our future revenues and profits will depend upon various factors, including market acceptance of the Big Buck Brewery & Steakhouse concept and general economic conditions.

Three and Six Months Ended June 29, 2003 and June 30, 2002

Our operating results, expressed as a percentage of total revenue, were as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
REVENUE:				
Restaurant sales	99.5%	99.2%	99.3%	99.2%
Wholesale and retail sales	0.5	0.8	0.7	0.8
Total revenue	100.0	100.0	100.0	100.0
COSTS AND EXPENSES:				
Cost of sales	34.0	33.1	34.4	32.9
Restaurant salaries and benefits	27.5	25.9	27.2	25.7
Operating expenses	29.0	23.0	27.5	22.3
Depreciation	9.1	8.1	8.7	7.8
Preopening expenses and store development costs	0.0	0.0	0.0	0.3
General and administrative expenses	7.4	10.6	8.1	11.1
Total costs and expenses	107.0	100.7	105.9	100.1
LOSS FROM OPERATIONS	(7.0)	(0.7)	(5.9)	(0.1)
OTHER EXPENSE:				
Interest expense	(11.9)	(10.7)	(10.7)	(10.4)
Other expense/amortization of financing cost	(0.5)	(2.4)	(0.5)	(2.3)
Other expense, net	(12.4)	(13.1)	(11.2)	(12.7)
NET LOSS	(19.4)%	(13.8)%	(17.1)%	(12.8)%

Results of Operations for the Three and Six Months Ended June 29, 2003 and June 30, 2002

Revenues

Revenues decreased 12.9% to $3,563,971 in the second quarter of 2003 from $4,091,023 in the second quarter of 2002, and decreased 11.2% to $7,497,372 for the first six months of 2003 from $8,438,543 for the first six months of 2002. The decreases were mainly due to a weak economy. Increased advertising during the first six months of 2003 has not yielded increase revenues to date. We believe that increased spending on marketing, including the use of a sustained, professionally managed marketing program, will increase revenues at our existing units.

Cost of Sales

Cost of sales, which consists of food, merchandise and brewing supplies, decreased 10.5% to $1,211,410 in the second quarter of 2003 compared to $1,353,827 in the second quarter of 2002, and decreased 7.0% to $2,581,424 for the first six months of 2003 compared to $2,775,745 for the first six months of 2002. As a percentage of revenues, cost of sales increased to 34.0% in the second quarter of 2003 as compared to 33.1% in the second quarter of 2002, and increased to 34.4% in the first six months of 2003 as compared to

32.9% in the first six months of 2002. The increases as a percentage of revenues were due to a decrease in menu prices as part of an effort to be more price competitive.

Restaurant Salaries and Benefits

Restaurant salaries and benefits, which consist of restaurant management and hourly employee wages and benefits, payroll taxes and workers compensation insurance, decreased 7.6% to $978,095 in the second quarter of 2003 compared to $1,059,013 in the second quarter of 2002, and decreased 5.7% to $2,040,914 in the first six months of 2003 compared to $2,164,105 in the first six months of 2002. As a percentage of revenues, restaurant salaries and benefits increased to 27.5% in the second quarter of 2003 as compared to 25.9% in the second quarter of 2002, and increased to 27.2% in the first six months of 2003 as compared to 25.7% in the first six months of 2002. The increases as a percentage of revenues were due to increased workers compensation insurance and lower than anticipated sales.

Operating Expenses

Operating expenses, which include supplies, utilities, repairs and maintenance, advertising and occupancy costs, increased 9.7% to $1,033,909 in the second quarter of 2003 compared to $942,799 in the second quarter of 2002, and increased 9.2% to $2,057,572 for the first six months of 2003 compared to $1,883,912 for the first six months of 2002. As a percentage of revenues, operating expenses increased to 29.0% in the second quarter of 2003 as compared to 23.0% in the second quarter of 2002, and increased to 27.5% in the first six months of 2003 as compared to 22.3% in the first six months of 2002. The increases were due to increases in employee food expense, insurance cost and marketing and advertising expense.

Depreciation

Depreciation expenses decreased 1.7% to $324,932 in the second quarter of 2003 compared to $330,575 in the second quarter of 2002, and decreased 1.7% to $649,864 for the first six months of 2003 compared to $661,150 for the first six months of 2002. As a percentage of revenues, these expenses increased to 9.1% in the second quarter of 2003 from 8.1% in the second quarter of 2002, and increased to 8.7% in the first six months of 2003 as compared to 7.8% in the first six months of 2002. Our depreciation expenses change as our assets become fully depreciated.

Preopening Expenses and Store Development Costs

Preopening expenses and store development costs consist of expenses incurred prior to the opening of a new unit, including but not limited to wages and benefits, relocation costs, supplies, advertising expenses and training costs. We incurred no preopening expenses and store development costs in the second quarter of 2003, the first six months of 2003 or the second quarter of 2002. We incurred preopening expenses and store development costs of $19,930 for the first six months of 2002.

General and Administrative Expenses

General and administrative expenses decreased 39.0% to $265,194 in the second quarter of 2003 compared to $434,926 in the second quarter of 2002, and decreased 35.0% to $610,051 for the first six months of 2003 compared to $939,094 for the first six months of 2002. The decreases reflected a decrease in professional fees related to the cessation of legal proceedings involving the Nashville site and the Grapevine unit and a reduction in corporate compensation. As a percentage of revenue, these expenses decreased to 7.4% in the second quarter of 2003 as compared to 10.6% in the second quarter of 2002, and decreased to 8.1% in the first six months of 2003 as compared to 11.1% in the first six months of 2002.

Interest Expense

Interest expense decreased 3.3% to $424,336 in the second quarter of 2003 compared to $438,638 in the second quarter of 2002, and decreased 8.7% to $803,797 for the first six months of 2003 compared to $880,599 for the first six months of 2002. The decreases reflected the repayment of the Crestmark Bank note in February 2002 and a lower variable interest rate on the loan from United Bank and Trust Company. As a percentage of revenues, interest expense increased to 11.9% in the second quarter of 2003 from 10.7% in the second quarter of 2002, and increased to 10.7% in the first six months of 2003 as compared to 10.4% in the first six months of 2002.

Other Expense / Amortization of Financing Cost

Other expense / amortization of financing cost includes miscellaneous income and amortization expense. These expenses were $19,061 in the second quarter of 2003 as compared to $96,380 in the second quarter of 2002, and $37,609 for the first six months of 2003 as compared to $197,486 for the first six months of 2002.

Liquidity and Capital Resources

Overview

We have not made any required debt service payments to Wayne County Employees Retirement System (WCERS) since September 2001. On February 1, 2003, the entire $8,912,786 principal amount of the secured debt held by WCERS became due and payable. As of August 8, 2003, we had defaulted on approximately $10.6 million of principal and interest payments to WCERS and $650,000 of principal payments to holders of our convertible subordinated promissory notes. We cannot assure you that we will have sufficient financial resources to repay existing indebtedness or to continue operations.

We used approximately $42,000 and approximately $1.3 million in cash for operating activities during the first six months of 2003 and the first six months of 2002, respectively. We had working capital deficits of approximately $20.5 million at June 29, 2003, and approximately $16.4 million at June 30, 2002. During the first six months of 2003 and the first six months of 2002, we spent $20,000 and $571,000, respectively, for equipment. At the direction of WCERS, we have been making interest and principal payments to United Bank and Trust Company. We have been making interest only payments to the holders of our convertible subordinated promissory notes.

In general, we have experienced operating losses in each quarterly and annual period since inception. We incurred net losses of approximately $0.7 million for the second quarter of 2003 and approximately $0.6 million for the second quarter of 2002. As of June 29, 2003, we had an accumulated deficit of $14.7 million. We currently depend upon our existing units for all of our revenues. We expect to incur significant losses for the foreseeable future. We will need to generate significant increases in our revenues to achieve and maintain profitability. If our revenues fail to grow or grow more slowly than we anticipate, or our operating expenses exceed our expectations, our losses could significantly increase, which would harm our business, operating results, cash flows and financial condition. In addition, our failure to become and remain profitable may adversely affect the market price of our securities and our ability to raise capital and continue operations. The reports of our independent public accountants for the years ended December 29, 2002 and December 30, 2001 include explanatory paragraphs expressing doubt about our ability to continue as a going concern. In addition, our securities were delisted from The Nasdaq SmallCap Market on October 7, 2002, which may adversely affect our ability to raise capital.

Since inception, our principal capital requirements have been the funding of (a) our operations and promotion of the Big Buck Brewery & Steakhouse format and (b) the construction of units and the acquisition of furniture, fixtures and equipment for such units. Total capital expenditures for the Gaylord, Grand Rapids and Auburn Hills units were approximately $6.2 million, $3.2 million and $10.2 million, respectively. Total capital expenditures of Buck & Bass for the Grapevine unit were approximately $7.6 million. Pursuant to our joint venture agreement with Bass Pro, we funded approximately $6.4 million of that cost, including our $1.5 million loan to Buck & Bass.

Financing activities

We did not raise funds through financing activities in the first six months of 2003. In February 2002, we received a $500,000 advance from WCERS to cover unpaid real estate taxes in Michigan. In March 2002, we obtained a loan from United Bank and Trust Company for $5,000,000 which matures in March 2004. The collateral of this loan is a $5,000,000 letter of credit from WCERS. Of the proceeds of such loan, we had used approximately $4,211,500 through August 8, 2003, for the following purposes:

$200,000 to terminate our lease of the Nashville site,

$500,000 to repay the advance from WCERS,

$1,000,000 to repay our indebtedness to Crestmark Bank,

$825,000 to settle the dispute between Buck & Bass and the general contractor of the Grapevine unit,

$466,500 to make principal and interest payments to United Bank and Trust Company,

$108,000 to pay Columbia Construction Services, an entity controlled by one of our directors, Mark S. Provenzano, for services rendered in connection with the Nashville site,

$163,000 to pay certain accounts payable,

$273,000 to pay property taxes, and

$676,000 for other working capital purposes.

Additional financing is required for debt repayment

Without additional financing, our leveraged position, requirements for payments to the holders of our secured and subordinated debt and requirements for payments on our loan agreement may require us to liquidate all or a portion of our assets. We had working capital deficits of approximately $20.5 million at June 29, 2003 and approximately $16.4 million at June 30, 2002. As of August 8, 2003, we had outstanding (1) convertible secured debt aggregating $7,412,786, (2) non-convertible secured debt aggregating $5,360,188, and (3) convertible subordinated debt aggregating $650,000. The outstanding convertible secured debt and $1.5 million of the outstanding non-convertible secured debt matured on February 1, 2003. Of the outstanding convertible subordinated debt, $100,000 matured in November 2000, $300,000 matured in October 2001, $50,000 matured in January 2002, $100,000 matured in July 2002 and $100,000 matured in December 2002. Our outstanding debt must be repaid in full as follows:

Type of Debt		Principal Amount	Repayment Required
Convertible Secured Debt	$	7,412,786	Immediate
Non-Convertible Secured Debt	$	1,500,000	Immediate
Non-Convertible Secured Debt	$	3,860,188	March 2004
Convertible Subordinated Debt	$	650,000	Immediate

To fund the maturity of our outstanding debt, we must obtain additional financing or refinance the debt. However, we cannot assure you that we will be able to obtain the required funds or refinance the debt, which could materially adversely affect our business, operating results, cash flows and financial condition.

WCERS payment defaults and covenant violations

We have not made any required debt service payments to WCERS since September 2001. On February 1, 2003, the entire $8,912,786 principal amount of the secured debt held by WCERS became due and payable. As of August 8, 2003, we had defaulted on approximately $10.6 million of principal and interest payments to WCERS. We cannot assure you that we will have sufficient financial resources to repay existing indebtedness or to continue operations.

Among other things, we agreed with WCERS that (1) we would not create, incur or suffer to be created or incurred or to exist, any lien of any kind upon any of our property or assets of any character whether then owned or thereafter acquired, or upon the income or profits therefrom except for certain permitted liens, (2) we would keep and maintain tangible net worth plus subordinated debt in an amount not less than $8.5 million, (3) we would keep and maintain a minimum debt coverage ratio of 1.25 to 1.0 (excluding Grapevine pre-opening and financing costs), (4) we would maintain our then current cash flow position, and (5) we would not permit the difference between our current assets and our current liabilities (other than subordinated debt) to be less than $500,000. We have notified WCERS that we have violated each of the foregoing covenants. On April 3, 2001, we entered into a letter agreement with WCERS pursuant to which the foregoing covenants were modified to provide that (1) we must maintain tangible net worth plus subordinated debt in an amount not less than $6.25 million and (2) we had until January 1, 2002 to meet all other covenants set forth in the loan documents (unless modified by the parties in writing). We have notified WCERS that we have violated each of the foregoing covenants. On April 1, 2002, we entered into a letter agreement with WCERS pursuant to which the foregoing covenants were modified to provide that (1) we must maintain tangible net worth plus subordinated debt in an amount not less than $4.5 million and (2) we had until January 1, 2003 to meet all other covenants set forth in the loan documents (unless modified by the parties in writing). We have notified WCERS that we have violated each of the foregoing covenants.

Because we have not made timely payments of principal and interest on our indebtedness to WCERS and are in violation of various covenants, we are in default under our agreements with WCERS. As a result, WCERS may, by notice in writing to us, declare all amounts owing with respect to the agreements to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which we previously waived. Our assets are, as a consequence, subject to foreclosure by WCERS. Foreclosure by WCERS would force us to cease all operations. We cannot assure you that we will be able to repay or refinance our indebtedness to WCERS or regain compliance with the amended covenants.

Grapevine covenant violations

The failure of Buck & Bass to achieve the required gross sales, the existence in the past of encumbrances upon the subleased premises and the failure of Buck & Bass to perform quarterly customer satisfaction surveys give Bass Pro the ability to declare an event of default under the sublease, terminate the sublease and demand all unpaid and reasonably calculable future rent over the balance of the sublease term. Pursuant to the limited partnership agreement, a material default under the sublease would also entitle Bass Pro to purchase our interest in the joint venture at 40% of book value, thereby eliminating our interest in the Grapevine unit. The termination of the sublease or the elimination of our interest in the Grapevine unit would have a material adverse effect on our business, operating results, cash flows and financial condition.

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Site repurchase obligations

Because annual gross sales did not exceed $1.5 million for the lease year ended April 2003, the lessor of the Grand Rapids unit obtained the right to require us to repurchase such site for $1.4 million, plus $70,000 for each lease year on a pro rata basis.

Because annual gross sales did not exceed $8.0 million for the fourth and fifth years of the lease term, the lessor of the Auburn Hills unit obtained the right to require us to repurchase such site for $4.0 million, plus $200,000 for each lease year on a pro rata basis.

If either lessor elects to exercise his option to require us to repurchase a site, we would be forced to repurchase such site at a premium over its sale price. We cannot assure you that we will have sufficient funds to repurchase either site. If we are required to repurchase a site and cannot do so, it would have a material adverse impact on our business, operating results, cash flows and financial condition.

Limitations on ability to incur additional indebtedness

We granted the following security interests to WCERS in connection with its provision of certain debt financing:

a pledge of our limited partnership interest in Buck & Bass,

a pledge of our shares of the issued and outstanding common stock of BBBP Management Company, and

a security interest, assignment or mortgage, as applicable, in our interest in all assets now or hereafter owned, ownership interests, licenses, and permits, including, without limitation, a mortgage encumbering the Gaylord, Auburn Hills and Grand Rapids sites.

We also granted to WCERS a right of first refusal pursuant to which WCERS may, for so long as the approximately $5.8 million promissory note is outstanding or WCERS owns more than 15% of our common stock, elect to purchase securities offered by us, within 45 days of the receipt of notice by WCERS, at the same price and on the same terms and conditions as are offered to a third party.

Our agreement with WCERS imposes limitations on our ability to incur additional indebtedness. We agreed that we would not create, incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any indebtedness, except for indebtedness incurred in the ordinary course of business not to exceed at any time $1.5 million in the aggregate. Any indebtedness not in the ordinary course of business or in excess of $1.5 million requires the approval of WCERS. These restrictions may impede our ability to secure financing for continued operations. Our failure to raise capital when needed would have a material adverse effect on our business, operating results, cash flows and financial condition.

Liquidity plans

We seek to refinance our indebtedness to WCERS. We hope to refinance such indebtedness at lower interest rates. We also plan to continue searching for ways of reducing our operating costs, including reduced general and administrative expenses.

Seasonality

Our operating results are expected to fluctuate based on seasonal patterns. Based on our existing units, we anticipate that our highest revenues will occur in the second and third calendar quarters due to the milder climate during those quarters in Michigan. Because of the effect of seasonality on our business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year and cannot be used to indicate financial performance for a full fiscal year.

Cautionary Statement

Big Buck Brewery & Steakhouse, Inc., or persons acting on our behalf, or outside reviewers retained by us making statements on our behalf, or underwriters of our securities, from time to time, may make, in writing or orally, forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. This Cautionary Statement, when used in conjunction with an identified forward-looking statement, is for the purpose of qualifying for the safe harbor provisions of the Litigation Reform Act and is intended to be a readily available written document that contains factors which could cause results to differ materially from such forward-looking statements. These factors are in addition to any other cautionary statements, written or oral, which may be made, or referred to, in connection with any such forward-looking statement.

The following matters, among others, may have a material adverse effect on our business, financial condition, liquidity, results of operations or prospects, financial or otherwise. Reference to this Cautionary Statement in the context of a forward-looking statement or statements shall be deemed to be a statement that any one or more of the following factors may cause actual results to differ materially from those in such forward-looking statement or statements.

We may be unable to repay current maturities of existing indebtedness, forcing us to liquidate all or a portion of our assets.

Overview

Without additional financing, our leveraged position, requirements for payments to the holders of our secured and subordinated debt and requirements for payments on our loan agreement may require us to liquidate all or a portion of our assets. We had working capital deficits of approximately $20.5 million at June 29, 2003, and approximately $16.4 million at June 30, 2002. As of August 8, 2003, we had outstanding (1) convertible secured debt aggregating $7,412,786, (2) non-convertible secured debt aggregating $5,360,188, and (3) convertible subordinated debt aggregating $650,000. The outstanding convertible secured debt and $1.5 million of the outstanding non-convertible secured debt matured on February 1, 2003. Of the outstanding convertible subordinated debt, $100,000 matured in November 2000, $300,000 matured in October 2001, $50,000 matured in January 2002, $100,000 matured in July 2002 and $100,000 matured in December 2002.

To fund the maturity of the outstanding debt, we must obtain additional financing or refinance the debt. However, we cannot assure you that we will be able to obtain the required funds or refinance the debt, which could materially adversely affect our business, operating results, cash flows and financial condition.

Convertible Secured and Non-Convertible Secured Debt

We have not made any required debt service payments to WCERS since September 2001. On February 1, 2003, the entire $8,912,786 principal amount of the secured debt held by WCERS became due and payable. As of August 8, 2003, we had defaulted on approximately $10.6 million of principal and interest payments to WCERS. We cannot assure you that we will have sufficient financial resources to repay existing indebtedness or to continue operations. As of August 8, 2003, we were also in violation of various covenants under our agreements with WCERS.

Because we have not made timely payments of principal and interest on our indebtedness to WCERS and are in violation of various covenants, we are in default under our agreements with WCERS. As a result, WCERS may, by notice in writing to us, declare all amounts owing with respect to the agreements to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which we previously waived. Our assets are, as a consequence, subject to foreclosure by WCERS. Foreclosure by

WCERS would force us to cease all operations. We cannot assure you that we will be able to repay or refinance our indebtedness to WCERS or regain compliance with the amended covenants.

In March 2002, we obtained a loan from United Bank and Trust Company for $5.0 million which matures in March 2004. The collateral of this loan is a $5.0 million letter of credit from WCERS. We cannot assure you that we will be able to repay our indebtedness to United Bank.

Convertible Subordinated Promissory Notes

To fund the maturity of the outstanding convertible subordinated promissory notes, we must obtain additional financing or refinance the debt. However, we cannot assure you that we will be able to obtain the required funds or refinance the debt, which could materially adversely affect our business, operating results, cash flows and financial condition. As of August 8, 2003, our outstanding convertible subordinated promissory notes had the following terms and conditions:

Principal Amount		**Date of Issuance**	**Maturity Date**	**Shares Issuable Upon Conversion**	**Conversion Price**	
$	100,000	10-08-99	10-07-01	9,523	$	10.5000
$	100,000	11-17-99	11-01-00	5,890	$	16.9764
$	100,000	01-19-00	10-01-01	14,285	$	7.0000
$	100,000	12-04-00	10-01-01	14,285	$	7.0000
$	50,000	01-27-00	01-01-02	9,784	$	5.1100
$	100,000	07-20-01	07-20-02	16,496	$	6.0620
$	100,000	12-11-01	12-11-02	27,793	$	3.5980

Because we have not made timely payments of principal on this indebtedness, the note holders may declare all amounts owing to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which we previously waived. We cannot assure you that we will be able to repay or refinance this indebtedness.

We have incurred losses and we expect to incur substantial future losses. This may prevent us from raising capital and continuing operations.

In general, we have experienced operating losses in each quarterly and annual period since inception. We incurred net losses of approximately $0.7 million for the second quarter of 2003 and approximately $0.6 million for the second quarter of 2002. As of June 29, 2003, we had an accumulated deficit of $14.7 million. We currently depend upon our existing units for all of our revenues. We expect to incur significant losses for the foreseeable future. We will need to generate significant increases in our revenues to achieve and maintain profitability. If our revenues fail to grow or grow more slowly than we anticipate, or our operating expenses exceed our expectations, our losses could significantly increase, which would harm our business, operating results, cash flows and financial condition. In addition, our failure to become and remain profitable may adversely affect the market price of our securities and our ability to raise capital and continue operations. The reports of our independent public accountants for the years ended December 29, 2002 and December 30, 2001 include explanatory paragraphs expressing doubt about our ability to continue as a going concern.

If we are unable to obtain additional capital or secure refinancing, we may be required to scale back or cease operations.

If additional capital does not become available to us, we may be required to scale back or cease operations. We cannot assure you that we will be able to secure additional financing or refinancing. If we are able to obtain financing or refinancing, we cannot assure you that it will be on favorable or acceptable terms. To obtain additional financing, we anticipate that we will be required to sell additional debt or equity securities. New investors may seek and obtain substantially better terms than those available in connection with open market purchases and our issuance of securities in the future may result in substantial dilution. To obtain refinancing, we may be required to agree to certain negative covenants with which we may be unable to comply. In addition, our securities were delisted from The Nasdaq SmallCap Market on October 7, 2002, which may adversely affect our ability to raise capital.

Our agreement with WCERS imposes limitations on our ability to incur additional indebtedness. We agreed that we would not create, incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any indebtedness, except for indebtedness incurred in the ordinary course of business not to exceed at any time $1.5 million in the aggregate. Any indebtedness not in the ordinary course of business or in excess of $1.5 million requires the approval of WCERS. We also granted to WCERS a right of first refusal pursuant to which WCERS may, for so long as the approximately $5.8 million promissory note is outstanding or WCERS owns more than 15% of our common stock, elect to purchase securities offered by us, within 45 days of the receipt of notice by WCERS, at the same price and on the same terms and conditions as are offered to a third party. These restrictions may impede our ability to secure financing for continued operations. Our failure to raise capital when needed would have a material adverse effect on our business, operating results, cash flows and financial condition.

We cannot assure you that future operations of any unit will be profitable.

Future revenues and profits, if any, will depend upon various factors, including:

- the quality of restaurant and brewery operations,
- the acceptance of our food and beer, and
- general economic conditions.

We cannot assure you that we will ever operate profitably.

You may have difficulty reselling your securities.

Our securities are subject to certain rules of the SEC relating to penny stocks. Such rules require broker-dealers to make a suitability determination for purchasers and to receive the purchaser s prior written consent for a purchase transaction, thus restricting the ability to purchase or sell the securities in the open market. In addition, trading in our securities is conducted in the over-the-counter market on the OTC Bulletin Board, which was established for securities that do not meet Nasdaq listing requirements. Selling our securities may be difficult because of the quantity of securities that may be bought and sold, the possibility that transactions may be delayed, and the low level of security analyst and news media coverage given to over-the-counter stocks. These factors could contribute to lower prices and larger spreads in the bid and asked prices for our securities.

Our interest in the Grapevine unit may be reduced or eliminated by Bass Pro.

The failure of Buck & Bass to achieve the required gross sales, the existence in the past of encumbrances upon the subleased premises and the failure of Buck & Bass to perform quarterly customer satisfaction surveys give Bass Pro the ability to declare an event of default under the sublease, terminate the sublease and demand all unpaid and reasonably calculable future rent over the balance of the sublease term. Pursuant to the limited partnership agreement, a material default under the sublease would also entitle Bass Pro to purchase our interest in the joint venture at 40% of book value, thereby eliminating our interest in the Grapevine unit. The termination of the sublease or the elimination of our interest in the Grapevine unit would have a material adverse effect on our business, operating results, cash flows and financial condition.

If Buck & Bass is required to pay more than the minimum annual base rent for the Grapevine site, funds available to us for other purposes will be reduced.

Pursuant to a commercial sublease agreement, Buck & Bass leases the Grapevine site from Bass Pro over a 15-year term. Buck & Bass is obligated to pay annual percentage rent in the amount of 5.5% on gross sales less than $11.0 million per year and 6.5% on gross sales in excess of $11.0 million per year; provided, however, that the minimum annual base rent is $385,000. Bass Pro may terminate the sublease in the event of a default which is not cured within the applicable grace period. In March 2000, we agreed with Bass Pro in writing to revise the definition of default under the sublease. As amended, the sublease provides that a default includes, but is not limited to:

the failure of Buck & Bass to remain open during all business days,

the failure of Buck & Bass to maintain on duty a fully trained service staff,

the failure of Buck & Bass to provide high quality food of the type provided at our Gaylord unit,

the failure of Buck & Bass to achieve gross sales in the first full calendar year immediately following the opening and for each calendar year thereafter of $7.0 million,

Buck & Bass encumbering in any manner any interest in the subleased premises, or

the failure of Buck & Bass to conduct full and complete customer surveys no less frequently than each calendar quarter.

The minimum annual base rent is required whether the Grapevine unit is profitable or not. If Buck & Bass is required to pay in excess of the minimum annual base rent, the funds available to us for other purposes will be reduced. In the event of a default and termination of the joint venture agreement, our interest in the Grapevine unit would be eliminated. This would have a material adverse effect on our business, operating results, cash flows and financial condition.

If we are required to pay more than the minimum annual base rent for the Grand Rapids or Auburn Hills sites, funds available to us for other purposes will be reduced.

In April 1997, we sold the Grand Rapids site, including all improvements thereto, to an entity owned by one of our shareholders, Eyde Brothers Development Co., pursuant to a real estate purchase and leaseback agreement for $1.4 million. Pursuant to a separate lease agreement, we lease the Grand Rapids site at a minimum annual base rent of $140,000 and a maximum annual base rent of $192,500 over a ten-year term. The lease may be extended at our option for up to two additional five-year terms. In addition to the annual base rent, the lease, as amended in March 2000, provides that we are obligated to pay annual percentage rent in the amount of 5% on gross sales at the site in excess of $1.5 million per year.

In August 1997, we entered into a real estate purchase and leaseback agreement providing for the sale of the Auburn Hills site to one of our shareholders, Michael G. Eyde, for $4.0 million. We lease the Auburn Hills site pursuant to a separate lease agreement which provides for a minimum annual base rent of $400,000, and a maximum annual base rent of $550,000, over a 25-year term. The lease may be extended at our option for up to two additional ten-year terms. In addition to the annual base rent, we are obligated to pay annual percentage rent of 5.25% of gross sales at the site in excess of $8.0 million per year.

Annual percentage rent is required whether or not such units are profitable. If we are required to pay annual percentage rent, the funds available to us for other purposes will be reduced.

If we default and the lessor of the Grand Rapids site or the lessor of the Auburn Hills site terminates the related lease, we would be unable to continue operating such unit.

The Grand Rapids and Auburn Hills lessors may terminate in the event of a default which is not cured within the applicable grace period. A default is defined as:

our failure to make a rental payment within 30 days after receipt of written notice that a payment is past due, or

our failure to perform our obligations under the lease, other than rent payments, within 30 days after written notice of a curable violation;

provided, however, that if such default cannot be cured within the 30-day period, a default will be deemed to have occurred only if we have failed to commence a cure within such 30-day period. In the event of a default and termination of either lease, we would be unable to continue operating the related unit, which would have a material adverse effect on our business, operating results, cash flows and financial condition.

If we are required to repurchase the Grand Rapids site or the Auburn Hills site and cannot do so, we would be unable to continue operating such unit.

Because annual gross sales did not exceed $1.5 million for the lease year ended April 2003, the lessor of the Grand Rapids unit obtained the right to require us to repurchase such site for $1.4 million, plus $70,000 for each lease year on a pro rata basis.

Because annual gross sales did not exceed $8.0 million for the fourth and fifth years of the lease term, the lessor of the Auburn Hills unit obtained the right to require us to repurchase such site for $4.0 million, plus $200,000 for each lease year on a pro rata basis.

If either lessor elects to exercise its option to require us to repurchase a site, we would be forced to repurchase such site at a premium over its sale price. We cannot assure you that we will have sufficient funds to repurchase either site. If we are required to repurchase a site and cannot do so, it would have a material adverse impact on our business, operating results, cash flows and financial condition.

We may be unable to compete with larger, better-established restaurant competitors.

The restaurant industry is highly competitive with respect to price, service, location and food quality, including taste, freshness and nutritional value. New restaurants have a high failure rate. New restaurants generally experience a decline in revenue growth, or in actual revenues, following a period of excitement that accompanies their opening. The restaurant industry is also generally affected by changes in consumer preferences, national, regional and local economic conditions, and demographic trends. The performance of individual restaurants may also be affected by factors such as traffic patterns, demographic considerations, and the type, number and location of competing restaurants. In addition, factors such as inflation, increased food, labor and employee benefit costs, and the unavailability of experienced management and hourly employees may also adversely affect the restaurant industry in general and our units in particular. Restaurant operating costs are further affected by increases in the minimum hourly wage, unemployment tax rates and similar matters over which we have no control. We face numerous well-established competitors, including national, regional and local restaurant chains, possessing substantially greater financial, marketing, personnel and other resources than we do. We also compete with a large variety of locally owned restaurants, diners and other establishments that offer moderately priced food to the public and with other brewpubs. Competitors could utilize the Big Buck Brewery & Steakhouse format or a related format. We cannot assure you that we will be able to respond to various competitive factors affecting the restaurant industry.

If we are unable to comply with applicable restaurant regulations, we will be unable to operate; compliance with such regulations may increase our operating expenses.

The restaurant industry is subject to numerous federal, state and local government regulations, including those relating to the preparation and sale of food and those relating to building and zoning requirements. We are subject to regulation by air and water pollution control divisions of the Environmental Protection Agency of the United States and by certain states and municipalities in which our units are located. We are also subject to laws governing our relationship with our employees, including minimum wage requirements, overtime, working and safety conditions and citizenship requirements. Restaurant operating costs are affected by increases in the minimum hourly wage, unemployment tax rates, sales taxes and similar matters, such as any government-mandated health insurance, over which we have no control.

Our operations depend upon obtaining and maintaining governmental licenses and permits required for brewing and selling beer.

A significant percentage of our revenue is derived from beer sales. Total sales of alcohol, including beer, wine and hard liquor, accounted for 22.1% of our revenues during the second quarter of 2003. We must comply with federal licensing requirements imposed by the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau, as well as the licensing requirements of states and municipalities where our units are located. Our failure to comply with federal, state or local regulations could cause our licenses to be revoked and force us to cease brewing and selling our beer. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time.

We may face liability under dram-shop laws.

We are subject to dram-shop laws in Michigan and Texas. These laws generally provide someone injured by an intoxicated person the right to recover damages from the establishment that wrongfully served alcoholic beverages to such person. We carry liquor liability coverage as part of our existing comprehensive general liability insurance. However, a judgment against us under a dram-shop statute in excess of our liability coverage could have a material adverse effect on our business, operating results, cash flows and financial condition.

We must pay federal and state excise taxes on our beer; we may be unable to retain the credits that help us to offset part of such taxes.

The federal government currently imposes an excise tax of $18.00 on each barrel of beer produced for domestic consumption in the United States. However, each brewer with production of not more than 2,000,000 barrels per year is taxed only $7.00 per barrel on the first 60,000 barrels produced annually. We cannot assure you that the federal government will not reduce or eliminate this small brewer rate reduction. Michigan imposes an excise tax of $6.30 per barrel on each barrel of beer manufactured or sold in Michigan. However, each brewer that manufactures less than 50,000 barrels per year is granted a brewer s excise tax credit in the amount of $2.00 per barrel for the first 30,000 barrels. Buck & Bass is subject to excise taxes under Texas law. Excise taxes in Texas are $6.138 per barrel for ale and malt liquor, and $6.00 per barrel for beer. However, Texas grants a 25% tax exemption for manufacturers of beer whose annual production in Texas does not exceed 75,000 barrels of beer per year. As a result, Buck & Bass faces an effective excise tax of $4.50 per barrel for beer. If our beer production exceeds the foregoing credit thresholds, our average excise tax rate would increase.

It is possible that the rate of excise taxation could be increased by either federal or state governments, or both. Increased excise taxes on alcoholic beverages have been considered by the federal government as an additional source of tax revenue in connection with various proposals and could be included in future legislation. Future increases in excise taxes on alcoholic beverages, if enacted, could adversely affect our business, operating results, cash flows and financial condition.

Our management possesses significant control which could reduce your ability to receive a premium for your securities through a change in control.

As of August 8, 2003, our officers and directors beneficially owned approximately 45.5% of our outstanding common stock. Accordingly, such persons, if they act in concert, can:

exert substantial influence over the composition of our board of directors,

generally direct our affairs, and

generally control the outcome of shareholder approvals of business acquisitions, mergers and combinations and other actions.

We are also subject to Michigan statutes regulating business combinations and restricting voting rights of certain persons acquiring shares of common stock which may hinder or delay a change in control.

Fluctuations in our operating results may result in decreases in the market price of our securities.

Our sales and earnings are expected to fluctuate based on seasonal patterns. Based on our existing units, we anticipate that our highest earnings will occur in the second and third calendar quarters due to the milder climate during those quarters in Michigan. Because of the effect of seasonality on our business, results for any quarter are not necessarily indicative of the results for a full fiscal year.

You may not be able to sell our securities at the same price at which you purchase our securities due to significant volatility in the market price of our securities.

The market price of our common stock has been subject to significant fluctuations in response to numerous factors, including:

variations in our annual or quarterly financial results or those of our competitors, conditions in the economy in general or in the brewing industry in particular,

unfavorable publicity, and

changes in applicable laws and regulations, or judicial or administrative interpretations thereof, affecting us or the brewing industry.

We cannot assure purchasers of our securities that they will be able to sell such securities at or above the prices at which they were purchased. In addition, our securities were delisted from The Nasdaq SmallCap Market on October 7, 2002, which may adversely affect the liquidity of our securities.

The sale of additional securities may be dilutive to existing security holders.

We had 861,997 shares of common stock outstanding as of August 8, 2003. On that date, we also had warrants, stock options, convertible debt and other rights outstanding to purchase an additional 837,946 shares of common stock, exercisable at prices ranging from $0.28 to $36.75 per share. We have also registered certain shares of our common stock for resale on the public market. The sale of such shares, and the sale of additional shares which may become eligible for sale in the public market from time to time upon the exercise of warrants, stock options, convertible debt and other rights, may be dilutive to existing security holders and could have the effect of depressing the market price of our securities.

ITEM 3 Controls and Procedures

We maintain a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be disclosed, is accumulated and communicated to management timely. Within the 90-day period prior to the filing date of this periodic report, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer (who also serves as our Chief Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures are effective in timely alerting him to material information relating to our company required to be disclosed in our periodic filings with the SEC.

There were no significant changes in our internal controls or in other factors that could significantly affect our internal controls subsequent to the date of their most recent evaluation.

PART II OTHER INFORMATION

ITEM 1 Legal Proceedings

We were not a party to any material litigation as of August 8, 2003.

ITEM 2 Changes in Securities and Use of Proceeds

Not applicable.

ITEM 3 Defaults upon Senior Securities

We have not made any required debt service payments to Wayne County Employees Retirement System (WCERS) since September 2001. On February 1, 2003, the entire $8,912,786 principal amount of secured debt held by WCERS became due and payable. As of August 8, 2003, we had defaulted on approximately $10.6 million of principal and interest payments to WCERS and $650,000 of principal payments to holders of our convertible subordinated promissory notes.

Because we have not made timely payments of principal and interest on our indebtedness to WCERS and are in violation of various covenants, we are in default under our agreements with WCERS. As a result, WCERS may, by notice in writing to us, declare all amounts owing with respect to the agreements to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which we previously waived. Our assets are, as a consequence, subject to foreclosure by WCERS. Foreclosure by WCERS would force us to cease all operations. We cannot assure you that we will be able to repay or refinance our indebtedness to WCERS or regain compliance with the amended covenants.

For more information regarding our payment and other defaults, please review Management s Discussion and Analysis or Plan of Operation Liquidity and Capital Resources.

ITEM 4 Submission of Matters to a Vote of Security Holders

Not applicable.

ITEM 5 Other Information

Not applicable.

ITEM 6 Exhibits and Reports on Form 8-K

(a) Exhibits

See Index to Exhibits.

(b) Reports on Form 8-K

The registrant filed no Current Reports on Form 8-K during the second quarter of 2003.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BIG BUCK BREWERY & STEAKHOUSE, INC.

Date: August 12, 2003

By /s/ Anthony P. Dombrowski
Anthony P. Dombrowski
President, Chief Executive Officer,
Chief Financial Officer and Treasurer

INDEX TO EXHIBITS

Exhibit Number	Description
31	Certification Pursuant to Exchange Act Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.