Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PAPPAS RESTAURANTS 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1995

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

PAPPAS RESTAURANTS, INC.

13939 NORTHWEST FREEWAY
HOUSTON, TX 77040

2b Employer Identification Number (EIN)
76-0193066

2c Sponsor's telephone number
713-803-5177

2d Business code (see instructions)
722110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2012	FRANK HUBBARD
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2012	FRANK HUBBARD
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
PAPPAS RESTAURANTS, INC.

13939 NORTHWEST FREEWAY
HOUSTON, TX 77040

3b Administrator's EIN
76-0193066

3c Administrator's telephone number
713-803-5177

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	1034
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	991
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	109
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	1100
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	2
f	Total. Add lines **6d** and **6e**	**6f**	1102
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	734
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 2S 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)	X	**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Service Provider Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
PAPPAS RESTAURANTS 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAPPAS RESTAURANTS, INC.

D Employer Identification Number (EIN)
76-0193066

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

AMERICAN FUNDS

95-1411037

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

GOLDMAN SACHS

13-5108880

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

MFS

04-2747644

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

OPPENHEIMER FUNDS

13-2527171

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

RAINIER

91-1457076

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

T. ROWE PRICE

52-2264646

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

WELLS FARGO BANK, N.A.

94-1347393

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 49 52 60 62 63 64	SERVICE PROVIDER	0	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
PAPPAS RESTAURANTS 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
PAPPAS RESTAURANTS, INC.

D Employer Identification Number (EIN)
76-0193066

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: WELLS FARGO STABLE RETURN FUND N4

b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
52-2251296-001	C	2078909

a Name of MTIA, CCT, PSA, or 103-12 IE: WELLS FARGO RUSSELL 2000 INDEX N

b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
94-3316721-001	C	49110

a Name of MTIA, CCT, PSA, or 103-12 IE: WELLS FARGO COLLECTIVE S&P MIDCAP I

b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
94-3224226-001	C	33260

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
PAPPAS RESTAURANTS 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAPPAS RESTAURANTS, INC.

D Employer Identification Number (EIN)
76-0193066

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	177142	176240
(2) Participant contributions	1b(2)	20967	24075
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	594252	628651
(9) Value of interest in common/collective trusts	1c(9)	1878187	2161279
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	9710786	9846108
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	12381334	12836353
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	12381334	12836353

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	179530	
(B) Participants	2a(1)(B)	1189559	
(C) Others (including rollovers)	2a(1)(C)	3202	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1372291
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	30114	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		30114
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	128269	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		128269
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

			(a) Amount	(b) Total
2b	**(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0
	(6) Net investment gain (loss) from common/collective trusts	2b(6)		35521
	(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
	(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
	(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
	(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-373588
c	Other income	2c		32272
d	Total income. Add all **income** amounts in column (b) and enter total	2d		1224879
	Expenses			
e	Benefit payment and payments to provide benefits:			
	(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	734042	
	(2) To insurance carriers for the provision of benefits	2e(2)		
	(3) Other	2e(3)		
	(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		734042
f	Corrective distributions (see instructions)	2f		243
g	Certain deemed distributions of participant loans (see instructions)	2g		3303
h	Interest expense	2h		
i	Administrative expenses: **(1)** Professional fees	2i(1)		
	(2) Contract administrator fees	2i(2)		
	(3) Investment advisory and management fees	2i(3)		
	(4) Other	2i(4)	32272	
	(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		32272
j	Total expenses. Add all **expense** amounts in column (b) and enter total	2j		769860
	Net Income and Reconciliation			
k	Net income (loss). Subtract line **2j** from line **2d**	2k		455019
l	Transfers of assets:			
	(1) To this plan	2l(1)		
	(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: WEINSTEIN SPIRA CO **(2)** EIN: 74-2181616

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	**4a**		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	**4b**		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	**4c**		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	**4d**		X	
e	Was this plan covered by a fidelity bond?	**4e**	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4g**		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4h**		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	**4i**	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	**4j**		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	**4k**		X	
l	Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
PAPPAS RESTAURANTS 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAPPAS RESTAURANTS, INC.

D Employer Identification Number (EIN)
76-0193066

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 56-1354495

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

PAPPAS RESTAURANTS 401(K) PLAN

Houston, Texas

ANNUAL FINANCIAL REPORT

December 31, 2011

WEINSTEIN SPIRA & COMPANY

Certified Public Accountants
and Business Advisors

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All other schedules listed by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted, as they are not applicable or required.

WEINSTEIN SPIRA & COMPANY

Certified Public Accountants
and Business Advisors

Independent Auditors' Report

September 7, 2012

Plan Administrative Committee
Pappas Restaurants 401(k) Plan
Houston, Texas

We were engaged to audit the accompanying Statements of Net Assets Available for Benefits of the Pappas Restaurants 401(k) Plan as of December 31, 2011 and 2010, the related Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2011, and the supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2011 and 2010, and for the year ended December 31, 2011, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Weinstein Spira & Company, P.C.

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A worldwide association of separate and independent accounting and consulting firms.

PAPPAS RESTAURANTS 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2011	2010
ASSETS		
Investments, at Fair Value:		
Mutual funds	**$ 9,846,108**	$ 9,710,786
Common/collective trust funds	**2,214,630**	1,918,061
Receivables:		
Employee contributions receivable	**24,075**	20,967
Employer contributions receivable	**176,240**	177,142
Notes receivable from participants	**628,651**	594,252
Net Assets Reflecting Investments at Fair Value	**12,889,704**	12,421,208
Adjustment from fair value to contract value for interest in a common/collective trust fund relating to a fully benefit-responsive investment contract	**(53,351)**	(39,874)
Net Assets Available for Benefits	**$ 12,836,353**	$ 12,381,334

See independent auditors' report and the accompanying notes to financial statements.

PAPPAS RESTAURANTS 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2011

Contributions:	
Employee	$ 1,189,559
Employer	179,520
Rollover	3,202
Total Contributions	1,372,281
Investment Income (Loss):	
Interest and dividends	128,269
Net depreciation in fair value of investments	(305,785)
Net Investment Loss	(177,516)
Interest Income on Notes Receivable from Participants	30,114
Benefits Paid to Participants	(737,588)
Administrative Expenses	(32,272)
Net Increase	455,019
Net Assets Available for Benefits - Beginning of Year	12,381,334
Net Assets Available for Benefits - End of Year	$ 12,836,353

See independent auditors' report and the accompanying notes to financial statements.

Note 1 - Plan Description

General

The following brief description of the Pappas Restaurants 401(k) Plan (the Plan) is provided for general information only. Participants should refer to the plan document for more complete information.

The Plan is a defined contribution plan covering eligible employees of Pappas Restaurants, Inc. (the Company) and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan includes a savings feature designed to permit the employee and the Company to contribute to the Plan, allowable under Section 401(k) of the Internal Revenue Code (IRC). The Plan was adopted by the Company on January 1, 1995. The Company is named as the plan administrator in the plan document. Wells Fargo Bank, N.A. (the trustee) serves as the trustee and third-party administrator for the Plan.

Contributions

The Plan is provided for all employees who are not leased employees or highly compensated employees. Participation is available for eligible employees on the first day of each month coinciding with or next following the month in which they commenced employment. Eligible employees are automatically enrolled into the Plan and have 3% of their eligible wages deferred, unless a lesser percentage (including zero) or higher percentage is elected by the employee. Employee contributions are made to the Plan by electing to defer a percentage of the employee's compensation and are fully vested at all times. Eligible participants who have attained age 50 before the close of the plan year are eligible to make catch-up contributions subject to limitations of the IRC.

The Company may elect to make matching contributions in an amount to be determined by the Company. For the year ended December 31, 2011 and 2010, the Company made matching contributions in an amount equal to 25% of the employee's contribution up to 1% of the employee's eligible wages. The Company may also contribute an amount on a discretionary profit sharing basis. A discretionary profit sharing contribution was not made for the year ended December 31, 2011. A participant must be employed at the end of the plan year and have completed 1,000 hours of service to receive either employer contribution. Participants are fully vested in all employer contributions on the date of contribution.

Forfeitures

The distribution and allocation of forfeited Company profit-sharing and matching contributions are used to reduce future employer contributions. As of December 31, 2011, the forfeitures balance was approximately $553 and $531, respectively. During 2011 and 2010 there was no overfunding of employer discretionary matching contributions used to reduce employer discretionary matching contributions.

Investment Options

Upon enrollment in the Plan, a participant may direct the trustee with regard to the investment of his or her account balances. Participants may change their investment options at any time.

Under the Plan, earnings and losses are allocated daily to the participants' accounts according to an allocation formula, based on the results of the participants' investments, that is provided in the plan document. Additionally, the Plan may make a loan to a participant from the fund, subject to the provisions of the Plan.

Benefit Payments

A participant may elect to withdraw funds from his or her account during his or her employment, subject to certain conditions. Upon termination of service, death, disability, or retirement, a participant may elect to receive a lump-sum payment equal to the entire value of his or her account or a portion thereof. Upon withdrawals from the Plan or termination of employment, participants may be subject to income taxes on contributions and income earned.

Notes Receivable from Participants

Notes receivable from participants are loans to participants secured by their equity interest as allowed in the plan document. Interest rates are based on prime plus one percent at the date of issuance. The loans are repaid through payroll deductions. A participant may not have more than one loan outstanding at any time. Loans issued are no less than $1,000, with a maximum value limited to the lesser of $50,000 or one-half of the participant's vested balance. Loan terms are limited to five years unless for the purchase of a primary residence.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for investments in fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in a fully benefit-responsive common/collective trust fund through the Wells Fargo Collective Stable Return Fund N4. The Statement of Net Assets

Available for Benefits presents the fair value of the investment in the common/collective trust fund as well as the adjustment of the investment in the common/collective trust fund from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

The other common/collective trust funds held by the Plan do not hold fully benefit-responsive investment contracts and are therefore reported at fair value.

Investment Valuation and Income Recognition

Investments of the Plan are reflected at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date, and interest is recorded as earned. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as appreciation or depreciation of the investments held at the end of the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. In general, notes receivable from participants are considered to be in default in the calendar quarter following the quarter in which no payment is made and are accounted for as a distribution based upon the terms of the plan document.

Benefits Payments

Benefits are recorded when paid.

Administrative Expenses

Loan fees and certain transactional charges are paid by participants, and all other administrative costs are paid by the Company.

Risks and Uncertainties

The Plan provides for investments in mutual funds and common/collective trust funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investments will occur in the near term and may impact participants' account balances and the amounts reported in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events

The plan administrator evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 7, 2012, which is the date the financial statements were available to be issued.

Note 3 - Information Certified by the Plan's Trustee

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained a certification from the trustee of the Plan that all of the information provided is complete and accurate. Information included in the accompanying financial statements and accompanying notes to financial statements as to investments (excluding the adjustment from fair value to contract value for the interest in a common/collective trust fund relating to fully benefit-responsive investment contracts), notes receivable from participants, investment income (loss), interest income on notes receivable from participants and all the related information in the supplemental schedule of assets held (at end of year) is presented in reliance solely upon this certification.

The Plan's independent auditors did not perform auditing procedures with respect to this information except for comparing such information to the related information included in the financial statements, accompanying notes and supplemental schedule.

Note 4 - Investments

Individual investments that represent 5% or more of the Plan's net assets as of December 31, 2011 and 2010, are as follows:

2011:

Investments, at Fair Value		
American Funds AMCAP Fund	$	871,635
Oppenheimer Developing Markets Fund A		875,717
Rainier Small/Mid Cap Fund		843,394
Wells Fargo Advantage Index Fund		1,661,460
Wells Fargo Advantage Total Return Bond Fund I		1,091,468
Wells Fargo Collective Stable Return Fund N4 (contract value of $2,078,909)		2,132,260

2010:

Investments, at Fair Value

American Funds AMCAP Fund	$	812,499
MFS International Value Fund A		640,376
Oppenheimer Developing Markets Fund A		1,015,274
Rainier Small/Mid Cap Fund		884,373
Wells Fargo Advantage Index Fund		1,631,995
Wells Fargo Advantage Total Return Bond Fund I		1,083,653
Wells Fargo Collective Stable Return Fund N4 (contract value of $1,794,223)		1,834,097

During 2011, the Plan's investments (including gains and losses on investments bought and sold as well as held during the year) depreciated in value as follows:

	For the Year Ended December 31, 2011
Mutual funds	$ (338,059)
Common/collective trust funds	32,274
	$ (305,785)

Note 5 - Fair Value Measurements

The Financial Accounting Standards Board (FASB) *Accounting Standards Codification Section 820, Fair Value Measurements and Disclosures* (ASC 820) provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the Plan's fair value measurements:

	Fair Value Measurements at December 31, 2011			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobserv-able Inputs Level 3	Total
Mutual funds:				
Large-capitalization growth	$ 2,252,238			$ 2,252,238
Large-capitalization blend	3,984,234			3,984,234
Large-capitalization value	971,167			971,167
Mid-capitalization blend	843,394			843,394
Mid-capitalization value	462,749			462,749
Small-capitalization value	240,858			240,858
Fixed Income	1,091,468			1,091,468
Total mutual funds	9,846,108			9,846,108
Common/collective trust funds:				
Stable value fund (a)		$ 2,132,260		2,132,260
Mid-capitalization blend (b)		33,260		33,260
Small-capitalization blend (b)		49,110		49,110
Total common/collective trust funds		2,214,630		2,214,630
Total investments at fair value	$ 9,846,108	$ 2,214,630	$	$ 12,060,738

	Fair Value Measurements at December 31, 2010			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobserv-able Inputs Level 3	Total
Mutual funds:				
Large-capitalization growth	$ 2,440,387			$ 2,440,387
Large-capitalization blend	3,630,896			3,630,896
Large-capitalization value	989,753			989,753
Mid-capitalization blend	884,373			884,373
Mid-capitalization value	410,637			410,637
Small-capitalization value	271,087			271,087
Fixed Income	1,083,653			1,083,653
Total mutual funds	9,710,786			9,710,786
Common/collective trust funds:				
Stable value fund (a)		$ 1,834,097		1,834,097
Mid-capitalization blend (b)		35,984		35,984
Small-capitalization blend (b)		47,980		47,980
Total common/collective trust funds		1,918,061		1,918,061
Total investments at fair value	$ 9,710,786	$ 1,918,061	$	$ 11,628,847

The following provides additional information on common/collective trust funds where the fair value is measured at their net asset unit value (NAV) per share as of December 31, 2011 and 2010:

(a) The Wells Fargo Collective Stable Return Fund N4 (the Stable Value Fund) is comprised primarily of guaranteed investment contracts (GICs) and security-backed contracts (SBCs). The fair value of the GICs is based on the present value of future cash flows using the current discount rate. The fair value of the SBCs includes the value of the underlying securities and the value of the wrapper contract. The fair value of the wrapper contract is provided by the SBC issuer and is the present value of the difference between the current wrapper fee and the contracted wrapper fee.

The Stable Value Fund is valued at NAV by the issuer based on the value of each of the underlying investments, less any applicable fees charged by the issuer. Investments in insurance contracts are valued at contract value, which is equal to the principal balance plus accrued interest, and are then adjusted to fair value based on current market yields, as well as other valuation techniques. Fixed income investments are valued at amortized cost which approximates fair value. All other underlying investments are valued by the issuer using quoted market prices on active exchanges where applicable, or a method that approximates fair value. The Stable Value Fund has an investment objective to preserve principal by investing in a variety of investment contracts which are not expected to experience price fluctuation in most economic or interest rate environments. The fund does not have restrictions on individual participant withdrawals, but would require a 12-month notification if the Plan were going to withdraw from the fund. As of December 31, 2011 and 2010, there are no unfunded commitments.

(b) The Wells Fargo Collective Russell 2000 Index Fund and the Wells Fargo Collective S&P Midcap Index Fund are valued by the issuer based on quoted market prices of the underlying investments. The funds' investment objectives are to provide long-term capital appreciation and income by investing primarily in equity securities. As of December 31, 2011 and 2010, there are no unfunded commitments and units may be redeemed on a daily basis.

Note 6 - Federal Income Tax

The Plan has received a determination letter dated January 22, 2009 from the Internal Revenue Service (IRS) exempting it from federal income taxes. Although the Plan has been amended since the period covered by the determination letter, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The prior three tax years are subject to income tax examinations by the IRS.

Note 7 - Party-In-Interest Transactions

Certain Plan investments are shares of mutual funds and common/collective trust funds managed by the trustee, or an affiliate of the trustee, who are considered parties-in-interest with respect to the Plan. These transactions are covered by an exemption from the "prohibited transaction" provisions of ERISA and the IRC.

Note 8 - Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

SUPPLEMENTARY INFORMATION

PAPPAS RESTAURANTS 401(K) PLAN
SPONSOR'S EIN: 76-0193066
PLAN NUMBER: 001
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2011

	(a) (b) Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment		(e) Current Value
		Mutual Funds:		
	American Funds	American Funds AMCAP Fund		$ 871,635
	Goldman Sachs	Goldman Sachs Midcap Value A Fund		462,749
	Goldman Sachs	Goldman Sachs Tollkeeper Fund A		504,886
	MFS Investment Management	MFS International Value Fund A		606,561
	MFS Investment Management	MFS Value A Fund		364,606
	Oppenheimer Trust Company	Oppenheimer Developing Markets Fund A		875,717
	Rainier Investment Management, Inc.	Rainier Small/Mid Cap Fund		843,394
	T. Rowe Price Funds	T. Rowe Price Capital Appreciation Fund		518,240
*	Wells Fargo Bank	Wells Fargo Advantage Index Fund		1,661,460
*	Wells Fargo Bank	Wells Fargo Advantage Total Return Bond Fund I		1,091,468
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2010 Fund		14,977
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2020 Fund		629,567
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2030 Fund		218,902
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2040 Fund		414,989
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2050 Fund		455,737
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target Today Fund		70,362
*	Wells Fargo Bank	Wells Fargo Advantage Small Cap Value A Fund		240,858
		Total Mutual Funds		9,846,108
		Common/Collective Trust Funds:		
*	Wells Fargo Bank	Wells Fargo Collective Stable Return Fund N4	(1)	2,078,909
*	Wells Fargo Bank	Wells Fargo Collective Russell 2000 Index Fund		49,110
*	Wells Fargo Bank	Wells Fargo Collective S&P Midcap Index Fund		33,260
		Total Common/Collective Trust Funds		2,161,279
		Participant Loans:		
*	Participant Loans	Interest rates ranging from 4.25% to 9.25%		628,651
				$ 12,636,038

* Indicates a party in interest

(1) Amount represents contract value as reported on the Form 5500

The information shown on this schedule has been summarized from information provided by Wells Fargo Bank, N.A., which they have certified as being complete and accurate.

PAPPAS RESTAURANTS 401(K) PLAN

Houston, Texas

ANNUAL FINANCIAL REPORT

December 31, 2011

WEINSTEIN SPIRA & COMPANY

Certified Public Accountants
and Business Advisors

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All other schedules listed by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted, as they are not applicable or required.

WEINSTEIN SPIRA & COMPANY

Certified Public Accountants
and Business Advisors

Independent Auditors' Report

September 7, 2012

Plan Administrative Committee
Pappas Restaurants 401(k) Plan
Houston, Texas

We were engaged to audit the accompanying Statements of Net Assets Available for Benefits of the Pappas Restaurants 401(k) Plan as of December 31, 2011 and 2010, the related Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2011, and the supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2011 and 2010, and for the year ended December 31, 2011, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Weinstein Spira & Company, P.C.

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A worldwide association of separate and independent accounting and consulting firms.

PAPPAS RESTAURANTS 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2011	2010
ASSETS		
Investments, at Fair Value:		
Mutual funds	**$ 9,846,108**	$ 9,710,786
Common/collective trust funds	**2,214,630**	1,918,061
Receivables:		
Employee contributions receivable	**24,075**	20,967
Employer contributions receivable	**176,240**	177,142
Notes receivable from participants	**628,651**	594,252
Net Assets Reflecting Investments at Fair Value	**12,889,704**	12,421,208
Adjustment from fair value to contract value for interest in a common/collective trust fund relating to a fully benefit-responsive investment contract	**(53,351)**	(39,874)
Net Assets Available for Benefits	**$ 12,836,353**	$ 12,381,334

See independent auditors' report and the accompanying notes to financial statements.

PAPPAS RESTAURANTS 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2011

Contributions:	
Employee	$ 1,189,559
Employer	179,520
Rollover	3,202
Total Contributions	1,372,281
Investment Income (Loss):	
Interest and dividends	128,269
Net depreciation in fair value of investments	(305,785)
Net Investment Loss	(177,516)
Interest Income on Notes Receivable from Participants	30,114
Benefits Paid to Participants	(737,588)
Administrative Expenses	(32,272)
Net Increase	455,019
Net Assets Available for Benefits - Beginning of Year	12,381,334
Net Assets Available for Benefits - End of Year	$ 12,836,353

See independent auditors' report and the accompanying notes to financial statements.

Note 1 - Plan Description

General

The following brief description of the Pappas Restaurants 401(k) Plan (the Plan) is provided for general information only. Participants should refer to the plan document for more complete information.

The Plan is a defined contribution plan covering eligible employees of Pappas Restaurants, Inc. (the Company) and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan includes a savings feature designed to permit the employee and the Company to contribute to the Plan, allowable under Section 401(k) of the Internal Revenue Code (IRC). The Plan was adopted by the Company on January 1, 1995. The Company is named as the plan administrator in the plan document. Wells Fargo Bank, N.A. (the trustee) serves as the trustee and third-party administrator for the Plan.

Contributions

The Plan is provided for all employees who are not leased employees or highly compensated employees. Participation is available for eligible employees on the first day of each month coinciding with or next following the month in which they commenced employment. Eligible employees are automatically enrolled into the Plan and have 3% of their eligible wages deferred, unless a lesser percentage (including zero) or higher percentage is elected by the employee. Employee contributions are made to the Plan by electing to defer a percentage of the employee's compensation and are fully vested at all times. Eligible participants who have attained age 50 before the close of the plan year are eligible to make catch-up contributions subject to limitations of the IRC.

The Company may elect to make matching contributions in an amount to be determined by the Company. For the year ended December 31, 2011 and 2010, the Company made matching contributions in an amount equal to 25% of the employee's contribution up to 1% of the employee's eligible wages. The Company may also contribute an amount on a discretionary profit sharing basis. A discretionary profit sharing contribution was not made for the year ended December 31, 2011. A participant must be employed at the end of the plan year and have completed 1,000 hours of service to receive either employer contribution. Participants are fully vested in all employer contributions on the date of contribution.

Forfeitures

The distribution and allocation of forfeited Company profit-sharing and matching contributions are used to reduce future employer contributions. As of December 31, 2011, the forfeitures balance was approximately $553 and $531, respectively. During 2011 and 2010 there was no overfunding of employer discretionary matching contributions used to reduce employer discretionary matching contributions.

Investment Options

Upon enrollment in the Plan, a participant may direct the trustee with regard to the investment of his or her account balances. Participants may change their investment options at any time.

Under the Plan, earnings and losses are allocated daily to the participants' accounts according to an allocation formula, based on the results of the participants' investments, that is provided in the plan document. Additionally, the Plan may make a loan to a participant from the fund, subject to the provisions of the Plan.

Benefit Payments

A participant may elect to withdraw funds from his or her account during his or her employment, subject to certain conditions. Upon termination of service, death, disability, or retirement, a participant may elect to receive a lump-sum payment equal to the entire value of his or her account or a portion thereof. Upon withdrawals from the Plan or termination of employment, participants may be subject to income taxes on contributions and income earned.

Notes Receivable from Participants

Notes receivable from participants are loans to participants secured by their equity interest as allowed in the plan document. Interest rates are based on prime plus one percent at the date of issuance. The loans are repaid through payroll deductions. A participant may not have more than one loan outstanding at any time. Loans issued are no less than $1,000, with a maximum value limited to the lesser of $50,000 or one-half of the participant's vested balance. Loan terms are limited to five years unless for the purchase of a primary residence.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for investments in fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in a fully benefit-responsive common/collective trust fund through the Wells Fargo Collective Stable Return Fund N4. The Statement of Net Assets

Available for Benefits presents the fair value of the investment in the common/collective trust fund as well as the adjustment of the investment in the common/collective trust fund from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

The other common/collective trust funds held by the Plan do not hold fully benefit-responsive investment contracts and are therefore reported at fair value.

Investment Valuation and Income Recognition

Investments of the Plan are reflected at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date, and interest is recorded as earned. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as appreciation or depreciation of the investments held at the end of the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. In general, notes receivable from participants are considered to be in default in the calendar quarter following the quarter in which no payment is made and are accounted for as a distribution based upon the terms of the plan document.

Benefits Payments

Benefits are recorded when paid.

Administrative Expenses

Loan fees and certain transactional charges are paid by participants, and all other administrative costs are paid by the Company.

Risks and Uncertainties

The Plan provides for investments in mutual funds and common/collective trust funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investments will occur in the near term and may impact participants' account balances and the amounts reported in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events

The plan administrator evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 7, 2012, which is the date the financial statements were available to be issued.

Note 3 - Information Certified by the Plan's Trustee

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained a certification from the trustee of the Plan that all of the information provided is complete and accurate. Information included in the accompanying financial statements and accompanying notes to financial statements as to investments (excluding the adjustment from fair value to contract value for the interest in a common/collective trust fund relating to fully benefit-responsive investment contracts), notes receivable from participants, investment income (loss), interest income on notes receivable from participants and all the related information in the supplemental schedule of assets held (at end of year) is presented in reliance solely upon this certification.

The Plan's independent auditors did not perform auditing procedures with respect to this information except for comparing such information to the related information included in the financial statements, accompanying notes and supplemental schedule.

Note 4 - Investments

Individual investments that represent 5% or more of the Plan's net assets as of December 31, 2011 and 2010, are as follows:

2011:

Investments, at Fair Value		
American Funds AMCAP Fund	$	871,635
Oppenheimer Developing Markets Fund A		875,717
Rainier Small/Mid Cap Fund		843,394
Wells Fargo Advantage Index Fund		1,661,460
Wells Fargo Advantage Total Return Bond Fund I		1,091,468
Wells Fargo Collective Stable Return Fund N4 (contract value of $2,078,909)		2,132,260

2010:

Investments, at Fair Value

American Funds AMCAP Fund	$	812,499
MFS International Value Fund A		640,376
Oppenheimer Developing Markets Fund A		1,015,274
Rainier Small/Mid Cap Fund		884,373
Wells Fargo Advantage Index Fund		1,631,995
Wells Fargo Advantage Total Return Bond Fund I		1,083,653
Wells Fargo Collective Stable Return Fund N4 (contract value of $1,794,223)		1,834,097

During 2011, the Plan's investments (including gains and losses on investments bought and sold as well as held during the year) depreciated in value as follows:

	For the Year Ended December 31, 2011
Mutual funds	$ (338,059)
Common/collective trust funds	32,274
	$ (305,785)

Note 5 - Fair Value Measurements

The Financial Accounting Standards Board (FASB) *Accounting Standards Codification Section 820, Fair Value Measurements and Disclosures* (ASC 820) provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the Plan's fair value measurements:

	Fair Value Measurements at December 31, 2011			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobserv-able Inputs Level 3	Total
Mutual funds:				
Large-capitalization growth	$ 2,252,238			$ 2,252,238
Large-capitalization blend	3,984,234			3,984,234
Large-capitalization value	971,167			971,167
Mid-capitalization blend	843,394			843,394
Mid-capitalization value	462,749			462,749
Small-capitalization value	240,858			240,858
Fixed Income	1,091,468			1,091,468
Total mutual funds	9,846,108			9,846,108
Common/collective trust funds:				
Stable value fund (a)		$ 2,132,260		2,132,260
Mid-capitalization blend (b)		33,260		33,260
Small-capitalization blend (b)		49,110		49,110
Total common/collective trust funds		2,214,630		2,214,630
Total investments at fair value	$ 9,846,108	$ 2,214,630	$	$ 12,060,738

	Fair Value Measurements at December 31, 2010			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobserv-able Inputs Level 3	Total
Mutual funds:				
Large-capitalization growth	$ 2,440,387			$ 2,440,387
Large-capitalization blend	3,630,896			3,630,896
Large-capitalization value	989,753			989,753
Mid-capitalization blend	884,373			884,373
Mid-capitalization value	410,637			410,637
Small-capitalization value	271,087			271,087
Fixed Income	1,083,653			1,083,653
Total mutual funds	9,710,786			9,710,786
Common/collective trust funds:				
Stable value fund (a)		$ 1,834,097		1,834,097
Mid-capitalization blend (b)		35,984		35,984
Small-capitalization blend (b)		47,980		47,980
Total common/collective trust funds		1,918,061		1,918,061
Total investments at fair value	$ 9,710,786	$ 1,918,061	$	$ 11,628,847

The following provides additional information on common/collective trust funds where the fair value is measured at their net asset unit value (NAV) per share as of December 31, 2011 and 2010:

(a) The Wells Fargo Collective Stable Return Fund N4 (the Stable Value Fund) is comprised primarily of guaranteed investment contracts (GICs) and security-backed contracts (SBCs). The fair value of the GICs is based on the present value of future cash flows using the current discount rate. The fair value of the SBCs includes the value of the underlying securities and the value of the wrapper contract. The fair value of the wrapper contract is provided by the SBC issuer and is the present value of the difference between the current wrapper fee and the contracted wrapper fee.

The Stable Value Fund is valued at NAV by the issuer based on the value of each of the underlying investments, less any applicable fees charged by the issuer. Investments in insurance contracts are valued at contract value, which is equal to the principal balance plus accrued interest, and are then adjusted to fair value based on current market yields, as well as other valuation techniques. Fixed income investments are valued at amortized cost which approximates fair value. All other underlying investments are valued by the issuer using quoted market prices on active exchanges where applicable, or a method that approximates fair value. The Stable Value Fund has an investment objective to preserve principal by investing in a variety of investment contracts which are not expected to experience price fluctuation in most economic or interest rate environments. The fund does not have restrictions on individual participant withdrawals, but would require a 12-month notification if the Plan were going to withdraw from the fund. As of December 31, 2011 and 2010, there are no unfunded commitments.

(b) The Wells Fargo Collective Russell 2000 Index Fund and the Wells Fargo Collective S&P Midcap Index Fund are valued by the issuer based on quoted market prices of the underlying investments. The funds' investment objectives are to provide long-term capital appreciation and income by investing primarily in equity securities. As of December 31, 2011 and 2010, there are no unfunded commitments and units may be redeemed on a daily basis.

Note 6 - Federal Income Tax

The Plan has received a determination letter dated January 22, 2009 from the Internal Revenue Service (IRS) exempting it from federal income taxes. Although the Plan has been amended since the period covered by the determination letter, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The prior three tax years are subject to income tax examinations by the IRS.

Note 7 - Party-In-Interest Transactions

Certain Plan investments are shares of mutual funds and common/collective trust funds managed by the trustee, or an affiliate of the trustee, who are considered parties-in-interest with respect to the Plan. These transactions are covered by an exemption from the "prohibited transaction" provisions of ERISA and the IRC.

Note 8 - Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

SUPPLEMENTARY INFORMATION

PAPPAS RESTAURANTS 401(K) PLAN
SPONSOR'S EIN: 76-0193066
PLAN NUMBER: 001
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2011

	(a) (b) Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment		(e) Current Value
		Mutual Funds:		
	American Funds	American Funds AMCAP Fund		$ 871,635
	Goldman Sachs	Goldman Sachs Midcap Value A Fund		462,749
	Goldman Sachs	Goldman Sachs Tollkeeper Fund A		504,886
	MFS Investment Management	MFS International Value Fund A		606,561
	MFS Investment Management	MFS Value A Fund		364,606
	Oppenheimer Trust Company	Oppenheimer Developing Markets Fund A		875,717
	Rainier Investment Management, Inc.	Rainier Small/Mid Cap Fund		843,394
	T. Rowe Price Funds	T. Rowe Price Capital Appreciation Fund		518,240
*	Wells Fargo Bank	Wells Fargo Advantage Index Fund		1,661,460
*	Wells Fargo Bank	Wells Fargo Advantage Total Return Bond Fund I		1,091,468
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2010 Fund		14,977
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2020 Fund		629,567
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2030 Fund		218,902
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2040 Fund		414,989
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2050 Fund		455,737
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target Today Fund		70,362
*	Wells Fargo Bank	Wells Fargo Advantage Small Cap Value A Fund		240,858
		Total Mutual Funds		9,846,108
		Common/Collective Trust Funds:		
*	Wells Fargo Bank	Wells Fargo Collective Stable Return Fund N4	(1)	2,078,909
*	Wells Fargo Bank	Wells Fargo Collective Russell 2000 Index Fund		49,110
*	Wells Fargo Bank	Wells Fargo Collective S&P Midcap Index Fund		33,260
		Total Common/Collective Trust Funds		2,161,279
		Participant Loans:		
*	Participant Loans	Interest rates ranging from 4.25% to 9.25%		628,651
				$ 12,636,038

* Indicates a party in interest

(1) Amount represents contract value as reported on the Form 5500

The information shown on this schedule has been summarized from information provided by Wells Fargo Bank, N.A., which they have certified as being complete and accurate.

PAPPAS RESTAURANTS 401(K) PLAN
SPONSOR'S EIN: 76-0193066
PLAN NUMBER: 001
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2011

	(a) (b) Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment		(e) Current Value
		Mutual Funds:		
	American Funds	American Funds AMCAP Fund		$ 871,635
	Goldman Sachs	Goldman Sachs Midcap Value A Fund		462,749
	Goldman Sachs	Goldman Sachs Tollkeeper Fund A		504,886
	MFS Investment Management	MFS International Value Fund A		606,561
	MFS Investment Management	MFS Value A Fund		364,606
	Oppenheimer Trust Company	Oppenheimer Developing Markets Fund A		875,717
	Rainier Investment Management, Inc.	Rainier Small/Mid Cap Fund		843,394
	T. Rowe Price Funds	T. Rowe Price Capital Appreciation Fund		518,240
*	Wells Fargo Bank	Wells Fargo Advantage Index Fund		1,661,460
*	Wells Fargo Bank	Wells Fargo Advantage Total Return Bond Fund I		1,091,468
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2010 Fund		14,977
*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target 2020 Fund		629,567
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*	Wells Fargo Bank	Wells Fargo Advantage Dow Jones Target Today Fund		70,362
*	Wells Fargo Bank	Wells Fargo Advantage Small Cap Value A Fund		240,858
		Total Mutual Funds		9,846,108
		Common/Collective Trust Funds:		
*	Wells Fargo Bank	Wells Fargo Collective Stable Return Fund N4	(1)	2,078,909
*	Wells Fargo Bank	Wells Fargo Collective Russell 2000 Index Fund		49,110
*	Wells Fargo Bank	Wells Fargo Collective S&P Midcap Index Fund		33,260
		Total Common/Collective Trust Funds		2,161,279
		Participant Loans:		
*	Participant Loans	Interest rates ranging from 4.25% to 9.25%		628,651
				$ 12,636,038

* Indicates a party in interest

(1) Amount represents contract value as reported on the Form 5500

The information shown on this schedule has been summarized from information provided by Wells Fargo Bank, N.A., which they have certified as being complete and accurate.