

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

NOBLE ROMANS INC

Form: 10-K/A

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Corporate Issuer CIK:	709005
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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
(Amendment No. 1)

(Mark one)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2011.

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
for the transition period from ____ to ____.

Commission file number 0-11104

NOBLE ROMAN'S, INC.

(Exact name of registrant as specified in its charter)

Indiana

*(State or other jurisdiction
of incorporation or organization)*

35-1281154

*(I.R.S. Employer
Identification No.)*

One Virginia Avenue, Suite 300

Indianapolis, Indiana 46204

(Address of principal executive offices)

Registrant's telephone number, including area code: (317) 634-3377

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229,405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(do not check if a smaller reporting company)

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2011, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price of the registrant's common shares on such date was \$7.2 million.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 19,489,317 shares of common stock as of March 1, 2012.

Documents Incorporated by Reference:

Portions of the definitive proxy statement for the registrant's 2012 Annual Meeting of Shareholders are incorporated by reference in Part III.

EXPLANATORY NOTE

This Amendment No. 1 to Form 10-K (this "Amendment") amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 originally filed on March 13, 2012 (the "Original Filing") by Noble Roman's, Inc., an Indiana corporation (the "Company"). The Company is filing this Amendment to replace the draft version of the Report of Independent Registered Public Accounting Firm (the "Report") inadvertently included as a part of "Item 8. Financial Statements and Supplementary Data" of the Original Filing ("Item 8") with the executed version of the Report. In accordance with Rule 12b-15 under the Exchange Act of 1934, as amended (the "Exchange Act"), this Amendment includes the entirety of Item 8 of the Original Filing, which is unchanged from the Original Filing, except that it includes the executed version of the Report. In accordance with Rule 12b-15 under the Exchange Act, this Amendment includes certain certifications required to be filed herewith.

Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing, and the Company has not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filing.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**Consolidated Balance Sheets
Noble Roman's, Inc. and Subsidiaries**

Assets	December 31,	
	2010	2011
Current assets:		
Cash	\$ 337,044	\$ 233,296
Accounts and notes receivable - net	920,304	884,811
Inventories	316,913	338,447
Assets held for resale	246,278	252,552
Prepaid expenses	235,778	278,718
Deferred tax asset - current portion	1,400,000	1,400,000
Total current assets	3,456,317	3,387,824
Property and equipment:		
Equipment	1,139,050	1,147,109
Leasehold improvements	12,283	12,283
	1,151,333	1,159,392
Less accumulated depreciation and amortization	784,282	851,007
Net property and equipment	367,051	308,385
Deferred tax asset (net of current portion)	10,150,558	9,613,399
Other assets including long-term portion of notes receivable - net	2,920,853	3,914,523
Total assets	\$ 16,894,779	\$ 17,224,131
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term note payable to bank	\$ 1,875,000	\$ 3,575,000
Accounts payable and accrued expenses	654,319	665,054
Total current liabilities	2,529,319	\$ 4,240,054
Long-term obligations:		
Note payable to bank (net of current portion)	2,625,000	-
Note payable to officer	855,821	1,255,821
Total long-term liabilities	3,480,821	1,255,821
Stockholders' equity:		
Common stock – no par value (25,000,000 shares authorized, 19,419,317 issued and outstanding as of December 31, 2010 and 19,469,317 as of December 31, 2011)	23,116,317	23,239,976
Preferred stock (5,000,000 shares authorized, 20,625 issued and outstanding as of December 31, 2010 and December 31, 2011)	800,250	800,250
Accumulated deficit	(13,031,928)	(12,311,970)
Total stockholders' equity	10,884,639	11,728,256
Total liabilities and stockholders' equity	\$ 16,894,779	\$ 17,224,131

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations
Noble Roman's, Inc. and Subsidiaries

	Year Ended December 31,		
	2009	2010	2011
Royalties and fees	\$ 6,949,192	\$ 6,725,769	\$ 6,813,946
Administrative fees and other	63,503	40,312	44,448
Restaurant revenue	536,885	505,022	517,679
Total revenue	<u>7,549,580</u>	<u>7,271,103</u>	<u>7,376,073</u>
Operating expenses:			
Salaries and wages	1,057,675	970,652	970,966
Trade show expense	309,827	301,940	351,907
Travel expense	134,350	157,973	191,695
Other operating expenses	745,376	719,316	687,519
Restaurant expenses	496,614	501,976	507,838
Depreciation and amortization	78,777	66,578	124,009
General and administrative	1,485,356	1,610,123	1,619,778
Operating income	<u>3,241,605</u>	<u>2,942,545</u>	<u>2,922,361</u>
Interest and other expense	466,944	440,512	390,858
Income before income taxes from continuing operations	<u>2,774,661</u>	<u>2,502,033</u>	<u>2,531,503</u>
Income tax expense	1,099,044	991,056	1,002,729
Net income from continuing operations	<u>1,675,617</u>	<u>1,510,977</u>	<u>1,528,774</u>
Loss from discontinued operations net of tax benefit of \$787,520 for 2010 and \$465,570 for 2011	-	(1,200,664)	(709,816)
Net income	<u>1,675,617</u>	<u>310,313</u>	<u>818,958</u>
Cumulative preferred dividends	66,000	90,682	99,000
Net income available to common stockholders	<u>\$ 1,609,617</u>	<u>\$ 219,631</u>	<u>\$ 719,958</u>
Earnings per share - basic:			
Net income from continuing operations	\$.09	\$.08	\$.08
Net loss from discontinued operations net of tax benefit	\$ -	\$ (.06)	\$ (.04)
Net income	\$.09	\$.02	\$.04
Net income available to common stockholders	\$.08	\$.01	\$.04
Weighted average number of common shares outstanding	19,412,499	19,414,367	19,457,810
Diluted earnings per share:			
Net income from continuing operations	\$.08	\$.08	\$.08
Net loss from discontinued operations net of tax benefit	\$ -	\$ (.06)	\$ (.04)
Net income	\$.08	\$.02	\$.04
Weighted average number of common shares outstanding	19,950,027	20,094,961	20,112,278

See accompanying notes to consolidated financial statements.

**Consolidated Statements of Changes in
Stockholders' Equity
Noble Roman's, Inc. and Subsidiaries**

	<u>Preferred Stock</u>	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance at December 31, 2008	\$ 800,250	19,412,499	\$ 23,023,250	\$ (14,861,176)	\$ 8,962,324
2009 net income				1,675,617	1,675,617
Cumulative preferred dividends				(66,000)	(66,000)
Amortization of value of stock options			50,910		50,910
Balance at December 31, 2009	\$ 800,250	19,412,499	\$ 23,074,160	\$ (13,251,559)	\$ 10,622,851
2010 net income				310,313	310,313
Cumulative preferred dividends				(90,682)	(90,682)
Amortization of value of stock options			42,157		42,157
Cashless exercise of warrants		6,818			
Balance at December 31, 2010	\$ 800,250	19,419,317	\$ 23,116,317	\$ (13,031,928)	\$ 10,884,639
2011 net income				818,958	818,958
Cumulative preferred dividends				(99,000)	(99,000)
Amortization of value of stock options			105,659		105,659
Exercise of employee stock options		50,000	18,000		18,000
Balance at December 31, 2011	<u>\$ 800,250</u>	<u>19,469,317</u>	<u>23,239,976</u>	<u>(12,311,970)</u>	<u>11,728,256</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Noble Roman's, Inc. and Subsidiaries

	Year ended December 31,		
	2009	2010	2011
OPERATING ACTIVITIES			
Net income	\$ 1,675,617	\$ 310,313	\$ 818,958
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	179,185	158,293	298,937
Non-cash expense from loss on discontinued operations	-	187,330	-
Deferred income taxes	1,099,044	991,056	1,002,729
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts and notes receivable	(315,597)	94,846	19,711
Inventories	(4,713)	(77,907)	(21,534)
Prepaid expenses	(19,757)	6,075	(42,940)
Other assets	(419,332)	(561,952)	(849,910)
Increase (decrease) in:			
Accounts payable and accrued expenses	(81,451)	219,654	10,736
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,112,996	1,327,708	1,236,687
INVESTING ACTIVITIES			
Purchase of property and equipment	(45,211)	(5,738)	(8,059)
Assets held for resale	(837)	(2,751)	(6,274)
NET CASH USED BY INVESTING ACTIVITIES	(46,048)	(8,489)	(14,333)
FINANCING ACTIVITIES			
Payment of obligations from discontinued operations	(652,522)	(933,809)	(709,816)
Payment of cumulative preferred dividends	(66,000)	(90,682)	(99,000)
Payment of principal on outstanding debt	(1,500,000)	(1,125,000)	(925,000)
Payment received on long-term notes receivable	33,810	8,612	33,417
Payment of loan modification cost	-	-	(43,703)
Proceeds of loan from officer	-	825,500	400,000
Proceeds from the exercise of stock options	-	-	18,000
NET CASH USED BY FINANCING ACTIVITIES	(2,184,712)	(1,315,379)	(1,326,102)
Increase (decrease) in cash	(117,764)	3,840	(103,748)
Cash at beginning of year	450,968	333,204	337,044
Cash at end of year	<u>\$ 333,204</u>	<u>\$ 337,044</u>	<u>\$ 233,296</u>

Supplemental Schedule of Non-Cash Investing and Financing Activities:

In 2010, a warrant to purchase 50,000 shares at \$.95 per share was exercised pursuant to the cashless exercise provision of the warrant and the holders received 6,818 shares of common stock.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Noble Roman's, Inc. and Subsidiaries

Note I: Summary of Significant Accounting Policies

Organization: The Company sells and services franchises and/or licenses for non-traditional foodservice operations under the trade names "Noble Roman's Pizza," "Tuscano's Italian Style Subs," "Noble Roman's Take-N-Pizza" and "Tuscano's Grab-N-Go Subs." Unless the context otherwise indicates, reference to the "Company" are to Noble Roman's, Inc. and its wholly-owned subsidiaries.

Principles of Consolidation: The consolidated financial statements include the accounts of Noble Roman's, Inc. and its wholly-owned subsidiaries, Pizzaco, Inc. and N.R. Realty, Inc. Inter-company balances and transactions have been eliminated in consolidation.

Inventories: Inventories consist of food, beverage, restaurant supplies, restaurant equipment and marketing materials and are stated at the lower of cost (first-in, first-out) or market.

Property and Equipment: Equipment and leasehold improvements are stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives ranging from five years to 12 years. Leasehold improvements are amortized over the shorter of estimated useful life or the term of the lease.

Cash and Cash Equivalents: Includes actual cash balance plus cash invested overnight pursuant to an agreement with a bank. Neither the cash or cash equivalents are pledged nor are there any withdrawal restrictions.

Assets Held for Resale: The Company records the cost of franchised locations held by the Company on a temporary basis until they are sold to a franchisee at the Company's cost adjusted for impaired value, if any, to the estimated net realizable value. The Company estimates net realizable value using comparative replacement costs for other similar franchise locations that are being built at the time the estimate is made.

Advertising Costs: The Company records advertising costs consistent with Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Other Expense topic and Advertising Costs subtopic. This statement requires the Company to expense advertising production costs the first time the production material is used.

Fair Value Measurements and Disclosures: The Fair Value Measurements and Disclosures topic of the FASB's ASC requires companies to determine fair value based on the price that would be received to sell the asset or paid to transfer the liability to a market participant. The Fair Value Measurements and Disclosures topic emphasizes that fair value is a market-based measurement, not an entity-specific measurement.

The guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

As of December 31, 2010 and 2011, the Company held an interest rate swap, a financial liability that is required to be measured at fair value on a recurring basis utilizing Level 2 inputs. The carrying value for this liability approximates its fair value, and is not material to the Company's 2010 or 2011 consolidated financial statements.

Fair Value of Financial Instruments: The Company's current bank borrowings are at a monthly variable rate tied to LIBOR. On February 6, 2008, the Company elected to trade its previous swap contract for a new swap contract fixing the rate on 50% of the principal balance under the Loan Agreement, as amended by the Amendment (approximately \$1.125 million as of March 1, 2012), at an annual interest rate of 8.2%.

The Company's swap is a derivative instrument that is designated as cash flow hedge because the swap provides a hedge against the effects of rising interest rates on present and/or forecasted future borrowings. The effective portion of the gain or loss on the swap is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the swap affects earnings. Gains or losses on the swap representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. Amounts payable or receivable under the swap is accounted for as adjustments to interest expense. The financial liability was not material to the Company's 2010 or 2011 consolidated financial statements. There were no derivatives that were not designated as hedging instruments under the provisions of the ASC topic, "Derivatives and Hedging."

Use of Estimates: The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The Company records a valuation allowance in a sufficient amount to adjust the total notes and accounts receivables value, in its best judgment, to reflect the amount that the Company estimates will be collected from its total receivables. As any accounts are determined to be uncollectible, they are charged off against the valuation allowance. The Company evaluates its assets held for resale, property and equipment and related costs periodically to assess whether any impairment indications are present, including recurring operating losses and significant adverse changes in legal factors or business climate that affect the recovery of recorded value. If any impairment of an individual asset is evident, a loss would be provided to reduce the carrying value to its estimated fair value.

Intangible Assets: Debt issue costs are amortized to interest expense ratably over the term of the applicable debt. The debt issue cost being amortized is \$481,939 with accumulated amortization at December 31, 2010 of \$306,241 and December 31, 2011 of \$364,510.

Royalties, Administrative and Franchise Fees: Royalties are recognized as income monthly and are based on a percentage of monthly sales of franchised or licensed restaurants. Fees from the retail products in grocery stores are recognized monthly based on the distributors' sale of those retail products to the grocery stores. Administrative fees are recognized as income monthly as earned. Initial franchise fees are recognized as income when the services for the franchised restaurant are substantially completed.

Exit or Disposal Activities Related to Discontinued Operations: The Company records exit or disposal activity for discontinued operations when management commits to an exit or disposal plan and includes those charges under results of discontinued operations, as required by ASC "Exit or Disposal Cost Obligations" topic.

Income Taxes: The Company provides for current and deferred income tax liabilities and assets utilizing an asset and liability approach along with a valuation allowance as appropriate. The Company concluded that no valuation allowance was necessary because it is more likely than not that the Company will earn sufficient income before the expiration of its net operating loss carry-forwards to fully realize the value of the recorded deferred tax asset. As of December 31, 2011, the net operating loss carry-forward was approximately \$26 million which expires between the years 2012 and 2028. Management made the determination that no valuation allowance was necessary after reviewing the Company's business plans, all known facts to date, recent trends, current performance and analysis of the backlog of franchises sold but not yet open.

U.S. generally accepted accounting principles require the Company to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. The Company's policy is to recognize penalties and interest as incurred in its Consolidated Statement of Operations, which were none for the years ended December 31, 2009, 2010 and 2011. The Company's federal and various state income tax returns for 2008 through 2011 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Basic and Diluted Net Income Per Share: Net income per share is based on the weighted average number of common shares outstanding during the respective year. When dilutive, stock options and warrants are included as share equivalents using the treasury stock method.

The following table sets forth the calculation of basic and diluted loss per share for the year ended December 31, 2009:

	<u>Income</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> Amount
Net income	\$ 1,675,617		
Less preferred stock dividends	(66,000)		
Earnings per share – basic			
Income available to common stockholders	1,609,617	19,412,499	\$.08
Effect of dilutive securities			
Warrants	-	-	
Options	-	170,862	
Convertible preferred stock	<u>66,000</u>	<u>366,666</u>	
Diluted earnings per share			
Income available to common stockholders and assumed conversions	\$ 1,675,617	19,950,027	\$.08

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2010:

	<u>Income</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> <u>Amount</u>
Net income	\$ 310,313		
Less preferred stock dividends	(90,682)		
Earnings per share – basic			
Income available to common stockholders	219,631	19,414,367	\$.01
Effect of dilutive securities			
Options	-	313,928	
Convertible preferred stock	<u>90,682</u>	<u>366,666</u>	
Diluted earnings per share			
Income available to common stockholders and assumed conversions	\$ 310,313	20,094,961	\$.02

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2011:

	<u>Income</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> <u>Amount</u>
Net income	\$ 818,958		
Less preferred stock dividends	(99,000)		
Earnings per share – basic			
Income available to common stockholders	719,958	19,457,810	\$.04
Effect of dilutive securities			
Options	-	287,802	
Convertible preferred stock	<u>99,000</u>	<u>366,666</u>	
Diluted earnings per share			
Income available to common stockholders and assumed conversions	\$ 818,958	20,112,278	\$.04

Subsequent Events: The Company evaluated subsequent events through the date the consolidated statements were issued and filed with Form 10-K. There were no subsequent events that required recognition or disclosure except for the January 30, 2012 loan amendment discussed in Note 3.

Note 2: Accounts and Notes Receivable

At December 31, 2010 and 2011, the carrying value of the Company's accounts receivable has been reduced to anticipated realizable value. As a result of this reduction of carrying value, the Company anticipates that substantially all of its receivables reflected on the Consolidated Balance Sheets as of December 31, 2010 and 2011 will be collected.

Note 3: Notes Payable

On February 4, 2008, the Company entered into a First Amendment to Loan Agreement (the "Amendment") with Wells Fargo Bank N.A., that amended the existing Loan Agreement between the Company and Wells Fargo (the "Loan Agreement"). The Amendment provided for Wells Fargo to loan an additional \$3.0 million to the Company. The Amendment also reduced the interest rate applicable to amounts borrowed under the Loan Agreement to LIBOR plus 3.75% per annum and extended the maturity date for borrowings under the loan from August 31, 2011 to August 31, 2013. On February 6, 2008, the Company elected to trade its previous swap contract for a new swap contract fixing the rate on 50% of the principal balance under the Loan Agreement, as amended by the Amendment at an annual interest rate of 8.2%. On November 9, 2010, the Company entered into a Second Amendment to Loan Agreement (the "Second Amendment") with Wells Fargo that amended the existing Loan Agreement between the Company and Wells Fargo. Pursuant to the Second Amendment, Wells Fargo agreed to defer principal payments on the outstanding notes payable to the bank for the months of October through December 2010. On March 10, 2011, the Company executed a Third Amendment to the Loan Agreement with Wells Fargo Bank (the "Third Amendment") reducing principal payments to \$25,000 per month for March and April 2011. In addition, the interest rate under the note payable was changed from LIBOR plus 3.75% per annum to LIBOR plus 4.25% per annum. On July 19, 2011, the Company executed a Fourth Amendment to the Loan Agreement with Wells Fargo Bank (the "Fourth Amendment") adjusting the principal payments and shortening the maturity to October 1, 2012. In addition, the Fourth Amendment keeps the interest rate at LIBOR plus 4.25% per annum through and including June 1, 2012 and LIBOR plus 7.25% per annum thereafter. In addition, the principal payments were further amended by an additional amendment, on January 30, 2012, to the Loan Agreement with Wells Fargo Bank as follows:

February 1, 2012	\$	50,000
March 1, 2012	\$	75,000
April 1, 2012	\$	125,000
May 1, 2012	\$	200,000
June 1, 2012	\$	200,000
July 1, 2012	\$	200,000
August 1, 2012	\$	200,000
September 1, 2012	\$	200,000
October 1, 2012	\$	2,250,000

Interest paid on this Note was \$253,813 in 2011, \$310,582 in 2010 and \$408,735 in 2009. The Company's obligations under the loan are secured by the grant of a security interest in its personal property and certain restrictions apply such as a prohibition on the payment of dividends, all as defined in the Loan Agreement. The difference between interest from the swap contract compared to interest expense on the term loan was a loss of \$128,559, \$104,719 and \$70,372 for the years ended December 31, 2009, 2010 and 2011, respectively.

At various times, Paul W. Mobley, the Company's Chairman of the Board and Chief Executive Officer, loaned the Company \$855,821 in 2010 and \$400,000 in 2011 for a total of \$1,255,821 to help fund \$1,125,000 in principal payments in 2010 and \$925,000 in 2011 due under its bank loan and to help fund \$933,809 in payments related to discontinued operations in 2010 and \$709,816 in payments related to discontinued operations in 2011. The payments related to the discontinued operations were largely for legal fees related to the Heyser lawsuit, which is described in Note 10 of the notes to the accompanying consolidated financial statements. The advances are evidenced by promissory note in the amount of \$1,255,821, which provides for interest to be paid monthly on the unpaid principal balance of the note which began December 1, 2010, and has continued on the first day of each calendar month thereafter and will continue until the note is paid in full, at the rate of 8% per annum and the Company is current on the required interest payments. In addition, the note requires principal payments commencing on January 1, 2013 and on the first day of each calendar month thereafter in the amount of \$100,000 per month through November 1, 2013 and \$155,821 on December 1, 2013. The Third Amendment to the Loan Agreement with Wells Fargo states that no principal payment on the officer note can commence until the Wells Fargo loan is paid in full.

Note 4: Royalties and Fees

Approximately \$203,450, \$266,500 and \$193,818 are included in the 2009, 2010 and 2011, respectively, royalties and fees in the Consolidated Statements of Operations for initial franchise fees. Also included in royalties and fees were approximately \$38,509, \$110,113 and \$61,418 in 2009, 2010 and 2011, respectively, for equipment commissions. Most of the cost for the services required to be performed by the Company are incurred prior to the franchise fee income being recorded which is based on contractual liability for the franchisee. For the most part, the Company's ongoing royalty income is paid electronically by the Company initiating a draft on the franchisee's account by electronic withdrawal. As such, the Company has no material amount of past due royalties.

In conjunction with the development of Noble Roman's Pizza and Tuscano's Italian Style Subs, the Company has devised its own recipes for many of the ingredients that go into the making of its products ("Proprietary Products"). The Company contracts with various manufacturers to manufacture its Proprietary Products in accordance with the Company's recipes and formulas and to sell those products to authorized distributors at a contract price which includes an allowance for use of the Company's recipes. The manufacturing contracts also require the manufacturers to remit those allowances to the Company on a periodic basis, usually monthly. The Company recognizes those allowances in revenue as earned based on sales reports from the distributors.

There were 1,112 franchised or licensed outlets in operation on December 31, 2010 and 1,583 on December 31, 2011. During that 12-month period there were 485 new franchised or licensed outlets opened and 14 franchised or licensed outlets left the system. Grocery stores are accustomed to adding products for a period of time, removing them for a period of time and reoffering them. Therefore, it is unknown if any grocery store licenses have left the system.

Note 5: Contingent Liabilities for Leased Facilities

The Company leased its former restaurant facilities under non-cancelable lease agreements which generally had initial terms ranging from five to 20 years with extended renewal terms. These leases have been terminated or assigned to franchisees who operate them pursuant to a Noble Roman's, Inc. Franchise Agreement. The assignment passes all liability for future lease payments to the assignees, however, the Company remains contingently liable on a portion of the leases to the landlords in the event of default by the assignees. The leases generally required the Company or its assignees to pay all real estate taxes, insurance and maintenance costs. At December 31, 2011, contingent obligations under non-cancelable operating leases for 2012, 2013, 2014, 2015, 2016 and after 2016 were approximately \$89,763, \$90,663, \$91,563, \$71,343, \$24,675 and \$0, respectively.

The Company has future obligations under current operating leases of \$820,561 as follows: due in less than one year \$229,178, due in one to three years \$461,830, due in three to five years \$129,553 and due in more than five years \$0.

Note 6: Income Taxes

The Company had a deferred tax asset, as a result of prior operating losses, of \$11,550,558 at December 31, 2010 and \$11,013,399 at December 31, 2011, which expires between the years 2012 and 2028. In 2009, 2010 and 2011, the Company used deferred benefits to offset its tax expense of \$1,099,044, \$991,056 and \$1,002,729, respectively, and tax benefits from loss on discontinued operations of \$787,520 in 2010 and \$465,570 in 2011. As a result of the tax credits, the Company did not pay any income taxes in 2009, 2010 and 2011. There are no material differences between reported income tax expense or benefit and the income tax expense or benefit that would result from applying the Federal and state statutory tax rates.

Note 7: Common Stock

During 2010, certain unrelated warrant holders with warrants for the purchase of 50,000 shares exercised, pursuant to the cashless exercise provision of the warrants, and received 6,818 shares of common stock.

On December 31, 2010 and December 31, 2011, the Company had issued and outstanding Series B Preferred Stock with a liquidation value of \$825,000, which, at the option of the holder may be converted to common stock at a conversion price of \$2.25 per share. The preferred stock provides for cumulative dividends at the rate of 12% per annum on the liquidation value. The Company, at its option, may redeem the Series B Preferred Stock at the liquidation value.

The Company has an incentive stock option plan for key employees, officers and directors. The options are generally exercisable three years after the date of grant and expire ten years after the date of grant. The option prices are the fair market value of the stock at the date of grant. At December 31, 2011, the Company had the following employee stock options outstanding:

<u># Common Shares Represented</u>	<u>Exercise Price</u>
40,000	\$.55
46,000	.83
58,500	2.30
395,000	.36
481,000	.95
1,800,000	1.05
180,000	.90

As of December 31, 2011, options for 539,500 shares were exercisable.

The Company adopted the modified prospective method of adoption, which does not require restatement of prior periods. Under the modified prospective method, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption, net of an estimate of expected forfeitures.

Compensation expense is based on the estimated fair values of stock options determined on the date of grant and is recognized over the related vesting period, net of an estimate of expected forfeitures.

The Company estimates the fair value of its option awards on the date of grant using the Black-Scholes option pricing model. The risk-free interest rate is based on external data while all other assumptions are determined based on the Company's historical experience with stock options. No options were granted in 2009. The following assumptions were used for grants in 2010 and 2011:

Expected volatility	30%
Expected dividend yield	None
Expected term (in years)	5
Risk-free interest rate	3.01%

The following table sets forth the number of options outstanding as of December 31, 2008, 2009, 2010 and 2011 and the number of options granted, exercised or forfeited during the years ended December 31, 2009, December 31, 2010 and December 31, 2011:

Balance of employee stock options outstanding as of 12/31/08	650,250
Stock options granted during the year ended 12/31/09	0
Stock options exercised during the year ended 12/31/09	0
Stock options forfeited during the year ended 12/31/09	(20,000)
Balance of employee stock options outstanding as of 12/31/09	630,250
Stock options granted during the year ended 12/31/10	491,000
Stock options exercised during the year ended 12/31/10	0
Stock options forfeited during the year ended 12/31/10	(20,750)
Balance of employee stock options outstanding as of 12/31/10	1,100,500
Stock options granted during the year ended 12/31/11	2,000,000
Stock options exercised during the year ended 12/31/11	(50,000)
Stock options forfeited during the year ended 12/31/11	(50,000)
Balance of employee stock options outstanding as of 12/31/11	3,000,500

The following table sets forth the number of non-vested options outstanding as of December 31, 2008, 2009, 2010 and 2011, and the number of stock options granted, vested and forfeited during the years ended December 31, 2009, December 31, 2010 and December 31, 2011.

Balance of employee non-vested stock options outstanding as of 12/31/08	543,500
Stock options granted during the year ended 12/31/09	0
Stock options vested during the year ended 12/31/09	(78,500)
Stock options forfeited during the year ended 12/31/09	(20,000)
Balance of employee non-vested stock options outstanding as of 12/31/09	445,000
Stock options granted during the year ended 12/31/10	491,000
Stock options vested during the year ended 12/31/10	0
Stock options forfeited during the year ended 12/31/10	0
Balance of employee non-vested stock options outstanding as of 12/31/10	936,000
Stock options granted during the year ended 12/31/11	2,000,000
Stock options vested during the year ended 12/31/11	(445,000)
Stock options forfeited during the year ended 12/31/11	(30,000)
Balance of employee non-vested stock options outstanding as of 12/31/11	2,461,000

During 2011, employee stock options were granted for 2,000,000 shares, 50,000 were exercised and 50,000 shares were forfeited. At December 31, 2011, the weighted average grant date fair value of non-vested options was \$1.02 per share and the weighted average grant date fair value of vested options was \$.62 per share. The weighted average grant date fair value of employee stock options granted during 2010 was \$.95 and during 2011 was \$1.04. Total compensation cost recognized for share-based payment arrangements was \$50,910 with a tax benefit of \$20,165 in 2009, \$42,157 with a tax benefit of \$16,698 in 2010 and \$105,659 with a tax benefit of \$41,841 in 2011. As of December 31, 2011, total compensation cost related to non-vested options was \$203,430, which will be recognized as compensation cost over the next 30 months. No cash was used to settle equity instruments under share-based payment arrangements.

Note 8: Statements of Financial Accounting Standards

The Company does not believe that the recently issued Statements of Financial Accounting Standards will have any material impact on the Company's Consolidated Statements of Operations or its Consolidated Balance Sheets.

Note 9: Loss from Discontinued Operations

The Company had a loss on discontinued operations of \$3.8 million in 2008. The Company has elected to focus its efforts on non-traditional franchises. The loss on discontinued operations was primarily the result of operating traditional restaurants which had been acquired from struggling franchisees and later sold to new franchisees. The Company, in December 2008, made the decision to discontinue that business and charged off or dramatically lowered the carrying value of all assets related to the traditional restaurants and accrued estimated future expenses including an estimate for legal expenses related to the Heyser lawsuit as explained in Note 10 related thereto. The ongoing right to receive passive income in the form of royalties is not a part of the discontinued segment. The Company had no loss from discontinued operations in 2009. In 2010 and 2011, the Company reported a loss from discontinued operations of \$1,200,664 and \$709,816, respectively. In 2008, the Company accrued for estimated costs to defend the Heyser lawsuit described in Note 10, however, that estimate was insufficient and an additional accrual was required in both 2010 and 2011. An additional accrual was necessary, primarily because, since the Company was granted summary judgment dismissing their fraud claims on December 23, 2010, the Plaintiffs filed numerous motions for consideration and an appeal, all of which created additional legal and other expenses. Additionally, in reviewing accounts receivable, various receivables which originated in 2007 and 2008 relating to the operations that were discontinued were determined to be doubtful of collection, therefore, charged to loss on discontinued operations in both 2010 and 2011.

Note 10: Contingencies

The Company, from time to time, is involved in various litigation relating to claims arising out of its normal business operations.

The Company is a Defendant in a lawsuit styled Kari Heyser, Fred Eric Heyser and Meck Enterprises, LLC, et al v. Noble Roman's, Inc. et al, filed in Superior Court in Hamilton County, Indiana in June 2008 (Cause No. 29D01 0806 PL 739). The Court issued an Order dated December 23, 2010 granting summary judgment in favor of the Company against all of the Plaintiffs. As a result, the Plaintiffs' allegations of fraud against the Company and certain of its officers were determined to be without merit. Plaintiffs filed numerous motions and an appeal to the Indiana Court of Appeals, in an attempt to reverse the December 23, 2010 summary judgment. All of the motions failed and the Indiana Court of Appeals dismissed the appeal with prejudice. Plaintiffs' last attempt to vacate the summary judgment award was their attempt to vacate the Order on the grounds of misconduct of third parties. On December 1, 2011, the Judge denied their motion and specifically found "that there was absolutely no evidence of misconduct" and the Court admonished Plaintiffs and Plaintiffs' counsel for making such unfounded allegations. **The fraud charges against the Company and certain of its officers are dismissed entirely and Plaintiffs have no appeal rights remaining.** The Company then filed a motion for sanctions against the Plaintiffs and their attorney for the frivolous filings. On February 28, 2012, the Court granted our request for sanctions and ordered the Plaintiffs and their attorney to pay the Company \$8,376 by April 23, 2012. The Company's counterclaims against the Plaintiffs for breach of contract remain pending as to amount of damages, however the Company was granted summary judgment as to liability.

The Complaint was originally against the Company and certain officers and institutional lenders. The Plaintiffs are former franchisees of the Company's traditional location venue. The Plaintiffs alleged that the Defendants fraudulently induced them to purchase franchises for traditional locations through misrepresentations and omissions of material facts regarding the franchises. In addition to the above claims, one group of franchisee-Plaintiffs in the same case had asserted a separate claim under the Indiana Franchise Act as to which the Court's Order denied the Company's motion for summary judgment as the Court determined that there is a genuine issue of material fact but did not render any opinion on the merits of the claim. The Company denies any liability on the Indiana Franchise Act claim and will continue to vigorously defend against this claim.

The Company filed counterclaims for damages for breach of contract against all of the Plaintiffs in the approximate amount of \$3.6 million plus attorneys' fees, interest and other cost of collection, or a total of over \$5 million. On September 21, 2011, the Company filed motions for partial summary judgment as to liability against the Plaintiffs on the Company's counterclaims. As a result, the Company was granted partial summary judgment as to liability against the Plaintiffs/Counterclaim-Defendants on the Company's counterclaims against the Plaintiffs. In this partial summary judgment, the Court determined that the Plaintiffs were liable to the Company for direct damages and consequential damages, including future royalties, for breach of their franchise agreements. In addition, the Court determined that, as a matter of law, Noble Roman's was entitled to recover attorneys' fees associated with obtaining preliminary injunctions, fees resulting from the prosecution of Noble Roman's counterclaims and fees for defending against fraud claims against the Company and certain of its officers. The amount of the award is to be determined at trial.

Other than as disclosed above, the Company is involved in no other material litigation.

Note 11: Certain Relationships and Related Transactions

The following is a summary of transactions to which the Company and certain officers and directors of the Company are a party or have a financial interest. The Board of Directors of the Company has adopted a policy that all transactions between the Company and its officers, directors, principal shareholders and other affiliates must be approved by a majority of the Company's disinterested directors, and be conducted on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

Jeffrey R. Gaither, a Director, is Managing Partner of Bose McKinney & Evans, LLP, a law firm that performs legal services for the Company. The Company paid Bose McKinney for services rendered in the approximate amount of \$357,895, \$320,186 and \$428,028 in 2009, 2010 and 2011, respectively.

At various times, Paul W. Mobley, the Company's Chairman of the Board and Chief Executive Officer, loaned the Company \$855,821 in 2010 and \$400,000 in 2011 for a total of \$1,255,821 to help fund \$1,125,000 in principal payments in 2010 and \$925,000 in 2011 due under its bank loan and to help fund \$933,809 in payments related to discontinued operations in 2010 and \$709,816 in payments related to discontinued operations in 2011. The payments related to the discontinued operations were largely for legal fees related to the Heyser lawsuit, which is described in Note 10 of the notes to the accompanying consolidated financial statements. The advances are evidenced by promissory note in the amount of \$1,255,821, which provides for interest to be paid monthly on the unpaid principal balance of the note which began December 1, 2010, and has continued on the first day of each calendar month thereafter and will continue until the note is paid in full, at the rate of 8% per annum and the Company is current on the required interest payments. In addition, the note requires principal payments commencing on November 1, 2012 and on the first day of each calendar month thereafter in the amount of \$100,000 per month through September 1, 2013 and \$125,500 on October 1, 2013. The Third Amendment to the Loan Agreement with Wells Fargo states that no principal payment on the officer note can commence until the Wells Fargo loan is paid in full.

Note 12: Unaudited Quarterly Financial Information

	Quarter Ended			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
	(in thousands, except per share data)			
Total revenue	\$ 1,928	\$ 1,766	\$ 1,880	\$ 1,802
Operating income	832	641	741	708
Net income before income taxes from continuing operations	736	542	644	609
Net income from continuing operations	444	328	389	368
Loss from discontinued operations	(394)	(316)	-	-
Net income	50	12	389	368
Net income from continuing operations per common share				
Basic	.02	.02	.02	.02
Diluted	.02	.02	.02	.02
Net income per common share				
Basic	.00	.00	.02	.02
Diluted	.00	.00	.02	.02

	Quarter Ended			
	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
	(in thousands, except per share data)			
Total revenue	\$ 1,831	\$ 1,853	\$ 1,832	\$ 1,755
Operating income	728	788	735	692
Net income before income taxes from continuing operations	626	673	621	582
Net income from continuing operations	378	407	374	352
Loss from discontinued operations	(266)	(935)	-	-
Net income (loss)	112	(528)	374	352
Net income from continuing operations per common share				
Basic	\$.02	\$.02	\$.02	\$.02
Diluted	.02	.02	.02	.02
Net income (loss) per common share				
Basic	.01	(.03)	.02	.02
Diluted	.01	(.03)	.02	.02

Somerset CPA's
3925 River Crossing Parkway, Third Floor
P.O. Box 40368
Indianapolis, Indiana 46240-0368

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
NOBLE ROMAN'S, INC. AND SUBSIDIARIES
Indianapolis, Indiana

We have audited the accompanying consolidated balance sheets of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ Somerset CPA's, P.C.

Indianapolis, Indiana

March 13, 2012

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOBLE ROMAN'S, INC.

Date: October 29, 2013

By: /s/ Paul W. Mobley

Paul W. Mobley, Chairman, Chief Executive Officer,
Chief Financial Officer and Principal Accounting
Officer

I, Paul W. Mobley, certify that:

- (1) I have reviewed this amendment no. 1 to the annual report on Form 10-K of Noble Roman's, Inc.;
- (2) Based on my knowledge, this amendment no. 1 to the annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amendment no. 1 to the annual report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this amendment no. 1 to the annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this amendment no. 1 to the annual report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this amendment no. 1 to the annual report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2013

/s/ Paul W. Mobley

Paul W. Mobley
Chief Executive Officer and
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Amendment No. 1 to the Annual Report of Noble Roman's, Inc. (the "Company") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul W. Mobley, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2013

/s/ Paul W. Mobley

Paul W. Mobley
Chief Executive Officer and
Chief Financial Officer