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GOLDEN ENTERPRISES INC
Form 10-Q
January 14, 2008

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly (twenty-six weeks) period ended November 30, 2007

OR

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 _____ 0-4339 _____

GOLDEN ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

63-0250005

(State or other jurisdiction of
incorporation or organization)

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

One Golden Flake Drive
Birmingham, Alabama

35205

(Address of Principle Executive
Offices)

(Zip Code)

(205) 458-7316

(Registrant's telephone number, including area code)

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

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

Large accelerated filer Accelerated filer Non-accelerated X

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes () No (X)

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 31, 2007

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| Class | Outstanding at December 31, 2007 |
|--------------------------------|-------------------------------------|
| Common Stock, Par Value \$0.66 | 11,816,752 |
| 2/3 | |

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PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS GOLDEN ENTERPRISES, INC. AND SUBSIDIARY CONDENSED CONSOLIDATED BALANCE SHEETS

| | (Unaudited) November 30, 2007 | (Audited) June 1, 2007 |
|---------------------------|-------------------------------------|------------------------------|
| ASSETS | ----- | ----- |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 657,033 | \$ 7,416,396 |
| Receivables, net | 7,652,396 | 8,416,396 |

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| | | |
|--|---------------|---------|
| Notes receivable, current | 60,490 | |
| Inventories: | | |
| Raw materials and supplies | 1,742,620 | 1,3 |
| Finished goods | 3,019,417 | 3,0 |
| | ----- | ----- |
| | 4,762,037 | 4,3 |
| | ----- | ----- |
| Prepaid expenses | 1,765,583 | 1,6 |
| Deferred income taxes | 583,179 | 5 |
| | ----- | ----- |
| Total current assets | 15,480,718 | 15,8 |
| | ----- | ----- |
| PROPERTY, PLANT AND EQUIPMENT | 12,771,644 | 12,9 |
| OTHER ASSETS | | |
| Long-term note receivable | 1,627,779 | 1,6 |
| Other assets | 2,860,626 | 2,9 |
| | ----- | ----- |
| Total | \$ 32,740,767 | \$ 33,3 |
| | ===== | ===== |
| CURRENT LIABILITIES | | |
| Checks outstanding in excess of bank balances | \$ 1,615,637 | \$ 1,3 |
| Accounts payable | 3,446,766 | 3,7 |
| Accrued income taxes | 171,685 | 3 |
| Other accrued expenses | 4,574,149 | 5,0 |
| Salary continuation plan | 126,834 | 1 |
| Note payable - current | - | 2 |
| Line of credit outstanding | 812,562 | 6 |
| | ----- | ----- |
| Total current liabilities | 10,747,633 | 11,5 |
| | ----- | ----- |
| LONG-TERM LIABILITIES | | |
| Salary continuation plan | 1,541,876 | 1,5 |
| Deferred income taxes | 752,298 | 7 |
| | ----- | ----- |
| Total long-term liabilities | 2,294,174 | 2,3 |
| | ----- | ----- |
| STOCKHOLDER'S EQUITY | | |
| Common stock - \$.66-2/3 par value: | | |
| 35,000,000 shares authorized | | |
| Issued 13,828,793 shares | 9,219,195 | 9,2 |
| Additional paid-in capital | 6,497,954 | 6,4 |
| Retained earnings | 14,708,558 | 14,4 |
| | ----- | ----- |
| | 30,425,707 | 30,1 |
| Less: Cost of common shares in treasury (2,009,695 at November 30, 2007 and 1,993,463 at June 1, 2007) | (10,726,747) | (10,67 |
| | ----- | ----- |
| Total stockholder's equity | 19,698,960 | 19,4 |
| | ----- | ----- |
| Total | \$ 32,740,767 | \$ 33,3 |

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See Accompanying Notes to Condensed Consolidated Financial Statements

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | Thirteen Weeks Ended 11/30/07 | Thirteen Weeks Ended 12/01/06 | Twenty-Six Weeks Ended 11/30/07 | Twenty-Six Weeks Ended 12/01/06 |
|---|--|--|--|--|
| Net sales | \$ 27,504,759 | \$ 26,596,212 | \$ 55,898,987 | \$ 54,421,15 |
| Cost of sales | 14,213,757 | 14,235,696 | 28,621,556 | 28,906,89 |
| Gross margin | 13,291,002 | 12,360,516 | 27,277,431 | 25,514,25 |
| Selling, general and administrative expenses | 12,986,925 | 12,756,527 | 25,668,807 | 25,556,55 |
| Operating income (loss) | 304,077 | (396,011) | 1,608,624 | (42,29 |
| Other income (expenses): | | | | |
| Gain on sale of assets | 34,245 | 28,968 | 44,745 | 35,91 |
| Interest expense | (42,175) | (65,593) | (74,918) | (119,16 |
| Other income | 47,393 | 53,663 | 100,126 | 95,61 |
| Total other income | 39,463 | 17,038 | 69,953 | 12,36 |
| Income (loss) before income taxes | 343,540 | (378,973) | 1,678,577 | (29,93 |
| Income taxes | 148,215 | (139,845) | 640,879 | (11,03 |
| Net income (loss) | \$ 195,325 | \$ (239,128) | \$ 1,037,698 | \$ (18,90 |
| PER SHARE OF COMMON STOCK | | | | |
| Basic earnings | \$ 0.02 | \$ (0.02) | \$ 0.09 | \$ |
| Diluted earnings | \$ 0.02 | \$ (0.02) | \$ 0.09 | \$ |
| Weighted average number of common stock share outstanding: | | | | |
| Basic | 11,825,742 | 11,835,330 | 11,830,515 | 11,835,33 |
| Diluted | 11,825,742 | 11,835,330 | 11,830,515 | 11,835,33 |
| Cash dividends paid per share of common stock | \$ 0.0313 | \$ 0.0313 | \$ 0.0626 | \$ 0.062 |

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See Accompanying Notes to Condensed Consolidated Financial Statements

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Twenty-Six Weeks Ended 11/30/07 | Twenty-Six Weeks Ended 12/01/06 |
|--|---------------------------------------|---------------------------------------|
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 56,705,018 | \$ 55,193,626 |
| Interest income | 76,396 | 71,403 |
| Rental income | 16,924 | 20,135 |
| Miscellaneous income | 6,806 | 4,075 |
| Cash paid to suppliers & employees | (28,513,530) | (28,462,413) |
| Cash paid for operating expenses | (25,957,638) | (25,301,140) |
| Income taxes (paid)/received | (787,392) | (492,671) |
| Interest expenses paid | (74,918) | (119,162) |
| | ----- | ----- |
| Net cash from operating activities | 1,471,666 | 913,853 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (957,016) | (683,221) |
| Proceeds from sale of property, plant and equipment | 46,945 | 50,049 |
| Collection of notes receivable | 28,487 | 26,301 |
| | ----- | ----- |
| Net cash used in investing activities | (881,584) | (606,871) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Debt proceeds | 13,469,903 | 9,997,205 |
| Debt repayments | (13,550,916) | (9,199,783) |
| Change in checks outstanding in excess of bank balances | 229,974 | (114,852) |
| Cash dividends paid | (739,709) | (739,712) |
| Purchases of treasury shares | (49,153) | - |
| | ----- | ----- |
| Net cash used in financing activities | (639,901) | (57,142) |
| Net change in cash and cash equivalents | (49,819) | 249,840 |
| Cash and cash equivalents at beginning of period | 706,852 | 321,627 |
| | ----- | ----- |
| Cash and cash equivalents at end of period | \$ 657,033 | \$ 571,467 |
| | ===== | ===== |

See Accompanying Notes to Condensed Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) - CONTINUED

RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES
FOR THE TWENTY-SIX WEEKS ENDED NOVEMBER 30, 2007 AND DECEMBER 1, 2006

| | Twenty-Six Weeks Ended 11/30/07 | Twenty-Six Weeks Ended 12/01/06 |
|---|---------------------------------------|---------------------------------------|
| | ----- | ----- |
| Net Income | \$ 1,037,698 | \$ (18,905) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,139,806 | 1,116,050 |
| Gain on sale of property and equipment | (44,745) | (35,910) |
| Change in receivables - net | 806,031 | 772,476 |
| Change in inventories | (386,363) | (668,919) |
| Change in prepaid expenses | (142,683) | (219,866) |
| Change in other assets | 44,381 | 123,833 |
| Change in accounts payable | (313,733) | 322,524 |
| Change in accrued expenses | (486,609) | 59,955 |
| Change in salary continuation | (35,604) | (33,681) |
| Change in accrued income taxes | (146,513) | (503,704) |
| | ----- | ----- |
| Net cash provided by operating activities | \$ 1,471,666 | \$ 913,853 |
| | ===== | ===== |

See Accompanying Notes to Condensed Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

- The accompanying unaudited condensed consolidated financial statements of Golden Enterprises, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 to Regulation S-X. Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments

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(consisting only of normal, recurring accruals) necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and footnotes included in the Golden Enterprises, Inc. and subsidiary ("the Company") Annual Report on Form 10-K for year ended June 1, 2007.

2. The consolidated results of operations for the twenty-six weeks ended November 30, 2007 are not necessarily indicative of the results to be expected for the fifty-two week fiscal year ending May 30, 2008.
3. The following tables summarize the prepaid assets accounts at November 30, 2007 and December 1, 2006:

Prepaid Breakdown

| | November 30, 2007 | | December 1, 2006 |
|---------------------------|-------------------|----|------------------|
| | ----- | | ----- |
| Truck Shop Supplies | \$ 688,263 | \$ | 683,195 |
| Insurance Deposit | 187,980 | | 227,640 |
| Slotting Fees | 123,967 | | 160,450 |
| Deferred Advertising Fees | 411,750 | | 394,996 |
| Prepaid Insurance | 185,452 | | 177,292 |
| Prepaid Taxes/Licenses | 144,960 | | 130,439 |
| Prepaid Dues/Supplies | 3,929 | | 33,562 |
| Other | 19,282 | | 20,751 |
| | ----- | | ----- |
| | \$ 1,765,583 | \$ | 1,828,325 |
| | ===== | | ===== |

4. The principal raw materials used in the manufacture of the Company's snack food products are potatoes, corn, vegetable oils and seasoning. The principal supplies used are flexible film, cartons, trays, boxes and bags. These raw materials and supplies are generally available in adequate quantities in the open market from sources in the United States and are generally contracted up to a year in advance.
5. Inventories are stated at the lower of cost or market. Cost is computed on the first-in, first-out method.
6. In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting For Uncertainty in Income Taxes - an Interpretation of FASB Statement 109", (FIN 48). FIN 48 is effective for fiscal years beginning after December 15, 2006. FIN 48 was adopted in the current period and it did not have a material impact on the current period financial position, results of operations or cash flows.

7. The following table provides a reconciliation of the denominator used in computing basic earnings per share to the denominator used in computing diluted earnings per share for the twenty-six weeks ended November 30, 2007 and December 1, 2006:

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| | Twenty-Six Weeks Ended 11/30/07 | Twenty-Six Weeks Ended 12/01/06 |
|--|---------------------------------------|---------------------------------------|
| Weighted average number of common shares used in computing basic earnings per share | 11,830,515 | 11,835,330 |
| Effect of dilutive stock options | 0 | 0 |
| Weighted average number of common shares and dilutive potential common stock used in computing dilutive earnings per share | 11,830,515 | 11,835,330 |
| Stock options excluded from the above reconciliation because they are anti-dilutive | 369,000 | 369,000 |

8. The Company has a letter of credit in the amount of \$2,314,857 outstanding at November 30, 2007, compared to \$2,668,846 at December 1, 2006. The letter of credit supports the Company's commercial self-insurance program.
9. The Company has a line-of-credit agreement with a local bank that permits borrowing up to \$2 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the advance application. The Company's line-of-credit debt as of November 30, 2007 was \$812,562 with an interest rate of 7.75%, leaving the Company with \$1,187,438 of credit availability. The Company's line-of-credit debt as of December 1, 2006 was \$1,471,363 with an interest rate of 8.25%, leaving the Company with \$528,637 of credit availability.
10. The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables.

The Company maintains deposit relationships with high credit quality financial institutions. The Company's trade receivables result primarily from its snack food operations and reflect a broad customer base, primarily large grocery store chains located in the Southeastern United States. The Company routinely assesses the financial strength of its customers. As a consequence, concentrations of credit risk are limited.

The Company's notes receivable require collateral and management believes they are well secured.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have reviewed the accompanying interim consolidated balance sheet of Golden Enterprises, Inc. and subsidiary as of November 30, 2007 and the related interim consolidated statements of income and cash flows for the twenty-six week period then ended. These financial statements are the responsibility of the Company's

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management.

We conducted our review in accordance with standards established by the Public Accounting Oversight Board (United States). A review of interim financial statements consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expressions of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of June 1, 2007 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the fiscal year then ended (not presented herein), and in our report dated July 31, 2007 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of June 1, 2007, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Birmingham, Alabama
January 10, 2008

DUDLEY, HOPTON-JONES, SIMS & FREEMAN PLLP

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ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of our financial condition and results of operations are based upon the condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. This discussion should be read in conjunction with our recent SEC filings, including Form 10-K for the year ended June 1, 2007. The preparation of these financial statements requires us to make estimates and judgments about future events that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. Future events and their effects cannot be determined with absolute certainty. Therefore, management's determination of estimates and judgments about the carrying values of assets and liabilities requires the exercise of judgment in the selection and application of assumptions based on various factors, including historical experience, current and expected economic conditions and other factors believed to be reasonable under the circumstances. We routinely evaluate our estimates including those considered significant and discussed in detail in Form 10-K for the year ended June 1, 2007. Actual results may differ from these estimates under different assumptions or conditions and such differences may be material.

OVERVIEW

The Company manufactures and distributes a full line of snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried

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cheese curls, onion rings and puff corn. The products are all packaged in flexible bags or other suitable wrapping material. The Company also sells a line of cakes and cookie items, canned dips, pretzels, peanut butter crackers, cheese crackers, dried meat products and nuts packaged by other manufacturers using the Golden Flake label.

No single product or product line accounts for more than 50% of the Company's sales, which affords some protection against loss of volume due to a crop failure of major agricultural raw materials. Raw materials used in manufacturing and processing the Company's snack food products are purchased on the open market and under contract through brokers and directly from growers. A large part of the raw materials used by the Company consists of farm commodities which are subject to precipitous changes in supply and price. Weather varies from season to season and directly affects both the quality and supply available. The Company has no control of the agricultural aspects and its profits are affected accordingly.

The Company sells its products through its own sales organization and independent distributors to commercial establishments that sell food products primarily in the Southeastern United States. The products are distributed through the independent distributors and approximately 429 route representatives who are supplied with selling inventory by the Company's trucking fleet. All of the route representatives are employees of the Company and use the Company's direct-store delivery system.

OTHER MATTERS

Transactions with related parties, reported in Note 12 of the Notes to Consolidated Financial Statements in the Annual Report to Stockholders for fiscal year ended June 1, 2007, are conducted on an arm's-length basis in the ordinary course of business.

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LIQUIDITY AND CAPITAL RESOURCES

Working Capital was \$4,264,588 at June 1, 2007 and \$4,733,085 at the end of the second quarter. Net cash provided by operating activities amounted to \$1,471,666 for the twenty-six weeks ended November 30, 2007 compared to \$913,853 for the same period last year.

Cash dividends of \$369,853 were paid during this year's second quarter compared to \$369,856 last year. Cash was used to purchase 16,136 shares of treasury stock this quarter in the amount of \$48,852. The Company's current ratio was 1.44 to 1.00 at November 30, 2007 compared to 1.30 to 1.00 at December 1, 2006.

Accounts Receivable and Allowance for Doubtful Accounts

At November 30, 2007 and June 1, 2007 the Company had accounts receivables in the amount of \$7,652,396 and \$8,458,427, net of an allowance for doubtful accounts of \$70,000 and \$112,915, respectively. The Company purchased credit insurance for accounts receivable during the thirteen weeks which reduced allowance for doubtful accounts to \$70,000. Without credit insurance, the allowance for doubtful accounts would have been \$98,553 compared to \$112,915 last year.

The following table summarizes the Company's customer accounts receivable

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profile as of November 30, 2007:

| Amount Range ----- | No. of Customers ----- |
|-------------------------------|---------------------------|
| Less than \$1,000.00 | 1,201 |
| \$1,001.00-\$10,000.00 | 524 |
| \$10,001.00-\$100,000.00 | 109 |
| \$100,001.00-\$500,000.00 | 8 |
| \$500,001.00-\$1,000,000.00 | 1 |
| \$1,000,001.00-\$2,500,000.00 | 0 |
| | ----- |
| Total All Accounts | 1,843 |
| | ===== |

The following table summarizes the significant contractual obligations of the Company as of November 30, 2007:

| Contractual Obligations ----- | Total ----- | Current ----- | 2-3 Years ----- | 4-5 Years ----- | Thereafter ----- |
|----------------------------------|----------------|------------------|--------------------|--------------------|---------------------|
| Vehicle Leases | \$ 1,094,150 | \$ 256,048 | \$ 488,560 | \$ 349,542 | \$ |
| Salary Continuation Plan | 1,668,710 | 126,834 | 286,123 | 335,590 | \$ |
| | ----- | ----- | ----- | ----- | ----- |
| Total Contractual Obligations | \$ 2,762,860 | \$ 382,882 | \$ 774,683 | \$ 685,132 | \$ |
| | ===== | ===== | ===== | ===== | ===== |

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Other Commitments

Available cash, cash from operations and available credit under the line-of-credit are expected to be sufficient to meet anticipated cash expenditures and normal operating requirements for the foreseeable future.

OPERATING RESULTS

For the thirteen weeks ended November 30, 2007, net sales increased 3.4% from the comparable period in fiscal 2007. For the twenty-six weeks ended November 30, 2007, net sales increased 2.7% from the comparable period in fiscal 2007. This year's second quarter cost of sales was 51.7% of net sales compared to 53.5% for last year's second quarter. This year's second quarter, selling, general, and administrative expenses were 47.2% of net sales compared to 48.0% for last year's second quarter. This year's year to date, selling, general and administrative expenses were 45.9% of net sales compared to 47.0% for last year's year to date.

The following tables compare manufactured products to resale products:

Manufactured Products-Resale Products

| | |
|----------------------|----------------|
| Thirteen Weeks Ended | Thirteen Weeks |
|----------------------|----------------|

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| | November 30, 2007 | | Ended December 1, 2006 | |
|-----------------------|---|--------|--|--------|
| Sales | | % | | % |
| Manufactured Products | \$ 22,147,538 | 80.5% | \$ 21,230,021 | 79.8% |
| Resale Products | 5,357,221 | 19.5% | 5,366,191 | 20.2% |
| Total | \$ 27,504,759 | 100.0% | \$ 26,596,212 | 100.0% |
| ===== | | | | |
| Gross Margin | | % | | % |
| Manufactured Products | \$ 11,592,903 | 52.3% | \$ 10,017,471 | 47.2% |
| Resale Products | 1,698,099 | 31.7% | 2,343,045 | 43.7% |
| Total | \$ 13,291,002 | 48.3% | \$ 12,360,516 | 46.5% |
| ===== | | | | |
| | Twenty-Six Weeks Ended November 30, 2007 | | Twenty-Six Weeks Ended December 1, 2006 | |
| Sales | | % | | % |
| Manufactured Products | \$ 45,080,534 | 80.6% | \$ 43,471,893 | 79.9% |
| Resale Products | 10,818,453 | 19.4% | 10,949,257 | 20.1% |
| Total | \$ 55,898,987 | 100.0% | \$ 54,421,150 | 100.0% |
| ===== | | | | |
| Gross Margin | | % | | % |
| Manufactured Products | \$ 23,802,650 | 52.8% | \$ 20,689,550 | 47.6% |
| Resale Products | 3,474,781 | 32.1% | 4,824,702 | 44.1% |
| Total | \$ 27,277,431 | 48.8% | \$ 25,514,252 | 46.9% |
| ===== | | | | |

The Company's gain on sales of assets for the thirteen weeks ended November 30, 2007 in the amount of \$34,245 was from the sale of used transportation equipment for cash.

For last year's thirteen weeks, the gain on sale of assets was \$28,968 from the sale of used equipment for cash.

The Company's effective tax rate for the thirteen weeks was 43.1% compared to -36.9% for the last year's thirteen weeks and 38.2% for the twenty-six weeks this year and -36.9% last year.

MARKET RISK

The principal market's risks (i.e., the risk of loss arising from adverse changes in market rates and prices), to which the Company is exposed, are interest rates on its bank loans, and commodity prices affecting the cost of its raw materials.

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Included in the Company's cash and cash equivalents are short-term marketable securities. Presently, these are variable rate money market mutual funds. Assuming November 30, 2007 variable rate investment levels and a one-point change in interest rates would impact interest income by \$4,042 on an annual basis.

The Company is subject to market risk with respect to commodities because its ability to recover increased costs through higher pricing may be limited by the competitive environment in which it operates. Commodity prices are projected to reach record highs in 2008 which will have an effect on both manufacturing and distribution costs. The Company purchases its raw materials on the open market and under contract through brokers or directly from growers. Future contracts have been used occasionally to hedge immaterial amounts of commodity purchases, but none are presently being used.

INFLATION

Certain costs and expenses of the Company are affected by inflation. The Company's prices for its products over the past several years have remained relatively flat. The Company will contend with the effect of further inflation through efficient purchasing, improved manufacturing methods, pricing and by monitoring and controlling expenses.

ENVIRONMENTAL MATTERS

There have been no material effects of compliance with governmental provisions regulating discharge of materials into the environment.

FORWARD-LOOKING STATEMENTS

This discussion contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those forward-looking statements. Factors that may cause actual results to differ materially include price competition, industry consolidation, raw material costs and effectiveness of sales and marketing activities, as described in the Company's filings with the Securities and Exchange Commission.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Included in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations- Market Risk beginning on page 10.

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ITEM 4

CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in

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Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures provided reasonable assurance that the disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and in accumulating and communicating such information to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the Company's second fiscal quarter ended November 30, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the period covered by this report.

PART II OTHER INFORMATION

ITEM 1

LEGAL PROCEEDINGS

There are no material pending legal proceedings against the Company or its subsidiary other than routine litigation incidental to the business of the Company and its subsidiary.

ITEM 1-A

RISK FACTORS

There are no material changes in our risk factors from those disclosed in our 2007 Annual Report on Form 10-K.

ITEM 2

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company did not sell any equity securities during the period covered by this report.

Registrant Purchases of Equity Securities.

Cash was used to purchase 16,136 shares of treasury stock for the quarterly period ended November 30, 2007 in the amount of \$48,360. In addition, commission fees in the sum of \$492 were paid to the broker.

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| Period | (a) Total Number of Shares (or Units) Purchased | (b) Average Price Paid per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|---------------------------|---|--|---|---|
| Month #1 | | | | |
| Sept. 1 to Sept. 30, | 1,396 | \$3.00 | | |
| Month #2 | | | | |
| October 1 to October 31 | 13,341 | \$3.00 | | |
| Month #3 | | | | |
| November 1 to November 30 | 1,399 | \$3.00 | | |

ITEM 3

DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4

SUBMISSION OF MATTERS TO
A VOTE OF SECURITY HOLDERS

Item 4. Submission of Matters to a Vote of Security Holders

- (a) The Annual Meeting of Stockholders of Golden Enterprises, Inc. was held on September 20, 2007.
- (b) All director nominees were elected.
- (c) The following is a tabulation of the voting for the election of Directors:

ELECTION OF DIRECTORS

| Names | Votes For | Votes Withheld |
|-----------------------|------------|----------------|
| John S. Stein | 9,823,413 | 467,572 |
| Edward R. Pascoe | 10,210,420 | 80,565 |
| John P. McKleroy, Jr. | 9,880,657 | 410,328 |
| James I. Rotenstreich | 10,211,320 | 79,665 |
| John S.P. Samford | 10,244,412 | 46,573 |
| J. Wallace Nall, Jr. | 9,857,084 | 433,901 |
| F. Wayne Pate | 9,823,489 | 467,496 |

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| | | |
|--------------------|-----------|---------|
| Joann F. Bashinsky | 9,825,765 | 465,220 |
| Mark W. McCutcheon | 9,927,260 | 363,725 |

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ITEM 5

OTHER INFORMATION

Not applicable.

ITEM 6

EXHIBITS

- (3) Articles of Incorporation and By-laws of Golden Enterprises, Inc.
- 3.1 Certificate of Incorporation of Golden Enterprises, Inc. (originally known as "Golden Flake, Inc.") dated December 11, 1967 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
- 3.2 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated December 22, 1976 (incorporated by reference to Exhibit 3.2 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
- 3.3 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 2, 1978 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1979 Form 10-K filed with the Commission).
- 3.4 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 4, 1979 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1980 Form 10-K filed with the Commission).
- 3.5 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 24, 1982 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1983 Form 10-K filed with the Commission).
- 3.6 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 22, 1983 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1983 filed with the Commission).
- 3.7 Certificate of Amendment of Certificate of Incorporation of Golden

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Enterprises, Inc. dated October 3, 1985 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1985 filed with the Commission).

- 3.8 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 23, 1987 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).
- 3.9 By-Laws of Golden Enterprises, Inc. (incorporated by reference to Exhibit 3.4 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).

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(10) Material Contracts.

- 10.1 A Form of Indemnity Agreement executed by and between Golden Enterprises, Inc. and Each of its Directors (incorporated by reference as Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1987 filed with the Commission).
- 10.2 Amended and Restated Salary Continuation Plans for John S. Stein (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1990 Form 10-K filed with the Commission).
- 10.3 Indemnity Agreement executed by and between the Company and S. Wallace Nall, Jr. (incorporated by reference as Exhibit 19.4 to Golden Enterprises, Inc. May 31, 1991 Form 10-K filed with the Commission).
- 10.4 Salary Continuation Plans - Retirement Disability and Death Benefits for F. Wayne Pate (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).
- 10.5 Indemnity Agreement executed by and between the Company and F. Wayne Pate (incorporated by reference as Exhibit 19.3 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).
- 10.6 Golden Enterprises, Inc. 1996 Long-Term Incentive Plan (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 1997 Form 10-K filed with the Commission).
- 10.7 Equipment Purchase and Sale Agreement dated October 2000 whereby Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., sold the Nashville, Tennessee Plant Equipment (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 2001 Form 10-K filed with the Commission).
- 10.8 Real Property Contract of Sale dated October 2000 whereby Golden Flake Snack Foods, Inc. sold the Nashville, Tennessee Plant Real Property

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(incorporated by reference as Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2001 Form 10-K filed with the Commission).

10.9 Amendment to Salary Continuation Plans, Retirement and Disability for F. Wayne Pate dated April 9, 2002 (incorporated by reference to Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

10.10 Amendment to Salary Continuation Plans, Retirement and Disability for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.3 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

10.11 Amendment to Salary Continuation Plan, Death Benefits for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.4 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

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10.12 Retirement and Consulting Agreement for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.5 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

10.13 Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.6 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

10.14 Trust Under Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.7 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).

10.15 Lease of aircraft executed by and between Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., and Joann F. Bashinsky dated February 1, 2006 (incorporated by reference to Exhibit 10.15 to Golden Enterprises, Inc. June 2, 2006 Form 10-K filed with the Commission).

(31) Certifications

3 1.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

32. 1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002,

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32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(99) Additional Exhibits

99.1 A copy of excerpts of the Last Will and Testament and Codicils thereto of Sloan Y. Bashinsky, Sr. and of the SYB Common Stock Trust created by Sloan Y. Bashinsky, Sr. providing for the creation of a Voting Committee to vote the shares of common stock of Golden Enterprises, Inc. held by SYB, Inc. and the Estate/Testamentary Trust of Sloan Y. Bashinsky, Sr. (Incorporated by reference to Exhibit 99.1 to Golden Enterprises, Inc. May 31, 2005 Form 10-k filed with the Commission).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GOLDEN ENTERPRISES, INC.

(Registrant)

Dated: January 11, 2008

/s/Mark W. McCutcheon

Mark W. McCutcheon
President and
Chief Executive Officer

Dated: January 11, 2008

/s/ Patty Townsend

Patty Townsend
Vice-President and
Chief Financial Officer
(Principal Accounting Officer)

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