

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended June 24, 1995

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-14616

J & J SNACK FOODS CORP.
(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

22-1935537
(I.R.S. Employer
Identification No.)

6000 Central Highway, Pennsauken, NJ 08109
(Address of principal executive offices)

Telephone (609) 665-9533

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

As of July 21, 1995, there were 9,339,993 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	June 24, 1995 (Unaudited)	September 24, 1994
Current assets		
Cash and cash equivalents	\$ 9,310,000	\$ 6,621,000
Marketable securities available for sale	4,825,000	4,443,000
Accounts receivable	17,066,000	17,176,000
Inventories	10,989,000	11,519,000
Prepaid expenses and deposits	1,712,000	1,611,000
	43,902,000	41,370,000
Property, plant and equipment, at cost		
Land	819,000	973,000
Buildings	5,119,000	5,119,000
Plant machinery and equipment	37,705,000	35,045,000
Marketing equipment	73,652,000	70,311,000
Transportation equipment	2,219,000	2,622,000
Office equipment	3,468,000	3,355,000
Improvements	5,038,000	4,741,000
Construction in progress	902,000	750,000
	128,922,000	122,916,000
Less accumulated depreciation and amortization	68,552,000	59,788,000
	60,370,000	63,128,000
Other assets		
Goodwill, trademarks and rights, less accumulated amortization	8,862,000	9,793,000
Long term investments available for sale	990,000	-
Long term investments held to maturity	6,881,000	10,764,000
Sundry	2,602,000	2,311,000
	19,335,000	22,868,000
	\$123,607,000	\$127,366,000

See accompanying notes to the consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	June 24, 1995 (Unaudited)	September 24, 1994
Current liabilities		
Current maturities of long-term debt	\$ 15,000	\$ 15,000
Accounts payable	11,478,000	11,854,000
Accrued liabilities	5,592,000	4,537,000
	17,085,000	16,406,000
Long-term debt, less current maturities	5,016,000	5,028,000
Deferred income	692,000	692,000
Deferred income taxes	4,678,000	4,695,000
Stockholders' equity		
Capital stock		
Preferred, \$1 par value; authorized, 5,000,000 shares; none issued	-	-
Common, no par value; authorized, 25,000,000 shares; issued and outstanding, 9,359,000 and 9,889,000, respectively	43,612,000	49,946,000
Foreign currency translation adjustment	(1,070,000)	-
Retained earnings	53,594,000	50,599,000
	96,136,000	100,545,000
	\$123,607,000	\$127,366,000

See accompanying notes to the consolidated financial statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

	Three months ended		Nine months ended	
	June 24, 1995	June 25, 1994	June 24, 1995	June 25, 1994
Net Sales	\$47,876,000	\$45,166,000	\$129,410,000	\$123,842,000
Cost of goods sold	24,262,000	21,602,000	64,717,000	59,171,000
Gross profit	23,614,000	23,564,000	64,693,000	64,671,000
Operating expenses				
Marketing	14,955,000	12,652,000	41,757,000	36,745,000
Distribution	4,570,000	4,770,000	13,589,000	13,661,000
Administrative	1,789,000	1,894,000	5,829,000	5,851,000
Amortization of intangibles and deferred costs	214,000	218,000	647,000	627,000
	21,528,000	19,534,000	61,822,000	56,884,000
Operating income	2,086,000	4,030,000	2,871,000	7,787,000
Other income (deductions)				
Investment income	353,000	286,000	944,000	858,000
Interest expense	(92,000)	(112,000)	(304,000)	(343,000)

Sundry	823,000	(106,000)	1,289,000	471,000
Earnings before income taxes	3,170,000	4,098,000	4,800,000	8,773,000
Income taxes	1,192,000	1,541,000	1,805,000	3,299,000
NET EARNINGS	\$ 1,978,000	\$ 2,557,000	\$ 2,995,000	\$ 5,474,000
Earnings per common share	\$.21	\$.25	\$.31	\$.52
Weighted average number of shares	9,482,000	10,267,000	9,660,000	10,529,000

See accompanying notes to the consolidated financial statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended	
	June 24, 1995	June 25, 1994
Cash flows from operating activities:		
Net earnings	\$ 2,995,000	\$ 5,474,000
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	11,101,000	10,189,000
Amortization of intangibles and deferred costs	762,000	742,000
Gain from disposals of property & equipment	(1,132,000)	(416,000)
(Decrease) increase in deferred income taxes	(17,000)	417,000
Other adjustments	(104,000)	-
Changes in assets and liabilities		
Increase in accounts receivable	(55,000)	(38,000)
Increase in inventories	(168,000)	(1,514,000)
Increase in prepaid expenses	(199,000)	(449,000)
Increase in accounts payable and accrued liabilities	975,000	1,794,000
Net cash provided by operating activities	14,158,000	16,199,000
Cash flows from investing activities:		
Capital expenditures	(9,933,000)	(14,230,000)
Proceeds from sale of company	405,000	-
Payments for purchase of companies, net of cash acquired and debt assumed	-	(1,535,000)
Proceeds from investments held to maturity	375,000	7,949,000
Payments for investments held to maturity	(500,000)	(4,171,000)
Proceeds from investments available for sale	5,610,000	1,720,000
Payments for investments available for sale	(2,981,000)	(7,358,000)
Proceeds from disposals of property & equipment	1,351,000	646,000
Decrease in bond trust fund	655,000	1,480,000
Other	(106,000)	(35,000)
Net cash used in investing activities	(5,124,000)	(15,534,000)
Cash flows from financing activities:		
Proceeds from issuance of common stock	273,000	749,000
Payments to repurchase common stock	(6,607,000)	(5,582,000)
Payments of long-term debt	(11,000)	(766,000)
Net cash used in financing activities	(6,345,000)	(5,599,000)
Net increase (decrease) in cash and cash equivalents	2,689,000	(4,934,000)
Cash and cash equivalents at beginning of period	6,621,000	8,457,000
Cash and cash equivalents at end of period	\$ 9,310,000	\$ 3,523,000

See accompanying notes to the consolidated financial statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and the results of operations and cash flows.

The results of operations for the three months and nine months ended June 24, 1995 and June 25, 1994 are not necessarily indicative of results for the full year. Sales of the Company's retail stores are generally higher in the first quarter due to the holiday shopping season. Sales of the Company's frozen carbonated beverages are generally higher in the third and fourth quarters due to seasonal factors.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes included in the Company's Annual Report on Form 10-K for the year ended September 24, 1994.

Note 2 Earnings per share are based on the weighted average number of common shares outstanding, including common stock equivalents (stock options).

Note 3 Inventories consist of the following:

	June 24, 1995	September 24, 1994
Finished goods	\$ 4,907,000	\$ 5,538,000
Raw materials	1,147,000	1,293,000
Packaging materials	2,137,000	1,777,000
Equipment parts & other	2,798,000	2,911,000
	\$10,989,000	\$11,519,000

Note 4 The Company adopted FAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" at December 24, 1994. This new standard requires investments in securities to be classified in one of three categories: held to maturity, trading and available for sale. Debt securities that the Company has the positive intent and ability to hold to maturity

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are classified as held to maturity and are reported at amortized cost. As the Company does not engage in security trading, the balance of its debt securities and any equity securities are classified as available for sale. Net unrealized gains and losses for such securities, net of tax are reported as a separate component of stockholders' equity and excluded from the determination of net income.

Proceeds on sales of securities classified as available for sale were \$3,525,000 in the quarter ended June 24, 1995 with a \$18,000 gain realized and \$5,610,000 in the nine months ended June 24, 1995 with a gain of \$21,000 realized. The Company uses the specific identification method to determine the cost of securities sold.

The amortized cost, unrealized gains and losses, and fair market values of the Company's available for sale and held to maturity securities held at June 24, 1995 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available for Sale Securities				
Equity Securities	\$ -	\$12,000	\$ -	\$ 12,000

Corporate Debt Securities	996,000	-	55,000	941,000
Municipal Government Securities	4,819,000	1,000	23,000	4,797,000
	\$5,815,000	\$13,000	\$ 78,000	\$5,750,000

Held to Maturity Securities

Corporate Debt Securities	\$1,021,000	\$ 1,000	\$ 28,000	\$ 994,000
Municipal Government Securities	5,360,000	41,000	146,000	5,255,000
Other	500,000	-	-	500,000
	\$6,881,000	\$42,000	\$174,000	\$6,749,000

The following table lists the maturities of debt securities held at June 24, 1995 classified as available for sale and held to maturity:

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Market Value	Amortized Cost	Estimated Fair Market Value
Due in one year or less	\$4,825,000	\$4,807,000	\$ -	\$ -
Due after one year through five years	495,000	488,000	6,881,000	6,749,000
Due after five years	495,000	443,000	-	-
Total	\$5,815,000	\$5,738,000	\$6,881,000	\$6,749,000

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Company's current cash and marketable securities balances and cash expected to be provided by future operations are its primary sources of liquidity. The Company believes that these sources, along with its borrowing capacity, are sufficient to fund future growth and expansion.

The devaluation of the Mexican peso caused a reduction of \$1,071,000 in stockholders' equity for the nine months ended June 24, 1995 because of the revaluation of the net assets of the Company's frozen carbonated beverage subsidiary. The Company is experiencing a dollar decline in the sales of this subsidiary of about 50% due primarily to the devaluation. The Company anticipates that the sales decline from last year's levels will continue for at least the balance of its fiscal year. In fiscal year 1994, sales of the Mexican subsidiary were \$3,198,000.

During the nine months ended June 24, 1995, the Company purchased and retired 564,100 shares of its common stock at a cost of \$6,607,000.

During the third quarter, the Company sold its syrup and flavor manufacturing subsidiary, Western Syrup Company, to an unrelated third party for cash and notes. The Company does not anticipate that the sale of Western will have a material impact on its operations or financial position.

Available to the Company are unsecured general purpose bank lines of credit totalling \$25,000,000.

Results of Operations

Net sales increased \$2,710,000 or 6% to \$47,876,000 for the three months and \$5,568,000 or 4% to \$129,410,000 for the nine months ended June 24, 1995. Net sales, excluding sales of Western Syrup Company for all periods, increased \$3,490,000 or 8% for the three months and \$7,720,000 or 6% for the nine month period.

Sales to food service customers increased \$2,332,000 or 13% in the third quarter to \$19,623,000 and \$5,485,000 or 11% to \$56,525,000 in the nine months. Soft pretzel sales to the food service market increased 11% to \$12,502,000 in the third quarter and 10% to \$37,092,000 in the nine months due primarily to expanded unit volume. New channels of distribution and new products accounted for most of the added pretzel volume. Frozen juice treat and dessert sales increased 35% to \$3,458,000 in the three months and 13% to \$8,971,000 in the nine months. Churro sales to food service customers decreased 2% to \$2,548,000 in the third quarter and 4% to \$6,861,000 in the nine months. One customer accounted for all of the churros sales decrease. All food service sales increases were due primarily to expanded unit volume.

Sales of products to retail supermarkets increased \$1,856,000 or 21% to \$10,868,000 in the third quarter and \$1,915,000 or 7% to \$28,370,000 in the nine months. Soft pretzel sales for the third quarter were up 8% to \$5,292,000 and for the nine months were up less than 1% to \$19,423,000. Sales of the flagship SUPERPRETZEL brand soft pretzels, excluding SOFTSTIX, increased 10% in the third quarter and 2% in the nine months due to unit volume increases. Softstix sales decreased \$178,000 to \$600,000 in the third quarter and \$565,000 to \$3,011,000 in the nine months. Sales of Luigi's Real Italian Ice increased \$1,456,000 or 37% to \$5,339,000 in the third quarter and \$2,023,000 or 32% in the nine months. All of the retail supermarket increases and decreases were due primarily to changes in unit volume.

Frozen carbonated beverage and related product sales decreased \$243,000 or 2% to \$12,222,000 in the third quarter and \$660,000 or 2% to \$28,471,000 in the nine months. Sales of the Company's Mexican frozen carbonated beverage subsidiary were down \$433,000 or 46% in the third quarter and \$924,000 or 39% in the nine months due to the devaluation of the peso and the business downturn in Mexico. Equipment and parts sales were down \$89,000 or 55% in the third quarter and \$276,000 or 58% in the nine months due to reduced demand. Beverage sales alone decreased 2% to \$11,602,000 in the third quarter and 1% to \$26,963,000 in the nine months primarily because of lower sales in Mexico and the net loss of higher volume accounts elsewhere.

Bakery sales decreased \$518,000 or 16% to \$2,798,000 in the third quarter and \$377,000 or 5% to \$7,084,000 in the nine months. The decline was due to a reduction in purchases by a single customer. Bavarian Pretzel Bakery sales increased 3% to \$2,365,000 in the third quarter and 6% to \$8,029,000 in the nine month period.

Gross profit as a percentage of sales decreased to 49% and 50% in the current three and nine month periods from 52% in the comparable periods last year. The gross profit percentage decreases are primarily attributable to higher packaging and raw material costs and increased manufacturing overhead costs due to recent expansions of production capacities.

Total operating expenses increased \$1,994,000 in the third quarter and as a percentage of sales increased to 45% from 43% in last year's same quarter. For the nine months, operating expenses increased \$4,938,000 and as a percentage of sales increased to 48% from 46% last year. Marketing expenses increased from 28% to 31% in the third quarter and from 30% to 32% in the nine months primarily because of higher frozen carbonated beverage marketing expenses combined with lower frozen carbonated beverage sales compared to last year and higher retail supermarket promotional spending. Distribution expenses decreased to 10% of sales in this year's third quarter from 11% last year and were 11% of sales in both nine month periods. Administrative expenses were 4% of sales in both three month periods and 5% of sales in both nine month periods.

Operating income decreased \$1,944,000 or 48% to \$2,086,000 in the third quarter and \$4,916,000 or 63% to \$2,871,000 in the nine months.

Investment income increased in the third quarter and nine months due primarily to higher levels of interest rates on invested funds. Interest expense decreased in the third quarter and nine months due to the reduction of debt.

Sundry income of \$823,000 in the third quarter compared to sundry expense of \$106,000 in last year's quarter, and for the nine months, sundry income of \$1,289,000 this year compared to \$471,000 last year. The sundry income this year included gains on insurance settlements, gains on sales of land and a gain on the sale of Western Syrup Company, while last year's nine month income included a gain on the sale of land.

The effective income tax rate has been estimated at 38% in all periods.

Net earnings decreased \$579,000 or 23% in the current three month period to \$1,978,000 and decreased \$2,479,000 or 45% in the current nine month period to \$2,995,000.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- a) Exhibits - None
- b) Reports on Form 8-K - There were no reports on Form 8-K for the three months ended June 24, 1995.

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 thereunto duly authorized.

J & J SNACK FOODS CORP.

Dated: August 2, 1995

/s/ Gerald B. Shreiber
Gerald B. Shreiber
President

Dated: August 2, 1995

/s/ Dennis G. Moore
Dennis G. Moore
Senior Vice President and
Chief Financial Officer

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 thereunto duly authorized.

J & J SNACK FOODS CORP.

Dated: August 2, 1995

Gerald B. Shreiber
President

Dated: August 2, 1995

Dennis G. Moore
Senior Vice President and
Chief Financial Officer

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