

GOLDEN ENTERPRISES INC  
Form 10-K  
August 23, 2011  
UNITED STATES

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

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

For the fiscal year ended June 3, 2011

OR

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

Commission File No. 0-4339

GOLDEN ENTERPRISES, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

63-0250005  
(I.R.S. Employer  
Identification No.)

One Golden Flake Drive  
Birmingham, Alabama 35205  
(Address of Principal Executive Offices) (Zip Code)  
Registrant's Telephone Number including area code: (205) 458-7316

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

|                                    |                                      |
|------------------------------------|--------------------------------------|
| Title Of Class                     | Name of exchange on which registered |
| Common Stock, Par Value \$0.66 2/3 | NASDAQ Stock Market, LLC             |

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

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

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 (X)

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 has submitted electronically and posted on its corporate Web site, 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 ( )

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. (X)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Act). (Check One)

Large accelerated filer ( ) Accelerated filer ( ) Non-accelerated filer ( ) Smaller reporting company(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)

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State the aggregate market value of the voting common stock held by non-affiliates of the registrant as of November 26, 2010. Common Stock, Par Value \$0.66 <sup>2</sup>/<sub>3</sub> --\$20,602,162

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of July 29, 2011.

| Class   | Outstanding at July 29, 2011 |
|---|------------------------------|
| Common Stock, Par Value<br>\$0.66 <sup>2</sup> / <sub>3</sub> | 11,734,632 shares            |

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Annual Proxy Statement for the Annual Meeting of Stockholders to be held on September 22, 2011 are incorporated by reference into Part III.

TABLE OF CONTENTS

FORM 10-K ANNUAL REPORT –2011  
GOLDEN ENTERPRISES, INC.

|  | Page |
|--|------|
| PART I.  |      |
| Item 1. Description of Business  | 4    |
| Item 1A. Risk Factors  | 8    |
| Item 1B. Unresolved Staff Comments   | 8    |
| Item 2. Properties   | 9    |
| Item 3. Legal Proceedings  | 9    |
| Item 4. Submission of Matters to a Vote of Security Holders  | 9    |
| PART II.   |      |
| Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 10   |
| Item 6. Selected Financial Data  | 11   |
| Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations                        | 12   |
| Item 7A. Quantitative And Qualitative Disclosures About Market Risk  | 16   |
| Item 8. Financial Statements and Supplementary Data  | 16   |
| Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure                         | 35   |
| Item 9A(T). Controls and Procedures  | 35   |
| Item 9B. Other Information   | 37   |
| PART III.  |      |
| Item 10. Directors and Executive Officers and Corporate Governance   | 37   |
| Item 11. Executive Compensation  | 37   |
| Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters              | 37   |
| Item 13. Certain Relationships and Related Transactions and Director Independence                                    | 37   |
| Item 14. Principal Accountant Fees and Services  | 38   |
| PART IV.   |      |
| Item 15. Exhibits and Financial Statement Schedules  | 38   |



## PART I

### ITEM 1. – DESCRIPTION OF BUSINESS

Golden Enterprises, Inc. (the “Company”) is a holding company which owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc., a wholly-owned operating subsidiary company (“Golden Flake”).

The Company was originally organized under the laws of the State of Alabama as Magic City Food Products, Inc. on June 11, 1946. On March 11, 1958, it adopted the name Golden Flake, Inc. The Company was reorganized December 31, 1967 as a Delaware corporation without changing any of its assets, liabilities, or business. On January 1, 1977, the Company, which had been engaged in the business of manufacturing and distributing potato chips, fried pork skins, cheese curls, and other snack foods, spun off its operating division into a separate Delaware corporation known as Golden Flake Snack Foods, Inc. and adopted its present name of Golden Enterprises, Inc.

The Company owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc.

#### Golden Flake Snack Foods, Inc.

##### General

Golden Flake Snack Foods, Inc. (“Golden Flake”) is a Delaware corporation with its principal place of business and home office located at One Golden Flake Drive, Birmingham, Alabama. Golden Flake has been a premiere producer, marketer, and distributor of snack products in the Southeastern United States since 1923. The Company manufactures and distributes a full line of high quality salted snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings, and puff corn. Golden Flake also sells canned dips, pretzels, peanut butter crackers, cheese crackers, dried meat products, and nuts packaged by other manufacturers using the Golden Flake label.

##### Raw Materials

Golden Flake purchases raw materials used in manufacturing and processing its snack food products from various sources. A large part of the raw materials used by Golden Flake consists of farm commodities, most notably corn, potatoes and pork skin pellets, which are subject to precipitous change in supply and price. Weather varies from season to season and directly affects both the quality and quantity of supply available. Golden Flake has no control over the agricultural aspects and its profits are affected accordingly. The Company also purchases flexible bags or other suitable wrapping material for the storage, shipment, and presentation of the finished product to our customers.

##### Distribution

Golden Flake sells its products through its own sales organization and independent distributors to commercial establishments which sell food products in Alabama, Tennessee, Georgia, Mississippi, Louisiana, Kentucky, and South Carolina as well as parts of Florida, North Carolina, Arkansas, Missouri, Oklahoma, Virginia, Indiana, and Texas. The Golden Flake brand is well-known throughout the Southeast. The products are distributed to its customers by either company transportation or commercial carrier out of the Birmingham and Ocala plants.

Golden Flake’s products are distributed to a wide variety of grocery store chains, discount stores, convenience stores, restaurants, and other outlets located in our marketing area. No single customer accounts for more than 10% of its total sales.



## Competition

The snack foods business is highly competitive. In the area in which Golden Flake operates, many companies engage in the production and distribution of food products similar to those produced and sold by Golden Flake. Most, if not all, of Golden Flake's products are in direct competition with similar products of several local and regional companies and at least one national company, the Frito Lay Division of Pepsi Co., Inc., many of which are larger in terms of capital and sales volume than is Golden Flake. Golden Flake's marketing thrust is aimed at selling the highest quality product possible and giving good service to its customers, while being competitive with its prices. Golden Flake constantly tests the quality of its products for comparison with other similar products of competitors and maintains tight quality controls over its products. The Company believes that one of its major advantages is the Golden Flake brand, which has been developed and enhanced throughout the history of the company and is now well known within the geographic area served by the Company. The Company continues to promote the Golden Flake brand through sponsorship agreements, billboard campaigns, advertising, and other efforts.

## Employees

As of July 1, 2011, Golden Flake employed approximately 793 employees. Of these employees, 767 were full-time, while 26 were part-time. Approximately 451 employees are involved in route sales and sales supervision, approximately 205 are in production, and approximately 137 are management and administrative personnel.

Golden Flake believes that the performance and loyalty of its employees are two of the most important factors in the growth and profitability of its business. Since labor costs represent a significant portion of Golden Flake's expenses, employee productivity is important to profitability. The Company's employees are not represented by any collective bargaining organization and the Company has never experienced a work stoppage. Golden Flake considers all of its employees to be a part of the "Golden Flake Family".

## SEC Filings

Under "SEC Filings" on the "Financial" page of the Company's website located at [www.goldenflake.com](http://www.goldenflake.com), links to the following filings are made available as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"): the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A related to the Company's Annual Shareholders Meeting, and any amendments to those reports or statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Act of 1934. You may also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website located at <http://www.sec.gov> that contains the information we file or furnish electronically with the SEC.

## Environmental Matters

In November 2009, Golden Flake completed the construction on a water treatment plant as an environmentally-friendly way to dispose of process water at the Birmingham plant. The project has allowed the Company to release this water into a neighboring creek which has improved the flow of water in the creek and has positively impacted the environment in the area surrounding the plant. This project has also helped to reduce expenses associated with sewer charges by the elimination of the disposal of process water through the public sewer system.





Significant Events

The Company has recently achieved SQF (Safe Quality Food) Certification. This certification by the Safe Quality Food Institute provides third party assurance that the Company is meeting the highest industry standards for the delivery of safe quality food to the consumer throughout the food production, storage, and delivery processes. SQF certification is a high level of assurance that has been developed in response to the Global Food Safety Initiative and the Food Safety Modernization Act.

Executive Officers of Registrant  
And It's Subsidiary

| Name and Age           | Position and Offices with Management  |
|------------------------|---|
| Mark W. McCutcheon, 56 | Mr. McCutcheon is Chairman of the Board, Chief Executive Officer and President of the Company and President of Golden Flake Snack Foods, Inc. He was elected Chairman of the Board on July 22, 2010, President and Chief Executive Officer of the Company on April 4, 2001 and President of Golden Flake on November 1, 1998. He has been employed by Golden Flake since 1980. Mr. McCutcheon is elected to his positions on an annual basis and his present terms of office will expire on June 1, 2012. |
| Patty Townsend, 53     | Ms. Townsend is Chief Financial Officer, Vice President and Secretary of the Company. She was initially elected Chief Financial Officer, Vice-President and Secretary of the Company on March 1, 2004. She has been employed with the Company since 1988. Ms. Townsend is elected to her positions on an annual basis, and her present term of office will expire on June 1, 2012.  |
| Paul R. Bates, 57      | Mr. Bates is Executive, Vice-President of Sales, Marketing and Transportation for Golden Flake. He has held these positions since October 26, 1998. Mr. Bates was Vice-President of Sales from October 1, 1994 to 1998. Mr. Bates has been employed by Golden Flake since March 1979. Mr. Bates is elected to his positions on an annual basis, and his present term of office will expire on June 1 2012.  |
| David A. Jones, 59     | Mr. Jones is Executive Vice-President of Operations, Human Resources and Quality Control for Golden Flake. He has held these positions since May 20, 2002. Mr. Jones was Vice-President of Manufacturing from 1998 to 2002 and Vice-President of Operations from 2000 to 2002. Mr. Jones has been employed by Golden Flake since 1984. Mr. Jones is elected to his positions on an annual basis, and his present term of office will expire on June 1, 2012.  |

### ITEM 1A. – RISK FACTORS

Important factors that could cause the Company's actual business results, performance, or achievements to differ materially from any forward looking statements or other projections contained in this Annual Form 10-K Report include, but are not limited to the principal risk factors set forth below. Additional risks and uncertainties, including risks not presently known to the Company, or that it currently deems immaterial, may also impair the Company's business and or operations. If the events discussed in these risk factors occur, the Company's business, financial condition, results of operations or cash flow could be adversely affected in a material way and the market value of the Company's common stock could decline.

#### Competition

Price competition and consolidation within the Snack Food industry could adversely impact the Company's performance. The Company's business requires significant marketing and sales effort to compete with larger companies. These larger competitors sell a significant portion of their products through discounting and other price cutting techniques. This intense competition increases the possibility that the Company could lose one or more customers, lose market share and/or be forced to increase discounts, and reduce pricing, any of which could have an adverse impact on the Company's business, financial condition, results of operation, and/or cash flow.

#### Commodity and Energy Cost Fluctuations

Significant commodity price fluctuations for certain commodities purchased by the Company, particularly potatoes, could have a material impact on results of operations. In an attempt to manage commodity price risk, the Company, in the normal course of business, enters into contracts to purchase pre-established quantities of various types of raw materials, at contracted prices based on expected short term needs. The Company can also be adversely impacted by changes in the cost of natural gas and other fuel costs. Long term increases in the cost of natural gas and fuel costs could adversely impact the Company's cost of sales and selling, marketing, and delivery expenses.

There are other risks and factors not described above that could also cause actual results to differ materially from those in any forward looking statement made by the Company.

### ITEM 1B. – UNRESOLVED STAFF COMMENTS

Not Applicable.

## ITEM 2. – PROPERTIES

The headquarters of the Company are located at One Golden Flake Drive, Birmingham, Alabama 35205. The properties of Golden Flake are described below.

### Manufacturing Plants and Office Headquarters

The main plant and office headquarters of Golden Flake are located at One Golden Flake Drive, Birmingham, Alabama, and are situated on approximately 40 acres of land. This facility consists of three buildings which have a total of approximately 300,000 square feet of floor area. The plant manufactures a full line of Golden Flake products. Golden Flake also has a garage and vehicle maintenance service center from which it services, maintains, repairs, and rebuilds its fleet and delivery trucks in Birmingham.

Golden Flake also has a manufacturing plant in Ocala, Florida. This plant was placed in service in November 1984. The plant consists of approximately 100,000 square feet of floor area and is located on a 28-acre site on Silver Springs Boulevard. The Company manufactures tortilla chips and potato chips from this facility.

Management believes that our Company's facilities for the production of our products are suitable and adequate, that they are being appropriately utilized in line with past experience, and that they have sufficient production capacity for their present intended purposes. The extent of utilization of such facilities varies based upon seasonal demand for our products. It is not possible to measure with any degree of certainty or uniformity the productive capacity and extent of utilization of these facilities. However, management believes that additional production can be obtained at the existing facilities by adding personnel and capital equipment and, at some facilities, by adding shifts of personnel or expanding the facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire additional facilities and/or dispose of existing facilities.

The manufacturing plant and office headquarters are owned by Golden Flake.

### Distribution Warehouses

Golden Flake owns central branch warehouses in Birmingham, Montgomery, Midfield, Demopolis, Fort Payne, Muscle Shoals, Huntsville, Phoenix City, Tuscaloosa, Mobile, Dothan, and Oxford, Alabama; Gulfport and Jackson, Mississippi; Knoxville and Memphis, Tennessee; Decatur and Macon, Georgia; Panama City, Tallahassee, and Pensacola, Florida; and New Orleans, Louisiana. The warehouses vary in size from 2,400 to 8,000 square feet. All central branch warehouses are owned free and clear of any debts. The Company also rents satellite warehouse branches throughout its distribution area.

## ITEM 3. – LEGAL PROCEEDINGS

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

## ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable.



## PART II

ITEM 5. – MARKET FOR REGISTRANT’S COMMON EQUITY,  
RELATED STOCKHOLDER MATTERS AND ISSUER  
PURCHASES OF EQUITY SECURITIES

Golden Enterprises, Inc. and Subsidiary

Market and Dividend Information

The Company’s common stock is traded under the symbol GLDC and transactions are reported through the National Association of Securities Dealers Automated Quotation (NASDAQ) Over The Counter (OTC) System. The following tabulation sets forth the high and low sale prices for the common stock during each quarter of the fiscal years ended June 3, 2011 and May 28, 2010 and the amount of dividends paid per share in each quarter. The Company currently expects that comparable regular cash dividends will be paid in the future.

| Quarter<br>Year Ended 2011                        | Market Price  |              | Dividend<br>Paid<br>Per share |
|---|---------------|--------------|-------------------------------|
|   | High<br>Price | Low<br>Price |                               |
| First quarter (13 weeks ended August 27, 2010)    | \$3.42        | \$2.88       | \$.0313                       |
| Second quarter (13 weeks ended November 26, 2010) | 3.93          | 3.07         | .0313                         |
| Third quarter (14 weeks ended March 4, 2011)      | 3.50          | 2.97         | .0313                         |
| Fourth quarter (13 weeks ended June 3, 2011)      | 3.48          | 2.91         | .0313                         |

| Quarter<br>Year Ended 2010                        | Market Price  |              | Dividend<br>Paid<br>Per share |
|---|---------------|--------------|-------------------------------|
|   | High<br>Price | Low<br>Price |                               |
| First quarter (13 weeks ended August 28, 2009)    | \$2.95        | \$2.02       | \$.0313                       |
| Second quarter (13 weeks ended November 27, 2009) | 3.93          | 2.51         | .0313                         |
| Third quarter (13 weeks ended February 26, 2010)  | 3.80          | 3.12         | .0313                         |
| Fourth quarter (13 weeks ended May 28, 2010)      | 3.79          | 2.97         | .0313                         |

As of July 29, 2011, there were approximately 975 shareholders of record.

Securities Authorized For Issuance under Equity Compensation Plans

The following table provides Equity Compensation Plan information under which equity securities of the Registrant are authorized for issuance:

EQUITY COMPENSATION PLAN INFORMATION

| Plan category  | Number of securities to be issued upon exercise of out-standing options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))<br>(c) |
|--|---|--|---|
| Equity compensation plans approved by security holders     | 329,000   | \$3.81   | 0   |
| Equity compensation plans not approved by security holders | 0   | 0  | 0   |
| Total  | 329,000   | \$3.81   | 0   |

No securities remain under this plan for future awards.

Issuer Purchases of Equity Securities

The Company purchased 12,000 shares of its common stock during the fiscal year ended June 3, 2011.

ITEM 6. – SELECTED FINANCIAL DATA

Not required due to Smaller Reporting Company status.



ITEM 7. – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

Management’s Discussion and Analysis of  
Financial Condition and Results of Operations

The following discussion provides an assessment of the Company’s financial condition, results of operations, liquidity, and capital resources and should be read in conjunction with the accompanying consolidated financial statements and notes.

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 cheese curls, onion rings, and puff corn. The products are all packaged in flexible bags or other suitable wrapping material. The Company also sells 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 or failure to procure an adequate supply of pork skin pellets. 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 of farm commodities 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 to commercial establishments that sell food products primarily in the Southeastern United States and independent distributors. The products are distributed through the independent distributors and 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.

Critical Accounting Policies and Estimates

The Company’s discussion and analysis of its financial condition and results of operations are based upon the Company’s consolidated financial statements, the preparation of which in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that in certain circumstances affect amounts reported in the consolidated financial statements. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due considerations to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. Other accounting policies and estimates are detailed in Note 1 of the Notes To Consolidated Financial Statements in this 10-K.



### Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers, including independent distributors. Sales are reduced by returns from and allowances to customers.

### Accounts Receivable

The Company records accounts receivable at the time revenue is recognized. Amounts for bad debt expense are recorded in selling, general and administrative expenses on the Consolidated Statements of Operations. The amount of the allowance for doubtful accounts is based on management's estimate of the accounts receivable amount that is uncollectible. The Company records a general reserve based on analysis of historical data. In addition, the Company records specific reserves for receivable balances that are considered high-risk due to known facts regarding the customer. The allowance for bad debts is reviewed quarterly, and determined whether the amount should be changed. Failure of a major customer to pay the Company amounts owed could have a material impact on the financial statements of the Company. At June 3, 2011 and May 28, 2010, the Company had accounts receivables in the amount of \$10,220,220 and \$9,534,542, net of an allowance for doubtful accounts of \$70,000 and \$76,790, respectively. The Company did not have any major customer write-offs this year that were not covered by credit insurance.

### Inventories

Inventories are stated at the lower of cost or market. Cost is computed on the first-in, first out method.

### Accrued Expenses

Management estimates certain expenses in an effort to record those expenses in the period incurred. The Company's significant estimates relate to insurance expenses. The Company is self-insured for certain casualty losses relating to automobile liability, general liability, workers' compensation, property losses, and medical claims. The Company also has stop loss coverage to limit the exposure arising from these claims. Automobile liability, general liability, workers' compensation, and property losses costs are covered by letters of credit with the company's claim administrators.

The Company uses a third-party actuary to estimate the casualty insurance obligations on an annual basis.

In determining the ultimate loss and reserve requirements, the third-party uses various actuarial assumptions including compensation trends, health care cost trends, and discount rates. The third-party actuary also uses historical information for claims frequency and severity in order to establish loss development factors.

The actuarial calculation includes a factor to account for changes in inflation, health care costs, compensation and litigation cost trends, as well as estimated future incurred claims. This year, the Company utilized a 50% confidence level for estimating the ultimate outstanding casualty liability based on the actuarial report. Approximately 50% of each claim should be equal to or less than the ultimate liability recorded based on the historical trends experienced by the Company. If the Company chose a 75% factor, the liability would have been increased by approximately \$0.3 million. If the Company chose a 90% factor, the liability would have increased by approximately \$0.5 million.

This year the Company used a 4% investment rate to discount the estimated claims based on the historical payout pattern during 2011 and 2010. A one percentage point change in the discount rate would have impacted the liability by approximately \$39,000.



Actual ultimate losses could vary from those estimated by the third-party actuary. The Company believes the reserves established are reasonable estimates of the ultimate liability based on historical trends.

As of June 3, 2011, the Company's casualty reserve was \$1,538,600 and at May 28, 2010 the casualty reserve was \$1,615,492.

Employee medical insurance accruals are recorded based on medical claims processed as well as historical medical claims experienced for claims incurred but not yet reported. Differences in estimates and assumptions could result in an accrual requirement materially different from the calculated accrual.

#### Other Commitments

The Company has a letter of credit in the amount of \$2,000,000 outstanding at June 3, 2011 compared to \$2,057,014 outstanding at May 28, 2010. The letter of credit supports the Company's commercial self-insurance program.

The Company has a line-of-credit agreement with a local bank that permits borrowing up to \$3 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the loan agreement with the bank. In October 2010, the line-of-credit was renewed with no changes from the previous year. The Company's line-of-credit debt at June 3, 2011 was \$1,777,567 with an interest rate of 4.00%, leaving the Company with \$1,222,433 of credit availability. The Company's line-of-credit debt as of May 28, 2010 was \$1,781,996 with an interest rate of 4.00%, which left the Company with \$1,218,004 of credit availability.

The Company's current ratio (current assets divided by current liabilities) was 1.49 to 1.00 and 1.27 to 1.00 at June 3, 2011 and May 28, 2010, respectively.

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

Net sales increased by 2.0% in fiscal year 2011 and 5.1% in fiscal year 2010.

Cost of sales as a percentage of net sales amounted to 51.5% and 51.3% in 2011 and 2010, respectively.

Selling, general and administrative expenses were 44.6% of net sales in 2011 and 44.0% of net sales in 2010.

Operating income for the fiscal year decreased 12.9% compared to last fiscal year.

The Company's effective tax rates for 2011 and 2010 were 41.0% and 38.3%, respectively. Note 6 to the Consolidated Financial Statements provides additional information about the provision for income taxes.

The following tables compare manufactured products to resale products for the fiscal years ended June 3, 2011 and May 28, 2010:

|                       | 2011           |       |   | 2010           |       |   |
|-----------------------|----------------|-------|---|----------------|-------|---|
| Sales                 |                |       | % |                |       | % |
| Manufactured Products | \$ 101,290,070 | 77.3  | % | \$ 101,443,335 | 79.0  | % |
| Resale Products       | 29,757,780     | 22.7  | % | 26,998,122     | 21.0  | % |
| Total                 | \$ 131,047,850 | 100.0 | % | \$ 128,441,457 | 100.0 | % |
| Gross Margin          |                |       | % |                |       | % |
| Manufactured Products | \$ 52,953,044  | 52.3  | % | \$ 52,842,886  | 52.1  | % |
| Resale Products       | 10,665,140     | 35.8  | % | 9,644,790      | 35.7  | % |
| Total                 | \$ 63,618,184  | 48.5  | % | \$ 62,487,676  | 48.7  | % |

#### Liquidity and Capital Resources

Working capital was \$7,023,694 and \$3,820,371 at June 3, 2011 and May 28, 2010, respectively. Net cash provided by operations amounted to \$5,754,535 and \$8,807,907 in fiscal years June 3, 2011 and May 28, 2010, respectively. During 2011, the principal source of liquidity for the Company's operating needs was provided from operating activities, credit facilities, and cash on hand.

Additions to property, plant and equipment are expected to be about \$3,600,000 in 2012.

Cash dividends of \$1,467,507 and \$1,469,582 were paid in 2011 and 2010, respectively.

Cash of \$36,960 was used to purchase 12,000 shares of treasury stock in fiscal 2011 while the Company did not purchase any shares of treasury stock in fiscal 2010.

During fiscal 2011, the Company's debt proceeds net of re-paid debt was \$2,575,162 versus \$1,414,583 during fiscal 2010.

#### Market Risk

The principal market 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 cash equivalents and bank loans, fuel costs, and commodity prices affecting the cost of its raw materials.

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. The Company purchases its raw materials on the open market, under contract through brokers and directly from growers. Futures 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 fiscal years have remained relatively flat. The Company plans to contend with the effect of further inflation through efficient purchasing, improved manufacturing methods, pricing, and by monitoring and controlling

expenses.

15

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Higher fuel and commodity costs continue to be a challenge.

#### Environmental Matters

Golden Flake's waste water treatment plant is an environmentally-friendly way to dispose of process water at the Birmingham plant. The treatment plant has allowed Golden Flake to release the processing water into a neighboring creek which has improved the flow of water in the creek and has positively impacted the environment in the area surrounding the plant. The treatment plant has also helped to reduce expenses associated with sewer charges since this has replaced the previous system which disposed of the process water through the public sewer system.

#### Forward-Looking Statements

This report 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, fuel costs, and effectiveness of sales and marketing activities, as described in this 10-K. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date which they are made.

#### Recent Developments

The Company, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002 has completed the management assessment of its internal controls. See Item 9A for further details.

#### Recently Issued Accounting Pronouncements

See Note 1 to the consolidated financial statements included in Item 8 for a summary of recently issued accounting pronouncements.

### ITEM 7 A. - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable as Company is a Smaller Reporting Company.

### ITEM 8. - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the registrant and its subsidiary for the year ended June 3, 2011, consisting of the following, are contained herein:

|  |                                       |
|--|---------------------------------------|
| Consolidated Balance Sheets                                | - As of June 3, 2011 and May 28, 2010 |
| Consolidated Statements of Income                          | - Fiscal years ended 2011 and 2010    |
| Consolidated Statements of Changes in Stockholders' Equity | - Fiscal years ended 2011 and 2010    |
| Consolidated Statements of Cash Flows                      | - Fiscal years ended 2011 and 2010    |
| Notes to Consolidated Financial Statements                 | - Fiscal years ended 2011 and 2010    |



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and  
Board of Directors of  
Golden Enterprises, Inc.

We have audited the accompanying consolidated balance sheets of Golden Enterprises, Inc. and subsidiary as of June 3, 2011 and May 28, 2010, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. Our audits also included the financial statement schedule listed at Item 15(a) Schedule II. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 consolidated financial position of Golden Enterprises, Inc. and subsidiary as of June 3, 2011 and May 28, 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We were not engaged to examine management's assertion about the effectiveness of Golden Enterprises, Inc. and subsidiary's internal control over financial reporting as of June 3, 2011 included in the Company's Item 9A "Controls and Procedures" in the Annual Report on Form 10-K and, accordingly, we do not express an opinion thereon.

DUDLEY, HOPTON-JONES, SIMS & FREEMAN PLLP

Birmingham, Alabama  
August 4, 2011

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
As Of June 3, 2011 and May 28, 2010

## ASSETS

|  | 2011                | 2010                |
|--|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                  |                     |                     |
| Cash and cash equivalents              | \$2,721,638         | \$1,443,801         |
| Receivables:                           |                     |                     |
| Trade accounts                         | 9,881,352           | 9,363,389           |
| Other                                  | 408,868             | 247,943             |
|  | 10,290,220          | 9,611,332           |
| Less: Allowance for doubtful accounts  | 70,000              | 76,790              |
|  | 10,220,220          | 9,534,542           |
| Inventories:                           |                     |                     |
| Raw materials                          | 1,596,731           | 1,580,379           |
| Finished goods                         | 3,398,898           | 3,320,286           |
|  | 4,995,629           | 4,900,665           |
| Prepaid expenses                       | 1,803,827           | 1,573,253           |
| Accrued income taxes                   | 865,467             | -                   |
| Deferred income taxes                  | 633,370             | 580,154             |
| Total current assets                   | 21,240,151          | 18,032,415          |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>   |                     |                     |
| Land                                   | 2,793,593           | 2,793,593           |
| Buildings                              | 18,305,416          | 16,906,669          |
| Machinery and equipment                | 56,296,395          | 52,356,462          |
| Transportation equipment               | 7,372,367           | 8,075,670           |
|  | 84,767,771          | 80,132,394          |
| Less: Accumulated depreciation         | 60,121,353          | 57,852,770          |
|  | 24,646,418          | 22,279,624          |
| <b>OTHER ASSETS</b>                    |                     |                     |
| Cash surrender value of life insurance | 934,844             | 1,299,084           |
| Other                                  | 1,299,493           | 1,132,237           |
| Total other assets                     | 2,234,337           | 2,431,321           |
| <b>TOTAL</b>                           | <b>\$48,120,906</b> | <b>\$42,743,360</b> |

See Accompanying Notes to Consolidated Financial Statements



## LIABILITIES AND STOCKHOLDERS' EQUITY

|  | 2011                | 2010                |
|--|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>   |                     |                     |
| Checks outstanding in excess of bank balances                                    | \$998,386           | \$1,083,512         |
| Accounts payable   | 6,323,448           | 6,137,412           |
| Accrued income taxes   | -                   | 238,031             |
| Current portion of long-term debt  | 344,791             | 350,304             |
| Line of credit outstanding   | 1,777,567           | 1,781,996           |
| Other accrued expenses   | 4,604,603           | 4,465,977           |
| Salary continuation plan   | 167,662             | 154,812             |
| <br>   |                     |                     |
| Total current liabilities  | 14,216,457          | 14,212,044          |
| <br><b>LONG-TERM LIABILITIES</b>   |                     |                     |
| Note payable-bank, non-current   | 6,064,983           | 3,479,879           |
| Salary continuation plan   | 1,211,895           | 1,317,251           |
| Deferred income taxes  | 2,969,917           | 1,586,833           |
| <br>   |                     |                     |
| Total long-term liabilities  | 10,246,795          | 6,383,963           |
| <br><b>STOCKHOLDERS' EQUITY</b>  |                     |                     |
| Common stock - \$.66 2/3 par value:  |                     |                     |
| Authorized 35,000,000 shares;  |                     |                     |
| issued 13,828,793 shares   | 9,219,195           | 9,219,195           |
| Additional paid-in capital   | 6,497,954           | 6,497,954           |
| Retained earnings  | 18,866,264          | 17,319,003          |
| Treasury shares -at cost (2,094,161 shares in 2011 and 2,082,161 shares in 2010) | (10,925,759 )       | (10,888,799 )       |
| <br>   |                     |                     |
| Total stockholders' equity   | 23,657,654          | 22,147,353          |
| <br>   |                     |                     |
| <b>TOTAL</b>   | <b>\$48,120,906</b> | <b>\$42,743,360</b> |

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

|  | 2011          | 2010          |
|--|---------------|---------------|
| Net sales                                    | \$131,047,850 | \$128,441,457 |
| Cost of sales                                | 67,429,666    | 65,953,781    |
| Gross margin                                 | 63,618,184    | 62,487,676    |
| Selling, general and administrative expenses | 58,402,401    | 56,499,554    |
| Operating income                             | 5,215,783     | 5,988,122     |
| Other (expenses) income:                     |               |               |
| Gain on sale of assets                       | 79,483        | 829,618       |
| Interest expense                             | (371,584 )    | (359,605 )    |
| Other income                                 | 185,585       | 365,319       |
| Total other (expenses) income                | (106,516 )    | 835,332       |
| Income before income taxes                   | 5,109,267     | 6,823,454     |
| Provision for income taxes                   | 2,094,499     | 2,614,416     |
| Net income                                   | \$3,014,768   | \$4,209,038   |
| PER SHARE OF COMMON STOCK                    |               |               |
| Basic earnings                               | \$0.26        | \$0.36        |
| Diluted earnings                             | \$0.26        | \$0.36        |

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

|                           | Common<br>Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Treasury<br>Shares | Total<br>Stockholders'<br>Equity |
|---------------------------|-----------------|----------------------------------|----------------------|--------------------|----------------------------------|
| Balance - May 29, 2009    | \$9,219,195     | \$6,497,954                      | \$14,579,547         | \$(10,888,799 )    | \$19,407,897                     |
| Net income - 2010         | -               | -                                | 4,209,038            | -                  | 4,209,038                        |
| Cash dividends paid       | -               | -                                | (1,469,582 )         | -                  | (1,469,582 )                     |
| Balance - May 28, 2010    | 9,219,195       | 6,497,954                        | 17,319,003           | (10,888,799 )      | 22,147,353                       |
| Net income - 2011         | -               | -                                | 3,014,768            | -                  | 3,014,768                        |
| Cash dividends paid       | -               | -                                | (1,467,507 )         | -                  | (1,467,507 )                     |
| Treasury shares purchased | -               | -                                | -                    | (36,960 )          | (36,960 )                        |
| Balance - June 3, 2011    | \$9,219,195     | \$6,497,954                      | \$18,866,264         | \$(10,925,759 )    | \$23,657,654                     |

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASHFLOWS  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

|   | 2011                | 2010                |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |                     |                     |
| Cash received from customers  | \$130,362,172       | \$128,204,349       |
| Interest income   | 4,439               | 7,425               |
| Rental income   | 36,775              | 50,304              |
| Other operating cash payments/receipts  | 144,371             | 307,590             |
| Cash paid to suppliers and employees for cost of goods sold                   | (64,735,374 )       | (61,344,227 )       |
| Cash paid for suppliers and employees for selling, general and administrative | (57,818,135 )       | (56,408,505 )       |
| Income taxes  | (1,868,129 )        | (1,649,424 )        |
| Interest expense  | (371,584 )          | (359,605 )          |
| <br>Net cash provided by operating activities                                 | <br>5,754,535       | <br>8,807,907       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |                     |                     |
| Purchase of property, plant and equipment                                     | (5,559,183 )        | (9,449,381 )        |
| Proceeds from sale of property, plant and equipment                           | 96,916              | 1,569,931           |
| <br>Net cash used in investing activities                                     | <br>(5,462,267 )    | <br>(7,879,450 )    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |                     |                     |
| Debt proceeds   | 38,903,745          | 20,467,497          |
| Debt repayments   | (36,328,583 )       | (19,052,913 )       |
| Change in checks outstanding in excess of bank balances                       | (85,126 )           | (607,718 )          |
| Purchases of treasury shares  | (36,960 )           | -                   |
| Cash dividends paid   | (1,467,507 )        | (1,469,582 )        |
| <br>Net cash provided by (used in) financing activities                       | <br>985,569         | <br>(662,716 )      |
| <br><b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                          | <br><br>1,277,837   | <br><br>265,741     |
| <br><b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                     | <br><br>1,443,801   | <br><br>1,178,060   |
| <br><b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                           | <br><br>\$2,721,638 | <br><br>\$1,443,801 |

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASHFLOWS  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

|   | 2011         | 2010        |
|---|--------------|-------------|
| Net income  | \$3,014,768  | \$4,209,038 |
| Adjustment to reconcile net income to net cash provided<br>by operating activities: |              |             |
| Depreciation  | 3,174,956    | 2,485,679   |
| Deferred income taxes   | 1,329,868    | 1,013,344   |
| Gain on sale of property and equipment  | (79,483 )    | (829,618 )  |
| Change in receivables-net   | (685,678 )   | (237,108 )  |
| Change in inventories   | (94,964 )    | 111,487     |
| Change in prepaid expenses  | (230,574 )   | 35,537      |
| Change in cash surrender value of insurance   | 364,240      | 321,738     |
| Change in other assets - other  | (167,256 )   | (177,234 )  |
| Change in accounts payable  | 186,036      | 2,699,930   |
| Change in accrued expenses  | 138,626      | (691,346 )  |
| Change in salary continuation plan  | (92,506 )    | (85,188 )   |
| Change in accrued income taxes  | (1,103,498 ) | (48,352 )   |
| Net cash provided by operating activities   | \$5,754,535  | \$8,807,907 |

See Accompanying Notes to Consolidated Financial Statements



GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Golden Enterprises, Inc. and subsidiary (“Company”) conform to accounting principles generally accepted in the United States of America and to general practices within the snack foods industry. The following is a description of the more significant accounting policies:

Nature of the Business

The Company manufactures and distributes a full line of snack items that are sold through its own sales organization and independent distributors to commercial establishments that sell food products primarily in the Southeastern United States.

Consolidation

The consolidated financial statements include the accounts of Golden Enterprises, Inc. and its wholly-owned subsidiary, Golden Flake Snack Foods, Inc.. All significant inter-company transactions and balances have been eliminated.

Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Sales are reduced by returns and allowances to customers.

Accounts Receivable

The Company records accounts receivable at the time revenue is recognized. Amounts for bad debt expense are recorded in selling, general and administrative expenses. The determination of the allowance for doubtful accounts is based on management’s estimate of uncollectible accounts receivables. The Company records a general reserve based on analysis of historical data. In addition, management records specific reserves for receivable balances that are considered at higher risk due to known facts regarding the customer.

Fiscal Year

The Company ends its fiscal year on the Friday closest to the last day in May. The year ended June 3, 2011 included 53 weeks while the year ended May 28, 2010 included 52 weeks.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and short-term debt approximate fair value.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost is computed on the first-in, first-out method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. For financial reporting purposes, depreciation and amortization have been provided principally on the straight-line method over the estimated useful lives of the respective

assets. Accelerated methods are used for tax purposes.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Expenditures for maintenance and repairs are charged to operations as incurred; expenditures for renewals and betterments are capitalized and written off by depreciation and amortization charges. Property retired or sold is removed from the asset and related accumulated depreciation accounts and any profit or loss resulting there from is reflected in the statements of operations.

Self-Insurance

The Company is self-insured for certain casualty losses relating to automobile liability, general liability, workers' compensation, property losses, and medical claims. The Company also has stop loss coverage to limit the exposure arising from these claims. Automobile liability, general liability, workers' compensation, and property losses costs are covered by letters of credit with the company's claim administrators.

Due to the complexity of estimating the timing and amounts of insurance claims, the Company uses a third-party actuary to estimate the casualty insurance obligations on an annual basis. In determining the ultimate loss and reserve requirements, the third-party uses various actuarial assumptions including compensation trends, health care cost trends, and discount rates. The third-party actuary also uses historical information for claims frequency and severity in order to establish loss development factors. The actuarial calculation includes a factor to account for changes in inflation, health care costs, compensation, and litigation cost trends, as well as estimated future incurred claims. Large fluctuations in claims can have a significant impact on selling, general and administrative expenses.

Advertising

The Company expenses advertising costs as incurred. These costs are included in selling, general and administrative expenses. Advertising expense amounted to \$7,027,456 and \$6,587,476 for the fiscal years 2011 and 2010, respectively.

Income Taxes

Deferred income taxes are provided using the liability method to measure tax consequences resulting from differences between financial accounting standards and applicable income tax laws. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Segment Information

The Company does not identify separate operating segments for management reporting purposes. The results of operations are the basis on which management evaluates operations and makes business decisions. The Company's sales are generated primarily within the Southeastern United States.

Stock Options

The Company has granted stock options to management in previous years, though none were granted during fiscal years ended June 3, 2011 or May 28, 2010. See Note 8 for further discussion of our stock option awards.



GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
For the Fiscal Year Ended June 3, 2011 and May 28, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Shipping and Handling Costs

Shipping and handling costs, which include salaries and vehicle operations expenses relating to the delivery of products to customers by the Company, are classified as selling, general and administrative expenses. Shipping and handling costs amounted to \$4,020,946 and \$3,588,124 for the fiscal years 2011 and 2010, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements.” SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 did not have a material impact on our financial condition, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities: Including an amendment of FASB Statement No. 115.” SFAS No. 159 permits entities to measure many financial instruments and certain other items at fair value with changes in fair value reported in earnings. The FASB issued SFAS No. 159 to mitigate earnings volatility that arises when financial assets and liabilities are measured differently, and to expand the use of fair value measurement for financial instruments. SFAS No. 159 is effective for our fiscal year beginning May 31, 2008. The adoption of SFAS No. 159 did not have a material impact on our financial condition, results of operations or cash flows.

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events.” SFAS No. 165 establishes general standards of accounting for and disclosure of events occurring subsequent to the date of the balance sheet, but before financial statements are issued.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

## NOTE 2 – PREPAID EXPENSES

At June 3, 2011 and May 28, 2010, prepaid expenses consist of the following:

|                              | 2011        | 2010        |
|------------------------------|-------------|-------------|
| Truck shop supplies          | \$657,788   | \$670,278   |
| Insurance deposit            | 138,959     | 138,959     |
| Prepaid marketplace spending | 239,157     | 179,579     |
| Prepaid insurance            | 168,712     | 210,528     |
| Prepaid taxes and licenses   | 152,115     | 220,127     |
| Prepaid dues and supplies    | 413,805     | 114,723     |
| Other prepaid                | 33,291      | 39,059      |
|                              | \$1,803,827 | \$1,573,253 |

## NOTE 3 – OTHER ACCRUED EXPENSES

At June 3, 2011 and May 28, 2010, other accrued expenses consist of the following:

|                          | 2011        | 2010        |
|--------------------------|-------------|-------------|
| Accrued payroll          | \$402,986   | \$423,161   |
| Self insurance liability | 1,538,600   | 1,615,492   |
| Accrued vacation         | 1,451,787   | 1,167,884   |
| Other accrued expenses   | 1,211,230   | 1,259,440   |
|                          | \$4,604,603 | \$4,465,977 |

## NOTE 4 - LINE OF CREDIT

The Company has a line-of-credit agreement with a local bank that permits borrowing up to \$3 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the loan agreement. In October 2010, the line-of-credit was renewed with no changes from the previous year. The Company's line-of-credit debt at June 3, 2011 was \$1,777,567 with an interest rate of 4.00%, leaving the Company with \$1,222,433 of credit availability. The Company's line-of-credit debt as of May 28, 2010 was \$1,781,996 with an interest rate of 4.00%, leaving the Company with \$1,218,004 of credit availability.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended June 3, 2011 and May 28, 2010

## NOTE 5 – LONG-TERM LIABILITIES

Long-term debt at June 3, 2011 and May 28, 2010 consists of the following:

In March 2009, the Company established a construction line of credit with interest-only payments due through the end of the construction period at a fixed rate of 4.25%. In September 2009, the loan converted to a 10-year, 4.25% fixed rate equipment note, payable in equal monthly installments based on the final amount drawn during the construction period which was \$4,000,000. In March 2011, the loan was modified by taking the remaining balance of \$3,532,700 and adding another \$2,900,000 to finance the implementation of a new Enterprise Resource Planning system. At that time, the interest rate on the loan was adjusted to 3.52% and the terms were re-established at 15 years for the new amount of the loan.

|                              | 2011        | 2010        |
|------------------------------|-------------|-------------|
| Total equipment note payable | \$6,347,650 | \$3,755,619 |
| Less: current portion        | (331,883 )  | (337,864 )  |
| Total non current portion    | \$6,015,767 | \$3,417,755 |

In January 2010, the Company transferred an existing operating lease from one provider to another. Included in the new lease agreement were 5 transport vehicles that were added as a capital lease. The capital portion of the lease is for a term of 4 years at an annual interest rate of 3.69%.

|                           | 2011      | 2010      |
|---------------------------|-----------|-----------|
| Total capital lease       | \$62,124  | 74,564    |
| Less: current portion     | (12,908 ) | (12,440 ) |
| Total non current portion | \$49,216  | \$62,124  |

|                                      | 2011        | 2010        |
|--------------------------------------|-------------|-------------|
| Total note payable and capital lease | \$6,409,774 | \$3,830,183 |
| Less: current portion                | (344,791 )  | (350,304 )  |
| Total non current portion            | \$6,064,983 | \$3,479,879 |

## GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2011 and May 28, 2010

## NOTE 5 – LONG-TERM LIABILITIES- CONTINUED

Other long-term obligations at June 3, 2011 and May 28, 2010 consist of the following:

|                           | 2011        | 2010        |
|---------------------------|-------------|-------------|
| Salary continuation plan  | \$1,379,557 | \$1,472,063 |
| Less: current portion     | (167,662 )  | (154,812 )  |
| Total non current portion | \$1,211,895 | \$1,317,251 |

The Company is accruing the present values of the estimated future retirement payments over the period from the date of the agreements to the retirement dates, for certain key executives. The Company recognized compensation expense of \$62,307 and \$57,761 for fiscal 2011 and 2010, respectively.

## NOTE 6 – INCOME TAXES

At June 3, 2011 and May 28, 2010 the provision for income taxes consists of the following:

|           | 2011        | 2010        |
|-----------|-------------|-------------|
| Current:  |             |             |
| Federal   | \$619,114   | \$1,419,112 |
| State     | 145,517     | 181,960     |
|           | 764,631     | 1,601,072   |
| Deferred: |             |             |
| Federal   | 1,069,751   | 866,675     |
| State     | 260,117     | 146,669     |
|           | 1,329,868   | 1,013,344   |
| Total     | \$2,094,499 | \$2,614,416 |



GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

## NOTE 6 – INCOME TAXES- CONTINUED

The effective tax rate for continuing operations differs from the expected tax using statutory rates. A reconciliation between the expected tax and actual tax follows:

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| Tax on income at statutory rates                   | \$1,737,151     | \$2,319,974     |
| (Decrease) increase resulting from:                |                 |                 |
| State income taxes, less Federal income tax effect | 95,293          | 120,094         |
| Tax exempt interest                                | -               | (1,187)         |
| Other - net  | 262,055         | 175,535         |
| <br>Total  | <br>\$2,094,499 | <br>\$2,614,416 |

The tax effects of temporary differences that result in deferred tax assets and liabilities are as follows:

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| Deferred tax assets                                      |                 |                 |
| Salary continuation plan                                 | \$524,232       | \$559,384       |
| Accrued vacation   | 551,679         | 443,796         |
| Inventory capitalization                                 | 43,531          | 47,115          |
| Allowance for doubtful accounts                          | 26,600          | 29,180          |
| Other accrued expenses                                   | 140,567         | 164,329         |
| <br>Gross deferred tax assets before valuation allowance | <br>1,286,609   | <br>1,243,804   |
| Less valuation allowance                                 | -               | -               |
| <br>Total deferred tax assets                            | <br>1,286,609   | <br>1,243,804   |
| Deferred tax liabilities                                 |                 |                 |
| Property and equipment                                   | 3,532,277       | 2,182,243       |
| Prepaid expenses   | 90,879          | 68,240          |
| Total deferred tax liabilities                           | 3,623,156       | 2,250,483       |
| <br>Net deferred tax liability                           | <br>\$2,336,547 | <br>\$1,006,679 |

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended June 3, 2011 and May 28, 2010

## NOTE 7 – EMPLOYEE BENEFIT PLANS

The Company has a trustee “Qualified Profit-Sharing Plan” that was amended and restated effective September 1, 2010, known as the Golden Flake Snack Foods, Inc. 401(k) Retirement Savings Plan (the “Plan”). Prior to September 1, 2010, the Plan was named the Golden Flake Snack Foods, Inc. 401(k) Salary Reduction Plan. The Plan’s trustee was changed from New York Life Trust Company to State Street Bank and Trust Company effective September 1, 2010. Also, the Company appointed Diversified Investment Advisors to provide recordkeeping and general administrative services for the Plan effective September 1, 2010.

The Company’s contributions to the Plan are reviewed and approved by the Board of Directors. For the year ended June 3, 2011, the Board approved an increase in the Company match from 20% of an employee’s eligible contributions to 25% of an employee’s eligible contributions. Total plan contributions for the years ended June 3, 2011 and May 28, 2010 were \$166,305 and \$133,851, respectively.

The Company previously maintained a “Qualified Profit Sharing Plan” named the Golden Flake Snack Foods, Inc. Amended and Restated Employee Stock Ownership Plan and Trust (“ESOP”). The ESOP merged into the Plan on August 31, 2010 and is no longer in existence. All account balances in the ESOP were fully vested. Immediately after the merger, each participant in the ESOP has their account balances in the ESOP prior to the merger added to their account balances in the Plan. Years of service accrued through August 31, 2010 under the ESOP were recognized under the Plan.

The Company has a salary continuation plan with certain of its key officers whereby monthly benefits will be paid for a period of fifteen years following retirement. The Company is accruing the present value of all retirement benefits until the key officers reach normal retirement age at which time the principal portion of the retirement benefits paid are applied to the liability previously accrued. The change in the liability for the Salary Continuation Plan is as follows:

|  | 2011        | 2010        |
|--|-------------|-------------|
| Accrued salary continuation plan - beginning of year | \$1,472,063 | \$1,557,251 |
| Benefits accrued                                     | 62,307      | 57,761      |
| Benefits paid  | (154,813 )  | (142,949 )  |
| Accrued salary continuation plan - end of year       | \$1,379,557 | \$1,472,063 |

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

## NOTE 8 – LONG-TERM INCENTIVE PLANS

The Company has a long-term incentive plan currently in effect under which future stock option grants were previously issued. This Plan is administered by the Stock Option Committee of the Board of Directors, which had sole discretion, subject to the terms of the Plan, to determine those employees, including executive officers, eligible to receive awards and the amount and type of such awards. The Stock Option Committee also has the authority to interpret the Plan and make all other determinations required in the administration thereof. All options outstanding on June 3, 2011 are exercisable.

The Plan provided for the granting of Incentive Stock Options as defined under the Internal Revenue Code. Under the Plan, grants of incentive stock options were made to selected officers and employees, with a term not exceeding ten years from the issue date and at a price not less than the fair market value of the Company's stock at the date of grant. No awards or options may now be granted under the Plan.

Five hundred thousand shares of the Company's stock were initially reserved for issuance under this Plan. The following is a summary of transactions:

|                                 | 2011    | Weighted<br>Average<br>Exercise<br>Price | 2010    | Weighted<br>Average<br>Exercise<br>Price |
|---------------------------------|---------|--|---------|--|
|                                 | Shares  |  | Shares  |  |
| Outstanding - beginning of year | 329,000 | \$3.81                                   | 329,000 | \$3.81                                   |
| Granted                         | -       | -  | -       | -  |
| Exercised                       | -       | -  | -       | -  |
| Forfeited                       | -       | -  | -       | -  |
| Cancelled                       | -       | -  | -       | -  |
| Outstanding - end of year       | 329,000 | \$3.81                                   | 329,000 | \$3.81                                   |

No securities remain under this plan for future issuance. All options granted under this plan expire in October 2011 if not sooner exercised.

The Company adopted SFAS 123R as of June 3, 2006. SFAS 123R establishes standards for accounting of transactions in which an entity exchanges its equity instruments for goods or services, such as when an entity obtains employee services in share-based payment transactions. The revised statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is to be recognized over the period during which the employee is required to provide service in exchange for the award. Changes in fair value during the required service period are to be recognized as compensation cost over the period. In addition, SFAS 123R amends SFAS No. 95, "Statement of Cash Flows," to require that excess tax benefits be reported as a financing cash flow rather than as a reduction of taxes paid. When the Company adopted SFAS 123R, they elected the modified prospective application method and prior period amounts have not been restated. As of June 3, 2011, all outstanding options were fully vested. Additionally, no options were granted during the fiscal years ended June 3, 2011 or May 28, 2010.

Prior to the effective date of SFAS 123R, the Company followed Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretation for stock options granted to employees and directors. The Company adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." The proforma disclosures previously permitted under SFAS 123 are no longer an alternative to financial statement recognition. The Company continues to account for any portion of previously granted awards using the accounting principle originally applied to those awards, APB Opinion No. 25, Accounting for Stock Issued to Employees.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
 For the Fiscal Years Ended June 3, 2011 and May 28, 2010

## NOTE 9 – NET INCOME PER SHARE

Basic earnings per common share are computed by dividing earnings available to stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects per share amounts that would have resulted if dilutive potential common stock equivalents had been converted to common stock, as prescribed by Statement of Financial Accounting Standards No. 128, “Earnings per Share”. At June 3, 2011, options on the 329,000 shares were not included in the computation of diluted earnings per share because the options’ exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. At May 28, 2010 options on the 329,000 shares were also antidilutive. Thus, they were also not included in the computation of diluted earnings per share. The following reconciles the information used to compute basic and diluted earnings per share:

|   | Average Common Stock<br>Shares |            |
|---|--------------------------------|------------|
|   | 2011                           | 2010       |
| Basic weighted average shares outstanding | 11,735,893                     | 11,746,632 |
| Effect of options                         | -                              | -          |
|   | 11,735,893                     | 11,746,632 |

## NOTE 10 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statement of Financial Accounting Standards No. 107, “Disclosures About Fair Value of Financial Instruments” requires disclosure of fair value information about financial instruments, whether or not recognized on the face of the balance sheet, for which it is practical to estimate that value. SFAS 107 defines fair value as the quoted market prices for those instruments that are actively traded in financial markets. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. The fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instruments, such as estimates of timing and amount of expected future cash flows. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company’s entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instrument.

The carrying amounts for cash and cash equivalents approximate fair value because of the short maturity, generally less than three months, of these instruments.

The carrying value of the Company’s salary continuation plan and accrued liability approximates fair value because present value is used in accruing this liability.

The Company does not hold or issue financial instruments for trading purposes and has no involvement with forward currency exchange contracts.



GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
 For the Fiscal Years Ended June 3, 2011 and May 28, 2010

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Rental expense was \$1,230,657 in 2011 and \$1,077,074 in 2010.

The Company has entered into various operating lease agreements to replace aging route vans and transport trucks. The current annual obligation under this agreement is \$976,950. Future minimum lease commitments for operating leases at June 3, 2011 were as follows:

|      |           |
|------|-----------|
| 2012 | \$976,950 |
| 2013 | 976,950   |
| 2014 | 627,081   |
| 2015 | 137,264   |
| 2016 | 68,632    |

The Company has a letter of credit in the amount of \$2,000,000 outstanding at June 3, 2011 compared to \$2,057,014 outstanding at May 28, 2010. The letter of credit supports the Company’s commercial self-insurance program. The Company pays a commitment fee of 0.76% to maintain the letters of credit.

The Company has entered into various other short term purchase commitments with suppliers for raw materials in the normal course of business.

The Company is subject to routine litigation and claims incidental to its business. In the opinion of management, such routine litigation and claims should not have a material adverse effect upon the Company’s consolidated financial statements taken as a whole.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

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 did not have any major customer write-offs this year that were not covered by credit insurance.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
 For the Fiscal Years Ended June 3, 2011 and May 28, 2010

NOTE 13 – SUPPLEMENTARY STATEMENT OF INCOME INFORMATION

The following tabulation gives certain supplementary statement of income information for the years ended June 3, 2011 and May 28, 2010:

|                         | 2011        | 2010        |
|-------------------------|-------------|-------------|
| Maintenance and repairs | \$6,374,611 | \$6,431,681 |
| Depreciation            | 3,174,956   | 2,485,679   |
| Payroll taxes           | 2,331,658   | 2,352,597   |

Amounts for other taxes, rents, and research and development costs are not presented because each of such amounts is less than 1% of total revenues.

NOTE 14 – SUBSEQUENT EVENT

A Purchase and Sales Agreement was executed by and between Golden Flake Snack Foods, Inc. as Seller, and Verizon Wireless Personal Communications LP as Purchaser, on April 4, 2011, for the sale of approximately 1 acre of land located adjacent to the Company’s central warehouse in Pensacola, Florida. The purchase price was \$100,000.00. The sale was closed on June 17, 2011.

ITEM 9. – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A(T). – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our company’s management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 3, 2011. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 3, 2011, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and



procedures were effective at the reasonable assurance level.

35

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### Management's Assessment on Internal Control over Financial Reporting

The management of the company is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, 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 and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's management assessed the effectiveness of the company's internal control over financial reporting as of June 3, 2011. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework.

Based on our assessment, management concluded that, as of June 3, 2011, the company's internal control over financial reporting is effective based on those criteria set forth.

The annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

#### Changes in Internal Control over Financial Reporting

No change in our internal controls over financial reporting occurred during the fiscal quarter ended June 3, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### ITEM 9B. – OTHER INFORMATION

Not Applicable.

### PART III

#### ITEM 10. – DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

With the exception of information as follows and as set forth under the caption Executive Officers of the Registrant and Its Subsidiary which appears in Part I of this Form 10-K on Page 7, the information required by this item is incorporated by reference to the sections of the Company's Proxy Statement entitled "Election of Directors," "Additional Information Concerning the Board of Directors," "Executive Compensation and Other Information," "Section 16(a) Beneficial Ownership Reporting Compliance," "Code of Conduct and Ethics," and "Corporate Governance" for the 2011 Annual Meeting of Stockholders to be held September 22, 2011.

##### Section 16A Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, as amended, requires the Company's officers and directors and persons who own more than 10% of the Company's outstanding Common Stock to file reports of ownership with the Securities and Exchange Commission ("SEC"). All officers and directors timely filed required Form 4 and 5 reports.

#### ITEM 11. – EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the sections entitled "Executive Compensation and Other Information" of the Company's Proxy Statement for the 2011 Annual Meeting of Stockholders to be held September 22, 2011. See Item 5 of this Annual Report on Form 10-K for information concerning the Company's equity compensation plans.

#### ITEM 12. – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Section 16(a) Beneficial Ownership Reporting Compliance," of the Company's Proxy Statement for the 2011 Annual Meeting of Stockholders to be held September 22, 2011.

#### ITEM 13. – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the section entitled "Certain Transactions" and "Director Independence" of the Company's Proxy Statement for the 2011 Annual Meeting of Stockholders to be held September 22, 2011.

ITEM 14. – PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the section entitled “Independent Accountants” of the Company’s Proxy Statement for the 2011 Annual Meeting of Stockholders to be held September 22, 2011.

Prior to September 28, 2011, the Company will file a definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A which involves the election of directors.

PART IV

ITEM 15. - EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. LIST OF FINANCIAL STATEMENTS

The following consolidated financial statements of Golden Enterprises, Inc., and subsidiary required to be included in Item 8 are listed below:

Consolidated Balance Sheets – June 3, 2011 and May 28, 2010

Consolidated Statements of Income- Years ended June 3, 2011 and May 28, 2010

Consolidated Statements of Changes in Stockholders’ Equity- Years ended June 3, 2011 and May 28, 2010

Consolidated Statements of Cash Flows- Years ended June 3, 2011 and May 28, 2010

Notes to Consolidated Financial Statements

(a) 2. LIST OF FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements schedule is included in Item 15 (c):

Schedule II- Valuation and Qualifying Accounts

All other schedules are omitted because the information required therein is not applicable, or the information is given in the financial statements and notes thereto.

(a) 3. 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 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).
- (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 J. 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 Registrant 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).

- 10.9 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).
- 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 which was terminated by the sale of the aircraft on April 22, 2010 (incorporated by reference to Exhibit 10.15 to Golden Enterprises, Inc. June 2, 2006 Form 10-K filed with the Commission).
- 10.20 Amendment to Salary Continuation Plan for Mark W. McCutcheon dated December 30, 2008 (incorporated by reference to Exhibit 10.20 Golden Enterprises, Inc. February 27, 2009 Form 10-Q filed with the Commission).
- 10.21 Purchase and Sale Agreement executed by and between Golden Flake Snack Foods, Inc., as Seller, And Rodney D. Evans and Everett James Crowell, as Purchasers, with an effective date of December 14, 2009, for the sale of land and improvements located in Duval County, at 4771 Phyllis St., Jacksonville, Florida (incorporated by reference to Exhibit 10.21 Golden Enterprises, Inc. November 27, 2009 Form 10-Q filed with the Commission).
- 10.22 Purchase and Sale Agreement executed by and between Golden Flake Snack Foods, Inc., as Seller, and Airmasters, Inc., as Purchaser, with an effective date of April 22, 2010, for the sale of a Cessna 551 aircraft, s/n 551-0556 (incorporated by reference to Exhibit 10.22 to Golden Enterprises, Inc. May 28, 2010 Form 10-K filed with the Commission).
- 10.23 Termination of aircraft lease executed by and between Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., and Joann F. Bashinsky dated April 22, 2010 (incorporated by reference to Exhibit 10.23 to Golden Enterprises, Inc. May 28, 2010 Form 10-K filed with the Commission).
- 10.24 A Form of Indemnity Agreement to be executed by and between Golden Enterprises, Inc. and the following directors: Mark W. McCutcheon, Joann F. Bashinsky, John S. Stein, III, William B. Morton, Jr.,



Paul R. Bates and David A. Jones (incorporated by reference to Exhibit 10.24 to Golden Enterprises, Inc. January 13, 2011 Form 10-Q filed with the Commission).

- 10.25 A Purchase and Sales Agreement was executed by and between Golden Flake Snack Foods, Inc. as Seller, and Verizon Wireless Personal Communications LP as Purchaser, with a transfer date of June 17, 2011, for the sale of approximately 1 acre of land located adjacent to the Company's central warehouse in Pensacola, Florida.
- 14.1 Golden Enterprises, Inc.'s Code of Conduct and Ethics adopted by the Board of Directors on April 8, 2004 (incorporated by reference to Exhibit 14.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
- (18) Letter Re: Change in Accounting Principles
- 18.1 Letter from the Registrant's Independent Accountant dated August 12, 2005 indicating a change in the method of applying accounting practices followed by the Registrant for the fiscal year ended June 3, 2005 (incorporated by reference to Exhibit 18.1 to Golden Enterprises, Inc.'s June 3, 2005 Form 10-K filed with the Commission)
- 21 Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission)
- (31) Certifications
- 31.1 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.
- 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.'s June 3, 2005 Form 10-K filed with the Commission).

|         |  |
|---------|--|
| 101.INS | XBRL Instance Document                                 |
| 101.SCH | XBRL Taxonomy Extension Schema Document                |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document        |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

## 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.

GOLDEN ENTERPRISES, INC.

|  |                         |
|--|-------------------------|
| By /s/Patty Townsend<br>Patty Townsend<br>Vice President, Secretary and Principal Financial<br>Officer | August 19, 2011<br>Date |
|--|-------------------------|

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

| Signature   | Title  | Date            |
|---|--|-----------------|
| /s/Mark W. McCutcheon<br>Mark W. McCutcheon       | Chairman of the Board, Chief<br>Executive Officer, and President | August 19, 2011 |
| /s/Patty Townsend<br>Patty Townsend               | Vice President, Secretary and<br>Principal Financial Officer     | August 19, 2011 |
| /s/F. Wayne Pate<br>F. Wayne Pate                 | Director   | August 19, 2011 |
| /s/Edward R. Pascoe<br>Edward R. Pascoe           | Director   | August 19, 2011 |
| /s/John P. McKleroy, Jr.<br>John P. McKleroy, Jr. | Director   | August 19, 2011 |
| /s/John S.P. Samford<br>John S.P. Samford         | Director   | August 19, 2011 |
| /s/J. Wallace Nall, Jr.<br>J. Wallace Nall, Jr.   | Director   | August 19, 2011 |
| /s/Joann F. Bashinsky<br>Joann F. Bashinsky       | Director   | August 19, 2011 |
| /s/Paul R. Bates<br>Paul R. Bates                 | Executive Vice-President<br>and Director                         | August 19, 2011 |
| /s/David A. Jones<br>David A. Jones               | Executive Vice-President<br>and Director                         | August 19, 2011 |
| /s/William B. Morton, Jr.                         | Director   | August 19, 2011 |

William B. Morton, Jr.

/s/John S. Stein III  
John S. Stein III

Director

August 19, 2011

43

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SCHEDULE II

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended June 3, 2011 and May 28, 2010

|                                 | Balance at<br>Beginning<br>of Year | Additions<br>Charged to<br>Costs and<br>Expenses | Deductions | Balance<br>at End<br>of Year |
|---------------------------------|------------------------------------|--|------------|------------------------------|
| Allowance for Doubtful Accounts |                                    |  |            |                              |
| Year ended May 28, 2010         | \$127,130                          | \$6,790  | \$57,130   | \$76,790                     |
| Year ended June 3, 2011         | \$76,790                           | \$0  | \$6,790    | \$70,000                     |

INDEX TO EXHIBITS

- 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 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).
- (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 J. 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 Registrant 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).
- 10.9 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).
- 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 which was terminated by the sale of the aircraft on April 22, 2010 (incorporated by reference to Exhibit 10.15 to Golden Enterprises, Inc. June 2, 2006 Form 10-K filed with the Commission).
- 10.20 Amendment to Salary Continuation Plan for Mark W. McCutcheon dated December 30, 2008 (incorporated by reference to Exhibit 10.20 Golden Enterprises, Inc. February 27, 2009 Form 10-Q filed with the Commission).

- 10.21 Purchase and Sale Agreement executed by and between Golden Flake Snack Foods, Inc., as Seller, And Rodney D. Evans and Everett James Crowell, as Purchasers, with an effective date of December 14, 2009, for the sale of land and improvements located in Duval County, at 4771 Phyllis St., Jacksonville, Florida (incorporated by reference to Exhibit 10.21 Golden Enterprises, Inc. November 27, 2009 Form 10-Q filed with the Commission).
- 10.22 Purchase and Sale Agreement executed by and between Golden Flake Snack Foods, Inc., as Seller, and Airmasters, Inc., as Purchaser, with an effective date of April 22, 2010, for the sale of a Cessna 551 aircraft, s/n 551-0556 (incorporated by reference to Exhibit 10.22 to Golden Enterprises, Inc. May 28, 2010 Form 10-K filed with the Commission).
- 10.23 Termination of aircraft lease executed by and between Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., and Joann F. Bashinsky dated April 22, 2010 (incorporated by reference to Exhibit 10.23 to Golden Enterprises, Inc. May 28, 2010 Form 10-K filed with the Commission).
- 10.24 A Form of Indemnity Agreement to be executed by and between Golden Enterprises, Inc. and the following directors: Mark W. McCutcheon, Joann F. Bashinsky, John S. Stein, III, William B. Morton, Jr., Paul R. Bates and David A. Jones (incorporated by reference to Exhibit 10.24 to Golden Enterprises, Inc. January 13, 2011 Form 10-Q filed with the Commission).
- 10.25 A Purchase and Sales Agreement was executed by and between Golden Flake Snack Foods, Inc. as Seller, and Verizon Wireless Personal Communications LP as Purchaser, with a transfer date of June 17, 2011, for the sale of approximately 1 acre of land located adjacent to the Company's central warehouse in Pensacola, Florida.
- 14.1 Golden Enterprises, Inc.'s Code of Conduct and Ethics adopted by the Board of Directors on April 8, 2004 (incorporated by reference to Exhibit 14.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
- (18) Letter Re: Change in Accounting Principles
- 18.1 Letter from the Registrant's Independent Accountant dated August 12, 2005 indicating a change in the method of applying accounting practices followed by the Registrant for the fiscal year ended June 3, 2005 (incorporated by reference to Exhibit 18.1 to Golden Enterprises, Inc.'s June 3, 2005 Form 10-K filed with the Commission)
- 21 Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission)
- (31) Certifications
- 31.1 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.
- 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.'s June 3, 2005 Form 10-K filed with the Commission).