

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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

For the period ended December 30, 1995

or

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

Commission File Number: 0-14616

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

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

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

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

Telephone (609) 665-9533

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

As of January 25, 1996, there were 9,035,370 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	December 30, 1995 (Unaudited)	September 30, 1995
Current assets		
Cash and cash equivalents	\$ 13,222,000	\$ 10,696,000
Marketable securities available for sale	3,372,000	3,824,000
Accounts receivable	13,926,000	17,467,000
Inventories	10,944,000	11,009,000
Prepaid expenses and deposits	1,041,000	1,498,000
	42,505,000	44,494,000
Property, plant and equipment, at cost		
Land	819,000	819,000
Buildings	5,119,000	5,119,000
Plant machinery and equipment	39,220,000	39,006,000
Marketing equipment	76,287,000	75,085,000
Transportation equipment	2,018,000	2,086,000
Office equipment	3,204,000	3,002,000
Improvements	5,155,000	5,036,000
Construction in progress	915,000	480,000
	132,737,000	130,633,000
Less accumulated depreciation and amortization	74,991,000	71,410,000
	57,746,000	59,223,000
Other assets		
Goodwill, trademarks and rights, less accumulated amortization	8,458,000	8,644,000
Long term investments available for sale	990,000	990,000
Long term investments held to maturity	8,895,000	7,345,000
Sundry	2,418,000	2,613,000
	20,761,000	19,592,000
	\$121,012,000	\$123,309,000

See accompanying notes to the consolidated financial statements.

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

LIABILITIES AND STOCKHOLDERS' EQUITY	December 30, 1995 (Unaudited)	September 30, 1995
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Current liabilities		
Current maturities of long-term debt	\$ 4,000	\$ 16,000
Accounts payable	9,887,000	10,607,000
Accrued liabilities	5,162,000	5,922,000
	15,053,000	16,545,000
Long-term debt, less current maturities	5,007,000	5,011,000
Deferred income	647,000	666,000
Deferred income taxes	5,003,000	5,003,000
Stockholders' equity		
Capital stock		
Preferred, \$1 par value; authorized, 5,000,000 shares; none issued	-	-
Common, no par value; authorized, 25,000,000 shares; issued and outstanding, 9,010,000 and 9,126,000, respectively	39,456,000	40,802,000
Foreign currency translation adjustment	(1,384,000)	(1,121,000)
Retained earnings	57,230,000	56,403,000
	95,302,000	96,084,000
	\$121,012,000	\$123,309,000

See accompanying notes to the consolidated financial statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

	Three months ended	
	December 30, 1995	December 24, 1994
Net Sales	\$42,863,000	\$41,217,000
Cost of goods sold	21,696,000	20,422,000
Gross profit	21,167,000	20,795,000
Operating expenses		
Marketing	13,880,000	13,324,000
Distribution	4,243,000	4,532,000
Administrative	1,896,000	1,968,000
Amortization of intangibles and deferred costs	208,000	216,000
	20,227,000	20,040,000
Operating income	940,000	755,000
Other income (deductions)		
Investment income	411,000	292,000
Interest expense	(100,000)	(98,000)
Sundry	17,000	(68,000)
Earnings before income taxes	1,268,000	881,000
Income taxes	441,000	331,000
NET EARNINGS	\$ 827,000	\$ 550,000

Earnings per common

share	\$.09	\$.06
Weighted average number of shares	9,186,000	9,854,000

See accompanying notes to the consolidated financial statements.

5J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three months ended	
	December 30, 1995	December 24, 1994
Cash flows from operating activities:		
Net earnings	\$ 827,000	\$ 550,000
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	3,827,000	3,669,000
Amortization of intangibles and deferred costs	250,000	252,000
Increase in deferred income taxes	-	18,000
Other adjustments	(9,000)	13,000
Changes in assets and liabilities		
Decrease in accounts receivable	3,498,000	3,729,000
Decrease (increase) in inventories	99,000	(1,002,000)
Decrease (increase) in prepaid expenses	439,000	(49,000)
Decrease in accounts payable and accrued liabilities	(1,449,000)	(2,116,000)
Net cash provided by operating activities	7,482,000	5,064,000
Cash flows from investing activities:		
Capital expenditures	(2,541,000)	(3,762,000)
Proceeds from investments held to maturity	195,000	115,000
Payments for investments held to maturity	(1,750,000)	(500,000)
Proceeds from investments available for sale	1,850,000	2,047,000
Payments for investments available for sale	(1,407,000)	(2,481,000)
Decrease in bond trust fund	1,000	441,000
Other	59,000	35,000
Net cash used in investing activities	(3,593,000)	(4,105,000)
Cash flows from financing activities:		
Proceeds from issuance of common stock	24,000	64,000
Payments to repurchase common stock	(1,370,000)	(5,728,000)
Payments of long-term debt	(17,000)	(4,000)
Net cash used in financing activities	(1,363,000)	(5,668,000)
Net increase (decrease) in cash and cash equivalents	2,526,000	(4,709,000)
Cash and cash equivalents at beginning of period	10,696,000	6,621,000
Cash and cash equivalents at end of period	\$13,222,000	\$ 1,912,000

See accompanying notes to the consolidated financial statements.

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

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

The results of operations for the three months ended December 30, 1995 and December 24, 1994 are not necessarily indicative of results for the full year. Sales of the Company's retail stores are generally higher in the first quarter due to the holiday shopping season. Sales of the Company's frozen carbonated beverages are generally higher in the

third and fourth quarters due to seasonal factors.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes included in the Company's Annual Report on Form 10-K for the year ended September 30, 1995.

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

Note 3 Inventories consist of the following:

	December 30, 1995	September 30, 1995
Finished goods	\$ 5,262,000	\$ 5,669,000
Raw materials	1,203,000	1,019,000
Packaging materials	2,304,000	1,947,000
Equipment parts & other	2,175,000	2,374,000
	\$10,944,000	\$11,009,000

Note 4 The amortized cost, unrealized gains and losses, and fair market values of the Company's available for sale and held to maturity securities held at December 30, 1995 are summarized as follows:

	7 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available for Sale Securities				
Equity Securities	\$ -	\$12,000	\$ -	\$ 12,000
Corporate Debt Securities	995,000	-	55,000	940,000
Municipal Government Securities	3,367,000	7,000	2,000	3,372,000
	\$4,362,000	\$19,000	\$ 57,000	\$4,324,000
Held to Maturity Securities				
Corporate Debt Securities	\$1,010,000	\$22,000	\$ -	\$1,032,000
Municipal Government Securities	7,385,000	59,000	100,000	7,344,000
Other	500,000	-	-	500,000
	\$8,895,000	\$ 81,000	\$100,000	\$8,876,000

The amortized cost, unrealized gains and losses, and fair market values of the Company's available for sale and held to maturity securities held at September 30, 1995 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available for sale securities				
Equity securities	\$ -	\$12,000	\$ -	\$ 12,000
Corporate debt securities	996,000	-	46,000	950,000
Municipal government securities	3,818,000	6,000	8,000	3,816,000
	\$4,814,000	\$18,000	\$ 54,000	\$4,778,000
Held to maturity securities				
Corporate debt securities	\$1,015,000	\$ 8,000	\$ 15,000	\$1,008,000
Municipal government securities	5,830,000	11,000	195,000	5,646,000
Other	500,000	-	-	500,000
	\$7,345,000	\$ 19,000	\$210,000	\$7,154,000

Note 5 The FASB issued a new standard, FAS No. 107, "Disclosure About Fair Value of Financial Instruments," which requires all entities to disclose the estimated fair value of their financial instrument assets and liabilities. The Company will provide these new disclosures at September 29, 1996.

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

Liquidity and Capital Resources

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

In the quarter ended December 30, 1995, the devaluation of the Mexican peso caused a reduction of \$263,000 in stockholders' equity because of the revaluation of the net assets of the Company's Mexican frozen carbonated beverage subsidiary. Dollar Sales of this subsidiary were about 50% lower than a year ago due to the devaluation and continuing economic problems in Mexico.

During the first quarter, the Company purchased and retired 116,000 shares of its common stock at a cost of \$1,370,000.

During the third quarter of fiscal year 1995, the Company sold its syrup and flavor manufacturing subsidiary, Western Syrup Company, to an unrelated third party for cash and notes. During the quarter ended December 24, 1994 Western Syrup Company generated an after tax loss of approximately \$170,000. The Company does not anticipate that the sale of Western will have a material impact on its operations or financial position.

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

Results of Operations

Net sales increased \$1,646,000 or 4% to \$42,863,000 for the three months ended December 30, 1995 compared to the three months ended December 24, 1994. Net sales, excluding sales of Western Syrup Company for both periods, increased \$2,115,000 or 5%.

Sales to food service customers increased \$3,426,000 or 18% in the first quarter to \$22,376,000. Soft pretzel sales to the food service market increased 20% to \$14,734,000 in the quarter primarily due to increased distribution. Two customers accounted for over 90% of the soft pretzels sales' increase. Frozen juice treat and dessert sales increased 1% to \$2,902,000 in the quarter. Churro sales to food service customers increased 9% to \$2,360,000. All foodservice sales increases were due primarily to expanded unit volume. Approximately 26% of the overall increase in sales to foodservice customers was accounted for by equipment sales.

Sales of products to retail supermarkets decreased \$103,000 or 1% to \$7,280,000 in the first quarter. Soft pretzel sales for the first quarter were down 4% to \$5,871,000 due primarily to decreased distribution of SOFTSTIX. SOFTSTIX sales decreased \$348,000 to \$802,000 in the quarter. Sales of the flagship SUPERPRETZEL brand soft pretzels, excluding SOFTSTIX, decreased 2% in the first quarter. Sales of Luigi's Real Italian Ice increased \$97,000 or 9% to \$1,184,000

in the first quarter. All of the increases and decreases were due primarily to changes in unit volume.

Frozen carbonated beverage and related product sales decreased \$247,000 or 3% to \$8,488,000 in the first quarter. Beverage sales alone decreased 3% to \$7,968,000 due to lower sales of our Mexican frozen carbonated beverage subsidiary.

Bakery sales decreased \$909,000 or 37% to \$1,578,000 in the first quarter due to decreased product sales to two major customers. Sales of Bavarian Pretzel Bakery decreased \$52,000 or 2% to \$3,141,000 in the quarter due to lower unit volume.

Gross profit as a percentage of sales decreased to 49% in the current first quarter from 50% in the year ago period. This gross profit percentage decrease is primarily attributable to higher raw material and packaging costs.

Total operating expenses increased \$187,000 in the first quarter but as a percentage of sales decreased to 47% from 49% in last year's same quarter. Marketing expenses were 32% of sales in both year's first quarters. Distribution expenses decreased to 10% of sales from 11% of sales last year due primarily to changes in methods of distribution in our frozen carbonated beverage subsidiary. Administrative expenses declined less than 1/2 of one

percent of sales to 4% from 5% last year due to a combination of lower overall expenses and an increase in sales volume.

Operating income increased \$185,000 or 25% to \$940,000 in the first quarter.

Interest income increased \$119,000 to \$411,000 in the quarter from last year due to a higher level of investable funds invested at higher interest rates.

Interest expense remained essentially unchanged from last year's quarter.

Sundry increased \$85,000 to income of \$17,000 in the quarter due primarily to lower legal expenses related to a past acquisition compared to last year.

The effective income tax rate has been estimated at 35% in this year's first quarter compared to 38% last year. The lower rate this year is due to tax benefits derived by our Mexican subsidiary and other factors.

Net earnings increased \$277,000 or 50% in the current three month period to \$827,000.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- a) Exhibits - None
- b) Reports on Form 8-K - There were no reports on Form 8-K for the three months ended December 30, 1995.

SIGNATURES

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

J & J SNACK FOODS CORP.

Dated: February 5, 1996

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

Dated: February 5, 1996

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

SIGNATURES

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

J & J SNACK FOODS CORP.

Dated: February 5, 1996

Gerald B. Shreiber
President

Dated: February 5, 1996

Dennis G. Moore
Senior Vice President and
Chief Financial Officer

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