



GOLDEN ENTERPRISES, INC.

## ANNUAL REPORT 2011

FOR FISCAL YEAR ENDED JUNE 3, 2011





# Tech News

Golden Flake  
Revolutionizing  
Computer Systems

## About Lawson

Lawson offers enterprise resource planning software, services and support to help run operations more smoothly and effectively. Lawson's system is feature-rich and provides specialized solutions based on their deep industry knowledge of the Food and Beverage segment. Lawson has provided enterprise resource planning software for over 4,500 customers across 40 countries.

## Lawson References

During the selection phase, Lawson provided food and beverage customer references such as, Jelly Belly, Watkins Inc., and Kemin Foods. These companies are currently using the Lawson system and shared their experience of the implementation process and satisfaction with the ERP system. Several Golden Flake steering committee members were able to speak with current Lawson customers to ask questions and to learn the advantages of the Lawson solution.



## System Highlights

Single System Data Entry

User Friendly Interface

Intuitive Application

## Introducing Lawson M3 Food & Beverage System

Golden Flake is excited to begin a journey to integrate all of its current computer systems with what is called an Enterprise Resource Planning ("ERP") system.

With the introduction of the Velocitor handheld scanner system, the increasing number and types of products, the expansion of our network of distributors, and many other significant changes in the business, timeliness, efficiency and accuracy are key to future success.

A decision was made in the Fall of 2010 to begin a diligent evaluation to find the best software system for Golden Flake. CFO Patty Townsend, working with Steve Adams from a local consulting firm, organized a steering committee of knowledgeable people across all aspects of the company to conduct this evaluation. Steering committee members outlined a very detailed list of system requirements for each of the departmental areas. After many meetings and discussions, this list was finalized and became the basis for a "Request for Proposal (RFP)" document that was sent to 18 software companies asking if they were interested in presenting a proposal for us to consider using their software.

Three rounds of evaluation were conducted with half of the companies eliminated due to either an inability to fulfill our software requirements or the company not being a good fit for Golden Flake. After further review of the systems, the vendors' knowledge of our business, and their experience implementing very large projects like this, a decision was made to select Lawson M3 Food & Beverage system for Golden Flake.

The official ERP project kickoff started in April 2011. The Lawson team (including consultants from CIBER, a Lawson partner that will be responsible for the HR and Payroll systems) will be working with us to review and analyze all of the business processes to make sure no details are missed as we plan for the eventual crossover to the new system. Our ERP implementation will follow a strict project management methodology called Step-Wise to ensure all activities occur as planned. Project planning will continue, followed by preparation of the technical environment, training, testing, validation of system readiness and preparation to go-live with the new Lawson M3 Food & Beverage application in production.





Given the challenges our team has faced this year, these results demonstrate the positive results of ongoing initiatives and commitment to excellence of our teammates.

## Letter to Our Stockholders

I am pleased that our year end results remain positive with net income for the 53-week year ended June 3, 2011 of \$3.0 million (\$0.26 per share) compared to net income of \$4.2 million (\$0.36 per share) for the 52-week year ended May 28, 2010. Last year's income included gains from the sale of the Company's airplane and certain properties that contributed \$0.04 per share.

The past year at Golden Enterprises can be summed up in one word, challenging. Be it fuel costs, commodity costs, or the malaise and uncertainty of the economy in general, we have experienced a tough and demanding year. But despite these external constraints, our Company had a profitable year.

Net sales increased by 2% in fiscal year 2011 while cost of sales as a percentage of sales and gross margin were relatively level compared to last year. Without the extra week, net sales, cost of sales, and gross margin were all comparatively even with last year. Given the challenges our team has faced this year, these results demonstrate the positive results of ongoing initiatives and commitment to excellence of our teammates.

Challenging circumstances present opportunities for improvement in our operations. After an extensive and diligent selection process, the Company chose and has begun implementation of an enterprise resource planning (ERP) system. This system will provide management with real time information to improve forecasting, enhance order and revenue tracking, as well as fully integrate our manufacturing, sales and marketing, human resources and financial applications.

With pride in our past achievements and an excitement toward our future, we remain dedicated to achieving positive results for our stockholders by producing and selling quality snack foods.



We invite you to our annual meeting of stockholders to be held at our Birmingham headquarters on September 22, 2011 at 11:00 A.M. Central Daylight Time.

Mark W. McCutcheon  
Chairman of the Board, President and Chief Executive Officer



From Left to Right: Paul R. Bates, Executive Vice-President of Golden Flake Snack Foods, Inc., Mark W. McCutcheon, Chairman of the Board, President and Chief Executive Officer of Golden Enterprises, Inc., David A. Jones, Executive Vice-President of Golden Flake Snack Foods, Inc. and Patty Townsend, Chief Financial Officer, Vice-President and Secretary of Golden Enterprises, Inc

## Essential Ingredients

At Golden Flake, innovation and dedication to quality are essential ingredients to our success. It is our goal to provide exciting new products that taste great and offer great value, a tradition that has made Golden Flake a brand Southern consumers know and trust.



### A Foundation

At Golden Flake, quality begins with our people and is primary to each ingredient of our delicious snacks! With this basic foundation, our employees in manufacturing, transportation and sales are proud to offer our consumers only the most delicious grade “A” snacks.

### Good Taste

When you taste a Golden Flake product, you will experience only the best flavors found in each of our Southern made snacks! Choice ingredients are combined with new and exciting flavors in an assortment of potato chips, cheese curls, cheese puffs, pork skins, tortilla chips, and puff corn. With traditional favorites like Sour Cream & Onion to delectable Dill Pickle,

to our bold Sweet Heat Barbecue, it's no wonder that Golden Flake is the South's regional favorite!



### Consumer Value

In today's environment, the emphasis on value is more important than ever before! We strive to ensure that each product delivers true value in every aspect of cost, taste and enjoyment. Our dedicated

consumers, both veterans and newly engaged, are confident that Golden Flake will consistently provide the satisfaction and comfort they have come to know and trust!

### Continued Traditions

From the humble beginning in the basement of a Hill's Grocery Store in 1923 until today, traditions are the building blocks and foundation that strengthen our company. As Golden Flake moves forward, we continue our mission, “Consistently satisfying the expectations of our customers, consumers, employees and stockholders by producing and selling quality snacks!” Continuing established traditions, along with creating new ones strengthen Golden Flake as a company, and as a family.



## From the humble beginning

in the basement of a Hill's Grocery Store in 1923 until today, traditions are the building blocks and foundation that strengthen our company.





## A Classic American Success Story

Golden Flake is a tribute to the American free enterprise system. Starting out as Magic City Foods in 1923, the only products made were almonds, peanuts, peanut butter crackers, horseradish and potato chips.

Today, Golden Flake manufactures a full line of potato chips, pork skins, tortilla chips, corn chips, cheese puffs, cheese curls, onion rings and puff corn which are distributed throughout the Southeastern United States and available for purchase online. Even though Golden Flake is a much larger company today, the same quality and traditions that built its foundation still remain.



## Golden Flake manufactures

a full line of potato chips, pork skins, tortilla chips, corn chips, cheese puffs, cheese curls, onion rings and puff corn.

## Company Profile

### Who We Are:

Golden Flake Snack Foods, Inc. (NASDAQ: GLDC), manufactures and distributes a full line of snack food items. Golden Flake's brands include: Golden Flake, Tostitos™ and Maizetos™.

### Office Headquarters:

Birmingham, Alabama - Founded in 1923.

### Employees:

Golden Flake employs approximately 800 people who are involved in route sales and sales supervision, production and production supervision, administrative and management personnel.

### What We Sell:

Golden Flake sells a full line of potato chips, pork skins, tortilla chips, corn chips, cheese puffs, cheese curls, onion rings and puff corn. We also offer salsas and dips, pretzels, cracker sandwiches, dried meat snacks and nuts.

### Manufacturing Plants:

Birmingham, AL: This facility consists of three buildings which have a total of approximately 300,000 square feet of floor area. Ocala, FL: This plant consists of approximately 100,000 square feet of manufacturing space.

### Distribution Warehouses:

Golden Flake owns branch warehouses in Birmingham, Montgomery, Midfield, Demopolis, Fort Payne, Muscle Shoals, Huntsville, Phenix 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.

### Vehicles:

Golden Flake owns a fleet of vehicles which includes route trucks, tractors, trailers, cars and miscellaneous vehicles.

### Distribution Footprint:

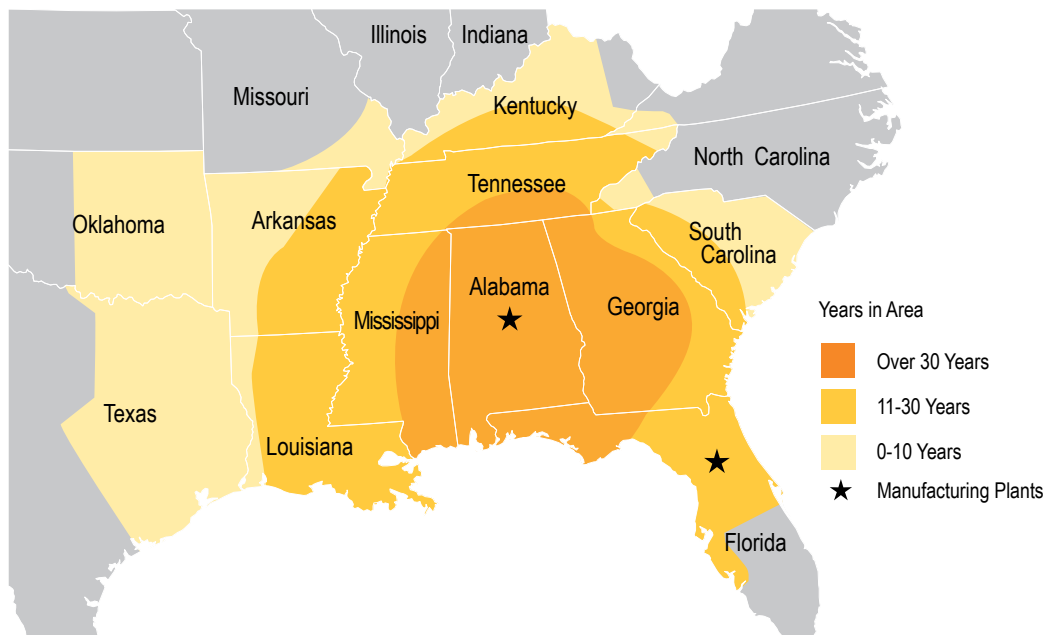
Golden Flake products are distributed to 15 states and also available for purchase online. Our distribution footprint has grown and solidified over the past year with new distributors located in Oklahoma and Virginia.



## EYE ON Product Quality

Golden Flake is dedicated to the production of top quality snack food items. Our team of quality control technicians are some of the best in the industry. We only offer the finest selection of chips which are carefully inspected throughout the manufacturing process. With the use of specialized Xray and sorting equipment along with live quality testing, we are confident that when you open a bag of Golden Flake, you will receive consistency in taste, appearance and enjoyment!

## Golden Flake Market Area



## Market Growth

**Golden Flake is satisfying more consumer demands for tasty snack products in more places than ever before.**

Our network of distributors now includes further penetration in Florida and introduction into another state west of our core markets.... Oklahoma.

As we identify viable productive avenues to satisfy consumer needs outside our current footprint, growth will be deliberate and consistent with our mission.



Our Cheese Curl/ Cheese Puff route truck design won a Top Ten 2011 Vehicle Graphics Award from Fleet Owner Magazine.



## New Product Development

At Golden Flake, we are always thinking of future trends and how to satisfy the constantly changing taste of our consumers. We strive to be innovators in our industry while providing high quality and value, reasons we continue to have successful growth in established and emerging markets.

## Brand Association

Golden Flake is a brand that is recognized throughout the sales region by taste and quality, as well as its partnerships with well known affiliates which include the University of Alabama, Auburn University, UAB, Talladega Superspeedway, the SEC and Sun Belt Conference.

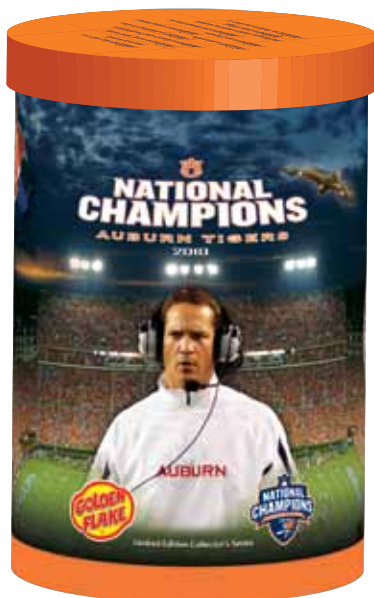
### What's New?

New products for 2010-2011 included the introduction of Original Wavy Potato Chips, Spicy Puff Corn, 100 Calorie Variety Pack, Medium Salsa, Sweet Heat Barbecue Gourmet Spice and Jalapeño Pepper Wavy Potato Chips. In addition to the new items, several old favorites were resized for line extensions in C-stores and supermarkets.

### New Items of 2011

Original Wavy Potato Chips  
Spicy Puff Corn  
100 Calorie Variety Pack  
Medium Restaurant Style Salsa  
Sweet Heat Barbecue Gourmet Spice  
Jalapeño Pepper Wavy Potato Chips





Advertising for 2010-2011 included football and seasonal FSI's featured throughout the Southeast with a circulation of over 4 million each, full color ads in southern lifestyle magazines and a limited edition 2010 National Champions Auburn Tigers collector's tin. Billboards also promote brand awareness throughout our market area. We also utilize the internet to communicate with our consumers through Facebook and our official company website.



Scan to visit  
Golden Flake  
on Facebook!

## Serving the Community

At Golden Flake, we participate in many events throughout the community, such as Junior Achievement, Boy Scouts, Product Awards and Scholarship Awards. Scholarships are awarded to students of the University of Alabama and Auburn University through field goal and 3 point shooting contests each season.

In response to the tornado tragedy on April 27, 2011, Golden Flake donated 3 semi trailer loads of Golden Flake product to devastated areas in Alabama.

We strive to be visible and helpful throughout our consumer's community.

## Within The Company

Golden Flake participates in activities within the company as well. Some programs include Scale Back Alabama, National Wear Red Day, and an annual health fair. We encourage our employees to maintain a healthy lifestyle and provide information to help them stay on track.

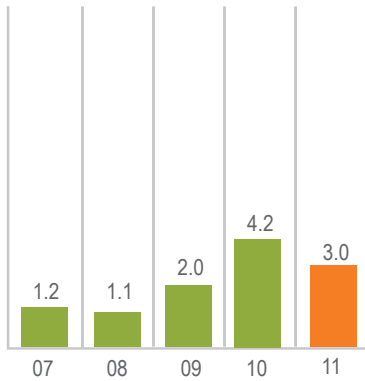




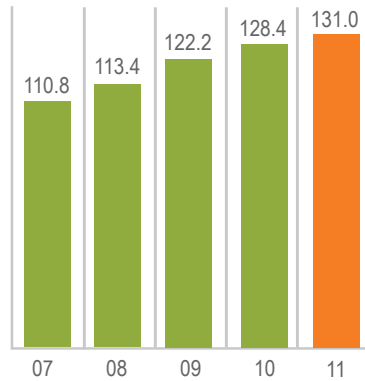
## Condensed Financial Statements

	2011	2010
Net Sales	\$131,047,850	\$128,441,457
Pre-Tax Income	\$5,109,267	\$6,823,454
Net Income	\$3,014,768	\$4,209,038
Net Income Per Share	\$0.26	\$0.36
Total Assets	\$48,120,906	\$42,743,360
Total Liabilities	\$24,463,252	\$20,596,007
Shareholders' Equity	\$23,657,654	\$22,147,353

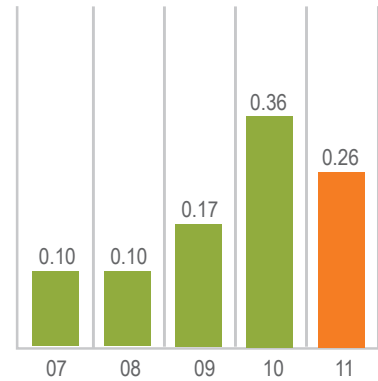
NET INCOME (\$ MILLIONS)



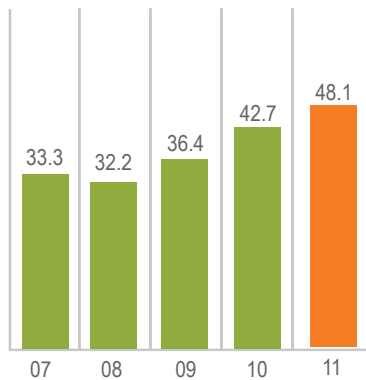
NET SALES (\$ MILLIONS)



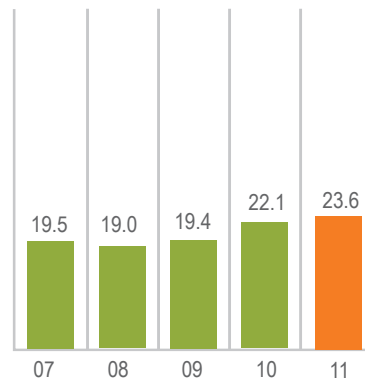
BASIC AND DILUTED EARNINGS PER SHARE (\$)



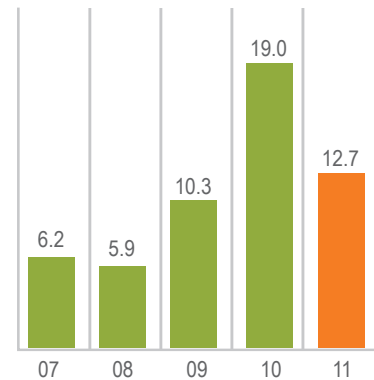
TOTAL ASSETS (\$ MILLIONS)



SHAREHOLDERS EQUITY (\$ MILLIONS)



RETURN ON EQUITY (%)







## Counsel

Spain & Gillon, L.L.C.  
Birmingham, Alabama

## Auditors

Dudley, Hopton-Jones,  
Sims & Freeman PLLP

## Registrar & Transfer Agent

The Bank of New York  
Shareholder Relations Dept. 11E  
P.O. Box 11258  
Church Street Station  
New York, New York 10286  
1-800-524-4458

## Management of Golden Enterprises, Inc. and Its Subsidiary Directors of Golden Enterprises, Inc.

Joann F. Bashinsky	Chairman of SYB, Inc.
Paul R. Bates	Executive Vice-President of Golden Flake Snack Foods, Inc.
David A. Jones	Executive Vice-President of Golden Flake Snack Foods, Inc.
Mark W. McCutcheon	Chairman of the Board, President and Chief Executive Officer of Golden Enterprises, Inc.
John P. McKleroy, Jr.	Partner, Spain & Gillon, Counsel for the Company
William B. Morton, Jr.	President and Chief Executive Officer of Robins & Morton
J. Wallace Nall, Jr.	President of Nall Development Corporation
Edward R. Pascoe	Retired, Chairman of Steel City Bolt & Screw, Inc.
F. Wayne Pate	Retired, President and Chief Operations Officer of Golden Enterprises, Inc.
John S.P. Samford	President of Samford Capital Corporation
John S. Stein III	Chairman and Chief Executive Officer of National Alabama Corporation

## Directors Emeritus of Golden Enterprises, Inc.

James I. Rotenstreich	Chairman and Chief Executive Officer of JHF Holdings, Inc.
John S. Stein	Retired, Chairman of the Board of Golden Enterprises, Inc.

## Officers of Golden Enterprises, Inc.

Mark W. McCutcheon	Chairman of the Board, President and Chief Executive Officer
Patty Townsend	Chief Financial Officer, Vice-President and Secretary

## Officers of Golden Flake Snack Foods, Inc.

Mark W. McCutcheon	President and Treasurer
Paul R. Bates	Executive Vice-President
David A. Jones	Executive Vice-President
Jim Harrington, Jr.	Controller



# NOTES

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Birmingham, Alabama 35205  
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