GOLDEN ENTERPRISES INC
Form 10-K/A
August 20, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
(AMENDMENT NO. 1)

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

For the fiscal year ended May 31, 2003

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	63-0250005
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
ONE GOLDEN FLAKE DRIVE BIRMINGHAM, ALABAMA	35205
(ADDRESS OF 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:
None

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
Common Capital Stock, Par Value $0.662/3
(TITLE OF CLASS)

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 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 an accelerated filer (as defined in Rule 12b-2 of the Act). Yes____ No __X__

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of August 8, 2003.

Common Stock, Par Value $0.662/3 --$11,155,451

Indicate the number of shares outstanding of each of the Registrant's Classes of Common Stock, as of August 8, 2003.

CLASS	OUTSTANDING AT AUGUST 8, 2003
Common Stock, Par Value $0.662/3	11,883,305 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Proxy Statement for the Annual Meeting of Stockholders to be held on September 30, 2003 are incorporated by reference into Part III.

PURPOSE OF AMENDMENT NO. 1

The filing is made to restate the Company's consolidated statements of income for the years 2003, 2002 and 2001 and consolidated statements of financial condition as of May 31, 2003 and 2002 and related Management's Discussion and Analysis to reflect a correction of the accounting for accruals for its vacation pay and self-insured health and casualty obligations. Also, selected financial data and Management's Discussion and Analysis has been restated as of and for the years ended May 31, 2003, 2002, 2001, 2000 and 1999.

Regarding the accompanying consolidated financial statements, the restatement for years 2003, 2002 and 2001 resulted in a reduction in a previously reported net loss of approximately $484,380 and a reduction in a previously reported net income of approximately $476,844 and $47,769, respectively. Basic and Diluted loss per share was reduced by $.04 per share for fiscal year 2003. Basic and Diluted earnings per share declined $.04 for fiscal 2002 and earnings per share were not impacted for fiscal year 2001. In addition, as a result of the cumulative effect of the restatement, retained earnings has been reduced by $1,927,462, $2,411,842 and $1,934,999 as of May 31, 2003, May 31, 2002 and May 31, 2001, respectively. Also, as a result of the cumulative effect of the restatement for the years 2001 through 2003, opening Retained Earnings as of June 1, 2000 has been reduced by $1,887,230.

The restatement adjustments are presented in Note #2 in the Notes to Consolidated Financial Statements in this Form 10-K/A. The restatement adjustments reflect a correction of the accounting for accruals for its vacation pay and self-insured health and casualty obligations. The Company determined that there had been an error in its accounting for self-insurance related liabilities. The adjustments required included recognition of previously unrecorded liabilities and reductions in amounts previously recognized as prepaid amounts to an employee benefit trust which were incorrect.

The Company determined that it had not recorded liabilities for earned vacation not yet taken as required by Generally Accepted Accounting Principles (GAAP).

This amendment does not reflect the effect of any events subsequent to the original filing of the form 10-K for the year ended May 31, 2003, except for the aforementioned restatements.

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PART I

ITEM 1. - 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"). Golden Enterprises is paid a fee by Golden Flake for providing management services for it.

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. On June 15, 1963, the Company purchased Don's Foods, Inc. a Tennessee corporation which was merged into the Company on December 10, 1966. 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 manufactures and distributes a full line of salted snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings and buttered popcorn. These products are all packaged in flexible bags or other suitable wrapping material. Golden Flake also sells a line of cakes and cookie items, canned dips, pretzel, 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 Golden Flake's sales, which affords some protection against loss of volume due to a crop failure of major agricultural raw materials.

RAW MATERIALS

Golden Flake purchases raw materials used in manufacturing and processing its snack food products on the open market and under contract through brokers and directly from growers. A large part of the raw materials used by Golden Flake consists of farm commodities which are subject to precipitous change in supply and price. Weather varies from season to season and directly affects both the quality and supply available. Golden Flake has no control of the agricultural aspects and its profits are affected accordingly.

DISTRIBUTION

Golden Flake sells its products through its own sales organization and independent distributors to commercial establishments which sell food products in Alabama and in parts of Tennessee, Kentucky, Georgia, Florida, Mississippi, Louisiana, North Carolina, South Carolina, Arkansas and Missouri. The products are distributed by approximated 433 route salesmen who are supplied with selling inventory by the Company's trucking fleet which operates out of Birmingham, Alabama, Nashville, Tennessee, and Ocala, Florida. All of the route salesmen are employees of Golden Flake and use the direct store door delivery method. Golden Flake is not dependent upon any single customer, or a few customers, the loss of any one or more of which would have a material adverse effect on its business. No single customer accounts for more than 10% of its total sales. Golden Flake has a fleet of 835 company owned vehicles to support the route sales system, including 37 tractors and 96 trailers for long haul delivery to the various company warehouses located throughout its distribution areas, 644 store delivery vehicles and 58 cars and miscellaneous vehicles. Golden Flake also leases 20 store delivery vehicles.

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., which is larger in terms of capital and sales volume than is Golden Flake. Golden Flake is unable to state its relative position in the industry. 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.

EMPLOYEES

Golden Flake employs approximately 1,100 employees. Approximately 650 employees are involved in route sales and sales supervision, approximately 350 are in production and production supervision, and approximately 100 are management and administrative personnel.

Golden Flake believes that the performance and loyalty of its employees are 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. Golden Flake considers its relations with its employees to be excellent.

Golden Flake has a 401(k) Profit Sharing Plan and an Employee Stock Ownership Plan designed to reward the long term employee for his loyalty. In addition, the employees are provided medical insurance, life insurance, and an accident and sickness salary continuance plan. Golden Flake believes that its employee wage rates are competitive with those of its industry and with prevailing rates in its area of operations.

OTHER MATTERS

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, are available via the Company's website. The website address is www.goldenflake.com. All required reports are made available on the website as soon as reasonably practicable after they are electronically filed with the Securities and Exchange Commission.

ENVIRONMENTAL MATTERS

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

RECENT DEVELOPMENTS

No significant changes have occurred in the kinds of products manufactured or in the markets of methods of distribution, and no material changes or developments have occurred in the business done and intended to be done by Golden Flake.

EXECUTIVE OFFICERS OF REGISTRANT
AND ITS SUBSIDIARY

NAME AND AGE	POSITION AND OFFICES WITH MANAGEMENT
John S. Stein, 66	Mr. Stein is Chairman of the Board. He was elected Chairman 1996. He served as Chief Executive Officer from 1991 to Apr and as President from 1985 to 1998 and from June 1, 2000 2001. Mr. Stein also served as President of Golden Flake S Inc. from 1976 to 1991. Mr. Stein retired as an employe Company on May 31, 2002. Mr. Stein is elected Chairman annuall present term will expire on May 31, 2004.
Mark W. McCutcheon, 48	Mr. McCutcheon is Chief Executive Officer and President of the President of Golden Flake Snack Foods, Inc., a wholly owned su the Company. He was elected President and Chief Executive Off Company on April 4, 2001 and President of Golden Flake on N 1998. He has been employed by Golden Flake since 1980. Mr. is elected Chief Executive Officer and President of the President of Golden Flake annually, and his present terms wil May 31, 2004.
John H. Shannon, 66	Mr. Shannon has been employed with the Company since 1962. He Controller in 1976, Secretary in 1978 and Vice-President in 19 served in these capacities since the, Mr. Shannon is ele positions on an annual basis, and his present term of office on May 31, 2004. (Reitred March 1, 2004)
Randy Bates, 49	Mr. Bates is Executive, Vice-President of Sales, Marketing and Tra for Golden Flake. He has held these positions since Octobe Mr. Bates was Vice-President of Sales from October 1, 1994 to Bates has been employed by Golden Flake since March 1979. Mr elected to his positions on an annual basis, and his prese office will expire on May 31, 2004.
David Jones, 50	Mr. Jones is Executive Vice-President of Operations, Human Res Quality Control for Golden Flake. He has held these position 20, 2002. Mr. Jones was Vice-President of Manufacturing f 2002 and Vice-President of Operations from 2000 to 2002. Mr been employed by Golden Flake since 1984. Mr. Jones is ele positions on an annual basis, and his present term of office on May 31, 2004.

ITEM 2. - PROPERTIES

The headquarters of the Company during the fiscal year ended May 31, 2003 were at Suite 208, 2140 11th Avenue South, Birmingham, Alabama 35205. The Company occupied approximately 1500 square feet of office space under lease. On March 1, 2004, the Company relocated to One Golden Flake Drive, Birmingham, AL 35205. The properties of the subsidiary are described below.

GOLDEN FLAKE

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 which is serviced by a railroad spur track. 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 maintains a garage and vehicle maintenance service center from which it services, maintains, repairs and rebuilds its fleet and delivery trucks. Golden Flake has adequate employee and fleet parking.

Approximately 17 acres of the Birmingham property is undeveloped. This property is zoned for industrial use and is readily available for future use. Plans for the utilization of this property have not been finalized.

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, with allowance for future expansion, and is located on a 28-acre site on Silver Springs Boulevard. The Company manufactures corn chips, tortilla chips and potato chips from this facility.

The manufacturing plants, office headquarters and additional lands are owned by Golden Flake free and clear of any debts.

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; Chattanooga, Knoxville, and Memphis, Tennessee; Decatur, Marietta, and Macon Georgia; Jacksonville, Panama City, Tallahassee and Pensacola, Florida; Baton Rouge and New Orleans, Louisiana; and Little Rock, Arkansas. The warehouses vary in size from 2,400 to 8,000 square feet. All distribution warehouses are owned free and clear of any debts.

VEHICLES

Golden Flake owns a fleet of 835 vehicles which includes 644 route trucks, 37 tractors, 96 trailers and 58 cars and miscellaneous vehicles. There are no liens or encumbrances on Golden Flake's vehicle fleet. Golden Flake also leases 20 route trucks and owns a 1987 Cessna Citation II aircraft.

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 AND RELATED STOCKHOLDER MATTERS

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

MARKET AND DIVIDEND INFORMATION

The Company's common stock is traded in the over-the-counter market under the "NASDAQ" symbol, GLDC, and transactions are reported through the National Association of Securities Dealers Automated Quotation (NASDAQ) National Market System. The following tabulation sets forth the high and low sale prices for the common stock during each quarter of the fiscal years ended May 31, 2003 and 2002 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	MARKET PRICE HIGH	MARKET PRICE LOW	DIVIDEND PAID PER SHARE
FISCAL 2003			
First	$ 4.490	$ 3.710	$ .0625
Second	5.530	2.760	.0625
Third	4.100	2.160	.0313
Fourth	2.500	1.640	.0313
FISCAL 2002			
First	$ 4.150	$ 2.950	$ .0625
Second	4.020	3.150	.0625
Third	3.950	3.400	.0625
Fourth	4.550	3.450	.0625

As of August 8, 2003, there were approximately 1,500 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	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number availa under (exclu column
Equity compensation plans approved by security holders	369,000	$3.776	
Equity compensation plans not approved by security holders	0	0	
Total	369,000	$3.776	

ITEM 6 - SELECTED FINANCIAL DATA

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY (RESTATED)

FINANCIAL REVIEW (DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Year Ended May 31,			
OPERATIONS	2003 Restated	2002 Restated	2001 Restated	2000 Restated
Net sales (b)	$ 96,604	$ 104,335	$ 102,797	$ 113,227
Gain on sales of assets............	304	756	599	250
Other income	506	563	691	67
Total revenues	97,414	106,654	104,087	113,544
Cost of sales	50,748	54,326	53,631	57,460
Selling, general and administrative expenses	47,686	47,653	46,333	52,100
Interest	269	189	85	--
Restructuring charge	--	--	--	2,565
(Loss) income before cumulative effect of a change in accounting policy and income taxes	(1,289)	3,486	4,038	1,419
Federal and state income taxes	(361)	1,367	1,386	642
Net (loss) income before cumulative effect of a change in accounting policy	(928)	2,119	2,652	777
Cumulative effect of a change in accounting policy net of taxes	--	413	--	--
Net (loss) income	$ (928)	$ 2,532	$ 2,652	$ 777
FINANCIAL DATA				
Depreciation and amortization	$ 2,490	$ 2,594	$ 2,436	$ 3,230
Capital expenditures, net of disposals	287	3,802	1,294	149
Working capital	8,818	10,989	12,909	14,028
Long-term debt	3,862	5,083	1,807	1,807
Stockholders' equity	24,078	27,233	27,865	28,641
Total assets	36,492	40,840	40,243	41,814
COMMON STOCK DATA				
Net (loss) income before cumulative effect of a change in accounting policy	$ (0.08)	$ 0.18	$ 0.22	$ 0.06
Cumulative effect of a change in accounting policy net of taxes ...	--	0.03	--	--
Basic and diluted net (loss) income	(0.08)	0.21	0.22	0.06
Dividends	.1875	0.25	0.25	0.24
Book value	2.20	2.29	2.33	2.37
Price range	5.530-1.640	4.550-2.950	4.750-2.875	4.125-2.313
FINANCIAL STATISTICS				
Current ratio	2.09	2.37	2.58	2.43
Net (loss) income as percent of total revenues	(1.0)%	2.4%	2.5%	0.7%

Net (loss) income as percent of stockholders' equity (a)	(5.1)%	10.1%	9.0%	3.9%
OTHER DATA				
Weighted average common shares outstanding	11,883,305	11,898,097	11,965,671	12,154,057
Common shares outstanding at year end	11,883,305	11,883,305	11,932,741	12,065,000
Approximate number of stockholders	1,500	1,500	1,500	1,600

(a) Average amounts at beginning and end of fiscal year.

(b) Reflects on all periods presented, the effect on revenues of adopting the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board issue No. 01-9 Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products) (EITF 01-9)

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The 2003 Restatement adjustments affecting the years 2000 and 1999 are set forth in the following table:

		2000		
		As Previously Reported	As Restated	P
Income statement data;				
Net sales	$	113,227	113,227	$
Net Income		1,243	777	
Basic and diluted net income per share		0.10	0.06	
Financial position data (at May 31):				
Total assets	$	41,333	41,814	$
Stockholders' equity		30,528	28,641	

The 2003 restatement adjustments affecting the years 2000 and 1999 are adjustments with respect to self insurance accruals and accrued compensated absences, as described in "Item 8. Financial Statements - Note 2. Restatement."

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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

Management's Discussion and Analysis of Financial Condition and Results of Operations presented below reflects certain restatements to the Company's previously reported consolidated financial statements for all periods presented (See "Restatement" below"). The purpose of this discussion is to provide additional information about Golden Enterprises, Inc., its financial condition and its results of operations. Readers should refer to the consolidated financial statements and other financial data presented throughout this report to fully understand the following discussion and analysis.

The accompanying consolidated financial statements, the restatement for years 2003, 2002 and 2001 resulted in a reduction in a previously reported net loss of approximately $484,380 and a reduction in a previously reported net income of approximately $476,844 and $47,769, respectively. Basic and Diluted loss per share was reduced by $.04 per share for fiscal year 2003. Basic and Diluted earnings per share declined $.04 for fiscal 2002 and earnings per share were not impacted for fiscal year 2001. In addition, as a result of the cumulative effect of the restatement, retained earnings has been reduced by $1,927,462, $2,411,842 and $1,934,999 as of May 31, 2003, May 31, 2002 and May 31, 2001, respectively. Also, as a result of the cumulative effect of the restatement for the years 2001 through 2003, opening Retained Earnings as of June 1, 2000 has been reduced by $1,887,230. For a discussion of individual adjustment items, see "Item 8- Financial Statements- Notes 2 Restatement."

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

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

The Company sells its products through its own sales organization and independent distributors to commercial establishments that sell food products primarily in the Southeastern United States. The products are distributed by approximately 433 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 from these estimates.

The Company believes the following to be critical accounting policies. That is, they are both important to the portrayal of the Company's financial condition and results and they require management to make judgments and estimates about matters that are inherently uncertain.

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.

In November 2001, the Emerging Issues task force reached a consensus on Issue No. 01-09 Accounting for Consideration given by a Vendor to a Customer (Including a Reseller of the Vendor's Products) effective for annual or interim periods beginning after December 15, 2001. The issue addresses the recognition, measurement and income statement classification for certain sales incentives. The Company implemented this new accounting policy in the fourth quarter of fiscal 2002. The effect of this accounting change is to adopt this policy as of the beginning of the fiscal 2002 (June 1, 2001). Certain of these expenses, including slotting fees, previously classified as selling, general, and administrative expenses, are now characterized as offsets to net sales. Reclassifications have been made to prior period financial statements to conform to current year presentation. Total vendor sales incentives now characterized as reductions of net sales that previously would have been classified as selling, general and administrative expenses were approximately $12.8 million, $11.7 million and $12.9 million for the years ended 2003, 2002 and 2001, respectively. There was no resulting impact on net operating results from adopting EITF 01-09.

Change in Accounting Policy

The Company changed its accounting policy in the fourth quarter of fiscal 2002 with regard to slotting fees. The effect of this accounting change was to adopt this policy as of the beginning of fiscal 2002 (June 1, 2001). Previously, slotting fees were expensed as incurred. The Company changed this accounting policy to capitalize and amortize such costs over the expected benefit period, which is generally one year. This change in accounting policy was made to more closely match the cost of the shelf space obtained with the slotting fees with the revenues produced by the shelf space. The cumulative effect of this change in accounting policy resulted in a non-cash cumulative adjustment of $413,401 ($0.03 per share), net of taxes. The accounting change also increased net income before the cumulative effect in 2002 by $197,141 ($0.02 per share). Quarterly results for 2002 reflecting this change in accounting are included in Note 16, Quarterly Results of Operations.

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. Management records a general reserve based on analysis of historical data. In addition, management 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 it is 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 May 31, 2003 and 2002 the Company had accounts receivables in the amount of $7.9 million and $9.4 million, net of an allowance for doubtful accounts of $0.2 million and $0.2 million, respectively.

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 material expenses in an effort to record those expenses in the period incurred. The most material accrued estimates relate to a salary continuation plan for certain key executives of the Company, and to insurance-related expenses, including self-insurance. Workers' compensation and general liability insurance accruals are recorded based on insurance claims processed as well as historical claims experience for claims incurred, but not yet reported. These estimates are based on historical loss development factors. 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 assumption could result in an accrual requirement materially different from the calculated accrual.

OTHER MATTERS

Transactions with related parties, reported in Note 14 of the Notes to Consolidated Financial Statements, are conducted on an arm's-length basis in the ordinary course of business.

LIQUIDITY AND CAPITAL RESOURCES

Working capital was $8.8 million at May 31, 2003 compared to $11.0 million at May 31, 2002 Net cash provided by operations amounted to $4.6 million in fiscal year 2003, $1.9 million in fiscal year 2002 and $0.05 million in fiscal year 2001. The increase in net cash provided by operations is primarily related to decreases in receivables, inventories, prepaid expenses and an increase in accrued expenses offset by the net loss for fiscal year 2003 of $0.9 million compared to the net income for fiscal year 2002 of $2.5 million.

Additions to property, plant and equipment, net of disposals were $0.3 million, $3.8 million, $1.3 million and $1.3 million in fiscal years 2003, 2002, and 2001, respectively, and are expected to be about $1.7 million in 2004.

Cash dividends of $2.2 million, $3.0 million and $3.0 million were paid during fiscal years 2003, 2002, and 2001, respectively. The quarterly dividend was reduced to $.03125 from $.0625 in the third quarter in response to a decrease in earnings.

No cash was used to purchase treasury shares in fiscal 2003, $0.2 million was used in 2002, and $0.5 million was used for this purpose in 2001.

During fiscal 2003, the company re-paid debt, net of borrowings, of $1.6 million.

The following table summarizes the significant contractual obligations of the Company as of May 31, 2003:

CONTRACTUAL OBLIGATIONS	TOTAL	2004	2005-2006	2007-2008	THEREAFTER
Long-Term Debt	$2,422,909	$ 432,142	$ 904,933	$ 961,970	$ 123,864
Purchase Commitment	3,684,000	1,588,000	2,096,000	-0-	-0-
Salary Continuation Plan	1,959,586	88,595	199,860	234,413	1,436,718
Total Contractual Obligations	$8,066,495	$2,108,737	$3,200,793	$1,196,383	$1,560,582

Other Commitments

The Company had letters of credit in the amount of $1,790,000 outstanding at May 31, 2003 to support the Company's commercial self-insurance program.

The Company has a line-of-credit agreement with a local bank that permits borrowing up to $1 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the advance application.

Long-term liabilities as a percentage of total capitalization was 16.5% at May 31, 2003. The Company's current ratio at year end was 2.15 to 1.00.

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 decreased by 7.4% in fiscal year 2003, increased by 1.5% in fiscal year 2002, and decreased by 9.2% in fiscal year 2001. The decrease in fiscal 2003 was due to a general sales weakness in the U.S. salty snacks category, particularly during the first part of the fiscal year. The increase in fiscal 2002 was primarily due to less promotional payments to vendors that were subtracted from sales as required by EITF 01-9. The sales decrease for fiscal 2001 was primarily a result of discontinuing the Company-operated distribution of Golden Flake Branded products in three fringe sales regions in Central Florida as part of the fiscal year 2000 restructuring plan.

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Cost of sales as a percentage of net sales amounted to 52.5% in 2003, 52.1% in 2002, and 52.2% in 2001. The percentage increase in cost of sales for fiscal 2003 was caused by the lower sales volume and higher commodity prices and energy cost. The cost decrease in 2002 was due primarily to lower energy costs, while the higher cost in 2001 was attributed to higher energy prices.

Selling, general and administrative expenses were 49.4% of net sales in 2003, 45.7% in 2002, and 45.1% in 2001. The higher percentage cost for fiscal 2003 is attributed to significant increases in employee medical, worker's compensation, general and auto liability insurance costs, and energy costs. The more favorable cost percentages for fiscal 2002 and 2001 were primarily due to lower selling and delivery cost brought about by the exiting of the fringe sales regions in Central Florida as part of the fiscal 2000 restructuring plan.

The Company's effective tax rates for 2003, 2002, and 2001 were (27.9%). 39.2% and 34.3%, respectively. Note 8 to the Consolidated Financial Statements provides additional information about the provision for income taxes.

OFF-BALANCE SHEET ARRANGEMENT

The Company entered into a five-year term product purchase agreement during the year ending May 31, 2001 with a supplier. Under the terms of the agreement the minimum purchase quantity and the purchase price were fixed resulting in a minimum first year commitment of approximately $2,171,000. After the first year, the minimum purchase quantity was fixed and the purchase unit price, was negotiable based on the current market. The purchase product agreement as subsequently amended is described in more detail in Note 13 of the Notes to Consolidated Financial Statements.

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, investment securities and bank loans, and commodity prices affecting the cost of its raw materials.

The Company's cash equivalents consist of short-term marketable securities. Presently these are variable rate money market funds. Its bank loans also carry variable rates. Assuming year end 2003 variable rate investment levels and bank loan balances, a one-point change in interest rates would impact interest income by $10,159 and interest expense by $24,229.

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

ENVIRONMENTAL MATTERS

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

FORWARD-LOOKING STATEMENTS

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

RECENT ISSUED ACCOUNTING PRONOUNCEMENTS

Effective June 1, 2002, the Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead, subjected to impairment testing. Intangible assets with finite lives will continue to be amortized over their useful lives. SFAS No. 142 requires an initial goodwill and indefinite life intangible asset impairment assessment in the year of adoption and annual impairment testing thereafter based on fair value. The adoption of SFAS No.142 did not have a material impact on the Company's financial position, results of operations or cash flows.

Effective June 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets to be held and used, to be disposed of other than by sale and to be disposed of by sale. The adoption of this standard did not have a material impact on the Company's financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities." SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Costs covered by SFAS no. 146 includes lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operations, plant closing or other exit or disposal activity. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. Management does not believe that the adoption of this standard will have a material impact on the Company's financial position, results of operations or cash flows.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has adopted the disclosure requirements of SFAS No. 148 effective May 31, 2003 in its consolidated financial statements. The Company will continue to account for stock-based compensation using the methods detailed in the stock-based compensation accounting policy as described earlier.

In November, 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." Interpretation 45 requires a guarantor to include disclosure of certain obligations and, if applicable, at the inception of the guarantee, to recognize a liability for the fair value of other certain obligations undertaken in issuing a guarantee. The recognition requirement is effective for guarantees issued or modified after December 31, 2002 and did not have material impact on the Company.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN No. 46), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company does not expect FIN No. 46 to have a material effect on its results of operations, financial condition or cash flows.

ITEM 7 A.- QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations- Market Risk beginning on page 14.

ITEM 8.- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the registrant and its subsidiary for the year ended May 31, 2003, consisting of the following, are contained herein:

Consolidated Balance Sheets (Restated)	- May 31, 2003 and 2002
Consolidated Statements of Operations (Restated)	- Years ended May 31, 2003, 2002 and 20
Consolidated Statements of Cash Flows (Restated)	- Years ended May 31, 2003, 2002 and 20
Consolidated Statements of Changes in Stockholders'Equity (Restated)	- Years ended May 31, 2003, 2002 and 20
Notes to Consolidated Financial Statements (Restated)	- Years ended May 31, 2003, 2002 and 20
Quarterly Results of Operations (Restated)	- Years ended May 31, 2003, and 2002

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying restated consolidated balance sheets of Golden

Enterprises, Inc. and subsidiary as of May 31, 2003 and 2002, and the related consolidated restated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended May 31, 2003. Our audits also included the financial statement schedule listed at Item 16(a)2. These restated 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 restated consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Golden Enterprises, Inc. and subsidiary as of May 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended May 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, such financial statement schedule, when considering in relation to the basic consolidated financial statements, taken as a whole, presents fairly, in all material respects, the information set forth therein.

Dudley, Hopton-Jones, Sims & Freeman, PLLP

Birmingham, Alabama
July 21, 2004

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
May 31, 2003 and 2002

ASSETS

	Restated 2003	Restated 2002
CURRENT ASSETS		
Cash and cash equivalents	$ 1,278,333	$ 302,478
Receivables:		
Trade accounts	7,835,874	8,777,476
Other	206,480	835,225
	8,042,354	9,612,701
Less: Allowance for doubtful accounts	196,100	196,100
	7,846,254	9,416,601
Notes receivable, current	42,253	45,918
	7,888,507	9,462,519

Inventories:		
Raw materials	1,496,992	1,605,640
Finished goods	2,289,145	3,604,482
	3,786,137	5,210,122
Prepaid expenses	2,881,121	3,664,479
Deferred income taxes	652,153	321,295
Total current assets	16,486,251	18,960,893
PROPERTY, PLANT AND EQUIPMENT		
Land	3,030,974	3,086,571
Buildings	16,897,204	17,040,006
Machinery and equipment	41,478,108	40,819,601
Transportation equipment	15,113,558	15,286,803
	76,519,844	76,232,981
Less: Accumulated depreciation	61,158,271	59,136,721
	15,361,573	17,096,260
OTHER ASSETS		
Notes receivable, long-term	1,865,747	1,981,718
Cash surrender value of life insurance	2,762,739	2,785,336
Other	15,233	15,337
Total other assets	4,643,719	4,782,391
TOTAL	$36,491,543	$40,839,544

See Accompanying Notes to Restated
Consolidated Financial Statements

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LIABILITIES AND STOCKHOLDERS' EQUITY

	Resta 200
CURRENT LIABILITIES	
Checks outstanding in excess of bank balances	$ 1,15
Accounts payable	1,70
Current portion of long-term debt	43
Note payable - line of credit	
Other accrued expenses	4,28
Salary continuation plan	8
Total current liabilities	7,66
LONG-TERM LIABILITIES	
Note payable - bank, non-current	1,99
Salary continuation plan	1,87
Deferred income taxes	88
Total long-term liabilities	4,74

STOCKHOLDERS' EQUITY	
Common stock - $.66 2/3 par value:	
Authorized 35,000,000 shares;	
issued 13,828,793 shares	9,21
Additional paid-in capital	6,49
Retained earnings	18,89
Treasury shares - at cost (1,945,488) shares	(10,53
Total stockholders' equity	24,07
TOTAL	$ 36,49

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended May 31, 2003, 2002 and 2001

	Restated 2003	Restate 2002
Net sales	$ 96,604,461	$ 104,335,
Cost of sales	50,747,626	54,325,
Gross margin	45,856,835	50,009,
Selling, general and administrative expenses	47,686,174	47,653,
Operating (loss) income	(1,829,339)	2,356,
Other income (expenses):		
Gain on sale of assets	304,221	756,
Interest expense	(268,489)	(190,
Other income	506,296	563,
Total other income (expenses)	542,028	1,129,
(Loss) income before cumulative effect of a change in accounting policy and income taxes	(1,287,311)	3,485,
Provision for income taxes	(359,546)	1,366,
Net (loss) income before cumulative effect of a change in accounting policy	(927,765)	2,118,
Cumulative effect of a change in accounting policy, net of taxes of $262,037	--	413,
Net (loss) income	$ (927,765)	$ 2,532,
PER SHARE OF COMMON STOCK		
Net (loss) income before cumulative effect of a change in accounting policy	$ (0.08)	$ 0
Cumulative effect of a change in accounting		

policy, net of taxes	--	0
Basic earnings	$ (0.08)	$ 0
Diluted earnings	$ (0.08)	$ 0

See Accompanying Notes to Restated
Consolidated Statements

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended May 31, 2003, 2002 and 2001

	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance - May 31, 2000 as originally reported ...	$9,219,195	$ 624,686,435	$ 24,686,435
Effect of restatement on periods ending on or prior to May 31, 2000	--	--	(1,887,230)
Balance - May 31, 2000 as restated	9,219,195	6,499,554	22,799,205
Net income - 2001	--	--	2,652,386
Cash dividends paid	--	--	(2,960,245)
Treasury shares purchased	--	--	--
Balance - May 31, 2001 as restated	9,219,195	6,499,554	22,491,346
Net income - 2002	--	--	2,532,105
Cash dividends paid	--	--	(2,974,005)
Treasury shares purchased	--	--	--
Stock options exercised	--	(1,600)	--
Balance - May 31, 2002 as restated	9,219,195	6,497,954	22,049,446
Net loss - 2003	--	--	(927,765)
Cash dividends paid	--	--	(2,228,128)
Balance - May 31, 2003 as restated	$9,219,195	$ 6,497,954	$ 18,893,553

See Accompanying Notes to Restated
Consolidated Financial Statements

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended May 31, 2003, 2002 and 2001

	Restated 2003
CASH FLOWS FROM OPERATING ACTIVITIES	
Net (loss) income	$ (927,765)
Adjustment to reconcile net (loss) income to net cash provided by operating activities:	
Cumulative effect of a change in accounting policy	--
Depreciation	2,490,329
Deferred income taxes	1,431
Gain on sale of property and equipment	(304,221)
Decrease (increase) in receivables - net	1,570,347
Decrease (increase) in inventories	1,423,985
Decrease (increase) in prepaid expenses	783,358
Decrease in cash surrender value of insurance	22,597
(Decrease) increase in accounts payable	(488,795)
Increase (decrease) in accrued expenses	61,046
(Decrease) increase in salary continuation plan	(54,805)
Net cash provided by operating activities	4,577,507
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(851,111)
Proceeds from sale of property, plant and equipment	399,690
Cash received from disposal of Nashville plant and equipment	--
Collection of notes receivable	119,636
Investment securities available-for-sale:	
Purchases	--
Proceeds from disposals	--
Net cash used in investing activities	(331,785)

See Accompanying Notes to Restated
Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
Years Ended May 31, 2003, 2002 and 2001

	Restated 2003	Res 2
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt proceeds	11,543,824	7,8
Debt repayments	(13,121,345)	(4,6
Increase (decrease) in checks outstanding in excess of bank balances	535,782	(9
Purchases of treasury shares	--	(1
Proceeds from exercise of stock options	--	
Cash dividends paid	(2,228,128)	(2,9
Net cash used in financing activities	(3,269,867)	(9

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	975,855	(2,2
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	302,478	2,5
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,278,333	$ 3
SUPPLEMENTAL INFORMATION		
Cash paid during the year for:		
Income taxes	$ (626,349)	$ 2,3
Interest	268,489	1
Noncash items:		
Equipment traded in	22,123	
Notes receivable issued in connection with sale of property	--	

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2003, 2002 and 2001

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 principles 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 restated consolidated financial statements include the accounts of Golden Enterprises, Inc. and its wholly-owned subsidiary, Golden Flake Snack Foods, Inc., (the "Company"). All significant intercompany 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.

REVENUE CLASSIFICATION CHANGES
In November 2001, the Emerging Issues Task Force reached a consensus on Issue No. 01-09 Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products) effective for annual or interim periods beginning after December 15, 2001. The issue addresses the recognition, measurement and income statement classification for certain sales incentives. The Company implemented this new accounting policy in the fourth quarter of fiscal 2002. The effect of this accounting change is to adopt this policy as of the beginning of the fiscal 2002 (June 1, 2001). Certain of these expenses, including slotting fees, previously classified as selling, general, and administrative expenses, are now characterized as offsets to net sales. Reclassifications have been made to prior period financial statements to conform

to current year presentation. Total vendor sales incentives now characterized as reductions of net sales that previously would have been classified as selling, general and administrative expenses were approximately $12.8 million, $11.7 million and $12.9 million for the years ended 2003, 2002 and 2001, respectively. There was no resulting impact on net operating results from adopting EITF 01-09.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 therefrom is reflected in the statements of operations.

SELF-INSURANCE
The Company is self-insured for certain losses relating to automobile liability, general liability, workers' compensation, property losses and medical claims. The Company has stop loss coverage to limit the exposure arising from these claims. Self-insurance claims filed and claims incurred but not reported are accrued based upon management's estimates of the aggregate liability for uninsured claims incurred. Workers' compensation, automobile and general liability costs are covered by standby letters of credit with the Company's claims administrators. Claims in excess of the self insured levels are fully insured.

ADVERTISING
The Company expenses advertising costs as incurred. These costs are included in selling, general and administrative expenses in the restated consolidated Statement of Operations. Advertising expense amounted to $5,031,409, $4,371,719 and $5,739,488 for the fiscal years 2003, 2002 and 2001, 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 hat 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 applies APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for all stock option plans. No stock-based compensation cost has been recognized in operations for stock options granted because the option exercise price was equal to or more than the market price of the underlying common stock on the date of grant.

SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," requires the Company to provide pro forma information regarding net income (loss) as if the compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS No. 123. To provide the required pro forma information, the Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

	Years E	
	Restated 2003	R
Net (loss) income as reported	$ (927,765)	$
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(12,660)	
Pro forma net (loss) income	$ (940,425)	
(Loss) earnings per share:		
Basic - as reported	$ (.08)	$
Basic - Pro forma	$ (.08)	$
Diluted - as reported	$ (.08)	$
Diluted - Pro forma	$ (.08)	$

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 (SG&A) expenses. Shipping and handling costs classified as SG&A amounted to $2.3 million, $2.5 million and $2.4 million for the fiscal years 2003, 2002 and 2001, 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.

RECENT ISSUED ACCOUNTING PRONOUNCEMENTS

Effective June 1, 2002, the Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead, subjected to impairment testing. Intangible assets with finite lives will continue to be amortized over their useful lives. SFAS No. 142 requires an initial goodwill and indefinite life intangible asset impairment assessment in the year of adoption and annual impairment testing thereafter based on fair value. The adoption of SFAS No. 142 did not have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Effective June 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets to be held and used, to be disposed of other than by sale and to be disposed of by sale. The adoption of this standard did not have a material impact on the Company's financial position, results of operations or cash flows.

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In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has adopted the disclosure requirements of SFAS No. 148 effective May 31, 2003 in its restated consolidated financial statements. The Company will continue to account for stock-based compensation using the methods detailed in the stock-based compensation accounting policy as described earlier.

In November, 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." Interpretation 45 requires a guarantor to include disclosure of certain obligations and, if applicable, at the inception of the guarantee, to recognize a liability for the fair value of other certain obligations undertaken in issuing a guarantee. The recognition requirement is effective for guarantees issued or modified after December 31, 2002 and did not have a material impact on the Company.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN No. 46), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company does not expect FIN No. 46 to have a material effect on its results of operations, financial condition or cash flows.

NOTE 2-RESTATEMENT

These financial statements have been restated to reflect adjustments to the Company's financial information previously reported on Form 10-K for the years ended May 31, 2003, 2002 and 2001. The Company's 2003 quarterly information and comparative 2002 information has also been restated to reflect adjustments to the Company's previously reported financial information on Form 10-Q. The restatement affected periods prior to 2001. The impact of the restatement on such prior periods has been reflected as an adjustment to retained earnings as of June 1, 2000. In addition, the restatement impacts the first, second, and third quarters of 2003. The restated amounts for these quarters are presented in Note 16, Quarterly Results of Operations (Unaudited). Each of the restatement adjustments is an "error" within the meaning of APB Opinion 20, Accounting Changes.

The following table presents the impact of the restatement adjustments on net earnings for the years ended May 31, 2003, 2002 and 2001 and retained earnings as of June 1, 2000:

	Year Ended May 31,		
Net (loss) income as originally reported	$(1,412,145)	$ 3,008,948	$
Adjustments (pretax):			

Self-insurance liability	669,136	(523,974)	
Compensated absences	47,826	8,398	
Other items	237,374	(237,374)	
Total adjustments (pretax)	954,336	(752,950)	
Tax effect of restatement adjustments	(469,956)	276,107	
Total net adjustments	484,380	(476,843)	
Net (loss) income as restated	$ (927,765)	$ 2,532,105	$
Per share of Common Stock:			
Net loss- Basic as originally reported	$ (0.12)	$ 0.25	$
Effect of net adjustments	0.04	(0.04)	
Net loss- Basic as restated	$ (0.08)	$ 0.21	$
Net loss- Diluted as originally reported	$ (0.12)	$ 0.25	$
Effect of net adjustments	0.04	(0.04)	
Net loss- Diluted as restated	$ (0.08)	$ 0.21	$

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 2-RESTATEMENT-CONTINUED

SELF-INSURANCE LIABILITY: The Company determined that there had been an error in its accounting for self-insurance related liabilities. The adjustments required included recognition of previously unrecorded liabilities and reductions in amounts previously recognized as prepaid amounts to an employee benefit trust which were incorrect.

COMPENSATED ABSENCES: The Company determined that it had not recorded liabilities for earned vacation not yet taken as required by GAAP.

OTHER ITEMS: This category includes adjustments previously identified but deemed to be immaterial. Adjustments in this category change the timing of the items that were previously recognized.

INCOME TAX ADJUSTMENTS: As a result of the restatement adjustments, the Company recognized an additional federal and state deferred valuation allowance of $120,000 in 2003. The remaining amounts pertain to the tax effects of the error correction themselves.

The following table sets forth the effects of the restatement adjustments discussed above on the Consolidated Statement of Operations for each of the years ended May 31 2003, 2002 and 2001, respectively.

	Year Ended May 31, 2003	Year Ended May 31, 2
	As Originally	As Originally

	Reported	As Restated	Reported	As Res
Net sales	$ 96,367,088	$104,572,608	$104,335,234	$102,796
Cost of goods sold	51,191,313	50,747,626	54,257,812	54,325
Selling, general & administrative expenses .	47,959,449	47,686,174	47,205,695	47,653
Other income (expenses)	542,028	542,028	1,129,483	1,129
(Loss) income before cumulative effect of a change in accounting policy and income taxes	(2,241,646)	(1,287,311)	4,238,584	3,485
Provision for income taxes	(829,501)	(359,546)	1,643,037	1,366
Net (loss) income before cumulative effect of a change in accounting policy	(1,412,145)	(927,765)	2,595,547	2,118
Cumulative effect of a change in accounting policy, net of taxes of $262,037	--	--	413,401	413
Net (loss) income	$ (1,412,145)	$ (927,765)	3,008,948	$ 2,532
Net Loss per share- Basic	$ (0.12)	$ (0.08)	$ 0.25	$
Average Shares Outstanding	11,883,305	11,883,305	11,898,097	11,898
Net Loss per share- Diluted	$ (0.12)	$ (0.08)	$ 0.25	$
Average Shares Outstanding	11,883,305	11,883,305	11,900,893	11,900

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 2 - RESTATEMENT - CONTINUED

The following table sets forth the effects of the restatement adjustments discussed above on the Consolidated Balance Sheet at May 31, 2003 and 2002.

	May 31, 2003		May 31, 2002	
	As Originally Reported	As Restated	As Originally Reported	As Res
Assets				
Current Assets				
Cash and cash equivalents	$ 1,278,333	$ 1,278,333	$ 302,478	$
Receivables:				
Trade Accounts	7,835,874	7,835,874	9,014,850	8,
Other	299,142	206,480	931,911	
Allowance for doubtful accounts	(196,100)	(196,100)	(196,100)	(
Notes receivable, current	42,253	42,253	45,918	
Inventories	3,786,137	3,786,137	5,210,122	5,
Prepaid expenses	3,645,298	2,881,121	4,031,037	3,
Deferred income taxes	--	652,153	--	
Total current assets	16,690,937	16,486,251	19,340,216	18,
Property, Plant and Equipment	15,361,573	15,361,573	17,096,260	17,

Notes receivable, long-term	1,865,747	1,865,747	1,981,718	1,
Cash surrendervalue of life insurance	2,762,739	2,762,739	2,785,336	2,
Other	15,233	15,233	15,337	
Total Assets	$ 36,696,229	$ 36,491,543	$ 41,218,867	$ 40,
Liabilities and Stockholders' Equity				
Current liabilities				
Checks outstanding in excess of bank balances	$ 1,157,108	$ 1,157,108	$ 621,326	$
Accounts payable	1,700,934	1,700,934	2,189,729	2,
Current portion of long-term debt	432,142	432,142	371,516	
Note payable - line of credit	--	--	478,894	
Other accrued expenses	2,381,975	4,289,448	1,588,500	4,
Deferred income taxes	304,698	--	607,489	
Salary continuation plan	88,595	88,595	81,805	
Total current liabilities	6,065,452	7,668,227	5,939,259	7,
Note payable - bank, non-current	1,990,767	1,990,767	3,150,020	3,
Salary continuation plan	1,870,991	1,870,991	1,932,586	1,
Deferred income taxes	764,032	884,033	551,742	
Total Liabilities	10,691,242	12,414,018	11,573,607	13,
Stockholders' Equity				
Common stock - $.66 2/3 par value:				
Authorized 35,000,000 shares;				
issued 13,828,793 shares	9,219,195	9,219,195	9,219,195	9,
Additional paid-in capital	6,497,954	6,497,954	6,497,954	6,
Retained earnings	20,821,015	18,893,553	24,461,288	22,
Treasury shares - at cost (1,945,488 shares)	(10,533,177)	(10,533,177)		
Total stockholders' equity	26,004,987	24,077,525	29,645,260	27,
Total liabilities and stockholders' equity	$ 36,696,229	$ 36,491,543	$ 41,218,867	$ 40,

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 3 - CHANGE IN ACCOUNTING POLICY

The Company changed its accounting policy in the fourth quarter of fiscal 2002 with regard to slotting fees. The effect of this accounting change was to adopt this policy as of the beginning of fiscal 2002 (June 1, 2001). Previously, slotting fees were expensed as incurred. The Company changed this accounting policy to capitalize and amortize such costs over the expected benefit period, which is generally one year. This change in accounting policy was made to more closely match the cost of the shelf space obtained with the slotting fees with the revenues produced by the shelf space. The cumulative effect of this change in accounting policy resulted in a noncash cumulative adjustment of $413,401 ($0.03 per share), net of taxes. The accounting change also increased net income before the cumulative effect in 2002 by $197,141 ($0.02 per share). Quarterly results for 2002 reflecting this change in accounting are included in Note 16, Quarterly Results of Operations.

NOTE 4 - NOTES RECEIVABLE

Notes receivable as of May 31, 2003 and 2002 consist of the following:

	2003
8% note, originally due in 120 monthly installments of $1,092 through November 1, 2010, collateralized by equipment and personal guarantee; paid off	$ --
8% note, due in 120 monthly installments of $3,640 through November 1, 2010, collateralized by property	245,743
8% note, due in 360 monthly installments of $12,474 through November 1, 2030, collateriazed by property	1,662,257
	1,908,000
Less current portion	42,253
	$1,865,747

Maturities at May 31,

2005	$ 45,760
2006	49,558
2007	53,672
2008	58,126
2009	62,951
Thereafter	1,595,680

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 5 - PREPAID EXPENSES

At May 31, prepaid expenses consist of the following:

	Restated 2003	Restated 2002
Prepaid slotting fees	$ 333,799	$1,001,087
Other prepaid expenses	2,547,322	2,663,392
	$2,881,121	$3,664,479

NOTE 6 - OTHER ACCRUED EXPENSES

At May 31, other accrued expenses consist of the following:

	Restated 2003	Restated 2002
Accrued payroll	$ 448,251	$ 490,000
Self insurance liability	1,832,591	1,748,656
Accrued vacation	1,461,005	1,504,805
Other accrued expenses	547,601	485,047
	$4,289,448	$4,228,508

NOTE 7 - LINE OF CREDIT

The Company has a line of credit agreement with a local bank which permits borrowing up to $1 million. The line of credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the advance application.

NOTE 8 - LONG-TERM LIABILITIES

Long-term debt consist of the following:	2003	2002
Note payable - bank - payable in equal monthly installments of $41,688 including interest at the LIBOR index rate plus 1.75% (3.06% at May 31, 2003) through April 3, 2011, secured by equipment	$2,422,909	$3,521,536
Less: current portion	432,142	371,516
	$1,990,767	$3,150,020

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 8 - LONG-TERM LIABILITIES - (CONTINUED)

Maturities at May 31,

2005	$ 445,553
2006	459,380
2007	473,636
2008	488,334
2009	123,864

Other long-term obligations at May 31, 2003 and 2002, consist of the following:

	2003	2002
Salary continuation plan	$ 1,959,586	$ 2,014,391
Less current portion	(88,595)	(81,805)

	$ 1,870,991	$ 1,932,586

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 approximately $27,000, $127,341 and $121,000 for fiscal 2003, 2002 and 2001, respectively.

NOTE 9 - INCOME TAXES

The provision for income taxes consists of the following:

	Restated 2003	Restated 2002	Restated 2001
Federal	$ (320,635)	$ 1,416,947	$ 843,457
State	(40,342)	175,379	104,933
	(360,977)	1,592,326	948,390
Federal	1,272	(200,560)	388,511
State	159	(24,836)	48,102
	1,431	(225,396)	436,613
Total................	$ (359,546)	$ 1,366,930	$ 1,385,003

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 9 - 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:

	Restated 2003	Restated 2002	Restated 2001
Tax on income at statutory rates	$ (437,685)	$ 1,185,116	$ 1,372,712
(Decrease) increase resulting from:			
State income taxes, less Federal income tax effect ..	(26,894)	149,000	70,000
Tax exempt interest	(1,356)	(9,303)	(59,317
Other - net	(13,611)	42,117	1,608
Change in valuation allowance	120,000	--	--
Total	$ (359,546)	$ 1,366,930	$ 1,385,003

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

	Restated 2003	Restated 2002
Deferred tax assets		
Salary continuation plan	$ 718,580	$ 723,500
Accrued vacation	535,751	551,812
Contribution carryforward	121,491	--
Inventory capitalization	58,922	--
Allowance for doubtful accounts	71,910	66,674
Other accrued expenses	107,974	93,309
Gross deferred tax assets before valuation allowance	1,614,628	1,435,295
Less valuation allowance	(120,000)	--
	1,494,628	1,435,295
Deferred tax liabilities		
Property and equipment	1,604,103	1,275,242
Prepaid expenses	122,405	390,500
Total deferred tax liabilities	1,726,508	1,665,742
Net deferred tax liability	$ (231,880)	$ (230,447)

NOTE 10 - EMPLOYEE BENEFIT PLANS

The Company has trusteed "Qualified Profit-Sharing Plans" that were amended and restated effective June 1, 1996 to add a 401(k) salary reduction provision. Under this provision, employees can contribute up to fifteen percent of their compensation to the plan on a pretax basis subject to regulatory limits; and the Company, at its discretion, can match up to 4 percent of the participants' compensation. The annual contributions to the plans are determined by the Board of Directors. Total plan expenses for the years ended May 31, 2003, 2002 and 2001 were $231,332, $177,405, and $181,055, respectively.

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 10 - EMPLOYEE BENEFIT PLANS - CONTINUED

The Company has an Employee Stock Ownership Plan that covers all full-time employees. The annual contributions to the plan are amounts determined by the Board of Directors of the Company. Annual contributions are made in cash or common stock of the Company. The Employee Stock Ownership Plan expenses for the years ended May 31, 2003, 2002 and 2001 were $-0-. Each participant's account is credited with an allocation of shares acquired with the Company's annual contributions, dividends received on ESOP shares and forfeitures of terminated participants' nonvested accounts.

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 such 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:

	2003	2002
Accrued salary continuation plan - beginning of year	$ 2,014,391	$ 1,927,823
Benefits accrued	27,000	127,341
Benefits paid	(81,805)	(40,773)
Accrued salary continuation plan - end of year	$ 1,959,586	$ 2,014,391

NOTE 11 - LONG-TERM INCENTIVE PLANS

The Company has a long-term incentive plan currently in effect under which future stock option grants may be issued. This Plan (the 1996 Plan) is administered by the Stock Option Committee of the Board of Directors, which has 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, formulate the terms and conditions of award agreements and make all other determinations required in the administration thereof. All options outstanding at the end of the 2003, 2002, and 2001 are exercisable.

The Company had a stock option plan (the 1988 Plan) that expired July 6, 2002. There were no stock options or stock appreciation rights outstanding under this Plan at July 6, 2002, May 31, 2002 and 2001.

The 1996 Plan provides for the granting of Incentive Stock Options as defined under the Internal Revenue Code. Under the Plan, grants may be made to selected officers and employees, of incentive stock option 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.

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 11 - LONG-TERM INCENTIVE PLANS - CONTINUED

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

Shares Under Option	2003		2002		
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Share
Outstanding - beginning of year	369,000	$ 3.78	40,000	$ 3.50	340,

Granted	--	--	330,000	3.81	
Exercised	--	--	(1,000)	3.81	
Forfeited	--	--	--	--	
Cancelled	--	--	--	--	(300,
Outstanding - end of year	369,000	$ 3.78	369,000	$ 3.78	40,

Pro forma information regarding net income and earnings per share is presented as if the Company had accounted for its employees stock options under the fair value method. The per share weighted average fair value of the stock options granted during fiscal 2002 was $.25. The fair value of these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate 5.05 percent; dividend yield 6.56 percent; expected option life of 5 years; and expected volatility of 15 percent. No options were granted during 2003 or 2001.

The Black-Scholes options pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect an option's fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of it employee stock options.

NOTE 12 - 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". Options to purchase 369,000 and 329,000 shares of common stock at May 31, 2003, and 2002, respectively, were not included in the computation of diluted earnings per share because the options' exercise price were greater than the average market price of the common shares and, therefore, the effect would be antidulitive. No such antidulitive options were outstanding at May 31, 2001. The following reconciles the information used to compute basic and diluted earnings per share:

	Average Common Stock Shares		
	2003	2002	2001
Basic weighted average shares outstanding	11,883,305	11,898,097	11,965,671
Effect of options	--	2,796	2,152
Diluted shares	11,883,305	11,900,893	11,967,823

NOTE 13 - 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 instrument, 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 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 fair value of notes receivable is estimated by using a discount rate that approximates the current rate for comparable notes. At May 31, 2003 and 2002 the aggregate fair value was approximately $2,507,357 and $2,208,839 compared to a carrying amount of $1,908,000 and $2,027,636, respectively.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 13 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS -CONTINUED

The interest rate on the Company's bank debt is reset monthly to reflect the 30 day LIBOR rate. Consequently, the carrying value of the bank debt approximates fair value.

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.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Rental expense was $498,031 in 2003, $547,742 in 2002, and $410,189 in 2001. At May 31, 2003, the Company was obligated under certain operating leases for buildings, office space and equipment. The following amounts represent future payment commitments under these leases:

May 31,	Office Space	Equipment	Total
2004	$ 24,000	$187,000	$211,000
2005	--	--	--

The Company leases equipment for approximately $16,000 per month from a company which is principally owned by a major shareholder of Golden Enterprises, Inc.

The Company leases its airplane to a major shareholder of the Company for approximately $20,000 per month. The lease provides for his personal use of the airplane for up to 100 flight hours per year and is for a term of one year with automatic renewal at the option of either party.

The Company had letters of credit in the amount of $1,790,000 outstanding at May 31, 2003 to support the Company's commercial self-insurance program. The Company pays a commitment fee of 0.375% to maintain the letters of credit.

The Company entered into a five-year term product purchase commitment during the year ending May 31, 2001 with a supplier. Under the terms of the agreement the minimum purchase quantity and the unit purchase price were fixed resulting in a minimum first year commitment of approximately $2,171,000. After the first year, the minimum purchase quantity was fixed and the purchase unit price was negotiable, based on current market. Subsequently, in September 2002, the product purchase agreement was amended to fix the purchase unit price and establish specific annual quantities. As of May 31, 2003 the Company's outstanding purchase commitments were as follows:

Years ending May 31,	Amount
2004	$ 1,588,000
2005	1,491,000
2006	605,000

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 15 -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's notes receivable require collateral and buyer investment and managment believes they are well secured.

NOTE 16 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations of the years ended May 31, 2003 and 2002.

	Restated Net Sales	Restated Net (Loss) Income
Quarter		

2003		
First	$ 24,840,321	$ 222,230
Second	23,491,688	(385,437
Third	24,021,750	(483,635
Fourth	24,250,702	(280,923
For the year	$ 96,604,461	(927,765)
2002		
First	$ 25,819,825	$ 955,486
Second	24,991,892	441,669
Third	26,959,889	999,515
Fourth	26,563,628	135,435
For the year	$104,335,234	$2,532,105

Revenues for the quarterly information have been adjusted from the amounts previously reported in the Company's 2002 10-Q's. The revised amounts reflect the adoption of EITF 01-9, which requires reclassification of certain expenses. The reclassification involves removing certain expenses from selling, general and administrative expenses and including them as a direct reduction of revenues. The adoption of EITF 01-9 does not affect net income. Quarterly net income amounts for 2002 have been adjusted from amounts reported in the Company's 10-Q's to reflect the change in accounting discussed in Note 3.

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
May 31, 2003, 2002 and 2001

NOTE 17 - SUPPLEMENTARY STATEMENT OF INCOME INFORMATION

The following tabulation gives certain supplementary statement of income information for continuing operations for the years ended May 31, 2003, 2002 and 2001:

	2003	2002	2001
Maintenance and repairs	$ 5,625,851	$ 5,290,498	$ 5,375,639
Depreciation	2,490,329	2,593,621	2,435,262
Payroll taxes	2,337,330	2,473,871	2,388,828
Advertising costs	5,031,409	4,371,719	5,739,488

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

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GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
SUPPLEMENTAL FINANCIAL INFORMATION

SELECTED QUARTERLY FINANCIAL DATA FOR THE
FISCAL YEARS ENDED MAY 31, 2003 AND 2002 (UNAUDITED)

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	First Quarter RESTATED	Second Quarter RESTATED	Third Quarter RESTATED
2003			
Total revenues	$ 24,840	$ 23,492	$ 24,022
Income before income taxes	$ 346	$ (624)	$ (779)
Net income	$ 222	$ (385)	$ (484)
Net income per share	$ .01	$ (0.03)	$ (0.04)
Cash dividends per share	$ .0625	$ .0625	$ .0313
2002			
Total revenues	$ 25,819	$ 24,992	$ 26,960
Income before income taxes	$ 1,507	$ 696	$ 1,578
Net income	$ 955	$ 441	$ 1,000
Net income per share	$ .08	$ .04	$ .08
Cash dividends per share	$ .0625	$ .0625	$ .0625

Quarterly net sales amounts for 2002 have been adjusted from the amounts previously reported in the Company's 10-Q's. The revised amounts reflect the adoption of EITF 01-9, which requires reclassification of certain expenses. The reclassification involves removing certain expenses from selling, general and administrative expenses and including them as a direct reduction of revenues. Quarterly net income amounts for 2002 have been adjusted from amounts reported in the Company's 10-Q's to reflect the change in accounting discused in Note 3 to the Company's consolidated financial statements.

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

Not Applicable.

ITEM 9A. - CONTROLS AND PROCEDURES

The Company performed an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the fiscal year ended May 31, 2003. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the fiscal year ended May 31, 2003, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that the Company files or submits under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the specified time periods.

During the performance of the audit for the fiscal year ended May 31, 2004, the Company's independent auditors, Dudley, Hopton-Jones, Sims & Freeman, PLLP (the "Auditor), identified and communicated to the Company material weaknesses relating to the Company's accounting for its vacation pay (which was not in conformity with generally accepted accounting principles ("GAAP")) and self insured obligations. During the fiscal year ended May 31, 2003, the Company did not accrue for earned vacation pay and its liabilities were understated for certain incurred as well as incurred but nor reported self-insured casualty claims and health costs. Based upon the forgoing, the Company has rested its audited financial statements of fiscal year 2003 and for the first three quarters of fiscal year 2004 to properly account for accruals for its vacation pay and self-insured health and casualty obligations. The Company believed, during the years being restated, that it was correctly following properly accounting practices.

The Company has accepted the recommendations of its Auditor to reduce the recurrence of material weaknesses and is implementing policies and procedures to strengthen the Company's internal controls, including, among other things, the following: (1) developing written policies and procedures to be followed with respect to accounting for vacation pay and self-insured obligations; (2) formally designating management level personnel responsible for accounting for vacation pay and self-insured obligations; (3) expanding internal audit activities to include a quarterly examination of vacation pay and self-insured obligations; (4) implementing a fully developed actuarially based method of measuring liabilities related self-insured obligations; and (5) implementing quarterly communications among management, internal auditor, and the Audit Committee prior to filing Forms 10-Q.

Other than as described above, there has not been any change in the company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting.

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PART III

ITEM 10. - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11. - EXECUTIVE COMPENSATION

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

ITEM 13. - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ITEM 14. - CONTROLS AND PROCEDURES

Included under Item 9A hereof.

ITEM 15. - PRINCIPAL ACCOUNTANT FEES AND SERVICES

With the exception of a description of Executive Officers of The Registrant which appears on page 6 herein, Part III is omitted because prior to September 28, 2003, the Company will file a definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A which involves the election of directors.

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PART IV

ITEM 16.- EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. and 2. LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

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

Consolidated Balance Sheets (Restated) - May 31, 2003 and 2002

Consolidated Statements of Operations (Restated) - Years ended May 31, 2003, 2002, and 2001

Consolidated Statements of Changes in Stockholders' Equity (Restated) - Years ended May 31, 2003, 2002 and 2001

Consolidated Statements of Cash Flows (Restated) - Years ended May 31, 2003, 2002 and 2001

Notes to Consolidated Financial Statements (Restated)

The following consolidated financial statements schedule is included in Item 16 (d):

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.

3. Exhibits:

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.

(b) Report on Form 8-K. During the last quarter of the period covered by this report, the Registrant filed an 8-K Report on April 8, 2003 reporting the resignation of D. Paul Jones, Jr. as a member of the Board of Directors.

(c) Exhibits. See (a) 3. above.

(d) Financial Statement Schedules. The response to this portion of Item 16, is submitted under Item 16.(a) 1. and 2. above.

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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	AUGUST 20, 2004
PATTY TOWNSEND VICE PRESIDENT, PRINCIPAL FINANCIAL OFFICER AND CONTROLLER	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/JOHN S. STEIN JOHN S. STEIN	Chairman of Board	August 20
/S/MARK W. MCCUTCHEON MARK W. MCCUTCHEON	Chief Executive Officer, President and Director	August 20
/S/PATTY TOWNSEND PATTY TOWNSEND	Vice President, Secretary, Principal Financial Officer and Controller	August 20
F. WAYNE PATE	Director	August 20
/S/ EDWARD R. PASCOE EDWARD R. PASCOE	Director	August 20
/S/JOHN P. MCKLEROY, JR..	Director	August 20

JOHN P. MCKLEROY, JR.		
/S/JAMES I. ROTENSTREICH JAMES I. ROTENSTREICH	Director	August 20
/S/JOHN S.P. SAMFORD JOHN S.P. SAMFORD	Director	August 20
J. WALLACE NALL, JR.	Director	August 20
/S/JOANN F. BASHINSKY JOANN F. BASHINSKY	Director	August 20

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Schedule II

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED MAY 31, 2001, 2002 AND 2003

Allowance for Doubtful Accounts	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deduction
Year ended May 31, 2001	$600,000	$(194,938)	$58,962
Year ended May 31, 2002	$346,100	$(113,175)	$36,825
Year ended May 31, 2003	$196,100	$224,722	$224,722

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INDEX TO EXHIBITS

EXHIBIT NUMBER

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 SARBANES-OXLEY ACT OF 2002.