

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

FOODARAMA SUPERMARKETS INC  
Form 10-Q  
June 17, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For the Quarterly period ended May 4, 2002

Commission file number 1-5745-1

FOODARAMA SUPERMARKETS, INC.

-----  
(Exact name of Registrant as specified in its charter)

New Jersey

21-0717108

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
identification No.)

922 Highway 33, Freehold, N.J. 07728

-----  
(Address of principal executive offices)

Telephone #732-462-4700

-----  
(Registrant's telephone number, including area code)

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 and (2) has been subject to the  
filing requirements for at least the past 90 days.

Yes --X-- No -----

Indicate the number of shares outstanding of each of the issuer's classes of  
common stock, as of the close of the latest practicable date.

CLASS	OUTSTANDING AT June 7, 2002
-----	-----
Common Stock \$1 par value	985,617 shares

1

FOODARAMA SUPERMARKETS, INC.

PART I. FINANCIAL INFORMATION  
Item 1. Financial Statements

# Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Unaudited Consolidated Condensed Balance Sheets  
May 4, 2002 and November 3, 2001

Unaudited Consolidated Condensed Statements  
of Operations for the thirteen weeks ended  
May 4, 2002 and April 28, 2001

Unaudited Consolidated Condensed Statements  
of Operations for the twenty six weeks ended  
May 4, 2002 and April 28, 2001

Unaudited Consolidated Condensed Statements  
of Cash Flows for the twenty six weeks ended  
May 4, 2002 and April 28, 2001

Notes to the Unaudited Consolidated Condensed  
Financial Statements

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

## PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Securityholders

Item 6. Exhibits and Reports on Form 8-K

### Disclosure Concerning Forward-Looking Statements

All statements, other than statements of historical fact, included in this Form 10-Q, including without limitation the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations", are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Foodarama Supermarkets, Inc. (the "Company", which may be referred to as we, us or our) to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements contained in this Form 10-Q. Such potential risks and uncertainties, include without limitation, competitive pressures from other supermarket operators and warehouse club stores, economic conditions in the Company's primary markets, consumer spending patterns, availability of capital, cost of labor, cost of goods sold including increased costs from the Company's cooperative supplier, Wakefern Food Corporation ("Wakefern"), and other risk factors detailed herein and in other of the Company's Securities and Exchange Commission filings. The forward-looking statements are made as of the date of this Form 10-Q and the Company assumes no obligation to update the forward-looking statements or to update the reasons actual results could differ from those projected in such forward-looking statements.

2

PART I FINANCIAL INFORMATION  
FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES  
Consolidated Condensed Balance Sheets  
(in thousands)

	May 4, 2002	November 3, 2001
	(Unaudited)	(1)

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

ASSETS

Current assets:		
Cash and cash equivalents	\$ 5,077	\$ 4,219
Merchandise inventories	43,074	42,827
Receivables and other current assets	5,582	5,466
Prepaid income taxes	108	--
Related party receivables - Wakefern	5,293	8,970
Related party receivables - other	1	7
	-----	-----
	59,135	61,489
	-----	-----
Property and equipment:		
Land	308	308
Buildings and improvements	1,220	1,220
Leasehold improvements	41,150	39,589
Equipment	111,426	103,394
Property under capital leases	69,867	59,909
Construction in progress	3,057	6,787
	-----	-----
	227,028	211,207
	-----	-----
Less accumulated depreciation and amortization	105,058	98,218
	-----	-----
	121,970	112,989
	-----	-----
Other assets:		
Investments in related parties	12,758	12,758
Intangibles	2,960	3,136
Other	2,919	2,550
Related party receivables - Wakefern	1,669	1,593
Related party receivables - other	18	11
	-----	-----
	20,324	20,048
	-----	-----
	\$201,429	\$194,526
	=====	=====

(continued)

(1) Derived from the Audited Consolidated Financial Statements for the year ended November 3, 2001.

See accompanying notes to consolidated condensed financial statements.

3

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES  
Consolidated Condensed Balance Sheets  
(in thousands except share data)

May 4,	November 3,
2002	2001
(Unaudited)	(1)

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Current portion of long-term debt	\$ 5,934	\$ 5,390
Current portion of long-term debt, related party	831	902
Current portion of obligations under capital leases	1,131	899
Current income taxes payable	-	704
Deferred income tax liability	1,079	1,079
Accounts payable:		
Related party-Wakefern	31,744	35,988
Others	7,198	8,780
Accrued expenses	12,684	14,654
	-----	-----
	60,601	68,396
	-----	-----
Long-term debt	27,809	19,294
Long-term debt, related party	919	1,310
Obligations under capital leases	64,137	54,949
Deferred income taxes	1,411	1,201
Other long-term liabilities	10,942	10,883
	-----	-----
	105,218	87,637
	-----	-----
Shareholders' equity:		
Common stock, \$1.00 par; authorized 2,500,000 shares; issued 1,621,767 shares; outstanding 985,617 shares May 4, 2002; 1,088,220 shares November 3, 2001	1,622	1,622
Capital in excess of par	4,168	4,168
Deferred Compensation	(1,510)	(1,696)
Retained earnings	45,466	44,016
Accumulated other comprehensive income:		
Minimum pension liability	(1,920)	(1,920)
	-----	-----
	47,826	46,190
Less 636,150 shares May 4, 2002; 533,547 shares November 3, 2001, held in treasury, at cost	12,216	7,697
	-----	-----
	35,610	38,493
	-----	-----
	\$ 201,429	\$ 194,526
	=====	=====

(1) Derived from the Audited Consolidated Financial Statements for the year ended November 3, 2001.

See accompanying notes to consolidated condensed financial statements.

4

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES  
Consolidated Condensed Statements of Operations - Unaudited  
(in thousands - except share data)

13 Weeks Ended	
May 4, 2002	April 28, 2001
-----	-----

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Sales	\$ 235,236	\$ 223,926
Cost of goods sold	176,353	168,301
	-----	-----
Gross profit	58,883	55,625
Operating, general and administrative expenses	56,529	52,187
	-----	-----
Earnings from operations	2,354	3,438
	-----	-----
Other (expense) income:		
Interest expense	(2,080)	(1,907)
Interest income	31	74
	-----	-----
	(2,049)	(1,833)
Earnings before income tax provision	305	1,605
Income tax provision	(122)	(642)
	-----	-----
Net income \$	\$ 183	\$ 963
	=====	=====
Per share information:		
Net income per common share:		
Basic	\$ .18	\$ .86
	=====	=====
Diluted	\$ .17	\$ .86
	=====	=====
Weighted average shares outstanding:		
Basic	1,045,341	1,117,290
	=====	=====
Diluted	1,101,999	1,117,290
	=====	=====

See accompanying notes to consolidated condensed financial statements.

5

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES  
Consolidated Condensed Statements of Operations - Unaudited  
(in thousands - except share data)

	26 Weeks Ended	
	May 4, 2002	April 28, 2001
	-----	-----
Sales	\$ 487,263	\$ 462,520

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Cost of goods sold	364,988	349,066
	-----	-----
Gross profit	122,275	113,454
Operating, general and administrative expenses	115,941	106,064
	-----	-----
Earnings from operations	6,334	7,390
	-----	-----
Other (expense) income:		
Interest expense	(3,987)	(3,990)
Interest income	71	153
	-----	-----
	(3,916)	(3,837)
Earnings before income tax provision	2,418	3,553
Income tax provision	(968)	(1,422)
	-----	-----
Net income	\$ 1,450	\$ 2,131
	=====	=====
Per share information:		
Net income per common share:		
Basic	\$ 1.36	\$ 1.91
	=====	=====
Diluted	\$ 1.30	\$ 1.91
	=====	=====
Weighted average shares outstanding:		
Basic	1,062,509	1,117,290
	=====	=====
Diluted	1,118,497	1,117,290
	=====	=====

See accompanying notes to consolidated condensed financial statements.

6

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES  
Consolidated Condensed Statements of Cash Flows - Unaudited  
(in thousands)

	26 Weeks Ended	
	May 4, 2002	April 28, 2001
	-----	-----
Cash flows from operating activities:		
Net income	\$ 1,450	\$ 2,131
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	6,852	6,165
Amortization, intangibles	176	176
Amortization, deferred financing costs	159	126
Amortization, deferred rent escalation	(115)	(30)
Provision to value inventory at LIFO	240	402

## Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Deferred income taxes	210	318
Amortization of deferred compensation	182	-
(Increase) decrease in		
Merchandise inventories	(487)	815
Receivables and other current assets	(116)	(606)
Prepaid income taxes	(108)	398
Other assets	(528)	449
Related party receivables-Wakefern	3,601	3,505
Increase (decrease) in		
Accounts payable	(5,826)	(1,698)
Income taxes payable	(704)	605
Other liabilities	(1,792)	1,099
	-----	-----
	3,194	13,855
	-----	-----
Cash flows from investing activities:		
Cash paid for the purchase of property and equipment	(5,020)	(5,034)
Cash paid for construction in progress	(855)	(783)
Increase in related party receivables-other	(1)	(35)
	-----	-----
	(5,876)	(5,852)
Cash flows from financing activities:		
Proceeds from issuance of debt	11,662	-
Principal payments under long-term debt	(2,603)	(5,439)
Principal payments under capital lease obligations	(538)	(317)
Principal payments under long-term debt, related party	(462)	(445)
Proceeds from exercise of stock options	5	-
Repurchase of common stock	(4,524)	-
	-----	-----
	3,540	(6,201)
NET CHANGE IN CASH AND CASH EQUIVALENTS	858	1,802
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,219	3,977
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 5,077	\$ 5,779
	=====	=====

See accompanying notes to consolidated condensed financial statements.

7

### NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

#### Note 1 Basis of Presentation

The unaudited Consolidated Condensed Financial Statements as of, or for the period ended, May 4, 2002, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and rule 10-01. The balance sheet at November 3, 2001 has been taken from the audited financial statements at that date. In the opinion of the management of the Company, all adjustments (consisting only of normal recurring accruals) which are considered necessary for a fair presentation of the results of operations for the period have been made. Certain financial information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The reader is referred to the consolidated

## Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

financial statements and notes thereto included in the Company's annual report on Form 10-K/A for the year ended November 3, 2001.

At both May 4, 2002 and November 3, 2001, approximately 82% of merchandise inventories are valued by the Last-In-First-Out ("LIFO") method of inventory valuation while the balance of inventories are valued by the First-In-First-Out ("FIFO") method. If the FIFO method had been used for the entire inventory, inventories would have been \$1,863,000 and \$1,623,000 higher than reported at May 4, 2002 and November 3, 2001, respectively.

Certain reclassifications have been made to prior year financial statements in order to conform to the current year presentation.

These results are not necessarily indicative of the results for the entire fiscal year.

### Note 2 Adoption of New Accounting Standards

#### Accounting for the Impairment or Disposal of Long-Lived Assets

Effective November 4, 2001 the Company adopted Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 requires, among other things, the application of one accounting model for long-lived assets that are impaired or to be disposed of by sale. There was no significant impact from the adoption of SFAS 144 in the quarter or six months ended May 4, 2002.

#### Accounting for Goodwill and Other Intangible Assets

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Accounting for Goodwill and Other Intangible Assets" which is effective for fiscal years beginning after December 15, 2001. SFAS 142 discontinues the practice of amortizing goodwill and indefinite lived intangible assets and initiates an annual review for impairment. Impairment would be examined more frequently if certain indicators are encountered. Intangible assets with a determinable useful life will continue to be amortized over that period. The

8

Company is currently assessing, but has not yet determined, the impact of SFAS 142 on its financial position and results of operations. The Company plans to adopt SFAS 142 in the first quarter of fiscal year 2003.

### Part I - Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Financial Condition and Liquidity

The Company is a party to a Second Amended and Restated Revolving Credit and Term Loan Agreement (the "Credit Agreement") with three financial institutions. The Credit Agreement is secured by substantially all of the Company's assets and provided for a total commitment of up to \$58,000,000, including a revolving credit facility (the "Revolving Note") of up to \$28,000,000, a term loan (the "Term Loan") in the amount of \$10,000,000 and a capital expenditures facility (the "Capex Facility") of up to \$20,000,000. As of January 30, 2002, the Company and its lenders amended the Credit Agreement to increase the number of shares of common stock which the Company could repurchase from related parties from 25,000 shares to 35,000 shares and on March 29, 2002 the Credit Agreement was also amended to increase the amount that the Company may expend for the repurchase of



## Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

the Company's common stock from \$5,000,000 to \$5,600,000. Other terms and conditions of the Credit Agreement previously reported upon by the Company have not been modified. As of May 4, 2002 the Company owed \$5,500,000 on the Term Loan and \$11,029,714 under the Capex Facility. The Term Loan is to be paid in quarterly principal payments of \$500,000 through December 31, 2004. The revolving credit facility also matures December 31, 2004 and the Capex Facility provides for the payment of interest only on its outstanding balance, an unused facility fee of .50% for the first 30 months of this loan and fixed quarterly principal payments thereafter based on a seven year amortization schedule with a balloon payment due December 31, 2004. Interest rates float on the revolving credit facility, Term Loan and Capex Facility at the Base Rate (defined below) plus .50%, .75% and .75%, respectively. The Base Rate is the rate which is the greater of (i) the bank prime loan rate as published by the Board of Governors of the Federal Reserve System, or (ii) the Federal Funds rate, plus .50%. Additionally, the Company has the ability to use the London Interbank Offered Rate ("LIBOR") plus 2.50% to determine the interest rate on the revolving credit facility and LIBOR plus 2.75% to determine the interest rate on the Term Loan and Capex Facility. The Credit Agreement contains certain affirmative and negative covenants which, among other matters, will (i) restrict capital expenditures and the amount of additional indebtedness that the Company may incur, (ii) require the maintenance of certain levels of earnings before interest, taxes, depreciation and amortization less rent payments for capitalized lease locations and changes in the LIFO reserve ("Adjusted EBITDA") and (iii) require debt service coverage and leverage ratios to be maintained.

The Company's compliance with the major financial covenants under the Credit Agreement was as follows as of May 4, 2002:

Financial Covenant	Credit Agreement	Actual (As defined in the Credit Agreement)
Adjusted EBITDA (1)	Greater than \$16,000,000	\$ 20,788,000
Leverage Ratio (1)	Less than 3.2 to 1.00	1.71 to 1.00
Debt Service Coverage Ratio	Greater than 1.00 to 1.00	1.71 to 1.00
Adjusted Capex (2)	Less than \$5,600,000 (3) (5)	\$ 2,556,000 (4)
Store Project Capex	Less than \$4,500,000 (3) (5)	\$ 3,319,000 (4)

9

(1) Excludes obligations under capitalized leases, interest expense and depreciation expense attributable to capitalized leases and changes in the LIFO reserve.

(2) Adjusted Capex is all capital expenditures other than New/Replacement Store Project Capex.

(3) Represents limitations on capital expenditures for fiscal 2002.

(4) Represents capital expenditures for the 26 weeks ended May 4, 2002.

(5) Does not include amounts available but not used in the prior fiscal year, \$710,000 for Adjusted Capex and \$7,993,000 for Store Project Capex.

No cash dividends have been paid on the Common Stock since 1979, and the Company has no present intentions or ability to pay any dividends in the near future on its Common Stock. The Credit Agreement does not permit the payment of any cash dividends on our Common Stock.

### Working Capital

At May 4, 2002, the Company had a working capital deficiency of \$1,466,000

## Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

compared to deficiencies of \$6,907,000 at November 3, 2001 and \$3,927,000 at April 28, 2001.

The improvement in working capital from November 3, 2001 was primarily due to the reduction of accounts payable and accrued expenses which increased the Revolving Note which is classified as long-term borrowings. This increase in the Revolving Note was partially offset by the collection of \$3,677,000 of current related party receivables.

The Company normally requires small amounts of working capital since inventory is generally sold at approximately the same time that payments to Wakefern and other suppliers are due and most sales are for cash or cash equivalents.

Working capital ratios were as follows:

May 4, 2002	.98 to 1.0
November 3, 2001	.90 to 1.0
April 28, 2001	.94 to 1.0

Cash flows (in millions) were as follows:

	Twenty Six Weeks Ended	
	5/04/02	4/28/01
Operating activities...	\$ 3.2	\$13.9
Investing activities...	(5.9)	( 5.9)
Financing activities...	3.5	( 6.2)
	-----	-----
Totals	\$ .8	\$ 1.8
	=====	=====

The Company had \$12,741,000 of available credit, at May 4, 2002, under its revolving credit facility. The amounts available under the Credit Agreement will adequately meet our operating needs, scheduled capital expenditures and debt service for fiscal 2002.

10

For the 26 weeks ended May 4, 2002, depreciation was \$6,852,000 while capital expenditures totaled \$5,875,000, compared to \$6,165,000 and \$5,817,000, respectively, in the prior year period. The increase in depreciation was the result of the purchase of equipment and leasehold improvements for the three locations remodeled in fiscal 2001, the new location opened in Middletown, New Jersey in November 2001, as well as one additional capitalized real estate lease.

During the six months ended May 4, 2002, the Company repurchased a total of 102,853 shares of Common Stock under the stock repurchase program announced on June 8, 2001. 102,653 of these shares were purchased in privately negotiated transactions. 6,377 of these shares were owned by a member of the family of Joseph J. Saker, the Company's Chairman and were purchased for an average of \$39.52 per share. \$4,523,670, or an average of \$43.98 per share, was expended for the purchase of the 102,853 shares. Since the announcement of the stock repurchase program, the Company has repurchased 131,923 shares for \$5,591,597 or an average of \$42.39 per share.

Results of Operations (13 weeks ended May 4, 2002 compared to 13 weeks ended April 28, 2001)

Sales:

Same store sales from the twenty one stores in operation in both periods

## Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

increased 2.7%. This increase in comparable store sales was partially offset by decreased sales in certain of the Company's stores affected by competitive store openings. Sales for the current period totaled \$235.2 million as compared to \$223.9 million in the prior year period.

Sales for the current quarter included the operations of one new location opened in November 2001 in Middletown, New Jersey which replaced an older, smaller store in the same shopping center.

### Gross Profit:

Gross profit as a percent of sales increased to 25.0% of sales compared to 24.8% in the prior year period. Patronage dividends, applied as a reduction of the cost of merchandise sold, were \$1.7 million in the current period compared to \$1.5 million in the prior year period. Gross profit as a percentage of sales increased primarily as a result of improved product mix and the contribution of the new Middletown location. These increases were offset in part by programs implemented in certain of the Company's stores to address competitive store openings.

### Operating Expenses:

Operating, general and administrative expenses as a percent of sales were 24.0% versus 23.3% in the prior year period. The increase in operating, general and administrative expenses as a percent of sales was primarily due to increases in certain expense categories as a percentage of sales. As a percentage of sales, labor and related fringe benefits increased .86%, depreciation, including depreciation on capitalized leases, increased .08% and administrative expense increased .06%. These increases were partially offset by decreases in advertising and promotion expense of .18% and occupancy expense of .14%. The increase in labor and related fringe benefits was the result of additional personnel for the new Middletown store, increased sales in service intensive departments and contractual increases in fringe benefits.

11

### Interest Expense:

Interest expense increased to \$2,080,000 from \$1,907,000, while interest income was \$31,000 compared to \$74,000 for the prior period. The increase in interest expense for the current year period was due to an increase in average outstanding debt, including increased capitalized lease obligations, partially offset by a decrease in the average interest rate paid on debt.

### Income Taxes:

An income tax rate of 40% has been used in both the current and prior year periods based on the expected effective tax rates.

### Net Income:

Net income was \$183,000 in the current year period compared to \$963,000 in the prior year period. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the current period were \$5,916,000 as compared to \$6,682,000 in the prior year period. Net income per common share on a diluted basis was \$.17 in the current period compared to \$.86 in the prior year period. Per share calculations are based on 1,101,999 shares outstanding in the current year period and 1,117,290 shares outstanding in the prior year period.

Results of Operations (26 weeks ended May 4, 2002 compared to 26 weeks ended April 28, 2001)

## Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

### Sales:

Same store sales from the twenty one stores in operation in both periods increased 3.2%. This increase in comparable store sales was partially offset by decreased sales in certain of the Company's stores affected by competitive store openings. Sales for the current twenty six week period totaled \$487.3 million as compared to \$462.5 million in the prior year period. Sales for the current twenty six week period included the operations of one new location opened in Middletown, New Jersey in November 2001 which replaced an older, smaller store in the same shopping center.

### Gross Profit:

Gross profit as a percent of sales increased to 25.1% of sales compared to 24.5% in the prior year period. Patronage dividends, applied as a reduction of the cost of merchandise sold, were \$3.4 million in the current period compared to \$3.1 million in the prior year period. Gross profit as a percentage of sales increased primarily as a result of improved product mix and the contribution of the new location. These increases were offset in part by programs implemented in certain of the Company's stores to address competitive store openings.

### Operating Expenses:

Operating, general and administrative expenses as a percent of sales were 23.8% versus 22.9% in the prior year period. The increase in operating, general and administrative expenses as a percent of sales was primarily due to increases in certain expense categories as a percentage of sales. As a percentage of sales, labor and related fringe benefits increased .84%, depreciation, including depreciation on capitalized leases, increased .08%, administrative expense

12

increased .10%, other store expenses, which include Wakefern support services and debit/credit card fees, increased .05% and pre-opening costs increased .05%. These increases were partially offset by decreases in occupancy expense of .18% and advertising and promotion expense of .11%. The increase in labor and related fringe benefits was the result of additional personnel for the new Middletown store, increased sales in service intensive departments and contractual increases in fringe benefits. Pre-opening costs were for the new Middletown store opened in November 2001.

### Interest Expense:

Interest expense was basically unchanged at \$3,987,000 compared to \$3,990,000, while interest income was \$71,000 compared to \$153,000 for the prior year period. Increases in interest expense for the current year period due to an increase in average outstanding debt, including increased capitalized lease obligations, were offset by a decrease in the average interest rate paid on debt.

### Income Taxes:

An income tax rate of 40% has been used in both the current and prior year periods based on the expected effective tax rates.

### Net Income:

Net income was \$1,450,000 in the current year period compared to \$2,131,000 in the prior year period. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the current period were \$13,406,000 as compared to

## Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

\$13,827,000 in the prior year period. Net income per common share on a diluted basis was \$1.30 in the current period compared to \$1.91 in the prior year period. Per share calculations are based on 1,118,497 shares outstanding in the current period and 1,117,290 shares outstanding in the prior year period.

13

### PART II

#### OTHER INFORMATION

##### Item 4. Submission of Matters to a Vote of Securityholders

The Company held its 2002 Annual Meeting of Shareholders (the "Meeting") on May 8, 2002. At the Meeting, shareholders were asked to vote upon the (i) the election of directors; (ii) an amendment to the Company's Amended and Restated Certificate of Incorporation to provide for the classification of the Company's Board of Directors into five classes of directors with staggered terms (the "COI Amendment"); and (iii) an amendment to the Company's 2001 Stock Incentive Plan reserving an additional 65,000 shares of the Company's Common Stock for issuance under the 2001 Stock Incentive Plan. The results of the voting were as follows:

	For	Against	Withheld	Abstain	Broker Non-Votes
Election of Directors: 1					
Robert H. Hutchins	759,208	-0-	213,987	-0-	
Albert A. Zager	759,208	-0-	213,987	-0-	
Charles T. Parton	759,208	-0-	213,987	-0-	
Richard J. Saker	759,208	-0-	213,987	-0-	
Joseph J. Saker	759,208	-0-	213,987	-0-	
Amendment of the Company's Amended and Restated Certificate of Incorporation					
	632,386	311,850	-0-	753	3,880
Amendment of the Company's 2001 Stock					



SIGNATURES

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

FOODARAMA SUPERMARKETS, INC.  
(Registrant)

Date: June 17, 2002

/S/ MICHAEL SHAPIRO  
-----

(Signature)

Michael Shapiro  
Senior Vice President  
Chief Financial Officer

Date: June 17, 2002

/S/ THOMAS H. FLYNN  
-----

(Signature)

Thomas H. Flynn  
Director of Accounting  
Principal Accounting Officer

