FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended July 28, 2001

or

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

Commission file number 1-14170

NATIONAL BEVERAGE CORP.
(Exact name of registrant as specified in its charter)

Delaware	59-2605822
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One North University Drive, Ft. Lauderdale, FL	33324
(Address of principal executive offices)	(Zip Code)

(954) 581-0922
(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 (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 ( )

The number of shares of Registrant's common stock outstanding as of August 31, 2001 was 18,160,938.

NATIONAL BEVERAGE CORP.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JULY 28, 2001

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PART I - FINANCIAL INFORMATION

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JULY 28, 2001 AND APRIL 28, 2001
(In thousands, except share amounts)

	(Unaudited) July 28, 2001	April 28, 2001
ASSETS		
Current assets:		
Cash and equivalents	$ 37,822	$ 39,625
Trade receivables - net of allowances of $597 ($559 at April 28, 2001)	48,664	41,068
Inventories	34,934	31,747
Deferred income taxes	1,415	1,333
Prepaid and other	4,773	6,518
Total current assets	127,608	120,291
Property - net	61,339	62,215
Goodwill	13,145	13,145
Intangible assets - net	2,086	2,114
Other assets	5,816	6,103
	$ 209,994	$ 203,868
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 34,607	$ 37,651
Accrued liabilities	22,920	20,131
Income taxes payable	2,224	65
Total current liabilities	59,751	57,847
Long-term debt	19,986	24,136
Deferred income taxes	10,939	10,208
Other liabilities	3,214	3,189
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 7% cumulative, $1 par value, aggregate liquidation preference of $15,000 - 1,000,000 shares authorized; 150,000 shares issued; no shares outstanding	150	150
Common stock, $.01 par value - authorized 50,000,000 shares; issued 22,134,612 shares	221	221
Additional paid-in capital	15,638	15,638

Retained earnings	117,321	109,705
Treasury stock - at cost:		
Preferred stock - 150,000 shares	(5,100)	(5,100)
Common stock - 3,972,634 shares	(12,126)	(12,126)
Total shareholders' equity	116,104	108,488
	$ 209,994	$ 203,868

See accompanying Notes to Condensed Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JULY 28, 2001 AND JULY 29, 2000
(In thousands, except per share amounts)

	(Unaudited) Three Months Ended	
	2001	2000
Net sales	$152,385	$140,226
Cost of sales	102,259	94,173
Gross profit	50,126	46,053
Selling, general and administrative expenses	37,689	34,631
Interest expense	315	646
Other income - net	221	451
Income before income taxes	12,343	11,227
Provision for income taxes	4,727	4,277
Net income	$ 7,616	$ 6,950
Net income per share -		
Basic	$ .42	$ .38
Diluted	$ .40	$ .37
Average common shares outstanding -		
Basic	18,162	18,177
Diluted	18,957	18,861

See accompanying Notes to Condensed Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JULY 28, 2001 AND JULY 29, 2000
(In thousands)

	(Unaudited) 2001	2000
OPERATING ACTIVITIES:		
Net income	$ 7,616	$ 6,950
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,886	2,627
Deferred income tax provision (benefit)	649	(36)
Loss on sale of property	61	10
Changes in assets and liabilities:		
Trade receivables	(7,596)	(7,803)
Inventories	(3,187)	(1,344)
Prepaid and other assets	1,301	87
Accounts payable	(3,044)	(2,465)
Other liabilities, net	4,973	6,024
Net cash provided by operating activities	3,659	4,050
INVESTING ACTIVITIES:		
Property additions	(1,318)	(596)
Proceeds from sale of assets	6	--
Net cash used in investing activities	(1,312)	(596)
FINANCING ACTIVITIES:		
Debt repayments	(150)	(200)
Borrowings (payments) on line of credit, net	(4,000)	(5,000)
Repurchase of common stock	--	(184)
Proceeds from stock options exercised	--	18
Net cash used in financing activities	(4,150)	(5,366)
NET DECREASE IN CASH AND EQUIVALENTS	(1,803)	(1,912)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	39,625	38,482
CASH AND EQUIVALENTS - END OF PERIOD	$ 37,822	$ 36,570
OTHER CASH FLOW INFORMATION:		
Interest paid	$ 415	$ 821
Income taxes paid	174	840

See accompanying Notes to Condensed Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JULY 28, 2001
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of National Beverage Corp. and its subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information. The financial statements do not include all information and notes required by generally accepted accounting principles for complete financial statements. Except for the matters disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements for the fiscal year ended April 28, 2001. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim periods presented are not necessarily indicative of results which might be expected for the entire fiscal year. Certain prior year amounts have been reclassified to conform to the current year presentation.

2. CHANGES IN ACCOUNTING STANDARDS

The company adopted Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities" in the three months ended July 28, 2001 (first quarter of fiscal 2002). The adoption of SFAS No. 133 did not have a material impact on the Company's financial position or operating results and has not resulted in significant changes to its financial risk management practices. Also, in the first quarter of fiscal 2002, the Company adopted SFAS No. 142 "Goodwill and Other Intangible Assets". The adoption of SFAS No. 142 did not materially impact the Company's financial position or operating results. See Note 5.

3. INVENTORIES

Inventories are stated at the lower of first-in, first-out cost or market. Inventories at July 28, 2001 are comprised of finished goods of $19,097,000 and raw materials of $15,837,000. Inventories at April 28, 2001 are comprised of finished goods of $17,721,000 and raw materials of $14,026,000.

4. PROPERTY

Property consists of the following:

	(In thousands) July 28, 2001	April 28, 2001
Land	$ 10,625	$ 10,625
Buildings and improvements	35,203	35,088
Machinery and equipment	95,033	94,356
Total	140,861	140,069
Less accumulated depreciation	(79,522)	(77,854)
Property - net	$ 61,339	$ 62,215

Depreciation expense was $2,127,000 and $1,893,000 for the three-month periods ended July 28, 2001 and July 29, 2000, respectively.

5. GOODWILL AND INTANGIBLE ASSETS

In accordance with SFAS No. 142, adopted in the first quarter of fiscal 2002, the Company discontinued the amortization of goodwill and certain intangible assets that were determined to have an indefinite life. Had the Company applied the non-amortization provisions of SFAS No. 142 at the beginning of the first quarter of fiscal 2001, net income for that period would have increased by $89,000 or less than $.01 per share. Intangible assets at July 28, 2001 and April 28, 2001 consist of the following:

	(In thousands) July 28, 2001	April 28, 2001

Unamortized trademarks	$ 1,587	$ 1,601
	========	========
Amortized distribution rights	$ 855	$ 855
Less accumulated amortization	(356)	(342)
	--------	--------
Net	$ 499	$ 513
	========	========

Amortization expense related to intangible assets was $14,000 and $35,000 for the three months ended July 28, 2001 and July 29, 2000, respectively.

6. DEBT

Debt consists of the following:

	(In thousands) July 28, 2001	April 28, 2001
Credit Facilities	$ --	$ 4,000
Term Loan Facilities	19,750	19,900
Other	236	236
	--------	--------
Total	$ 19,986	$ 24,136
	========	========

Certain subsidiaries of the Company maintain unsecured revolving credit facilities aggregating $48 million (the "Credit Facilities") and unsecured term loan facilities ("Term Loan Facilities") with banks. The Credit Facilities expire through December 10, 2002 and bear interest at 1/2% below the banks' reference rate or 1% above LIBOR, at the subsidiaries' election. The Term Loan Facilities are repayable in installments through July 31, 2004, and bear interest at the banks' reference rate or 1 1/4% above LIBOR, at the subsidiaries' election. The Company intends to utilize its existing long-term Credit Facilities to fund the current principal payments due on its Term Loan Facilities.

Certain of the Company's debt agreements contain restrictions which require subsidiaries to maintain certain financial ratios and minimum net worth, and limit subsidiaries with respect to incurring additional indebtedness, paying cash dividends and making certain loans, advances or other investments. These restrictions are not expected to have a material adverse impact on the operations of the Company. At July 28, 2001, retained earnings of approximately $42 million were available for distribution and the Company was in compliance with all loan covenants.

7. CAPITAL STOCK

At July 28, 2001, options to purchase 1,269,016 shares at a weighted average exercise price of $3.72 (ranging from $.13 to $9.88 per share) were outstanding and stock-based awards to purchase 441,824 shares of common stock were available for grant. The Company's Board of Directors has approved, subject to shareholders approval at the Company's fiscal 2001 Annual Shareholders Meeting, an amendment to the Company's Omnibus Incentive Plan and Special Stock Option Plan to increase the number of shares available for award by 600,000 and 100,000 shares, respectively.

PART I - FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

National Beverage Corp. (the "Company") is a holding company for various operating subsidiaries that develop, manufacture, market and distribute a complete portfolio of quality beverage products throughout the United States. The Company's brands emphasize distinctive flavor variety, including its flagship brands Shasta(R) and Faygo(R), complete lines of multi-flavored and cola soft drinks. In addition, the Company offers an assortment of premium beverages geared toward the health-conscious consumer, including Everfresh(R), Home Juice(R) and Mr. Pure(R) 100% juice and juice-based products; and LaCROIX(R), Mt. Shasta(TM), Crystal Bay(R) and ClearFruit(R) flavored and spring water products. The Company also provides specialty products, including VooDoo Rain(TM), a line of alternative beverages geared toward young consumers, Ohana(R) fruit-flavored drinks, and St. Nick's(R) holiday soft drinks. Substantially all of the Company's brands are produced in its sixteen manufacturing facilities, which are strategically located in major metropolitan markets throughout the continental United States. The Company also develops and produces soft drinks for retail grocery chains, warehouse clubs, mass-merchandisers and wholesalers ("allied brands") as well as soft drinks for other beverage companies.

The Company's strategy emphasizes the growth of its branded products by offering a diverse beverage portfolio of proprietary flavors; by supporting the franchise value of regional brands; by developing and acquiring innovative products tailored toward healthy lifestyles; and by appealing to the "quality-price" sensitivity factor of the family consumer. Management believes that the "regional share dynamics" of its brands have a consumer loyalty within local markets that generates more aggressive retailer sponsored promotional activities.

The Company occupies a unique position in the industry as a vertically integrated national company delivering branded and allied brands through a hybrid distribution network to multiple beverage channels. As part of its sales and marketing strategy, the Company enters into long-term contractual relationships that join the expertise of Company sales, marketing and manufacturing functions with national and regional retailers marketing/sales expertise to cause the maximum joint effort in generating sales for branded and allied branded products. These "Strategic Alliances" provide for retailer promotional support for the Company's brands and nationally integrated manufacturing and distribution services for the retailer's allied brands.

Over the last several years, the Company has focused on increasing penetration of its brands in the convenience channel through company-owned and independent distributors. The convenience channel is composed of convenience stores, gas stations and other smaller "up-and-down-the-street" accounts. Because of the higher retail prices and margins that typically prevail, the Company has undertaken specific measures to expand its distribution in this channel. These include the development of products specifically targeted to this market, such as VooDoo Rain, ClearFruit, Everfresh, Home Juice and Mr. Pure. Also, the Company has created proprietary and specialized packaging for these products with specific graphics for the discriminating consumer. Management intends to continue its focus on enhancing growth in the convenience channel through both specialized packaging and innovative product development.

Beverage industry sales are seasonal with the highest volume typically realized during the summer months. Additionally, the Company's operating results are subject to numerous factors, including fluctuations in the costs of raw materials, changes in consumer preference for beverage products and competitive pricing in the marketplace.

RESULTS OF OPERATIONS

Three Months Ended July 28, 2001 (first quarter of fiscal 2002) compared to Three Months Ended July 29, 2000 (first quarter of fiscal 2001)

Net sales for the three months ended July 28, 2001 increased approximately $12.2 million, or 8.7%, over the three months ended July 29, 2000. This improvement was due primarily to increased pricing of certain branded products, volume growth in flavored carbonated soft drinks and sales of Ritz and Crystal Bay brands acquired in September 2000. The improvement was partially offset by declines related to certain non-branded business and product mix. Additionally, the Company's premium beverages gained volume during the first quarter of fiscal 2002 as a result of increased distribution within the convenience channel.

Gross profit approximated 32.9% of net sales for the first quarter of fiscal 2002 and 32.8% of net sales for the first quarter of fiscal 2001. This improvement was due to the increased pricing mentioned above and the favorable effect of volume growth on fixed manufacturing costs, partially offset by changes in product mix and increased utility costs.

Selling, general and administrative expenses were $37.7 million or 24.7% of net sales for the first quarter of fiscal 2002, compared to $34.6 million or 24.7% of net sales for last year. This change was primarily due to higher distribution and selling costs related to increased volume.

Interest expense declined during the first quarter of fiscal 2002 compared to the prior year due to reductions in average debt outstanding and interest rates. Other income decreased primarily due to a decrease in interest income resulting from lower yields. See Note 6 of Notes to Condensed Consolidated Financial Statements.

The Company's effective rate for income taxes, based upon estimated annual income tax rates, approximated 38.3% of income before taxes for the first quarter of fiscal 2002 and 38.1% for the first quarter of fiscal 2001. The difference between the effective rate and the federal statutory rate of 35% was primarily due to the effects of state income taxes and non-deductible expenses.

Net income amounted to $7,616,000 or $.42 per share for the three months ended July 28, 2001, compared to $6,950,000 or $.38 per share for the three months ended July 29, 2000.

CAPITAL RESOURCES

The Company's current sources of capital are cash flow from operations and borrowings under existing credit facilities. The Company maintains unsecured revolving credit facilities of which approximately $46 million was available for future borrowings at July 28, 2001. Management believes that existing capital resources are sufficient to meet the Company's and the parent company's capital requirements for the foreseeable future.

Management views earnings before interest expense, taxes, depreciation and amortization ("EBITDA") as a key indicator of the Company's operating performance and enterprise value, although not as a substitute for cash flow from operations or operating income. The Company's EBITDA increased 7.2% to $15.5 million for the first quarter of fiscal 2002 from $14.5 million last year. Management believes that EBITDA is sufficient to support additional growth and debt capacity.

SUMMARY OF CASH FLOWS

The Company's principal source of cash during the first quarter of fiscal 2002 was $3.7 million provided by operating activities. The Company's primary uses of cash were net debt repayments of $4.2 million and capital expenditures of $1.3 million.

Net cash provided by operating activities decreased to $3.7 million from $4.1 million largely due to an increase in working capital requirements partially offset by increases in net income and non-cash charges. Net cash used in investing activities increased to $1.3 million from $.6 million as a result of an increase in capital expenditures. Net cash used in financing activities decreased approximately $1.2 million for the first quarter of fiscal 2002 as compared to last year due to a decline in net debt repayments.

FINANCIAL CONDITION

During the first quarter of fiscal 2002, the Company's working capital improved to $67.9 million from $62.4 million primarily due to cash generated from operations and an increase in current assets. Trade receivables, inventories, and accrued liabilities increased as a result of higher sales. At July 28, 2001, the current ratio was 2.1 to 1 while the debt-to-equity ratio amounted to .2 to 1.

LIQUIDITY

The Company continually evaluates capital projects designed to expand capacity and improve efficiency at its manufacturing facilities. The Company presently has no material commitments for capital expenditures and expects that fiscal 2002 capital expenditures will be comparable to fiscal 2001.

Certain debt agreements contain restrictions which require subsidiaries to maintain certain financial ratios and minimum net worth, and limit the subsidiaries with respect to incurring additional indebtedness, paying cash dividends and making loans, advances or other investments. These restrictions are not expected to have a material adverse impact on the operations of the Company. At July 28, 2001, retained earnings of approximately $42 million were available for distribution and the Company was in compliance with all loan covenants and restrictions. See Note 6 of Notes to Condensed Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q (this "Form 10-Q"), including statements under "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results,

performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following: general economic and business conditions; pricing of competitive products; success of the Company's Strategic Alliance objective; success in acquiring other beverage businesses; success of new product and flavor introductions; fluctuations in the costs of raw materials; the Company's ability to increase prices; continued retailer support for the Company's brands; changes in consumer preferences; success of implementing business strategies; changes in business strategy or development plans; government regulations; regional weather conditions; and other factors referenced in this Form 10-Q. The Company disclaims an obligation to update any such factors or to publicly announce the results of any revisions to any forward-looking statements contained herein to reflect future events or developments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There are no material changes to the disclosures made on this matter in the Company's Annual Report on Form 10-K for the fiscal year ended April 28, 2001.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: None

(b) Reports on Form 8-K: None

SIGNATURE

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.

DATE: September 17, 2001

NATIONAL BEVERAGE CORP.
(Registrant)

By: \s\ Dean A. McCoy

Dean A. McCoy
Senior Vice President - Controller
(On behalf of the Registrant and as
Principal Accounting Officer)