FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JULY 1, 1995

or

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

Commission File No. 1-9973

THE MIDDLEBY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	36-3352497
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1400 TOASTMASTER DRIVE, ELGIN, ILLINOIS	60120
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone No., including Area Code (708) 741-3300

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 twelve (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

As of July 1, 1995, there were 8,387,163 shares of the registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

QUARTER ENDED JULY 1, 1995

INDEX

PART I. FINANCIAL INFORMATION

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	(Unaudited) July 1, 1995	Dec. 31, 1994
Cash and Cash Equivalents	$ 1,687,000	$ 667,000
Accounts Receivable, net	18,386,000	18,064,000
Inventories, net	25,424,000	21,116,000
Prepaid Expenses and Other	900,000	1,394,000
Total Current Assets	46,397,000	41,241,000
Property, Plant and Equipment, net of accumulated depreciation of $13,400,000 and $12,310,000	23,303,000	23,260,000
Excess Purchase Price Over Net Assets Acquired, net of accumulated amortization of $3,202,000 and $3,063,000	7,916,000	8,055,000
Other Assets	4,685,000	2,818,000
Investment in Affiliated Companies	-	1,248,000
Total Assets	$ 82,301,000	$ 76,622,000

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Maturities of Long-Term Debt..	$ 1,971,000	$ 1,822,000
Accounts Payable.....................	14,100,000	11,252,000
Accrued Expenses.....................	9,987,000	11,079,000
Total Current Liabilities........	26,058,000	24,153,000
Long-Term Debt.......................	44,034,000	42,650,000
Minority Interest and Other Non current Liabilities............	1,890,000	1,782,000
Shareholders' Equity:		
Preferred Stock, $.01 par value; nonvoting; 2,000,000 shares authorized; none issued..........	-	-
Common Stock, $.01 par value; 20,000,000 shares authorized; 8,387,000 and 8,341,000 issued and outstanding in 1995 and 1994, respectively...............	83,000	83,000
Paid-in Capital....................	25,098,000	24,154,000
Cumulative Translation Adjustment...	(483,000)	(384,000)
Accumulated Deficit................	(14,379,000)	(15,816,000)
Total Shareholders' Equity........	10,319,000	8,037,000
Total Liabilities and Shareholders' Equity....	$ 82,301,000	$ 76,622,000

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 1, 1995	July 2, 1994	July 1, 1995	July 2, 1994
Net Sales.	$34,559,000	$34,634,000	$69,553,000	$65,654,000
Cost of Sales.	25,092,000	25,221,000	50,368,000	48,244,000
Gross Margin	9,467,000	9,413,000	19,185,000	17,410,000
Selling and Distribution Expenses. . .	4,936,000	4,804,000	9,787,000	9,301,000
General and Administrative Expenses. .	2,355,000	2,288,000	4,708,000	4,508,000
Income from Operations	2,176,000	2,321,000	4,690,000	3,601,000
Interest Expense	1,271,000	1,047,000	2,455,000	1,951,000
Other (Income) Expense, Net.	(127,000)	143,000	71,000	320,000
Income Before Income Taxes . .	1,032,000	1,131,000	2,164,000	1,330,000

Provision for Income Taxes (See Note 2)	338,000	325,000	727,000	391,000
Net Earnings	$ 694,000	$ 806,000	$ 1,437,000	$ 939,000
Earnings per Common and Common Equivalent Share	$ .08	$ .10	$ .17	$ .11

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended	
	July 1, 1995	July 2, 1994
Cash Flows From Operating Activities-		
Net earnings	$ 1,437,000	$ 939,000
Adjustments to reconcile net earnings to cash provided by operating activities-		
Depreciation and amortization	1,464,000	1,278,000
Utilization of Subsidiary NOL's credited to paid-in capital (See Note 2)	580,000	327,000
Changes in assets and liabilities-		
Accounts receivable	(322,000)	(3,957,000)
Inventories	(4,308,000)	1,243,000
Prepaid expenses and other assets	393,000	31,000
Accounts payable and other liabilities	1,756,000	909,000
Net Cash Provided by Operating Activities	1,000,000	770,000
Cash Flows from Investing Activities-		
Additions to property and equipment	(1,133,000)	(1,248,000)
Proceeds from sale of investment	1,337,000	-
Net Cash Provided/(Used) by Investing Activities	204,000	(1,248,000)
Cash Flows From Financing Activities-		
Proceeds from note	15,000,000	-
Proceeds from bank debt	31,000,000	-
Repayment of debt	(44,055,000)	-

Payments of long-term debt............	(1,573,000)	(9,000)
Increase in revolving credit, net......	1,161,000	500,000
Cost of financing activities..........	(1,717,000)	-
Net Cash (Used)/Provided by Financing Activities..........................	(184,000)	491,000
Changes in Cash and Cash Equivalents-		
Net increase in cash and cash equivalents.........................	1,020,000	13,000
Cash and cash equivalents at beginning of year...................	667,000	425,000
Cash and Cash Equivalents at End of Quarter..........................	$ 1,687,000	$ 438,000
Interest paid...........................	$ 1,767,000	$ 1,901,000
Income taxes paid.......................	$ 236,000	$ 80,000

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JULY 1, 1995

(Unaudited)

1) Basis of Presentation

The financial statements have been prepared by The Middleby Corporation (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information not misleading. These financial statements should be read in conjunction with the financial statements and related notes contained in the Company's 1994 Annual Report. Other than as indicated herein, there have been no significant changes from the data presented in said Report.

In the opinion of management, the financial statements contain all adjustments necessary to present fairly the financial position of the Company as of July 1, 1995 and December 31, 1994, and the results of operations for the three and six months ended July 1, 1995 and July 2, 1994, respectively, and cash flows for the six months ended July 1, 1995 and July 2, 1994, respectively.

2) Income Taxes

The Company files a consolidated Federal income tax return. In January, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 ("SFAS 109"), Accounting for Income Taxes. SFAS 109 requires the recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Adoption of SFAS 109 was effected through the cumulative catch-up method.

The Company is not a Federal taxpayer due to its NOL carry-forwards, although a tax provision is still required to be recorded. As a majority of the NOL carry-forwards relate to an old quasi-reorganization, the utilization of such NOL carry-forwards is not recorded as a credit to the tax provision, but

is directly credited to paid-in capital. The utilization of the net operating loss carry-forwards depends on future taxable income during the applicable carry-forward periods. In adopting SFAS 109 in 1993, the Company recorded a valuation allowance equal to the net deferred tax assets to reflect the inherent uncertainty in being able to predict future events. A tax asset of $1,350,000 was established as of December 31, 1994 with a credit to provision for income taxes of $339,000 and a credit directly to paid-in capital of $1,011,000. $580,000 of the fiscal year-to-date tax provision has been credited to paid-in capital. The Company has recorded income tax provisions of $338,000 and $727,000 for the fiscal three and six months ended July 1, 1995, respectively. The reduction in the valuation allowance and increase in shareholders' equity reflects management's judgment as to the Company's ability to generate taxable income during the carry-forward periods. The remaining net operating loss and tax credit carry-forwards available to the Company will be recorded into income and equity at a future date.

3) Earnings Per Share

Earnings per share of common stock are based upon the weighted average number of outstanding shares of common stock and common stock equivalents. The treasury stock method is used in computing common stock equivalents, which included stock options and a warrant issued in conjunction with the senior secured note. The terms of the warrant provide for the purchase of 250,000 shares at $3 per share, however, under certain conditions, the warrant terms provide for the purchase of 200,000 shares at $.01 per share. Earnings per share were computed based upon the weighted average number of common shares outstanding of 8,693,000 and 8,396,000 for the fiscal quarters ended July 1, 1995 and July 2, 1994, respectively, and 8,678,000 and 8,397,000 for the fiscal year-to-date periods ended July 1, 1995 and July 2, 1994, respectively.

4) Sale of Investment in Affiliated Companies

On June 9, 1995, the Company sold its remaining 11.2% interest in the Seco Products Corporation ("Seco") for $1,447,000 net of expenses. $110,000 of the proceeds is being held in escrow for one year. $669,000 of the proceeds of the sale were applied to the bank term loan and the remainder reduced the revolving credit balance. No gain or loss was recorded on the sale.

5) Inventories

Inventories are valued using the first-in, first-out method.

Inventories consist of the following:

	July 1, 1995	Dec. 31, 1994
Raw Materials and Parts	$12,214,000	$ 8,404,000
Work in Process	5,022,000	5,866,000
Finished Goods	8,188,000	6,846,000
	$25,424,000	$21,116,000

6) Accrued Expenses

Accrued expenses consist of the following:

	July 1, 1995	Dec. 31, 1994
Accrued payroll and related expenses.........	$ 3,523,000	$ 4,800,000
Accrued commissions........	1,844,000	2,191,000
Accrued warranty...........	1,393,000	1,365,000
Accrued interest...........	750,000	62,000
Other......................	2,477,000	2,661,000
	$ 9,987,000	$11,079,000

7) Certain amounts have been reclassified in 1994 to be consistent with the 1995 presentation.

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

RESULTS OF OPERATIONS

Net sales for the fiscal three months ended July 1, 1995 decreased by $75,000 (0.2%) compared to the prior year's three month period ended July 2, 1994. Net sales for the six month period ended July 1, 1995 increased $3,899,000 (5.9%) compared to the prior year's six month period ended July 2, 1994. The slight decline in sales for the fiscal second quarter compared to the prior year's quarter resulted from a slowdown in some market segments, the timing of sales to certain large customers and decreased sales in the Mexican and Latin American markets due to the impact of the peso devaluation. The positive sales increase for the six month period is due to strong conveyor oven sales and new product introductions.

Gross margin increased $54,000 (0.6%) for the quarter compared to the prior year's quarter. Gross margin for the six month period increased $1,775,000 (10.2%) compared to the prior year's six month period. As a percentage of net sales, gross margin increased 0.2% to 27.4% for the quarter from the prior year's quarter, while year-to-date gross margins have increased 1.1% to 27.6%. Favorable product mix and continued operating efficiency improvement have contributed to the increase.

Selling, general and administrative expenses increased $199,000 (2.8%) and $686,000 (5.0%) for the three and six month periods, respectively. Increased expenses reflect promotional expenses for new products and expansion of international sales and service capabilities. As a percentage of sales, selling, general and administrative expenses increased to 21.1% for the three months ended July 1, 1995, compared to 20.5% for the prior year's three month period, but declined to 20.8% for the six month period ended July 1, 1995 compared to 21.0% for the prior year's six month period.

Other income for the quarter included a gain from the sale of a discontinued product line and proceeds from a value added tax settlement in Canada.

Interest expense for the fiscal quarter ended July 1, 1995 increased $224,000 (21.4%) compared to the prior year's fiscal quarter ended July 2, 1994, and $504,000 (25.8%) year-to-date. The increase is primarily due to higher prevailing interest rates during the first and second quarter of 1995 compared to the first and second quarter of 1994.

The Company recorded net earnings of $694,000 for the fiscal quarter ended July 1, 1995 compared to net earnings of $806,000 for the prior year fiscal quarter. Year-to-date earnings were $1,437,000 for the six month period ended July 1, 1995 compared to net earnings of

$939,000 for the six months ended July 2, 1994. The second quarter results reflect a slowdown in some segments of the Company's markets, the timing of orders from certain large customers and decreased sales in the Mexican and Latin American markets due to the impact of peso devaluation. The positive earnings gain for the six month period is largely due to strong conveyor oven sales and new product introductions.

FINANCIAL CONDITION AND LIQUIDITY

For the six months ended July 1, 1995, net cash provided by operating activities before changes in assets and liabilities was $3,481,000, as compared to $2,544,000 for the six months ended July 2, 1994. Net cash provided by operating activities after changes in assets and liabilities was $1,000,000 as compared to $770,000 in the prior year-to-date period. The increase in inventories of $4,308,000 was due to the introduction of new products, expansion of international manufacturing, and timing of orders with certain larger customers. This increase was partly offset by increased accounts payable.

On January 10, 1995, the Company's subsidiaries consummated a $57,500,000 financing package to replace existing bank debt of $44,000,000 and provide working capital for future growth. The financing includes a $42,500,000 senior secured credit facility from a group of lenders led by an affiliate of a major international bank and a $15,000,000 senior secured note placement with a major insurance company. The credit facility includes a $15,000,000 five-year term loan, a $2,500,000 capital expenditure facility, and a $25,000,000 revolving credit line. The senior secured notes have an eight-year term with payments beginning in the sixth year and bear interest at 10.99%. A warrant for the purchase of 250,000 shares of common stock at an exercise price of $3 per share was issued in conjunction with the notes; however, under certain conditions, the terms of the warrant provide for the purchase of 200,000 shares at $.01 per share. The Company incurred financing costs of $1,717,000 which will be amortized over the average life of the note and bank debt's term.

During the fiscal quarter, the Company decreased its borrowings under its credit agreements by $1,010,000 primarily by using the cash proceeds from the sale of its investment in Seco Products Corporation ("Seco") (see Note 4). For the fiscal year-to-date, the Company increased its borrowings by $1,533,000, principally reflecting the net effect of the payment of the financing costs, the proceeds of the sale of the Seco investment, and cash required for operating activities and property and equipment additions. Also, the cash balance at July 1, 1995 increased $1,020,000 from the beginning of the year.

Management believes the Company has sufficient financial resources available to meet its anticipated requirements for funds for operations in the current fiscal year and can satisfy the obligations under its credit and note agreements.

PART II. OTHER INFORMATION

The Company was not required to report the information pursuant to Items 1 through 6 of Part II of Form 10-Q for any of the three months ended July 1, 1995, except as follows:

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 11, 1995, the Company held its 1995 Annual Meeting of Stockholders. The following persons were elected as directors to hold office until the 1996 Annual Meeting of Stockholders: Newell Garfield, Jr., A. Don Lummus, John R. Miller, III, Philip G. Putnam, David P. Riley, Sabin C. Streeter and William F. Whitman, Jr. The number of shares cast for, withheld and abstained with respect to each of the nominees were as follows:

Nominee	For	Withheld	Abstained
Garfield	7,060,929	27,325	0
Lummus	7,066,154	22,100	0
Miller	7,066,154	22,100	0
Putnam	7,065,054	23,200	0
Riley	7,066,154	22,100	0
Streeter	7,064,129	24,125	0
Whitman	7,066,129	22,125	0

The stockholders also voted to approve the ratification of the selection of Arthur Andersen LLP as independent auditors for the Company for the fiscal year ending December 30, 1995. 7,058,496 shares were cast for such selection, 17,053 shares were cast against such selection, and 12,705 shares abstained.

No broker nonvotes were received in connection with the 1995 Annual Meeting.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits - The following Exhibits are filed herewith:

Exhibit (27) - Financial Data Schedules (EDGAR only)

b) Reports on Form 8-K - No such reports were filed during the quarter for which this report is filed.

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.

THE MIDDLEBY CORPORATION

(Registrant)

Date August 14, 1995 By: /s/ John J. Hastings

John J. Hastings, Executive Vice President, Chief Financial Officer and Secretary

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