FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-07-12** | Period of Report: **1995-05-31**
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TCBY ENTERPRISES INC

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SIC: **2024** Ice cream & frozen desserts

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425 W CAPITOL AVE STE 1100
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5016888229

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)
_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 1995

OR

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

For the transition period from _____________ to ____________

Commission file number 1-10046

TCBY ENTERPRISES, INC.
(Exact name or registrant as specified in its charter)

Delaware	71-0552115
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

425 West Capitol Avenue Little Rock, Arkansas 72201
(Address of principal executive offices) (Zip Code)

(501) 688-8229
(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 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 ___

On June 30, 1995 there were 25,525,139 shares of the registrant's common stock outstanding.

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PART 1

FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS (UNAUDITED)

TCBY ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	May 31,	November 30,

	1995	1994
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 2,402,201	$ 4,938,118
Short-term investments	4,539,560	15,213,179
Receivables:		
Trade accounts	16,749,636	15,805,358
Notes	2,268,224	2,120,932
Allowance for doubtful accounts and notes	(441,687)	(383,515)
	18,576,173	17,542,775
Refundable income taxes	623,603	1,501,663
Inventories	18,349,412	13,621,790
Distribution allowances	1,806,147	4,098,965
Prepaid expenses and other assets	2,369,583	2,051,808
TOTAL CURRENT ASSETS	48,666,679	58,968,298
PROPERTY, PLANT, AND EQUIPMENT		
Land	4,063,868	4,225,248
Buildings	23,532,064	23,583,374
Furniture, vehicles, and equipment	56,155,099	55,172,254
Leasehold improvements	11,263,127	10,986,674
Construction in progress	8,656,307	3,089,350
Allowances for depreciation and amortization	(43,274,017)	(40,213,323)
	60,396,448	56,843,577
OTHER ASSETS		
Notes receivable, less current portion (less allowance for doubtful notes of $1,030,601 in 1995 and $894,869 in 1994)	17,394,027	8,358,703
Intangibles (less amortization of $3,633,081 in 1995 and $3,317,663 in 1994)	5,771,820	5,795,445
Distribution allowances, less current portion	1,812,924	7,105,649
Other	4,273,553	5,208,415
	29,252,324	26,468,212
TOTAL ASSETS	$138,315,451	$142,280,087
	=============	=============

</TABLE>
See notes to consolidated financial statements.

TCBY ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
<TABLE>
<CAPTION>

	May 31, 1995	November 30, 1994
LIABILITIES AND STOCKHOLDERS' EQUITY		
<S>	<C>	<C>
CURRENT LIABILITIES		
Accounts payable	$ 5,126,470	$ 2,890,869
Accrued expenses	4,027,508	5,742,510
Deferred income taxes payable	751,859	751,859
Current portion of long-term debt	3,159,555	3,072,756
TOTAL CURRENT LIABILITIES	13,065,392	12,457,994
LONG-TERM DEBT, less current portion	14,597,368	15,909,857

DEFERRED INCOME TAXES	5,638,287	5,638,287
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, par value $.10 per share; authorized 2,000,000 shares	-	-
Common stock, par value $.10 per share; authorized 50,000,000 shares; issued 26,912,208 shares in 1995 and 26,911,333 shares in 1994	2,691,221	2,691,133
Additional paid-in capital	24,844,312	24,840,431
Retained earnings	87,214,758	90,153,584
	114,750,291	117,685,148
Less treasury stock, at cost (1,387,069 shares in 1995 and 1,317,069 in 1994)	(9,735,887)	(9,411,199)
TOTAL STOCKHOLDERS' EQUITY	105,014,404	108,273,949
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$138,315,451	$142,280,087

</TABLE>
See notes to consolidated financial statements.

TCBY ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

	Quarter Ended May 31,		Six Months Ended May 31,	
	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>
Sales	$29,558,113	$39,599,802	$ 55,594,188	$ 62,187,050
Cost of sales	16,200,508	23,548,378	32,026,842	36,884,643
GROSS PROFIT	13,357,605	16,051,424	23,567,346	25,302,407
Franchising revenues:				
Initial franchise and license fees	419,000	625,888	614,900	733,700
Royalty income	2,800,663	3,116,570	4,521,447	4,680,093
Total franchising revenues	3,219,663	3,742,458	5,136,347	5,413,793
	16,577,268	19,793,882	28,703,693	30,716,200
Selling, general and administrative expenses	15,262,013	14,299,199	31,727,492	26,335,085
	1,315,255	5,494,683	(3,023,799)	4,381,115
Other income (expense):				
Interest expense	(225,540)	(146,294)	(523,991)	(309,124)
Interest income	228,944	229,705	503,384	517,912
Other income (expense)	2,439,790	(115,357)	2,465,234	(79,742)
	2,443,194	(31,946)	2,444,627	129,046
INCOME (LOSS) BEFORE INCOME TAXES	3,758,449	5,462,737	(579,172)	4,510,161

Income tax expense (benefit)	1,318,351	1,899,393	(199,816)	1,568,184
NET INCOME (LOSS)	$ 2,440,098	$ 3,563,344	$ (379,356)	$ 2,941,977
Net income (loss) per share	$ 0.10	$ 0.14	$ (0.01)	$ 0.12
Average shares outstanding	25,556,636	25,495,360	25,575,922	25,492,432
Cash dividends paid per share	$ 0.05	$ 0.05	$ 0.10	$ 0.10

</TABLE>
See notes to consolidated financial statements.

TCBY ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
<TABLE>
<CAPTION>

	Six Months Ended May 31, 1995	Six Months Ended May 31, 1994
<S> <C> <C>		
OPERATING ACTIVITIES		
Net income (loss)	$ (379,356)	$ 2,941,977
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	5,784,228	3,863,282
Amortization of intangibles	315,418	512,283
Provision for doubtful accounts and notes	609,522	562,186
Loss (gain) on sales of property and equipment	31,928	(264,657)
Gain on sale of product line	(2,370,046)	-
Changes in operating assets and liabilities:		
Receivables	(1,097,172)	(11,110,830)
Inventories	(4,979,306)	(1,836,976)
Prepaid expenses	(317,775)	610,690
Distribution allowances	(415,234)	(2,185,402)
Intangibles and other assets	693,099	(475,020)
Accounts payable and accrued expenses	(2,541,384)	1,954,455
Income taxes	878,060	1,357,168
NET CASH USED IN OPERATING ACTIVITIES	(3,788,018)	(4,070,844)
INVESTING ACTIVITIES		
Purchases of property, plant, and equipment	(7,946,386)	(4,973,140)
Proceeds from sales of property and equipment	417,569	595,950
Origination of notes receivable	(275,968)	(1,228,686)
Principal collected on notes receivable	1,289,145	2,357,896
Purchases of short-term investments	(3,118,602)	(3,267,451)
Proceeds from maturity of short-term investments	13,792,222	7,978,707
Proceeds from sale of product line	1,200,000	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,357,980	1,463,276
FINANCING ACTIVITIES		
Proceeds from sale of common stock	3,969	96,288
Dividends paid	(2,559,470)	(2,548,895)
Purchases of treasury stock	(324,688)	-
Principal payments of long-term debt	(1,225,690)	(1,048,535)
NET CASH USED IN FINANCING ACTIVITIES	(4,105,879)	(3,501,142)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,535,917)	(6,108,710)
Cash and cash equivalents at beginning		

of period	4,938,118	10,167,074
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,402,201	$ 4,058,364

</TABLE>
See notes to consolidated financial statements.

TCBY ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 1995

NOTE A -- FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three- and six-month periods ended May 31, 1995 are not necessarily indicative of the results that may be expected for the year ended November 30, 1995. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 1994.

NOTE B -- INVENTORIES
<TABLE>
<CAPTION>

<S>	May 31, 1995 <C>	November 30, 1994 <C>
Manufacturing materials and supplies	$ 4,756,452	$ 4,417,832
Finished yogurt and other food products	7,918,782	4,162,242
Equipment and other products	5,674,178	5,041,716
	$18,349,412	$13,621,790

</TABLE>

NOTE C -- ACCRUED EXPENSES

Accrued expenses consist of the following:
<TABLE>
<CAPTION>

<S>	May 31, 1995 <C>	November 30, 1994 <C>
Rent	$ 682,266	$ 799,979

Compensation	1,646,439	2,411,903
Other	1,698,803	2,530,628
Total accrued expenses	$ 4,027,508	$ 5,742,510

</TABLE>

NOTE D -- CONTINGENCIES

A purported investor in a former franchisee has claimed approximately $26 million in trebled damages plus costs and prejudgment interest from the former franchisee for alleged fraudulent acts. The compensatory damages requested are $8.7 million. The Company has also been named in this suit as a defendant. The Company believes the plaintiff's claims against the Company to be without merit, and the Company is vigorously contesting the suit.

Other than as set forth above, there is no material litigation pending against the Company. Various legal and administrative proceedings are pending against the Company which are incidental to the business of the Company. The ultimate legal and financial liability of the Company in connection with such proceedings and that discussed above cannot be estimated with certainty, but the Company believes, based upon its examination of these matters, its experience to date, and its discussions with legal counsel, that resolution of these proceedings will have no material adverse effect upon the Company's financial condition, either individually or in the aggre gate; of course, any substantial loss pursuant to any litigation might have a material adverse impact upon results of operations in the fiscal quarter or year in which it were to be incurred, but the Company cannot estimate the range of any reasonably possible loss.

NOTE E -- DISPOSITION

In April 1995, the Company sold the rights for the exclusive manufacturing and distribution of the "TCBY" refrigerated yogurt product line throughout the United States to Mid-America Dairymen, Inc., who co-packed the products for the Company. The product line currently consists of low fat and nonfat/no sugar added varieties of refrigerated yogurt, and the "TCBY"

Twosome product - refrigerated yogurt and topping, side-by-side. TCBY sales of these products were approximately $23 million and $5.3 million for fiscal 1994 and the first quarter of fiscal 1995, respectively.

Under the terms of the 15 year agreement, Mid-America Dairymen plans to expand the distribution of these products, as well as develop additional refrigerated dairy items under the "TCBY" brand. Mid-America currently manufactures and distributes over 2,000 products nationwide. TCBY will continue to m anufacture and distribute "TCBY" brand hardpack frozen yogurt products through the retail grocery trade.

The sale of the product line resulted in a net income of approximately $1.6 million, or $.06 per share, for TCBY in the second quarter. Under the terms of the agreement, inventories and distribution allowances related to the "TCBY" refrigerated yogurt product line were transferred to Mid-America. The Company received cash proceeds of $1,200,000 upon closing and a note receivable of $10.6 million as consideration in the transaction.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's total sales for the second quarter of fiscal 1995 decreased 25.4 percent from sales for the second quarter of fiscal 1994. Total sales for the first six months of fiscal 1995 decreased 10.6 percent from sales for the first six months of fiscal 1994.

The Company's operations were primarily in two segments: food products and equipment. The following table sets forth sales by category within the Company's primary segments of operation (dollars in thousands):

<TABLE>
<CAPTION>

	Three Months Ended May 31				Six Months Ended May 31			
	1995		1994		1995		1994	
	Sales	%	Sales	%	Sales	%	Sales	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Food Products:								
Yogurt sales to ProSource Distribution Services and other foodservice distributors	$14,161	48%	$15,942	40%	$23,866	43%	$24,401	39%
Yogurt sales to the retail grocery trade	5,941	20%	11,931	30%	14,654	26%	18,379	30%
Retail sales by Company-owned stores	5,195	18%	6,186	16%	8,835	16%	10,273	16%
	25,297	86%	34,059	86%	47,355	85%	53,053	85%
Equipment:								
Sales by the Company's equipment distributor	2,964	10%	4,053	10%	5,520	10%	6,992	11%
Sales of manufactured specialty vehicles	1,030	3%	1,276	3%	2,216	4%	1,720	3%
	3,994	13%	5,329	13%	7,736	14%	8,712	14%
Other	267	1%	212	1%	503	1%	422	1%
Total Sales	$29,558	100%	$39,600	100%	$55,594	100%	$62,187	100%

</TABLE>

Sales from the Company's food products segment include (i) wholesale sales of frozen yogurt products to ProSource Distribution Services (which acquired a portion of the distribution business of The Martin-Brower Company) and to other foodservice distributors, which distribute yogurt and other products to TCBY stores and non-traditional locations such as airports, on-premises business cafeterias, hospitals, sporting arenas, toll road plazas, etc., (ii) sales of hardpack

frozen yogurt and frozen novelties for distribution to the retail grocery trade, and (iii) retail sales of yogurt and related food items by Company-owned stores. Second quarter sales in the food products segment decreased from $34.1 million in fiscal 1994 to $25.3 million in fiscal 1995. For the first six months, sales in the food products segment decreased from $53.1 million in fiscal 1994 to $47.4 million in fiscal 1995.

For the second quarter of fiscal 1995, wholesale sales of soft serve frozen yogurt mix decreased 11 percent. This is attributed to a reduction in the number of domestic traditional "TCBY" stores (Company-owned and franchised stores) in operation during the second quarter of fiscal 1995 compared to the same period in fiscal 1994 and same store sales declines in traditional "TCBY" stores. These reductions were partially offset by increased purchases of frozen yogurt mix by non-traditional locations.

For the first six months of fiscal 1995, wholesale sales of soft serve frozen yogurt mix decreased 2 percent. This is primarily attributed to a reduction in the number of domestic traditional "TCBY" stores in operation during the first six months of fiscal 1995 compared to the same period in fiscal 1994. This reduction was partially offset by increased purchases of frozen yogurt mix by non-traditional locations during the first six months of fiscal 1995 compared to the same period in fiscal 1994.

The table below sets forth location activity for the second quarter and first six months of fiscal 1995 and 1994.

<TABLE>
<CAPTION>

	FRANCHISED STORES		COMPANY STORES		INTERNATIONAL LOCATIONS		NON-TRADITIONAL LOCATIONS		TOTAL LOCATIONS	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
For the second quarter:										
Locations open at beginning of period	1,239	1,273	88	119	151	72	1,330	1,034	2,808	2,498
Opened	7	8	0	0	15	1	72	136	94	145
Closed	(16)	(16)	0	(2)	0	0	(121)	(53)	(137)	(71)
Net locations purchased (sold) between franchisees and Company	1	3	(1)	(3)	0	0	0	0	0	0
Locations open at May 31	1,231	1,268	87	114	166	73	1,281	1,117	2,765	2,572

</TABLE>

<TABLE>
<CAPTION>

	FRANCHISED STORES		COMPANY STORES		INTERNATIONAL LOCATIONS		NON-TRADITIONAL LOCATIONS		TOTAL LOCATIONS	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
For the first six months:										
Locations open at beginning of period	1,245	1,298	96	121	141	66	1,319	989	2,801	2,474
Opened	17	13	0	0	25	7	118	219	160	239
Closed	(32)	(47)	(8)	(3)	0	0	(156)	(91)	(196)	(141)
Net locations purchased (sold) between franchisees and Company	1	4	(1)	(4)	0	0	0	0	0	0
Locations open at May 31	1,231	1,268	87	114	166	73	1,281	1,117	2,765	2,572

</TABLE>

Included in locations open are 127 and 140 "TCBY" stores closed for relocation or for the season at May 31, 1995 and May 31, 1994, respectively. During the first six months of 1995 the Company closed 156 non-traditional locations. These locations generally purchased low volumes of yogurt from the Company. The Company expects that there may be additional closings of low volume non-traditional accounts. During the second quarter the Company learned that its joint venture partners were not successful in retaining all TCBY locations at the Dallas/Ft. Worth and Atlanta airports where the foodservice contracts were up for bid, thus, closings in these airports will occur in late 1995. The loss of frozen yogurt sales in these airports is not known at this time, however, these airports have historically experienced higher yogurt sales compared to other non-traditional locations.

Sales of yogurt to the retail grocery trade decreased 50 percent during the second quarter and 20 percent during the first six months of fiscal 1995 as compared to the same periods in fiscal 1994. These decreases are a result of the sale of the refrigerated yogurt product line. In April 1995, the Company sold the rights for exclusive manufacturing and distribution of the "TCBY" refrigerated yogurt products throughout the United States to Mid-America Dairymen, Inc., who co-packed these products for the Company. The sale resulted in net income of approximately $1.6 million in the second quarter. As the Company's sales of refrigerated yogurt products totaled approximately $8.7 million in the first six months of fiscal 1994, and $23.0 million in fiscal 1994, the sale of this product line will result in lower sales to the retail grocery trade for the remainder of 1995 compared to fiscal 1994. The Company will continue the distribution of frozen yogurt products in the retail grocery trade primarily in existing markets during the remainder of 1995. In addition, second quarter sales were impacted by a delay in sales of frozen products to private label customers in part due to a delay in receipt of packaging materials from the customer.

Sales by Company-owned stores declined 16 percent and 14 percent during the second quarter and first six months of fiscal 1995, respectively, as compared to the same periods in fiscal 1994. These declines result from a reduction in the number of Company-owned stores operated during the periods and a decline in same store sales for Company-owned stores described below. The Company currently operates 87 units; however, the Company will continue to evaluate opportunities to refranchise stores or close stores when necessary.

Combined same store sales (the comparison of fiscal 1995 individual traditional "TCBY" store sales with sales by the same stores operating during the same period of fiscal 1994) decreased 4.3 percent in the second quarter of fiscal 1995. Combined same store sales decreased .4 percent in the first six months of fiscal 1995. The decrease in same store sales in the quarter and relatively flat sales for the six month period reflects soft sales during late April and May. The restaurant industry continues to be highly competitive. The Company is continuing its efforts to improve same store sales through a national television advertising campaign which began in April and will run through July, menu extensions, local media advertising, store decor upgrades and relocations. The efforts to improve same store sales include the Company's new "TCBY" Treats concept. The "TCBY" Treats concept features "TCBY" soft serve frozen yogurt, but adds "TCBY" hand-dipped frozen yogurt, hand-dipped premium ice cream, Paradise Ice shaved ice, frozen custard, and the "TCBY" bakery items. As of May 31, 1995, 291 stores have converted and 148 were in the process of converting to the new concept. Even with the successful implementation of these programs, same store sales may decline and store closings may continue.

Sales in the equipment segment decreased 25 percent during the second quarter of fiscal 1995 from $5.3 million in fiscal 1994 to $4.0 million in fiscal 1995. The decrease in sales by the Company's equipment manufacturer in the second quarter is due to decreased orders for specialty vehicles. The decrease in sales by the Company's equipment distributor for the quarter is due primarily to fewer sales of equipment packages to international franchisees in fiscal 1995 compared to the same period in fiscal 1994.

Sales in the equipment segment decreased 11 percent for the first six months in fiscal 1995 from $8.7 million in fiscal 1994 to $7.7 million in fiscal 1995. The increases in sales by the Company's equipment manufacturer is primarily due to increased orders for specialty vehicles completed in the first quarter of fiscal year 1995. This increase was offset by decreases in sales by the Company's equipment distributor due primarily to fewer sales of equipment packages to international franchisees in the first six months of fiscal 1995 compared to the same period in fiscal 1994.

The ratio of cost of sales to sales was 54.8 percent for the second quarter of fiscal 1995 as compared to 59.5 percent for the second quarter of fiscal 1994. The ratio of cost of sales to sales for the food products segment and equipment segment in the second quarter of fiscal 1995 was 51.2 percent and 81.6 percent, respectively, compared to 56.6 percent and 80.4 percent, respectively, in the second quarter of fiscal 1994.

The decrease in the overall cost of sales to sales ratio for the second quarter is attributed primarily to a change in sales mix within the food products segment from the prior year. Wholesale sales to the retail grocery trade and private label customers, which have a higher cost of sales to sales ratio, were a smaller percentage of total food products sales in fiscal 1995 compared to the prior year due primarily to the sale of the refrigerated yogurt product line and decreased sales to private label customers. A major component of the Company's cost of sales of food products is the cost of milk. Milk pricing is regulated by the USDA which sets pricing on a monthly basis. Milk prices decreased during the second quarter of 1995 compared to the same period in fiscal 1994, but are expected to increase in the third quarter to levels comparable to the third quarter of 1994. The Company in the past has not adjusted its selling price to reflect fluctuations in milk prices. The Company has experienced increases in other components of cost of sales, such as product packaging costs. As a result of these increased product packaging costs, the Company instituted a price increase of approximately one percent on April 15, 1995. The cost of sales to sales ratio for the equipment segment increased due to an increase in sales of equipment with lower gross profit margins.

The ratio of cost of sales to sales was 57.6 percent for the first six months of fiscal 1995 as compared to 59.3 percent for the first six months of fiscal 1994. The ratio of cost of sales to sales for the food products segment and eq uipment segment in the first six months of fiscal 1995 was 54.6 percent and 79.5 percent, respectively, compared to 56.6 percent and 78.7 percent, respectively, in the first six months of fiscal 1994. The changes for the six month period are attributed to the same factors as those discussed above for the second quarter.

Franchising revenues consist of initial franchise and license fees and royalty income. In the second quarter of fiscal 1995, initial franchise and license fees decreased 33 percent and royalty income decreased 10 percent from fiscal 1994. In the first six months of fiscal 1995, initial franchise and license fees decreased 16 percent and royalty income decreased 3 percent from fiscal 1994. The decrease in franchise and license fees results primarily from decreased initial international franchise fees. The decrease in royalty income results from decreased international royalties as a result of large purchases in fiscal 1994 related to the start-up of a production facility in China and a decrease in domestic royalties as a result of the decreased yogurt sales noted above

which was partially offset by the increased sales to non-traditional locations.

Selling, general and administrative (SG&A) expenses increased 7 percent in the second quarter of fiscal 1995 compared to the second quarter of fiscal 1994. This increase is due primarily to an increase in selling costs, such as consumer marketing expenses, trade allowances, and distribution allowances, associated with the sale of hardpack frozen yogurt products within the retail grocery trade. The Company continues to invest significantly in selling and marketing expenses associated with its line of hardpack frozen yogurt products. As the retail grocery trade continues to be very competitive, annual SG&A expenses as a percentage of combined sales and franchising revenues may remain at the current level. As a percentage of combined sales and franchising revenues, SG&A expenses were 47 percent and 33 percent for the second quarter of fiscal 1995 and 1994, respectively.

SG&A expenses increased 20 percent in the first six months of fiscal 1995 compared to the first six months of fiscal 1994. As a percentage of combined sales and franchising revenues, SG&A expenses were 52 percent and

39 percent for the first six months of fiscal 1995 and 1994, respectively. The increase for the first six months are attributed to the same factors as those discussed above for the second quarter.

Interest expense increased approximately $79,000 and $215,000 in the second quarter and first six months of fiscal 1995, respectively, compared to the same periods of fiscal 1994. These increases are due to an additional $7.5 million borrowing in November 1994, related to the expansion of the Company's yogurt manufacturing facility, and a slight increase in the average interest rate paid.

Income taxes as a percentage of income before income taxes was 35.1 percent in the second quarter and 34.5 percent for the first six months of fiscal 1995. This compares to an effective rate of 33.3 percent for the fiscal year ended November 30, 1994. The change in the effective tax rate is due to a higher expected effective tax rate for fiscal 1995.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically generated cash from operations sufficient to meet its normal operating requirements. The Company's cash and short-term investments decreased approximately $13.2 million in the first six months of fiscal 1995. This decrease resulted primarily from (i) normal seasonality in operating accounts combined with the net loss for the first six months, (ii) purchases of property, plant, and equipment primarily related to the expansion of the Company's yogurt manufacturing facility, and (iii) cash dividends paid. The Company's foreseeable cash needs for operations and capital expenditures are expected to be met through cash flows from operations; however, the Company has available a $5 million unsecured credit line to meet seasonal cash needs.

On May 31, 1995, working capital was $35.6 million compared to $46.5 million on November 30, 1994. The current ratio was 3.7 to 1.0 on May 31, 1995 and 4.7 to 1.0 on November 30, 1994. The long-term debt to equity ratio was .14 to 1.0 at May 31, 1995 and .15 to 1.0 at November 30, 1994.

On June 16, 1995, the Company's Board of Directors declared a five cents per share dividend payable on July 14, 1995 to stockholders of record on June 30, 1995. The Company will consider adjustments to the dividend rate after giving consideration to return to stockholders, profitability expectations and financing needs.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There were no changes from previously reported litigation.

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

a) The Annual Meeting of Shareholders was held April 12, 1995.

c) A total of 22,738,892 shares were present or represented at the meeting. The first matter voted upon was the uncontested election of directors. Abstentions and withholdings of votes constituted the differences between the total shares voted for each director and the total shares voting. All individuals nominated as directors of the Corporation were elected with the following number of votes:

Frank D. Hickingbotham	22,418,019
Herren C. Hickingbotham	22,398,609
William H. Bowen	22,370,310
Daniel R. Grant	22,372,913
F. Todd Hickingbotham	22,401,918
Don O'Neal Kirkpatrick	22,388,370
Gale Law	22,412,890
Marvin D. Loyd	22,381,381
Hugh H. Pollard	22,420,003

The second matter voted upon was a request to amend the 1992 Employee Stock Option Plan of TCBY Enterprises, Inc. (the "Plan") which would increase the number of shares available under the Plan by 500,000 shares. A total of 21,517,244 shares voted "for" the amendment and 1,139,219 shares voted "against" the amendment. Abstentions and withholdings of votes constituted the differences between the total shares voted and the total shares voting.

ITEM 5: OTHER INFORMATION

In June 1995, the Company engaged the investment banking firm of Stephens Inc. to explore strategic alternatives for the Company with the intent of maximizing shareholder value. No assurances can be given that this initiative will result in any material corporate development.
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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

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27 -	Article 5, Financial Data Schedule for the Second Quarter Fiscal 1995 10-Q
99(a) -	Press release, dated April 27, 1995, "TCBY Rolls out Strongest National Television Campaign in its History"

99(b) - Press release, dated May 1, 1995, "TCBY International Licenses Development in Portugal"

99(c) - Press release, dated May 17, 1995, "Amos Hall Named Senior Vice President of TCBY Systems, Inc."

99(d) - Press release, dated June 21, 1995, "TCBY Enterprises, Inc. Announces Second Quarter and Mid-Year Results; Board of Directors Declares Dividend"

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b) The Company filed a Current Report on Form 8-K, dated March 24, 1995 announcing the sale of rights for the exclusive manufacturing and distribution of the "TCBY" refrigerated yogurt products division throughout the United States.

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.

TCBY ENTERPRISES, INC.

Date: 07/12/95

/s/ Frank D. Hickingbotham

Frank D. Hickingbotham,

Chairman of the Board and
Chief Executive Officer

Date: 07/12/95

/s/ Gale Law

Gale Law,
Senior Vice President,
Chief Financial Officer

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EXHIBIT 27

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Exhibit 99(a)

PRESS RELEASE

FOR IMMEDIATE RELEASE
THURSDAY
APRIL 27, 1995
CONTACT PERSON: STACY DUCKETT
CORPORATE COMMUNICATIONS
501-688-8229

TCBY ROLLS OUT STRONGEST NATIONAL TELEVISION CAMPAIGN IN ITS HISTORY

LITTLE ROCK, AR - THURSDAY (APRIL 27, 1995) - TCBY SYSTEMS, INC., (NYSE:TBY) has launched its 1995 national television campaign this week. The $5.6 million campaign is the strongest in Company history. The spots began running April 24 and run into the summer on network and major cable broadcasts.

The 1995 campaign is com prised of three spots, all focusing on "TCBY" yogurt products and using musical parodies of favorite songs. The Company's signature Waffle Cone will be promoted, as will parfaits and "TCBY" sorbet products. The musical parodies are of "The Hustle", "It's My Party" and "Day-O". The television campaign will generate over 890 million consumer impressions. Networks purchased include ABC, NBC, CBS, CNN, Discovery, Arts & Entertainment, Lifetime and Nickelodeon.

"I'm highly optimistic about our ability to continue our record of sales growth. For this year we're using product-based promotional spots to further enhance "TCBY" brand awareness, build traffic and increase sales," said Dan Charleton, Sr. Vice President of Marketing.

In addition to the television campaign, the Company will feature other products and promotions through free-standing inserts that began in April. TCBY will also promote its packaged frozen yogurt products through free-standing inserts throughout the year.

Stone & Ward Advertising, Marketing and Public Relations of Little Rock developed and launched the campaign. The commercials were filmed by Director David Deahl of Big Deahl in Chicago. Editing was completed by Filmworkers Club of Chicago, and the music was produced and mixed by Patterson, Walz and Fox in Los Angeles. The media buy was managed by International Communications Group, Inc. of Los Angeles.

"We're pleased with the execution of the spots. They have strong product visuals with people enjoying "TCBY"R products. Familiar tunes were added to bring instant recognition and recall," said Larry Stone, Executive Creative Director and Chief Executive Officer at Stone & Ward.

TCBY Enterprises, Inc., through subsidiary companies, manufactures and sells soft serve frozen yogurt, hardpack frozen yogurt, novelty products, and custom foodservice vehicles, and markets foodservice equipment. The Company is the largest franchisor, licensor and operator of frozen yogurt stores in the world.

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EXHIBIT 99(b)

PRESS RELEASE

FOR IMMEDIATE RELEASE
MONDAY
MAY 1, 1995
CONTACT PERSON: STACY DUCKETT, VICE PRESIDENT
CORPORATE COMMUNICATIONS
(501) 688-8229

TCBY INTERNATIONAL LICENSES DEVELOPMENT IN PORTUGAL
First Development in Europe for the Company

LITTLE ROCK, AR - MONDAY (MAY 1, 1995) - TCBY ENTERPRISES, INC., (NYSE:TBY) TCBY International has awarded local development rights for "TCBY" products in Portugal to Companhia de Gelados.

Companhia de Gelados' licensing agreement calls for the opening of 10 "TCBY" frozen yogurt stores in Portugal during the next five years in addition to implementing wholesale distribution for the "TCBY" hardpack frozen yogurt product line to supermarkets and other foodservice outlets.

"We are very excit ed about the opportunity to market "TCBY" yogurt products in Portugal. Companhia de Gelados will do an excellent job of introducing our products to local consumers. This will be the Company's first venture into the European market, and we are looking forward to further expansion throughout Europe." said Hartsell Wingfield, President TCBY International Division.

TCBY Enterprises, Inc., through subsidiary companies, manufactures and sells soft serve frozen yogurt, hardpack frozen yogurt, novelty products and custom foodservice vehicles, and markets refrigerated yogurt and foodservice equipment. The Company is the largest franchisor, licensor and operator of frozen yogurt stores in the world.

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EXHIBIT 99(c)

PRESS RELEASE

FOR IMMEDIATE RELEASE
WEDNESDAY
MAY 17, 1995
CONTACT PERSON: STACY DUCKETT
CORPORATE COMMUNICATIONS
501-688-8229

AMOS HALL NAMED SENIOR VICE PRESIDENT
OF TCBY SYSTEMS, INC.

LITTLE ROCK, AR - WEDNESDAY (MAY 17, 1995) - Amos Hall has joined TCBY Systems, Inc. as Senior Vice President of Operations. He will be responsible for operations in both franchised and Company-owned locations.

Mr. Hall has 30 years of experience in the foodservice industry. He served as Vice President/General Manager and Regional Vice President of Operations for Kentucky Fried Chicken. Most recently, he served as Director of Operations for the East Division with Church's Restaurants. Mr. Hall earned his B.A. in Business Administration from the University of Puget Sound in Tacoma, Washington.

TCBY Enterprises, Inc., through subsidiary companies, manufactures and sells soft serve frozen yogurt, hardpack frozen yogurt, novelty products, and custom foodservice vehicles, and markets foodservice equipment. The Company is the largest franchisor, licensor and operator of frozen yogurt stores in the world.

-30-

EXHIBIT 99(d)

PRESS RELEASE

FOR IMMEDIATE RELEASE
WEDNESDAY
JUNE 21, 1995

CONTACT PERSON: STACY DUCKETT
VICE PRESIDENT, CORPORATE COMMUNICATIONS
(501) 688-8229

TCBY ENTERPRISES, INC.
ANNOUNCES SECOND QUARTER AND MID-YEAR RESULTS;
BOARD OF DIRECTORS DECLARES DIVIDEND

LITTLE ROCK, AR - June 21, 1995 - TCBY ENTERPRISES, INC. (NYSE:TBY) today announced sales and franchising revenues for the second quarter ended May 31, 1995 and 1994 were $32,777,776 and $43,342,260, respectively. Sales and franchising revenues in the first six months of fiscal 1995 and 1994 were $60,730,535 and $67,600,843, respectively. The decrease in sales and franchising revenues for the second quarter is primarily attributable to the sale of the " TCBY" refrigerated yogurt product line to Mid-America Dairymen resulting in a decrease in Company sales to the retail grocery trade, and a delay in sales of frozen yogurt products to private label customers in part due to a delay in receipt of packaging materials from the customer. Additional factors were a reduction in the number of Company-owned stores, and unusually strong international equipment sales in the comparable quarter of fiscal 1994.

Net income for the second quarter ended May 31, 1995 was $2,461,785, or $.10 per share, compared to $3,563,344, or $.14 per share, for the second quarter ended May 31, 1994. The Company reported a net loss for the six-month period ended May 31, 1995, of $379,356, or $.01 per share, compared to net income of $2,941,977, or $.12 per share, for the first six months of fiscal 1994. While selling, general and administrative expenses for the second quarter increased compared to the same quarter in 1994, they decreased compared to the first quarter of 1995 as a result of the sale of the manufacturing and distribution rights of the "TCBY"R refrigerated yogurt line. The gain on this sale resulted in net income of $1.6 million in the second quarter. The Company continues to invest significantly in selling and marketing expenses associated with the introduction and expansion of its hardpack frozen yogurt products.

The Company's new "TCBY" Treats concept has been well-received by franchisees and consumers. Year-to-date, 291 stores have converted and 148 are in the process of converting, for a total of 439 stores, representing approximately 37% of operating domestic stores. Same store sales for "TCBY" Treats locations are trending positively compared to other traditional "TCBY" locations. Same store sales year-to-date decreased 0.4%, as compared to the same period in fiscal 1994, while same store sales decreased 4.3% for the second quarter of fiscal 1995. As of May 31, same store sales are up 3.2% for the trailing 52- week period. Same store sales comparisons do not include sales from non-traditional locations.

TCBY had 2,765 total locations at the conclusion of the second quarter of fiscal 1995, compared to 2,572 locations at May 31, 1994. These locations consisted of 87 Company-owned stores, 166 international stores, 1,281 non-traditional locations and 1,231 franchised stores. During the second quarter the Company announced its public account program for the development of non-traditional locations with a special focus on convenience stores operated in association with national petroleum companies. As of May 31, 1995, the Company had opened 27 locations and had 36 under agreement for development under this new program. These locations offer dual-branding opportunities with other national food companies.

Frank D. Hickingbotham, Chairman of the Board and Chief Executive Officer said, "We are pleased with the pace of the "TCBY"R Treats development and its results, as well as with overall non-traditional development. The Company's expansion into the retail market continued through its frozen yogurt product lines. We have introduced a nonfat pint line in Southern California and other markets that has been well-received and plan to expand distribution of these nonfat products. Internationally, the Company signed agreements for the development of India, Portugal and Lebanon and now has agreements signed for 30 countries. The expansion at Americana Foods is nearing completion and we expect to see improved efficiencies in production and inventory management."

The Board of Directors of the Company declared a $.05 per share cash dividend. This dividend is payable on July 14, 1995 to shareholders of record as of June 30, 1995.

In addition, the Company today announced that it has engaged the investment banking firm of Stephens Inc. to explore strategic alternatives for the Company with the intent of maximizing shareholder value. No assurances can be given that this initiative will result in any material corporate development.

TCBY Enterprises, Inc., through subsidiary companies, manufactures and sells soft serve frozen yogurt, hardpack frozen yogurt, novelty products and custom foodservice vehicles, and markets foodservice equipment. The Company is the largest franchisor, licensor and operator of frozen yogurt stores in the world.

TCBY Enterprises, Inc.
Selected Financial Highlights
(In Thousands, Except Per Share Amounts)
(Unaudited)

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	Three Months Ended May 31, 1995	Three Months Ended May 31, 1994	Six Months Ended May 31, 1995	Six Months Ended May 31, 1994
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Operating Results				
Sales & Franchising Revenue	$ 32,778	$ 43,342	$ 60,731	$ 67,601
Net Income (Loss)	$ 2,462	$ 3,563	$ (379)	$ 2,942
Net Income (Loss) Per Share	$ .10	$ .14	$ (.01)	$ .12
Average Shares Outstanding	25,557	25,542	25,576	25,492
Dividends Paid Per Share	$ .05	$ .05	$ .10	$ .10

	May 31, 1995	November 30, 1994
Financial Position		
Current Assets	$ 48,667	$ 58,968
Current Liabilities	$ 13,065	$ 12,458
Property, Plant and Equipment, net	$ 60,396	$ 56,844
Total Assets	$138,315	$142,280
Long-term Debt, less current portion	$ 14,597	$ 15,910
Stockholders' Equity	$105,014	$108,274

</TABLE>