SUPERIOR UNIFORM GROUP INC
Form 10-Q
July 20, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM lO-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 June 30, 2012

OR

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

Commission file number 001-05869

SUPERIOR UNIFORM GROUP, INC.

Incorporated - Florida

Employer Identification No.
11-1385670

10055 Seminole Boulevard
Seminole, Florida 33772-2539
Telephone No.: 727-397-9611

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [_]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [X] No [_]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer, "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer [_]

Accelerated filer [_]

Non-accelerated filer [_]	(Do not check if a smaller reporting company)	Smaller Reporting Company [X]

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [_] No [X]

As of July 16, 2012, the Registrant had 6,058,763 common shares outstanding, which is the registrant's only class of common stock.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

THREE MONTHS ENDED JUNE 30,
(Unaudited)

	2012	2011
Net sales	$29,335,000	$27,505,000
Costs and expenses:		
Cost of goods sold	19,673,000	17,577,000
Selling and administrative expenses	8,088,000	8,490,000
Interest expense	7,000	6,000
	27,768,000	26,073,000
Income before taxes on income	1,567,000	1,432,000
Income tax expense	590,000	500,000
Net income	$977,000	$932,000
Weighted average number of shares outstanding during the period		
(Basic)	6,066,244	5,995,147
(Diluted)	6,140,986	6,092,118
Per Share Data:		
Basic		
Net income	$0.16	$0.16
Diluted		
Net income	$0.16	$0.15
Other comprehensive income, net of tax:		
Defined benefit pension plans:		
Amortization of prior service costs included in net periodic pension costs	3,000	4,000
Recognition of net losses included in net periodic pension costs	158,000	79,000
Other comprehensive income	$161,000	$83,000
Comprehensive income	$1,138,000	$1,015,000
Cash dividends per common share	$0.135	$0.135

See accompanying notes to consolidated interim financial statements.

SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SIX MONTHS ENDED JUNE 30,
(Continued)
(Unaudited)

		2012	2011
Net sales		$57,843,000	$54,404,000
Costs and expenses:			
Cost of goods sold		38,719,000	34,625,000
Selling and administrative expenses		17,002,000	17,396,000
Interest expense		18,000	12,000
		55,739,000	52,033,000
Income before taxes on income		2,104,000	2,371,000
Income tax expense		800,000	840,000
Net income		$1,304,000	$1,531,000
Weighted average number of shares outstanding during the period			
	(Basic)	6,046,059	5,986,987
	(Diluted)	6,141,801	6,081,544
Per Share Data:			
Basic			
Net income		$0.22	$0.26
Diluted			
Net income		$0.21	$0.25
Other comprehensive income, net of tax:			
Defined benefit pension plans:			
Amortization of prior service costs included in net periodic pension costs		6,000	8,000
Recognition of net losses included in net periodic pension costs		315,000	158,000
Other comprehensive income		$321,000	$166,000
Comprehensive income		$1,625,000	$1,697,000
Cash dividends per common share		$0.27	$0.27

See accompanying notes to consolidated interim financial statements.

SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2012 (Unaudited)	December 31, 2011
CURRENT ASSETS:		
Cash and cash equivalents	$2,939,000	$2,804,000
Accounts receivable - trade	16,944,000	15,942,000
Accounts receivable - other	2,917,000	3,745,000
Prepaid expenses and other current assets	2,066,000	2,525,000
Inventories*	40,775,000	41,208,000
TOTAL CURRENT ASSETS	65,641,000	66,224,000
PROPERTY, PLANT AND EQUIPMENT, NET	8,389,000	8,412,000
OTHER INTANGIBLE ASSETS, NET	2,268,000	2,749,000
DEFERRED INCOME TAXES	3,560,000	3,455,000
OTHER ASSETS	405,000	107,000
	$80,263,000	$80,947,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2012 (Unaudited)	December 31, 2011
CURRENT LIABILITIES:		
Accounts payable	$6,383,000	$5,941,000
Other current liabilities	2,730,000	4,499,000
TOTAL CURRENT LIABILITIES	9,113,000	10,440,000
LONG-TERM DEBT	520,000	640,000
LONG-TERM PENSION LIABILITY	7,985,000	8,086,000
OTHER LONG-TERM LIABILITIES	770,000	735,000
DEFERRED INCOME TAXES	30,000	-
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $1 par value - authorized 300,000 shares (none issued)	-	-
Common stock, $.001 par value - authorized 50,000,000 shares, issued and outstanding - 6,059,263 and 5,993,062 shares, respectively.	6,000	6,000
Additional paid-in capital	20,447,000	19,347,000
Retained earnings	47,967,000	48,590,000
Accumulated other comprehensive loss, net of tax:		
Pensions	(6,575,000)	(6,897,000)
TOTAL SHAREHOLDERS' EQUITY	61,845,000	61,046,000
	$80,263,000	$80,947,000

* Inventories consist of the following:

	June 30, 2012 (Unaudited)	December 31, 2011
Finished goods	$29,287,000	$29,030,000
Work in process	119,000	49,000
Raw materials	11,369,000	12,129,000
	$40,775,000	$41,208,000

See accompanying notes to consolidated interim financial statements.

SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30,
(Unaudited)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$1,304,000	1,531,000
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation and amortization	1,179,000	1,532,000
Provision for bad debts - accounts receivable	56,000	56,000
Share-based compensation expense	712,000	824,000
Deferred income tax benefit	(241,000)	(496,000)
Gain on sales of property, plant and equipment	(1,000)	(13,000)
Changes in assets and liabilities:		
Accounts receivable - trade	(1,058,000)	(1,163,000)
Accounts receivable - other	828,000	(1,647,000)
Inventories	433,000	(3,169,000)
Prepaid expenses and other current assets	459,000	(752,000)
Other assets	(298,000)	39,000
Accounts payable	442,000	678,000
Other current liabilities	(1,769,000)	(515,000)
Pension liability	387,000	404,000
Other long-term liabilities	35,000	58,000
Net cash provided from (used in) operating activities	2,468,000	(2,633,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(675,000)	(733,000)
Disposals of property, plant and equipment	1,000	19,000
Acquisition of intangible assets	-	(2,061,000)
Net cash used in investing activities	(674,000)	(2,775,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	23,540,000	3,320,000
Repayment of long-term debt	(23,660,000)	(3,320,000)
Payment of cash dividends	(1,632,000)	(1,616,000)
Proceeds received on exercise of stock options	404,000	504,000
Common stock reacquired and retired	(311,000)	(281,000)
Net cash used in financing activities	(1,659,000)	(1,393,000)
Net increase (decrease) in cash and cash equivalents	135,000	(6,801,000)
Cash and cash equivalents balance, beginning of year	2,804,000	9,107,000
Cash and cash equivalents balance, end of period	$2,939,000	$2,306,000

See accompanying notes to consolidated interim financial statements.

SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(Unaudited)

NOTE 1 – Summary of Significant Interim Accounting Policies:

a) Basis of presentation

The consolidated interim financial statements include the accounts of Superior Uniform Group, Inc. and its wholly-owned subsidiaries Fashion Seal Corporation, Superior Office Solutions, and their jointly owned subsidiaries, The Office Gurus, Ltda, De C.V. and The Office Masters. They also include The Office Gurus, Ltda and Scratt Kit S.R.L., wholly-owned subsidiaries of Superior Office Solutions, collectively, "the Company". Intercompany items have been eliminated in consolidation. The accompanying unaudited interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. These consolidated interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, and filed with the Securities and Exchange Commission. The interim financial information contained herein is not certified or audited; it reflects all adjustments (consisting of only normal recurring accruals) which are, in the opinion of management, necessary for a fair statement of the operating results for the periods presented, stated on a basis consistent with that of the audited financial statements. The unaudited financial information included in this report as of and for the three and six months ended June 30, 2012 has been reviewed by Grant Thornton LLP, an independent registered public accounting firm. Their review report thereon accompanies this filing. Such review was made in accordance with established professional standards and procedures for such a review. The results of operations for any interim period are not necessarily indicative of results to be expected for the full year.

b) Revenue recognition

The Company records revenue as products are shipped and title passes. A provision for estimated returns and allowances is recorded based on historical experience and current allowance programs.

c) Recognition of costs and expenses

Costs and expenses other than product costs are charged to income in interim periods as incurred, or allocated among interim periods based on an estimate of time expired, benefit received or activity associated with the periods. Procedures adopted for assigning specific cost and expense items to an interim period are consistent with the basis followed by the registrant in reporting results of operations at annual reporting dates. However, when a specific cost or expense item charged to expense for annual reporting purposes benefits more than one interim period, the cost or expense item is allocated to the interim periods.

d) Amortization of other intangible assets

The Company amortizes identifiable intangible assets on a straight line basis over their expected useful lives. Amortization expense for other intangible assets was $241,000 for each of the three-month periods ended June 30, 2012 and 2011, and $482,000 and $541,000 for the six-month periods ended June 30, 2012 and 2011, respectively.

e) Advertising expenses

The Company expenses advertising costs as incurred. Advertising costs for the three-month periods ended June 30, 2012 and 2011, respectively were $19,000 and $38,000. Advertising costs for the six-month periods ended June 30, 2012 and 2011, respectively were $30,000 and $59,000.

f) Shipping and handling fees and costs

The Company includes shipping and handling fees billed to customers in net sales. Shipping and handling costs associated with in-bound and out-bound freight are generally recorded in cost of goods sold. Other shipping and handling costs such as labor and overhead are included in selling and administrative expenses and totaled $1,343,000 and $1,368,000 for the three months ended June 30, 2012 and 2011, respectively. Other shipping and handling costs included in selling and administrative expenses totaled $2,786,000 and $2,840,000, for the six months ended June 30, 2012 and 2011, respectively.

g) Inventories

Inventories at interim dates are determined by using both perpetual records on a first-in, first-out basis and gross profit calculations.

h) Accounting for income taxes

The provision for income taxes is calculated by using the effective tax rate anticipated for the full year.

i) Employee benefit plan settlements

The Company recognizes settlement gains and losses in its financial statements when the cost of all settlements in a year is greater than the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

j) Earnings per share

Historical basic per share data is based on the weighted average number of shares outstanding. Historical diluted per share data is reconciled by adding to weighted average shares outstanding the dilutive impact of the exercise of outstanding stock options and stock appreciation rights.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net earnings used in the computation of basic and diluted earnings per share	$977,000	$932,000	$1,304,000	$1,531,000
Weighted average shares outstanding - basic	6,066,244	5,995,147	6,046,059	5,986,987
Common stock equivalents	74,742	96,971	95,742	94,557
Weighted average shares outstanding - diluted	6,140,986	6,092,118	6,141,801	6,081,544
Per Share Data :				
Basic				
Net earnings	$0.16	$0.16	$0.22	$0.26
Diluted				
Net earnings	$0.16	$0.15	$0.21	$0.25

Awards to purchase 308,000 and 525,000 shares of common stock with weighted average exercise prices of $12.85 and $11.97 per share, were outstanding during the three-month periods ending June 30, 2012 and 2011, respectively, but were not included in the computation of diluted EPS because the awards' exercise prices were greater than the average market price of the common shares.

Awards to purchase 259,000 and 529,000 shares of common stock with weighted average exercise prices of $13.03 and $11.96 per share, were outstanding during the six-month periods ending June 30, 2012 and 2011, respectively, but were not included in the computation of diluted EPS because the awards' exercise prices were greater than the average market price of the common shares.

k) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

l) Comprehensive income

Total comprehensive income represents the change in equity during a period from sources other than transactions with shareholders and, as such, includes net earnings. For the Company, the only other component of total comprehensive income is the change in pension costs.

m) Operating segments

Accounting standards require disclosures of certain information about operating segments and about products and services, geographic areas in which the Company operates, and their major customers. The Company has evaluated its operations and has determined that it has two reportable segments – uniforms and related products and remote staffing solutions. (See Note 7)

n) Share-based Compensation

The Company awards share-based compensation as an incentive for employees to contribute to the Company's long-term success. Historically, the Company has issued options and stock settled stock appreciation rights. At June 30, 2012, the Company had 1,298,700 shares of common stock authorized for awards of share-based compensation under its 2003 Incentive Stock and Awards Plan.

For the three months ended June 30, 2012 and 2011, respectively, the Company recognized $37,000 and $36,000 of share-based compensation recorded in selling and administrative expense in the Consolidated Statements of Comprehensive Income. These expenses were offset by $13,000 deferred tax benefits for non-qualified share–based compensation for each of the three-month periods ended June 30, 2012 and 2011. For the six months ended June 30, 2012 and 2011, respectively, the Company recognized $712,000 and $824,000 of share-based compensation recorded in selling and administrative expense in the Consolidated Statements of Comprehensive Income. These expenses were offset by a $–96,000 and a $145,000 deferred tax benefit for non-qualified share–based compensation for the six-month period ended June 30, 2012 and 2011, respectively. As of June 30, 2012, the Company had no unrecognized compensation cost expected to be recognized for prior share-based awards.

The Company grants stock options and stock settled stock appreciation rights ("SARS") to employees that allow them to purchase shares of the Company's common stock. Options are also granted to outside members of the Board of Directors of the Company. The Company determines the fair value of stock options and SARS at the date of grant using the Black-Scholes valuation model.

All options and SARS vest immediately at the date of grant. Awards generally expire five years after the date of grant with the exception of options granted to outside directors, which expire ten years after the date of grant. The Company issues new shares upon the exercise of stock options and SARS.

During the six-month periods ended June 30, 2012 and 2011, respectively, the Company received $404,000 and $504,000 in cash from stock option exercises. No tax benefit was recognized for these exercises, as the options exercised were qualified incentive stock options. Additionally, during the three-month period ended June 30, 2012, the Company received 8,403 shares of its common stock as payment for the issuance of 8,896 shares of its common stock related to the exercise of stock option agreements. During the three-month period ended June 30, 2011, the Company received 8,491 shares of its common stock as payment for the issuance of 10,900 shares of its common stock related to the exercise of stock option agreements.

A summary of options transactions during the six months ended June 30, 2012 follows:

	No. of Shares		Weighted Average Exercise Price
Outstanding December 31, 2011	671,500	$	10.66
Granted	135,998		13.01
Exercised	(51,602	)	9.76

Lapsed	(48,000	)	12.74
Cancelled	(20,354	)	12.34
Outstanding June 30, 2012	687,542	$	11.00

At June 30, 2012, options outstanding, all of which were fully vested and exercisable, had an aggregate intrinsic value of $758,000.

Options exercised during the three-month periods ended June 30, 2012 and 2011 had intrinsic values of $30,000 and $32,000, respectively. Options exercised during the six-month periods ended June 30, 2012 and 2011 had intrinsic values of $133,000 and $113,000, respectively. The weighted average grant date fair value of the Company's options granted during the three-month periods ended June 30, 2012 and 2011 were $2.67 and $2.56, respectively. The weighted average grant date fair value of the Company's options granted during the six-month periods ended June 30, 2012 and 2011 was $3.50 and $2.92, respectively.

A summary of SARS transactions during the six months ended June 30, 2012 follows:

	No. of Shares	Weighted Average Exercise Price
Outstanding December 31, 2011	257,424	$ 11.32
Granted	65,752	13.15
Exercised	(105,208)	12.31
Lapsed	-	-
Cancelled	(12,396)	13.15
Outstanding June 30, 2012	205,572	$ 11.29

At June 30, 2012, SARS outstanding, all of which were fully vested and exercisable, had an aggregate intrinsic value of $162,000.

SARS exercised during the six-month period ended June 30, 2012 had an intrinsic value of $55,000. SARS exercised during the six-month period ended June 30, 2011 had an intrinsic value of $5,000. There were 65,572 and 127,144 SARS granted during the six-month periods ended June 30, 2012 and 2011, respectively. The weighted average grant date fair value of the Company's SARS granted during the six-month periods ended June 30, 2012 and 2011 was $3.59 and $2.96, respectively.

The following table summarizes significant assumptions utilized to determine the fair value of share-based compensation awards.

	Three Months Ended June 30,	
	SARS	Options
Exercise price		
2012	N/A	$ 11.75
2011	N/A	$ 11.10
Market price		
2012	N/A	$ 11.75
2011	N/A	$ 11.10
Risk-free interest rate (1)		
2012	N/A	1.9 %
2011	N/A	3.2 %
Expected award life (2) (years)	N/A	10
Expected volatility (3)		
2012	N/A	36.4 %
2011	N/A	35.5 %
Expected dividend yield (4)		
2012	N/A	4.6 %
2011	N/A	4.9 %

	Six Months Ended June 30, SARS		Options			
Exercise price						
2012	$ 13.15		$ 11.75	-	$ 13.15	
2011	$ 11.24		$ 11.10	-	$ 11.24	
Market price						
2012	$ 13.15		$ 11.75	-	$ 13.15	
2011	$ 11.24		$ 11.10	-	$ 11.24	
Risk-free interest rate (1)						
2012	0.8	%	0.8	% -	1.9	%
2011	2.3	%	2.3	% -	3.2	%
Expected award life (2) (years)	5		5	-	10	
Expected volatility (3)						
2012	45.1	%	36.4	% -	45.1	%
2011	43.5	%	35.5	% -	43.5	%
Expected dividend yield (4)						
2012	4.1	%	4.1	% -	4.6	%
2011	4.8	%	4.8	% -	4.9	%

(1) The risk-free interest rate is based on the yield of a U.S. treasury bond with a similar maturity as the expected life of the awards.
(2) The expected life in years for awards granted was based on the historical exercise patterns experienced by the Company when the award is made.
(3) The determination of expected stock price volatility for awards granted in each of the three and six-month periods ending June 30, was based on historical Superior common stock prices over a period commensurate with the expected life.
(4) The dividend yield assumption is based on the history and expectation of the Company's dividend payouts.

NOTE 2 – Acquisition of Intangible Assets:

On January 4, 2011, the Company entered into a License and Distribution Agreement (the "License Agreement") with EyeLevel Interactive, LLC ("Licensor"), a leading technology company, pursuant to which the Company was granted a license to market, promote, sell and distribute garments utilizing certain intellectual property of Licensor (the "Products") to the Company's current and potential clients. The License Agreement expires three years and 180 days following the Effective Date (the "Term"). The Company may renew the License Agreement for additional three-year terms by giving written notice to Licensor at least 90 days prior to the expiration of the then current term, provided the Company has met certain sales requirements relating to the Products and is not otherwise in default under the License Agreement or any manufacturing agreement with Licensor. Any renewal of the License Agreement will be on Licensor's then current form, provided that the license fee, the restrictive covenants and certain other provisions of the License Agreement will be incorporated into the new form of agreement. The License Fee shall be payable on the first day of the renewal term.

In conjunction with the execution of the License Agreement, the Company paid Licensor a license fee (the "License Fee") equal to (1) $2.0 million cash, plus (2) a warrant to acquire 360,000 shares of the Company's common stock (the "Warrant") at the greater of the Company's closing price as quoted on the Nasdaq Stock Market or the book value per share of the Company's common stock as of the Effective Date. The Company determined the fair value of the Warrant at $800,000 utilizing the Black-Scholes valuation model. Additionally, the Company incurred $61,000 in expenses associated with the acquisition of the License Agreement. The total capitalized cost of the License Agreement is $2,861,000. This amount is being amortized over the initial term of the agreement of 42 months. This Warrant was exercisable until January 4, 2016, and had an exercise price of $10.63 per share. On March 6, 2012, Licensor exercised their warrant and acquired 44,912 shares of the Company's stock in exchange for the surrender of the remainder of the warrant.

If the Company does not attain a certain level of Gross Sales during the initial Term, the Company may terminate the License Agreement. In addition to the License Fee, the Company shall pay Licensor a monthly royalty fee based upon Gross Sales from the sale of Products for the immediately preceding month of operation, subject to a minimum required annual payment if the License Agreement is not terminated prior to the end of the then current term.

NOTE 3 - Long-Term Debt:

	June 30, 2012	December 31, 2011
Note payable to Fifth Third Bank, pursuant to revolving credit agreement, maturing June 24, 2013	$ 520,000	$ 640,000
	$ 520,000	$ 640,000
Less payments due within one year included in current liabilities	-	-
Long-term debt less current maturities	520,000	640,000

On June 25, 2010, the Company entered into a 3-year credit agreement with Fifth Third Bank that made available to the Company up to $15,000,000 on a revolving credit basis. Interest is payable at LIBOR (rounded up to the next 1/8th of 1%), plus 0.90% based upon the one-month LIBOR rate for U.S. dollar based borrowings (1.15% at June 30, 2012). The Company pays an annual commitment fee of 0.15% on the average unused portion of the commitment. The available balance under the credit agreement is reduced by outstanding letters of credit. As of June 30, 2012, there were no balances outstanding under letters of credit. The revolving credit agreement expires on June 24, 2013. At the option of the Company, any outstanding balance on the agreement at that date will convert to a one-year term loan.

The credit agreement with Fifth Third Bank contains restrictive provisions concerning liabilities to tangible net worth ratios (.75:1), other borrowings, and fixed charges coverage ratio (2.5:1). The Company is in full compliance with all terms, conditions and covenants of the credit agreement.

NOTE 4 – Periodic Pension Expense:

The following table presents the net periodic pension expense under our plans for the following periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Service cost - benefits earned during the period	$149,000	$141,000	$298,000	$280,000
Interest cost on projected benefit obligation	255,000	273,000	511,000	546,000
Expected return on plan assets	(317,000)	(337,000)	(635,000)	(674,000)
Amortization of prior service cost	4,000	6,000	8,000	13,000
Recognized actuarial loss	239,000	119,000	479,000	239,000
Net periodic pension cost	$330,000	$202,000	$661,000	$404,000

Contributions of $550,000 were made to the Company's benefit plans during the six-month period ended June 30, 2012. No contributions were made to the Company's benefit plans during the six-month period ended June 30, 2011.

NOTE 5 – Supplemental Cash Flow Information:

Cash paid for income taxes was $896,000 and $345,000, respectively, for the six-month periods ended June 30, 2012 and 2011. Cash paid for interest was $18,000 and $12,000, respectively, for the six-month periods ended June 30, 2012 and 2011.

On March 6, 2012, Licensor exercised their warrant and acquired 44,912 shares of the Company's stock in exchange for the surrender of the remainder of the warrant.

During the six months ended June 30, 2012 and 2011, the company received 8,403 and 8,491 shares, respectively, of its common stock, as payment for the exercise of stock options for 8,896 and 10,900 shares, respectively.

NOTE 6 – Contingencies:

The Company is involved in various legal actions and claims arising from the normal course of business. In the opinion of management, the ultimate outcome of these matters will not have a material impact on the Company's results of operations, cash flows, or financial position.

NOTE 7 – Operating Segment Information:

The Company classifies its businesses into two operating segments based on the types of products and services provided. The uniform and related products segment consists of the sale of uniforms and related items. The remote staffing solutions segment consists of sales of staffing solutions.

The Company evaluates the performance of each operating segment based on several factors of which the primary financial measures are operating segment net sales and income before income taxes. The accounting policies of the operating segments are the same as those described in Note 1 entitled Significant Interim Accounting Policies. Amounts for corporate expenses are included in the Uniforms and Related Products Segment totals. Information related to the operations of the Company's operating segments is set forth below.

Three Months Ended June 30, 2012	Uniforms and Related Products	Remote Staffing Solutions	Intersegment Eliminations	Total
Net sales	$ 28,659,000	$ 1,630,000	$ (954,000)	$ 29,335,000
Gross margin	9,299,000	958,000	(595,000)	9,662,000
Selling and administrative expenses	8,153,000	530,000	(595,000)	8,088,000
Interest expense	7,000	-	-	7,000
Income before income taxes	$ 1,139,000	$ 428,000	$ -	$ 1,567,000
Depreciation and amortization	$ 526,000	$ 39,000	$ -	$ 565,000
Capital expenditures	$ 148,000	$ 104,000	$ -	$ 252,000
Total assets	$ 75,484,000	$ 6,538,000	$ (1,759,000)	$ 80,263,000

Three Months Ended June 30, 2011	Uniforms and Related Products	Remote Staffing Solutions	Intersegment Eliminations	Total
Net sales	$ 26,838,000	$ 1,548,000	$ (881,000)	$ 27,505,000
Gross margin	9,546,000	979,000	(597,000)	9,928,000
Selling and administrative expenses	8,619,000	468,000	(597,000)	8,490,000
Interest expense	6,000	-	-	6,000
Income before income taxes	$ 921,000	$ 511,000	$ -	$ 1,432,000
Depreciation and amortization	$ 700,000	$ 38,000	$ -	$ 738,000
Capital expenditures	$ 217,000	$ 121,000	$ -	$ 338,000
Total assets	$ 72,733,000	$ 4,424,000	$ (662,000)	$ 76,495,000

Six Months Ended June 30, 2012	Uniforms and Related Products	Remote Staffing Solutions	Intersegment Eliminations	Total
Net sales	$ 56,479,000	$ 3,264,000	$ (1,900,000)	$ 57,843,000
Gross margin	18,421,000	1,921,000	(1,218,000)	19,124,000
Selling and administrative expenses	17,131,000	1,089,000	(1,218,000)	17,002,000
Interest expense	18,000	-	-	18,000
Income before income taxes	$ 1,272,000	$ 832,000	$ -	$ 2,104,000
Depreciation and amortization	$ 1,099,000	$ 80,000	$ -	$ 1,179,000
Capital expenditures	$ 501,000	$ 174,000	$ -	$ 675,000
Total assets	$ 75,484,000	$ 6,538,000	$ (1,759,000)	$ 80,263,000

Six Months Ended June 30, 2011	Uniforms and Related Products	Remote Staffing Solutions	Intersegment Eliminations	Total
Net sales	$ 53,161,000	$ 3,074,000	$ (1,831,000)	$ 54,404,000
Gross margin	19,033,000	2,011,000	(1,265,000)	19,779,000
Selling and administrative expenses	17,810,000	851,000	(1,265,000)	17,396,000
Interest expense	12,000	-	-	12,000
Income before income taxes	$ 1,211,000	$ 1,160,000	$ -	$ 2,371,000
Depreciation and amortization	$ 1,464,000	$ 68,000	$ -	$ 1,532,000
Capital expenditures	$ 460,000	$ 273,000	$ -	$ 733,000
Total assets	$ 72,733,000	$ 4,424,000	$ (662,000)	$ 76,495,000

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Superior Uniform Group, Inc.

We have reviewed the accompanying consolidated balance sheet of Superior Uniform Group, Inc. (a Florida Corporation) and subsidiaries as of June 30, 2012, and the related consolidated statements of comprehensive income and cash flows for the three-month and six-month periods ended June 30, 2012 and 2011. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2011, and the related consolidated statements of earnings, stockholders' equity and comprehensive income, and cash flows for the year then ended (not presented herein); and in our report dated February 24, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2011, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ GRANT THORNTON LLP

Tampa, Florida

July 20, 2012

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

Certain matters discussed in this Form 10-Q are “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as we “believe,” “anticipate,” “expect” or words of similar import. Similarly, statements that describe our future plans, objectives, strategies or goals are also forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation: (1) projections of revenue, earnings, and other financial items, (2) statements of our plans, objectives, and intentions, (3) statements regarding the capabilities, capacities, and expected development of our business operations, and (4) statements of expected future economic performance. Such forward-looking statements are subject to certain risks and uncertainties that may materially adversely affect the anticipated results. Such risks and uncertainties include, but are not limited to, the following: general economic conditions, including employment levels, in the areas of the United States in which the Company’s customers are located; changes in the healthcare, resort and commercial industries where uniforms and service apparel are worn; the impact of competition; the price and availability of cotton and other manufacturing materials, and other factors described in the Company’s filings with the Securities and Exchange Commission, including those described in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements made herein and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this Form 10-Q and we disclaim any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Critical Accounting Policies

Our significant accounting policies are described in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate the estimates that we have made. These estimates are based upon our historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates under different assumptions or conditions.

Our critical accounting estimates are those that we believe require our most significant judgments about the effect of matters that are inherently uncertain. A discussion of our critical accounting estimates, the underlying judgments and uncertainties used to make them and the likelihood that materially different estimates would be reported under different conditions or using different assumptions is as follows:

Allowance for Losses on Accounts Receivable

These allowances are based on both recent trends of certain customers estimated to be a greater credit risk as well as general trends of the entire customer pool. If the financial condition of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. An additional impairment in value of one percent of net trade accounts receivable would require an increase in the allowance for doubtful accounts and would result in additional expense of approximately $169,000.

Inventories

Inventories are stated at the lower of cost or market value. Judgments and estimates are used in determining the likelihood that new goods on hand can be sold to customers. Historical inventory usage and current revenue trends are considered in estimating both excess and obsolete inventories. If actual product demand and market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Insurance

The Company self-insures for certain obligations related to health insurance programs. The Company also purchases stop-loss insurance policies to protect itself from catastrophic losses. Judgments and estimates are used in determining the potential value associated with reported claims and for losses that have occurred, but have not been reported. The Company's estimates consider historical claim experience and other factors. The Company's liabilities are based on estimates, and, while the Company believes that the accrual for loss is adequate, the ultimate liability may be in excess of or less than the amounts recorded. Changes in claim experience, the Company's ability to settle claims or other estimates and judgments used by management could have a material impact on the amount and timing of expense for any period.

Pensions

The Company’s pension obligations are determined using estimates including those related to discount rates, asset values and changes in compensation. The discount rates used for the Company’s pension plans were determined based on the Citigroup Pension Yield Curve. This rate was selected as the best estimate of the rate at which the benefit obligations could be effectively settled on the measurement date taking into account the nature and duration of the benefit obligations of the plan using high-quality fixed-income investments currently available (rated AA or better) and expected to be available during the period to maturity of the benefits. The 8% expected return on plan assets was determined based on historical long-term investment returns as well as future expectations given target investment asset allocations and current economic conditions.

The 3.5% rate of compensation increase represents the long-term assumption for expected increases in salaries among continuing active participants accruing benefits under the plans. Interest rates and pension plan valuations may vary significantly based on worldwide economic conditions and asset investment decisions.

Income Taxes

The Company is required to estimate and record income taxes payable for federal and state jurisdictions in which the Company operates. This process involves estimating actual current tax expense and assessing temporary differences resulting from differing accounting treatments between tax and book that result in deferred tax assets and liabilities. In addition, accruals are also estimated for federal and state tax matters for which deductibility is subject to interpretation. Taxes payable and the related deferred tax differences may be impacted by changes to tax laws, changes in tax rates and changes in taxable profits and losses. Federal income taxes are not provided on that portion of unremitted income of foreign subsidiaries that are expected to be reinvested indefinitely. Reserves are also estimated for uncertain tax positions that are currently unresolved. The Company routinely monitors the potential impact of such situations and believes that it is properly reserved. We accrue interest and penalties related to unrecognized tax benefits in income tax expense, and the related liability is included in the total liability for unrecognized tax benefits.

Share-based Compensation

The Company recognizes expense for all share-based payments to employees, including grants of employee stock options, in the financial statements based on their fair values. Share-based compensation expense that was recorded in 2012 and 2011 includes the compensation expense for the share-based payments granted in those years. In the Company's share-based compensation strategy we utilize a combination of stock options and stock appreciation rights ("SARS") that fully vest on the date of grant. Therefore, the fair value of the options and SARS granted is recognized as expense on the date of grant. The Company used the Black-Scholes-Merton valuation model to value any share-based compensation. Option valuation methods, including Black-Scholes-Merton, require the input of assumptions including the risk free interest rate, dividend rate, expected term and volatility rate. The Company determines the assumptions to be used based upon current economic conditions. The impact of changing any of the individual assumptions by 10% would not have a material impact on the recorded expense.

Business Outlook

The current economic environment in the United States remains very challenging. Our primary products are provided to workers employed by our customers and, as a result, our business prospects are dependent upon levels of employment among other factors. Our revenues are impacted by the opening and closing of locations by our customers and reductions and increases in headcount by our customers. Additionally, voluntary employee turnover has been reduced significantly as a result of fewer alternative jobs available to employees of our customers. Fewer available jobs coupled with less attrition results in decreased demand for our uniforms and service apparel. Our focus is geared towards mitigating these effects of the current economic environment on our business and has included the strategies described below. Our reportable operating segments consist of our Uniforms and Related Products segment and our Remote Staffing Solutions segment to reflect how we manage our business.

Uniforms and Related Products

Historically, we have manufactured and sold a wide range of uniforms, career apparel and accessories, which comprises our Uniforms and Related Products segment. We are actively pursuing acquisitions to increase our market share in the Uniforms and Related Products business and it is our intention to continue to seek additional acquisitions that fit into this business in the future. We are also pursuing new product lines to enhance our market position in the image apparel business. Toward this end, we entered into a new licensing agreement in January of 2011. This licensing agreement provides us with access to patented technology that allows us to market image apparel to our customers that will provide them with the ability to turn their uniforms from an expense item into point of sale advertisements that will, in turn, give them the ability to generate advertising revenues for their businesses. We believe that this new product line will provide us with the opportunity for significant growth in our Uniforms and Related Products business in the future. We are in the early stages of marketing this concept to customers and have not generated any revenues of significance at this point.

During the latter part of 2010, cotton prices began increasing dramatically and reached historical highs during 2011 due to weather-related and other supply disruptions, which when combined with robust global demand, particularly in Asia, created concerns about availability in addition to increased costs for our products. While we were able to pass on a portion of these price increases to our customers during most of 2011, we began to see a negative impact on our gross margins in the fourth quarter of 2011 and continuing into the first half of 2012. We expect that this will continue to negatively impact our gross margins into the third quarter of 2012.

Remote Staffing Solutions

We recently diversified our business model to include our Remote Staffing Solutions segment through which we provide cost-effective bilingual telemarketing and total office support solutions. Our remote staffing operations are currently provided through our subsidiaries located in El Salvador, Costa Rica and the United States, and have enabled us to reduce our operating expenses and to more effectively service our customers' needs. This business segment was initially started to provide remote staffing solutions to our company at a lower cost structure in order to improve our own operating results. We began selling these services to other companies at the end of 2009 and have grown this business from approximately $1 million in annual revenues in 2010 to approximately $2.9 million in net sales to outside customers in 2011. We are aggressively marketing this service to others at this point and see this area as a growth sector in 2012 and beyond.

Results of Operations

Net sales increased 6.7% from $27,505,000 for the three months ended June 30, 2011 to $29,335,000 for the three months ended June 30, 2012. The 6.7% increase in net sales for the quarter is primarily attributed to growth in our Uniforms and Related Products Segment. Net sales increased 6.3% from $54,404,000 for the six months ended June 30, 2011 to $57,843,000 for the six months ended June 30, 2012. The 6.3% increase in net sales for the six-month period is split between growth in our Uniforms and Related Products Segment (6.1%) and increases in net sales after intersegment eliminations from our Remote Staffing Solutions Segment (0.2%). Intersegment eliminations reduce total net sales for sales of remote staffing solutions to the Uniforms and Related Products segment by the Remote Staffing Solutions segment. See Note 7 to Consolidated Interim Financial Statements for more information and a reconciliation of segment net sales to total net sales.

Uniforms and Related Products net sales increased 6.8% and 6.2%, respectively, for the three and six months ended June 30, 2012. These increases are attributed to increased market penetration offset by continued softness in markets as the economic environment has remained challenging in 2012.

Remote Staffing Solutions net sales increased 5.3% and 6.2% before intersegment eliminations and 1.3% and 9.7% after intersegment eliminations, respectively, for the three and six months ended June 30, 2012. This growth is attributed to additional market penetration in 2012. The rate of growth in this segment slowed in the current quarter as we have worked to integrate the new accounts from recent periods. We have additional new accounts set to start generating revenues in the third quarter and expect this segment to return to strong growth in the third quarter of this year.

As a percentage of net sales, cost of goods sold for our Uniforms and Related Products Segment was 67.6% for the three months ended June 30, 2012 and −−−−−−−64.4% in the comparable period for 2011. The percentage increase in 2012 as compared to 2011 is primarily attributed to an increase in direct product costs as a percentage of net sales during the current year (3.6%) due to higher raw material costs primarily related to shortages of cotton. This increase was offset by a reduction in overhead costs as a percentage of sales as a result of higher volume in the current period (0.4%). As a percentage of net sales, cost of goods sold for our Uniforms and Related Products Segment was 67.4% for the six months ended June 30, 2012 and −−−−−−−64.2% in the comparable period for 2011. The percentage increase in 2012 as compared to 2011 is primarily attributed to startup costs associated with taking on new programs.

As a percentage of net sales, cost of goods sold for our Remote Staffing Solutions Segment was 41.2% for the three months ended June 30, 2012, and 36.8% in the comparable period for 2011. The percentage increase in 2012 as compared to 2011 is primarily attributed to startup costs associated with taking on new programs. As a percentage of net sales, cost of goods sold for our Remote Staffing Solutions Segment was 41.1% for the six months ended June 30, 2012, and 34.6% in the comparable period for 2011. The percentage increase in 2012 as compared to 2011 is primarily attributed to startup costs associated with taking on new programs.

As a percentage of net sales, selling and administrative expenses for our Uniforms and Related Products Segment approximated 28.4% for the three months ended June 30, 2012 and 32.1% in the comparable period for 2011. The decrease as a percentage of sales is attributed primarily to the impact of higher net sales to cover operating expenses (2.0%), a major consulting project completed in the second quarter of 2011 to study customer markets and refine our strategic plan to capitalize on the opportunities identified (2.0%) and reduced depreciation expense (0.7%) offset by minor increases in various other costs (1.0%). As a percentage of net sales, selling and administrative expenses for our Uniforms and Related Products Segment approximated 30.3% for the six months ended June 30, 2012 and 33.5% in the comparable period for 2011. The decrease as a percentage of sales is attributed primarily to the impact of higher net sales to cover operating expenses (1.9%), a major consulting project completed in the second quarter of 2011 to study customer markets and refine our strategic plan to capitalize on the opportunities identified (1.0%) and reduced depreciation expense (0.6%) offset by minor increases in various other costs (0.3%).

As a percentage of net sales, selling and administrative expenses for our Remote Staffing Solutions Segment approximated 32.5% for the three months ended June 30, 2012 and 30.2% in the comparable period for 2011. The increase as a percentage of sales is attributed primarily to higher salaries and benefits associated with increased hiring to provide infrastructure to support the projected growth of this business segment. As a percentage of net sales, selling and administrative expenses for our Remote Staffing Solutions Segment approximated 33.4% for the six months ended June 30, 2012 and 27.7% in the comparable period for 2011. The increase as a percentage of sales is attributed primarily to higher salaries and benefits associated with increased hiring to provide infrastructure to support the projected growth of this business segment.

The Company's effective tax rate for the three months ended June 30, 2012 was 37.6% versus 34.9% for the three months ended June 30, 2011. The 2.7% increase in such effective tax rate is attributed primarily to a reduction in the benefit for untaxed foreign income. The Company's effective tax rate for the six months ended June 30, 2012 was 38.0% versus 35.4% for the six months ended June 30, 2011. The 2.6% increase in such effective tax rate is attributed primarily to a reduction in the benefit for untaxed foreign income.

Liquidity and Capital Resources

Accounts receivable - trade increased 6.3% from $15,942,000 on December 31, 2011 to $16,944,000 on June 30, 2012 primarily due to the increase in net sales in the current period.

Accounts receivable - other decreased by $828,000 as a result of lower receivables from our suppliers related to fabric inventories held at their locations. As we have passed the cotton crisis of 2011, we have reduced the amount of fabric required to be held at these suppliers.

Other current assets decreased by $459,000 due primarily to a reduction in deposits for raw materials ordered ($847,000) partially offset by increases in prepaid insurance ($294,000).

Inventories decreased 1.1% from $41,208,000 on December 31, 2011 to $40,775,000 as of June 30, 2012. As previously discussed, the Company increased raw material inventories during 2011 in order to protect its customers from potential shortages of cotton fabrics. We believe we reached sufficient levels to achieve this objective for our inventories and have been able to reduce the levels accordingly in the current period.

Other intangible assets decreased 17.5% from $2,749,000 on December 31, 2011 to $2,268,000 on June 30, 2012. This decrease is primarily attributed to ongoing amortization of intangibles.

Accounts payable increased 7.4% from $5,941,000 on December 31, 2011 to $6,383,000 on June 30, 2012 as a result of timing of payments related to current purchases.

Other current liabilities decreased 39.3% from $4,499,000 on December 31, 2011 to $2,730,000 on June 30, 2012. This decrease is primarily due to the reduction in accrued salaries and wages as year-end accruals for annual incentive compensation are paid out during the first quarter of each year ($1,874,000) offset by an increase in current taxes payable ($98,000).

Cash and cash equivalents increased by $135,000 from $2,804,000 on December 31, 2011 to $2,939,000 as of June 30, 2012. The Company generated $2,468,000 in cash from operating activities, used $674,000 in investing activities primarily related to fixed asset additions of $675,000, and used $1,659,000 in financing activities. Financing activities included the payment of cash dividends, as discussed below and the reacquisition and retirement of shares of the Company's common stock of $311,000, offset primarily by proceeds received from the exercise of stock options of $404,000.

In the foreseeable future, the Company will continue its ongoing capital expenditure program designed to maintain and improve its facilities. The Company at all times evaluates its capital expenditure program in light of prevailing economic conditions.

During the six months ended June 30, 2012 and 2011, respectively, the Company paid cash dividends of $1,632,000 and $1,616,000. The Company reacquired 26,225 and 24,474 shares of its common stock at a total cost of $311,000 and $281,000 in the six-month periods ended June 30, 2012 and June 30, 2011, respectively, pursuant to its stock repurchase program. The Company anticipates that it will continue to pay dividends and that it will reacquire and retire additional shares of its common stock in the future as financial conditions permit.

On June 25, 2010, the Company entered into a 3-year credit agreement with Fifth Third Bank that made available to the Company up to $15,000,000 on a revolving credit basis. Interest is payable at LIBOR plus 0.90% (rounded up to next 1/8th of 1%) based upon the one-month LIBOR rate for U.S. dollar based borrowings (1.15% at June 30, 2012). The Company pays an annual commitment fee of 0.15% on the average unused portion of the commitment. The available balance under the credit agreement is reduced by outstanding letters of credit. As of June 30, 2012, there were no balances outstanding under letters of credit. The revolving credit agreement expires on June 24, 2013. At the option of the Company, any outstanding balance on the agreement at that date will convert to a one-year term loan.

The credit agreement with Fifth Third Bank contains restrictive provisions concerning liabilities to tangible net worth ratios (.75:1), other borrowings, and fixed charges coverage ratio (2.5:1). The Company is in full compliance with all terms, conditions and covenants of the credit agreement.

The Company believes that its cash flows from operating activities together with other capital resources and funds from credit sources will be adequate to meet all of its funding requirements for the remainder of the year and for the foreseeable future.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 4. Controls and Procedures

The Principal Executive Officer, Michael Benstock, and the Principal Financial Officer, Andrew D. Demott, Jr., evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report (the "Evaluation Date"), and, based on such evaluation, concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to ensure that information the Company is required to disclose in its filings with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting identified in connection with this evaluation required by Rule 13a-15(d) under the Exchange Act that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 1A. Risk Factors

We are exposed to certain risks and uncertainties that could have a material adverse impact on our business, financial condition and operating results. There have been no material changes to the Risk Factors described in Part I, Item 1A-Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the quarter ended June 30, 2012, that were not previously reported in a Current Report on Form 8-K.

ISSUER PURCHASES OF EQUITY SECURITIES

The table below sets forth the information with respect to purchases made by or on behalf of Superior Uniform Group, Inc. or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Exchange Act), of our common shares during the three months ended June 30, 2012.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
Month #1 (April 1, 2012 to April 30, 2012)	-	-	-	
Month #2 (May 1, 2012 to May 31, 2012)	19,610	$11.82	19,610	
Month #3 (June 1, 2012 to June 30, 2012)	3,317	$11.59	3,317	
TOTAL	22,927	$11.79	22,927	285,231

(1) On August 1, 2008, the Company's Board of Directors approved an increase to the outstanding authorization to allow for the repurchase of 1,000,000 additional shares of the Company's outstanding shares of common stock. There is no expiration date or other restriction governing the period over which the Company can make share repurchases under the program. All such purchases were open market transactions.

Under our credit agreement with Fifth Third, if an event of default exists, we may not make distributions to our shareholders. The Company is in full compliance with all terms, conditions and covenants of its credit agreement.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

See Exhibit Index.

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.

SUPERIOR UNIFORM GROUP, INC.

Date: July 20, 2012	By:	/s/ Michael Benstock Michael Benstock Chief Executive Officer (Principal Executive Officer)
	By:	/s/ Andrew D. Demott, Jr. Andrew D. Demott, Jr. Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
15	Grant Thornton LLP Awareness Letter.
31.1	Certification by the Chief Executive Officer (Principal Executive Officer) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer (Principal Financial and Accounting Officer) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Periodic Financial Report by the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation
101.DEF**	XBRL Taxonomy Extension Definition
101.LAB**	XBRL Taxonomy Extension Labels
101.PRE**	XBRL Taxonomy Extension Presentation

** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.