

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

**FORM IO-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

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  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  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

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

Yes  No

As of October 20, 2011, the Registrant had 5,983,542 common shares outstanding, which is the registrant's only class of common stock.

**PART I - FINANCIAL INFORMATION**

ITEM 1. Financial Statements

**SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF EARNINGS**

**THREE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)**

	<u>2011</u>	<u>2010</u>
Net sales	\$ <u>30,730,613</u>	\$ <u>27,301,355</u>
Costs and expenses:		
Cost of goods sold	19,534,980	17,357,408
Selling and administrative expenses	8,587,487	7,953,631
Interest expense	8,935	8,228
	<u>28,131,402</u>	<u>25,319,267</u>
Earnings before taxes on income	2,599,211	1,982,088
Income tax expense	720,000	610,000
Net earnings	\$ <u>1,879,211</u>	\$ <u>1,372,088</u>
Weighted average number of shares outstanding during the period		
(Basic)	5,986,676	5,900,595
(Diluted)	6,079,430	5,954,578
Per Share Data:		
Basic		
Net earnings	\$ <u>0.31</u>	\$ <u>0.23</u>
Diluted		
Net earnings	\$ <u>0.31</u>	\$ <u>0.23</u>
Cash dividends per common share	\$ <u>0.135</u>	\$ <u>0.135</u>

See accompanying notes to consolidated interim financial statements.

**SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF EARNINGS**

**NINE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)**

	<u>2011</u>	<u>2010</u>
Net sales	\$ <b><u>85,134,869</u></b>	\$ <u>79,910,378</u>
Costs and expenses:		
Cost of goods sold	<b>54,160,450</b>	51,650,960
Selling and administrative expenses	<b>25,983,070</b>	23,919,637
Interest expense	<b><u>20,817</u></b>	<u>16,306</u>
	<b><u>80,164,337</u></b>	<u>75,586,903</u>
Earnings before taxes on income	<b>4,970,532</b>	4,323,475
Income tax expense	<b><u>1,560,000</u></b>	<u>1,460,000</u>
Net earnings	<b><u><u>\$ 3,410,532</u></u></b>	<b><u><u>\$ 2,863,475</u></u></b>
Weighted average number of shares outstanding during the period	(Basic) <b>5,986,884</b>	5,903,457
	(Diluted) <b>6,080,840</b>	5,957,409
Per Share Data:		
Basic		
Net earnings	<b><u>\$ 0.57</u></b>	<b><u>\$ 0.49</u></b>
Diluted		
Net earnings	<b><u>\$ 0.56</u></b>	<b><u>\$ 0.48</u></b>
Cash dividends per common share	<b><u>\$ 0.405</u></b>	<b><u>\$ 0.405</u></b>

See accompanying notes to consolidated interim financial statements.

**SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

ASSETS

	<b>September 30, 2011 (Unaudited)</b>	<b>December 31, 2010</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,305,485	\$ 9,107,461
Accounts receivable - trade	19,301,113	16,523,061
Accounts receivable - other	3,136,132	1,274,209
Prepaid expenses and other current assets	2,909,699	4,030,708
Inventories*	<u>39,107,821</u>	<u>31,029,947</u>
<b>TOTAL CURRENT ASSETS</b>	<b>66,760,250</b>	<b>61,965,386</b>
PROPERTY, PLANT AND EQUIPMENT, NET	8,787,652	9,463,884
OTHER INTANGIBLE ASSETS, NET	2,990,292	911,225
DEFERRED INCOME TAXES	2,070,000	1,680,000
OTHER ASSETS	<u>122,305</u>	<u>173,403</u>
	<b>\$ 80,730,499</b>	<b>\$ 74,193,898</b>

LIABILITIES AND SHAREHOLDERS' EQUITY

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 7,171,020	\$ 5,103,768
Other current liabilities	<u>4,361,180</u>	<u>3,713,038</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,532,200</b>	<b>8,816,806</b>
LONG-TERM DEBT	800,000	-
LONG-TERM PENSION LIABILITY	3,623,275	3,535,470
OTHER LONG-TERM LIABILITIES	700,000	742,000
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$1 par value - authorized 300,000 shares (none issued)	-	-
Common stock, \$.001 par value - authorized 50,000,000 shares, issued and outstanding - 5,974,517 and 5,959,975 shares, respectively.	5,974	5,960
Additional paid-in capital	19,130,917	16,753,094
Retained earnings	48,750,870	48,402,710
Accumulated other comprehensive loss, net of tax:		
Pensions	<u>(3,812,737)</u>	<u>(4,062,142)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>64,075,024</b>	<b>61,099,622</b>
	<b>\$ 80,730,499</b>	<b>\$ 74,193,898</b>

\* Inventories consist of the following:

	<b>September 30, 2011 (Unaudited)</b>	<b>December 31, 2010</b>
Finished goods	\$ 23,783,935	\$ 23,828,283
Work in process	71,314	66,853
Raw materials	<u>15,252,572</u>	<u>7,134,811</u>
	<b>\$ 39,107,821</b>	<b>\$ 31,029,947</b>

See accompanying notes to consolidated interim financial statements.

**SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**NINE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)**

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings	\$ 3,410,532	\$ 2,863,475
Adjustments to reconcile net earnings to net cash provided from operating activities:		
Depreciation and amortization	2,271,647	1,943,849
Provision for bad debts	82,374	181,113
Share-based compensation expense	1,005,198	532,220
Deferred income tax (benefit) provision	(519,000)	29,250
Gain on sales of property, plant and equipment	(23,500)	(54,437)
Changes in assets and liabilities:		
Accounts receivable - trade	(2,860,426)	736,756
Accounts receivable - other	(1,861,923)	(42,290)
Inventories	(8,077,874)	1,124,321
Prepaid expenses and other current assets	1,121,009	480,807
Other assets	51,098	(5,164)
Accounts payable	2,067,252	350,518
Other current liabilities	648,142	1,070,694
Pension liability	466,210	(2,219,919)
Other long-term liabilities	<u>(42,000)</u>	<u>20,000</u>
Net cash (used in) provided from operating activities	<u>(2,261,261)</u>	<u>7,011,193</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(822,488)	(609,875)
Disposals of property, plant and equipment	32,937	60,659
Proceeds from notes receivable collections	-	15,250
Acquisition of intangible assets	<u>(2,061,431)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,850,982)</u>	<u>(533,966)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	13,400,000	3,035,000
Repayment of long-term debt	(12,600,000)	(3,035,000)
Payment of cash dividends	(2,426,672)	(2,391,831)
Proceeds received on exercise of stock options	712,659	245,899
Common stock reacquired and retired	<u>(775,720)</u>	<u>(343,023)</u>
Net cash used in financing activities	<u>(1,689,733)</u>	<u>(2,488,955)</u>
 Net (decrease) increase in cash and cash equivalents	<b>(6,801,976)</b>	3,988,272
 Cash and cash equivalents balance, beginning of year	<u>9,107,461</u>	<u>6,365,557</u>
Cash and cash equivalents balance, end of period	\$ <u><u>2,305,485</u></u>	\$ <u><u>10,353,829</u></u>

See accompanying notes to consolidated interim financial statements.

SUPERIOR UNIFORM GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

(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, The Office Gurus, LLC, 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 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, 2010, 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 nine months ended September 30, 2011 has been reviewed by Grant Thornton LLP, independent registered public accounting firm, and 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 and \$96,000 for the three-month periods ended September 30, 2011 and 2010, respectively, and \$782,000 and \$288,000 for the nine-month periods ended September 30, 2011 and 2010, respectively.

e) Advertising expenses

The Company expenses advertising costs as incurred. Advertising costs for the three-month periods ended September 30, 2011 and 2010, respectively were \$12,000 and \$14,000. Advertising costs for the nine-month periods ended September 30, 2011 and 2010, respectively were \$71,000 and \$46,000.

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 \$1,586,000 and \$1,537,000 for the three months ended September 30, 2011 and 2010, respectively. Other shipping and handling costs included in selling and administrative expenses totaled \$4,425,000 and \$4,652,000 for the nine months ended September 30, 2011 and 2010, 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		Nine Months	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Net earnings used in the computation of basic and diluted earnings per share	\$ <u>1,879,211</u>	\$ <u>1,372,088</u>	\$ <u>3,410,532</u>	\$ <u>2,863,475</u>
Weighted average shares outstanding - basic	5,986,676	5,900,595	5,986,884	5,903,457
Common stock equivalents	<u>92,754</u>	<u>53,983</u>	<u>93,956</u>	<u>53,952</u>
Weighted average shares outstanding - diluted	<u>6,079,430</u>	<u>5,954,578</u>	<u>6,080,840</u>	<u>5,957,409</u>
Per Share Data :				
Basic				
Net earnings	\$ <u>0.31</u>	\$ <u>0.23</u>	\$ <u>0.57</u>	\$ <u>0.49</u>
Diluted				
Net earnings	\$ <u>0.31</u>	\$ <u>0.23</u>	\$ <u>0.56</u>	\$ <u>0.48</u>

Awards to purchase 279,125 and 401,125 shares of common stock with weighted average exercise prices of \$12.57 and \$12.18 per share were outstanding during the three-month periods ending September 30, 2011 and 2010, 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 445,625 and 539,175 shares of common stock with weighted average exercise prices of \$12.09 and \$11.75 per share were outstanding during the nine-month periods ending September 30, 2011 and 2010, 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.

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
Net earnings	\$ 1,879,211	\$ 1,372,088	\$ 3,410,532	\$ 2,863,475
Other comprehensive income:				
Pensions - reclassification to net earnings during the period	83,135	74,930	249,405	224,791
	<u>\$ 1,962,346</u>	<u>\$ 1,447,018</u>	<u>\$ 3,659,937</u>	<u>\$ 3,088,266</u>

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 determined that currently it operates in one segment, as defined in the standards.

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 September 30, 2011, the Company had 1,417,250 shares of common stock authorized for awards of share-based compensation under its 2003 Incentive Stock and Awards Plan.

For the three months ended September 30, 2011 and 2010, respectively, the Company recognized \$181,000 and \$123,000 of share-based compensation, recorded in selling and administrative expense in the Consolidated Statements of Earnings. For the nine months ended September 30, 2011 and 2010, respectively, the Company recognized \$1,005,000 and \$532,000 of share-based compensation, recorded in selling and administrative expense in the Consolidated Statements of Earnings. This expense was offset by a \$145,000 and a \$38,000 deferred tax benefit for non-qualified share-based compensation for the nine-month periods ended September 30, 2011 and 2010, respectively. As of September 30, 2011, 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 three-month periods ended September 30, 2011 and 2010, respectively, the Company received \$209,000 and \$136,000 in cash from stock option exercises. During the nine-month periods ended September 30, 2011 and 2010, respectively, the Company received \$713,000 and \$246,000 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 nine months ended September 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 nine months ended September 30, 2011 follows:

	No. of Shares	Weighted Average Exercise Price
Outstanding December 31, 2010	699,790	\$10.29
Granted	211,631	11.43
Exercised	(90,256)	9.00
Lapsed	(93,025)	11.65
Cancelled	(26,600)	10.81
Outstanding September 30, 2011	<u>701,540</u>	<u>\$10.59</u>

At September 30, 2011, options outstanding, all of which were fully vested and exercisable, had an aggregate intrinsic value of \$662,386.

Options exercised during the three and nine-month periods ended September 30, 2011 had intrinsic values of \$62,972 and \$175,567, respectively. Options exercised during the three and nine-month periods ended September 30, 2010 had intrinsic values of \$22,924 and \$42,031, respectively. The weighted average grant date fair value of the Company's options granted during the three-month periods ended September 30, 2011 and 2010 was \$3.11 and \$2.23, respectively. The weighted average grant date fair value of the Company's options granted during the nine month periods ended September 30, 2011 and 2010 was \$2.74 and \$2.25, respectively.

A summary of SARS transactions during the nine months ended September 30, 2011 follows:

	No. of Shares	Weighted Average Exercise Price
Outstanding December 31, 2010	207,380	\$11.30
Granted	127,144	11.24
Exercised	(2,100)	9.16
Lapsed	(75,000)	11.20
Cancelled	-	-
Outstanding September 30, 2011	<u>257,424</u>	<u>\$11.32</u>

At September 30, 2011, SARS outstanding, all of which were fully vested and exercisable, had an aggregate intrinsic value of \$84,260.

SARS exercised during the nine-month period ended September 30, 2011 had an intrinsic value of \$4,893. There were no SARS exercised during the nine-month period ended September 30, 2010. There were 127,144 and 35,980 SARS granted during the nine-month periods ended September 30, 2011 and 2010, respectively. The weighted average grant date fair value of the Company's SARS granted during the nine-month periods ended September 30, 2011 and 2010 was \$2.96 and \$2.29, respectively.

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>SARS</u>	<u>Options</u>	<u>SARS</u>	<u>Options</u>
Exercise price				
2011	N/A	\$11.95	\$11.24	\$11.10 - \$11.95
2010	N/A	\$9.76	\$9.80	\$9.41 - \$9.80
Market price				
2011	N/A	\$11.95	\$11.24	\$11.10 - \$11.95
2010	N/A	\$9.76	\$9.80	\$9.41 - \$9.80
Risk free interest rate (1)				
2011	N/A	1.2%	2.3%	1.2% - 3.2%
2010	N/A	1.5%	2.2%	1.5% - 3.6%
Expected award life (2)	N/A	5 years	5 years	5-10 years
Expected volatility (3)				
2011	N/A	43.9%	43.5%	35.5% - 43.9%
2010	N/A	42.1%	41.7%	35.3% - 42.1%
Expected dividend yield (4)				
2011	N/A	4.5%	4.8%	4.5% - 4.9%
2010	N/A	5.5%	5.5%	5.5% - 5.7%

(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 nine-month periods ending September 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. This Warrant will be exercisable until January 4, 2016, and has an exercise price of \$10.63 per share. The Company determined the fair value of the Warrant to be \$800,000 utilizing the Black-Scholes valuation model. Additionally, the Company incurred \$61,432 in expenses associated with the acquisition of the License Agreement. The total capitalized cost of the License Agreement is \$2,861,432. This amount is being amortized over the initial term of the agreement of 42 months.

In the event the Company achieves a specified level of Gross Sales (as calculated pursuant to the License Agreement), during the initial Term, from the sale of Products, the Company will be required to pay Licensor an additional cash license fee. If the Company does not attain such 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:**

	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Note payable to Fifth Third Bank, pursuant to revolving credit agreement, maturing June 24, 2013	\$ 800,000	\$ -

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 plus 0.90% based upon the one-month LIBOR rate for U.S. dollar based borrowings (1.14% at September 30, 2011). 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 September 30, 2011, 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. On June 30, 2010, the Company's previous revolving credit agreement with Wachovia Bank expired.

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 September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Service cost - benefits earned during the period	\$ 139,000	\$ 158,000	\$ 419,000	\$ 474,000
Interest cost on projected benefit obligation	273,000	257,000	819,000	770,000
Expected return on plan assets	(336,000)	(306,000)	(1,010,000)	(810,000)
Amortization of prior service cost	6,000	8,000	19,000	23,000
Recognized actuarial loss	120,000	107,000	359,000	323,000
Net periodic pension cost	<u>\$ 202,000</u>	<u>\$ 224,000</u>	<u>\$ 606,000</u>	<u>\$ 780,000</u>

Contributions of \$140,000 were made to the Company's benefit plans during the nine months ended September 30, 2011. Contributions of \$3,000,000 were made to the Company's benefit plans during the nine months ended September 30, 2010.

**NOTE 5 – Supplemental Cash Flow Information:**

Cash paid for income taxes was \$870,000 and \$1,327,000, respectively, for the nine-month periods ended September 30, 2011 and 2010. Cash paid for interest was \$25,000 and \$26,000, respectively, for the nine-month periods ended September 30, 2011 and 2010.

Additionally, the Company issued a warrant valued at \$800,000 to acquire 360,000 shares of the Company's common stock as partial payment for the License Agreement.

**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.

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 September 30, 2011, the related consolidated statements of earnings for the three-month and nine-month periods ended September 30, 2011 and 2010 and the consolidated statements of cash flows for the nine-month periods ended September 30, 2011 and 2010. 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.

/s/ GRANT THORNTON LLP

Tampa, Florida  
October 24, 2011

## **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, 2010. 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, 2010. 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 accounts receivable would require an increase in the allowance for doubtful accounts and would result in additional expense of approximately \$193,000.

#### ***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 it 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 4.5% 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 treatment 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 earnings 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 2011 and 2010 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 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. In an effort to mitigate these factors in the current economic environment, we have implemented the following strategies. First, we are actively pursuing acquisitions to increase our market share in our image apparel business which consists of uniforms and service apparel. Second, we diversified our business model by providing remote staffing solutions to other businesses. We entered this business sector to provide remote staffing solutions to the Company at a lower cost in order to improve our own operating results. Our remote staffing operations, located in El Salvador, Costa Rica and Seminole, FL. have enabled us to reduce our operating expenses and to more effectively service our customers' needs. We began selling remote staffing services to third parties at the end of 2009. We have grown our remote staffing business to third party customers from approximately \$120,000 in annual net sales in 2009 to approximately \$1 million in net sales in 2010. We generated net sales of approximately \$2,162,000 from our remote staffing business in the first nine months of 2011 as compared to \$503,000 in the first nine months of 2010. We are aggressively marketing our remote staffing services to third parties and believe that this area will be a strong growth sector for the Company in 2011 and beyond. Finally, we are pursuing new product lines to enhance our market position in the image apparel business. Toward this end, we entered into a licensing agreement in January of 2011 that provides us with access to patented technology which will allow us to market a new line of image apparel to our customers. Our new line of image apparel is designed to provide our customers with the ability to turn their employee uniforms 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 image apparel business in the future. We expect to begin generating revenues from this new product line in the fourth quarter of 2011.

## Results of Operations

Net sales increased 12.6% from \$27,301,000 for the three months ended September 30, 2010 to \$30,731,000 for the three months ended September 30, 2011. The increase in net sales for the quarter is split between growth in our image apparel business (10.2%) and increases in net sales from our remote staffing business (2.4%). Net sales increased 6.5% from \$79,910,000 for the nine months ended September 30, 2010 to \$85,135,000 for the nine months ended September 30, 2011. The increase in net sales for the nine-month period is split between growth in our image apparel business (4.5%) and increases in net sales from our remote staffing business (2.0%).

Cost of goods sold, as a percentage of net sales, approximated 63.6% for the three months ended September 30, 2011 compared to 63.6% for the three months ended September 30, 2010. We experienced an increase in cost of sales as a percentage of net sales related to our image apparel business (0.1%), which was offset by the impact of lower cost of sales as a percentage of net sales in our remote staffing business. The increase as a percentage of net sales for our image apparel business is attributed primarily to an increase in direct product costs as a percentage of net sales during the current quarter (0.8%) due to higher raw material costs primarily related to shortages of cotton offset by lower indirect costs as a percentage of net sales due to the increased volume to cover such costs (0.7%). These increases in product costs began to affect our current inventory prices during the first quarter of 2011 and could adversely impact our margins going forward. Our remote staffing business net sales increased approximately \$651,000 in the current quarter. The direct costs of sales associated with this operation are significantly lower than those in our image apparel business. The impact of this item on our direct product costs as a percentage of net sales was a 0.1% reduction in the current quarter. Cost of goods sold, as a percentage of net sales, approximated 63.6% for the nine months ended September 30, 2011 compared to 64.6% for the nine months ended September 30, 2010. The decrease as a percentage of net sales is attributed primarily to a decrease in direct product costs as a percentage of net sales during the current nine-month period (0.6%). This decrease is due to a combination of the factors discussed above. First, we increased prices during the last year in order to cover higher product and operating costs. Second, our remote staffing business net sales increased approximately \$1,659,000 in the current nine-month period. The direct costs of sales associated with this operation are significantly lower than those in our image apparel business. The impact of this item on our direct product costs as a percentage of net sales was a 0.2% reduction in the current nine-month period. As disclosed in Note 1 to the Consolidated Financial Statements, the Company includes a portion of the costs associated with its distribution network in selling and administrative expenses. The amounts included in selling and administrative expenses for the three-month periods ended September 30, 2011 and 2010, respectively, were \$1,586,000 and \$1,537,000. The amounts included in selling and administrative expenses for the nine-month periods ending September 30, 2011 and 2010, respectively, were \$4,425,000 and \$4,652,000.

Selling and administrative expenses, as a percentage of net sales approximated 27.9% and 29.1% respectively, for the three-month periods ended September 30, 2011 and 2010. The decrease as a percentage of sales is attributed primarily to the impact of higher net sales to cover operating expenses (3.5%) which was partially offset by higher salaries and benefits (1.0%) and higher amortization of intangible assets associated with the licensing rights we acquired in January of 2011 as discussed above (0.7%) and various other minor increases (0.6%). Selling and administrative expenses, as a percentage of net sales, were approximately 30.5% and 29.9%, respectively, for the first nine months of 2011 and 2010. The increase as a percentage of sales is attributed primarily to higher salaries and benefits (1.1%), higher amortization of intangible assets associated with the licensing rights we acquired in January of 2011 as discussed above (0.7%) and expense incurred for a major consulting project completed in the current period to study customer markets and to refine our strategic plan to capitalize on the opportunities identified (0.7%) and various other minor increases (0.1%) which was partially offset by the impact of higher net sales to cover operating expenses (2.0%).

The Company's effective tax rate for the three months ended September 30, 2011 was 27.7% versus 30.8% for the three months ended September 30, 2010. The 3.1% decrease in such effective tax rate is attributed primarily to a reduction in the accrual for uncertain tax positions in the current period primarily for expiration of the statute of limitations on various positions (2.0%) and other miscellaneous changes (1.1%). The Company's effective tax rate for the nine months ended September 30, 2011 was 31.4% versus 33.8% for the nine months ended September 30, 2010. The 2.4% decrease in such effective tax rate is attributed primarily to a reduction in the accrual for uncertain tax positions in the current period primarily for expiration of the statute of limitations on various positions (1.3%) and other miscellaneous changes (1.1%).

## Liquidity and Capital Resources

Accounts receivable-trade increased \$2,778,000 from \$16,523,000 on December 31, 2010 to \$19,301,000 as of September 30, 2011 primarily due to the significant increase in net sales in the current quarter in comparison to the fourth quarter of the prior year.

Accounts receivable – other increased by \$1,861,000 from \$1,274,000 on December 31, 2010 to \$3,136,000 as of September 30, 2011 as a result of increased advances to our suppliers to fund higher raw material levels maintained at their facilities.

Other current assets decreased by \$1,121,000, due primarily to decreases in deposits paid to our suppliers against certain purchase orders, in order to secure adequate supplies of raw materials in the amount of \$616,000. As raw material supplies and pricing began to stabilize, we began experiencing reductions in the amount of deposit requirements. Additionally, there was a reduction in refundable income taxes of \$584,000 as the 2010 overpayment was applied to the 2011 estimated tax payments.

Inventories increased 26.0% from \$31,030,000 on December 31, 2010 to \$39,108,000 as of September 30, 2011. This increase is due to a decision by management to increase certain inventory levels in order to better capitalize on potential opportunities for sales growth.

Other intangible assets increased 228.2% from \$911,000 on December 31, 2010 to \$2,990,000 on September 30, 2011. This increase is primarily attributed to the consummation of our license agreement with EyeLevel Interactive, LLC during the first quarter, which was offset by current amortization of other intangible assets.

Accounts payable increased 40.5% from \$5,104,000 on December 31, 2010 to \$7,171,000 on September 30, 2011. This increase is primarily due to increased levels of inventory purchases in the current period.

Other current liabilities increased 17.5% from \$3,713,000 on December 31, 2010 to \$4,361,000 on September 30, 2011 primarily due to an increase in the accrual for current income taxes payable of \$584,000.

Cash and cash equivalents decreased by \$6,802,000 from \$9,107,000 on December 31, 2010 to \$2,305,000 as of September 30, 2011. The Company used \$2,261,000 in cash from operating activities, \$2,851,000 in investing activities consisting of the acquisition of intangible assets of \$2,061,000 and \$790,000 in net capital expenditures, and used \$1,690,000 in financing activities. Financing activities included the payment of cash dividends, as discussed below and \$776,000 paid for common stock reacquired and retired, offset by proceeds received from the exercise of stock options of \$713,000.

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 nine months ended September 30, 2011 and 2010, respectively, the Company paid cash dividends of \$2,427,000 and \$2,392,000. The Company purchased 67,648 and 35,125 shares of its outstanding common stock at a total cost of \$776,000 and \$343,000 in the nine-month periods ended September 30, 2011 and 2010, respectively, pursuant to its stock repurchase program. The Company anticipates that it will continue to pay dividends and that it will repurchase 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% based upon the one-month LIBOR rate for U.S. dollar based borrowings (1.14% at September 30, 2011). 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 September 30, 2011, 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. On June 30, 2010, the Company's previous revolving credit agreement with Wachovia Bank expired.

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 Securities Exchange Act of 1934 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, 2010.

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

There were no unregistered sales of equity securities during the quarter ended September 30, 2011 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 September 30, 2011.

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 (July 1, 2011 to July 31, 2011)	6,509	\$11.29	6,509	
Month #2 (August 1, 2011 to August 31, 2011)	33,842	\$11.52	33,842	
Month #3 (September 1, 2011 to September 30, 2011)	2,823	\$11.27	2,823	
<b>TOTAL</b>	<b>43,174</b>	<b>\$11.47</b>	<b>43,174</b>	<b>320,501</b>

(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**

Inapplicable.

**ITEM 4. Removed and Reserved**

**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.

Date: October 24, 2011

SUPERIOR UNIFORM GROUP, INC.

By /s/ Michael Benstock  
Michael Benstock  
Chief Executive Officer (Principal Executive Officer)

By /s/ Andrew D. Demott, Jr.  
Andrew D. Demott, Jr.  
Exec. Vice President, Chief Financial Officer and  
Treasurer (Principal Financial and Accounting Officer)

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amended and Restated Revolving Loan Agreement between Superior Uniform Group, Inc. and Fifth Third Bank
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.

**AMENDED AND RESTATED  
REVOLVING LOAN AGREEMENT**

**THIS AMENDED AND RESTATED REVOLVING LOAN AGREEMENT**, dated as of the 25th day of August, 2011, (the "Loan Agreement" or "Agreement"), is made by and between **SUPERIOR UNIFORM GROUP, INC.**, a Florida corporation, whose address is 10055 Seminole Boulevard, Seminole, FL 33772 (the "Borrower"), and **FIFTH THIRD BANK**, an Ohio corporation having an address of 201 East Kennedy Boulevard, Suite 1800, Tampa, Florida 33602 (the "Lender").

**W I T N E S S E T H:**

WHEREAS, Borrower has applied to Lender for a revolving line of credit not exceeding Fifteen Million and No/100 Dollars (\$15,000,000.00) (the "Loan") to be used to support the general corporate purposes of borrower;

WHEREAS, Borrower and Lender have negotiated the terms and conditions of, and wish to enter into, this Agreement for the purpose of setting forth the terms and conditions of the Loan;

NOW, THEREFORE, in consideration of the Premises, and of the mutual covenants and agreements set forth below, Borrower and Lender agree as follows:

**ARTICLE I**

**LOAN TERMS**

1. **Loan Amount.** Fifteen Million and No/100 Dollars (\$15,000,000.00) Revolving Line of Credit. The Loan shall be evidenced by a Revolving Line of Credit Promissory Note (the "Note").
2. **Term of Loan.** The original term of the Loan ("Term") is thirty-six (36) months and such Term shall mature on June 25, 2013. If Borrower is in full compliance with all terms and conditions of this Agreement, Borrower shall have the option to extend and term-out the outstanding principal balance of the Loan due on the Initial Maturity Date, as defined in the Note, and continue to make interest only payments over the subsequent twelve (12) consecutive months in accordance with the terms of the Note.
3. **Letters of Credit.** During the Term of the Loan, Borrower may request the Lender to issue domestic, international and/or stand-by Letters of Credit in an aggregate amount which, along with any other draws under the revolving line of credit, shall not exceed the maximum amount allowed to be drawn under the Note. The expiration date of any Letter of Credit issued pursuant to the Loan shall be no later than thirty (30) days prior to the last day of the Term of the Loan unless any such Letter of Credit is secured by a cash deposit equal to the face amount of such Letter of Credit.
4. **Interest Rate.** The Loan shall bear interest at the LIBOR Rate, as defined in the Note, plus ninety (90) basis points.
5. **Unused Loan Fee.** In addition to all other amounts due to Lender hereunder and under the Revolving Line of Credit Note, Borrower shall pay to Lender on the first Business Day of each April, July, October and January, an availability fee equal to 0.15% (15 basis points) per annum on the average daily unused available principal under the Note for the preceding quarter or portion thereof.
6. **Repayment Terms.** Interest only payments shall be paid monthly during the initial thirty-six (36) months of the Loan and, if extended, during the subsequent twelve (12) consecutive months. All payments of principal and interest shall be auto debited from Borrower's deposit account with Lender. Borrower shall be allowed to make prepayments of principal in full or in part at any time during the Term of the Loan without penalty or premium.

**ARTICLE II**

**LOAN DOCUMENTS**

"Loan Documents" means this Agreement, the Revolving Line of Credit Note, any UCC Financing Statements, Letter of Credit, any and all Rate Management Agreements (as defined below), and any other agreements, documents or instruments related to

the Loan, whether executed prior to, at or after the closing, as the same may be amended, supplemented or modified, in writing, from time to time.

### ARTICLE III

#### **WARRANTIES AND REPRESENTATIONS OF BORROWER**

Borrower hereby represents and warrants to Lender (which representations and warranties shall be deemed continuing and re-stated at the time of each advance) as follows:

1. **Organization Status.** Borrower (i) is duly organized under the laws of the State of Florida, and (ii) is in good standing under the laws of the State of Florida, and (iii) has stock outstanding which has been duly and validly issued.
2. **Compliance with Laws.** Borrower is in compliance with all laws, regulations, ordinances and orders of all Governmental Authorities, including, but not limited to, the Securities Act of 1933, the Exchange Act, Sarbanes-Oxley Act of 2002, and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the Securities and Exchange Commission of the United States or the Public Company Accounting Oversight Board, and all Environmental Laws. **“Environmental Laws” means all applicable federal, state and local laws and regulations intended to protect the environment and public health and safety as the same may be amended from time to time. “Governmental Authority” means the government of the United States, or any other nation, or of any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.**
3. **Financial Statements.** The financial statements of Borrower heretofore delivered to Lender are true and correct in all material respects, and fairly present the financial condition of Borrower as of the respective dates thereof, and no material adverse change has occurred in the financial conditions reflected therein since the respective dates thereof that would affect Borrower’s performance under the Note, this Agreement or any other Loan Documents;
4. **Authority to Enter into Loan Documents.** The Borrower has full authority to enter into the Loan Documents and consummate the transactions contemplated hereby, and the facts and matters expressed or implied in the opinions of its legal counsel are true and correct;
5. **Validity of Loan Documents.** The Loan Documents have been approved by those persons having proper authority, and are in all respects legal, valid and binding according to their terms.
6. **Conflicting Transactions of Borrower.** That the consummation of the transactions hereby contemplated and the performance of the obligations of Borrower under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under any lease, bank loan or credit agreement, partnership agreement, or other instrument to which Borrower is a party or by which it may be bound or affected.
7. **Pending Litigation.** That there are no actions, suits, or proceedings pending, or to the knowledge of Borrower threatened against or affecting it or involving the validity or enforceability of any of the Loan Documents at law or in equity, or before or by any governmental authority.
8. **Brokerage Commissions.** Borrower warrants and represents to Lender that Borrower is not obligated to pay any commission to any broker through any commission or service agreement with a third party in connection with the transaction contemplated herein. Borrower agrees to and shall indemnify Lender from any liability, claims, or losses arising by reason of any such brokerage commissions which are caused by Borrower or its agents. This provision shall survive the repayment of the Loan made in connection herewith and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists.
9. **No Event of Default.** As of the date of this Agreement, there is no Event of Default under this Agreement, the Note, or any other Loan Document, nor any event which would become an Event of Default but for the passage of time or the giving of notice or both.
10. **Patriot Act.** Borrower or any entity or person owning an interest in or being an investor, or otherwise, in Borrower or its respective constituents are not in violation of any laws relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “Executive Order”) and Public Law 107-56 known as the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended (the “Patriot Act”).

11. Solvency. The Borrower (before and after giving effect to the Loan) is and will be solvent and have, and expect to have, the ability to, in the ordinary course of business, pay its debts from time to time incurred and as such debts mature. "Solvent" means with respect to the Borrower, on any date determination, that on such date (a) the fair value of the assets of Borrower is greater than the total amount of liabilities, including contingent liabilities, of Borrower, (b) the present fair salable value of the assets of Borrower is not less than the amount that will be required to pay the probable liability of Borrower on its debts as they become absolute and matured, (c) Borrower does not intend to, and does not believe that it will, incur debts or liabilities beyond Borrower's ability to pay such debts and liabilities as they mature, (d) Borrower is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which Borrower's assets would constitute an unreasonably small capital, and (e) Borrower is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

12. Tax Status. The Borrower (a) has made or timely filed all federal income and all material State and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which each of them is subject; (b) has paid all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith; and (c) has set aside on their books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by any taxing authority and none of the officers of Borrower know of any reasonable basis for any such claim.

13. Taxes. Borrower shall pay when due all taxes, assessments and other governmental charges imposed upon it or its assets, franchises, business, income or profits before any penalty or interest accrues thereon, and all claims (including, without limitation, claims for labor, services, materials and supplies) for sums which by law might be a lien or charge upon any of its assets, provided that (unless any material item or property would be lost, forfeited or materially damaged as a result hereof) no such charge or claim need be paid if it is being diligently contested in good faith, if Lender is notified in advance of such contest and if Borrower establishes an adequate reserve or other appropriate provision required by generally accepted accounting principles and deposits with Lender cash or bond in an amount acceptable to Lender.

14. ERISA. Any Employee Retirement Income Security Act of 1974, as amended ("ERISA") Plan in effect at the Borrower is in compliance, in all material respects, with the applicable provisions of ERISA, the Internal Revenue Code of 1986 ("Code") and any other Federal or State laws. There are no pending, or, to the best knowledge of Borrower, threatened claims, or lawsuits, or actions, by any governmental authority with respect to an ERISA Plan that could reasonably be expected to have a material adverse effect on the financial condition of Borrower or any of its subsidiaries.

For the purposes of this Agreement, the term "Borrower" shall also include each Subsidiary of Borrower. "Subsidiary" means a domestic corporation, partnership, joint venture, limited liability company or other business entity formed under the laws of jurisdictions within the United States of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such entity. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Borrower.

## ARTICLE IV

### COVENANTS OF BORROWER

Borrower hereby covenants and agrees with Lender as follows:

1. Expenses. To pay all costs of closing the Loan contemplated hereunder and all expenses of Lender with respect thereto, including but not limited to reasonable attorneys' fees (including attorneys' fees incurred by Lender subsequent to the closing of the Loan in connection with the disbursement, administration, collection, restructure, amendment, or transfer of the Loan), advances, recording expenses, brokerage commissions, and claims of brokerage, documentary stamps and other fees, and similar items, and to allow all closing papers, loan documents and other legal matters to be subject to the approval of Lender's attorneys.

2. Total Liabilities to Tangible Net Worth. During the entire Term of the Loan, Borrower shall at all times maintain a ratio of Total Liabilities to Tangible Net Worth no greater than 0.75:1.00. This ratio shall be the measurement of the Total Liabilities of Borrower, as reflected on Borrower's financial statements delivered to Lender on a quarterly basis beginning September 30, 2010, herein to Tangible Net Worth. "Total Liabilities" shall mean all indebtedness (i) with respect to money borrowed, evidenced by a note, Letter(s) of Credit, Rate Management Obligations (as defined below), debenture or other obligation to pay money, (ii) in respect rent or lease of property, under written leases or lease arrangements required by GAAP to be capitalized, (iii) for all obligations under conditional sales or title retention agreements, (iv) for accounts and trade payables, (v) for accrued expenses, (vi) and for all other monetary obligations of Borrower. "Tangible Net Worth" shall mean total assets of Borrower, excluding assets

owed to Borrower from an officer, an affiliate or a subsidiary, and excluding the aggregate amount of Borrower's goodwill, franchises, licenses, patents, trademarks, trade names, copyrights, service marks, brand names, and other intangible assets minus Total Liabilities.

3. Debt Service Coverage Ratio. During the entire Term of the Loan, Borrower shall maintain Debt Service Coverage Ratio not less than 2.50 to 1.00, calculated at Borrower's fiscal year end and quarterly on the last day of each fiscal quarter, on a rolling four quarters basis. For purposes hereof, "Debt Service Coverage Ratio" shall mean the sum of earnings before interest, taxes, depreciation, and amortization (EBITDA) divided by the sum of current maturities of long term debt and capital leases plus interest expense; if the Borrower acquires substantially all assets or stock of a previously unrelated business entity Borrower may utilize the historical income statement of the acquired entity in calculating the Debt Service Coverage Ratio as if the acquired entity had been merged into Borrower for the prior four quarters; and, if the Debt Service Coverage Ratio is calculated inclusive of a merged entity historical income statement, the calculation of the ratio and the historical financial information of the acquired/merged entity must be presented in form and content acceptable to Lender.

4. Books and Records/Operating and Rent Statements. To keep and maintain proper and accurate books, records and accounts reflecting all items of income and expenses of operation of Borrower's business; and, upon the request of Lender, to make such books, records, and accounts immediately available to Lender for inspection. Such right to inspection shall be available to Lender upon an Event of Default with twenty-four (24) hours prior notice. Such inspection shall be in an office designated by Lender and Borrower shall be entitled to have a representative of Borrower present during such inspection.

5. Financial Reporting. Borrower shall at all times comply with the following until such time as the Loan has been paid in full:

i) Within forty-five (45) days after the end of each quarter, Borrower shall provide to Lender a Quarterly Covenant Compliance Worksheet in such form as approved by Lender.

ii) Within forty-five (45) days after the end of each quarter, Borrower shall provide to Lender its quarterly unaudited consolidated financial statements in a form acceptable to Lender and including an income statement and balance sheet. The quarterly financial statements shall be certified as accurate by its principal financial officer.

iii) Within one hundred twenty (120) days following the end of its fiscal year, Borrower shall provide to Lender its annual audited financial statements in a form acceptable to Lender and including an income statement and balance sheet.

iv) Within seven (7) days of their filing, Borrower shall provide Lender with true copies of all reports filed with the United States Securities and Exchange Commission.

v) Borrower shall provide such other financial reports or information as Lender may reasonably request in writing from time to time.

6. Depository Relationship. Borrower shall maintain its primary depository relationship with Lender throughout the Term of the Loan. Borrower recognizes that the establishment of such depository relationship and the maintenance of the same was an important factor and a material inducement to Lender in establishing the terms and conditions, including the interest rate, of the Loan.

7. Audits. Lender shall have the right to audit the books and records of Borrower. No rights of audit unless in default and with twenty-four (24) hours prior notification and accompanied by Borrower's representative.

8. Insurance. At its own cost, Borrower shall obtain and maintain insurance against (a) loss, destruction or damage to its properties and business of the kinds and in the amounts customarily insured against by corporations with established reputations engaged in the same or similar business as Borrower, and (b) insurance against public liability and third party property damage of the kinds and in the amounts customarily insured against by corporations with established reputations engaged in the same or similar business as Borrower. All such policies shall be issued by financially sound and reputable insurers. All of the insurance policies required hereby shall be evidenced by one or more Certificates of Insurance delivered to Lender by Borrower on the Closing Date and at such other times as Lender may request from time to time.

9. Accounting Terms. All accounting terms not specifically defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with generally accepted accounting principals ("GAAP"), as in effect from time to time, applied in a manner consistent, and that were used in preparing the financial statements delivered to Lender. Notwithstanding the foregoing, for the purpose of determining compliance with any covenant contained in this Agreement (including the computation of any financial

covenant), Indebtedness of the Borrower and its subsidiaries shall be deemed carried at 100% of the outstanding principal balance thereof. If at any time any change in GAAP would affect the computation of any financial ratio set forth in this Agreement, the Borrower and Lender shall negotiate in good faith to amend such ratio to preserve the original intent thereof.

10. Negative Pledge. During the Term of the Loan, except for materials, vehicles, equipment, tools or other items of personal property purchased in the ordinary course of Borrower's business (and, in no event, in excess of one Hundred Thousand and No/100 Dollars (\$100,000.00) outstanding at any one time), Borrower shall not pledge or otherwise encumber any of Borrower's assets without the express prior written consent of Lender.

## ARTICLE V

### DEFAULTS

An Event of Default shall be deemed to have occurred hereunder if:

1. Default Under Promissory Note. If there is any failure to make any principal or interest payment or any other monetary payment, including, but not limited to, nonpayment of any Rate Management Obligations, when due beyond any applicable cure period as required in the Note, or this Agreement; or

2. Non-Monetary Defaults. Any non-monetary default occurring under this Agreement other than the Note which is not cured within thirty (30) days after receipt of written notice of same from Lender, to observe or perform any non monetary covenant or condition as contained in this Agreement or the breach by Borrower of any term, provision or condition contained in any Rate Management Agreement; *provided* that if any such failure concerning a non monetary covenant or condition in this Agreement or any Rate Management Agreement is susceptible to cure and cannot reasonably be cured within said thirty (30) day period, then Borrower shall have an additional sixty (60) day period to cure such failure and no Event of Default shall be deemed to exist hereunder so long as Borrower commences such cure within the initial thirty (30) day period and diligently and in good faith pursues such cure to completion within such resulting ninety (90) day period from the date of Lender's notice; or

3. Breach of Warranty. Any warranties, representations or covenants made or agreed to be made in any of the Loan Documents shall be breached in any material respect by Borrower or shall prove to be false or misleading which are not cured within thirty (30) days of written notice to Borrower of such alleged breach; *provided* that if such breach is reasonably susceptible of cure, then no Event of Default shall exist so long as Borrower cures said breach within the ninety (90) day notice and cure period provided in paragraph 2 above; or

4. Material Adverse Change. Borrower shall suffer any material adverse change in financial condition which, in the reasonable opinion of Lender, Lender deems itself insecure such that a default is imminent or has occurred, which could materially impair the ability of the Borrower to pay all amounts due under the Note; or

5. Bankruptcy or Insolvency of Borrower.

i) The filing by the Borrower, or any Subsidiary of Borrower, of a voluntary petition in bankruptcy for adjudication as a bankrupt or insolvent, or the filing by the Borrower, or any Subsidiary of Borrower, of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the Borrower's, or any Subsidiary of Borrower, seeking or consenting to or acquiescence in the appointment of any trustee, receiver or liquidator of the Borrower or of all of the rents, revenues, issues, earnings, profits or income thereof, or the making of any general assignment for the benefit of creditors, or the admission in writing of its inability to pay its debts generally as they become due; or

ii) The failure to discharge within sixty (60) days of filing a petition filed against the Borrower, or any Subsidiary of Borrower, seeking any reorganization, arrangement, composition, readjustment, liquidation or dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the appointment of any trustee, receiver or liquidator of the Borrower, or any Subsidiary of Borrower, or of all or any substantial part of the Premises or of any or all of the rents, revenues, issues, earnings, profits or income thereof without the consent or acquiescence of the Borrower, or any Subsidiary of Borrower, as applicable; or

6. Assignment for the Benefit of Creditors. Borrower, or any Subsidiary of Borrower, shall make a general assignment for the benefit of creditors; or

7. Failure to Disprove Default. Lender shall reasonably suspect the occurrence of one or more of the above said Events of Default and Borrower, upon request of the Lender, shall fail to provide evidence reasonably satisfactory to Lender that such event or Events of Default have not, in fact, occurred; or

8. Change in Management of Borrower. There is any change of the Chief Executive Officer and/or Chief Financial Officer of Borrower, without the express prior written consent of Lender, which consent shall be in Lender's sole and absolute discretion.

## ARTICLE VI

### REMEDIES OF LENDER

Upon the occurrence of any one or more of the Events of Default set out in Article IV hereof, Lender shall at its option be entitled, in addition to and not in lieu of the remedies provided for in the Note, or other documents executed in connection with the Loan, to proceed to exercise any of the following remedies:

1. Cancel and terminate this Agreement and not disburse any additional funds to Borrower; or
2. Accelerate Payment of the Note whereupon Borrower agrees, upon written request of the Lender, to immediate pay to Lender all of the outstanding principal and unpaid interest and other charges due pursuant to the terms of the Note; or
3. Cancel and call any outstanding Letter of Credit or Rate Management Agreement; or
4. Commence an appropriate legal or equitable, action to enforce performance of this Agreement; or
5. Exercise any other rights or remedies Lender may have under the Loan Documents referred to in this Agreement or executed in connection with the Loan which may be available under applicable law.

## ARTICLE VII

### MISCELLANEOUS

In the event of a conflict with other provisions of this Agreement, the provisions of this Article VI shall control.

1. No Partnership or Joint Venture. Nothing herein nor the acts of the parties hereto shall be construed to create a partnership or joint venture between Borrower and Lender.
2. No Assignment by Borrower. Neither this Agreement nor the right to receive any advances to be made by Lender may be assigned by Borrower without the prior written consent of Lender. If Lender approves an assignment hereof by Borrower, Lender shall be entitled to make advances to such assignee and such advances shall be evidenced by the Note and secured by the Loan Documents. Borrower shall remain liable for payment of all sums advanced hereunder before and after such assignment.
3. U.S.A. Patriot Act Verification Information. Borrower shall provide evidence of its legal names, tax identification numbers, and street addresses satisfactory to and sufficient for the Lender to verify the identity of the Borrower as required under the U.S.A. Patriot Act. Borrower shall notify Lender promptly of any change in such information.
4. Delivery of Loan Documents. All of the Loan Documents have been, or will be, duly executed and delivered to Lender and the Financing Statements and any recordable Loan Documents, as applicable, have been or will be recorded in the appropriate public offices.
5. Additional Items. Notwithstanding anything contained in this Agreement to the contrary, Borrower shall have submitted the following additional items to Lender on or before the closing unless otherwise agreed to by Lender:
  - i) Borrower's federal taxpayer identification number.
  - ii) The Articles of Incorporation of the Borrower, and all amendments thereof, certified by the appropriate official of the State of Florida;
  - iii) A current good standing certificate from the Secretary of the State of Florida;
  - iv) The By-Laws or other appropriate organizational documents of the Borrower;
  - v) An incumbency certificate, specifying by name and title the officers, directors, certified by an appropriate person or other authorized individual;

vi) Certified resolutions of the Board of Directors of Borrower authorizing the execution and delivery of the Loan Documents and all other documents necessary or desirable, for the consummation of the transaction contemplated herein.

6. Waiver. In the event of any litigation to enforce or interpret any of the provisions of the Note, or this Agreement, or any of the Loan Documents, or any combination thereof, the Borrower hereby waives any and all right to demand a jury trial on any of the issues.

## ARTICLE VIII

### GENERAL CONDITIONS

The following conditions shall be applicable throughout the term of this Agreement:

1. Rights of Third Parties. All conditions of the obligations of Lender hereunder, including the obligation to make advances, are imposed solely and exclusively for the benefit of Lender, its successors and assigns, and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by Lender at any time if in its sole discretion it deems it desirable to do so.

2. Evidence of Satisfaction of Conditions. Any condition of this Agreement which requires the submission of evidence of the existence or nonexistence of a specified fact or facts implies as a condition the existence or nonexistence, as the case may be, of such fact or facts, and Lender shall at all times be free independently to establish to its satisfaction and in its absolute reasonable discretion such existence or nonexistence.

3. Assignment. Lender shall have the unconditional right to assign all or any part of its interest hereunder to any third party.

4. Successors and Assigns Included in Parties. Whenever in this Agreement one of the parties hereto is named or referred to, legal representatives, successors, and assigns of such parties shall be included, and all covenants and agreements contained in this Agreement by or on behalf of the Borrower or by or on behalf of Lender shall bind and inure to the benefit of their respective legal representatives, successors and assigns whether so expressed or not.

5. Headings. The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

6. Invalid Provisions to Affect No Others. In fulfillment of any provision hereof or any transaction related hereto at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only shall be held for naught as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

7. Number and Gender. Whenever the singular or plural number, masculine or feminine, or neuter gender is used herein, it shall equally include the other.

8. Amendments. Neither this Agreement nor any provision hereof may be changed, waived, discharged, or terminated orally, but only by instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

9. Entire Agreement. This Agreement and the documents expressly referred to herein or otherwise executed in connection herewith embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to the subject matter.

10. Notice.

(a) All notices given hereunder shall be in writing and addressed as follows:

Lender: Fifth Third Bank  
201 East Kennedy Boulevard, Suite 1800  
Tampa, Florida 33609  
Attn: Andrew D. Hahn, Vice President

with copy to: James B. Soble, Esquire  
Ruden McClosky P.A.  
401 East Jackson Street, Suite 2700  
Tampa, Florida 33602

Borrower: Superior Uniform Group, Inc.  
10055 Seminole Boulevard  
Seminole, FL 33772  
Attn: Andrew D. Demott, Jr., Executive Vice President, Chief Financial  
Officer and Treasurer

with copy to: Walter C. "Chet" Little, Esquire  
Foley & Lardner LLP  
100 North Tampa Street, Suite 2700  
Tampa, FL 33602

(b) Any notice, report, demand or other instrument authorized or required to be given or furnished under this Agreement to Borrower or Lender shall be deemed given or furnished when addressed to the party intended to receive the same, at the above address and delivered at such address (by hand delivery or by expedited courier) or deposited in the United States mail as first class certified mail, return receipt requested, postage paid, whether or not the same is actually received by such party.

(c) Each party may change the address to which any such notice, report, demand or other instrument is to be delivered or mailed, by furnishing written notice of such change to the other party, but no such notice of change shall be effective unless and until received by such other party.

(d) Notwithstanding anything in this instrument to the contrary, all requirements of notice shall be deemed inapplicable if Lender is prevented from giving such notice by bankruptcy or any other applicable law. In such event, the cure period if any, shall then run from the occurrence of the event or condition of default rather than from the date of notice.

11. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Florida.

12. Definitions.

(a) "Rate Management Agreement" means any agreement, device or arrangement providing for payments which are related to fluctuations of interest rates, exchange rates, forward rates, or equity prices, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and any agreement pertaining to equity derivative transactions (e.g., equity or equity index swaps, options, caps, floors, collars and forwards), including without limitation any ISDA Master Agreement between Borrower and Lender or any affiliate of Fifth Third Bancorp, and any schedules, confirmations and documents and other confirming evidence between the parties confirming transactions thereunder, all whether now existing or hereafter arising, and in each case as amended, modified or supplemented from time to time.

(b) "Rate Management Obligations" means any and all obligations of Borrower to Lender or any affiliate of Fifth Third Bancorp, whether absolute, contingent or otherwise and howsoever and whensoever (whether now or hereafter) created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefore), under or in connection with (i) any and all Rate Management Agreements, and (ii) any and all cancellations, buy-backs, reversals, terminations or assignments of any Rate Management Agreement.

IN WITNESS WHEREOF, Borrower and Lender have executed this Loan Agreement as of the day and year first above written.

Signed, sealed and delivered  
in our presence:

\_\_\_\_\_  
(Witness Signature)

Print Name: \_\_\_\_\_

\_\_\_\_\_  
(Witness Signature)

Print Name: \_\_\_\_\_

\_\_\_\_\_  
(Witness Signature)

Print Name: \_\_\_\_\_

\_\_\_\_\_  
(Witness Signature)

Print Name: \_\_\_\_\_

**BORROWER**

SUPERIOR UNIFORM GROUP, INC., a Florida  
corporation

By:           /s/ Andrew D. Demott, Jr.          

Andrew D. Demott, Jr.  
Executive Vice President, Chief  
Financial Officer and Treasurer

**LENDER:**

FIFTH THIRD BANK, an Ohio corporation

By:           /s/ Andrew D. Hahn          

Andrew D. Hahn

Its: Vice President

Superior Uniform Group, Inc.  
10055 Seminole Blvd.  
Seminole, FL 33772

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Superior Uniform Group, Inc. and subsidiaries for the periods ended September 30, 2011 and 2010, as indicated in our report dated October 24, 2011; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 is incorporated by reference in the Registration Statement on Form S-8 (File No. 33-105906, effective June 6, 2003).

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ GRANT THORNTON LLP

Tampa, Florida  
October 24, 2011

## CERTIFICATIONS

I, Michael Benstock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Superior Uniform Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2011

/s/ Michael Benstock  
Michael Benstock  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATIONS

I, Andrew D. Demott, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Superior Uniform Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2011

/s/ Andrew D. Demott, Jr.  
Andrew D. Demott, Jr.  
Executive Vice President, Chief  
Financial Officer and Treasurer  
(Principal Financial and  
Accounting Officer)

**Written Statement of the Chief Executive Officer and the Chief Financial Officer  
Pursuant to 18 U.S.C. §1350**

Solely for the purposes of complying with 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Superior Uniform Group, Inc. (the “Company”), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2011 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Benstock  
Michael Benstock  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Andrew D. Demott, Jr.  
Andrew D. Demott, Jr.  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

Date: October 24, 2011