SUPERIOR UNIFORM GROUP INC

FORM 10-K
(Annual Report)

Filed 03/28/97 for the Period Ending 12/31/96

Address	10055 SEMINOLE BLVD SEMINOLE, FL 33772
Telephone	7273979611
CIK	0000095574
Symbol	SGC
SIC Code	2300 - Apparel & Other Finishd Prods of Fabrics & Similar Matl
Industry	Apparel & Accessories
Sector	Consumer Cyclicals
Fiscal Year	12/31

SUPERIOR UNIFORM GROUP INC

FORM 10-K
(Annual Report)

Filed 3/28/1997 For Period Ending 12/31/1996

Address	10055 SEMINOLE BLVD
	SEMINOLE, Florida 33772
Telephone	727-397-9611
CIK	0000095574
Industry	Apparel/Accessories
Sector	Consumer Cyclical
Fiscal Year	12/31

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the fiscal year ended December 31, 1996

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

Commission File Number 1-5869-1

SUPERIOR SURGICAL MFG. CO., INC.

Incorporated - New York	I.R.S. Employer Identification No. 11-1385670
10099 Seminole Blvd. Seminole, Florida 33772	
Telephone	(813) 397-9611

Securities registered pursuant to Section 12(b) of the Act:

Common Shares with a par value Listed on
of $1.00 each American Stock Exchange

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

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of March 21, 1997, 8,056,752 common shares were outstanding, and the aggregate market value of the registrant's common shares held by non-affiliates was approximately $68.2 million (based on the closing price of the registrant's common shares on the American Stock Exchange on said date).

Documents Incorporated by Reference:

Registrant's Proxy Statement to be filed on or before March 30, 1997, for its Annual Meeting of Shareholders to be held May 2, 1997, is incorporated by reference to furnish the information required by Items 10, 11, 12 and 13 of

Part III.

Exhibit index may be found on Page 22.

PART I

Item 1. Business

(a) Superior Surgical Mfg. Co., Inc. ("registrant" or the "Company") was organized as a New York company in 1920 and was incorporated in 1922. Registrant's business has not changed in any significant way during the past five years.

(b) Although registrant operates, for selling, promotional and other reasons through various divisions, nevertheless there are no distinct segments or lines of business; registrant's entire business consists of the sale of uniforms and service apparel, and miscellaneous products directly related thereto.

(c) Registrant manufactures and sells a wide range of apparel and accessories for the medical and health fields as well as for the industrial, commercial, leisure, and public safety markets. Its principal products are:

1. Uniforms and service apparel for personnel of:

A) Hospitals and health facilities;
B) Hotels, commercial buildings, residential buildings, and food service facilities;
C) General and special purpose industrial uses;
D) Commercial enterprises (career apparel for banks, airlines, etc.);
E) Public and private safety and security organizations;
F) Miscellaneous service uses.

2. Miscellaneous products directly related to:

A) Uniforms and service apparel specified above (e.g. operating room masks, boots, and sheets);
B) Linen suppliers and industrial launderers, to whom a substantial portion of the registrant's uniforms and service apparel are sold; such products being primarily industrial laundry bags.

Uniforms and service apparel account for 90-95% of total sales and revenues; no single class of product listed above as a miscellaneous product of the registrant accounts for more than 10% of total sales and revenues.

Registrant competes with national and regional manufacturers and also with local firms in most major metropolitan areas. Industry statistics are not available, but the registrant believes that it is one of the leading suppliers of garments to hospitals and industrial clean rooms, hotels and motels, food service establishments and uniforms to linen suppliers. Registrant experiences competition primarily in the areas of product development, styling and pricing.

Registrant competes with more than three dozen firms including divisions of larger corporations. The nature and degree of competition varies with the customer and market where it occurs.

Registrant has a substantial number of customers, the largest of which accounted for no more than 4% of registrant's 1996 sales. Although registrant at all times has a substantial backlog of orders, registrant does not consider this significant since its backlog of orders at any time consists primarily of recurrent firm orders being processed and filled. Registrant normally completes shipments of orders from stock between 1 and 2 weeks after their receipt. As of February 28, 1997, the backlog of all orders was approximately $7,400,000, compared to approximately $7,300,000 a year earlier.

Registrant markets itself to its customers as a "stock house". Therefore, registrant at all times carries substantial inventories of raw materials (principally piece goods) and finished garments which requires substantial working capital. Registrant's principal raw materials are textile products, generally available from a number of sources.

While registrant owns and uses several trademarks, its mark "Fashion Seal Uniforms" (presently registered to August 7, 2007, subject to renewal) is important since more than 50% of registrant's products are sold under that name. In view of the nature of registrant's business, compliance with Federal, state, or local laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, has had no material effect upon its operations or earnings. Substantially all of registrant's business is non-seasonal in nature. The registrant has approximately 1,900 employees.

Item 2. Properties

The Company has an ongoing program designed to maintain and improve its facilities. Generally, all properties are in satisfactory condition. The Company's properties are currently fully utilized (except as otherwise noted), and have aggregate productive capacity to meet registrant's present needs as well as those of the foreseeable future. The material manufacturing locales are rented for nominal amounts due to cities providing incentives for manufacturers to locate in their area - all such properties may be purchased for nominal amounts. As a result, it is believed that the subject lease expirations and renewal terms thereof are not material.

(a) Seminole, Florida - Plant of approximately 60,000 square feet owned by the registrant; used as principal administrative office and for warehousing and shipping, as well as the corporate design center.
(b) Eudora, Arkansas - Plant of approximately 217,000 square feet, partially leased from the City of Eudora under lease requiring payment of only a nominal rental; used for manufacturing, warehousing, and shipping .
(c) Leesburg, Georgia - Plant of approximately 85,000 square feet, leased from Development Authority of Leesburg, Georgia under lease requiring payment of only a nominal rental; used for manufacturing, warehousing, and shipping .
(d) Lake Village, Arkansas - Plant of approximately 35,000 square feet, leased from the City of Lake Village under lease requiring payment of only a nominal amount; used for manufacturing.
(e) Tampa, Florida - Plant of approximately 111,000 square feet, owned by the registrant; used for regional administrative offices, warehousing, shipping and small retail operation.
(f) Miami, Florida - Plant of approximately 9,000 square feet, leased from private owners under a lease expiring in 1997; used for regional sales office, warehousing, shipping, and small retail operation.

(g) McGehee, Arkansas - Plant of approximately 26,000 square feet, leased from the City of McGehee under lease requiring payment of only a nominal rental; used for manufacturing.
(h) Memphis, Tennessee - Plant of approximately 4,000 square feet, leased from private owners under lease expiring 2002; used for warehousing, shipping and retail sales.
(I) Miscellaneous - New Orleans, Louisiana, sales office - leased; Burbank, California, sales office - leased; Las Vegas, Nevada, warehouse and sales office - leased; Atlanta, Georgia, warehouse and sales office - leased; San Antonio, Texas, sales office - leased; Yazoo City, Mississippi, used for manufacturing - leased; Hamburg, Arkansas, used for manufacturing - owned; Delhi, Louisiana, used for manufacturing - leased; Lexington, Mississippi, used for manufacturing - owned; Tallulah, Louisiana, used for manufacturing - leased; Pine Bluff, Arkansas, used for manufacturing - scheduled to be sold.

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

(a) None

PART II

Item 5. Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters.

The principal market on which registrant's common shares are traded is the American Stock Exchange; said shares have also been admitted to unlisted trading on the Midwest Stock Exchange.

The table below presents, for registrant's common shares, dividend information and high and low sales prices as reported in the consolidated transaction reporting system of the American Stock Exchange.

	QUARTER ENDED							
	1996				1995			
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
Common Shares:								
High	$10-1/2	$12-1/8	$12-1/8	$13-1/2	$14-3/4	$13	$11	$10-3/8
Low	$ 8-7/8	$10-1/4	$10	$11-7/8	$10-3/4	$10-3/4	$9-1/2	$8-3/4
Dividends (total for 1996-$.38; 1995-$.36)	$.09	$.09	$.09	$.11	$.09	$.09	$.09	$.09

Long-term debt agreements of the registrant include covenants which, among other things, restrict dividends payable. Under the most restrictive debt agreement, retained earnings of approximately $13,060,000 were available at December 31, 1996 for declaration of dividends. Registrant expects that, so long as earnings and business conditions warrant, it will continue to pay dividends and that the amount thereof, as such conditions permit, and as the Directors approve, will increase from time to time.

On March 21, 1997, registrant had 504 shareholders of record and the closing price for registrant's common shares on the American Stock Exchange was $13.00 per share.

Item 6.

SELECTED FINANCIAL DATA

Years Ended December 31,	1996	1995	1994	1993	1992
Net sales	$141,420,626	$135,197,798	$135,067,397	$130,126,690	$128,665,516
Costs and expenses:					
Cost of goods sold	$ 93,897,373	$ 91,169,728	$ 89,308,729	$ 87,280,624	$ 85,250,260
Selling and administrative expenses	32,333,924	30,162,203	28,537,946	27,835,521	26,964,446
Provision for dispute settlement	-	4,250,000	-	2,250,000	-
Interest expense - net	1,295,233	968,830	959,715	641,669	586,628
	$127,526,530	$126,550,761	$118,806,390	$118,007,814	$112,801,334
Earnings before taxes on income	$ 13,894,096	$ 8,647,037	$ 16,261,007	$ 12,118,876	$ 15,864,182
Taxes on income	5,200,000	4,885,000	6,180,000	4,415,000	5,950,000
Net earnings	$ 8,694,096	$ 3,762,037	$ 10,081,007	$ 7,703,876	$ 9,914,182
Net earnings per common share	$1.07	$ .45	$ 1.17	$ .89	$ 1.15
Cash dividends per common share	$ .38	$ .36	$ .32	$ .28	$ .25
At year end:					
Total assets	$105,659,094	$106,133,637	$104,864,385	$ 87,168,003	$ 80,585,153
Long-term debt	$ 15,733,333	$ 18,000,000	$ 18,600,000	$ 4,200,000	$ 4,955,000
Working capital	$ 60,242,628	$ 55,081,842	$ 64,295,804	$ 53,096,945	$ 51,353,415
Shareholders Equity	$ 74,156,424	$ 69,517,878	$ 70,937,920	$ 68,568,495	$ 63,082,410

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

OPERATIONS: Net sales for 1994 increased by 4% over 1993 due to the continuation of new uniform programs (the Company manufactures and sells a wide range of uniforms, career apparel and accessories for the hospital and healthcare fields; hotels; fast food and other restaurants; and public safety, industrial, transportation and commercial markets). Sales in 1995 were essentially the same as those in 1994, which the Company believes was primarily due to general business conditions in the market in which the Company sold in 1994. In 1996, the trends appearing in 1995 were overcome along the lines as they were in 1994, resulting in a 5% increase in 1996 over 1995.

As a percent of sales, cost of goods sold were 66.4% in 1996, 67.4% in 1995 and 66.1% in 1994. The increase in 1995 was due principally to increased costs and the inability to raise sales prices sufficiently to cover increased costs. The decrease in 1996 was primarily the result of increased manufacturing efficiencies.

Selling and administrative expenses increased by 7% in 1996, 6% in 1995 and by 3% in 1994. The increases were attributable to increases in costs. As a percentage of sales, selling and administrative expenses have not changed significantly over the past several years and no material change is expected in 1997.

The provision for dispute settlement in the amount of $4,250,000 in 1995 represents the final sum of the payment to be made under agreements with the Department of Justice and the United States Attorney's Office in Tampa, Florida to resolve the previously-announced dispute with the federal government arising out of certain contractual relations.

(See Note 11 of Notes to Financial Statements.)

Interest expense as a percentage of sales was 0.9% in 1996; in 1995 and 1994 it was 0.7%. The increase in 1996 as a percentage of sales was principally due to lesser interest income generated on certificates of deposit.

The effective income tax rate in 1996 was 37.4%; in 1995 , it was 56.5% and in 1994, it was 38.0%. Included in the 1995 calculations is the non-deductible portion of the dispute charge. The effective tax rate for 1995 without this charge would have been 37.9%.

In 1996, the Company showed net income (after taxes) of 6.2% of sales with a return of 12.1% on average equity; for 1995, net income was 2.8% of sales with a return of 5.4% on average equity, while in 1994, the corresponding figures were 7.5% and 14.5%.

LIQUIDITY AND CAPITAL RESOURCES: The Company uses a number of standards for its own purposes in measuring its liquidity: working capital, profitability ratios; long-term debt as a percentage of long-term debt and equity, and activity ratios. In its computations, as in this report, all inventory figures are on a FIFO basis.

The working capital of the Company in 1996 was $60,242,628 and the working capital ratio 5.6:1; for 1995, it was $55,081,842 and the ratio 4.2:1; while for 1994, the figures were $64,295,804 and 6.3:1. The Company has operated without hindrance or restraint with its present working capital, believing that income generated from operations and outside sources of credit, both trade and institutional, are more than adequate.

In 1996, the Company's percentage of long term debt to long-term debt and equity was 17.5%; in 1995, it was 20.6% and in 1994, it was 20.8%.

The Company has an on-going capital expenditure program designed to maintain and improve its facilities. Capital expenditures were approximately $2,625,000, $9,750,000 and $9,100,000 in the years 1996, 1995 and 1994, respectively. Projected capital expenditures for 1997, while different from those of the last several years, are expected to be more in line with 1996 expenditures than those in 1995 and 1994. The Company at all times evaluates its capital expenditure programs in light of prevailing economic conditions.

In 1994, the Company's cash and certificates of deposit balance increased by approximately $8,200,000, principally due to new borrowings in the amount of $15,000,000 offset by the repurchase of 550,000 shares of its common stock for an aggregate consideration of $6,765,000. In 1995, the Company's cash and certificates of deposit balance decreased by approximately $5,800,000, principally due to capital expenditures, expenditures in financing activities (dividends and repurchase of 230,000 shares of its common stock) offset by cash flows from operating activities. In 1996, the accumulation of cash balances which would normally be placed in certificates of deposit were depleted significantly by the one-time payment of $6,500,000 to settle the government dispute as discussed earlier. In addition, the repurchase of 80,000 common shares of the Company's stock had the effect of decreasing cash balances by approximately $965,000.

As of December 31,1996, under its existing revolving credit agreement, the Company had $10,000,000 available to it. In addition, under the most restrictive terms of its agreements with its lenders, the Company could avail itself of $6,000,000 in short-term credit (see Note 4 of Notes to Financial Statements). The revolving credit agreement and the agreements with MassMutual Life Insurance Company contain restrictive provisions concerning debt to net worth ratios, other borrowing, capital expenditures, rental commitments, tangible net worth ($55,000,000), working capital ratio (2.5:1) and payment of dividends. On December 31, 1996, under the most restrictive terms of the debt agreements, retained earnings of approximately $13,060,000 were available for declaration of dividends. The Company is in full compliance with all terms, conditions and covenants of the various credit agreements. With funds from such credit facility, anticipated cash flows generated from operations and other available credit sources readily available, the Company believes for the foreseeable future that its liquidity is satisfactory, its working capital adequate and its capital resources sufficient for funding its ongoing capital expenditure program and its operations, including planned expansion.

Item 8 - Financial Statements and Supplementary Data

SUPERIOR SURGICAL MFG. CO., INC.

STATEMENTS OF EARNINGS
Years Ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Net sales	$ 141,420,626	$ 135,197,798	$ 135,067,397
Costs and expenses:			
Cost of goods sold	$ 93,897,373	$ 91,169,728	$ 89,308,729
Selling and administrative expenses	32,333,924	30,162,203	28,537,946
Provision for dispute settlement	-	4,250,000	-
Interest expense - net	1,295,233	968,830	959,715
	$ 127,526,530	$ 126,550,761	$ 118,806,390
Earnings before taxes on income	$ 13,894,096	$ 8,647,037	$ 16,261,007
Taxes on income	5,200,000	4,885,000	6,180,000
Net earnings	$ 8,694,096	$ 3,762,037	$ 10,081,007
Net earnings per common share	$1.07	$ .45	$1.17
Dividends per common share	$ .38	$ .36	$ .32

STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 31, 1996, 1995 and 1994

	Common Shares	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance, January 1, 1994	$ 8,703,252	$ 306,594	$ 59,558,649	$ 68,568,495
Net earnings			10,081,007	10,081,007
Common shares issued upon exercise of options	210,300	1,604,894		1,815,194
Purchase and retirement of common shares	(550,000)	(109,817)	(6,105,183)	(6,765,000)
Cash dividends declared ($.32 per share)			(2,761,776)	(2,761,776)
Balance, December 31, 1994	$ 8,363,552	$ 1,801,671	$ 60,772,697	$ 70,937,920
Net earnings			3,762,037	3,762,037
Purchase and retirement of common shares	(230,000)	(49,541)	(1,912,359)	(2,191,900)
Cash dividends declared ($.36 per share)			(2,990,179)	(2,990,179)
Balance, December 31, 1995	$ 8,133,552	$ 1,752,130	$ 59,632,196	$ 69,517,878
Net earnings			8,694,096	8,694,096
Purchase and retirement of common shares	(80,000)	(17,234)	(867,566)	(964,800)
Cash dividends declared ($.38 per share)			(3,090,750)	(3,090,750)
Balance, December 31, 1996	$ 8,053,552	$ 1,734,896	$ 64,367,976	$ 74,156,424

See Notes to Financial Statements.

SUPERIOR SURGICAL MFG. CO., INC.

BALANCE SHEETS
DECEMBER 31, 1996 AND 1995

ASSETS

CURRENT ASSETS	1996	1995
Cash and certificates of deposit	$ 4,718,632	$ 5,421,553
Accounts receivable, less allowance for doubtful accounts of $250,000	23,267,237	24,783,217
Inventories	44,112,968	41,089,948
Prepaid expenses and other current assets	1,283,128	1,092,883
TOTAL CURRENT ASSETS	$ 73,381,965	$ 72,387,601
PROPERTY, PLANT AND EQUIPMENT	28,995,394	30,734,584
EXCESS OF COST OVER FAIR VALUE OF ASSETS ACQUIRED	818,276	822,926
OTHER ASSETS	2,463,459	2,188,526
	$ 105,659,094	$ 106,133,637

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES	1996	1995
Accounts payable	$ 6,417,139	$ 6,630,608
Accrued expenses	4,108,202	3,061,018
Liability for dispute settlement	-	6,500,000
Taxes on income	347,329	514,133
Current portion of long-term debt	2,266,667	600,000
TOTAL CURRENT LIABILITIES	$ 13,139,337	$ 17,305,759
LONG-TERM DEBT	15,733,333	18,000,000
DEFERRED INCOME TAXES	2,630,000	1,310,000
SHAREHOLDERS' EQUITY:		
Preferred stock, $1 par value - authorized 300,000 shares (none issued)	$ -	$ -
Common stock, $1 par value - authorized 50,000,000 shares, issued and outstanding - 8,053,552 and 8,133,552 respectively.	8,053,552	8,133,552
Additional paid-in capital	1,734,896	1,752,130
Retained earnings	64,367,976	59,632,196
TOTAL SHAREHOLDERS' EQUITY	$ 74,156,424	$ 69,517,878
	$ 105,659,094	$ 106,133,637

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1996, 1995, AND 1994

	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	$ 8,694,096	$ 3,762,037	$ 10,081,007
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	4,354,477	3,748,341	2,864,847
Deferred income taxes	1,320,000	395,000	(130,000)
Changes in assets and liabilities:			
Accounts receivable	1,515,980	(1,426,743)	(2,506,295)
Inventories	(3,023,020)	(97,985)	(1,358,970)
Prepaid expenses and other current assets	(190,245)	(217,751)	(186,864)
Accounts payable	(213,469)	(840,844)	331,988
Accrued expenses	1,047,184	(65,795)	531,854
Liability for dispute settlement	(6,500,000)	4,250,000	-
Taxes on income	(166,804)	(449,067)	348,115
Net cash flows provided from operating activities	$ 6,838,199	$ 9,057,193	$ 9,975,682
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(2,623,072)	$ (9,745,755)	$ (9,109,599)
Carrying amount of property, plant and equipment disposals	12,435	1,502,230	887,499
Other assets	(274,933)	(843,736)	(83,313)
Net cash (used) in investing activities	$ (2,885,570)	$ (9,087,261)	$ (8,305,413)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term debt	$ -	$ -	$ 15,000,000
Reduction in long-term debt	(600,000)	(600,000)	(755,000)
Declaration of cash dividends	(3,090,750)	(2,990,179)	(2,761,776)
Proceeds received on exercise of stock options	-	-	1,815,194
Common stock reacquired and retired	(964,800)	(2,191,900)	(6,765,000)
Net cash (used) provided in financing activities	$ (4,655,550)	$ (5,782,079)	$ 6,533,418
Net (decrease) increase in cash and certificates of deposit	$ (702,921)	$ (5,812,147)	$ 8,203,687
Cash and certificates of deposit balance, beginning of year	5,421,553	11,233,700	3,030,013
Cash and certificates of deposit balance, end of year	$ 4,718,632	$ 5,421,553	$ 11,233,700

See Notes to Financial Statements.

SUPERIOR SURGICAL MFG. CO., INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 1996, 1995 and 1994

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) Business description The Company manufactures and sells a wide range of apparel and accessories for the medical and health fields as well as for the industrial, leisure and public safety markets. Revenue recognition from the sale of products is recorded at the time the finished goods are shipped.
b) Inventories Inventories are stated at the lower of cost (first-in, first-out method) or market.
c) Property, plant and equipment Property, plant and equipment are stated at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. Costs of assets sold or retired and the related accumulated depreciation and amortization are eliminated from accounts and the net gain or loss is reflected in the statement of earnings.
d) Excess of cost over fair value of assets acquired Excess costs over fair value of assets acquired arising prior to 1972 (approximately $742,000) are being carried until such time as there may be evidence of diminution of value or the term of existence of such value becomes limited. The Company's policy is to amortize excess costs arising subsequent to 1971 between 20 and 40 years.
e) Depreciation and amortization Plants and equipment are depreciated on the straight-line basis at 2-1/2% to 5% for buildings, 2-1/2% to 20% for improvements, 10% to 20% for machinery, equipment and fixtures and 20% to 33-1/3% for transportation equipment. Leasehold improvements are amortized over the terms of the leases inasmuch as such improvements have useful lives equivalent to the terms of the respective leases.
f) Employee benefits Pension plan costs are funded currently based on actuarial estimates, with prior service costs amortized over 20 years. The Company has no post-retirement benefit plans other than pensions.
g) Taxes on income The Company computes taxes currently payable upon determination of taxable income which differs from pre-tax financial statement income. Deferred taxes are provided on this difference, primarily the effect of computing depreciation of plant and equipment by accelerated methods for tax purposes and by the straight-line method for financial reporting purposes.
h) Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles 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.

NOTE 2 - INVENTORIES:

	December 31 1996	December 31 1995
Finished goods	$ 27,926,040	$ 24,783,647
Work in process	3,577,252	3,515,698
Raw materials	12,609,676	12,790,603
	$ 44,112,968	$ 41,089,948

The opening inventory used in computing cost of goods sold for 1995 was $40,991,963. General and administrative costs capitalized to inventories are not material.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT:

	December 31 1996	December 31 1995
Land	$ 2,113,030	$ 2,101,351
Buildings, improvements and leaseholds	10,775,494	10,611,343
Machinery, equipment and fixtures	39,596,614	38,292,834
	$ 52,485,138	$ 51,005,528
Accumulated depreciation and amortization	23,489,744	20,270,944
	$ 28,995,394	$ 30,734,584

Depreciation and amortization charges were $4,349,827, $3,743,690, and $2,860,007 in 1996, 1995 and 1994, respectively.

NOTE 4 - LONG-TERM DEBT:

	December 31, 1996	December 31, 1995
Note payable-bank, pursuant to revolving credit and term loan agreement	$ -	$ -
6.65% note payable to MassMutual Life Insurance Company, due $1,666,667 annually, 1997-2005	15,000,000	15,000,000
9.9% note payable to MassMutual Life Insurance Company, due $600,000 annually, 1997-2001	3,000,000	3,600,000
	$ 18,000,000	$ 18,600,000
Less payments due within one year included in current liabilities	2,266,667	600,000
	$ 15,733,333	$ 18,000,000

On January 31, 1996, the Company entered into a 7-year Credit Agreement which made available to the Company up to $10,000,000 for 4 years on a revolving credit basis and thereafter for 3 years as a term loan with installment repayments of principal. Interest is payable at the prime rate of the lender (8-1/4% at December 31, 1996) for funds borrowed in domestic currency and at the lender's Eurodollar rate plus 1/2% for funds borrowed in the Eurodollar market. The Company pays a 1/10% commitment fee per annum on funds not borrowed during the 4 year revolving credit period. The debt due under the credit agreement may be prepaid, in part or in full at any time without penalty; in addition, any amount prepaid during the 4 year revolving credit term may be reborrowed without penalty. The Credit Agreement also permits additional unsecured short-term borrowing from banks up to $6,000,000 without any "clean-up" requirements.

The Credit Agreement and the agreements with MassMutual Life Insurance Company contain restrictive provisions concerning debt to net worth ratios, other borrowing, capital expenditures, rental commitments, tangible net worth ($55,000,000), working capital ratio (2.5:1), and payment of dividends. At December 31, 1996, under the most restrictive terms of the debt agreements, retained earnings of approximately $13,060,000 were available for declaration of dividends. The Company is in full compliance with all terms, conditions and covenants of the various credit agreements.

Principal payments on long-term obligations are $2,266,667 in each of the years 1998 through 2001, assuming debt on the revolving Credit Agreement is rolled over and the amount then outstanding, if any, does not convert to a term loan.

NOTE 5 - TAXES ON INCOME:

Aggregate income tax provisions (benefits) consist of the following:

	1996	1995	1994
Current:			
Federal	$ 3,205,000	$ 3,865,000	$ 5,520,000
State and local	675,000	625,000	790,000
	$ 3,880,000	$ 4,490,000	$ 6,310,000
Deferred	1,320,000	395,000	(130,000)
	$ 5,200,000	$ 4,885,000	$ 6,180,000

The difference between the total statutory Federal income tax rate and the actual effective tax rate is accounted for as follows:

	1996	1995	1994
Statutory Federal income tax rate	34.2%	34.0%	34.5%
State and local income taxes, net of Federal income tax benefit	3.2	3.2	3.0
Non deductible dispute settlement costs	-	18.7	-
Other items	-	0.6	0.5
Effective tax rate	37.4%	56.5%	38.0%

NOTE 6 - PENSION PLANS:
Noncontributory qualified defined benefit pension plans, providing for normal retirement at age 65, cover all eligible employees (as defined). Periodic benefit payments on retirement are determined based on a fixed amount applied to service or determined as a percentage of earnings prior to retirement. Pension plan assets for retirement benefits consist primarily of fixed income securities and common stock equities.

Net periodic pension cost for 1996, 1995 and 1994 included the following components:

	1996	1995	1994
Service cost - benefits earned during the period	$ 702,000	$ 651,000	$ 640,000
Interest cost on projected benefit obligation	1,041,000	960,000	824,000
Actual (return) loss on assets	(1,784,000)	(2,107,000)	199,000
Net amortization and deferral	1,163,000	1,593,000	(970,000)
Net periodic pension cost	$ 1,122,000	$ 1,097,000	$ 693,000

Assumptions used in the pension accounting (one corporate plan and four plant/factory plans) for the three years ended December 31, 1996 were:

	Discount Rate		Long Term Rate of Return		Salary Scale	
	Corp.	Plants	Corp.	Plants	Corp.	Plants
1994	8.00%	8.00%	8.00%	8.00%	6.00%	N/A
1995	7.00%	7.00%	8.00%	8.00%	4.50%	N/A
1996	7.50%	7.50%	8.00%	8.00%	4.50%	N/A

The following table sets forth the plans' funded status and amounts recognized in the Company's balance sheets at December 31, 1996 and 1995, for its pension plans:

	December 31, 1996		December 31, 1995	
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Actuarial present value of benefit obligations:				
Vested benefit obligation	$ (8,120,000)	$ (4,058,000)	$ (7,529,000)	$ (3,960,000)
Accumulated benefit obligation	$ (8,399,000)	$ (4,105,000)	$ (7,812,000)	$ (4,010,000)
Projected benefit obligation	$ (11,100,000)	$ (4,470,000)	$ (10,197,000)	$ (4,358,000)
Plan assets at fair value	10,903,000	3,527,000	9,192,000	3,113,000
Projected benefit obligation over plan assets	$ (197,000)	$ (943,000)	$ (1,005,000)	$ (1,245,000)
Unrecognized net (gain) or loss	(1,792,000)	(54,000)	(1,155,000)	289,000
Prior service cost not yet recognized in net periodic pension cost	1,820,000	692,000	2,052,000	734,000
Unrecognized net (asset) obligation at date of initial application	-	179,000	-	231,000
Adjustment required to recognize minimum liability	-	(452,000)	-	(906,000)
Prepaid pension cost (pension liability)	$ (169,000)	$ (578,000)	$ (108,000)	$ (897,000)

NOTE 7 - QUARTERLY RESULTS FOR 1994, 1995 AND 1996:

	Quarter Ended			
	March 31, 1994	June 30, 1994	September 30, 1994	December 31, 1994
	(Unaudited)			
Net sales	$ 31,907,441	$ 35,873,454	$ 33,247,093	$ 34,039,409
Gross profit	$ 10,591,394	$ 12,050,846	$ 11,312,800	$ 11,803,628
Earnings before taxes on income	$ 3,209,622	$ 4,598,653	$ 3,971,762	$ 4,480,970
Net earnings	$ 1,989,622	$ 2,853,653	$ 2,461,762	$ 2,775,970
Net earnings per common share	$ .23	$ .32	$ .29	$.33
Dividends per common share	$ .08	$ .08	$ .08	$.08
Average outstanding shares	8,818,554	8,897,552	8,509,791	8,363,552

	Quarter Ended			
	March 31, 1995	June 30, 1995	September 30, 1995	December 31, 1995
	(Unaudited)			
Net sales	$ 34,116,921	$ 33,045,056	$ 33,267,467	$ 34,768,354
Gross profit	$ 11,430,126	$ 10,969,725	$ 11,045,624	$ 10,582,595
Earnings (loss) before taxes on income	$ 3,601,317	$ 3,243,626	$ 3,246,434	$ (1,444,340)
Net earnings (loss)	$ 2,231,317	$ 2,013,626	$ 2,011,434	$ (2,494,340)
Net earnings (loss) per common share	$ .27	$ .24	$ .24	$(.30)
Dividends per common share	$ .09	$ .09	$ .09	$ .09
Average outstanding shares	8,363,552	8,363,552	8,363,552	8,193,552

	Quarter Ended			
	March 31, 1996	June 30, 1996	September 30, 1996	December 31, 1996
	(Unaudited)			
Net sales	$ 34,672,192	$ 34,896,958	$ 35,433,226	$ 36,418,250
Gross profit	$ 11,481,016	$ 11,636,084	$ 12,171,520	$ 12,234,633
Earnings before taxes on income	$ 3,091,317	$ 3,419,856	$ 3,669,717	$ 3,713,206
Net earnings	$ 1,916,317	$ 2,119,856	$ 2,279,717	$ 2,378,206
Net earnings per common share	$ .24	$ .26	$ .28	$ .29
Dividends per common share	$ .09	$ .09	$ .09	$ .11
Average outstanding shares	8,133,552	8,133,552	8,133,552	8,101,378

The independent certified public accountants made a limited review of the 1994, 1995 and 1996 quarterly financial information in accordance with standards established by the American Institute of Certified Public Accountants. Such review was substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of opinion regarding the financial statements taken as a whole, and accordingly, no such opinion was expressed.

NOTE 8 - STOCK OPTIONS:

In 1993 the Company adopted an Incentive Stock Option Plan under which options on 1,500,000 shares were reserved for grant. All options under the Plan have or will be granted at prices at least equal to the fair market value of the shares on the date of grant. Options (all of which are exercisable at each respective year end) granted to date under the Plan are exercisable in part or in full within five years of grant date. Proceeds from the exercise of options are credited to common stock to the extent of par value, and the balance is credited to additional paid-in capital. A summary of option transactions during the three years ended December 31, 1996 (including option transactions from a 1983 Plan which expired in 1993) follows:

		Option Prices		
	No. of Shares	Range Per Share	Total	Market Price
Outstanding January 1, 1994	544,700	$ 8.56 - $18.08	$ 7,354,631	
Granted	104,925	$13.75 - $15.13	1,451,794	$1,442,719
Exercised	(210,300)	$ 8.56 - $ 9.47	(1,815,194)	$3,032,588
Cancelled	(15,100)	$13.75 - $16.44	(246,325)	
Outstanding December 31, 1994	424,225	$13.75 - $18.08	$ 6,744,906	
Granted	145,400	$10.75 - $11.83	1,571,865	$1,563,050
Cancelled	(19,575)	$10.75 - $16.44	(289,243)	
Outstanding December 31, 1995	550,050	$10.75 - $18.08	$ 8,027,528	
Granted	163,825	$10.25 - $11.28	1,730,449	$1,721,378
Cancelled	(11,550)	$10.25 - $16.44	(155,763)	
Outstanding December 31, 1996	702,325	$10.25 - $18.08	$ 9,602,214	

At December 31, options available to issue were 1,380,975 for 1994, 1,255,150 for 1995, and 1,102,875 for 1996. Options have never been repriced by the Company in any year.

The effect on compensation expense, if determined under the provisions of SFAS No. 123, based on the fair value at the grant date consistent with those provisions is not material to net earnings or net earnings per common share. The fair value of options granted is not significant. The Company estimated the fair value of options utilizing the Black-Scholes option pricing model based on the following assumptions:

	Related Party Options	Other Options
Exercise price		
1996	$11.28	$10.25 - $10.88
1995	$11.83	$10.75
Market price		
1996	$10.25	$10.25 - $10.88
1995	$10.75	$10.75
Risk free interest rate		
1996	5.25%	5.25% - 6.55%
1995	6.20%	6.20%
Expected option life	5 years	5 years
Expected volatility		
1996	25.2%	25.2% - 25.7%
1995	25.0%	25.0%
Dividend yield	3%	3%

NOTE 9 - RENTALS:
Aggregate rent expense, including month-to-month rentals, approximated $550,000, $567,000, and $619,000 for the years ended December 31, 1996, 1995 and 1994, respectively. Long-term lease commitments, the last of which expire in 2002, are not material.

NOTE 10 - EARNINGS PER SHARE:
Historical per share data is based on the weighted average number of shares outstanding. The exercise of outstanding stock options would not have a significant effect on earnings per share. The weighted average number of shares outstanding during 1996, 1995 and 1994 was 8,125,465, 8,320,703, and 8,645,739, respectively.

NOTE 11 - DISPUTE WITH GOVERNMENTAL AGENCY:
The Company reached agreements in 1996 with the Department of Justice and the United States Attorney's Office in Tampa, Florida, to resolve its previously announced disputes with the Federal government arising out of certain contractual relations with the Department of Veterans Affairs (formerly the Veterans Administration) from 1983 to 1992. The agreements and $6,500,000 payment resolved investigations of the Company arising from the VA contracts. The Company charged $4,250,000, or approximately $.51 per share against its earnings in the fourth quarter of 1995 in anticipation of the settlements. No additional charges resulted from the settlements in 1996 and the Company is free to continue to sell to all Federal agencies, including the VA.

NOTE 12 - ACCRUED EXPENSES:

	December 31, 1996	December 31, 1995
Salaries, wages, commissions and vacation pay	$2,247,570	$1,348,561
Other accrued expenses	1,860,632	1,712,457
	$4,108,202	$3,061,018

NOTE 13 - SUPPLEMENTAL INFORMATION:

	Year Ended December 31, 1996	1995	1994
Income taxes paid	$ 3,846,804	$ 4,939,067	$5,961,885
Interest paid	$ 1,453,201	$ 1,411,805	$1,436,998

INDEPENDENT AUDITORS' REPORT

Board of Directors and Shareholders
Superior Surgical Mfg. Co., Inc.
Seminole, Florida

We have audited the accompanying balance sheets of Superior Surgical Mfg. Co., Inc. as of December 31, 1996 and 1995, and the related statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Superior Surgical Mfg. Co., Inc. as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principals.

Deloitte & Touche, LLP
Certified Public Accountants

Tampa, Florida
February 20, 1997

PART II

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

NONE

PART III

Items 10, 11, 12 and 13	Directors and Executive Officers; Executive Compensation; Security Ownership of Management and others; Certain Transactions.

The information required by Items 10, 11, 12 and 13 of Form 10-K is incorporated by reference to the information contained in the sections captioned "Directors and Officers, Executive Compensation," "Security Ownership of Certain Beneficial Owners and Management," and "Certain Relationships and Related Transactions" in the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 2, 1997, a copy of which will be filed with the Securities and Exchange Commission on or before March 30, 1997.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 2. Financial Statement Schedules All schedules are omitted because they are not applicable, or not required, or because the required information is included in the financial statements or notes thereto.

(a) 3. Exhibits

Exhibit No.:	
3.2	By-Laws of the Registrant filed as Exhibit to the Registrant's 1996 third quarter Interim on Form 10-Q and incorporated herein by reference.
4.1	Credit Agreement dated January 31, 1996, between the Registrant and Chemical Bank, filed with the Commission as Exhibit 4.1 in registrant's 1995 Form 10-K which is hereby incorporated herein by reference.
4.2	Note Agreement dated January 5, 1994 between the registrant and Massachusetts Mutual Life Insurance Company filed with the Commission as Exhibit 4.2 in registrant's 1994 Form 10-Q for the three months ended March 31, 1994 which is hereby incorporated herein by reference.
4.3	The Registrant, by signing this Registration Statement, agrees to furnish the Commission upon its request a copy of any instrument which defines the rights of holders of long-term debt of the Registrant and which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant.

10.1	Description of the informal bonus plan for officers of the Registrant filed as Exhibit 10 to the Registrant's 1992 Annual Report on Form 10-K and incorporated herein by reference.	
10.2	1993 Incentive Stock Option Plan of the Registrant filed as Exhibit 4.3 to the Registrant's August 18, 1993 Registration Statement on Form S-8 and incorporated herein by reference.	
10.3	1994 Superior Surgical Mfg. Co., Inc. Supplemental Pension Plan filed as Exhibit 10.3 to the Registrant's 1994 Annual Report on Form 10-K and incorporated herein by reference.	
13.	Forms 10-Q for the first three quarters of 1996 - herein incorporated by reference to Registrant's filings thereof with the Securities and Exchange Commission.	
23.	Consent of independent accountants.	IV-5
27.	Financial Data Schedule for year ended December 31, 1996 (For SEC use only.)	
99.	The information contained under the headings "Directors and Executive Officers, Executive Compensation"; "Security Ownership of Certain Beneficial Owners and Management"; and "Certain Relationships and Related Transactions" in the definitive Proxy Statement of the Registrant to be used in connection with the Registrant's 1997 Annual Meeting of Stockholders, to be filed on or before March 30, 1997, is hereby incorporated herein by reference.	

(b) Reports on Form 8-K:

There were no reports on Form 8-K for the three months ended December 31, 1996.

(c) See (a) 3. above.

(d) None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUPERIOR SURGICAL MFG. CO., INC.

/s/ Gerald M. Benstock

BY: Gerald M. Benstock
(Chairman and Chief Executive Officer)

/s/ John W. Johansen

BY: John W. Johansen
(Chief Financial Officer and Principal Accounting Officer, Sr. Vice President, Treasurer and Secretary)

DATE: March 28, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/ Saul Schechter *- --------------------------------* *Saul Schechter, March 28, 1997* *(Director)*	*/s/ Alan D. Schwartz* *---------------------------------------* *Alan D. Schwartz, March 28, 1997* *(Director)*
/s/ Manuel Gaetan *- --------------------------------* *Manuel Gaetan, March 28, 1997* *(Director)*	*/s/ Michael Benstock* *---------------------------------------* *Michael Benstock, March 28, 1997* *(Director)*
/s/ Thomas K. Riden *- --------------------------------* *Thomas K. Riden, March 28, 1997* *(Director)*	*/s/ Peter Benstock* *---------------------------------------* *Peter Benstock, March 28, 1997* *(Director)*
/s/ Sidney Kirschner *- --------------------------------* *Sidney Kirschner, March 28, 1997* *(Director)*	

EXHIBIT INDEX

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EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement No. 2-85796 of Superior Surgical Mfg. Co., Inc. on Form S-8 of our report dated February 20, 1997, appearing in the Annual Report on Form 10-K of Superior Surgical Mfg. Co., Inc. for the year ended December 31, 1996.

/s/ Deloitte & Touche LLP

Tampa, Florida
March 28, 1997

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATIN EXTRACTED FROM THE FINANCIAL STATEMENTS CONTAINED IN THE COMPANY'S ANNUAL REPORT ON FORM 1O-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	DEC 31 1996
CASH	4,718,632
SECURITIES	0
RECEIVABLES	23,517,237
ALLOWANCES	250,000
INVENTORY	44,112,968
CURRENT ASSETS	73,381,965
PP&E	28,995,394
DEPRECIATION	0
TOTAL ASSETS	105,659,094
CURRENT LIABILITIES	13,139,337
BONDS	15,733,333
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	8,053,552
OTHER SE	66,102,872
TOTAL LIABILITY AND EQUITY	105,659,094
SALES	141,420,626
TOTAL REVENUES	0
CGS	93,897,373
TOTAL COSTS	127,526,530
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	1,295,233
INCOME PRETAX	13,894,096
INCOME TAX	5,200,000
INCOME CONTINUING	0
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	8,694,096
EPS PRIMARY	1.07
EPS DILUTED	1.07

End of Filing