SUPERIOR UNIFORM GROUP INC

FORM 10-K
(Annual Report)

Filed 03/25/99 for the Period Ending 12/31/98

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 3/25/1999 For Period Ending 12/31/1998

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, 1998

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

Commission File Number 1-5869-1

SUPERIOR UNIFORM GROUP, INC.

Incorporated - Florida	I.R.S. Employer Identification No. 11-1385670
10099 Seminole Blvd. Seminole, Florida 33772	
Telephone	(727) 397-9611

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

Common Shares with a par value Listed on
of $.001 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 19, 1999, 7,847,627 common shares were outstanding, and the aggregate market value of the registrant's common shares held by non-affiliates was approximately $66 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, 1999, for its Annual Meeting of Shareholders to be held May 7, 1999, 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 Uniform Group, Inc. ("registrant" or the "Company") was organized in 1920 and was incorporated in 1922 as a New York company under the name Superior Surgical Mfg. Co., Inc. In 1998, the Company changed its state of incorporation to Florida. 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 significant distinct segments or lines of business; over 95% of registrant's 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.

3. Corporate and resort embroidered sportswear.

Uniforms and service apparel account for 90-95% of total sales and revenues; no other single class of product listed above 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 5% of registrant's 1998 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 26, 1999, the backlog of all orders was approximately $6,700,000, compared to approximately $8,500,000 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 1,800 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) 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.

(d) Tampa, Florida - Plant of approximately 111,000 square feet, owned by the registrant; used for regional administrative offices, warehousing, shipping and small retail operation.

(e) Miami, Florida - Plant of approximately 9,000 square feet, leased from private owners under a lease expiring in 2002; used for regional sales office, warehousing, shipping, and small retail operation.

(f) 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.

(g) Marietta, Georgia - Plant and warehouse of approximately 26,000 square feet leased from private owners.

(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.

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							
	1998				1997			
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
Common Shares:								
High	$17-1/2	$18-5/8	$16-3/4	$14-3/4	$14-3/8	$13	$16-3/4	$16
Low	$15-1/4	$15-5/16	$12-3/8	$11-5/8	$12-7/8	$11	$11-3/8	$13-1/2
Dividends (total for 1998-$.51; 1997-$.455)	$.125	$.125	$.125	$.135	$.11	$.11	$.11	$.125

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 $18,248,000 were available at December 31, 1998 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 19, 1999, registrant had 394 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,	1998	1997	1996	1995	1994
Net sales	$160,717,583	$144,607,048	$141,420,626	$135,197,798	$135,067,397
Costs and expenses:					
Cost of goods sold	106,620,626	96,213,237	93,897,373	91,169,728	89,308,729
Selling and administrative expenses	36,991,002	32,903,249	32,333,924	30,162,203	28,537,946
Business process re-engineering charge	3,474,391	--	--	--	--
Provision for dispute settlement	--	--	--	4,250,000	--
Interest expense	1,115,724	1,100,553	1,295,233	968,830	959,715
	148,201,643	130,217,039	127,526,530	126,550,761	118,806,390
Earnings before taxes on income	12,515,940	14,390,009	13,894,096	8,647,037	16,261,007
Taxes on income	4,570,000	5,220,000	5,200,000	4,885,000	6,180,000
Net earnings	$ 7,945,940	$ 9,170,009	$ 8,694,096	$ 3,762,037	$ 10,081,007
Basic earnings per common share	$1.01	$1.15	$1.07	$0.45	$1.17
Diluted earnings per common share	$1.00	$1.14	$1.07	$0.45	$1.17
Cash dividends per common share	$0.51	$0.455	$0.38	$0.36	$0.32
At year end:					
Total assets	$119,038,910	$108,354,855	$105,659,094	$106,133,637	$104,864,385
Long-term debt	$ 17,600,000	$ 13,466,666	$ 15,733,333	$ 18,000,000	$ 18,600,000
Working capital	$ 67,040,464	$ 63,764,610	$ 60,242,628	$ 55,081,842	$ 64,295,804
Shareholders' equity	$ 80,503,405	$ 78,117,115	$ 74,156,424	$ 69,517,878	$ 70,937,920

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

OPERATIONS: In 1998 and 1997, net sales increased 11% and 2%, respectively. The increases were attributed 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 as well as corporate and resort embroidered sportswear). The 1998 increase was also attributed to the acquisition of Sope Creek in January of 1998.

As a percent of sales, cost of goods sold were 66.3% in 1998, 66.5% in 1997, and 66.4% in 1996. The decrease in 1998 was primarily the result of increased manufacturing efficiencies.

Selling and administrative expenses increased by 12% in 1998 and 2% in 1997. The increases were primarily attributable to increases in costs associated with the Company's growth in sales.

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 1999.

Included in earnings for the year ended December 31, 1998 are pre-tax charges (in accordance with an Emerging Issues Task Force Consensus issued November 20, 1997) in the amount of $3,474,391, as part of our 1998 commitment to business process re-engineering activities (integrated SAP systems). The business process re-engineering activities extend across substantially all operating processes of the Company's business, including inventory management, manufacturing, sales and distribution, and human resources. The Company will be utilizing SAP's R/3 product along with apparel specific enhancements in the apparel/footwear solution. The Company expects to be on the leading edge of integrated business process technology in the apparel industry. The costs associated with the charge consist primarily of charges from external consultants assisting with the implementation and external costs associated with training users. The Company expects that the project will be completed during the second quarter of 1999 and that the total remaining charge associated with the project will not be significant.

Interest expense as a percentage of sales was 0.7% in 1998, 0.8% in 1997; and in 1996 was 0.9%. The decreases in 1998 and 1997 were due to reduced fixed rate long-term debt, offset by higher borrowings outstanding on the long-term revolving credit agreement in 1998.

The effective income tax rate in 1998 was 36.5%; in 1997 it was 36.3%; and in 1996, it was 37.4%.

In 1998, the Company reported net income of 4.9% of sales with a return of 10% on average shareholders' equity. Excluding the impact of the pre-tax charge discussed above, these amounts would have been 6.3% and 12.8%, respectively. In 1997, the Company reported net income of 6.3% of sales with a return of 12.0% on average equity; for 1996, the corresponding figures were 6.2% and 12.1%.

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 1998 was $67,040,464 and the working capital ratio 4.6:1; for 1997, it was $63,764,610 and the ratio 5.4:1. 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 to fund the Company's operations.

In 1998, the Company's percentage of long-term debt to long-term debt and equity was 19.8%; and in 1997, it was 16.8%.

The Company has an on-going capital expenditure program designed to maintain and improve its facilities. Capital expenditures were approximately $6,260,000, $2,240,000, and $2,625,000, in the years 1998, 1997 and 1996, respectively. Capital expenditures for 1998 included approximately $4,900,000 related to the acquisition and implementation of new computer hardware and software. The Company at all times evaluates its capital expenditure programs in light of prevailing economic conditions.

In 1996, the accumulation of cash balances which would normally be placed in cash equivalents were depleted significantly by the one-time payment of $6,500,000 to settle the government dispute. 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. In 1997, cash and cash equivalents increased by approximately $4,200,000 due primarily to scheduled reductions in long-term debt of approximately $2,300,000, the repurchase of 151,900 common shares of the Company's stock for a net impact of approximately $1,970,000, and the offset of cash flows from operating activities. Cash and cash equivalents decreased by approximately $8,400,000 during 1998. This decrease is attributed to scheduled reductions of fixed rate long-term debt offset by additional borrowings under the Company's long-term revolving credit agreement, the repurchase of 168,700 common shares of the Company's stock for a net impact of approximately $2,435,000, approximately $8,330,000 utilized in investing activities primarily for the computer system implementation, the acquisition of Sope Creek and recurring fixed asset additions, offset by approximately $1,380,000 of cash generated from operations.

As of December 31, 1998, under its existing $10,000,000 revolving credit agreement, the Company had available to it approximately $1,965,000. 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 6 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, 1998, under the most restrictive terms of the debt agreements, retained earnings of approximately $18,248,000 were available for declaration of dividends. The Company is currently in full compliance with all terms, conditions and covenants of its various credit agreements. With funds from such credit facility, anticipated cash flows generated from operations and other credit sources readily available, the Company believes 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 for 1999.

THE YEAR 2000 PROJECT: The Company recognizes the need to ensure that its systems, applications and hardware will recognize and process transactions for the Year 2000 and beyond and therefore initiated a project to identify its risks with regard to Year 2000. This project consists of four phases including:
collecting an inventory of potential risks, assessing the actual risk, remedial work to correct identified problems, and testing for proper operation. The first two phases of the project have been completed and systems found to be non-compliant are either being remedied or are ready for testing. All systems are expected to be tested and ready for Year 2000 operations by July 1, 1999. There can be no assurance that the Company will successfully complete the Year 2000 project. While the Company does not consider the possibility of such occurrence to be reasonably likely, if the Company does not complete significant portions of the project on a timely basis, the Company's operations and financial condition could be adversely impacted.

The Company started a project approximately two years ago to replace all of its existing business information systems with enterprise resource planning software as part of a business process re-engineering initiative. Having selected SAP R/3, a fully Year 2000 compliant product, we expect to place this system in operation in the second quarter of 1999. So as not to put the Company at risk in the event of a delay in the SAP R/3 implementation, the Company has begun, in parallel, a project to bring its existing systems into compliance. If necessary, these changes are expected to be ready for implementation by July 1, 1999.

All other systems, including warehouse management, shop floor data collection, and computer aided design and manufacturing systems have been determined to be compliant or have available upgrades that are compliant, and those upgrades are currently in process. Due to the nature of the Company's business, its operations generally do not include significant systems relying on embedded technology, such as microcontrollers, which are difficult to evaluate and repair.

The cost to repair or replace affected systems, exclusive of the SAP R/3 implementation, is estimated at $670,000. Of this amount approximately $270,000 has been incurred and expensed as of December 31, 1998. This estimate, based on currently available information, may need to be revised upon receipt of additional information from vendors and suppliers.

The Company is also assessing the Year 2000 readiness of key third parties. The Company is contacting critical suppliers of products and services and other significant third parties regarding Year 2000 compliance to evaluate the extent to which the Company may be vulnerable in the event of their failure to resolve their own Year 2000 issues. If the Company does not receive reasonable assurances from such third parties as to Year 2000 compliance, the Company will assess the potential risks and where practicable, the Company will develop and finalize contingency plans by June 30, 1999 to attempt to mitigate the extent of the potential impact of the failure of these third parties to be Year 2000 ready. The Company has no means of ensuring that third parties will be Year 2000 ready and the failure by third parties to address Year 2000 issues could have a material adverse effect on the Company's operations and financial results.

However, the effect, if any, on the Company from the failure of such parties to be Year 2000 ready is unknown and not reasonably estimable. While the Company believes its Year 2000 program is adequate to detect in advance compliance issues, the Year 2000 issue has many aspects and potential consequences which are not reasonably foreseeable and there can be no assurance that the Company will not be adversely impacted.

Furthermore, the Company could also be adversely affected by the domino effect of general disruptions in the general economy resulting from Year 2000 issues and does not believe it can develop a contingency plan to protect the Company from such event. Finally, although the Company's business requires the availability of key public services and utilities, no contingency plans are being developed to address any disruptions of such services and utilities.

Statements contained in this Annual Report contain certain forward-looking statements that involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially are the following - general economic conditions 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 availability of manufacturing materials; and the impact of Year 2000 issues.

Item 8 - Financial Statements and Supplementary Data

SUPERIOR UNIFORM GROUP, INC.

STATEMENTS OF EARNINGS
Years Ended December 31, 1998, 1997 and 1996

	1998	1997	1996
Net sales	$160,717,583	$144,607,048	$141,420,626
Costs and expenses:			
Cost of goods sold	106,620,526	96,213,237	93,897,373
Selling and administrative expenses	36,991,002	32,903,249	32,333,924
Business process re-engineering charge	3,474,391	--	--
Interest expense	1,115,724	1,100,553	1,295,233
	148,201,643	130,217,039	127,526,530
Earnings before taxes on income	12,515,940	14,390,009	13,894,096
Taxes on income	4,570,000	5,220,000	5,200,000
Net earnings	$ 7,945,940	$ 9,170,009	$ 8,694,096
Basic earnings per common share	$1.01	$1.15	$1.07
Diluted earnings per common share	$1.00	$1.14	$1.07
Dividends per common share	$0.51	$0.455	$0.38

STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 31, 1998, 1997 and 1996

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance, January 1, 1996	8,133,552	$8,134	$ 9,877,548	$59,632,196	$69,517,878
Net earnings				8,694,096	8,694,096
Purchase and retirement of common shares	(80,000)	(80)	(97,154)	(867,566)	(964,800)
Cash dividends declared ($.38 per share)				(3,090,750)	(3,090,750)
Balance, December 31, 1996	8,053,552	8,054	9,780,394	64,367,976	74,156,424
Net earnings				9,170,009	9,170,009
Common shares issued upon exercise of options	34,850	35	374,484		374,519
Purchase and retirement of common shares	(151,900)	(152)	(187,190)	(1,778,886)	(1,966,228)
Cash dividends declared ($.455 per share)				(3,617,609)	(3,617,609)
Balance, December 31, 1997	7,936,502	7,937	9,967,688	68,141,490	78,117,115
Net earnings				7,945,940	7,945,940
Common shares issued upon exercise of options	78,725	79	907,494		907,573
Purchase and retirement of common shares	(168,700)	(169)	(218,022)	(2,217,294)	(2,435,485)
Cash dividends declared ($.51 per share)				(4,031,738)	
Balance, December 31, 1998	7,846,527	$7,847	$10,657,160	$69,838,398	$80,503,405

See Notes to Financial Statements.

BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

ASSETS	1998	1997
CURRENT ASSETS		
Cash and cash equivalents	$ 514,001	$ 8,889,948
Accounts receivable, less allowance for doubtful accounts of $250,000	32,547,966	25,585,915
Inventories	50,761,088	42,523,009
Prepaid expenses and other current assets	1,887,914	1,136,812
TOTAL CURRENT ASSETS	85,710,969	78,135,684
PROPERTY, PLANT AND EQUIPMENT, NET	27,934,411	26,772,477
EXCESS OF COST OVER FAIR VALUE OF ASSETS ACQUIRED	2,773,063	813,626
OTHER ASSETS	2,620,467	2,633,068
	$119,038,910	$108,354,855
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 10,659,144	$ 6,806,955
Accrued expenses	5,008,606	4,380,174
Taxes on income	736,088	917,278
Current portion of long-term debt	2,266,667	2,266,667
TOTAL CURRENT LIABILITIES	18,670,505	14,371,074
LONG-TERM DEBT	17,600,000	13,466,666
DEFERRED INCOME TAXES	2,265,000	2,400,000
SHAREHOLDERS' EQUITY		
Preferred stock, $1 par value - authorized 300,000 shares (none issued)	--	--
Common stock, $.001 par value - authorized 50,000,000 shares, issued and outstanding - 7,846,527 and 7,936,502, respectively	7,847	7,937
Additional paid-in capital	10,657,160	9,967,688
Retained earnings	69,838,398	68,141,490
TOTAL SHAREHOLDERS' EQUITY	80,503,405	78,117,115
	$119,038,910	$108,354,855

See Notes to Financial Statements.

SUPERIOR UNIFORM GROUP, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	$ 7,945,940	$ 9,170,009	$ 8,694,096
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	4,543,881	4,427,422	4,354,477
Deferred income taxes	(135,000)	(230,000)	1,320,000
Changes in assets and liabilities, net of acquisition:			
Accounts receivable	(6,059,297)	(2,318,678)	1,515,980
Inventories	(7,080,644)	1,589,959	(3,023,020)
Prepaid expenses and other current assets	(751,102)	146,316	(190,245)
Accounts payable	3,511,986	389,816	(213,469)
Accrued expenses	(413,880)	271,972	1,047,184
Liability for dispute settlement	-	-	(6,500,000)
Taxes on income	(181,190)	569,949	(166,804)
Net cash flows provided by operating activities	1,380,694	14,016,765	6,838,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(6,259,024)	(2,241,544)	(2,623,072)
Disposals of property, plant and equipment	753,254	41,689	12,435
Purchase of business, net of cash acquired	(2,837,155)	--	--
Other assets	12,601	(169,609)	(274,933)
Net cash used in investing activities	(8,330,324)	(2,369,464)	(2,885,570)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	6,400,000	--	--
Repayment of long-term debt	(2,266,667)	(2,266,667)	(600,000)
Declaration of cash dividends	(4,031,738)	(3,617,609)	(3,090,750)
Proceeds received on exercise of stock options	907,573	374,519	--
Common stock reacquired and retired	(2,435,485)	(1,966,228)	(964,800)
Net cash used in financing activities	(1,426,317)	(7,475,985)	(4,655,550)
Net (decrease) increase in cash and cash equivalents	(8,375,947)	4,171,316	(702,921)
Cash and cash equivalents balance, beginning of year	8,889,948	4,718,632	5,421,553
Cash and cash equivalents balance, end of year	$ 514,001	$ 8,889,948	$ 4,718,632

See Notes to Financial Statements.

SUPERIOR UNIFORM GROUP, INC.

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 1998, 1997 and 1996

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) BASIS OF PRESENTATION--On May 8, 1998, the shareholders of the Company approved a Plan of Merger between the Company and its wholly-owned subsidiary Superior Uniform Group, Inc., a Florida corporation. Superior Uniform Group, Inc. is the surviving corporation. Concurrent with the merger, the capitalization of the Company was revised to change the par value of the common stock from $1 par value to $.001 par value. All share and per share amounts in the accompanying financial statements have been retroactively adjusted to reflect this change.

c) CASH AND CASH EQUIVALENTS--The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

d) INVENTORIES--Inventories are stated at the lower of cost (first-in, first-out method) or market.

e) 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.

f) 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.

g) IMPAIRMENT OF LONG-LIVED ASSETS--The Company evaluates the carrying amount of long-lived assets to be held and used, including excess of cost over fair value of assets acquired, when events and circumstances warrant such a review. The carrying amount of a long-lived asset is considered impaired when the estimated undiscounted cash flow from each asset is estimated to be less than its carrying amount.

h) 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.

i) 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.

j) 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.

k) EARNINGS PER SHARE--The Company adopted the provisions of the Financial Accounting Standards Board Opinion No. 128, "Earnings Per Share," ("FAS 128"), during the fourth quarter of 1997, as required. Historical basic per share data under FAS 128 is based on the weighted average number of shares outstanding. Historical diluted per share data under FAS 128 is reconciled by adding to weighted average shares outstanding the dilutive impact of the exercise of outstanding stock options.

l) COMPREHENSIVE INCOME--The Company adopted the provisions of FAS 130, "Reporting Comprehensive Income" in the first quarter of 1998. FAS 130 requires disclosures of comprehensive income including per-share amounts in addition to the existing statement of earnings. Comprehensive income is defined as the change in equity during a period, from transactions and other events, excluding changes resulting from investments by owners (e.g., supplemental stock offering) and distributions to owners (e.g., dividends). For the year ending December 31, 1998, there are no items requiring separate disclosure in accordance with this statement.

m) OPERATING SEGMENTS--The Company adopted the provisions of FAS 131 "Disclosures about Segments of an Enterprise and Related Information." in the first quarter of 1998. FAS 131 requires disclosures of certain information about operating segments and about products and services, geographic areas in which the Company operates, and their major customers. The Company has evaluated the effect of this new standard and has determined that currently they operate in one segment, as defined in this statement.

n) 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 - ACQUISITION OF SOPE CREEK DIVISION:

Effective January 2, 1998, the Company acquired the net assets of J & L Group, Inc., a manufacturer of embroidered sportswear, with revenues for the year ended December 1997 of approximately $6,700,000. The acquisition was accounted for under the purchase method of accounting and the purchase price of $2,873,929 was allocated as follows:

Cash	$ 36,773
Accounts receivable	902,754
Inventories	1,157,435
Property, plant & equipment	92,021
Excess of cost over fair value of assets acquired	2,067,461
TOTAL ASSETS	$4,256,444
Accounts Payable and Accrued Expenses	$1,382,515

NOTE 3 - BUSINESS PROCESS RE-ENGINEERING CHARGE:

The statement of earnings for the year ended December 31, 1998 includes pre-tax charges (in compliance with an Emerging Issues Task Force Consensus issued November 20, 1997) in the amount of $3,474,391 as part of the Company's 1998 commitment to business process re-engineering activities (integrated SAP systems).

NOTE 4 - INVENTORIES:

	December 31, 1998	December 31, 1997
Finished goods	$ 34,844,679	$ 25,835,299
Work in process	3,452,278	4,627,273
Raw materials	12,464,131	12,060,437
	$ 50,761,088	$ 42,523,009

The opening inventory used in computing cost of goods sold for 1996 was $41,089,948. General and administrative costs capitalized to inventories are not material.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT:

	December 31, 1998	December 31, 1997
Land	$ 2,080,661	$ 2,116,331
Buildings, improvements and leaseholds	10,297,967	10,944,221
Machinery, equipment and fixtures	45,838,502	41,094,918
	58,217,130	54,155,470
Accumulated depreciation and amortization	30,282,719	27,382,993
	$ 27,934,411	$ 26,772,477

Depreciation and amortization charges were $4,435,857, $4,422,773, and $4,349,827 in 1998, 1997 and 1996, respectively.

NOTE 6 - LONG-TERM DEBT:

	December 31, 1998	December 31, 1997

Note payable-bank, pursuant to revolving credit and term loan agreement	$ 6,400,000	$ --
6.65% note payable to MassMutual Life Insurance Company, due $1,666,667 annually, 1998-2005	11,666,667	13,333,333
9.9% note payable to MassMutual Life Insurance Company, due $600,000 annually, 1998-2001	1,800,000	2,400,000
	19,866,667	15,733,333
Less payments due within one year included in current liabilities	2,266,667	2,266,667
	$ 17,600,000	$ 13,466,666

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 (7.75% at December 31, 1998) 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 available balance under the credit agreement is reduced by outstanding letters of credit. As of December 31, 1998, approximately $1,635,000 was outstanding under the letters of credit. 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, 1998, under the most restrictive terms of the debt agreements, retained earnings of approximately $18,248,000 were available for declaration of dividends. The Company is currently 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 1999; $4,400,000 in 2000 and 2001; $3,800,000 in 2002; and $1,666,667 in each of the years from 2003 through 2005, assuming the balance outstanding on the revolving credit loan converts to a term loan in 2000.

NOTE 7 - TAXES ON INCOME:

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

	1998	1997	1996
Current:			
Federal	$ 4,165,000	$ 4,960,000	$ 3,205,000
State and local	540,000	490,000	675,000
	4,705,000	5,450,000	3,880,000
Deferred	(135,000)	(230,000)	1,320,000
	$ 4,570,000	$ 5,220,000	$ 5,200,000

The significant components of the deferred income tax liability are as follows:

	1998	1997
Deferred income tax assets:		
Operating reserves and other accruals	$ 815,000	$ 725,000
Deferred income tax liabilities:		
Book carrying value in excess of tax basis of property	2,630,000	2,839,000
Deferred expenses	450,000	286,000
Net deferred income tax liability	$ 2,265,000	$ 2,400,000

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

	1998	1997	1996
Statutory Federal income tax rate	34.2%	34.3%	34.2%
State and local income taxes, net of Federal income tax benefit	2.8	2.2	3.2
Other items	(0.5)	(0.2)	--
Effective income tax rate	36.5%	36.3%	37.4%

NOTE 8 - 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 1998, 1997 and 1996 included the following components:

	1998	1997	1996
Service cost - benefits earned during the period	$ 664,000	$ 683,000	$ 702,000
Interest cost on projected benefit obligation	989,000	1,014,000	1,041,000
Expected return on plan assets	(1,144,000)	(1,072,000)	(991,000)
Amortization of transition obligation	33,000	53,000	53,000
Amortization of prior service cost	296,000	394,000	373,000
Recognized actuarial gain	(310,000)	(278,000)	(56,000)
Settlement gain	(421,000)	(66,000)	--
Curtailment loss	--	440,000	--
Net periodic pension cost after curtailments and settlements	$ 107,000	$ 1,168,000	$1,122,000

Assumptions used in the calculation of net periodic pension cost (one corporate plan and four plant/factory plans) for the three years ended December 31, 1998 were:

	Discount Rate		Long Term Rate of Return		Salary Scale	
	Corp.	Plants	Corp.	Plants	Corp.	Plants
1996	7.00%	7.00%	8.00%	8.00%	4.50%	N/A
1997	7.50%	7.50%	8.00%	8.00%	4.50%	N/A
1998	7.25%	7.25%	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, 1998 and 1997, for its pension plans:

	December 31, 1998		December 31, 1997	
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
CHANGES IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	$15,337,495	$ 375,080	$12,647,183	$2,923,243
Service Cost	642,947	20,879	632,725	50,694
Interest Cost	954,638	34,802	831,837	182,586
Actuarial (gain) or loss	536,258	223,588	(94,328)	(241,761)
Settlement/Curtailment	(2,013,444)	--	(25,311)	21,631
Benefits Paid	(883,451)	--	(1,050,301)	(165,623)
Benefit obligation end of year	14,574,443	654,349	12,941,805	2,770,770
CHANGES IN PLAN ASSETS				
Fair value of plan assets at beginning of year	16,075,964	--	12,395,400	2,034,865
Actual return on assets	3,201,766	--	2,314,183	293,581
Employer contributions	--	--	108,327	145,532
Benefits paid	(883,451)	--	(1,050,301)	(165,623)
Settlements	(1,901,234)	--	--	--
Fair value of plan assets at end of year	16,493,045	--	13,767,609	2,308,355
Funded Status	1,918,602	(654,349)	825,804	(462,415)
Unrecognized transition obligation	33,220	--	1,381	64,592
Unrecognized actuarial gain	(3,676,048)	(129,184)	(3,129,054)	(339,153)
Unrecognized prior service costs	823,958	366,862	1,250,909	577,928
Additional minimum liability	--	--	--	(269,624)
Accrued benefit costs	$ (900,268)	$(416,671)	$ 1,050,960	$ (428,672)

NOTE 9 - QUARTERLY RESULTS FOR 1997 AND 1998:

	Quarter Ended			
	March 31, 1997	June 30, 1997	September 30, 1997	December 31, 1997
	(Unaudited)			
Net sales	33,513,631	37,518,173	37,117,239	36,458,005
Gross profit	11,269,936	12,561,234	12,486,253	12,076,388
Earnings before taxes on income	2,920,056	3,718,602	3,932,193	3,819,158
Net earnings	1,825,056	2,323,602	2,458,193	2,563,158
Basic earnings per common share	$0.23	$0.29	$0.31	$0.32
Diluted earnings per common share	$0.22	$0.29	$0.30	$0.32
Dividends per common share	$0.11	$0.11	$0.11	$0.125
Average outstanding shares (Basic)	8,054,905	7,992,148	7,975,914	7,964,398
Average outstanding shares (Diluted)	8,115,932	8,020,928	8,063,110	7,927,886

	Quarter Ended			
	March 31, 1998	June 30, 1998	September 30, 1998	December 31, 1998
	(Unaudited)			
Net sales	37,432,507	38,704,155	41,675,244	42,905,677
Gross profit	12,641,222	13,070,657	13,943,285	14,441,893
Earnings before taxes on income	2,451,121	2,824,491	3,376,479	3,863,849
Net earnings	1,561,121	1,804,491	2,156,479	2,423,849
Basic earnings per common share	$0.20	$0.23	$0.27	$0.31
Diluted earnings per common share	$0.20	$0.23	$0.27	$0.31
Dividends per common share	$0.125	$0.125	$0.125	$0.135
Average outstanding shares (Basic)	7,871,098	7,892,173	7,896,163	7,848,660
Average outstanding shares (Diluted)	8,001,605	8,005,644	7,967,220	7,891,511

The independent certified public accountants made a limited review of the 1997 and 1998 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 10 - RENTALS:

Aggregate rent expense, including month-to-month rentals, approximated $767,000, $520,000 and $550,000, for the years ended December 31, 1998, 1997, and 1996, respectively. Long-term lease commitments are as follows: 1999 - $607,000; 2000 - $566,000; 2001 - $412,000; 2002 - $213,000; 2003 and thereafter - $208,000.

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 - 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, 1998 follows:

	No. of Shares	Weighted Average Exercise Price	Total	Market Price
Outstanding January 1, 1996	550,050	$14.59	$ 8,027,528	
Granted	163,825	10.56	1,730,449	$1,721,378
Cancelled	(11,550)	13.49	(155,763)	
Outstanding December 31, 1996	702,325	13.67	9,602,214	
Granted	137,275	13.88	1,905,347	$1,896,272
Exercised	(34,850)	10.75	(374,519)	
Lapsed	(277,200)	16.59	(4,598,087)	
Cancelled	(48,375)	14.98	(724,834)	
Outstanding December 31, 1997	479,175	12.13	5,810,121	
Granted	135,050	15.72	2,122,525	$2,113,450
Exercised	(78,725)	11.53	(907,573)	
Cancelled	(11,975)	13.32	(159,527)	
Outstanding December 31, 1998	523,525	$13.11	$ 6,865,546	

The weighted average remaining life for options outstanding at December 31, 1998 was 2.7 years. At December 31, options available to issue were 1,102,875 for 1996, 1,291,175 for 1997 and 1,168,100 for 1998. Options have never been repriced by the Company in any year.

The effect on compensation expense, if determined under the provisions of FAS 123, "Accounting for Stock-Based Compensation" 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		
1998	$18.15	$15.00 - $16.50
1997	$15.13	$13.75 - $13.88
1996	$11.28	$10.25 - $10.88
Market price		
1998	$16.50	$15.00 - $16.50
1997	$13.75	$13.75 - $13.88
1996	$10.25	$10.25 - $10.88
Risk free interest rate		
1998	5.43%	5.43% - 5.62%
1997	6.17%	6.08% - 6.17%
1996	5.25%	5.25% - 6.55%
Expected option life	5 years	5 years
Expected volatility		
1998	26.2%	24.9% - 26.2%
1997	26.5%	26.2% - 26.5%
1996	25.2%	25.2% - 25.7%
Dividend yield	3%	3%

NOTE 13 - EARNINGS PER SHARE:

The following table represents the computation of basic and diluted earnings per share:

	1998	1997	1996
Net income	$7,945,940	$9,170,009	$8,694,096
Weighted average shares outstanding	7,877,024	7,996,536	8,125,465
Basic earnings per common share	$1.01	$1.15	$1.07

	1998	1997	1996
Net Income	$7,945,940	$9,170,009	$8,694,096
Weighted average shares outstanding	7,877,024	7,996,536	8,125,465
Common stock equivalents	88,901	65,428	17,493
Total weighted average shares outstanding	7,965,925	8,061,964	8,142,958
Diluted earnings per common share	$1.00	$1.14	$1.07

NOTE 14 - ACCRUED EXPENSES:

	December 31,	
	1998	1997
Salaries, wages, commissions and vacation pay	$2,574,205	$2,071,405
Other accrued expenses	2,434,401	2,308,769
	$5,008,606	$4,380,174

NOTE 15 - SUPPLEMENTAL INFORMATION:

	Year Ended December 31,		
	1998	1997	1996
Income taxes paid	$4,586,097	$4,680,144	$3,846,804
Interest paid	$1,200,456	$1,248,171	$1,453,201

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
Superior Uniform Group, Inc.
Seminole, Florida

We have audited the accompanying balance sheets of Superior Uniform Group, Inc. (formerly Superior Surgical Mfg. Co., Inc.) (the "Company") as of December 31, 1998 and 1997, and the related statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1998. 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, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1998, and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Tampa, Florida
February 19, 1999

PART II

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

NONE

PART III

Items 10, 11, Directors and Executive Officers; Executive Compensation; 12 and 13 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 7, 1999, a copy of which will be filed with the Securities and Exchange Commission on or before March 30, 1999.

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

See Exhibit Index

(b) Reports on Form 8-K:

There were no reports on Form 8-K for the three months ended December 31, 1998.

(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 UNIFORM GROUP, INC.

/s/ Gerald M. Benstock

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

/s/ Andrew D. DeMott, Jr.

BY: Andrew D. Demott, Jr.
(Treasurer and Principal Accounting Officer)

DATE: March 25, 1999

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/ Michael Benstock *Michael Benstock, March 25, 1999* *(Director)*	*/s/ Alan D. Schwartz* *Alan D. Schwartz, March 25, 1999* *(Director)*
/s/ Saul Schechter *Saul Schechter, March 25, 1999* *(Director)*	*/s/ Peter Benstock* *Peter Benstock, March 25, 1999* *(Director)*
/s/ Manuel Gaetan *Manuel Gaetan, March 25, 1999* *(Director)*	*/s/ Sidney Kirschner* *Sidney Kirschner, March 25, 1999* *(Director)*

SUPERIOR UNIFORM GROUP, INC.

EXHIBIT INDEX

(a) 3. Exhibits

Exhibit No.:	Description
3.1	Amended and restated Articles of Incorporation of the Registrant filed as Exhibit 3.1 to the Registrant's Interim Report on Form 10-Q for the quarter ended June 30, 1998 and incorporated herein by reference.
3.2	By-Laws of the Registrant filed as Exhibit 3.2 to the Registrant's 1998 Interim Report on Form 10-Q for the quarter ended June 30, 1998 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 quarter ended March 31, 1994 which is hereby incorporated herein by reference. (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 1998 - herein incorporated by reference to Registrant's filings thereof with the Securities and Exchange Commission.
23.	Consent of independent accountants.
27.	Financial Data Schedule for year ended December 31, 1998 (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 1999 Annual Meeting of Stockholders, to be filed on or before March 30, 1999 is hereby incorporated

herein by reference.

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 Uniform Group, Inc. (formerly Superior Surgical Mfg. Co., Inc.) on Form S-8 of our report dated February 19, 1999, appearing in the Annual Report on Form 10-K of Superior Uniform Group, Inc. for the year ended December 31, 1998.

Tampa, Florida
March 24, 1999

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS CONTAINED IN THE COMPANY'S ANNUAL REPORT ON FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	DEC 31 1998
CASH	514,001
SECURITIES	0
RECEIVABLES	32,797,966
ALLOWANCES	250,000
INVENTORY	50,761,088
CURRENT ASSETS	85,710,969
PP&E	27,934,411
DEPRECIATION	0
TOTAL ASSETS	119,038,910
CURRENT LIABILITIES	18,670,505
BONDS	17,600,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	7,847
OTHER SE	80,495,558
TOTAL LIABILITY AND EQUITY	119,038,910
SALES	160,717,583
TOTAL REVENUES	0
CGS	106,620,526
TOTAL COSTS	148,201,643
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	1,115,724
INCOME PRETAX	12,515,940
INCOME TAX	4,570,000
INCOME CONTINUING	0
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	7,945,940
EPS PRIMARY	1.01
EPS DILUTED	1.00