JOHNSON OUTDOORS INC
Form 10-Q/A
May 09, 2008

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

FORM 10-Q/A

AMENDMENT NO. 1

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

For the quarterly period ended March 28, 2008

OR

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

For the transition period from _________ to _________

Commission file number 0-16255

JOHNSON OUTDOORS INC.
(Exact name of Registrant as specified in its charter)

Wisconsin	39-1536083
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

555 Main Street, Racine, Wisconsin 53403
(Address of principal executive offices)

(262) 631-6600
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer," "large accelerated filer” and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer (do not check if a smaller reporting company) [ ] Smaller reporting company [ ].

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of April 14, 2008, 7,995,689 shares of Class A and 1,217,309 shares of Class B common stock of the Registrant were outstanding.

EXPLANATORY NOTE

Johnson Outdoors Inc. is filing this Amendment No. 1 to its Quarterly Report on Form 10-Q for the quarterly period ended March 28, 2008, as filed with the Securities and Exchange Commission on May 5, 2008, to correct a typographical error contained in the Condensed Consolidated Balance Sheet in Part I, Item 1 in the line item "Total shareholders' equity" for the period ended March 28, 2008 (unaudited). The amount has been changed from $203,748 in the original filing to $206,748 in this amended filing.

JOHNSON OUTDOORS INC.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(thousands, except per share data)	Three Months Ended		Six Months Ended	
	March 28 2008	March 30 2007	March 28 2008	March 30 2007
Net sales	$ 121,813	$ 121,972	$ 197,780	$ 193,399
Cost of sales	75,007	74,815	121,685	117,721
Gross profit	46,806	47,157	76,095	75,678
Operating expenses:				
Marketing and selling	27,853	26,391	48,020	44,989
Administrative management, finance and information systems	11,833	11,976	22,298	20,857
Research and development	3,239	3,223	6,264	6,073
Profit sharing	234	959	447	1,383
Total operating expenses	43,159	42,549	77,029	73,302
Operating profit (loss)	3,647	4,608	(934)	2,376
Interest income	(197)	(189)	(485)	(359)
Interest expense	1,475	1,533	2,555	2,556
Other (income) expense, net	1,306	(131)	1,360	(130)
Income (loss) before income taxes	1,063	3,395	(4,364)	309
Income tax expense (benefit)	281	1,464	(1,522)	(310)
Income (loss) from continuing operations	782	1,931	(2,842)	619
Loss from discontinued operations, net of income tax benefit of $188, $199, $814 and $350, respectively	(320)	(338)	(1,386)	(595)
Net income (loss)	$ 462	$ 1,593	$ (4,228)	$ 24
Weighted average common – Basic:				
Class A	7,856,666	7,810,086	7,855,261	7,798,863
Class B	1,217,342	1,217,977	1,217,376	1,217,977
Dilutive stock options and restricted stock	179,509	153,231	182,860	159,830
Weighted average common – Dilutive	9,253,517	9,181,294	9,255,497	9,176,670
Income (loss) from continuing operations per common share – Basic:				
Class A	$ 0.09	$ 0.22	$ (0.31)	$ 0.07
Class B	$ 0.09	$ 0.19	$ (0.31)	$ 0.06
Loss from discontinued operations per common share – Basic:				
Class A	$ (0.04)	$ (0.04)	$ (0.15)	$ (0.07)
Class B	$ (0.04)	$ (0.03)	$ (0.15)	$ (0.06)
Income (loss) per common share – Basic:				
Class A	$ 0.05	$ 0.18	$ (0.46)	$ 0.00

Class B	$	0.05	$	0.16	$	(0.46)	$	0.00
Income (loss) from continuing operations per common Class A and B share – Dilutive	$	0.09	$	0.21	$	(0.31)	$	0.07
Loss from discontinued operations per common Class A and B share – Dilutive	$	(0.04)	$	(0.04)	$	(0.15)	$	(0.07)
Income (loss) per common Class A and B share – Dilutive	$	0.05	$	0.17	$	(0.46)	$	0.00
Dividends per share:								
Class A Common Stock	$	0.055	$	--	$	0.055	$	--
Class B Common Stock	$	0.050	$	--	$	0.050	$	--

The accompanying notes are an integral part of the condensed consolidated financial statements.

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JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(thousands, except share data)	March 28 2008 (unaudited)	September 28 2007 (audited)	March 30 2007 (unaudited)
Assets			
Current assets:			
Cash and temporary cash investments	$ 27,662	$ 39,232	$ 36,738
Accounts receivable, less allowance for doubtful accounts of $2,580, $2,267 and $2,492, respectively	120,168	57,275	111,533
Inventories, net	115,126	87,726	92,568
Deferred income taxes	14,501	11,029	9,828
Other current assets	9,151	8,253	10,813
Assets held for sale	358	1,706	1,341
Total current assets	286,966	205,221	262,821
Property, plant and equipment, net	37,781	36,406	32,912
Deferred income taxes	14,632	13,097	14,526
Goodwill	58,245	51,454	44,636
Intangible assets, net	6,634	6,638	4,548
Other assets	7,896	6,868	6,117
Total assets	$ 412,154	$ 319,684	$ 365,560
Liabilities And Shareholders' Equity			
Current liabilities:			
Short-term notes payable	$ 45,000	$ 22,000	$ 72,000
Current maturities of long-term debt	10,001	10,800	10,801
Accounts payable	33,612	23,051	38,550
Accrued liabilities:			
Salaries, wages and benefits	12,958	15,485	13,181
Accrued discounts and returns	7,245	5,524	7,131
Accrued interest payable	181	610	865
Income taxes payable	936	2,192	160
Other	17,712	16,619	18,930
Liabilities held for sale	226	938	118
Total current liabilities	127,871	97,219	161,736
Long-term debt, less current maturities	60,004	10,006	10,005
Other liabilities	17,531	12,294	8,789
Total liabilities	205,406	119,519	180,530
Shareholders' equity:			
Preferred stock: none issued	--	--	--
Common stock:			
Class A shares issued: March 28, 2008, 7,995,689; September 28, 2007, 7,949,617; March 30, 2007, 7,931,976	400	397	397
Class B shares issued (convertible into Class A): March 28, 2008, 1,217,309; September 28, 2007, 1,217,409; March 30, 2007, 1,217,977	61	61	61
Capital in excess of par value	57,585	56,835	56,236

Retained earnings	120,894	126,253	118,039
Accumulated other comprehensive income	27,808	16,619	10,297
Total shareholders' equity	206,748	200,165	185,030
Total liabilities and shareholders' equity	$ 412,154	$ 319,684	$ 365,560

The accompanying notes are an integral part of the condensed consolidated financial statements.

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(thousands)	Six Months Ended	
	March 2008	March 30 2007
Cash Used For Operating Activities		
Net income (loss)	$ (4,228)	$ 24
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation	4,645	4,432
Amortization of intangible assets	236	50
Amortization of deferred financing costs	63	88
Stock based compensation	306	358
Deferred income taxes	(4,931)	(316)
Change in operating assets and liabilities, net of effect of businesses acquired or sold:		
Accounts receivable, net	(57,270)	(58,127)
Inventories, net	(18,582)	(28,134)
Accounts payable and accrued liabilities	1,912	20,449
Other current assets	368	(2,927)
Other, net	100	(222)
	(77,381)	(64,325)
Cash Used For Investing Activities		
Payments for purchase of business	(5,663)	(1,503)
Additions to property, plant and equipment	(5,255)	(5,739)
	(10,918)	(7,242)
Cash Provided By Financing Activities		
Net borrowings from short-term notes payable	22,997	72,000
Net borrowings from long-term debt	60,000	--
Principal payments on senior notes and other long-term debt	(10,800)	(17,001)
Excess tax benefits from stock based compensation	15	4
Dividends paid	(999)	--
Common stock transactions	432	443
	71,645	55,446
Effect of foreign currency fluctuations on cash	5,084	1,170
Decrease in cash and temporary cash investments	(11,570)	(14,951)
Cash And Temporary Cash Investments		
Beginning of period	39,232	51,689
End of period	$ 27,662	$ 36,738

The accompanying notes are an integral part of the condensed consolidated financial statements.

JOHNSON OUTDOORS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1 Basis of Presentation

The condensed consolidated financial statements included herein are unaudited. In the opinion of management, these statements contain all adjustments (consisting of only normal recurring items) necessary to present fairly the financial position of Johnson Outdoors Inc. and subsidiaries (the Company) as of March 28, 2008 and the results of operations for the three and six months ended March 28, 2008 and cash flows for the six months ended March 28, 2008. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2007 which was filed with the Securities and Exchange Commission on December 12, 2007.

Because of seasonal and other factors, the results of operations for the six months ended March 28, 2008 are not necessarily indicative of the results to be expected for the Company's full 2008 fiscal year.

All monetary amounts, other than share and per share amounts, are stated in thousands.

Certain amounts as previously reported have been reclassified to conform to the current period presentation.

2 Discontinued Operations

On December 17, 2007, the Company’s management committed to a plan to divest the Company’s Escape business and is continuing to explore strategic alternatives for its Escape brand products. In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), the results of operations of the Escape business have been reported as discontinued operations in the condensed consolidated statements of operations for the three and six month periods ended March 28, 2008 and March 30, 2007, and in the condensed consolidated balance sheets as of March 28, 2008, September 28, 2007, and March 30, 2007. The Company recorded after tax losses related to the discontinued Escape business of $320 and $338 during the three month periods ended March 28, 2008 and March 30, 2007 and $1,386 and $595 during the six month periods ended March 28, 2008 and March 30, 2007, respectively. Revenues of the Escape business were $95 and $151 during the three month periods ended March 28, 2008 and March 30, 2007 and $172 and $425 during the six month periods ended March 28, 2008 and March 30, 2007, respectively.

3 Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts. The increase in net accounts receivable to $120,168 as of March 28, 2008 from $57,275 as of September 28, 2007 is attributable to the seasonal nature of the Company's business. The determination of the allowance for doubtful accounts is based on a combination of factors. In circumstances where specific collection concerns exist, a reserve is established to value the affected account receivable at an amount the Company believes will be collected. For all other customers, the Company recognizes allowances for doubtful accounts based on historical experience of bad debts as a percent of accounts receivable for each business unit. Uncollectible accounts are written off against the allowance for doubtful accounts after collection efforts have been exhausted. The Company typically does not require collateral on its accounts receivable.

4 Income (Loss) per Share

Net income or loss per share of Class A Common Stock and Class B Common Stock is computed in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, Earnings per Share (SFAS No. 128) using the two-class method.

Holders of Class A Common Stock are entitled to cash dividends per share equal to 110% of all dividends declared and paid on each share of Class B Common Stock. As such, and in accordance with Emerging Issues Task Force 03-06, Participating Securities and the Two-Class Method under FASB Statement No. 128 (EITF 03-06) the undistributed earnings for each period are allocated to each class of common stock based on the proportionate share of the amount of cash dividends that each such class is entitled to receive.

Basic EPS

Under the provisions of SFAS No. 128 and EITF 03-06, basic net income or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding less any non-vested stock. In periods with cumulative year to date net income and undistributed income, the undistributed income for each period is allocated to each class of common stock based on the proportionate share of the amount of cash dividends that each such class is entitled to receive. In periods where there is a cumulative net loss or no undistributed income because distributions through dividends exceeds net income, Class B shares are treated as non-dilutive and losses are allocated equally on a per share basis among Class A and Class B shareholders.

For the three month period ended March 28, 2008, basic income per share was the same for both Class A and Class B shares as there was no undistributed income. For the six month period ended March 28, 2008, basic income (loss) per share is the same for both Class A and Class B shares because cumulative year to date losses have been incurred. For the three month and six month periods ended March 30, 2007, basic income per share for Class A and Class B shares has been presented using the two class method in accordance with EITF 03-06.

Diluted EPS

Diluted net income per share is computed by dividing net income by the weighted-average number of common shares outstanding, adjusted for the effect of dilutive stock options and non-vested stock using the treasury method. The computation of diluted net income per share of Common Stock assumes that Class B Common Stock is converted into Class A Common Stock. Therefore, diluted net income per share is the same for both Class A and Class B shares. In periods where the Company reports a net loss, there is no dilutive effect and diluted loss per share is equal to basic loss per share.

For the three month period ended March 28, 2008, diluted net income per share reflects the effect of dilutive stock options and non-vested stock using the treasury method and assumes the conversion of Class B Common Stock into Class A Common Stock. For the six month period ended March 28, 2008, because the Company reported a net loss, there is no dilutive effect and diluted loss per share is equal to basic loss per share.

For the three and six month periods ended March 30, 2007, diluted net income per share reflects the effect of dilutive stock options and non-vested stock using the treasury method and assumes the conversion of Class B Common Stock into Class A Common Stock.

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5 Stock-Based Compensation and Stock Ownership Plans

The Company's current stock ownership plans provide for issuance of options to acquire shares of Class A common stock by key executives and other management-level employees and non-employee directors. The plans also allow for issuance of shares of restricted stock or stock appreciation rights in lieu of options. Shares available for grant under the Company's stock ownership plans to key executives and other management-level employees and non-employee directors were 500,458 at March 28, 2008.

Stock Options

All stock options have been granted at a price not less than fair market value at the date of grant and become exercisable over periods of one to three years from the date of grant. Stock options generally have a term of 10 years.

There was no compensation expense for stock options recognized by the Company for the three or six months ended March 28, 2008 and March 30, 2007. The Company's stock options outstanding are all fully vested, with no further compensation expense to be recognized. There were no grants of stock options during the three or six months ended March 28, 2008.

A summary of stock option activity for the six months ended March 28, 2008 related to the Company's stock ownership plans is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at September 28, 2007	286,393	$ 8.66	3.0	$ 3,713
Granted	--			
Exercised	(10,000)	17.50		44
Outstanding and exercisable at March 28, 2008	276,393	$ 8.34	2.6	$ 2,379

Restricted Stock

All shares of restricted stock awarded by the Company have been granted at their fair market value on the date of grant and vest either immediately or over a period of three to five years. The Company granted 6,540 and 6,850 shares of restricted stock with a total value of $125 in both of the three month periods ended March 28, 2008 and March 30, 2007, respectively. Grants of restricted stock were 35,972 and 41,982 with a total value of $782 and $773 for the six month periods ending March 28, 2008 and March 30, 2007 respectively. Amortization expense related to the restricted stock was $164 and $216 during the three months ended March 28, 2008 and March 30, 2007, and $306 and $334 for the six months ended March 28, 2008 and March 30, 2007, respectively. Unvested restricted stock issued and outstanding as of March 28, 2008 totaled 134,534 shares, having a gross unamortized value of $1,272, which will be amortized to expense through November 2012.

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A summary of unvested restricted stock activity for the six months ended March 28, 2008 related to the Company's stock ownership plans is as follows:

	Shares	Weighted Average Grant Price
Unvested restricted stock at September 28, 2007	105,102	$ 17.39
Restricted stock grants	35,972	21.75
Restricted stock vested	(6,540)	19.11
Unvested restricted stock at March 28, 2008	134,534	$ 18.47

Phantom Stock Plan

The Company adopted a phantom stock plan during fiscal 2003. Under this plan, certain employees were entitled to earn cash bonus awards based upon the performance of the Company's Class A common stock. The Company recognized no expense under the phantom stock plan during the three or six month periods ended March 28, 2008 or the three month period ended March 30, 2007 and $24 during the six months ended March 30, 2007. The Company made payments of $319 to participants in this plan during the six months ended March 30, 2007. No payments were made to participants in this plan during the three or six months ended March 28, 2008 or the three months ended March 30, 2007. There were no grants of phantom shares by the Company in fiscal 2008 or 2007 and the Company does not anticipate grants of phantom shares in the future.

Employees' Stock Purchase Plan

The Company's employees' stock purchase plan provides for the issuance of shares of Class A common stock at a purchase price of not less than 85% of the fair market value of such shares on the date of grant or at the end of the offering period, whichever is lower. The Company recognized expense under the stock purchase plan of $30 and $0 during the three and six month periods ended March 28, 2008 and March 30, 2007, respectively. Shares available for purchase by employees under this plan were 65,330 at March 28, 2008.

6 Pension Plans

The components of net periodic benefit cost related to Company sponsored benefit plans for the three and six months ended March 28, 2008 and March 30, 2007 were as follows:

	Three Months Ended		Six Months Ended	
	March 28 2008	March 30 2007	March 28 2008	March 30 2007
Components of net periodic benefit cost:				
Service cost	$ 158	$ 176	$ 315	$ 352
Interest on projected benefit obligation	251	231	503	463
Less estimated return on plan assets	(231)	(218)	(461)	(436)
Amortization of unrecognized:				
Net income (loss)	23	67	46	134
Prior service cost	2	2	3	4
Transition asset	--	--	--	(1)
Net amount recognized	$ 203	$ 258	$ 406	$ 516

7 Income Taxes

The Company's provision for income taxes is based upon estimated annual effective tax rates in the tax jurisdictions in which the Company operates. The Company's effective tax rate for the three and six months ended March 28, 2008 was 26.4% and 34.9%, respectively, compared to 43.1% and (100.3%), respectively, in the corresponding periods of the prior year. The prior year three and six month periods included the impact of tax refunds of $543, resulting in a larger tax benefit, which was not repeated in the current three and six month periods. Less significant items accounting for changes in the effective rate versus the prior year quarter and year to date periods include changes in the mix of income from generally lower tax jurisdictions in the prior year to relatively higher tax jurisdictions in the current year, and foreign tax rate reductions, partially offset by tax credits and incentives in the current three month and six month periods.

The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," (FIN 48) effective in the quarter ending December 28, 2007 with no impact on its consolidated financial statements. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $1,100 accrued for uncertain tax positions which included $100 for interest as of September 28, 2007. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $1,100. The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and with various states and foreign jurisdictions. Primarily as a result of loss carry forwards, the Company is still open to federal and state audits dating back to the 1993 taxable year. The Company is not currently undergoing tax audits in the U.S. or for any major foreign tax jurisdiction. As of the adoption date, the tax years subject to review in Switzerland, Italy, Germany, and France were the years after 1997, 2003, 2005, and 2006, respectively. There have been no material changes in unrecognized tax benefits as a result of tax positions taken in the three and six month periods ended March 28, 2008. The Company estimates that the unrecognized tax benefits will not change significantly within the next year.

8 Inventories

Inventories at the end of the respective periods consist of the following:

	March 28 2008	September 28 2008	March 30 2007
Raw materials	$ 41,839	$ 34,585	$ 38,164
Work in process	4,163	3,850	3,569
Finished goods	73,914	53,315	54,413
	119,916	91,750	96,146
Less inventory reserves	4,790	4,024	3,578
	$ 115,126	$ 87,726	$ 92,568

9 New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 clarifies the definition of exchange price as the price between market participants in an orderly transaction to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, which is the principal or most advantageous market for the asset or liability. The Company will be required to adopt SFAS No. 157 beginning in fiscal 2009. The Company is currently assessing the effect of SFAS No. 157 on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. The fair value option permits a company to choose to measure eligible items at fair value at specified election dates. A company will report unrealized gains and losses on items for which the fair value option has been elected in earnings after adoption. SFAS No. 159 will be effective for the Company beginning in fiscal 2009. The Company is currently assessing the effect of SFAS No. 159 on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS No. 141(R)"), The objective of SFAS No. 141(R) is to improve the information provided in financial reports about a business combination and its effects. SFAS No. 141(R) requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS No. 141(R) also requires the acquirer to recognize and measure the goodwill acquired in a business combination or a gain from a bargain purchase and provides guidance on how to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) will be applied on a prospective basis for business combinations where the acquisition date is on or after the beginning of the Company's 2010 fiscal year.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51". The objective of SFAS No. 160 is to improve the financial information provided in consolidated financial statements. SFAS No. 160 amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 also changes the way the consolidated income statement is presented, establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated, and expands disclosures in the consolidated financial statements in order to clearly identify and distinguish between the interests of the parent's owners and the interest of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for the Company's 2010 fiscal year. The Company does not anticipate that SFAS No. 160 will have any material impact on its consolidated financial statements.

10 Acquisitions

Seemann Sub GmbH & Co.

On April 2, 2007, the Company purchased the assets and assumed related liabilities of Seemann Sub GmbH & Co. KG (Seemann) from Seemann's founders for $7,757, plus $178 in transaction costs and $446 in additional purchase price consideration to date. The purchase agreement provides for up to $223 in additional purchase price consideration over the next 12 months based on the attainment of specific integration success criteria. The transaction was funded using cash on hand and was made to add to the breadth of the Diving product lines. Seemann, located in Wendelstein, Germany, is one of that country's largest dive equipment providers. The purchase of the Seemann Sub brand will expand the Company's product line with dive gear for the price-driven consumer. The Seemann product line will be sold through the same channels as the Company's other diving products and is included in the Company's Diving segment.

The following table summarizes the final allocation of the purchase price, fair values of the assets acquired and liabilities assumed, and the resulting goodwill acquired at the date of the Seemann acquisition.

Total current assets	$	1,831
Property, plant and equipment		122
Trademark		936
Customer list		267
Goodwill		5,678
Total assets acquired		8,834
Total liabilities assumed		453
Net purchase price	$	8,381

The goodwill acquired is deductible for tax purposes.

The acquisition was accounted for using the purchase method and, accordingly, the Company's Consolidated Financial Statements include the results of operations since the date of acquisition.

The Company is not required to present pro forma financial information with respect to the Seemann acquisition due to the materiality of the transaction.

Geonav S.r.l.

On November 16, 2007, the Company acquired 100% of the common stock of Geonav S.r.l. (Geonav), a marine electronics company for approximately $5,664 (cash of $1,862, transaction costs of $422, and assumed debt of $3,380). The acquisition was funded with existing cash and credit facilities. Geonav is a major European brand of chart plotters based in Viareggio, Italy. The Company’s management believes that the purchase of Geonav will allow the Company to expand its product line and add to its marine electronics distribution channels in Europe. Also sold under the Geonav brand are marine autopilots, VHF radios and fishfinders. Geonav is included in the Company’s Marine Electronics segment.

The acquisition was accounted for using the purchase method and, accordingly, the Company's Consolidated Financial Statements include the results of operations since the date of acquisition.

The Company is not required to present pro forma financial information with respect to the Geonav acquisition due to the materiality of the transaction.

A preliminary allocation of the purchase price is as follows:

Total current assets	$	8,482
Property, plant and equipment		55
Other intangibles		24
Goodwill		2,205
Total assets acquired		10,766
Total liabilities assumed		5,102
Net purchase price	$	5,664

The increases in goodwill assets during the six months ended March 28, 2008 and March 30, 2007, respectively, are as follows:

	March 28 2008		March 30 2007	
Balance at beginning of period	$	51,454	$	42,947
Amount attributable to Geonav acquisition		2,205		--
Amount attributable to Lendal acquisition		--		954
Amount attributable to Seemann purchase price allocation		158		--
Amount attributable to movements in foreign currencies		4,428		735
Balance at end of period	$	58,245	$	44,636

JOHNSON OUTDOORS INC.

11 Warranties

The Company provides for warranties of certain products as they are sold. The following table summarizes the Company's warranty activity for the six months ended March 28, 2008 and March 30, 2007.

	March 28 2008	March 30 2007
Balance at beginning of period	$ 4,290	$ 3,844
Expense accruals for warranties issued during the period	2,078	2,463
Less current period warranty claims paid	1,400	1,766
Balance at end of period	$ 4,968	$ 4,541

12 Forward Starting Interest Rate Swap

On October 29, 2007 the Company entered into a forward starting interest rate swap (the “Swap”) with a notional amount of $60,000, receiving a floating three month LIBOR interest rate while paying at a fixed rate of 4.685% over the period beginning December 14, 2007 and ending December 14, 2012. Interest is payable quarterly, starting on March 14, 2008. The Swap has been designated as a cash flow hedge and is expected to be an effective hedge against the impact on interest payments of changes in the three-month LIBOR benchmark rate. The effect of the interest rate swap is to lock the interest rate on $60,000 of three-month floating rate LIBOR debt at 4.685%, before applying the applicable margin. The interest rate swap had a market value equal to ($4,053) at March 28, 2008, which was recorded as a reduction of other comprehensive income in equity net of tax, in accordance with FAS 133 hedge accounting principles. The market value of the interest rate swap will rise and fall as market expectations of future floating rate LIBOR interest rates over the five year life of the swap change in relation to the fixed rate of 4.685%.

13 Comprehensive Income (loss)

Comprehensive income (loss) includes net income (loss) and changes in shareholders’ equity from non-owner sources. For the Company, the difference between net income (loss) and comprehensive income (loss) is due to cumulative foreign currency translation adjustments and the effect of recording the fair value of an interest rate swap designated as a cash flow hedge. Strengthening of worldwide currencies against the U.S. dollar created the Company's translation adjustment income for the three and six months ended March 28, 2008 and March 30, 2007. The impact of the cash flow hedge loss on comprehensive income was the result of a decline in five-year LIBOR rate futures during the three and six month periods ended March 28, 2008.

Comprehensive income (loss) for the respective periods consists of the following:

	Three Months Ended		Six Months Ended	
	March 28 2008	March 30 2007	March 28 2008	March 30 2007
Net income (loss)	$ 462	$ 1,593	$ (4,228)	$ 24
Translation adjustments	9,879	951	12,325	3,344
Loss on cash flow hedge, net of tax	(1,621)	--	(2,432)	--
Comprehensive income	$ 8,720	$ 2,544	$ 5,665	$ 3,368

14 Restructuring

In May, 2007, the Company announced plans to relocate the operations of the Scubapro facility in Bad Säckingen, Germany into the recently purchased Seemann operations in Wendelstein, Germany. As a result of the relocation of the positions at the Bad Säckingen facility in fiscal 2007, the Company recognized an expense of $578, consisting of employee termination benefits and related costs of $428 and non-employee exit costs of $150, largely consisting of moving and contract termination costs. These charges were included in the Administrative management, finance and information systems line in the Company's Condensed Consolidated Statements of Operations and in the Diving segment in the Management's Discussion and Analysis of Financial Condition and Results of Operations. This relocation resulted in the movement and ultimate impact to 21 positions. The Company incurred charges of $74 in the three and six month periods ending March 28, 2008 to exit its lease of the Bad Säckingen facility. No further restructuring charges or payments are anticipated in the future. Total restructuring costs for the Bad Säckingen closure were $652, consisting of approximately $130 of contract exit costs, $428 of employee termination costs, and $94 of other exit costs.

The following represents a reconciliation of the changes in restructuring reserves related to projects through March 28, 2008:

	Employee Termination Costs	Contract Exit Costs	Other Exit Costs	Total
Accrued liabilities as of September 28, 2007	$ 147	$ 116	$ --	$ 263
Activity during period ended March 28, 2008:				
Additional charges (recoveries)				
Charges to earnings	--	--	74	74
Settlement payments and other	(147)	(116)	(74)	(337)
Accrued liabilities as of March 28, 2008	$ --	$ --	$ --	$ --

In March 2008, the Company announced plans to relocate the manufacturing of its UWATEC product line from its facility in Hallwil, Switzerland to its existing facility in Batam, Indonesia. The Batam, Indonesia facility had been used as a sub assembly facility for the UWATEC product lines. This move will serve as an expansion of the operations in that location and is being made in an effort to improve operating efficiencies and reduce inventory lead times and operating costs. The total costs incurred for this action during the three month period ended March 28, 2008 were $622, consisting of $107 of employee termination costs, and $515 of other costs. The Company expects the total cost of this action to be approximately $2,000 consisting of employee termination benefits and related costs of $700 and other costs of $1,300, largely consisting of project management, legal, moving and contract termination costs. These charges are included in the Administrative management, finance and information systems line in the Company's Condensed Consolidated Statements of Operations and in the Diving segment in the Management's Discussion and Analysis of Financial Condition and Results of Operations. This action impacted 35 employees, resulting in the elimination of 33 positions and the reassignment of 2 employees to other roles in the Company.

The following represents a reconciliation of the changes in restructuring reserves related to projects through March 28, 2008:

	Employee Termination Costs	Contract Exit Costs	Other Exit Costs	Total
Accrued liabilities as of September 28, 2007	$ --	$ --	$ --	$ --
Activity during period ended March 28, 2008:				

Additional charges (recoveries)				
Charges to earnings	107	--	515	622
Settlement payments and other	--	--	(515)	(515)
Accrued liabilities as of March 28, 2008	$ 107	$ --	$ --	$ 107

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15 Segments of Business

The Company conducts its worldwide operations through separate global business units, each of which represents the Company's major product lines. Operations are conducted in the United States and various foreign countries, primarily in Europe, Canada and the Pacific Basin. The Company had no single customer that represented more than 10% of its total net sales during the three and six month periods ended March 28, 2008 and March 30, 2007.

Net sales and operating profit include both sales to customers, as reported in the Company's condensed consolidated statements of operations, and interunit transfers, which are priced to recover cost plus an appropriate profit margin. Total assets are those assets used in the Company's operations in each business unit at the end of the periods presented.

A summary of the Company’s operations by business unit is presented below:

	Three Months Ended		Six Months Ended	
	March 28 2008	March 30 2007	March 28 2008	March 30 2007
Net sales:				
Marine electronics:				
Unaffiliated customers	$ 61,492	$ 64,429	$ 94,748	$ 93,886
Interunit transfers	52	109	59	118
Outdoor equipment:				
Unaffiliated customers	13,232	15,565	21,206	29,248
Interunit transfers	12	19	22	26
Watercraft:				
Unaffiliated customers	23,702	22,552	37,141	34,007
Interunit transfers	29	26	43	38
Diving:				
Unaffiliated customers	23,218	19,360	44,458	36,137
Interunit transfers	273	170	564	312
Other/Corporate	169	66	227	121
Eliminations	(366)	(324)	(688)	(494)
	$ 121,813	$ 121,972	$ 197,780	$ 193,399
Operating profit:				
Marine electronics	$			