

JOHNSON OUTDOORS INC
Form 10-Q
August 10, 2012

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

FORM 10-Q

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

For the quarterly period ended June 29, 2012

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
(State or other jurisdiction of
incorporation or organization)

39-1536083
(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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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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 July 27, 2012, 8,678,369 shares of Class A and 1,215,842 shares of Class B common stock of the Registrant were outstanding.

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 | | Nine Months Ended | |
|--|--------------------|----------------|-------------------|----------------|
| | June 29 2012 | July 1 2011 | June 29 2012 | July 1 2011 |
| Net sales | \$ 128,595 | \$ 122,481 | \$ 337,497 | \$ 330,045 |
| Cost of sales | 74,348 | 71,953 | 201,622 | 195,904 |
| Gross profit | 54,247 | 50,528 | 135,875 | 134,141 |
| Operating expenses: | | | | |
| Marketing and selling | 25,085 | 25,814 | 70,751 | 72,622 |
| Administrative management, finance and information systems | 11,370 | 9,326 | 33,408 | 28,902 |
| Litigation settlement recovery | - | - | (3,500) | - |
| Research and development | 3,570 | 3,578 | 10,732 | 10,718 |
| Total operating expenses | 40,025 | 38,718 | 111,391 | 112,242 |
| Operating profit | 14,222 | 11,810 | 24,484 | 21,899 |
| Interest income | (14) | (16) | (45) | (63) |
| Interest expense | 595 | 979 | 2,008 | 2,842 |
| Other (income) expense, net | (403) | 1,741 | (1,699) | 2,078 |
| Income before income taxes | 14,044 | 9,106 | 24,220 | 17,042 |
| Income tax expense | 5,049 | 988 | 10,886 | 1,675 |
| Net income | \$ 8,995 | \$ 8,118 | \$ 13,334 | \$ 15,367 |
| Weighted average common shares - Basic: | | | | |
| Class A | 8,175 | 8,046 | 8,149 | 8,043 |
| Class B | 1,216 | 1,216 | 1,216 | 1,216 |
| Dilutive stock options | 3 | 29 | 8 | 34 |
| Weighted average common shares - Dilutive | 9,394 | 9,291 | 9,373 | 9,293 |
| Net income per common share - Basic: | | | | |
| Class A | \$ 0.92 | \$ 0.84 | \$ 1.37 | \$ 1.60 |
| Class B | \$ 0.84 | \$ 0.76 | \$ 1.24 | \$ 1.45 |
| Net income per common share - Diluted: | | | | |
| Class A | \$ 0.91 | \$ 0.83 | \$ 1.35 | \$ 1.58 |
| Class B | \$ 0.91 | \$ 0.83 | \$ 1.35 | \$ 1.58 |

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

| (thousands, except share data) | June 29 2012 (unaudited) | September 30 2011 (audited) | July 1 2011 (unaudited) |
|---|--------------------------------|--------------------------------------|-------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$38,745 | \$44,514 | \$30,325 |
| Accounts receivable, net | 77,012 | 47,209 | 80,921 |
| Inventories | 67,018 | 68,462 | 73,690 |
| Deferred income taxes | 9,526 | 9,732 | 2,505 |
| Other current assets | 4,431 | 6,528 | 5,219 |
| Total current assets | 196,732 | 176,445 | 192,660 |
| Property, plant and equipment, net of accumulated depreciation of \$95,416, \$97,229, and \$96,514, respectively | 36,049 | 35,158 | 33,007 |
| Deferred income taxes | 14,337 | 19,531 | 3,519 |
| Goodwill | 14,361 | 14,651 | 14,196 |
| Other intangible assets, net | 4,344 | 5,403 | 5,405 |
| Other assets | 9,085 | 8,168 | 9,210 |
| Total assets | \$274,908 | \$259,356 | \$257,997 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Short-term notes payable and revolving credit lines | \$3,490 | \$- | \$7,580 |
| Current maturities of long-term debt | 516 | 3,494 | 2,571 |
| Accounts payable | 30,269 | 28,339 | 28,824 |
| Accrued liabilities: | | | |
| Salaries, wages and benefits | 13,375 | 14,286 | 12,416 |
| Accrued warranty | 5,219 | 5,155 | 6,198 |
| Income taxes payable | 4,983 | 1,635 | 1,992 |
| Other | 15,443 | 12,091 | 15,210 |
| Total current liabilities | 73,295 | 65,000 | 74,791 |
| Long-term debt, less current maturities | 8,470 | 11,478 | 12,520 |
| Deferred income taxes | 191 | 348 | 694 |
| Retirement benefits | 9,269 | 10,074 | 7,835 |
| Other liabilities | 10,014 | 8,931 | 9,979 |
| Total liabilities | 101,239 | 95,831 | 105,819 |
| Shareholders' equity: | | | |
| Preferred stock: none issued | | | |
| Common stock: | | | |
| Class A shares issued and outstanding: | 434 | 428 | 428 |
| June 29, 2012, 8,678,369 | | | |
| September 30, 2011, 8,567,549 | | | |
| July 1, 2011, 8,563,147 | | | |
| Class B shares issued and outstanding: | 61 | 61 | 61 |
| June 29, 2012, 1,215,842 | | | |

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| | | | |
|--|-----------|-----------|-----------|
| September 30, 2011, 1,215,842 | | | |
| July 1, 2011, 1,216,464 | | | |
| Capital in excess of par value | 63,333 | 61,521 | 61,134 |
| Retained earnings | 96,017 | 82,683 | 65,406 |
| Accumulated other comprehensive income | 13,833 | 18,832 | 25,150 |
| Treasury stock at cost, shares of Class A common stock: 516, 0, and 172, respectively | (9) | - | (1) |
| Total shareholders' equity | 173,669 | 163,525 | 152,178 |
| Total liabilities and shareholders' equity | \$274,908 | \$259,356 | \$257,997 |

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

| (thousands) | Nine Months Ended | |
|--|-------------------|----------------|
| | June 29 2012 | July 1 2011 |
| CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | |
| Net income | \$13,334 | \$15,367 |
| Adjustments to reconcile net income to net cash provided by (used for) operating activities: | | |
| Depreciation | 7,900 | 6,872 |
| Amortization of intangible assets | 977 | 576 |
| Amortization of deferred financing costs | 293 | 243 |
| Stock based compensation | 1,292 | 1,060 |
| Amortization of deferred loss on interest rate swap | 683 | 859 |
| Deferred income taxes | 4,953 | (581) |
| Change in operating assets and liabilities: | | |
| Accounts receivable, net | (31,080) | (32,627) |
| Inventories, net | 42 | 190 |
| Accounts payable and accrued liabilities | 8,461 | 5,541 |
| Other current assets | 565 | 2,147 |
| Other non-current assets | (1,216) | (742) |
| Other long-term liabilities | 469 | (246) |
| Other, net | 332 | 314 |
| | 7,005 | (1,027) |
| CASH USED FOR INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (8,930) | (5,995) |
| Proceeds from sales of property, plant and equipment | 1,208 | - |
| | (7,722) | (5,995) |
| CASH USED FOR FINANCING ACTIVITIES | | |
| Net borrowings from short-term notes payable and revolving credit lines | 3,491 | 35 |
| Principal payments on senior notes and other long-term debt | (5,986) | (1,174) |
| Deferred financing costs paid to lenders | - | (133) |
| Common stock transactions | 369 | 299 |
| Purchases of treasury stock | (107) | - |
| | (2,233) | (973) |
| Effect of foreign currency rate changes on cash | (2,819) | 5,004 |
| Decrease in cash and cash equivalents | (5,769) | (2,991) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of period | 44,514 | 33,316 |
| End of period | \$38,745 | \$30,325 |

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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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 June 29, 2012 and July 1, 2011, and the results of operations for the three and nine months then ended and cash flows for the nine months then ended. 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 30, 2011 which was filed with the Securities and Exchange Commission on December 16, 2011.

Due to seasonal variations and other factors, the results of operations for the three and nine months ended June 29, 2012 are not necessarily indicative of the results to be expected for the Company's full 2012 fiscal year. See "Seasonality" in the Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein for additional information.

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

2 ACCOUNTS RECEIVABLE

Accounts receivable are stated net of allowances for doubtful accounts of \$3,726, \$3,076 and \$2,997 as of the periods ended June 29, 2012, September 30, 2011 and July 1, 2011, respectively. The increase in net accounts receivable to \$77,012 as of June 29, 2012 from \$47,209 as of September 30, 2011 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 on a receivable 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 outstanding 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.

3 EARNINGS PER SHARE ("EPS")

Net income or loss per share of Class A common stock and Class B common stock is computed using the two-class method. Grants of restricted stock which receive non-forfeitable dividends are required to be included as part of the basic weighted average share calculation under the two-class method.

Holders of Class A common stock are entitled to cash dividends equal to 110% of all dividends declared and paid on each share of Class B common stock. The Company grants shares of unvested restricted stock in the form of Class A shares, which carry the same distribution rights as the Class A common stock described above. As such, 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.

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Basic EPS

Basic net income or loss per share is computed by dividing net income or loss allocated to Class A common stock and Class B common stock by the weighted-average number of shares of Class A common stock and Class B common stock outstanding, respectively. 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 year to date net loss or no undistributed income because distributions through dividends exceed net income, Class B shares are treated as anti-dilutive and, therefore, net losses are allocated equally on a per share basis among all participating securities.

For the three and nine month periods ended June 29, 2012 and July 1, 2011, basic net income per share for Class A and Class B shares has been presented using the two class method as described above.

Diluted EPS

Diluted net income per share is computed by dividing allocated net income by the weighted-average number of common shares outstanding, adjusted for the effect of dilutive stock options and non-vested restricted stock. Anti-dilutive stock options and non-vested stock are excluded from the calculation of diluted EPS. The computation of diluted net income per share of Class A 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 common shares. In periods where the Company reports a net loss, the effect of anti-dilutive stock options and non-vested stock is excluded and diluted loss per share is equal to basic loss per share.

For the three and nine month periods ended June 29, 2012 and July 1, 2011, diluted net income per share reflects the effect of dilutive stock options and assumes the conversion of Class B common stock into Class A common stock.

Stock options that could potentially dilute earnings per share in the future which were not included in the fully diluted computation because they would have been anti-dilutive totaled 5,850 and 15,066 for the three months ended June 29, 2012 and July 1, 2011, respectively, and 5,850 and 15,066 for the nine months ended June 29, 2012 and July 1, 2011, respectively. Non-vested stock that could potentially dilute earnings per share in the future which were not included in the fully diluted computation because they would have been anti-dilutive totaled 496,185 and 437,377 for the three months ended June 29, 2012 and July 1, 2011, respectively, and 491,923 and 409,422 for the nine months ended June 29, 2012 and July 1, 2011, respectively.

4 STOCK-BASED COMPENSATION AND STOCK OWNERSHIP PLANS

The Company's current stock ownership plans allow for issuance of options to acquire shares of Class A common stock by key executives and non-employee directors. Current plans also allow for issuance of shares of restricted stock or stock appreciation rights in lieu of stock options.

Under the Company's 2010 Long-Term Stock Incentive Plan and the 2003 Non-Employee Director Stock Ownership Plan there were 843,749 shares of the Company's Class A common stock available for grant to key executives and non-employee directors at June 29, 2012.

Stock Options

All stock options have been granted at a price not less than fair market value at the date of grant and are currently exercisable. Stock options generally have a term of 10 years.

All of the Company's stock options outstanding are fully vested, with no further compensation expense to be recorded. There were no grants of stock options during the three and nine month periods ended June 29, 2012 or July 1, 2011.

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A summary of stock option activity for the nine months ended June 29, 2012 related to the Company's stock ownership plans is shown below.

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|-----------|---------------------------------------|--|------------------------------|
| Outstanding and exercisable at September 30, 2011 | 68,590 | \$ 10.37 | 1.1 | \$ 397 |
| Exercised | (43,390) | 7.79 | - | 351 |
| Cancelled | (1,834) | 7.42 | - | 23 |
| Outstanding and exercisable at June 29, 2012 | 23,366 | \$ 15.39 | 1.9 | \$ 107 |

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price of \$20.60 as of June 29, 2012, which would have been received by the option holders had those option holders exercised their stock options as of that date.

The Company received cash proceeds from stock option exercises totaling \$338 and \$299 for the nine month periods ending June 29, 2012 and July 1, 2011, respectively.

Non-vested Stock

All shares of non-vested stock awarded by the Company have been granted at their fair market value on the date of grant and vest either immediately or within five years after the grant date. The fair value at date of grant is based on the number of shares granted and the average of the Company's high and low Class A common stock price on the date of grant or, if the Company's shares did not trade on the date of grant, the average of the Company's high and low Class A common stock price on the last preceding date on which the Company's shares traded.

A summary of non-vested stock activity for the nine months ended June 29, 2012 related to the Company's stock ownership plans is as follows:

| | Shares | Weighted Average Grant Price |
|--|-----------|------------------------------------|
| Non-vested stock at September 30, 2011 | 472,761 | \$11.86 |
| Non-vested stock grants | 66,312 | 16.02 |
| Non-vested stock cancelled | (2,610) | 9.12 |
| Restricted stock vested | (41,165) | 17.81 |
| Non-vested stock at June 29, 2012 | 495,298 | \$11.94 |

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Non-vested stock grantees may elect to reimburse the Company for withholding taxes due as a result of the vesting of shares by tendering a portion of the vested shares back to the Company. Shares tendered back to the Company were 6,621 during the nine month period ended June 29, 2012.

Stock compensation expense, net of forfeitures, related to non-vested stock was \$372 and \$341 during the three month periods ended June 29, 2012 and July 1, 2011, respectively, and \$1,292 and \$1,060 for the nine month periods ended June 29, 2012 and July 1, 2011, respectively. Unrecognized compensation cost related to non-vested stock as of June 29, 2012 was \$2,660, which amount will be amortized to expense through November 2016 or adjusted for changes in future estimated or actual forfeitures.

Employees' Stock Purchase Plan

The Company's shareholders have adopted the Johnson Outdoors Inc. 2009 Employees' Stock Purchase Plan which 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.

During the three and nine month periods ended June 29, 2012, the Company issued 10,349 shares of Class A common stock and recognized \$30 of expense in connection with the Employees' Stock Purchase Plan. The Company issued 5,475 shares and recognized expense of \$16 under the Employees' Stock Purchase Plan during the three and nine month periods ended July 1, 2011.

5 PENSION PLANS

The Company has non-contributory defined benefit pension plans covering certain U.S. employees. Retirement benefits are generally provided based on the employees' years of service and average earnings. Normal retirement age is 65, with provisions for earlier retirement.

The components of net periodic benefit cost related to Company sponsored defined benefit plans for the three and nine months ended June 29, 2012 and July 1, 2011, respectively, were as follows:

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|----------------|-------------------|----------------|
| | June 29 2012 | July 1 2011 | June 29 2012 | July 1 2011 |
| Components of net periodic benefit cost: | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - |
| Interest on projected benefit obligation | 259 | 248 | 777 | 745 |
| Less estimated return on plan assets | 236 | 228 | 707 | 683 |
| Amortization of unrecognized (gains) losses | 84 | 24 | 252 | 71 |
| | \$ 107 | \$ 44 | \$ 322 | \$ 133 |

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6 INCOME TAXES

The Company's effective tax rate for the three months ended June 29, 2012 was 36.0% compared to 10.8% in the corresponding period of the prior year. During the third quarter of fiscal year 2012, the Company recognized a tax expense of \$5,049 on income before income tax of \$14,044. The increase in the Company's effective tax rate for the three months ended June 29, 2012 versus the prior year period was primarily due to the U.S. no longer applying a valuation allowance, which resulted in recognition of federal and state income tax expense for businesses in the U.S.

For the nine months ended June 29, 2012 and July 1, 2011, the Company's effective income tax rate attributable to earnings before income taxes was 44.9% and 9.8%, respectively. The increase in the Company's effective tax rate for the nine months ended June 29, 2012 versus the prior year period was primarily due to the U.S. no longer applying a valuation allowance, which resulted in recognition of federal and state income tax expense for businesses in the U.S. for the nine month period ended June 29, 2012. In addition, increased losses in foreign jurisdictions that carry valuation allowances resulted in no recognition of a tax benefit related to those losses. Further contributing to the difference in effective tax rates, the Company recognized a tax benefit in the nine month period ended July 1, 2011 related to the recovery of alternative minimum taxes paid for certain prior tax years.

During the nine months ended June 29, 2012, the Company continued to maintain a valuation allowance in Japan, Italy, Spain, the United Kingdom, the Netherlands and France. A valuation allowance remains for various state and federal U.S. deferred tax assets where it is more likely than not that the asset will not be realized due to a lack of apportioned income and/or limited carryforward periods. The Company would ordinarily recognize a tax expense/benefit on operating income/loss in these jurisdictions; however, due to the recent cumulative losses for book purposes and the uncertainty of the realization of certain deferred tax assets in these jurisdictions, the Company continues to adjust its valuation allowances resulting in effectively no recorded tax expense or benefit in these jurisdictions.

The Company regularly assesses the adequacy of its provisions for income tax contingencies in accordance with the applicable authoritative guidance on accounting for income taxes. As a result, the Company may adjust the reserves for unrecognized tax benefits for the impact of new facts and developments, such as changes to interpretations of relevant tax law, assessments from taxing authorities, settlements with taxing authorities, and lapses of statutes of limitation. The Company's 2012 fiscal year tax expense is anticipated to include approximately \$594 related to uncertain income tax positions. The ongoing tax audit in Japan and the closure of the tax audit in Italy are significant items that impact the uncertain income tax amount.

In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. The Company is projecting accrued interest, for the Company's fiscal year ending September 28, 2012, of \$35, which includes the impact of a reversal of \$129 due to the closure of the tax audit in Italy.

The Company is currently undergoing income tax examinations in the Netherlands and Japan. The income tax examinations in Canada, Italy and the United States were concluded during the third quarter with no material changes.

The Company files income tax returns, including returns for its subsidiaries, with federal, state, local and foreign taxing jurisdictions. The following tax years remain subject to examination by the respective tax jurisdictions:

| Jurisdiction | Fiscal Years |
|--------------|--------------|
|--------------|--------------|

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| | |
|---------------|-----------|
| United States | 2009-2011 |
| Canada | 2008-2011 |
| France | 2008-2011 |
| Germany | 2009-2011 |
| Italy | 2006-2011 |
| Japan | 2007-2011 |
| Switzerland | 2001-2011 |

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7 INVENTORIES

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

| | June 29 | September | July 1 |
|-----------------|----------|-----------|----------|
| | 2012 | 30 | 2011 |
| | | 2011 | 2011 |
| Raw materials | \$21,917 | \$24,260 | \$22,319 |
| Work in process | 1,576 | 1,780 | 2,038 |
| Finished goods | 43,525 | 42,422 | 49,333 |
| | \$67,018 | \$68,462 | \$73,690 |

8 GOODWILL

The changes in goodwill during the nine months ended June 29, 2012 and July 1, 2011, respectively, were as follows:

| | June 29 | July 1 |
|--|-----------|-----------|
| | 2012 | 2011 |
| Balance at beginning of period | \$ 14,651 | \$ 13,729 |
| Amount attributable to movements in foreign currency rates | (290) | 467 |
| Balance at end of period | \$ 14,361 | \$ 14,196 |

9 WARRANTIES

The Company provides for warranties of certain products as they are sold. The following table summarizes the Company's warranty activity for the nine months ended June 29, 2012 and July 1, 2011, respectively.

| | June 29 | July 1 |
|--|---------|---------|
| | 2012 | 2011 |
| Balance at beginning of period | \$5,155 | \$4,589 |
| Expense accruals for warranties issued during the period | 2,740 | 4,018 |
| Less current period warranty claims paid | 2,676 | 2,409 |
| Balance at end of period | \$5,219 | \$6,198 |

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10 COMPREHENSIVE INCOME

Comprehensive income consists of net income and changes in shareholders' equity from non-owner sources. For the three and nine month periods ended June 29, 2012 and July 1, 2011, the difference between net income and comprehensive income consisted primarily of cumulative foreign currency translation adjustments and amortization of the effective portion of an interest rate swap that had been designated as a cash flow hedge.

The strengthening of the U.S. dollar against worldwide currencies was the primary driver of the Company's currency translation loss for the three and nine month periods ended June 29, 2012. The weakening of the U.S. dollar versus the Swiss franc and the euro was the primary driver of the Company's currency translation gain for the three and nine month periods ended July 1, 2011.

The income on the cash flow hedge for the three and nine month periods ended June 29, 2012 and July 1, 2011 was the result of amortizing part of the effective portion of this cash flow hedge as interest expense (see "Note 14 – Derivative Instruments and Hedging Activities").

Comprehensive income for the respective periods consisted of the following:

| | Three Months Ended | | Nine Months Ended | |
|----------------------------------|--------------------|----------------|-------------------|----------------|
| | June 29 2012 | July 1 2011 | June 29 2012 | July 1 2011 |
| Net income | \$8,995 | \$8,118 | \$13,334 | \$15,367 |
| Currency translation (loss) gain | (4,485) | 4,369 | (5,682) | 8,218 |
| Income from cash flow hedge | 199 | 247 | 683 | 859 |
| Comprehensive income | \$4,709 | \$12,734 | \$8,335 | \$24,444 |

11 RESTRUCTURING

On July 11, 2012, the Company announced plans to restructure Watercraft product sales and distribution in Europe and to consolidate all of its U.S. operations at a single location in Old Town, Maine. The Company believes this plan will enhance the competitiveness and profit potential of its Watercraft business. This action will result in the closure of sales offices in France and the U.K. and closure of a marketing and R&D facility in Bellingham, Washington and the elimination of approximately 28 positions in the U.S. and Europe. These charges are included in the "Administrative management, finance and information systems" line in the Company's condensed consolidated statements of operations in the Watercraft segment. The restructuring accrual is included in the "Other current liabilities" line in the Company's Condensed Consolidated Balance Sheet. In addition, the Company increased its reserve for bad debts by \$310 as a result of this action. The Company expects the total cost of this restructuring to be approximately \$2,200 and to be completed over the next 12 months.

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The following table presents changes in the accrual related to this restructuring project through June 29, 2012.

| | Employee Termination Costs | Contract Exit Costs | Other Exit Costs | Total |
|--|----------------------------------|---------------------------|---------------------|--------|
| Accrued restructuring liabilities as of September 30, 2011 | \$ - | \$ - | \$ - | \$ - |
| Activity during the period ended June 29, 2012: | | | | |
| Charges to earnings | 488 | 316 | 84 | 888 |
| Settlement payments | - | - | - | - |
| Accrued restructuring liabilities as of June 29, 2012 | \$ 488 | \$ 316 | \$ 84 | \$ 888 |

12 LITIGATION

The Company is subject to various legal actions and proceedings in the normal course of business, including those related to commercial disputes, product liability, intellectual property and environmental matters. The Company is insured against loss for certain of these matters. Although litigation is subject to many uncertainties and the ultimate exposure with respect to these matters cannot be ascertained, management does not believe the final outcome of any pending litigation will have a material adverse effect on the financial condition, results of operations, liquidity or cash flows of the Company.

On March 1, 2012, the company received a \$3,500 settlement payment resolving an ongoing claim with its insurance carriers. As part of the settlement, the Company's former lawsuit filed in the U.S. District for the Eastern District of Wisconsin against its insurers was dismissed. The Company originally initiated legal proceedings in May 2005 to seek coverage from its insurers related to an intellectual property dispute between the Company and one of its competitors, which was eventually settled.

The Company considers the defense of its intellectual property assets to be an ordinary and necessary operating activity essential to maintaining its competitive advantages. Such activities are not of a financing nature and are not unusual or infrequent. As a result, and in accordance with the presentation guidance in the Income Statement Subtopics in ASC 225, the Company recognized all of the litigation costs incurred and the payment of the settlement in relation to this matter as a component of operating expenses. The \$3,500 insurance recovery related to these costs accordingly was also recognized in operations as a matter of consistency. This litigation settlement recovery is included in the Watercraft segment.

JOHNSON OUTDOORS INC.

13 INDEBTEDNESS

Debt was comprised of the following at June 29, 2012, September 30, 2011, and July 1, 2011:

| | June 29 2012 | September 30 2011 | July 1 2011 |
|--|-----------------|----------------------|----------------|
| Term loans | \$ 8,531 | \$ 14,367 | \$ 14,440 |
| Revolvers | 3,490 | - | 7,580 |
| Other | 455 | 605 | 651 |
| Total debt | 12,476 | 14,972 | 22,671 |
| Less current portion of long term debt | 516 | 3,494 | 2,571 |
| Less short term notes payable and revolving credit lines | 3,490 | - | 7,580 |
| Total long-term debt | \$ 8,470 | \$ 11,478 | \$ 12,520 |

Term Loans

The Company's term loans have a maturity date of September 29, 2029. Each term loan requires monthly payments of principal and interest. Interest on the aggregate outstanding amount of the term loans is based on the prime rate plus an applicable margin. The interest rate in effect on the term loans was 5.25% at June 29, 2012.

The term loans are guaranteed in part under the United States Department of Agriculture Rural Development program and are secured with a first priority lien on land, buildings, machinery and equipment of the Company's domestic subsidiaries and a second lien on working capital and certain patents and trademarks of the Company and its subsidiaries. Any proceeds from the sale of secured property are first applied against the related term loans and then against the Revolvers.

The aggregate term loan borrowings are subject to a pre-payment penalty. The penalty is currently 8% of the pre-payment amount, and the penalty will decrease by 1% annually on the anniversary date of the effective date of the loan agreement.

Revolvers

On November 16, 2010, the Company and certain of its subsidiaries entered into amendments to their Revolving Credit Agreements (or "Revolvers"). The amended terms of the Revolvers, maturing on November 16, 2014, provide for funding of up to \$75,000, with an accordion feature that allows for the option to increase the maximum seasonal financing availability subject to the approval of the lenders. Borrowing availability under the Revolvers is based on certain eligible working capital assets, primarily accounts receivable and inventory of the Company and its subsidiaries. The Revolvers contain a seasonal line reduction that reduces the maximum amount of borrowings during the period from mid-July to mid-November, consistent with the Company's reduced working capital needs throughout that period, and requires an annual seasonal pay down provision that reduces the borrowing capacity to \$30,000 for 60 consecutive days. The amendments to the Revolvers reset the interest rate calculation each quarter, by instituting an applicable margin based on the Company's leverage ratio for the trailing twelve month period.

The interest rate on the Revolvers is based on LIBOR or the prime rate, at the Company's discretion, plus an applicable margin. The interest rate in effect on the Revolvers at June 29, 2012, based primarily on LIBOR was approximately 2.50%.

JOHNSON OUTDOORS INC.

The Revolvers are secured with a first priority lien on working capital assets and certain patents and trademarks of the Company and its subsidiaries and a second lien on land, buildings, machinery and equipment of the Company's domestic subsidiaries. As cash collections related to secured assets are applied against the balance outstanding under the Revolvers, the liability is classified as current. The Company's remaining borrowing availability under the Revolvers was approximately \$46,100 at June 29, 2012.

Under the terms of the Revolvers, the Company is required to comply with certain financial and non-financial covenants. Among other restrictions, the Company is restricted in its ability to pay dividends, incur additional debt and make acquisitions or divestitures above certain amounts. The key financial covenants include a minimum fixed charge coverage ratio, limits on minimum net worth and EBITDA, a limit on capital expenditures, and, as noted above, a seasonal pay-down requirement.

Other Borrowings

The Company had no unsecured revolving credit facilities at its foreign subsidiaries as of June 29, 2012 or July 1, 2011. The Company utilizes letters of credit primarily as security for the payment of future claims under its workers' compensation insurance which totaled \$2,103 and \$2,568 at June 29, 2012 and July 1, 2011, respectively. The Company had no unsecured lines of credit as of June 29, 2012 or July 1, 2011.

Aggregate scheduled maturities of long-term debt as of June 29, 2012, for the remainder of fiscal 2012 and subsequent fiscal years, were as follows:

| | |
|-------------|---------|
| Fiscal Year | |
| 2012 | \$ 126 |
| 2013 | 531 |
| 2014 | 510 |
| 2015 | 359 |
| 2016 | 367 |
| Thereafter | 7,093 |
| Total | \$8,986 |

Interest paid was \$296 and \$782 for the three month periods ended June 29, 2012 and July 1, 2011, respectively. Interest paid for the nine month periods ended June 29, 2012 and July 1, 2011 was \$1,062 and \$1,806, respectively.

The weighted average borrowing rate for short-term debt was approximately 2.6% and 3.2% for the nine months ended June 29, 2012 and July 1, 2011, respectively.

Based on the borrowing rates currently available to the Company for debt with similar terms and maturities, the fair value of the Company's long-term debt as of June 29, 2012 and July 1, 2011 was approximately \$8,470 and \$12,520, respectively.

14 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The following disclosures describe the Company's objectives in using derivative instruments, the business purpose or context for using derivative instruments, and how the Company believes the use of derivative instruments helps achieve the stated objectives. In addition, the following disclosures describe the effects of the Company's use of derivative instruments and hedging activities on its financial statements.

JOHNSON OUTDOORS INC.

Foreign Exchange Risk

The Company has significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Japanese yen and Canadian dollars. As the values of the currencies of the foreign countries in which the Company has operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, losses, assets and liabilities of the Company's foreign operations, as reported in the Company's consolidated financial statements, increase or decrease, accordingly. Approximately 22% of the Company's revenues for the nine month period ended June 29, 2012 were denominated in currencies other than the U.S. dollar. Approximately 12% were denominated in euros, with the remaining 10% denominated in various other foreign currencies. Changes in foreign currency exchange rates can cause unexpected financial losses or cash flow needs.

The Company mitigates a portion of the fluctuations in certain foreign currencies through the use of foreign currency forward contracts. Foreign currency forward contracts enable the Company to lock in the foreign currency exchange rate to be paid or received for a fixed amount of currency at a specified date in the future. The Company uses such foreign currency forward contracts to mitigate the risk associated with changes in foreign currency exchange rates on financial instruments and known commitments, including for inventory, denominated in foreign currencies. None of the Company's derivative financial instruments have been designated as hedging instruments.

As of June 29, 2012, the Company held a foreign currency forward contract with a notional value of 5,400 Swiss francs. See "Note 15 – Fair Value Measurements" for information regarding the fair value and financial statement presentation of these derivatives.

Interest Rate Risk

The Company operates in a seasonal business and experiences significant fluctuations in operating cash flow as working capital needs increase in advance of the Company's primary selling and cash generation season, and decline as accounts receivable are collected and cash is accumulated or debt is repaid. The Company's goal in managing its interest rate risk is to maintain a mix of floating rate and fixed rate debt such that permanent non-equity capital needs are largely funded with long term fixed rate debt and seasonal working capital needs are funded with short term floating rate debt.

When the appropriate mix of fixed rate or floating rate debt cannot be directly obtained in a cost effective manner, the Company may enter into interest rate swap contracts in order to change floating rate interest into fixed rate interest or vice versa for a specific amount of debt in order to achieve the desired proportions of floating rate and fixed rate debt. An interest rate swap is a contract in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal amount. The notional amount is the equivalent amount of debt that the Company wishes to change from a fixed interest rate to a floating interest rate or vice versa and is the basis for calculating the related interest payments required under the interest rate swap contract.

On January 2, 2009, the Company's then effective interest rate swap contract became ineffective as a hedging instrument. Prior to becoming ineffective, the effective portion of the Company's interest rate swap contract was recorded in accumulated other comprehensive income ("AOCI"), a component of shareholders' equity. As a result of this cash flow hedge becoming ineffective, the unrealized loss in AOCI was frozen and all subsequent changes in the fair value of the swap were recorded directly to interest expense in the Company's statements of operations. The effective portion frozen in AOCI is amortized over the period of the originally hedged transaction. The remaining amount held in AOCI shall be immediately recognized as interest expense if it ever becomes probable that the Company will not

have interest bearing debt through December 14, 2012, the period over which the originally forecasted hedged transactions were expected to occur. The Company expects that all of the \$244 remaining in AOCI at June 29, 2012 will be amortized into interest expense over the next six months.

The Company held no interest rate swap contracts in fiscal 2011 or during year to date fiscal 2012 and as of June 29, 2012, the Company was unhedged with respect to interest rate risk on its floating rate debt.

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The following discloses the location of loss reclassified from AOCI into net income related to derivative instruments during the three and nine month periods ended June 29, 2012 and July 1, 2011:

| | Three Months Ended | | Nine Months Ended | |
|-----------------------------------|--------------------|----------------|-------------------|----------------|
| | June 29 2012 | July 1 2011 | June 29 2012 | July 1 2011 |
| Loss reclassified from AOCI into: | | | | |
| Interest expense | \$199 | \$247 | \$683 | \$859 |

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the three months ended June 29, 2012 and July 1, 2011 was:

| | Location of loss (gain) recognized in statement of operations | Three Months Ended | |
|--|---|--------------------|----------------|
| | | June 29 2012 | July 1 2011 |
| Derivatives not designated as hedging instruments | | | |
| Foreign exchange forward contracts | Other (income) expense, net | \$304 | \$(387) |

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the nine months ended June 29, 2012 and July 1, 2011 was:

| | Location of loss (gain) recognized in statement of operations | Nine Months Ended | |
|--|---|-------------------|----------------|
| | | June 29 2012 | July 1 2011 |
| Derivatives not designated as hedging instruments | | | |
| Foreign exchange forward contracts | Other (income) expense, net | \$316 | \$(719) |

15 FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established based on three levels of inputs, of which the first two are considered observable and the last unobservable.

Level 1 - Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets or liabilities.

Level 2 - Inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. These are typically obtained from readily-available pricing sources for comparable instruments.

Level 3 - Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions of the data that market participants would use in

pricing the asset or liability, based on the best information available in the circumstances.

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The carrying amounts of cash, cash equivalents, accounts receivable, and accounts payable approximated fair value at June 29, 2012, September 30, 2011 and July 1, 2011 due to the short term maturities of these instruments. When indicators of impairment are present, the Company may be required to value certain long-lived assets such as property, plant, and equipment, and other intangibles at fair value.

Valuation Techniques

Over the Counter Derivative Contracts

The value of over the counter derivative contracts, such as interest rate swaps and foreign currency forward contracts, are derived using pricing models, which take into account the contract terms, as well as other inputs, including, where applicable, the notional values of the contracts, payment terms, maturity dates, credit risk, interest rate yield curves, and contractual and market currency exchange rates. The fair value of the foreign exchange forward contracts reported below was measured using the market value approach based on foreign currency exchange rates and the notional amount of the forward contract. All foreign currency forward contracts held by the Company as of June 29, 2012 mature within twelve months. The mark-to-market adjustments are recorded in "Other (income) expense, net" in the Company's accompanying Condensed Consolidated Statements of Operations.

Rabbi Trust Assets

Rabbi trust assets are classified as trading securities and are comprised of marketable debt and equity securities that are marked to fair value based on unadjusted quoted prices in active markets. The rabbi trust assets are used to fund amounts the Company owes to certain officers and other employees under the Company's non-qualified deferred compensation plan. The mark to market adjustments are recorded in "Other (income) expense, net" in the accompanying Condensed Consolidated Statements of Operations.

Goodwill and Other Intangible Assets

In assessing the recoverability of the Company's goodwill and other indefinite lived intangible assets, the Company estimates the future discounted cash flows of the businesses to which the goodwill relates. When estimated future discounted cash flows are less than the carrying value of the net assets and related goodwill, an impairment test is performed to measure and recognize the amount of the impairment loss, if any. In determining estimated future cash flows, the Company makes assumptions regarding anticipated financial position, future earnings, and other factors to determine the fair value of the respective assets. This calculation is highly sensitive to changes in key assumptions and could result in a future impairment charge. The Company will continue to evaluate whether circumstances and events have changed to the extent that they require the Company to conduct an interim test of goodwill. In particular if the Company's business units do not achieve short term revenue and gross margin goals, an interim impairment test may be triggered which could result in a goodwill impairment charge in future periods.

JOHNSON OUTDOORS INC.

The following table summarizes the Company's financial assets and liabilities measured at fair value as of June 29, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------|---------|---------|---------|
| Assets: | | | | |
| Rabbi trust assets | \$6,796 | \$- | \$- | \$6,796 |
| Liabilities: | | | | |
| Foreign currency forward contracts | - | 39 | - | 39 |

The following table summarizes the Company's financial assets and liabilities measured at fair value as of September 30, 2011:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|----------|---------|---------|----------|
| Assets: | | | | |
| Rabbi trust assets | \$ 5,385 | \$ - | \$ - | \$ 5,385 |
| Liabilities: | | | | |
| Foreign currency forward contracts | - | 128 | - | 128 |

The following table summarizes the Company's financial assets measured at fair value as of July 1, 2011:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------|---------|---------|---------|
| Assets: | | | | |
| Rabbi trust assets | \$6,368 | \$- | \$- | \$6,368 |
| Foreign currency forward contracts | - | 143 | - | 143 |

The effect of changes in the fair value of financial instruments on the Condensed Consolidated Statements of Operations for the three months ended June 29, 2012 and July 1, 2011 was:

| | Location of (income) loss recognized in Statement of Operations | Three Months Ended June 29 2012 | July 1 2011 |
|------------------------------------|---|---------------------------------------|----------------|
| Rabbi trust assets | Other (income) expense, net | \$286 | \$(19) |
| Foreign currency forward contracts | Other (income) expense, net | 304 | (387) |

The effect of changes in the fair value of financial instruments on the Condensed Consolidated Statements of Operations for the nine months ended June 29, 2012 and July 1, 2011 was:

| | Location of (income) loss recognized in Statement of Operations | Nine Months Ended June 29 2012 | July 1 2011 |
|------------------------------------|---|--------------------------------------|----------------|
| Rabbi trust assets | Other (income) expense, net | \$(796) | \$(703) |
| Foreign currency forward contracts | Other (income) expense, net | 316 | (719) |

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The Company recorded impairment on a trademark held by the Marine Electronics business, reducing its fair value to \$0. A \$609 pre-tax impairment charge was included in administrative management, finance and information systems expenses in the Marine Electronics segment related to this impairment during the three and nine month periods ended June 29, 2012 and July 1, 2011.

16 NEW ACCOUNTING PRONOUNCEMENTS

In May 2011, the Financial Accounting Standards Board (“FASB”) issued updated authoritative guidance to amend fair value measurements and disclosures. The guidance became effective for the Company on a prospective basis during its 2012 fiscal second quarter. This guidance is intended to provide a consistent definition of fair value between International Financial Reporting Standards and U.S. GAAP and results in convergence of requirements for measurement of and disclosure about fair value. The new guidance also changes some fair value measurement principles and enhances disclosure requirements related to activities in Level 3 of the fair value hierarchy. The Company adopted this updated authoritative guidance effective as of December 31, 2011, the beginning of its second quarter of fiscal 2012. The Company’s adoption of this authoritative guidance did not have a significant impact on the Company’s Condensed Consolidated Financial Statements.

In December 2011, the FASB issued updated authoritative guidance to amend the presentation of comprehensive income in financial statements. The guidance becomes effective on a retroactive basis for the Company’s fiscal year beginning September 29, 2012. This new guidance allows companies the option to present other comprehensive income in either a single continuous statement or in two separate but consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders’ equity. Under both alternatives, companies will be required to present each component of net income and comprehensive income. The adoption of this updated authoritative guidance will impact the presentation of the Company’s Condensed Consolidated Financial Statements, but it will have no effect on our financial condition, results of operations or cash flow.

17 SEGMENTS OF BUSINESS

The Company conducts its worldwide operations through separate business units, each of which represents 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 nine month periods ended June 29, 2012 and July 1, 2011.

Net sales and operating profit include both sales to customers, as reported in the Company's accompanying Condensed Consolidated Statements of Operations, and interunit transfers, which are priced to recover cost plus an appropriate profit margin. Total assets represent assets that are used in the Company's operations in each business segment at the end of the periods presented.

JOHNSON OUTDOORS INC.

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

| | Three Months Ended | | Nine Months Ended | | September 30 2011 |
|-------------------------------|--------------------|----------------|-------------------|----------------|----------------------|
| | June 29 2012 | July 1 2011 | June 29 2012 | July 1 2011 | |
| Net sales: | | | | | |
| Marine Electronics: | | | | | |
| Unaffiliated customers | \$ 70,123 | \$ 64,089 | \$ 198,057 | \$ 185,774 | |
| Interunit transfers | 100 | 83 | 193 | 242 | |
| Outdoor Equipment: | | | | | |
| Unaffiliated customers | 12,197 | 11,306 | 27,894 | 32,017 | |
| Interunit transfers | 25 | 16 | 55 | 42 | |
| Watercraft: | | | | | |
| Unaffiliated customers | 22,109 | 21,743 | 46,631 | 45,980 | |
| Interunit transfers | 56 | 112 | 79 | 126 | |
| Diving | | | | | |
| Unaffiliated customers | 23,958 | 25,099 | 64,509 | 65,841 | |
| Interunit transfers | 93 | 301 | 398 | 670 | |
| Other / Corporate | 208 | 244 | 406 | 433 | |
| Eliminations | (274) | (512) | (725) | (1,080) | |
| Total | \$ 128,595 | \$ 122,481 | \$ 337,497 | \$ 330,045 | |
| Operating profit (loss): | | | | | |
| Marine Electronics | \$ 12,165 | \$ 8,994 | \$ 26,555 | \$ 22,194 | |
| Outdoor Equipment | 1,522 | 1,597 | 2,101 | 3,750 | |
| Watercraft | 506 | 1,061 | 1,109 | (14) | |
| Diving | 2,631 | 2,179 | 4,239 | 3,323 | |
| Other / Corporate | (2,602) | (2,021) | (9,520) | (7,354) | |
| | \$ 14,222 | \$ 11,810 | \$ 24,484 | \$ 21,899 | |
| Total assets (end of period): | | | | | |
| Marine Electronics | | | \$ 108,692 | \$ 99,035 | \$101,739 |
| Outdoor Equipment | | | 22,967 | 23,175 | 24,046 |
| Watercraft: | | | 44,260 | 45,031 | 34,614 |
| Diving | | | 71,339 | 75,676 | 67,969 |
| Other / Corporate | | | 27,650 | 15,080 | 30,988 |
| | | | \$ 274,908 | \$ 257,997 | \$259,356 |

18 SIGNIFICANT EVENT

On September 12, 2011, the Company announced a temporary closure of its Binghamton, New York manufacturing facility and administrative offices due to flooding from torrential rains. The Binghamton manufacturing facility houses the Company's consumer, commercial and military tent businesses. The Company's finished goods warehouse located nearby was unaffected by the flooding and the Company was able to resume shipments of products within a few days. Production resumed on September 28, 2011.

The Company maintains insurance for both property damage and business interruption relating to catastrophic events. Business interruption coverage covers lost profits and other costs incurred. Non-refundable insurance recoveries received in excess of the net book value of damaged assets, clean up and post-event costs are recognized as

income in the period received.

The Company has incurred approximately \$3,290 of cumulative costs related to clean-up and repair of the facility and equipment, losses of inventory and fixed assets, rental of temporary office space for administrative and R&D personnel and payroll expenses for labor idled due to the flood. The Company has received \$2,600 of cumulative insurance reimbursements associated with these costs and has recorded a receivable with its insurers of \$415 as of June 29, 2012. During the nine month period ended June 29, 2012, the Company has recognized an expense of \$19 in the Administrative, finance and information systems expense line in the Outdoor Equipment segment.

The Company is still negotiating further insurance recoveries under its business continuation and fixed asset replacement policies related to this event. The amount of these recoveries, if any, cannot be estimated at June 29, 2012. Any such recoveries will be recorded as income upon the resolution of gain contingencies.

JOHNSON OUTDOORS INC.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") includes comments and analysis relating to the results of operations and financial condition of Johnson Outdoors Inc. and its subsidiaries (the Company) as of and for the three and nine month periods ended June 29, 2012 and July 1, 2011. All monetary amounts, other than share and per share amounts, are stated in thousands.

Our MD&A is presented in the following sections:

- Forward Looking Statements
- Trademarks
- Overview
- Results of Operations
- Liquidity and Financial Condition
- Off Balance Sheet Arrangements
- Critical Accounting Policies and Estimates

This discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related notes that immediately precede this section, as well as the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011 which was filed with the Securities and Exchange Commission on December 16, 2011.

Forward Looking Statements

Certain matters discussed in this Form 10-Q are "forward-looking statements," and the Company intends these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and is including this statement for purposes of those safe harbor provisions. These forward-looking statements can generally be identified as such because they include phrases such as the Company "expects," "believes," "anticipates" or other words of similar meaning. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which could cause actual results or outcomes to differ materially from those currently anticipated.

Factors that could affect actual results or outcomes include the matters described under the caption "Risk Factors" in Item 1A of the Company's Form 10-K which was filed with the Securities and Exchange Commission on December 16, 2011 and the following: changes in economic conditions, consumer confidence levels and discretionary spending patterns; the Company's success in implementing its strategic plan, including its targeted sales growth platforms and focus on innovation; litigation costs related to actions of and disputes with companies, including companies that compete with the Company; the Company's success in its working capital management and cost-structure reductions; the Company's success in meeting financial covenants in its credit arrangements with its lenders; the risk of future writedowns of goodwill or other long-lived assets; the ability of the Company's customers to meet payment obligations; movements in foreign currencies, interest rates or commodity costs; fluctuations in the prices of raw materials or the availability of raw materials used by the Company; the success of the Company's suppliers and customers; the ability of the Company to deploy its capital successfully; unanticipated outcomes related to outsourcing certain manufacturing processes; unanticipated outcomes related to outstanding litigation matters; and adverse weather conditions. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this filing. The Company

assumes no obligation, and disclaims any obligation, to update such forward-looking statements to reflect subsequent events or circumstances.

JOHNSON OUTDOORS INC.

Trademarks

We have registered the following trademarks, which may be used in this report: Minn Kota®, Cannon®, Humminbird®, Fishin' Buddy®, LakeMaster®, Silva®, Eureka!®, Tech4O™, Geonav®, Old Town®, Ocean Kayak™, Necky®, Extrasport®, Carlisle®, Scubapro®, UWATEC®, and SUBGEAR®.

Overview

The Company is a leading global manufacturer and marketer of branded seasonal outdoor recreation products used primarily for fishing, diving, paddling and camping. The Company's portfolio of well-known consumer brands has attained leading market positions due to continuous innovation, marketing excellence, product performance and quality. The Company's values and culture support innovation in all areas, promoting and leveraging best practices and synergies within and across its subsidiaries to advance the Company's strategic vision set by executive management and approved by the Board of Directors. The Company is controlled by Helen P. Johnson-Leipold, Chairman and Chief Executive Officer, members of her family and related entities.

Seasonality

The Company's business is seasonal in nature. The second and third fiscal quarters fall within the Company's primary selling season for its outdoor recreation products. The table below sets forth a historical view of the Company's seasonality during the last two fiscal years.

| Quarter Ended | Year Ended | | | | | | | |
|---------------|--------------------|-----------|------------------|-----|-----------------|------------------|--|--|
| | September 30, 2011 | | | | October 1, 2010 | | | |
| | | Net Sales | Operating Profit | | Net Sales | Operating Profit | | |
| December | 19 | % -8 | % | 18 | % -24 | % | | |
| March | 32 | % 65 | % | 30 | % 55 | % | | |
| June | 30 | % 67 | % | 32 | % 92 | % | | |
| September | 19 | % -24 | % | 20 | % -23 | % | | |
| | 100 | % 100 | % | 100 | % 100 | % | | |

Results of Operations

The Company's net sales and operating profit (loss) by segment for the periods shown were as follows:

| | Three Months Ended | | Nine Months Ended | |
|----------------------|--------------------|------------|-------------------|------------|
| | June 29 | July 1 | June 29 | July 1 |
| | 2012 | 2011 | 2012 | 2011 |
| Net sales: | | | | |
| Marine Electronics | \$ 70,223 | \$ 64,172 | \$ 198,250 | \$ 186,016 |
| Outdoor Equipment | 12,222 | 11,322 | 27,949 | 32,059 |
| Watercraft | 22,165 | 21,855 | 46,710 | 46,106 |
| Diving | 24,051 | 25,400 | 64,907 | 66,511 |
| Other / Eliminations | (66) | (268) | (319) | (647) |
| | \$ 128,595 | \$ 122,481 | \$ 337,497 | \$ 330,045 |

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| | | | | |
|--------------------------|-----------|-----------|-----------|-----------|
| Operating profit (loss): | | | | |
| Marine Electronics | \$ 12,165 | \$ 8,994 | \$ 26,555 | \$ 22,194 |
| Outdoor Equipment | 1,522 | 1,597 | 2,101 | 3,750 |
| Watercraft | 506 | 1,061 | 1,109 | (14) |
| Diving | 2,631 | 2,179 | 4,239 | 3,323 |
| Other / Corporate | (2,602) | (2,021) | (9,520) | (7,354) |
| | \$ 14,222 | \$ 11,810 | \$ 24,484 | \$ 21,899 |

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See “Note 17 – Segments of Business” of the notes to the accompanying Condensed Consolidated Financial Statements for the definition of segment net sales and operating profit.

Net Sales

Net sales on a consolidated basis for the three months ended June 29, 2012 were \$128,595, an increase of \$6,114, or 5%, compared to \$122,481 for the three months ended July 1, 2011. Strong performance in North America and Asia markets more than offset declines in Southern Europe.

Net sales for the three months ended June 29, 2012 for the Marine Electronics business were \$70,223, up \$6,051 or 9% from \$64,172 in the prior year quarter. The increase is primarily the result of double digit growth in the Minn Kota® and Cannon® brands.

Net sales for the Outdoor Equipment business were \$12,222 for the current quarter, an increase of \$900 or 8% from the prior year quarter net sales of \$11,322. The increase was driven primarily by a 92% improvement in military tent sales in the current year quarter due to the pacing of orders.

Net sales for the Watercraft business were \$22,165, an increase of \$310, or 1%, compared to \$21,855 in the prior year quarter. The increase was driven primarily by repeat orders of low margin Old Town® brand product sold to large sporting goods retailers.

Diving net sales were \$24,051 this quarter versus \$25,400 in the prior year quarter, a decrease of \$1,349 or 5%. Unfavorable foreign currency translation impacted sales by 7%, but was offset in part by the effect of price increases.

Consolidated net sales for the nine months ended June 29, 2012 were \$337,497, an increase of \$7,452, or 2%, compared to \$330,045 for the nine months ended July 1, 2011. Increased sales in the Marine Electronics business more than overcame the \$3,252 unfavorable effect of foreign currency translation.

Net sales for the nine months ended June 29, 2012 for the Marine Electronics business were \$198,250, up \$12,234 or 7% from \$186,016 in the first nine months of the prior year. Both the Minn Kota® and Humminbird® brands grew significantly versus the prior year due primarily to the continued success of i-Pilot® and side imaging® and down imaging™ sonar products.

Net sales for the Outdoor Equipment business were \$27,949 for the current year to date period, a decrease of \$4,110 or 13% from the prior year net sales of \$32,059. The decrease was driven by a 27% year to date decline in military tent sales, incurred primarily during the first two fiscal quarters, related to reduced demand by the U.S. military.

Net sales for the first nine months for the Watercraft business were \$46,710, an increase of \$604 or 1%, compared to \$46,106 in the prior year period. Similar to the quarterly results, the increase represents higher sales of low margin product sold to large sporting goods retailers.

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Diving net sales were \$64,907 for the nine months ended June 29, 2012 versus \$66,511 for the nine months ended July 1, 2011, a decrease of \$1,604 or 2% driven primarily by the \$2,188 effect of unfavorable currency translation offset in part by the effect of price increases in U.S. and European markets.

Cost of Sales

Cost of sales increased \$2,395, or 3%, to \$74,348 for three months ended June 29, 2012 versus the same prior year period. The increase is primarily due to variable costs driven by the 5% increase in net sales during the same period.

For the nine months ended June 29, 2012, cost of sales increased \$5,718, or 3%, to \$201,622. The increase in the year to date period was also primarily driven by the 2% increase in net sales.

Gross Profit Margin

Gross profit as a percentage of net sales was 42.2% on a consolidated basis for the three month period ended June 29, 2012 compared to 41.3% in the prior year quarter. Efficiencies related to increased sales volume, price increases in the Diving business and inventory reserves taken in Marine Electronics in the prior year were the primary factors contributing to the increase in gross margin rates year over year.

Gross profit as a percentage of net sales declined slightly from the prior year for the nine month period ended June 29, 2012 from 40.6% in the prior year to date period to 40.3%. The decline was primarily driven by a higher mix of low margin products during the first two fiscal quarters in the Marine Electronics business and in Watercraft for the year to date period.

Operating Expenses

Operating expenses were \$40,025 for the quarter ended June 29, 2012, an increase of \$1,307 over the prior year quarter amount of \$38,718, primarily due to restructuring and related costs of \$1,246 recognized in the Watercraft segment. The restructuring plan is estimated to save approximately \$2,000 annually by the end of fiscal 2014.

Operating expenses were \$111,391 for the nine months ended June 29, 2012 compared to \$112,242 in the prior year nine month period. A \$3,500 favorable settlement with an insurance carrier were offset in part by the restructuring and related costs recorded by the Watercraft segment and increases in health insurance costs and bad debt expense related to sales in southern Europe.

Operating Profit

Operating profit on a consolidated basis for the three months ended June 29, 2012 was \$14,222 compared to \$11,810 in the prior year quarter, an increase of \$2,412 driven primarily by the factors noted above.

Operating profit on a consolidated basis for the nine months ended June 29, 2012 was \$24,484 compared to an operating profit of \$21,899 in the prior year period, an increase of \$2,585 over the prior year-to-date period. The increase was driven primarily by the insurance settlement offset in part by the restructuring costs.

Interest

Interest expense totaled \$595 for the three months ended June 29, 2012, compared to \$979 in the corresponding period of the prior year. The decrease was due primarily to the capitalization of \$133 of interest in the current period as well as lower debt balances and interest rates in the most recent quarter.

For the nine months ended June 29, 2012, interest expense totaled \$2,008 compared to \$2,842 for the nine months ended July 1, 2011. The decrease was due to the same factors noted for the quarter in addition to lower interest rate swap amortization expense in the current period.

Interest income for each of the three and nine month periods ended June 29, 2012 and July 1, 2011 was less than \$100.

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Other Expense/Income

Included in other expense/income for the three months ended June 29, 2012 were foreign currency exchange gains of \$952 compared to losses of \$1,810 for the three months ended July 1, 2011. In addition, the Company's foreign currency forward contracts resulted in losses of \$304 for the quarter ended June 29, 2012 versus gains of \$387 for the quarter ended July 1, 2011. Also included in this line item were net investment losses on the assets related to the Company's non-qualified deferred compensation plan of \$259 in the three month period ended June 29, 2012 compared to net investment gains of \$40 in the three month period ended July 1, 2011.

For the nine months ended June 29, 2012, foreign currency exchange gains were \$843 compared to losses of \$3,293 for the nine months ended July 1, 2011. The Company's foreign currency forward contracts resulted in losses of \$316 for the nine months ended June 29, 2012 versus gains of \$719 for the nine months ended July 1, 2011. Net investment gains on the assets related to the Company's non-qualified deferred compensation plan were \$952 in the nine month period ended June 29, 2012 compared to \$810 in the nine month period ended July 1, 2011.

Income Tax Expense

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 nine months ended June 29, 2012 was 36.0% and 44.9%, respectively, compared to 10.8% and 9.8% in the corresponding periods of the prior year.

The increase in the Company's effective tax rate for the three and nine months ended June 29, 2012 versus the prior year periods was primarily due to the U.S. no longer applying a valuation allowance, which resulted in recognition of federal and state income tax expense for businesses in the U.S. In addition, increased losses in foreign jurisdictions that carry valuation allowances resulted in no recognition of a tax benefit related to those losses.

Further contributing to the difference in the effective tax rate for the nine months ended June 29, 2012, the Company recognized a tax benefit in the six month period ended April 1, 2011 related to the recovery of alternative minimum taxes paid for certain prior tax years.

Net Income

Net income for the three months ended June 29, 2012 was \$8,995, or \$0.91 per diluted common class A and B share, compared to \$8,118, or \$0.83 per diluted common class A and B share, for the corresponding period of the prior year.

Net income for the nine months ended June 29, 2012 was \$13,334 or \$1.35 per diluted common class A and B share, compared to \$15,367, or \$1.58 per diluted common class A and B share, for the corresponding period of the prior year.

Liquidity and Financial Condition

Cash, net of debt, was \$26,269 as of June 29, 2012 compared to \$7,654 as of July 1, 2011. The increase was driven in large part by strong operating cash flow over the preceding twelve months. The Company's debt to total capitalization ratio was 7% as of June 29, 2012 down from 13% as of July 1, 2011. The Company's total debt balance was \$12,476 as of June 29, 2012 compared to \$22,671 as of July 1, 2011. See "Note 13 – Indebtedness" in the notes to the Company's accompanying Condensed Consolidated Financial Statements for further discussion.

Accounts receivable, net of allowance for doubtful accounts, were \$77,012 as of June 29, 2012, a decrease of \$3,909 compared to \$80,921 as of July 1, 2011. The year over year change was primarily related to effect of foreign currency translation.

Inventories, net of inventory reserves, were \$67,018 as of June 29, 2012, a decrease of \$6,672 compared to \$73,690 as of July 1, 2011. Approximately half of the decrease was driven by the effect of foreign currency translation. The remaining decrease was driven primarily by inventory reductions in the Marine Electronics and Watercraft businesses.

Accounts payable were \$30,269 at June 29, 2012, an increase of \$1,445 compared to \$28,824 as of July 1, 2011. The increase was driven in part by renegotiated terms with certain suppliers.

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The Company's cash flow from operating, investing and financing activities, as reflected in the Company's accompanying Condensed Consolidated Statements of Cash Flows, is summarized in the following table:

| (thousands) | Nine Months Ended | |
|---|-------------------|----------------|
| | June 29 2012 | July 1 2011 |
| Cash (used for) provided by: | | |
| Operating activities | \$7,005 | \$(1,027) |
| Investing activities | (7,722) | (5,995) |
| Financing activities | (2,233) | (973) |
| Effect of foreign currency rate changes on cash | (2,819) | 5,004 |
| Decrease in cash and cash equivalents | \$(5,769) | \$(2,991) |

Operating Activities

Cash provided by operations totaled \$7,005 for the nine months ended June 29, 2012 compared with cash used for operations of \$1,027 during the corresponding period of the prior fiscal year. The increase in operating cash was driven significantly by the decrease in deferred tax assets.

Amortization of deferred financing costs, depreciation and other amortization charges were \$9,170 for the nine month period ended June 29, 2012 compared to \$7,691 for the corresponding period of the prior year.

Investing Activities

Cash used for investing activities totaled \$7,722 for the nine months ended June 29, 2012 and \$5,995 for the corresponding period of the prior year. Cash usage in the current and the prior year periods related to capital expenditures was \$8,930 and \$5,995, respectively. The Company's recurring investments are made primarily for software development and tooling for new products and enhancements on existing products. Any additional expenditures in fiscal 2012 are expected to be funded by working capital or existing credit facilities. The Company received proceeds of \$1,208 in the nine month period ending June 29, 2012 related to the sale of a property in Ferndale, Washington.

Financing Activities

Cash flows used for financing activities totaled \$2,233 for the nine months ended June 29, 2012 compared to \$973 for the nine month period ended July 1, 2011. The Company made principal payments on senior notes and other long-term debt of \$5,986 during the nine month period ended June 29, 2012 which included the repayment of approximately \$2,932 of term loans resulting from the sale of a property in Ferndale, Washington, which was pledged as collateral under the related term loan. The Company also repaid \$2,583 of its highest interest rate term loans in the current quarter. For the nine month period ended July 1, 2011, the Company made principal payments on senior notes and other long-term debt of \$1,174.

The Company had outstanding borrowings of \$3,490 on revolving credit facilities and current maturities of its long-term debt of \$516 as of June 29, 2012. As of July 1, 2011, the Company had \$7,580 outstanding on revolving credit facilities and current maturities of long-term debt of \$2,571. The Company had outstanding borrowings on long-term debt (net of current maturities) of \$8,470 and \$12,520 as of June 29, 2012 and July 1, 2011, respectively.

The Company's term loans have maturity dates of 20 years from the September 29, 2009 effective date of the agreements. Each term loan requires monthly payments of principal and interest. Interest on the aggregate outstanding amount of the term loans is based on the prime rate plus 2.0%. The prime rate was 3.25% at June 29, 2012.

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The aggregate term loan borrowings are subject to a pre-payment penalty. The penalty is currently 8% of the pre-payment amount, and the penalty will decrease by 1% annually on the anniversary date of the effective date of the loan agreement.

On November 16, 2010, the Company and certain of its subsidiaries entered into amendments to their Revolving Credit Agreements (or “Revolvers”). The amended terms of the Revolvers, maturing in November 2014, provide for funding of up to \$75,000, with the option for an additional \$25,000 in maximum seasonal financing availability subject to the approval of the lenders. Borrowing availability under the Revolvers is based on certain eligible working capital assets, primarily accounts receivable and inventory of the Company and its subsidiaries. The Revolvers contain a seasonal line reduction that reduces the maximum amount of borrowings to \$50,000 from mid-July to mid-November, consistent with the Company's reduced working capital needs throughout that period, and requires an annual seasonal pay down to \$30,000 for 60 consecutive days. The amendments to the Revolvers reset the interest rate calculation each quarter, beginning with the quarter ended April 1, 2011, by instituting an applicable margin based on the Company's leverage ratio for the trailing twelve month period. The applicable margin ranges from 2.25% to 3.0%.

The interest rate on the Revolvers is based on LIBOR or the prime rate, at the Company's discretion, plus an applicable margin. The interest rate in effect on the Revolvers at June 29, 2012, based primarily on LIBOR plus 2.25%, was approximately 2.50%.

The Company's remaining borrowing availability under the Revolvers was approximately \$46,100 at June 29, 2012.

Under the terms of the Revolvers, the Company is required to comply with certain financial and non-financial covenants. Among other restrictions, the Company is restricted in its ability to pay dividends, incur additional debt and make acquisitions or divestitures above certain amounts. The key financial covenants include a minimum fixed charge coverage ratio, limits on minimum net worth and EBITDA, a limit on capital expenditures, and a seasonal pay-down requirement.

As of June 29, 2012 the Company held approximately \$30,300 of cash and cash equivalents in bank accounts in foreign taxing jurisdictions.

Off Balance Sheet Arrangements

The Company utilizes letters of credit primarily as security for the payment of future claims under its workers compensation insurance. Letters of credit outstanding were \$2,103 and \$2,568 at June 29, 2012 and July 1, 2011, respectively.

The Company anticipates making contributions of \$178 to its defined benefit pension plans through September 28, 2012.

The Company has no other off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The Company's critical accounting policies are identified in the Company's Annual Report on Form 10-K for the fiscal year ending September 30, 2011 in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading “Critical Accounting Policies and Estimates.” There were no significant changes to the

Company's critical accounting policies during the nine months ended June 29, 2012.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

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Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Security and Exchange Commission's rules and forms, and that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective at reaching a level of reasonable assurance. It should be noted that in designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures. The Company has designed its disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives.

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II OTHER INFORMATION

Item 6. Exhibits

See Exhibit Index to this Form 10-Q report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Signatures Dated: August 9, 2012

JOHNSON OUTDOORS INC.

/s/ Helen P. Johnson-Leipold
Helen P. Johnson-Leipold
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ David W. Johnson
David W. Johnson
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit Index to Quarterly Report on Form 10-Q

| Exhibit Number | Description |
|----------------|--|
| 31.1 | Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 (1) | Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | The following materials from Johnson Outdoors Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2012 formatted in XBRL (eXtensible Business Reporting Language) and furnished electronically herewith: (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Cash Flows; and (iv) Notes to Condensed Consolidated Financial Statements* |

*Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

(1) This certification is not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.