FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934

For Quarter Ended	Commission File Number:
MARCH 31, 2001	0-21026

ROCKY SHOES & BOOTS, INC.
(Exact name of registrant as specified in its charter)

OHIO	31-1364046
(State of Incorporation)	(IRS Employer Identification Number)

39 E. CANAL STREET
NELSONVILLE, OHIO 45764
(Address of principal executive offices)

(740) 753-1951
(Registrant's telephone number, including area code)

(Former name, former address, and former Fiscal year if changed since last report.)

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 twelve (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 ninety (90) days.

Yes X No

4,489,215 common shares, no par value, outstanding at May 1, 2001

ROCKY SHOES & BOOTS, INC. AND SUBSIDIARIES

FORM 10-Q

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PART 1 - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

ROCKY SHOES & BOOTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
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<S>	March 31, 2001 Unaudited <C>	December 31, 2000 <C>
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,116,851	$ 2,117,994
Trade receivables - net	11,372,760	18,055,881
Other receivables	3,411,050	2,956,900
Inventories	38,422,375	32,035,237
Deferred income taxes	502,722	536,012
Prepaid expenses	4,084,974	1,295,287
Total current assets	58,910,732	56,997,311
FIXED ASSETS - net	23,440,166	24,330,319
OTHER ASSETS	4,743,990	4,723,542
TOTAL ASSETS	$87,094,888	$86,051,172
LIABILITIES AND SHAREHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Accounts payable	$ 6,262,617	$ 3,502,296
Current maturities - long term debt	553,081	1,070,374
Accrued taxes - other	841,070	560,537
Accrued salaries and wages	657,481	369,925
Accrued other	596,986	1,293,214
Total current liabilities	8,911,235	6,796,346
LONG TERM DEBT-less current maturities	26,335,962	26,445,276
DEFERRED LIABILITIES	2,428,113	2,483,878
TOTAL LIABILITIES	37,675,310	35,725,500
SHAREHOLDERS' EQUITY:		
Common stock, no par value;		

10,000,000 shares authorized; issued and outstanding March 31, 2001 - 4,489,215 shares; December 31, 2000 - 4,489,215 shares	35,284,159	35,284,159
Retained earnings	14,135,419	15,041,513
Total shareholders' equity	49,419,578	50,325,672
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$87,094,888	$86,051,172

</TABLE>

See notes to the interim unaudited condensed consolidated financial statements.

ROCKY SHOES & BOOTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
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	Three Months Ended March 31, 2001	2000
<S>	<C>	<C>
NET SALES	$ 15,675,240	$ 15,131,032
COST OF GOODS SOLD	12,508,166	11,598,351
GROSS MARGIN	3,167,074	3,532,681
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,008,499	5,275,831
LOSS FROM OPERATIONS	(841,425)	(1,743,150)
OTHER INCOME AND (EXPENSES):		
Interest expense	(579,097)	(658,060)
Other - net	132,986	108,503
Total other - net	(446,111)	(549,557)
LOSS BEFORE INCOME TAX BENEFIT	(1,287,536)	(2,292,707)
INCOME TAX BENEFIT	(381,442)	(677,139)
NET LOSS	$ (906,094)	$ (1,615,568)
NET LOSS PER SHARE		
Basic	($0.20)	($0.36)
Diluted	($0.20)	($0.36)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	4,489,215	4,489,215
Diluted	4,489,215	4,489,215

</TABLE>

See notes to the interim unaudited condensed consolidated financial statements.

ROCKY SHOES & BOOTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
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	Three Months Ended March 31, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (906,094)	$ (1,615,568)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,164,455	1,122,019
Deferred taxes and liabilities - net	(22,475)	(166,108)
Gain on sale of fixed assets		(9,468)
Change in assets and liabilities:		
Receivables	6,228,971	6,757,197
Inventories	(6,387,138)	(7,142,095)
Prepaid expenses	(2,789,687)	(993,114)
Other assets	(29,492)	(7,288)
Accounts payable	2,753,104	3,433,758
Accrued and other liabilities	(128,139)	(12,204)
Net cash provided by (used in) operating activities	(116,495)	1,367,129
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(258,041)	(1,344,343)
Proceeds from sale of fixed assets		165,932
Net cash used in investing activities	(258,041)	(1,178,411)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Debt	21,980,847	19,675,000
Payments on Long Term Debt	(22,607,454)	(18,334,161)
Net cash provided by (used in) financing activities	(626,607)	1,340,839
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,001,143)	1,529,557
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,117,994	2,330,324
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,116,851	$ 3,859,881

</TABLE>

See notes to the interim unaudited condensed consolidated financial statements.

ROCKY SHOES & BOOTS, INC.
AND SUBSIDIARIES

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM FINANCIAL REPORTING

In the opinion of management, the accompanying interim unaudited condensed consolidated financial statements reflect all adjustments which are necessary for a fair presentation of the financial results. All such adjustments reflected in the unaudited interim consolidated financial statements are considered to be of a normal and recurring nature. The results of the operations for the three month periods ended March 31, 2001 and 2000 are not necessarily indicative of the results to be expected for the whole year. Accordingly, these financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report to the Shareholders on Form 10-K for year ended December 31, 2000.

Certain reclassifications have been made to the prior year amounts in order to conform to the current year presentation.

2. INVENTORIES

Inventories are comprised of the following:

	March 31, 2001	December 31, 2000
Raw materials	$ 8,534,197	$ 5,043,839
Work-in Process	2,570,437	1,288,960
Manufactured finished good	24,656,004	23,604,593
Factory outlet finished goods	3,015,737	2,438,398
Reserve for obsolescence or lower of cost or market	(354,000)	(340,553)
Total	$ 38,422,375	$ 32,035,237

3. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest and Federal, state and local income taxes was as follows:

	Three Months Ended March 31, 2001	2000
Interest	$660,247	$694,853
Federal, state and local income taxes	$ 52,348	$ 45,100

Accounts payable at March 31, 2001 and December 31, 2000 include a total of $19,315 and $12,098, respectively, relating to the purchase of fixed assets.

4. PER SHARE INFORMATION

Basic earnings per share (EPS) is computed by dividing net loss applicable to common shareholders by the basic weighted average number of common shares outstanding during each period. The diluted earnings per share computation includes common share equivalents, when dilutive. There are no adjustments to net income necessary in the calculation of basic and diluted earnings per share.

5. RECENTLY ADOPTED FINANCIAL ACCOUNTING STANDARDS

Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133 certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 effective January 1, 2001. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

PART 1 - FINANCIAL INFORMATION
ITEM 2

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

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, information derived from the Company's Interim Unaudited Condensed Consolidated Financial Statements, expressed as a percentage of net sales. The discussion that follows the table should be read in conjunction with the Interim Unaudited Condensed Consolidated Financial Statements of the Company.

PERCENTAGE OF NET SALES

	Three Months Ended March 31, 2001	2000
Net Sales	100.0%	100.0%
Cost of Goods Sold	79.8%	76.7%
Gross Margin	20.2%	23.3%
Selling, General and Administrative Expenses	25.6%	34.9%
Loss from Operations	(5.4%)	(11.5%)

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

Net Sales

Net Sales increased $544,208, or 3.6%, to $15,675,240 for the quarter ended March 31, 2001 compared to $15,131,032 for the same period a year ago. The increase in net sales is a result of increased shipments of rugged outdoor and occupational footwear partially offset by lower sales of casual product. The Company's prices are approximately 4% higher than the previous year. This increase was in response to raw material increases and growing strength of the ROCKY brand.

Gross Margin

Gross margin decreased $365,607, or 10.3%, to $3,167,074 for the quarter ended March 31, 2001 compared to $3,532,681 for the same period in 2000. As a percentage of net sales, gross margin was 20.2% this year compared to 23.3% a year ago. The decrease in gross margin was primarily attributable to start-up costs associated with production of ROCKY(R) GORE-TEX(R) military boots under a U.S. Government contract awarded earlier this year, which began sooner than expected and with higher initial orders. As of March 31, 2001, the Company had received orders for $4.8 million of the $6.6 million specified in the contract. All of the current orders are

expected to be shipped during the second and third quarters of this year.

In addition, the Company's overall production levels in its facilities were down versus the same period a year ago due to greater reliance on sourced product resulting in higher manufacturing overhead costs being absorbed by sales in the first quarter. The reduced first quarter production schedule is expected to enable the Company to manufacture more of its rugged outdoor footwear against firm backlog and closer to planned deliveries for the fall and winter seasons this year. This will contribute to lower finished goods levels throughout the remainder of 2001.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") decreased $1,267,332, or 24.0%, to $4,008,499 for the quarter ending March 31, 2001 compared to $5,275,831 for the same period a year ago. As a percentage of net sales, SG&A declined to 25.6% of net sales versus 34.9% a year ago. This decrease was primarily the result of lower salary, commission, and advertising expenses. The Company is realizing increased efficiencies from its finished goods distribution center, which was completed in 2000. Ongoing cost control programs initiated in 2000 continue to be implemented.

Interest Expense

Interest expense decreased $78,963, or 12%, to $579,097 in the quarter ended March 31, 2001 compared to $658,060 the prior year. The decrease in interest expense is a result of lower outstanding balances and rates under the Company's revolving line of credit. The Company's funded debt decreased 23.4% to $26,889,043 at March 31, 2001versus $35,117,654 a year ago.

Income Taxes

Income tax benefit for the three months ended March 31, 2001 decreased to

$381,442 compared to an income tax benefit of $677,139 for the same period a year ago. The Company's effective tax benefit rate of 29.6% for the three months ended March 31, 2001 reflects primarily the lower tax rates in Puerto Rico.

Liquidity and Capital Resources

The Company has principally funded working capital requirements and capital expenditures through borrowings under its line of credit and other indebtedness. Working capital is primarily used to support changes in accounts receivable and inventory as a result of the Company's seasonal business cycle and business expansion. These requirements are generally lowest in the months of January through March of each year and highest during the months of May through October. In addition, the Company requires financing to support additions to machinery, equipment and facilities as well as the introduction of new styles of footwear. At March 31, 2001, the Company had working capital of $49,999,497 versus $50,200,965, at December 31, 2000.

The Company's line of credit provides for advances based on a percentage of eligible accounts receivable and inventory with maximum borrowings under the line of credit of $50,000,000. As a result of the limitations on its maximum borrowing amount at March 31, 2001, the Company has borrowed $20,015,328 against its currently available line of credit of $24,429,190.

The Company used $116,495 of cash in its operating activities in the first quarter 2001 compared to cash it generated from operations of $1,367,129 in the comparable period of the prior year. The primary cause of the decrease in cash generated from operations is an increase in prepaid assets due to advances paid for delivery of sourced goods late in the year.

The principal use of cash flows in investing activities for the first quarters of both 2001 and 2000 has been for investment in property, plant, and equipment. In the first quarter of 2001, property, plant, and equipment expenditures were $258,041 versus $1,344,343 for the same period in 2000. The reduction resulted from decreased needs for capital expenditures due to the completion of the Company's new distribution center in January 2000 and an increased reliance on sourced goods from the Far East.

Capital expenditures for 2001 are expected to be approximately $1,800,000. The Company believes it will be able to finance such additions and meet operating expenditure requirements in 2001 through available cash on hand, additional long-term borrowings and operating cash flows.

The majority of the expenditures planned for 2001 are costs associated with production or sourcing of new styles of footwear and replacement of machinery, equipment, and in-store displays.

Inflation

The Company cannot determine the precise effects of inflation; however, inflation continues to have an influence on the cost of materials, salaries, and employee benefits. The Company attempts to offset the effects of inflation through increased selling prices, productivity improvements, and reduction of costs.

The impact of the foot and mouth epidemic in Europe has resulted in sharply higher prices for leather this year. As of March 31, 2001, there are sufficient supply commitments in place at fixed prices to take care of firm orders for delivery later this year. Current backlog is also covered for scheduled shipments during the April through July period. Additional price increases may be necessary later this year to respond to continued price changes.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, all statements regarding the intent, belief and expectations of the Company and its management. Investors are cautioned that such statements involve risks and uncertainties, including, but not limited to, changes in consumer demand, seasonality, impact of weather, competition, reliance on suppliers, changing retailing trends, reliance on foreign manufacturing, changes in tax rates, limited protection of proprietary technology, and other risks, uncertainties and factors described in the Company's most recent Annual Report on Form 10-K and other filings from time to time with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

PART 1 - FINANCIAL INFORMATION
ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes since December 31, 2000.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None

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

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K.

(a) Reports on Form 8-K.

None.

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.

ROCKY SHOES & BOOTS, INC.

Date: May 15, 2001

/s/ David Fraedrich

David Fraedrich, Executive Vice President,
Treasurer, and Chief Financial Officer*
(Principal Financial and Accounting Officer)

* In his capacity as Executive Vice President, Treasurer, and Chief Financial Officer, Mr. Fraedrich is duly authorized to sign this report on behalf of the Registrant.