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, 1999	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

4,865,415 common shares, no par value, outstanding at May 1, 1999

PART 1 - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

<TABLE>

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

<CAPTION>

<S>	March 31, 1999 (unaudited) <C>	Dec. 31, 1998 <C>
ASSETS:		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 1,579,438	$ 7,232,876
Trade Receivables - net	12,836,183	15,595,483
Other Receivables	2,466,057	1,654,471
Inventories	51,232,320	47,110,011
Deferred Income Taxes	1,735,699	1,735,699
Prepaid Expenses	1,427,441	871,533
Total Current Assets	71,277,138	74,200,073
Fixed Assets - Net	22,623,367	20,503,854
Other Assets	1,892,954	1,894,542
Total Assets	$95,793,459	$96,598,469
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current Liabilities:		
Accounts Payable	$ 5,713,606	$ 2,194,026

Current Maturities - Long Term Debt	885,877	2,927,625
Accrued Taxes - Other	699,266	479,211
Accrued Salaries and Wages	715,608	511,916
Accrued Other	152,690	618,952
Total Current Liabilities	8,167,047	6,731,730
Long Term Debt-less current maturities	26,665,339	26,877,509
Deferred Liabilities	3,372,456	3,354,159
Total Liabilities	38,204,842	36,963,398
Shareholders' Equity:		
Common Stock, no par value; 10,000,000 shares authorized; issued and outstanding 1999 - 4,865,415 shares; 1998 -5,172,815 shares	37,835,862	39,560,343
Retained Earnings	19,752,755	20,074,728
Total Shareholders' Equity	57,588,617	59,635,071
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$95,793,459	$96,598,469

</TABLE>

See notes to the condensed consolidated financial statements.

<TABLE>

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

<CAPTION>

	Three Months Ended March 31, 1999	1998
<S>	<C>	<C>
Net Sales	$13,622,730	$12,956,930
Cost of Goods Sold	10,444,060	9,375,903
Gross Margin	3,178,670	3,581,027
Selling, General and Administrative Expenses	3,344,511	3,071,607
(Loss) Income from Operations	(165,841)	509,420
Other Income and (Expenses):		
Interest Expense	(506,805)	(192,492)
Other net	132,933	78,679
Total Other - net	(373,872)	(113,813)
(Loss) Income Before Income Taxes	(539,713)	395,607
Income Tax (Benefit) Expense	(217,740)	103,920
Net (Loss) Income	$ (321,973)	$ 291,687
Net (Loss) Income Per Share		
Basic	$ (0.06)	$ 0.05
Diluted	$ (0.06)	$ 0.05
Weighted Average Number of Shares Outstanding:		
Basic	4,999,544	5,413,809
Diluted	5,002,585	5,611,078

</TABLE>

See notes to the condensed consolidated financial statements.

<TABLE>

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

<CAPTION>

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss) Income	$ (321,973)	$ 291,687
Adjustments to Reconcile Net (Loss) Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization	858,342	994,475
Deferred Taxes and Other		77,896
Deferred Compensation and Pension - net	18,297	
Change in Assets and Liabilities:		
Receivables	1,947,714	5,418,372
Inventories	(4,122,309)	(8,707,321)
Prepaid Expenses	(555,908)	(697,737)
Other Assets	1,588	6,640
Accounts Payable	3,883,660	2,570,228
Accrued and Other Liabilities	(42,515)	(616,149)
Net Cash Provided By (Used In) Operating Activities	1,666,896	(661,909)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(3,341,935)	(1,145,510)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Debt		7,200,000
Payments on Long Term Debt	(2,253,918)	(12,760,665)
Purchase Treasury Stock	(1,724,481)	
Proceeds from Exercise of Stock Options Including Related Tax Benefit		14,406
Net Cash Used In Financing Activities	(3,978,399)	(5,546,259)
DECREASE IN CASH AND CASH EQUIVALENTS	(5,653,438)	(7,353,678)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,232,876	8,556,883
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,579,438	$ 1,203,205

</TABLE>

See notes to the condensed consolidated financial statements.

ROCKY SHOES & BOOTS, INC.
AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM FINANCIAL REPORTING

In the opinion of management, the accompanying 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 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, 1999 and 1998 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 on Form 10-K for year ended December 31, 1998.

2. INVENTORIES

Inventories are comprised of the following:

<TABLE>
<CAPTION>

<S>	March 31, 1999 <C>	December 31, 1998 <C>
Raw materials	$ 9,658,065	$ 7,917,557
Work-in Process	5,544,211	5,184,591
Manufactured finished good	33,220,506	31,532,217
Factory outlet finished goods	2,809,538	2,475,646
	-----------	-----------
Total	$51,232,320	$47,110,011
	===========	===========

</TABLE>

3. SUPPLEMENTAL CASH FLOW INFORMATION

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

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	1999	1998
	----	----
<S>	<C>	<C>
Interest	$520,283	$224,923
	========	========
Federal, state and local income taxes	$235,000	$238,570
	========	========

</TABLE>

Accounts payable at March 31, 1999 and December 31, 1998 include a total of $54,198 and $418,278, respectively relating to the purchase of fixed assets.

4. PER SHARE INFORMATION

A reconciliation of the shares used in the basic and diluted (loss) income per share computation for the three months ended March 31, 1999 and 1998 is as follows:

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	1999	1998
<S>	<C>	<C>
Basic-Weighted Average Shares outstanding	4,999,544	5,413,809
Diluted securities;		
Preferred Stock		29,460
Stock options	3,041	167,809
	---------	---------
Diluted-weighted average Shares outstanding	5,002,585	5,611,078
	---------	---------

</TABLE>

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 Condensed Consolidated Financial Statements, expressed as a percentage of net sales. The discussion that follows the table should be read in conjunction with the Condensed Consolidated Financial Statements of the Company.

<TABLE>

<CAPTION>

	PERCENTAGE OF NET SALES	
	Three months Ended March 31,	
	1999	1998
<S>	<C>	<C>
Net Sales	100.0%	100.0%
Cost of Goods Sold	76.7%	72.4%
Gross Margin	23.3%	27.6%
Selling, General and Administrative Expenses	24.5%	23.7%
Income from Operations	(1.2)%	3.9%

</TABLE>

THREE MONTHS ENDED MARCH 31, 1999 COMPARED TO THREE MONTHS ENDED MARCH 31, 1998

Net Sales

Net sales for three months ended March 31, 1999 increased $665,800, or 5.1%, to $13,622,730 versus $12,956,930 for the same period a year ago. Sales of Rocky(R) branded products benefited from growth in rugged outdoor footwear, while the duty and casual footwear categories were below the same period in 1998. Prices were approximately 2% higher than the previous year.

Gross Margin

Gross margin decreased $402,357, or 11.2%, to $3,178,670 for the three months ended March 31, 1999 versus $3,581,027 for the same period a year ago. As a percentage of net sales, gross margin was 23.3%, versus 27.6% for the same period a year ago. The lower gross margin resulted from higher production costs per unit sold, as the Company sought to balance higher than planned year-end 1998 inventory with production needs for the 1999 Fall and Winter seasons. The Company's facilities are expected to remain at lower production levels until sometime in the third quarter when inventory is expected at appropriate levels with the Company's sales plan.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") increased $272,904, or 8.9%, to $3,344,511 for the three months ended March 31, 1999, versus $3,071,607 for the same period a year ago. As a percentage of net sales, SG&A was 24.5%, versus 23.7% for the same period a year ago. The increase was a result of higher trade advertising expenses in conjunction with the company's introduction of FORMZ custom fitting footwear. The Company also incurred increased salaries and catalog expense in separating Marketing & Sales into three distinct product areas: Casual, Work/Occupational, and Outdoor Rugged Footwear.

Interest Expense

Interest expense increased $314,313, or 163.3% to $506,805 for the three months ended March 31, 1999, versus $192,492 for the same period in 1998. The increase is a result of higher outstanding balances on the Company's revolving line of credit which is being used to support increased inventory, construction costs of the Company's new distribution warehouse that is scheduled for completion in June 1999, and additions to other fixed assets.

Income Taxes

Income taxes decreased to a benefit of ($217,740) for the three months ended March 31, 1999 versus income tax expense of $103,920 for the same period a year ago. The Company's effective tax rate varies based on the levels of profit (loss) in each of its tax jurisdictions. The income tax benefit for the three-month period is primarily generated from the Company's domestic operations.

Liquidity and Capital Resources

The Company has principally funded its 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 of each year. In addition, the Company requires financing to support additions to machinery, equipment and facilities as well as the introduction of footwear styles.

At March 31, 1999, the Company had working capital of $63,110,091 versus $67,468,343, at December 31, 1998. The Company has a revolving line of credit with maximum borrowing limits of $25,000,000 during the period of January 28th through May 15th of each year after which the line increases to $42,000,000 for the remainder of the year. The line of credit expires May 31, 2003. Changes in the line of credit during the year match the Company's seasonal requirements for working capital. As of March 31,1999, the Company had borrowed $25,000,000 against its available line of credit of $25,000,000.

The Company reacquired and retired 307,400 common shares for $1,724,481 under its share repurchase program during the three-month period ended March 31, 1999.

Capital expenditures for 1999 are expected to be approximately $7,500,000 for machinery and equipment to support increased production and for lasts, dies, and patterns for new footwear styles and completion of the Company's new finished goods distribution center. The Company believes it will be able to finance such additions and meet operating expenditure requirements in 1999 through available cash on hand, additional long-term borrowings and operating cash flows.

Year 2000

Company's State of Readiness:

The Year 2000 ("Y2K") issue refers to a condition in computer software where a two-digit field instead of a four-digit field is used to distinguish a calendar year. Unless corrected, date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions to various activities and operations. Such uncorrected conditions could significantly interfere with the conduct of the Company's business, could result in disruption of its operations and could subject it to potentially significant legal liabilities.

The Company, utilizing both internal and external resources, is preparing for the consequences that Y2K may have on its ability to rely on data processing and other automated operational functions which are date dependent. In addition, a questionnaire is being distributed to the Company's vendors to obtain pertinent information and assurances that their systems and products are Y2K compliant. Finally, the Company has internal non-information technology systems comprised primarily of building security systems that need to be assessed for compliance. It is expected that the assessment of the impact of the Company's vendors' systems and the Company's non-information technology system and its hardware will be complete by June 1999. The Company will initiate testing of its internal hardware and software and upgrade or replace mission critical equipment as necessary to achieve compliance by June 1999. Currently, the Company is replacing its manufacturing and financial application software that is critical to the orderly conduct of the business. The software upgrade is expected to be completed during the second quarter of 1999. Management believes the Company has completed an adequate assessment of Y2K dependencies relating to critical data processing. However, there can be no assurance that the Company's plan functions, and assessments have identified all existing Y2K expenses. Failure to identify all Y2K expenses could result in a materially adverse impact to the Company, although the extent of this impact is not believed to be reasonably estimable.

Costs to Address Year 2000 Issues:

The Company currently estimates that additional expenditures of approximately $0.2 million, including hardware and software, will be made during Fiscal 1999 to upgrade and enhance the Company's systems. As of March 31, 1999 the Company's aggregate costs to date are approximately $2.3 million related to computer hardware and software upgrades which were funded from current operations. The anticipated impact and costs of the project, as well as the date, on which the Company expects to complete the project, are based on management's best estimates using information currently available and numerous assumptions about future events. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those plans.

Risks of the Company's Year 2000 Issues:

There can be no guarantee that the Company's efforts will prevent a material adverse impact on its results of operations, financial conditions and cash flows, since the Company's Y2K compliance is dependent upon key third party vendors also being Y2K compliant on a timely basis. The possible consequences to the Company not being fully Y2K compliant include temporary plant closings, delays in the delivery of finished products, delays in the receipt of key materials and supplies, invoice and collection errors, and financing issues, including payroll. These consequences could have a material adverse impact on the Company's results of operations, financial condition and cash flows if the Company is unable to conduct its business in the ordinary course.

The Company's Contingency Plans:

The Company is reviewing and plans to test all mission critical systems and major system components for Y2K compliance. It is anticipated that these efforts will be completed by June 1999. The Company plans to incorporate Y2K issues into its business contingency plans within this same timeframe. Worst case scenarios are being evaluated in relation to the Company's key business needs. The Company has not yet adopted a formal contingency plan to address the possibility that internal, customer, or supplier systems may not become Y2K compliant, but management will develop such plans which may be required as Fiscal 1999 evolves and the risk of such exposure, if any, becomes better clarified. Specific timetables and phases will be established for these contingency plans. The company cannot currently estimate the cost, if any, associated with contingency planning efforts that may be necessary to complete the Y2K efforts.

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, the 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes since December 31, 1998.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

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) Exhibits

27. Financial Data Schedule.

(b) Reports on Form 8-K.

None.

Item 7. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

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.

/s/ David Fraedrich

Date: May 17, 1999

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.

ROCKY SHOES & BOOTS, INC.
AND SUBSIDIARIES
FORM 10-Q
EXHIBIT INDEX

Exhibit Number	Exhibit Description
27	Financial Data Schedule

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