

Phoenix Footwear Group, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	(Unaudited) April 3, 2010	January 2, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 161	\$ 356
Accounts receivable, net	3,795	2,559
Inventories, net	7,255	6,392
Other current assets	1,476	2,108
Income taxes receivable	137	2,205
Current assets of discontinued operations	4	13
Total current assets	<u>12,828</u>	<u>13,633</u>
Property, plant and equipment, net	948	1,021
Other assets	35	48
TOTAL ASSETS	<u><u>\$ 13,811</u></u>	<u><u>\$ 14,702</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable, current	\$ 2,916	\$ 2,956
Accounts payable	3,097	3,124
Accrued expenses	1,372	1,216
Other current liabilities	455	453
Current liabilities of discontinued operations	676	2,076
Total current liabilities	<u>8,516</u>	<u>9,825</u>
Other long-term liabilities	323	376
Total liabilities	<u>8,839</u>	<u>10,201</u>
Stockholders' equity	4,972	4,501
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 13,811</u></u>	<u><u>\$ 14,702</u></u>

Phoenix Footwear Group, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)

(Unaudited)
Three Months Ended

	April 3, 2010		April 4, 2009	
Net sales	\$ 5,893	100%	\$ 6,091	100%
Cost of goods sold	3,816	65%	4,024	66%
Gross profit	<u>2,077</u>	35%	<u>2,067</u>	34%
Operating expenses:				
Selling, general and administrative	2,691	46%	3,782	62%
Other expense, net	-	-	1,018	17%
Total operating expenses	<u>2,691</u>	46%	<u>4,800</u>	79%
Operating loss	(614)	-10%	(2,733)	-45%
Interest expense, net	<u>61</u>	1%	<u>16</u>	0%
Loss before income taxes and discontinued operations	(675)	-12%	(2,749)	-45%
Income tax expense (benefit)	<u>8</u>	0%	<u>(28)</u>	-
Loss from continuing operations	(683)	-12%	(2,721)	-45%
Earnings (loss) from discontinued operations, net of tax	<u>1,123</u>	19%	<u>(241)</u>	-4%
Net earnings (loss)	<u>\$ 440</u>	8%	<u>\$ (2,962)</u>	-49%
Earnings (loss) per share:				
Basic and diluted				
Continuing operations	\$ (0.08)		\$ (0.33)	
Discontinued operations	0.13		(0.03)	
Net earnings (loss)	<u>\$ 0.05</u>		<u>\$ (0.36)</u>	
Weighted-average shares outstanding:				
Basic and diluted	8,166		8,166	

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