

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For the quarterly period ended July 2, 1995

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

For the transition period from to

Commission File No. 1-7604

CROWN CRAFTS, INC.

(Exact name of registrant as specified in its charter)

Georgia

58-0678148

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

1600 Riveredge Parkway, Suite 200, Atlanta, Georgia 30328

(Address of principal executive offices)

(404) 644-6400

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No

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The number of shares of common Stock, \$1.00 par value, of the Registrant
outstanding as of August 11, 1995 was 7,943,980.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

PART 1 - FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
JULY 2, 1995 (UNAUDITED) AND APRIL 2, 1995

<TABLE>
<CAPTION>

(dollars in thousands)	July 2, 1995	April 2, 1995
<S>	<C>	<C>
ASSETS		

CURRENT ASSETS		
Cash	\$ 423	\$ 567
Accounts receivable, net:		
Due from factor	14,723	20,657
Other	2,420	4,382
Inventories	55,856	44,909
Deferred income taxes	735	737
Other current assets	2,259	2,152
	-----	-----
Total Current Assets	76,416	73,404
	-----	-----
PROPERTY, PLANT AND EQUIPMENT - at cost:		
Land, buildings and improvements	32,899	32,060
Construction projects in progress	7,847	666
Machinery and equipment	55,533	54,584
Furniture and fixtures	1,951	1,735
	-----	-----
	98,230	89,045
Less accumulated depreciation	31,252	29,583
	-----	-----
Property, Plant and Equipment - net	66,978	59,462
	-----	-----
OTHER ASSETS	4,291	1,165
	-----	-----
TOTAL	\$ 147,685	\$ 134,031
	=====	=====

</TABLE>

See notes to interim consolidated financial statements.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED BALANCE SHEETS
JULY 2, 1995 (UNAUDITED) AND APRIL 2, 1995

<TABLE>
<CAPTION>

(dollars in thousands)	July 2, 1995	April 2, 1995
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Notes payable	\$ 25,665	\$ 15,070
Accounts payable	14,249	10,666
Income taxes payable	908	687
Accrued liabilities	4,526	5,026
Current maturities of long-term debt	5,502	5,000
	-----	-----

Total Current Liabilities	50,850	36,449
	-----	-----
LONG-TERM DEBT	3,312	5,000
	-----	-----
DEFERRED INCOME TAXES	5,208	4,933
	-----	-----
OTHER LIABILITIES	661	649
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock - par value \$1.00 per share; 15,000,000 shares authorized; 9,044,507 and 9,003,991 shares issued	9,045	9,004
Paid-in capital	34,299	33,811
Retained earnings	51,551	51,352
Less:		
468,448 and 464,188 shares of common stock held in treasury	(7,241)	(7,167)
	-----	-----
Total Shareholders' Equity	87,654	87,000
	-----	-----
TOTAL	\$ 147,685	\$ 134,031
	=====	=====

</TABLE>

See notes to interim consolidated financial statements.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (Continued)

CONSOLIDATED STATEMENTS OF EARNINGS

JULY 2, 1995 AND JULY 3, 1994

(UNAUDITED)

<TABLE>

<CAPTION>

(dollars in thousands, except
per share data)

	July 2, 1995	July 3, 1994
	-----	-----
<S>	<C>	<C>
NET SALES	\$ 39,207	\$ 39,713
COST OF PRODUCTS SOLD		31,656
	-----	-----
GROSS PROFIT	7,551	7,626
MARKETING AND ADMINISTRATIVE EXPENSES		6,494
	-----	-----
EARNINGS FROM OPERATIONS		1,057
OTHER INCOME (EXPENSE):		
Interest Expense	(529)	(363)
Other - net	200	106
	-----	-----

EARNINGS BEFORE INCOME TAXES		728	1,964
PROVISIONS FOR INCOME TAXES		272	721
	-----	-----	
NET EARNINGS	\$	456	\$ 1,243
	=====	=====	
NET EARNINGS PER SHARE	\$	0.05	\$ 0.15
	=====	=====	
AVERAGE SHARES OUTSTANDING		8,565,429	8,421,569
	=====	=====	
DIVIDENDS DECLARED PER SHARE	\$	0.03	\$ 0.03
	=====	=====	

</TABLE>

See notes to interim consolidated financial statements.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED JULY 2, 1995 AND

JULY 3, 1994

(UNAUDITED)

<TABLE>

<CAPTION>

(dollars in thousands)	July 2, 1995	July 3, 1994
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net Earnings	\$ 456	\$ 1,243
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	2,112	1,757
Deferred income taxes	2	
Gain on disposal of property, plant and equipment		(74)
Changes in assets and liabilities:		
Accounts receivable	8,209	6,912
Inventories	(10,947)	(5,719)
Other current assets	(87)	(121)
Other assets	(131)	(198)
Accounts payable	3,573	(1,512)
Income taxes payable	(18)	559
Accrued liabilities	(562)	(451)
Other liabilities	12	12
	-----	-----
Net Cash Provided by Operating Activities		2,545
	-----	-----
INVESTING ACTIVITIES:		
Capital expenditures	(6,973)	(6,915)
Acquisition, net of cash acquired	(3,958)	
Proceeds from sale of property, plant and equipment	199	4
	-----	-----
Net Cash Used for Investing Activities		(10,732)
	-----	-----
FINANCING ACTIVITIES:		
Payment of long-term debt	(2,750)	(2,500)

Increase in notes payable	10,595	7,146
Exercise of stock options	455	71
Cash dividends	(257)	(253)
	-----	-----
Net Cash Provided By Financing Activities	8,043	4,464
	-----	-----
NET INCREASE (DECREASE) IN CASH		
(carried forward)	\$ (144)	\$ 31

</TABLE>

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CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED JULY 2, 1995 AND
JULY 3, 1994
(UNAUDITED)

<TABLE>
<CAPTION>

(dollars in thousands)	July 2, 1995	July 3, 1994
	-----	-----
NET INCREASE (DECREASE) IN CASH	<C>	<C>
(brought forward)	\$ (144)	\$ 31
CASH, beginning of period	567	425
	-----	-----
CASH, end of period	\$ 423	\$ 456
	=====	=====
Supplemental Cash Flow Information:		
Income taxes paid	\$ 141	\$ 357
	=====	=====
Interest paid net of amounts capitalized	\$ 534	\$ 442
	=====	=====

</TABLE>

See notes to interim consolidated financial statements.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to interim financial information and the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. In the

opinion of management, such interim consolidated financial statements contain all adjustments necessary to present fairly the Company's financial position as of July 2, 1995 and the results of its operations and its cash flows for the periods ended July 2, 1995 and July 3, 1994. Such adjustments include normal recurring accruals and a pro rata portion of certain estimated annual expenses.

2. Interest costs of \$114,000 and \$67,000 were capitalized during the three month periods ended July 2, 1995 and July 3, 1994.
3. The computation of net earnings per share for the periods ended July 2, 1995 and July 3, 1994 is based on the simple average shares outstanding. Stock options outstanding did not have a dilutive effect during either period.
4. Major classes of inventory were as follows (in thousands):

<TABLE>
<CAPTION>

	July 2, 1995	April 2, 1995
	----	----
<S>	<C>	<C>
Raw materials	\$ 28,393	\$ 24,846
Work in process	7,109	2,831
Finished goods	20,354	17,232
	-----	-----
	\$ 55,856	\$ 44,909
	=====	=====

</TABLE>

5. Operating results of interim periods are not necessarily indicative of results to be expected for the year.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

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

RESULTS OF OPERATIONS

Three months ended July 2, 1995 compared with three months ended July 3, 1994.

Net sales by major product category were as follows during the three months ended:

<TABLE>
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	July 2, 1995	July 3, 1994
	-----	-----
<S>	<C>	<C>
Comforters and accessories	\$ 21,632	\$ 24,987
Jacquard-woven cotton products	15,529	13,016
Other	2,046	1,710
	-----	-----
Total net sales	\$ 39,207	\$ 39,713
	=====	=====

</TABLE>

Consolidated net sales declined 1.3% for the quarter ended July 2, 1995 compared to the prior year quarter.

Net sales of comforters and accessories were down 13.4% from the prior year quarter. Consumer spending in this category weakened during the quarter causing retailers to begin tightening their inventory positions thereby reducing orders for the Company's products. Also, chronically late shipments, especially during the last six months of fiscal 1995, by the Company's fabric supplier for the popular Royal Sateen luxury product line prevented the Company from meeting its customers' needs for luxury bedding products. The supplier reports that the manufacturing problems which caused these late shipments have been resolved. Although fabric supplies are now being received at normal levels, it has taken additional time and considerable effort to reestablish the momentum in the franchise with many large customers. This effort continues at this date.

Net sales of jacquard-woven cotton products increased 19.3% in the current year quarter primarily due to increased unit sales of cotton throws and matelasse bedspreads. This product category includes cotton throws, bedspreads, blankets and rugs. The Company believes that sales in this product category would have increased even more if not for the weakness in consumer spending and retailer inventory reduction programs described in the preceding paragraph.

The Company expects sales activity to improve during the historically stronger autumn and winter seasons, but not to levels previously anticipated. Sales growth should also accelerate once retailers have completed paring down their inventories, a process anticipated to take several more months. If current market conditions prevail, the Company expects sales to increase for the full 1996 fiscal year, but it would be difficult to meet the earnings level achieved in fiscal 1995.

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The Company expects a long-term world-wide trend of increased demand for jacquard-woven cotton products. To meet this demand the Company is nearing completion on capital projects which will triple production capacity for matelasse bedspreads and increase cotton throw capacity by over forty percent. These capital projects include a new 90,000 square foot weaving plant in Dalton, Georgia which will house 33 state-of-the-art air-jet looms and seven 12-color looms. Also included in these projects is an expansion of the warehouse and distribution center in Calhoun, Georgia.

In addition to these capital projects, during April 1995 the Company acquired all of the stock of Textile, Inc., a contract manufacturer of jacquard-woven cotton products located in Ronda, North Carolina. This acquisition provided the Company with immediate access to weaving capacity to meet the growing demand for cotton throws.

Marketing and administrative expenses increased \$1,089,000 or 20.1% in the current year quarter in large part due to the Company's continued efforts to strengthen its management team to pursue acquisitions and other expansion opportunities which offer significant potential for profitable growth. The Company is taking steps to reduce expenses without adversely affecting its ability to pursue its growth objectives.

Interest expense is net of capitalized interest of \$114,000 and \$67,000 during the quarters ended July 2, 1995 and July 3, 1994, respectively. Excluding the effect of interest capitalized, interest expense increased 49.5% in the current year quarter. The increase was due to higher levels of average total debt outstanding and higher short-term interest rates.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Working capital decreased to \$25.6 million at July 2, 1995 from \$37.0 million at April 2, 1995 as the Company utilized funds of \$7.0 million for capital expenditures and \$4.0 million for the acquisition of Textile, Inc. The Company also repaid \$2.8 million of long-term debt. The funding for these expenditures was provided mainly through increased borrowings under the Company's short-term credit lines. The ratio of debt to equity was 0.4:1 at July 2, 1995, and 0.3:1 at April 2, 1995.

Inventories increased to \$55.9 million at July 2, 1995 from \$44.9 million at

April 2, 1995. This increase was partly attributable to producing inventory based on anticipated customer order levels that were higher than the actual order volume received, and a normal inventory build up during the first quarter to bring stock to adequate levels to meet the heavier shipping demands in the second and third quarters of the fiscal year.

The Company presently has short-term lines of credit with two banks aggregating \$50 million which are used as needed. The borrowings outstanding under these lines at July 2, 1995 were \$25.7 million.

On July 12, 1995, the Company's Board of Directors authorized a program for the repurchase of up to 1,000,000 shares of its common stock.

The Company is presently negotiating long-term debt agreements to provide funding for acquisitions, capital expenditures and stock repurchases. A portion of the Company's short-term borrowings will also be converted to long-term debt.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

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 Vote of Security Holders

None

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

Ex-27- Financial Data Schedule (for SEC purposes only)

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CROWN CRAFTS, INC. AND SUBSIDIARIES

JULY 2, 1995

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.

CROWN CRAFTS, INC.

Date: August 16, 1995 /s/ Robert E. Schnelle

ROBERT E. SCHNELLE
Treasurer
(Chief Accounting Officer)

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CROWN CRAFTS, INC. FOR THE THREE MONTHS ENDED JULY 2, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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